

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO**

-----X	:	
In re	:	Case No. 09-19087
	:	
KIEBLER SLIPPERY ROCK, LLC	:	Chapter 11
	:	
Debtor	:	Judge Randolph Baxter
-----X	:	

**DISCLOSURE STATEMENT
TO DEBTOR'S PLAN OF REORGANIZATION**

Robert C. Folland
Andrew L. Turscak, Jr.
Mark A. Weintraub
THOMPSON HINE LLP
3900 Key Center
127 Public Square
Cleveland, OH 44114-1291
(216) 566-5500

Counsel to Debtor, Kiebler Slippery Rock, LLC

Dated: January 22, 2010

DEBTOR'S DISCLOSURE STATEMENT

Kiebler Slippery Rock, LLC (the "Debtor") hereby files its Disclosure Statement (the "Disclosure Statement") in connection with the Debtor's Plan of Reorganization (the "Plan"), which has been filed contemporaneously herewith.

I.

INTRODUCTION

1.01 Overview of Chapter 11. Chapter 11 is the principal reorganization chapter of the Bankruptcy Code. It allows a business debtor to remain in operation and work out its financial difficulties. Unlike a case under chapter 7 of the Bankruptcy Code, which automatically results in the appointment of a trustee to manage a debtor's affairs, the debtor in a chapter 11 case maintains control of the estate as a "debtor in possession," generally with the same powers and duties as a trustee, unless the Court appoints a trustee to operate the business.

Upon filing a petition for chapter 11 reorganization and during the pendency of a reorganization case, the Bankruptcy Code imposes an automatic stay against creditors' attempts to collect or enforce, through litigation or otherwise, claims against a debtor. The automatic stay provisions of section 362 of the Bankruptcy Code will generally restrict attempts by secured or unsecured creditors or other claimants to collect or enforce any claims against the debtor that arose prior to the commencement of the chapter 11 case, unless the court lifts the stay.

Other significant aspects of chapter 11 are a debtor's right to seek avoidance of certain pre and post-petition transfers of interests in the debtor's estate and the right of a debtor to evaluate all prepetition executory contracts and unexpired leases and to assume or reject such contracts and leases.

1.02 Filing of the Plan. The Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code on September 25, 2009 (the "Petition Date") in the Northern District of Ohio, Eastern Division, Judge Baxter, Case No. 09-19087. Since the Petition Date, the Debtor has managed its business and property as a debtor-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

On January 22, 2010, the Debtor filed its Plan. The Plan specifies the classes of the Debtor's Creditors and holders of Interests, and it sets forth the proposed treatment of such Claims and Interests. A copy of the Plan is attached hereto as Exhibit A. Pursuant to section 1125 of the Bankruptcy Code, the Debtor is soliciting acceptances of the Plan by the classes that are entitled to vote under the Plan. As explained below, the purpose of this Disclosure Statement is to provide holders of Claims with adequate information about the Debtor and the Plan to enable them to arrive at a reasonable, informed decision in their exercise of the right to vote for acceptance or rejection of the Plan.

The Plan reflects the Debtor's determined effort to preserve the economic integrity of its business and promote the greatest value for the benefit of its Creditors. The Debtor believes that the Plan offers prospects for the highest and best recovery to Creditors that can be obtained.

1.03 Purpose of Disclosure Statement.

This Disclosure Statement has been prepared by the Debtor pursuant to the provisions of section 1125 of the Bankruptcy Code, which requires that there be submitted to holders of Claims against the Debtor a copy of a reorganization plan, or summary of such plan, and a written disclosure statement containing “adequate information” about the Debtor to enable creditors to make an intelligent, informed decision regarding the plan of reorganization.

CAPITALIZED TERMS HEREIN, IF NOT DEFINED IN THIS DISCLOSURE STATEMENT, SHALL HAVE THE SAME MEANING AS DEFINED IN THE PLAN.

The statements contained in this Disclosure Statement are made as of the date hereof unless another time is specifically set forth. The delivery of this Disclosure Statement and/or any exchange of rights made in connection herewith shall not, under any circumstances, create an implication that there has been no change in the facts set forth since the date hereof.

Any benefits offered to creditors according to the Plan which may constitute “securities” have not been approved or disapproved by the federal Securities and Exchange Commission (“SEC”), the Ohio Division of Securities (“ODS”), or any other relevant government authority in any state of the United States. In addition, neither the SEC, ODS nor any other government authority has passed upon the accuracy or adequacy of this Disclosure Statement or upon the merits of the Plan.

In accordance with section 1124(d) of the Bankruptcy Code, this Disclosure Statement is exempted from the requirements of the securities laws of the United States, including the Securities Act of 1933 (“1933 Act”) and the Securities Exchange Act of 1934 (“1934 Act”) as well as the Blue Sky Laws of the State of Ohio and the state securities laws of each state in which the Debtor has transacted business.

NO REPRESENTATIONS CONCERNING THE DEBTOR, THE VALUE OF ITS PROPERTY, OR THE VALUE OF ANY BENEFITS OFFERED TO THE CREDITORS IN CONNECTION WITH THE PLAN ARE AUTHORIZED OTHER THAN AS SET FORTH IN THE DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE ACCEPTANCE OF THE PLAN BY THE CREDITORS WHICH ARE CONTRARY TO INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON IN VOTING ON THE PLAN, AND ANY SUCH REPRESENTATIONS AND INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR, MARK A. WEINTRAUB, ESQ., AT THOMPSON HINE LLP, 3900 KEY CENTER, 127 PUBLIC SQUARE, CLEVELAND, OHIO 44114, (216) 566-5663.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. CONSEQUENTLY, THE DEBTOR IS UNABLE TO WARRANT OR REPRESENT THAT ALL THE INFORMATION CONTAINED HEREIN IS COMPLETELY ACCURATE.

THE APPROVAL BY THE BANKRUPTCY COURT OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN ENDORSEMENT BY THE

BANKRUPTCY COURT OF THE PLAN; NOR DOES IT GUARANTEE THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN.

ALL CREDITORS ARE URGED TO CAREFULLY READ THIS DISCLOSURE STATEMENT IN ORDER TO ACQUIRE ADEQUATE INFORMATION IN DECIDING WHETHER TO ACCEPT OR REJECT THE PLAN.

This Disclosure Statement, the Plan, and all related exhibits remain subject to modification and amendment in their entirety. All financial information contained herein constitutes the best information available to the Debtor as of the date of the filing of this Disclosure Statement and remains subject to revision.

1.04 Voting on and Confirmation of the Plan.

Ballots will be sent to the known holders of all Claims against the Debtor as of the commencement of this Chapter 11 Case on September 25, 2009, including those Claims that have been or will be objected to by the Debtor. After carefully reviewing the Plan and the exhibits attached to the Plan, and this Disclosure Statement and its exhibits, you will be asked to indicate your vote with respect to the Plan on a ballot and to return it by the voting deadline to counsel for the Debtor. If you have a Claim in more than one voting class, you are entitled to vote each Claim.

Creditors may vote with respect to the Plan by completing and mailing the enclosed ballot to the Debtor's counsel at the address set forth above. See INTRODUCTION, § 1.03 Purpose of Disclosure Statement. A facsimile transmission of the ballot may be sent to the attention of Carla Winters at (216) 566-5800. All ballots must be received not later than _____, 2010 at 5:00 p.m., Eastern Standard Time, or such ballots cannot be counted in voting on the Plan.

