

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF PUERTO RICO**

<b>In re:</b> <b>SWISS CHALET, INC.,</b>  <b>Debtor</b>	<b>Chapter 11</b>  <b>Case No. 11-04414 (ESL)</b>
<b>In re:</b> <b>G.P. WEST, INC.,</b>  <b>Debtor</b>	<b>Chapter 11</b>  <b>Case No. 11-04954 (ESL)</b>

**JOINT DISCLOSURE STATEMENT**

**OF**

**SWISS CHALET, INC.**

**AND**

**G.P. WEST, INC.**

**CHARLES A. CUPRILL P.S.C.**  
**LAW OFFICES**  
**Counsel For Swiss Chalet, Inc.**  
356 Fortaleza Street  
Second Floor  
San Juan, PR 00901  
Tel.: 787-977-0515  
Fax: 787-977-0518  
E-mail: [ccuprill@cuprill.com](mailto:ccuprill@cuprill.com)

**EDUARDO CORRETJER REYES**  
**BUFETE ROBERTO CORRETJER PIQUER**  
**Counsel for G.P. West, Inc.**  
625 PONCE DE LEON AVENUE  
San Juan, PR 00917-4819  
Tel.: 787-751-4618  
Fax: 787-759-6503  
E-mail: [ejcr@corretjerlaw.com](mailto:ejcr@corretjerlaw.com)

