

UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

IN RE:)	BANKRUPTCY #10-33044
)	CHAPTER 11
NORTHFIELD INVESTMENTS, INC.)	
TAX ID NO. 56-1583968)	
)	DISCLOSURE STATEMENT
)	
<u>Debtor.</u>)	

TO: THE CREDITORS AND OTHER PARTIES IN INTEREST

I. INTRODUCTION

On October 18, 2010, Northfield Investments, Inc. (hereinafter sometimes referred to as "the Debtor" or "the Debtor-In-Possession"), a North Carolina corporation, filed a voluntary petition for reorganization pursuant to Chapter 11 of the United States Bankruptcy Code ("the Code") with the United States Bankruptcy Court for the Western District of North Carolina, Charlotte Division ("the Court").

The Debtor provides this Disclosure Statement to all of its known creditors in order to disclose that information deemed by the Debtor to be material, important and necessary for its creditors to arrive at a reasonably informed decision in exercising their right to vote for the acceptance of the Plan of Reorganization ("the Plan") that will be filed with the Bankruptcy Court.

Approval by the Court of this Disclosure Statement constitutes neither approval nor disapproval by the Court of the Debtor's Plan.

Accompanying this Disclosure Statement and Plan is an important notice concerning a hearing to consider confirmation of the Plan and creditors' right to vote on the acceptance or rejection of the Plan. As a creditor, your vote is important. The Plan can be confirmed by the Court if it is accepted by the holders of two-thirds in amount and more than one-half in number of claims in each class voting on the Plan. In the event the requisite acceptances are not obtained, the Court may nevertheless confirm the Plan if the Court finds that the Plan accords fair and equitable treatment to the Class rejecting it.

No representations concerning the Debtor, particularly as to its future business operations, value of property, or other values set forth herein, are authorized by the Debtor other than as set forth herein. Any representations or inducements made to secure your acceptance that are other than as contained in this statement should not be relied on by you in arriving at your decisions. Any such additional representations and inducements should be reported to counsel for the Debtor, who in turn shall deliver such information to the Bankruptcy Court for such action as may be deemed appropriate.

The information contained in this Disclosure Statement has not been subjected to a certified audit. The Debtor's records are accurate to the Debtor's best knowledge and information, and every reasonable effort has been made to present accurate figures.

II. THE DEBTOR

A. Background and General Nature of the Debtor

The Debtor was organized in 1987 for the purposed of developing commercial real property in the nature of industrial and warehouse property. Through direct ownership and merger it acquired the following properties:

520 Eagleton Downs Drive, Charlotte, NC
521 Eagleton Downs Drive, Charlotte, NC
601 Eagleton Downs Drive, Charlotte, NC
10401 John Price Road, Charlotte, NC
12200 Mount Holly-Huntersville Road, Huntersville, NC

Each of the aforesaid properties is leased or partially leased. A schedule setting out the tenants by property is attached as Exhibit "A".

The sole shareholder of the Debtor is Michael Shaheen. Larry Shaheen is the president and chief executive officer of the Debtor. Michael Shaheen is the vice president of the Debtor. Neither of the Shaheens are presently drawing a salary or other compensation from the Debtor on account of their services.

B. Events Leading to Filing

The general down turn in the economy greatly contributed to the Debtor's economic difficulties. Tenants were far more difficult to find, and there was downward pressure on rents. In addition, the Debtor became embroiled in a law suit with Regions Bank over a foreclosure on a property previously owned by the Debtor and the resulting deficiency on sale of the property. Finally, Regional Property Development Corporation which was merged in to the Debtor had filed a derivative action against Regions Bank, Mark Carpenter and Steve Jacobsen involving the alleged sale of a note held by Regions Bank from Lancaster Industrial Park, LLC ("LIP"). The two suits resulted in large legal fees.