THE BANKRUPTCY COURT HAS SET ----- --, 2010, AT :00 A.M., AS THE DATE AND TIME FOR HEARING ON CONFIRMATION OF THE PLAN ("CONFIRMATION HEARING"). THE CONFIRMATION HEARING WILL BE HELD IN THE UNITED STATES BANKRUPTCY COURTROOM OF THE HONORABLE RANDOLPH BAXTER, UNITED STATES BANKRUPTCY JUDGE, IN CLEVELAND, OHIO.

1.05 Purpose of the Plan.

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code. Pursuant to chapter 11, a debtor attempts to either liquidate or reorganize its business for the benefit of the creditors, equity interest holders and other parties in interest. Formulation of a plan of reorganization is the purpose of a chapter 11 reorganization case. A reorganization plan sets forth the means for satisfying the holders of claims against, or interests in, the debtor.

After a chapter 11 plan has been filed, it must be accepted by the creditors and equity interest holders of the debtor. Section 1125 of the Bankruptcy Code requires full disclosure before solicitation of acceptances of a chapter 11 plan. This Disclosure Statement is presented to the creditors of the Debtor to satisfy the requirements of section 1125 of the Bankruptcy Code.

1.06 Requirements for Confirmation of Plan.

At the hearing on confirmation of the Plan, the Bankruptcy Court shall determine whether the requirements of section 1129 of the Bankruptcy Code have been satisfied. If the requirements have been satisfied, the Bankruptcy Court shall enter the Confirmation Order. To confirm the Plan, the Bankruptcy Court must find that:

- (1) the Plan complies with the applicable provisions of the Bankruptcy Code;
- (2) the Debtor has complied with the applicable provisions of the Bankruptcy Code;
- (3) the Plan has been proposed in good faith and not by means forbidden by law;
- (4) any payment made or promised by the Debtor, or by a person issuing securities or acquiring property under the Plan, for services or for costs and expenses in, or in connection with the case, or in connection with the Plan and incident to the case, has been disclosed to the Bankruptcy Court, and any such payment made before the confirmation of the Plan is reasonable, or if such payment is to be fixed after confirmation of the Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable;
- (5) the Debtor has disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the Plan, as a director, officer, or voting trustee of the Debtor, an affiliate of the Debtor participating in a joint plan with the Debtor, or a successor to the Debtor under the Plan, and that the appointment to, or continuance in, such office of such individual, is consistent with the interests of holders of Claims and Interests, and with public policy, and the Debtor has disclosed the identity of any Insider that will be employed or retained by the Reorganized Debtor, and the nature of any compensation for such insider;
- (6) any regulatory commission with jurisdiction, after confirmation of the Plan, over the rates of the Debtor has approved any rate change provided for in the Plan, or such rate change is expressly conditioned on such approval;
- (7) with respect to each Class of impaired Claims, either the holders of Claims or Interests of such Class have accepted the Plan, or will receive or retain under the Plan, on account of such Claims or Interests, property of a value, as of the Effective Date, that is not less than the amount that such holders would so receive or retain if the Debtor was liquidated on such date under chapter 7 of the Bankruptcy Code;
- (8) each Class of Claims or Interests has either accepted the Plan or is not impaired under the Plan;
- (9) except to the extent that the holder of a particular Claim has agreed to a different treatment of such Claim, the Plan provides that administration expenses will be paid in full on the Effective Date, that priority claims (other than tax claims), to the extent the applicable class has accepted the Plan, will receive deferred cash payments of a value, as of the Effective Date, equal to the allowed amount of such claims or, to the extent the applicable Class has not accepted the Plan, will receive cash on the Effective Date equal to the allowed amount of such claims, and that priority tax claims will receive on account of such claims deferred cash payments, over a

period not exceeding six years after the date of assessment of such Claim, of a value, as of the Effective Date, equal to the allowed amount of such Claim;

(10) at least one Class of Claims has accepted the Plan, determined without including any acceptance of the Plan by any Insider holding a Claim of such Class;

(11) confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor or any successor to the Debtor under the Plan, unless such liquidation or reorganization is proposed in the Plan;

(12) all fees payable under section 1930 of title 28 of the United States Code, as determined by the Bankruptcy Court at the hearing on confirmation of the Plan, have been paid or the Plan provides for payment of all such fees on the Effective Date; and

(13) the Plan provides for the continuation, after the Effective Date, of payment of all retiree benefits, as that term is defined in section 1114 of the Bankruptcy Code, at required levels and for the duration of the period the Debtor has obligated itself to provide such benefits.

The Debtor believes that the Plan satisfies all of the statutory requirements of chapter 11 of the Bankruptcy Code, that it has complied with or will have complied with all of the requirements of chapter 11, and that the proposal of the Plan is made in good faith.

The Debtor believes that holders of all Claims impaired under the Plan will receive payments under the Plan having a present value as of the Effective Date in amounts materially exceeding the amounts likely to be received if the Debtor was liquidated in a case under chapter 7 of the Bankruptcy Code. The Debtor also believes that confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor.

1.07 Creditors Entitled to Vote and Impairment of Claims.

Each impaired Class shall be entitled to vote to accept or reject the Plan. Any unimpaired Class shall be deemed to have accepted the Plan, and shall not be entitled to vote to accept or reject the Plan.

Any individual creditor of the Debtor whose Claim is impaired under the Plan is entitled to vote, if either (i) its Claim has been scheduled by the Debtor (and such Claim is not scheduled as disputed, contingent or unliquidated), or (ii) it has filed a proof of Claim on or before the last date set by the Bankruptcy Court for such filings. Any holder of a Claim as to which an objection has been filed (and such objection is still pending) is not entitled to vote, unless the Bankruptcy Court temporarily allows the Claim in an amount which it deems proper for the purpose of accepting or rejecting the Plan, upon application by a creditor whose Claim is subject to such an objection. Such application must be heard and determined by the Bankruptcy Court on or before the Confirmation Hearing. A creditor's vote may be disregarded if the Bankruptcy Court determines that the creditor's acceptance or rejection was not solicited or made in good faith or in accordance with the provisions of the Bankruptcy Code.

ONLY THE VOTES OF CREDITORS HOLDING IMPAIRED CLAIMS OR INTERESTS WILL BE COUNTED FOR THE PURPOSE OF CONFIRMING THE PLAN.

UNDER SECTION 1124 OF THE BANKRUPTCY CODE, A CLASS OF CLAIMS OR INTERESTS IS IMPAIRED UNLESS, WITH RESPECT TO EACH CLAIM OR INTEREST IN SUCH CLASS, THE PLAN:

(1) leaves unaltered the legal, equitable, and contractual rights of the holder of such claim or interest; or

(2) notwithstanding any contractual provision or applicable law that entitles the holder of a claim or interest to receive accelerated payment of his claim or interest after the occurrence of a default:

(a) cures any such default that occurred before or after the commencement of the case under the Bankruptcy Code, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code;

(b) reinstates the maturity of such claim or interest as it existed before the default;

(c) compensates the holder of such claim or interest for damages incurred as a result of reasonable reliance of such contractual provision or applicable law; and

(d) does not otherwise alter the legal, equitable, or contractual rights to which the holder of such claim or equity interest is entitled; or

(3) provides that, on the effective date of the plan, the holder of such claim or interest receives, on account of such claim or interest, cash, equal to:

(a) with respect to a claim, the allowed amount of such claim; or

(b) with respect to an interest, if applicable, the greater of:

(i) any applicable fixed liquidation preference; or

(ii) any fixed price at which the debtor, under the terms of the security, may redeem the security.