**INDEX**

**I. INTRODUCTION .....4**

**II. SUMMARY OF THE PLAN .....6**

**III. INFORMATION ABOUT THE REORGANIZATION PROCESS.....14**

**3.1 Purpose of a Disclosure Statement ..... 14**

**3.2 Voting Procedure ..... 15**

**3.3 Ballots ..... 16**

**3.4 The Confirmation Hearing ..... 16**

**3.5 Acceptances Necessary to Confirm the Plan ..... 17**

**3.6 Confirmation of the Plan Without the Necessary Acceptances ..... 18**

**IV. GENERAL INFORMATION.....18**

**4.1 Description and Historical View of the Debtor. .... 18**

**4.3 Debtor’s Post-Petition Endeavors. .... 25**

**V. CLAIMS AGAINST DEBTOR AND ITS ASSETS .....27**

**5.1 Claims Against Debtor ..... 27**

**5.2 Objections to Claims ..... 27**

**VI. DESCRIPTION OF THE PLAN .....28**

**6.1 Unclassified Claims ..... 28**

**6.2 Administrative Expense Claims ..... 29**

**6.3 Professional Fee Claims ..... 29**

**6.4 Priority Tax Claims ..... 30**

**6.5 Classes of Claims and Equity Interest ..... 31**

**6.6 Treatment of Claims. .... 34**

**6.7 Means for Implementation of the Plan ..... 45**

**6.8 Debtor’s Post Confirmation Management ..... 46**

**6.9 Executory Contracts and Unexpired Leases ..... 48**

**VII. LIQUIDATION AND FINANCIAL ANALYSIS.....48**

**7.1 Best Interest of Creditors and Comparison with Chapter 7 Liquidation ..... 48**

**7.2 Feasibility of the Plan ..... 50**

        A) Financial Projections..... 50

        B) Funds and Assets Sufficient for Payments Required under the Plan..... 50

            a) Real Property ..... 51

            b) Personal Property ..... 51

            c) Accounts Receivable and Liquidated Debts ..... 51

            d) Liquidation Analysis ..... 51

**7.3 Pending Litigation and Other Liabilities ..... 52**

**7.4 Leases and Contracts ..... 53**

**VIII. BAR DATE AND DETERMINATION OF CLAIMS .....53**

**8.1 Bar Date ..... 53**

**8.2 Determination of Claims ..... 54**

**IX. ALTERNATIVES TO THE PLAN .....55**

    A. Liquidation Under Chapter 7 ..... 55

    B. Dismissal of the Case and/or Foreclosure by CPG/GS ..... 55

    C. Alternative Plan of Reorganization ..... 56

**XI. CONCLUSION .....56**

Swiss Chalet, Inc.  
G.P. West, Inc.  
*Joint Disclosure Statement*

Case No. 11-04414(ESL)  
Case No. 11-04954(ESL)  
Page 3

---

**LIST OF EXHIBITS**

**Exhibit A – Ballots**  
**Exhibit B – Order Approving Disclosure Statement**  
**Exhibit C – Summary of Claims and Plan Payments – Debtor SCI**  
**Exhibit C-1 – Summary of Claims and Plan Payments – Debtor GPW**  
**Exhibit D-1 – Audited Financial Statements of Debtor SCI as of April 30, 2010**  
**Exhibit D-2 – Unaudited Financial Statement of Debtor SCI as of September 30, 2011**  
**Exhibit D-3 – GPW October 31, 2011 Operating Report**  
**Exhibit E – SCI Liquidation Analysis**  
**Exhibit E -1– GPW Liquidation Analysis**  
**Exhibit F – SCI Cash Flow Projections**  
**Exhibit F -1– GPW Cash Flow Projections**  
**Exhibit G – SCI Summary of Monthly Operating Reports to October 31, 2011**  
**Exhibit G-1 – GPW Summary of Monthly Operating Reports to October 31, 2011**  
**Exhibit H – SCI October 2011 Operating Report**  
**Exhibit I- SCI Real Property Owned as of September 30, 2011**  
**Exhibit J – SCI List of its Remaining Unexpired Leases and Executory Contracts**  
**Exhibit J -1– GPW List of its Remaining Unexpired Leases and Executory Contracts**

## I. INTRODUCTION

Pursuant to Section 1125 of the United States Bankruptcy Code, 11 U.S.C. §101, *et seq.* (the "Bankruptcy Code"), Swiss Chalet, Inc. ("SCI") debtor and debtor-in-possession in the above captioned case No. 11-04414 (the "Bankruptcy Case "SCI" or "SCI Case"), and G.P. West Inc. ("GPW"), debtor and debtor-in-possession in the above captioned case No. 11-04954 (the "Bankruptcy Case GPW" or "GPW Case"), collectively the "Debtors", provide this Joint Disclosure Statement (the "Disclosure Statement") to all of the Debtors' known creditors. The purpose of the Disclosure Statement, filed with the consent of the Debtors' major secured creditor CPG/GS PR NPL, LLC ("CPG/GS", or "CPG") is to provide such information as the Debtors believe may be deemed necessary for Debtors' creditors to make an informed decision in exercising their rights to vote on Debtors' Joint Plan (the "Plan"), dated as of the date of the Disclosure Statement. The Plan is being filed with the United States Bankruptcy Court for the District of Puerto Rico ("Bankruptcy Court") simultaneously herewith in each of the two cases of the Debtors, and shall be considered upon separate voting in each of the two cases (collectively, the "Bankruptcy Cases"), with each of the Debtors required to comply in their respective cases with the applicable Bankruptcy Code requirements.

Debtors recommend that creditors vote to accept the Plan in the case where they have a claim in a class entitled to vote, and if creditors have a claim in both cases, the creditors may vote in both. Each creditor must, however, review the Plan and the Disclosure Statement carefully, including all exhibits in their entirety, and determine whether or not to accept or reject the Plan based upon that creditor's independent judgment and evaluation. The description of the Plan in the Disclosure Statement is in summary form and is qualified by reference to the actual terms and

Swiss Chalet, Inc.  
G.P. West, Inc.  
*Joint Disclosure Statement*

Case No. 11-04414(ESL)  
Case No. 11-04954(ESL)  
Page 5

---

conditions of the Plan, which should be reviewed carefully before making a decision to accept or reject the Plan. Capitalized terms not otherwise defined herein have the same meaning as set forth in the Plan, other terms shall have the meaning ascribed to them in the Bankruptcy Code.

The information contained in the Disclosure Statement has been provided by Debtors based upon Debtors' knowledge of their records, business and affairs. Except as otherwise expressly indicated, the information provided by Debtors in the Disclosure Statement has not been subject to an audit or independent review. Although great efforts have been made to be accurate, Debtors, their respective counsel and other professional advisors do not warrant the accuracy of the information contained herein.

The Disclosure Statement has not yet been approved by the Bankruptcy Court as providing information deemed adequate to permit Debtors' creditors to make an informed judgment in exercising their right to vote in the corresponding case for or against the Plan.

No representations concerning Debtors, including the value of Debtors' assets, or the aggregate dollar amount of claims which may be allowed, are authorized other than as set forth in the Disclosure Statement. Any representations, warranties or agreements made to secure acceptance or rejection of the Plan by Debtors' creditors that differ from those contained in the Disclosure Statement should not be relied upon in voting on the Plan.

Debtors believe that the Plan provides the quickest recovery and will maximize the return to creditors on their Claims.