III. FINANCIAL INFORMATION

A. Liabilities

The Debtor has attached as Exhibit "B" a schedule setting out what it believes to be its creditors, the amounts owed, and the status of each creditor. Separate objections will be filed as to those creditors whose claims the Debtor has shown as objected to on the exhibit. The claims amounts set out below in the section captioned Classification and Treatment of Claims is based on

the claims presently filed and on the assumption that the Debtor's objections to claims will be sustained.

B. Assets

1. Schedule of Assets.

The Debtor's primary assets are the real properties set out as follows. The values shown are those contained in the Debtor's schedules and represent the amounts that the Debtor believes could be obtained in arm's length sales.

520 Eagleton Downs Drive	\$2,400,000
521 Eagleton Downs Drive	\$1,700,000
601 Eagleton Downs Drove	\$1,500,000
10401 John Price Road	\$1,100,000
12200 Mount Holly-Huntersville	\$4,100,000

In addition to the real property, the Debtor has a fifty (50%) interest in LIP which owns an industrial development in Lancaster, South Carolina. The Debtor is presently involved in a law suit with Mark Carpenter and Steve Jacobson who are the other equity holders in LIP in the Superior Court of Mecklenburg County, North Carolina. The Debtor's equity interest in LIP has questionable value. The Debtor also owns thirty-four (34%) percent of Regal Development Downs Road LLC ("RDDR"). Its only assets are two lots in Mecklenburg County, North Carolina that are the subject of a pending tax sale. The taxes presently due are \$55,000, and the Debtor believes that the value of the property is no greater than the taxes due. The final asset of the Debtor is a law suit presently pending in the Superior Court for Mecklenburg County, North Carolina against Carolina Ingredients on account of damage done as a tenant. The Debtor is seeking \$141,348, and trial is now pending. The recovery will most likely be far less than the amount claimed and it secures the obligation owed to CW Capital.

2. Liquidation Value of Assets

The value of the Debtor's assets would be significantly reduced in the event the Debtor's plan is not confirmed. Should the Debtor's plan not be confirmed, it will be forced to convert to a Chapter 7 case. All the Debtor's real property is subject to mortgage liens which are additionally secured by the rents and profits from the property. In the event of conversion to a Chapter 7 bankruptcy case, the real property owned by the Debtor would be foreclosed with the result that nothing would be available for other creditors. A liquidation of the assets would trigger prepayment penalties due to the secured lenders and would add several hundred thousand dollars to the loan balances.

3. Preference Analysis

The Debtor has not yet done a preference analysis. This analysis will be done prior to the hearing on approval of the Disclosure Statement and will be incorporated into an Amended Disclosure Statement.

IV. SUMMARY OF PLAN OF REORGANIZATION

The Debtor will file a Plan of Reorganization (the "Plan").

A. Classification and Treatment of Claims

Article I of the Debtor's Plan will provide for the creation of eight (8) classes of claims. A schedule of the claims that have been scheduled or filed that the Debtor believes are properly allowable is attached as Exhibit "B". Note that the final day for filing claims is February 22, 2011, thus, additional claims may be filed. In addition, the creditors to be dealt with by the Plan as set out on Exhibit B is based on the assumption that objection to claims by the Debtor will be sustained by the Court. The classes and the treatment of creditors in these classes are as follows:

Class 1 consists of cost of administration creditors that are the post-petition costs of administering the Chapter 11 case and normal post-petition operating expense claims. This class of creditors will be paid in full on the Effective Date of the Plan or in accordance with some other agreement that may be mutually agreed to by the Debtor and Creditor.

Class 2 consists of the claim of CW Capital Asset Management, LLC ("CW Capital"). CW Capital is presently secured by mortgage liens on 520 Eagleton Downs Drive, 601 Eagleton Downs Drive, and 10401 John Price Road. Outstanding arrearages will be paid in full on the Effective Date of the Plan, and the Debtor will make all future payments in accordance with its contract with CW Capital. CW Capital shall retain its security interest. This class is not impaired.