1.08 Acceptance of Plan and Cramdown of Dissenting Claims.

Acceptance of the Plan by creditors is extremely important. In order for the Plan to be accepted by each Class of Claims, the parties that hold at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the Allowed Claims voting on the Plan in such Class must vote for the Plan. Chapter 11 does not require that every creditor vote in favor of the Plan in order for the Bankruptcy Court to confirm the Plan. The Plan, however, must be accepted by at least one Class of holders of impaired Claims by at least 2/3 in amount and more than 1/2 in number of the Allowed Claims of such class actually voting in connection with the Plan. Any impaired class of Claims in which no holder votes to accept or reject the Plan will be deemed to have accepted the Plan.

The Bankruptcy Court may confirm the Plan even though fewer than all classes of Claims and Interests have accepted the Plan. Confirmation of the Plan over the objection of one or more Classes of creditors or equity interest holders is generally referred to as a “cramdown.” Section 1129(b) of the Bankruptcy Code sets forth the circumstances in which the Bankruptcy Court may confirm the Plan over the objection of a Class of creditors or equity interest holders pursuant to “cramdown.”

Generally, the Bankruptcy Court may cramdown a plan on dissenting, impaired classes if the plan “does not discriminate unfairly” and is “fair and equitable.” A plan of reorganization does not discriminate unfairly within the meaning of the Bankruptcy Code if no class receives more than it is legally entitled to receive for its claims or equity interests. “Fair and equitable” has different meanings for secured claims, unsecured claims and equity interests.

With respect to a secured claim, “fair and equitable” means either (i) the impaired secured creditor retains its lien to the extent of its allowed claim and receives deferred cash payments at least equal to the allowed amount of its claim with a present value as of the effective date at least equal to the value of such creditor’s interest in the property securing its lien, (ii) property subject to the lien of the impaired secured creditor is sold free and clear of that lien, with that lien attaching to the proceeds of the sale, and such lien proceeds must be treated in accordance with clauses (i) or (iii) hereof, or (iii) the impaired secured creditor realizes the “indubitable equivalent” of its claim under the Plan.

With respect to an unsecured claim, “fair and equitable” means either (i) each impaired unsecured creditor receives or retains property of a value equal to the amount of its allowed claim, or (ii) the holders of claims and interests that are junior to the claims of the dissenting class will not receive any property under the Plan.

With respect to a class of equity interests, “fair and equitable” means either (i) each holder of an interest receives or retains property of a value, as of a plan’s effective date, equal to the greatest of the allowed amount of (a) any fixed liquidation preference to which such holder is entitled, (b) any fixed redemption price to which such holder is entitled, or (c) the value of such interest; or (ii) the holder of any interest that is junior to the interest of the stockholder will not receive or retain any property on account of such junior interest.

In the event one or more Classes of impaired Claims or Interests rejects the Debtor’s Plan, the Bankruptcy Court will determine at the Confirmation Hearing whether the Plan is fair and equitable and does not discriminate unfairly against any rejecting impaired class of Claims or Interests. The Debtor reserves the right to confirm the Plan through a cramdown of dissenting, impaired Classes at the Confirmation Hearing, without additional notice to holders of Claims and Interests.

1.09 Effect of Confirmation of Plan.

On the Effective Date, the provisions of the Plan shall be binding on the Debtor, the Estate, the Committee, the Reorganized Debtor, any person or entity acquiring property under the Plan, and all Creditors of the Debtor and parties in interest in the Chapter 11 Case, whether or not such Creditor or party has accepted the Plan.

II.

OVERVIEW OF THE PLAN AND THE CHAPTER 11 CASE

2.01 General.

This Disclosure Statement is qualified in its entirety by the more specific treatment contained in the Plan.

2.02 General Concept of the Plan.

The Debtor's purpose in seeking relief under chapter 11 and proposing the Plan is to pay its secured, priority, and unsecured creditors in a timely fashion. The Debtor proposes to retain its existing property and continue its business as a Reorganized Debtor.

The holders of Claims against the Debtor will be classified and receive the treatment specified in the Plan. Classification of such Claims, distributions to claimants, and other aspects of the consummation of the Plan are discussed in greater detail herein.

The Plan divides Claims into various Classes in accordance with the Bankruptcy Code. Secured claims, priority unsecured claims and non-priority unsecured claims each are assigned to separate Classes under the Plan. A Claim shall receive a distribution under the Plan only if it is an "Allowed Claim" as defined in the Plan. The Reorganized Debtor will pay its Creditors in the amounts described in the Plan and herein, over time, using cash flow generated post-confirmation to fund the Plan payments.

2.03 Significant Legal Events During the Chapter 11 Case.

In the opinion of the Debtor, the principal legal events that have occurred during the pendency of this Chapter 11 Case may be summarized by topic as set forth below.

(1) Filing of the Case: On the Petition Date, September 25, 2009, the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the Northern District of Ohio, Eastern Division, Judge Baxter. Since the Petition Date, the Debtor has managed its business and property as a debtor-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

(2) Filing of the Debtor's Statement of Affairs and Schedules: The Debtor filed its Statement of Financial Affairs and Schedules on October 30, 2009, as subsequently amended from time to time.

(3) Cash Collateral Orders: On October 1, 2009, the Court entered its Interim Order Authorizing Use of Cash Collateral and Granting Adequate Protection. On October 16, 2009, the Court entered its Second Interim Order Authorizing Use of Cash Collateral and Granting Adequate Protection. On November 20, 2009, the Court entered its Final Order Authorizing Use of Cash Collateral and Granting Adequate Protection.

(4) Miscellaneous Events:

1. On October 8, 2009, Martik Brothers, Inc. filed its motion requesting an order directing the appointment of a chapter 11 trustee pursuant to Bankruptcy Code section 1104. The Debtor opposed this motion and the hearing on the motion has been adjourned several times. On January 14, 2010, Martik withdrew the motion without prejudice.

2. On October 9, 2009, an Official Committee of Unsecured Creditors (the "Committee") was appointed by the Office of the United States Trustee.

3. On October 23, 2009, the Court entered an Order denying the Debtor's emergency motion for an Order: (A) enforcing the automatic stay and requiring Martik Brothers, Inc. to show cause why it should not be held in contempt for violations of the automatic stay; and (B) determining that Martik Brothers, Inc. has no interest in disputed funds and authorizing Debtor to use disputed funds as cash collateral.

4. On October 28, 2009, the Court entered its amended chapter 11 scheduling Order requiring that (i) all parties who have or assert any claim against or interest in the Debtor to file their proofs of claim or interest with the clerk of the Bankruptcy Court on or before January 7, 2010; and (ii) the Debtor file its Plan and Disclosure Statement on or before January 23, 2010.

5. On November 25, 2009, an agreed Order was entered authorizing certain Bankruptcy Rule 2004 discovery to be taken by Martik Brothers, Inc.

6. On November 3, 2009, the section 341 meeting of creditors was held.

7. On December 17, 2009, the Court entered an Order extending the time period, to January 23, 2009, for the Debtor to file a plan of reorganization or commence making interest payments for purposes of Bankruptcy Code section 362(d)(3).

8. On December 17, 2009, the Court entered an Order authorizing the Debtor to assume its student tenant leases.

(5) Disclosure Statement: The Debtor filed its Disclosure Statement on January __, 2010.

(6) Plan of Reorganization: The Debtor filed its Plan of Reorganization on January 22, 2010.

(7) Employment of Professionals:

1. On October 22, 2009, the Court entered an Order authorizing the Debtor to retain Thompson Hine LLP as its legal counsel for this Chapter 11 Case.

2. On October 13, 2009, the Committee filed its application to retain Brouse McDowell, LPA as its legal counsel for this Chapter 11 Case. To date, no hearing on the Committee's application has been held.

3. On December 17, 2009, the Court entered an Order authorizing the Debtor to retain Hendricks & Partners, LLC as its real estate advisor.

(8) Adversary Proceedings: No adversary proceedings have been filed to date.

III.

GENERAL INFORMATION ABOUT THE DEBTOR

3.01 Nature of the Debtor.

The Debtor is an Ohio limited liability company formed in June 2006 for the purpose of developing, owning and operating a 632-bed student housing project in Slippery Rock, Pennsylvania (the “Real Property” or the “Project”). Together with two other co-tenants, the Debtor assembled the land for the Project, secured the necessary financing and commenced construction. Construction of the Project was completed in time for students to begin occupancy in August 2007 for the 2007-2008 academic year.

The Real Property is owned by the Debtor and two unrelated limited partnerships as tenants-in-common. Each of the unrelated limited partnership co-tenants entered into a Co-Tenancy Agreement with the Debtor whereby the Debtor assumed responsibility for the management and control of the Project.

Each of the co-tenants is also a party to two prepetition construction loan agreements, pursuant to which construction financing was provided for the Project. Specifically, the Debtor became indebted to, and granted certain security interests to, The Huntington National Bank (“Huntington Bank”) and The Huntington Real Estate Investment Company Bank (“Huntington Real Estate” and together with Huntington Bank, the “Lenders”) pursuant to certain loan, security and guaranty agreements (collectively, the “Loan Documents”), including without limitation (i) that certain Open-End Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filing dated as of October 10, 2006, by and among the Debtor and co-tenants Erie Bookstore Partnership, L.P. and Orchard Lake Bookstore L.P. (collectively, the “Mortgagors”) and Huntington Bank, as agent, as thereafter amended, restated or otherwise modified; (ii) that certain Open-End Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filing dated as of October 18, 2006, by and among the Mortgagors and Huntington Real Estate, as thereafter amended, restated or otherwise modified; and (iii) certain forbearance agreements signed in connection with the foregoing.

Pursuant to the Loan Documents, the Debtor granted the Lenders security interests, liens, and mortgages in substantially all of its property to the extent described in the Loan Documents. As of the Petition Date, the Debtor was in default of its obligations under the Loan Documents. The total due to Huntington under the Loan Documents as of the Petition Date was approximately \$26.4 million, and the total due to Huntington Real Estate under the Loan Documents was approximately \$2.2 million.

Upon completion of the Project in 2007, the Project got off to a slow start for the first year. Initially, the Real Property was managed by an independent student housing property management company. Under that company’s management, during the 2007-08 school year, the

occupancy rate for the Project was approximately 65%. During the 2008-09 school year, occupancy decreased to approximately 63%. But in 2008, the Debtor hired a new management company that restored and improved operations and dramatically boosted student occupancy at the Project from 63% to 97% in one year. Since that time, the Project has been a successful one by almost any measure, and it continues to generate positive cash flow in chapter 11.

The Project was constructed by Martik Brothers Inc. (“Martik”), pursuant to two Standard Forms of Agreement between Owner and Contractor dated as of August 29, 2006 between Martik and the Debtor (collectively, the “Construction Contract”). A dispute arose between Martik, on one hand, and the Debtor and Huntington, on the other, concerning the final payment due under the Construction Contract, which dispute led to litigation that eventually resulted in an arbitration panel awarding Martik a judgment in the amount of \$2,687,781.38, plus interest and penalties.

By virtue of an avoidable judgment lien obtained by Martik, Martik is a secured creditor in this case, whose rights are junior to those of the Lenders and several other secured creditors. The Debtor believes it possesses claims against Martik that significantly reduce the amount owed to Martik pursuant to the judgment. The prepetition dispute remains the subject of post-judgment collection activities by Martik in U.S. District Court in Pittsburgh in an action styled, Martik v. Kiebler Slippery Rock, LLC, Case No. 08-1756, Judge Arthur J. Schwab (the “Pennsylvania Garnishment Action”).

3.02 Pre and Post-Petition misconduct by Martik.

The Debtor is presently investigating the actions of Martik and plans to initiate suit prior to the Confirmation Date for what the Debtor contends are Martik’s tortious and predatory activities that have substantially damaged the Debtor and its Estate. Under the terms of the Construction Contract, Martik was limited in the scope of the work to be performed on the Project such that no construction was to take place beyond the 632 units (“Phase I”). In defiance of this contractual restriction, Martik proceeded with construction on vacant land adjacent to Phase I where additional units were to be constructed at some point in the future (“Phase II”). Upon its discovery that unauthorized work was being performed, the Debtor advised Martik on numerous occasions to cease and desist from its actions, but Martik continued for several months to perform unauthorized construction activities.

Thereafter, Martik demanded payment for the unauthorized work from the Debtor as well as the Lenders. When the Debtor and the Lenders refused to pay, Martik proceeded on a course of predatory and frivolous litigation that continues to this day. Through the litigation, Martik has sought to subvert the security interests of the Lenders, which has in turn imposed significant legal fees and costs on the Debtor’s Estate. Likewise, Martik participated in an arbitration proceeding under which Martik obtained an arbitration award that may have been tainted by improper conduct. The improper actions of Martik continued in the Pennsylvania Garnishment Action in which Martik utilized defective process to freeze the Debtor’s Ohio bank account as part of what may have been an effort to seize control of the Debtor’s Estate. As a direct result of this action, the Debtor was forced to file for protection under the Bankruptcy Code.

The filing of the petition has imposed significant administrative expenses upon the Debtor and its Estate that would not have been incurred but for the actions of Martik. Since the Petition Date, it appears that Martik has proceeded with additional improper conduct, including but not limited to actions in violation of the automatic stay, the filing of frivolous motions and the scheduling of examinations of the Debtor's principals for purposes of harassment. Martik might also have been involved in efforts to directly mislead the Court by uploading orders on an agreed basis which had been altered from their original agreed upon form.

Based upon the foregoing, the Debtor believes that it has substantial claims against Martik and that any claims held by Martik against the Debtor are subject to subordination and/or disallowance.

3.03 Debtor's Management.

As of the Petition Date, the Debtor's only officer was Paul E. Kiebler, IV, the Debtor's President.