Class 3 consists of Wells Fargo Commercial Mortgage ("Wells"). Wells is presently secured by mortgage liens on 12200 Mt. Holly Huntersville Road and 521 Eagleton Downs Drive. The Debtor is presently one payment in arrears with Wells in the approximate amount of \$47,000. The Debtor will repay the arrearages with interest at the contract rate from the date of default in twelve (12) equal monthly payments beginning on the Effective Date of the Plan and continuing on the first day of each following month until paid in full. No payment shall be made on account of default interest and penalties. Wells shall retain its security interest except to the extent any claim on account of default interest and penalties. This class is impaired.

Class 4 consist of secured and priority claims of North Carolina Department of Revenue, the South Carolina Department of Revenue, and the Mecklenburg County Tax Collection. These claims will be paid pro rata from a \$200 per month payment made by the Debtor with interest at the rate of eight (8%) accruing from the date of filing until paid in full. The first payment shall be due on the Effective Date of the Plan and a payment shall be due on the first day of each subsequent month until paid in full.

Class 5 consists of Regions Bank. It asserts a claim in excess of \$3,000,000 which the Debtor disputes in its entirety. Nevertheless, the Debtor proposes to pay the sum of \$125,000 in full satisfaction of this claim. Regions Bank will be paid in one lump sum from by the Debtor upon refinancing all or a portion of its property no later than December 31, 2015. The amount to be paid represents the principal sum of \$100,000 and interest of \$5,000 for the years 2011 through 2015. To the extent that it is determined that the Debtor is indebted to Regions Bank, this class is impaired.

Class 6 consists of claims by claimants related to the Debtor. These are Regional Construction and Southeastern Construction. These claimants will waive their claims.

Class 7 consists of general unsecured creditors. The Debtor will make monthly payments to members of this class beginning on the Effective Date of the Plan and continuing on the first day of each following month for a period of sixty months. The payment made to this class will be based on pro rata distribution of monthly payments by the Debtor as follows:

- \$1,000 per month for the first twelve (12) months.
- \$1,500 per month for the succeeding twelve (12) months.
- \$2,000 per month for the succeeding twelve (12) months.
- \$2,500 per month for the succeeding twelve (12) months.
- \$3,000 per month for the succeeding twelve (12) months.

The Debtor believes that the members of this class total approximate \$260,000. The distribution to this class approximates forty (40%) per cent.

Class 8 consists of the equity security holder who shall retain his equity interest. However, no payment or other distribution shall be made on account of his equity interest until all payments provided for in the Plan with the exception of monthly contract payments to Class 2 and Class 3 are paid in full.

B. Other Provisions Regarding Treatment of Claims

A. Payments provided for in the Plan shall not be deemed to be past due until fifteen days after the due date set out in the Plan.

B. Any claim or portion of a claim that are not provided for under the Plan will be discharged on the effective date of the plan.

C. The net amount of any avoidance recovery shall be paid to the Class 7 creditors in addition to the regular payment provided for in the Plan.

C. Means for Funding the Plan

The Debtor will finance the Plan from its earnings. Debtor's management has analyzed its operations; and, in particular the recent changes that it has made and on increasing sales. Attached hereto as Exhibit "C") an analysis of the projected results for business operations for the year 2011. The projections are conservative and indicate that the Debtor is now profitable and is capable of consummating the plan as proposed. In addition, it appears that demand is increasing and that rental rates are slowly increasing.

D. Effective Date of the Plan

The Effective Date of the Plan shall be the first day of the first full month after the order confirming the plan becomes final and non-appealable.

E. Deconsolidation

Following substantial consummation of the Plan, the Debtor will deconsolidate such that North Regional I, LLC will own 520 Eagleton Downs Drive, 601 Eagleton Downs Drive, and 10401 John Price Road and North Regional II, LLC will own 122000 Mt. Holly Huntersville Road and 521 Eagleton Downs Drive. Nevertheless, all resulting entities shall be liable to perform the obligations set out in the Plan.