3.04 Debtor's Relationships With Affiliates and Insiders.

Pursuant to the definitions of "affiliate" and "insider" set forth in sections 101(2) and (31)(A), respectively, of the Bankruptcy Code, the only known persons or entities that could be classified as affiliates or insiders of the Debtor are the following: Paul E. Kiebler, IV, the Debtor's president; Apollo Property Management, the Debtor's property management company; and Kiebler Properties, LLC and Wood Creek Farms Apts. Ltd., affiliates of the Debtor.

After the Effective Date, Paul E. Kiebler, IV will serve as president of the Reorganized Debtor, without compensation. For the reasons set forth elsewhere in this Disclosure Statement, including without limitation his industry expertise and important relationships, the Debtor believes that the continuation of Mr. Kiebler in that capacity will best serve the interests of Creditors and parties in interest.

3.05 Summary of Debtor's Current Financial Condition.

Copies of the most recent Monthly Operating Reports are appended hereto as Exhibits B and C. Additional copies may be obtained, at reproduction cost, by directing a written request to Debtor's counsel, Mark A. Weintraub, Esq., at Thompson Hine LLP, 3900 Key Center, 127 Public Square, Cleveland, Ohio 44114. Copies of the respective Monthly Operating Reports may also be downloaded from the Court's ECF system.

IV.

SUMMARY OF THE DEBTOR'S PLAN

4.01 Classification of Claims and Distribution to Creditors.

The following table summarizes the classification and treatment of Claims and Interests under the Plan, including whether a class is impaired or unimpaired and the Debtor's estimates of

the approximate dollar amounts of the claims in each class, which estimates are based on the Debtor's records and Schedules, as well as its preliminary assessment as to the validity of the proofs of claim filed in this Chapter 11 Case.

Notwithstanding the treatment set forth below, a holder of any Allowed Claim may elect to receive a lesser and different treatment if so agreed with the Debtor or the Reorganized Debtor, as the case may be.

ANY IMPAIRED CLASS OF CREDITORS IN WHICH NO MEMBER VOTES TO ACCEPT OR REJECT THE PLAN WILL BE DEEMED TO HAVE ACCEPTED THE PLAN.

THE FOLLOWING SUMMARY IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN ITSELF.

<u>Class</u>	<u>Description And Amount</u>	<u>Treatment Under The Plan</u>	<u>Estimated Aggregate Recovery</u>	<u>Status</u>
N/A	Administrative Expense Claims To be determined	Unless a holder of an Allowed Administrative Expense Claim agrees to a different treatment, the Reorganized Debtor will pay all Allowed Administrative Claims in Cash in full on the Effective Date or as soon thereafter as is reasonably practicable.	100%	N/A
N/A	Priority Tax Claims \$308,382.67	The Reorganized Debtor will make Pro-Rata Distributions to holders of Allowed Priority Tax Claims in deferred Cash payments bearing Interest on account of such Claims over a period not exceeding five years after the date of assessment of such Claim of a value, as of the Effective Date, equal to the allowed amount of such Claim.	100%	N/A
1	Huntington Claim Not fully liquidated	The Huntington Claim will be satisfied without bifurcation under section 506(a) of the Bankruptcy Code. The Reorganized Debtor will satisfy the Huntington Claim in full by paying on a monthly basis, beginning on the 10 th day of the month after the later of the Effective Date of the Plan or the date the Huntington Claim becomes an Allowed Claim, based on a 360 month amortization in equal consecutive monthly installments at	100%	Impaired

		4.25% simple interest per annum calculated from the Effective Date on the then outstanding balance of the Huntington Claim, with a balloon payment of any unpaid accrued interest and principal due at the end of the 60 th month after the Effective Date (or the date the Huntington Claim becomes an Allowed Claim).		
2	Huntington Real Estate Claim Not fully liquidated	The Huntington Real Estate Claim will be satisfied without bifurcation under section 506(a) of the Bankruptcy Code. The Reorganized Debtor will satisfy the Huntington Real Estate Claim in full by paying on a monthly basis, beginning on the 10 th day of the month after the later of the Effective Date of the Plan or the date the Huntington Real Estate Claim becomes an Allowed Claim, based on a 360 month amortization in equal consecutive monthly installments at 5.25% simple interest per annum calculated from the Effective Date on the then outstanding balance of the Huntington Real Estate Claim, with a balloon payment of any unpaid accrued interest and principal due at the end of the 60 th month after the Effective Date (or the date the Huntington Real Estate Claim becomes an Allowed Claim).	100%	Impaired
3	Huntington Lease Claim Not fully liquidated	The Reorganized Debtor will satisfy the Huntington Lease Claim by resuming monthly payments according to the terms of the relevant contract, beginning on the 10 th day of the month after the later of the Effective Date of the Plan or the date the Huntington Lease Claim becomes an Allowed Claim, with the final payment under the contract expected to occur on or around December 2012.	100%	Impaired
4	Thomas Claim Disputed	The Reorganized Debtor will satisfy the Thomas Claim in full by paying Interest only payments on a monthly basis beginning on the 10 th day of the month after the later of the Effective Date of the Plan or the date the Thomas Claim becomes an Allowed	100%	Impaired

		Claim, with Interest on the then outstanding balance of the Thomas Claim calculated from the Effective Date, with a balloon payment of any unpaid accrued Interest and principal due at the end of the twenty-fourth month after the Effective Date (or the date the Thomas Claim becomes an Allowed Claim).		
5	Eisler Claim \$145,028.31	Unless the holder of the Eisler Claim agrees to a different treatment, the Reorganized Debtor will satisfy the Eisler Claim in full by paying on a monthly basis, beginning on the 10 th day of the month after the Effective Date of the Plan, based on a five-year straight line amortization in equal consecutive monthly installments with Interest on the then outstanding balance of the Eisler Claim calculated from the Effective Date, with a balloon payment of any unpaid accrued Interest and principal due at the end of the twenty-fourth month after the Effective Date.	100%	Impaired
6	Matuszak Claim Disputed	The Reorganized Debtor will satisfy the Matuszak Claim in full by paying Interest only payments on a monthly basis, beginning on the 10 th day of the month after the later of the Effective Date of the Plan or the date the Matuszak Claim becomes an Allowed Claim, with Interest on the then outstanding balance of the Matuszak Claim calculated from the Effective Date, with a balloon payment of any unpaid accrued Interest and principal due at the end of the twenty-fourth month after the Effective Date (or the date the Matuszak Claim becomes an Allowed Claim).	100%	Impaired
7	Momentum Claim Disputed	The Reorganized Debtor will satisfy the Momentum Claim in full by paying Interest only payments on a monthly basis, beginning on the 10 th day of the month after the later of the Effective Date of the Plan or the date the Momentum Claim becomes an Allowed Claim, with Interest on the then outstanding balance of the Momentum	100%	Impaired