V. RISKS

The risks inherent in this reorganization plan are those normally faced by any going concern, which are:

- Competition
- Softness in the Market
- High Interest Rates
- Increase in the Cost of Materials and Supplies
- Employee Problems

The Debtor has analyzed the above factors with respect to his current operations and management and has made the necessary operating changes that will allow it to cope effectively with the above market variables.

VI. TIMING

The Debtor proposes that payments to Class 1 creditors shall be made on the Effective Date of the Plan which shall be the first day of the first full month following the date upon which the order of confirmation becomes final and non-appealable. Payments to all other creditors shall be made in accordance with the provisions set out above.

VII. EFFECT OF FAILURE TO CONFIRM PLAN

Acceptance is necessary for confirmation of the Plan. If the Plan is accepted, the Debtor will pay a significant amount to each class of creditors. If the Plan is not accepted, the Debtor will be forced to convert to a Chapter 7 bankruptcy case. Chapter 7 means that the business will be closed and the assets liquidated. The Debtor believes that in liquidation, after payment to secured creditors there would be nothing left for any other creditors.

VIII. ELEMENTS OF CONFIRMATION

In addition to understanding the background of this Chapter 11 case, as well as the events which led to the filing of the Chapter 11 petition and the events which have occurred during the Chapter 11, it is also important of the creditors to have some understanding of the statutory requirements for the confirmation of the Plan.

However, it is important for each creditor to understand that this is merely a summary of important provisions of the law and that each creditor should consult counsel for legal advice.

Basically, in this Chapter 11 reorganization, the Debtor believes that it can provide more for the creditors than they would receive in the Chapter 7 liquidation. The Bankruptcy Code requires that Chapter 11 plans classify creditors and, as outlined above, the Debtor has in this case established seven classes in its Plan.

Once the classes are established according to the nature of the claims in each class, the Bankruptcy Code provides certain priorities of payment. These priorities are also set forth in the outline in this Disclosure Statement.

There are eleven basic requirements which are described in section 1129(a) of the Code for confirmation of a Chapter 11 Plan, briefly summarized as follows:

1. The Plan must have complied with the general requirements of Chapter 11; for example, classification of claims must have been proper.
2. The proponent of the Plan must have complied with the applicable provisions of Chapter 11; for example, preparing a Disclosure Statement like this prior to soliciting acceptances.
3. The Plan must have been proposed in good faith and not by any means forbidden by law.
4. All payments for services or expenses with respect to the Plan in the case must have been disclosed to the Court, and these payments must be reasonable and are, in any event, subject to Court approval.
5. There must have been full disclosure with respect to the identities of the various parties involved.
6. Any governmental regulatory commission with jurisdiction, after confirmation of the Plan, over the rates of the rates of the Debtor must approve any rate change provided for in the Plan, or such rate change must be expressly conditioned upon such approval.
7. Each holder of a claim in each class have either accepted the Plan or must receive under the Plan properly having a value not less than what it would have been entitled to receive if the Debtor liquidated under Chapter 7 of the Code.
8. Each class must have accepted the Plan or must be unimpaired by the Plan.
9. The administrative claims and priority claims must be paid in full under the Plan, unless the claimants agree to a different treatment of the claims.
10. If a class of claims is impaired under the Plan, at least one class of claims that is impaired under the Plan has accepted the Plan, determined without including any acceptance of the Plan by any insider.

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.

Notwithstanding section 510(a) of this title, if all of the applicable requirements of subsection (a) of §1229 the Code are met with respect to a Plan, the Court, on request of the proponent of the Plan, shall confirm the Plan notwithstanding the requirements of such paragraph if the Plan does not discriminate unfairly, and is fair and equitable with respect to each class of claims or interest that is impaired under and has not accepted the Plan. This is the well-known "Cramdown" which the Court can require. However, when a "Cramdown" is requested, the Court will follow what is known as the "Absolute Priority" rule, which essentially means that no junior class of claimants may receive any property until the members of a dissenting senior class of claimants have received the full amount of their claims.