		Claim calculated from the Effective Date, with a balloon payment of any unpaid accrued Interest and principal due at the end of the twenty-fourth month after the Effective Date (or the date the Momentum Claim becomes an Allowed Claim).		
8	Butler County Tax Claim \$597,798.30	The Reorganized Debtor will satisfy the Butler County Tax Claim in full by paying Interest only payments on a monthly basis, beginning on the 10 th day of the month after the Effective Date of the Plan with Interest on the then outstanding balance of the Butler County Tax Claim calculated from the Effective Date, with a balloon payment of any unpaid accrued Interest and principal due at the end of the 60th month after the Effective Date.	100%	Impaired
9	PNC Claim Disputed	The Reorganized Debtor will satisfy the PNC Claim in full by paying interest only payments on a monthly basis, beginning on the 10 th day of the month after the later of the Effective Date of the Plan or the date the PNC Claim becomes an Allowed Claim, based on a thirty-year amortization at 5% simple interest per annum calculated from the Effective Date on the then outstanding balance of the PNC Claim, with a balloon payment of any unpaid accrued interest and principal due on the then outstanding balance of the PNC Claim at the end of the sixtieth month after the Effective Date (or the date the PNC Claim becomes an Allowed Claim).	100%	Impaired
10	Martik Claim Disputed	The Reorganized Debtor will satisfy the Martik Claim in full by paying Interest only payments on a monthly basis, beginning on the 10 th day of the month after the later of the Effective Date of the Plan or the date the Martik Claim becomes an Allowed Claim, with Interest on the then outstanding balance of the Martik Claim calculated from the Effective Date, with a balloon payment of any unpaid accrued Interest and principal due at the end of the sixtieth month after the	100%	Impaired

		Effective Date (or the date the Martik Claim becomes an Allowed Claim).		
11	Allowed Remaining Priority Claims \$0.00	Unless a holder(s) of an Allowed Remaining Priority Claim(s) agrees to a different treatment, the Reorganized Debtor will pay all Allowed Remaining Priority Claims in Cash in full on the Effective Date or as soon thereafter as is reasonably practicable.	100%	Unimpaired
12(a)	Unsecured Claims \$165,000	Unless a holder(s) of an Allowed Unsecured Claim(s) agrees to a different treatment, the Reorganized Debtor will make Distributions to holders of Allowed Unsecured Claims, consisting of all excess cash flow remaining after debt service in Pro Rata Cash payments on a monthly basis. Such payments shall commence beginning on the 10 th day of the month after the later of the Effective Date of the Plan or the date an Unsecured Claim becomes an Allowed Unsecured Claim, based on a five-year straight line amortization bearing Interest on account of each such Claim, and they shall continue until such time as all holders of Allowed Unsecured Claims are paid in full with Interest (the "Payment Date") over a period not exceeding sixty months in an amount equal to the amount of such Claim as of the latter of the Effective Date or the date such Claim is allowed.	100%	Impaired
12(b)	Insider Unsecured Claims \$20,537.19	The Reorganized Debtor will make payments to holders of Insider Unsecured Claims on such terms and in such amounts that the Debtor, in its discretion, may choose; provided, however, that no payments will be made on account of Insider Unsecured Claims until such time as all Allowed Claims in Classes 1 through 12(a) have been satisfied in full.	0-100%	Impaired
13	Interests	All holders of Interests in the Debtor shall retain their Interests.	N/A	Unimpaired

V.

MEANS FOR IMPLEMENTATION OF THE PLAN

5.01 Vesting of the Debtor's Assets.

Pursuant to the Plan, all property of the Estate, including, without limitation, the Real Property and any tangible or intangible personal property, shall automatically revert to and vest in the Reorganized Debtor on the Effective Date free and clear of all Liens, Claims and Interests, except as otherwise specifically provided in the Plan or the Confirmation Order.

5.02 Dissolution of Creditors' Committee.

Upon the Payment Date, the Committee shall be dissolved, employment of the Committee's counsel shall terminate, and the members of the Committee shall be released of all duties, responsibilities, and obligations related to or arising from or in connection with this Chapter 11 Case.

5.02 Operation of the Reorganized Debtor.

(1) The Reorganized Debtor. The Debtor shall continue to operate as a debtor-in-possession from the Confirmation Date through and until the Effective Date. Upon the Effective Date, all matters provided under the Plan shall be deemed authorized and approved without further approval from the Bankruptcy Court, and the Reorganized Debtor will be authorized to conduct its business activities in the ordinary course of business. The Reorganized Debtor will execute the Plan through a continuation of its operations as contemplated under the Plan, and it may use, sell, acquire, lease or otherwise dispose of its property in accordance with the Plan and the Confirmation Order, but shall otherwise be free of any restrictions imposed by the Court, the Bankruptcy Code, or the Bankruptcy Rules. The Reorganized Debtor will use net available income derived from the operation of its business in the ordinary course for the purpose of carrying out the terms of the Plan and funding the payments contemplated by the Plan.

(2) No Recourse. Neither the Debtor, the Reorganized Debtor nor the Committee or any of their respective members, employees, officers, directors, agents, attorneys, or advisors, shall have or incur any liability to any holder of a Claim or Interest or any other party in interest, for any act or omission in connection with, relating to, or arising out of the Chapter 11 Case, the negotiation, formulation and preparation of the Plan, the pursuit of confirmation of the Plan, the consummation of the Plan, or the administration or distribution of property under the Plan, except for their gross negligence or willful misconduct, and in all respects they shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under the Plan. The entry of the Confirmation Order shall constitute the determination by the Court that the Debtor, the Committee, and each of their respective members, employees, officers, directors, agents, attorneys, and advisors shall have acted in good faith and in compliance with the applicable provisions of the Bankruptcy Code pursuant to, among others, sections 1125(e) and 1129(a)(3) of the Bankruptcy Code, with respect to the foregoing. Nothing herein shall be construed, however, to relieve the Debtor or the Reorganized Debtor, or any other party, from performing their respective obligations under the Plan.

5.03 Administration of Claims.

The Bankruptcy Court established January 7, 2010 as the Bar Date by which all proofs of claim were required to be filed in the Chapter 11 Case. Within 120 days after the Effective Date, or such later date as may be fixed by the Court, the Reorganized Debtor shall complete its review of the Claims and shall initiate and file any and all actions as it deems necessary or appropriate to dispute, disallow, object to, estimate or otherwise quantify the Claims against the Estate, whether scheduled by the Debtor and/or submitted by creditors. The Reorganized Debtor shall take actions regarding the administration, reconciliation and settlement of Claims, and shall object to Claims and prosecute Claims actions with the Court, until such time as the Court determines whether a Claim is an Allowed Claim, or until the Debtor determines that further pursuit of litigation or actions objecting to Claims is no longer cost efficient, or will be of no further benefit. **THE FAILURE TO OBJECT TO ANY CLAIM, OR TO SEEK THE ESTIMATION OF ANY CLAIM, PRIOR TO THE COMMENCEMENT OF THE HEARING ON CONFIRMATION OF THE PLAN SHALL NOT BE DEEMED TO BE A WAIVER OF THE RIGHT TO OBJECT THEREAFTER TO SUCH CLAIM IN WHOLE OR IN PART AND WHETHER THE CLAIM HAS BEEN SCHEDULED OR NOT, OR TO THEREAFTER SEEK ESTIMATION OF SUCH CLAIM FOR THE PURPOSE OF DISTRIBUTION.**

5.04 Pursuit of Causes of Action.

As of the Effective Date, the Causes of Action shall vest in, and they shall be retained and enforced by, the Reorganized Debtor pursuant to Bankruptcy Code section 1123(b)(3)(B). The Reorganized Debtor shall have full, exclusive and complete authority to pursue and prosecute such Causes of Action, or to refrain from pursuing any Cause of Action, including, without limitation, those Causes of Action listed on Exhibit D hereto. The Reorganized Debtor shall have the authority to compromise, settle and resolve any Cause of Action upon such terms and conditions as the Debtor deems appropriate. **ALL CAUSES OF ACTION SHALL SURVIVE CONFIRMATION, AND THE ASSERTION OF CAUSES OF ACTION SHALL NOT BE BARRED OR LIMITED BY ANY ESTOPPEL, WHETHER JUDICIAL, EQUITABLE OR OTHERWISE.** In addition, claims for avoidance of preferences and fraudulent transfers are hereby preserved for the benefit of the Estate and the Reorganized Debtor, but the Debtor and the Reorganized Debtor retain the right, in their respective sole discretion, to abandon any or all such claims.

All proceedings relating to the allowance, disallowance, subordination or estimation of Claims will be investigated, filed, enforced, exercised, abandoned, adjusted, settled or compromised by the Reorganized Debtor at its sole cost and expense.

Each and every holder of an Allowed Claim that elects to participate in the distributions provided for under the Plan represents and warrants to the Debtor that such holder is authorized to accept in consideration of such Allowed Claims the distributions provided for under the Plan and that there are no outstanding commitments, agreements or understandings, express or implied, that may in any way defeat or modify the rights conveyed or released or the obligations undertaken under the Plan.

5.05 Effectuating Documents; Further Transactions.

The Debtor and the Reorganized Debtor shall be authorized to execute, deliver, file, and/or record such contracts, instruments, releases, and other agreements or documents, and to take such other actions, as may be necessary, desirable or appropriate to effectuate and further evidence the terms and conditions of the Plan.

5.06 U. S. Trustee Fees and Reports.

The Reorganized Debtor shall pay any and all fees of the Office of the United States Trustee as and when such fees become due, and it shall file with the Office of the United States Trustee all reports which are required pursuant to the relevant guidelines of the Office of the United States Trustee.

VI.

PROVISIONS REGARDING DISTRIBUTIONS

6.01 Distributions by the Reorganized Debtor.

On the Effective Date or as soon thereafter as is reasonably practicable, the Reorganized Debtor shall make Distributions with respect to Allowed Administrative Expense Claims. Subsequent to the Effective Date, the Reorganized Debtor shall make Distributions with respect to all other Allowed Claims as set forth in the Plan. The Reorganized Debtor will continue to make Distributions up to and including the Consummation Date, on which date it will make the final Distribution under the Plan.

6.02 Interest and Fees.

Except as set forth in a Final Order of the Court entered in the Chapter 11 Case or as otherwise set forth in the Plan, no holder of any Claim shall be entitled to interest or fees of any nature whatsoever accruing on or after the Petition Date on such Claim.

6.03 Means of Payment.

All payments made pursuant to the Plan shall be in Cash and by any means reasonably selected by the Reorganized Debtor, including check or wire transfer, and may include any endorsement or limitation as may be approved by the Reorganized Debtor.

6.04 Duties of Reorganized Debtor.

The Reorganized Debtor will have responsibility for determining Distributions as necessary and for sending such Distributions to the appropriate holders of Claims. The duties of the Reorganized Debtor are limited to the functions set forth specifically in the Plan. The Reorganized Debtor and its officers, directors, attorneys and other agents shall incur no liability for their respective actions (or failures to act) or conduct pursuant to the Plan except to the extent attributable to their willful misconduct or gross negligence. Notwithstanding any other provision of the Plan to the contrary, Distributions may be deferred or delayed in the discretion of the

Reorganized Debtor for a reasonable time in the event that additional time is needed to make a proper Distribution, or in the event that the receipt of additional funds is necessary to make meaningful payments.

6.05 Unclaimed Property.

Any property to be distributed on account of a Claim against or Interest in the Debtor shall be distributed by mail to the latest mailing address filed of record for the party entitled thereto, or if no such mailing address has been so filed, the mailing address reflected in the Debtor's Schedules. Any property so distributed that is unclaimed for longer than ninety days after the distribution thereof by mail shall become property of the Reorganized Debtor and such persons to whom such unclaimed assets are distributed shall be eliminated from all future mailings of the Reorganized Debtor, no subsequent Distributions shall be made on account of such Claim, and such Claim shall be treated as being Disallowed, waived, and satisfied. These provisions shall apply without regard to any applicable nonbankruptcy laws with respect to unclaimed property.

VII.

ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

7.01 Alternatives.

This Disclosure Statement is designed to provide information to the Creditors to assist them in forming a judgment as to whether to vote to accept or reject the Plan. A brief discussion of alternatives to the Plan may be useful in making this decision. The Debtor believes that the Plan is the best alternative for one simple reason: **Only the Plan allows for a realistic likelihood of full payments to all holders of Allowed Claims.** Under any alternative scenario, operations at the Real Property will be suspended, disrupted, hindered, and/or terminated, with only the Lenders, and perhaps one or more other secured creditors, likely to realize any recoveries on their Claims. In arriving at the conclusion that the Plan provides the best hope of recovery for all Creditors, the Debtor has evaluated the various alternatives as follows:

(1) Continuation of the Chapter 11 Case by a Chapter 11 Trustee. The Debtor believes that such action would not be in the best interest of the Creditors due, in part, to the delay and costs associated with such an appointment. More importantly, a trustee would lack both the industry expertise that the Debtor has accumulated and the important relationships that the Debtor has developed. Despite the recent deep recession, the Debtor has been functioning at virtually full capacity with respect to its student residences, with near maximum occupancy and strong cash flow. The Debtor is not in need of exit financing in order to fund the payments contemplated by the Plan, and it is in the best position to ensure that the recent successes are continued, having devoted its efforts toward maintaining the maximum occupancy level for the next semester, as well as the next academic year and beyond. With its recent successes, its important relationships relative to the Real Property, and its expertise in the student residential leasing business, the Debtor is best suited to ensure future profitability. For these reasons, the Debtor believes holders of Allowed Claims would receive substantially less upon appointment of a chapter 11 trustee than they will under the Plan.

(2) Dismissal of the Chapter 11 Case. Dismissal of the Chapter 11 Case would allow the Lenders, Martik, and any other parties to initiate or resume non-bankruptcy litigation and collection remedies against the Debtor. Because the Lenders, whose rights are superior to all other creditors, would be entitled to exercise their state law foreclosure rights upon a dismissal of the Chapter 11 Case, the likely result of a dismissal would be satisfaction of the Lenders' Claims only, with no payments to any other Classes of Claims, with the possible exception of one or more secured Creditors.

(3) Conversion of the Chapter 11 Case to a Chapter 7 Case. The Debtor believes that conversion to chapter 7 and appointment of a chapter 7 trustee would have a detrimental impact on the Estate. For one thing, there are attendant costs and delay associated with such an appointment. More significantly, a chapter 7 trustee would be hampered by the same disadvantages that would afflict a chapter 11 trustee, namely, lack of requisite industry expertise, and none of the important relationships that the Debtor has developed. As mentioned above, despite the recession, the Debtor has been functioning at almost full capacity with respect to the student residences, with near maximum occupancy and strong cash flow. It is not in need of exit financing to fund the payments contemplated by the Plan, and it is in the best position to ensure that the recent successes are continued and that operations at the Real Property remain profitable going forward. For the same reasons that the appointment of a chapter 11 trustee would not be in the best interest of the Estate or Creditors, the Debtor believes holders of Allowed Claims would receive substantially less upon appointment of a chapter 7 trustee than they will under the Plan.