IX. CONCLUSION

The Debtor believes acceptance of this Plan is in the best interest of the creditors.


A VOTE OF ACCEPTANCE IS IMPORTANT. CLAIMANTS SHOULD VOTE PROMPTLY.

Dated this 14th day of February, 2011

NORTHFIELD INVESTMENTS, INC.



President



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LEASE SUMMARY

TENANT	Sq. FT	Lease Commence	Lease Termination
10401 John Price Rd JP1 (20,000 Sq.Ft. Single Tenant Bldg) Ryan Herco Products Corp 10401 John Price Rd Charlotte NC 28273			
		Office Warehouse steel/masonry bldg	
	20,000	9/20/2002	6/15/2013
12200 Mt. Holly Huntersville Rd Huntersville (112,000 Sq Ft.Single Tenant Bldg) Saertex, USA 12200 Mt. Holly Huntersville Rd Huntersville, NC 28078			
		Office Warehouse steel/masonry bldg	
	112,000	1/26/2005	4/26/2015
520 Eagleton Downs Drive, Pineville, NC (48,000 Sq.Ft. Multi-Tenant Bldg)			
		Office Warehouse steel/masonry bldg	
Ste A & B Madison Construction Group, Inc. 520 Eagleton Downs Drive Pineville NC 28134	24,000	10/21/2008	11/14/2011
Ste C & D Vacant	24,000		
521 Eagleton Downs Drive, Pineville, NC (29,000 Sq.Ft. Multi-Tenant Bldg)			
		Office Warehouse steel masonry bldg	
Ste A Cleer Oil Technology, LLC 24 Hearthstone Terrace Livingston NJ 07039	4960	5/24/2005	11/30/2011
Ste B Aquatic Resources Group, LLC	4660	12/9/2009	12/31/2011



521 Eagleton Downs Drive
Pineville, NC 28134

Ste C
Vacant
3820

Ste D
Hunter Engineering, Co.,
11250 Hunter Dr
Bridgeton MO 63044
5810 7/17/2002 12/1/2010

Ste E
Harvest Inviromental Services, Inc.
521 Eagleton Downs Drive
Pinweville, NC 28134
4550 3/5/2008 4/1/2013

Ste F
American Flame Coat, Inc.
521 Eagleton Downs Drive
Pineville, NC 28134
5200 5/2/2008 7/1/2013

601 Eagleton Downs Drive, Pineville, NC (25,780 Sq Ft Multi-Tenant Bldg) Office warehouse steel/masonry bldg

Ste A
Southeastern Construction Management Corp
8400 1/1/2010 12/1/2011

601 Eagleton Downs Drive
Pineville, NC 28134
1800

Ste B
Vacant
10,580 6/22/2000 8/8/2013

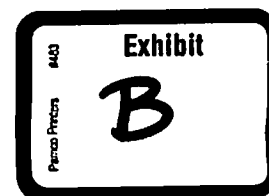
Ste C
Harrington Industrial Plastics, Inc.
14480 Yorba Ave
Chino CA 91710

Ste D
Hexon Specialty Chemicals
180 East Broad Street
Scheduling commenced waiting on improvements to be completed
8/9/2010 62 Months from commencement date

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NORTHFIELD INVESTMENTS, INC.

Sch	Berkadia (CW Capital)	\$4,604,028.00	Sec	Less post-petition payments
Sch	Wells Fargo 11-0202635	\$5,581,859.00	Sec	Less post-petition payments
Sch	NC Dept. of Revenue	\$3,258.29	Pri	
Sch	SC Dept. of Revenue	\$555.17	Pri	
4	Meck. Cty. Tax Coll.	\$2,806.52	Sec	
	“ “ “	\$42.03	Pri	
3	Allied Waste	\$3,712.74	Uns	
1	Automatic Sprinkler Ins.	\$1,100.00	Uns	
Sch	Bank of America	\$13,400.03	Object not owed	
Sch	Bishop, Capitano & Abner	\$19,496.63	Uns	
Sch	Bland & Richter, LLC	\$103,791.50	Uns	
Sch	Cranford, Schultze	\$6,960.78	Uns	
2	GMAC	\$4,606.54	Uns	
Sch	Grier, Furr & Crisp	\$1,375.00	Uns	
Sch	Humphrey & Partners Arch	\$1,500.00	Uns	
Sch	J. Michael Shaheen	\$684.22	Uns	
Sch	John E. Shaheen	\$185.61	Uns	
Sch	Regional Construction	\$2,128,952.14	Waived	
Sch	Regional Construction	\$128,900.70	Waived	
Sch	Regions Bank	\$ -0-	Disputed	
Sch	Southeastern Construction	\$350,539.02	Waived	
Sch	Southscape Landscaping	\$2,980.64	Object not owed	
Sch	Templeton & Raynor, PA	\$271.50	Uns	
Sch	Wagner, Nobles & Co.	\$109,301.28	Uns	
Sch	Wells, Daisley, Rabon	\$5,944.75	Uns	
Sch	Wishart, Norris, Henninger	\$1,192.50	Uns	



NORTHFIELD INVESTMENTS
 DIP MONTHLY OPERATING BUDGET
 FIGURES REFLECT FEBRUARY INCOME AND EXPENSES

RENTAL REVENUES	Monthly Rent	CAM Reimbursement
12200 Mt. Holly-Huntersville Rd		
Saertex	\$ 36,466.28	\$ 5,059.59
520 Eagleton Downs Rd		
Madison	\$ 10,119.30	\$ 1,946.34
Eco-Green Solutions(started Feb 1)	\$ 2,975.00	\$ 750.00
521 Eagleton Downs Rd		
Cleer Oil	\$ 2,882.76	\$ 598.10
Aquatic Resources	\$ 2,138.00	\$ 562.00
Hunter Engineering	\$ 3,369.80	\$ 700.68
Harvest Environmental	\$ 2,540.00	\$ 548.73
American Flamecoat	\$ 3,423.00	\$ 627.12
601 Eagleton Downs		
Harrington Plastic	\$ 5,580.00	\$ 1,485.03
Hexion/Momentum(starts March 1)	\$ 3,270.83	\$ 701.81
10401 John Price Rd		
Ryan Herco	\$ 9,456.00	\$ 2,285.96
	<u>\$ 82,220.97</u>	<u>\$ 15,265.36</u>
TOTAL		
	<u>\$ 82,220.97</u>	<u>\$ 15,265.36</u>
COMBINED TOTAL		\$ 97,486.33

PAYMENTS AND EXPENSES

WELLS FARGO

Interest	\$27,778.62	
Principle	\$5,507.20	
Taxes/Ins Reserve	\$4,639.28	
TI/Leasing Reserve	<u>\$6,485.09</u>	
TOTAL	\$46,097.87	\$46,097.87

BERKADIA

Interest	\$21,649.65	
Principle	\$5,692.16	
Taxes/Ins Reserve	\$5,909.06	
TI/Leasing Reserve	<u>\$4,432.00</u>	
TOTAL	\$37,682.87	\$37,682.87

SECURED LENDERS COMBINED TOTAL \$83,780.74 \$83,780.74

REIMBURSABLE EXPENSES

DUKE POWER		\$1,310.74
ENERGY UNITED		\$423.52
PIEDMONT GAS		\$398.21
CITY OF CHAR UTIL(water)		\$1,985.29
MISC. UTILITIES AND MAINTENANCE		\$3,585.00
LAWN MAINTENANCE		\$3,364.55
WASTE REMOVAL		<u>\$377.48</u>
TOTAL	\$11,444.79	\$11,444.79

MONTHLY NET OPERATING \$ 2,260.80

MANAGEMENT FEES ACCRUED

SOUTHEASTERN CONSTRUCTION MGMT.	TOTAL	\$38,948.78	\$38,948.78
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