While the ultimate distributions under the Plan cannot be guaranteed, for the reasons set forth above, the Debtor believes the Plan is clearly superior to any other alternative in that it is the only available means by which to provide a complete recovery for holders of Allowed Claims.

VIII.

VALUATION OF DEBTOR'S ASSETS AND LIABILITIES

8.01 Liquidation Analysis.

A liquidation analysis of all assets in the Debtor's Estate is set forth on the attached Exhibit E. The purpose of the liquidation analysis is to provide the holders of Claims with a means to compare the results under the Plan to the results for such parties if the Chapter 11 Case was converted to a case under chapter 7 of the Bankruptcy Code, and the Debtor was then liquidated. Under section 1129(a)(7) of the Bankruptcy Code, to confirm the Plan, each holder of a Claim whose rights are impaired and who does not accept the Plan must receive or retain property of a value or under the Plan as of the Effective Date that is not less than the amount that such holder would retain or receive if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code as of such date. *See* INTRODUCTION, § 1.06 Requirements for Confirmation of Plan. This is sometimes referred to as the "best interests" test. The liquidation analysis is based upon the Debtor's good faith estimate of what it believes is the realizable value of its assets, and projections of the likely costs of liquidation and administration of the Debtor's Estate. For the reasons already explained, the Debtor believes only the Plan provides for a reasonable probability of full recovery for Creditors other than the Lenders.

8.02 Feasibility.

As a condition to confirmation, the Bankruptcy Code requires the Court to determine that confirmation is not likely to be followed by liquidation of the Reorganized Debtor or the need for further financial reorganization. For purposes of determining whether the Plan meets this “feasibility” standard, the Debtor has projected the ability of the Reorganized Debtor to continue operations and meet its obligations under the Plan. The Debtor’s projections are set forth on Exhibit F. Pursuant to the Court’s Administrative Order No. 94-3, the Debtor’s financial statements are attached hereto as Exhibit G.

The Debtor believes the results set forth in the financial projections are reasonable and attainable and that the Reorganized Debtor will have sufficient funds to operate and meet its obligations under the Plan. Although much effort has been made to ensure that the financial projections and their underlying assumptions are reasonable, it is impossible to guarantee the Debtor’s ability to achieve the projected results, which are inevitably subject to unanticipated events and uncertainties, which may affect actual financial results. Therefore, actual results achieved throughout the projection period may be greater or less than projected results.

Holders of Claims should carefully read and consider these factors and others set forth in this Disclosure Statement before voting to accept or reject the Plan. As provided in the financial projections, the Debtor believes the Plan is feasible and that the Reorganized Debtor will be able to meet its obligations under the Plan.

IX.

FEDERAL INCOME TAX CONSEQUENCES

9.01 General.

The Debtor has not obtained a tax opinion and it expresses no view as to the tax consequences to the holder of any Claim or Interest caused by the terms of the Plan. Creditors are advised and encouraged to obtain their own tax counsel to determine the tax consequences of

BECAUSE THE DEBTOR EXPRESSES NO TAX ADVICE, IN NO EVENT WILL THE DEBTOR OR ITS PROFESSIONAL ADVISORS BE LIABLE FOR THE TAX CONSEQUENCES TO ANY CLAIMANT UNDER THE PLAN. CREDITORS MUST LOOK SOLELY TO AND RELY SOLELY UPON THEIR OWN ADVISORS AS TO THE TAX CONSEQUENCES OF THE PLAN TO ANY CLAIMANT.

X.

REORGANIZED DEBTOR

10.01 Consummation Date.

On the Consummation Date, after making the final Distribution under the Plan, the Reorganized Debtor shall be discharged from its duties under the Plan.

XI.

GENERAL PROVISIONS

11.01 Retention of Jurisdiction by Bankruptcy Court.

In accordance with title 28 of the United States Code, the Bankruptcy Code, and other applicable law, the Plan provides that the Bankruptcy Court shall retain exclusive jurisdiction of the Chapter 11 Case after the Confirmation Date for the following purposes.

(a) To classify, allow or disallow Claims and direct distribution of funds under the Plan and to hear and determine any controversies pertaining thereto.

(b) To hear and determine any and all motions, applications, adversary proceedings and other matters arising out of or related to the Plan, to construe and take any action to enforce the execution of the Plan, the Confirmation Order, or any other Order, or to issue such Orders as may be necessary for the implementation, execution, performance or consummation of the Plan and all matters referred to herein or in the Confirmation Order or to resolve any disputes concerning any of the foregoing.

(c) To hear and decide avoidance actions under chapter 5 of the Bankruptcy Code and turnover actions under sections 543 and 543.

(d) To decide matters arising under section 1112 of the Bankruptcy Code.

(e) To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked or vacated.

(f) To adjudicate any disputes concerning payment of pre- or post-Effective date professional fees or expenses or any request for payment of administrative expenses.

(g) To modify the Plan or remedy any defect, omission or inconsistency in the Plan and to enter such orders as are necessary or appropriate to carry out the Plan under section 1127(b) of the Bankruptcy Code.

(h) To issue injunctions or orders as may be necessary or appropriate to restrain interference with the Plan or its execution and to enforce the permanent injunction under section 524 of the Bankruptcy Code.

(i) To hear and determine matters concerning state, local and federal taxes pursuant to sections 346, 505, 525 and 1146 of the Bankruptcy Code.

(j) To hear and determine any other dispute or matter relating to the Chapter 11 Case, including without limitation, the Causes of Action, and any other matter subject to the Court's jurisdiction pursuant to applicable law.

XII.

SOLICITATION IN CONNECTION WITH THE PLAN

Although this Disclosure Statement has attempted to provide information regarding the Debtor, the Estate, and the potential benefits that might accrue to Creditors, this Disclosure Statement cannot guarantee the percentages of each Allowed Claim to be realized upon immediate liquidation or that will be received from the Plan if implemented because of the various factors described herein. Despite these uncertainties and risks described herein, the Debtor believes that the Plan is feasible and can provide each holder of a Claim against the Debtor with an opportunity to receive substantially more than the benefits that would be received from liquidation of the Debtor under Chapter 7 of the Bankruptcy Code. **THE DEBTOR RESPECTFULLY SOLICITS YOUR VOTE IN FAVOR OF THE PLAN.**

January 22, 2010

Respectfully Submitted,

/s/ Andrew Turscak

Robert C. Folland (0065728)

Andrew L. Turscak, Jr. (0073851)

Mark A. Weintraub (0078789)

THOMPSON HINE LLP

3900 Key Center

127 Public Square

Cleveland, Ohio 44114

(216) 566-5500 (phone)

(216) 566-5800 (fax)

Robert.Folland@thompsonhine.com

Andrew.Turscak@Thompsonhine.com

Mark.Weintraub@thompsonhine.com

Counsel for Debtor, Kiebler Slippery Rock, LLC