**ACCORDINGLY, DEBTORS URGE ALL CREDITORS WHO ARE ENTITLED TO VOTE, TO VOTE IN FAVOR OF THE PLAN.**

Swiss Chalet, Inc.  
 G.P. West, Inc.  
 Joint Disclosure Statement

Case No. 11-04414(ESL)  
 Case No. 11-04954(ESL)  
 Page 6

## II. SUMMARY OF THE PLAN

The Plan specifies the manner in which the Claims and Interests are to be treated in each case. Allowed Administrative Expense Claims and Allowed Priority Tax Claims are not classified for purposes of voting under the Plan, but the Plan does provide for the treatment of such Claims. The table below provides a summary of the treatment of those claims and of the various Classes of Claims against each of the Debtors, as well as the respective shareholders' interest in each Debtor. To the extent that the terms of the Disclosure Statement vary from those of the Plan, those of the Plan will control.

Description Of Claim	Class	Estimated Amount of Allowed Claims	Treatment Under the Plan/Estimated Recovery Under the Plan
Holders of Allowed Administrative Expense Claims, including without limitation real property taxes in respect of the Chapter 11 administration.	N/A	\$179,000.00 (SCI)	Unimpaired. Estimated Recovery: 100% For such claims allowed in the SCI Case, except as otherwise agreed to by SCI and the holder of an Allowed Administrative Expense Claim, each such holder shall be paid in full in Cash in the regular course of business or as authorized by the Court on or before the Effective Date from the \$1,000,000.00 carve-out agreed to with CPG/GS for the payment of administrative expenses including professional fees, priority and non-priority unsecured creditors (the "SCI Carve-Out" or "Carve-Out "SCI").
		\$41,625.00 (GPW)	For such claims allowed in the GPW Case, except as otherwise agreed to by GPW and the holder of an Allowed Administrative Expense Claim, each such holder shall be paid in full in Cash in the regular course of business or as authorized by the Court on or before the Effective Date from the \$85,000.00 carve-out agreed to with CPG/GS for the payment of professional fees, administrative expenses, including professional fees, priority and non-priority unsecured creditors (the "GPW Carve-Out" or "Carve-Out (GPW)").
Holders of Allowed Priority Tax Claims in the SCI Case and GPW Case, including without limitation pre-petition real	N/A	\$62,536.00 (SCI)	Unimpaired. Estimated Recovery: 100%
		\$34,425.00 (GPW)	Holders of Allowed Unpaid Priority Tax Claims, excluding the secured claim of CRIM, consisting of, room, municipal sale and use taxes, and state sale and use taxes, shall be paid in full from the corresponding Carve-Out (SCI) or Carve-Out (GPW) on the Effective Date.

Swiss Chalet, Inc.  
 G.P. West, Inc.  
 Joint Disclosure Statement

Case No. 11-04414(ESL)  
 Case No. 11-04954(ESL)  
 Page 7

<p>property taxes last payable within one year of the Chapter 11 filing dates.</p>			
<p>The Secured Claim of Centro de Recaudaciones de Ingresos Municipales ("CRIM", or Municipal Revenue Collection Center) secured by Debtor's realty in the GPW Case to the extent not allowed as a Tax Priority Claim or Administrative Expense</p>	<p>Class 1</p>	<p>\$377,959.00</p>	<p>Unimpaired.                      Estimated Recovery: 100%</p> <p>The Secured Claim of CRIM, if any, and not duplicative with the claims included above as Allowed Unpaid Priority Tax Claims described above, shall be paid in full, in cash, on the Effective Date of the Plan from the Carve-Out (GPW).</p> <p>Because CRIM's lien secures property taxes in respect of one or more periods after the Effective Date, CRIM will retain its lien for such future periods.</p>
<p>The Claim of CPG/GS PR NPL, LLC ("CPG") secured by substantially all of Debtor GPW's assets</p>	<p>Class 2(a)</p>	<p>\$9,065,950.58</p>	<p>Impaired.                      Estimated Recovery: 71%</p> <p>The Secured Claim of CPG/GS shall be paid on the Effective Date by vesting in CPG Island Properties II LLC (or such other CPG/GS subsidiary designated by CPG/GS prior to the Effective Date), free and clear of all interests (including but not limited to possession), liens (except for any liens for amounts due to CRIM), leases, and encumbrances, unless otherwise requested by CPG, all of Debtor GPW's realty and all other property of GPW's securing CPG/GS' claims. The transfer of realty pursuant to the Plan will have the benefits of the exemption provided for by 11 U.S.C. § 1146(a) and shall be by writs of transfer which the Clerk of the Bankruptcy Court shall issue upon application by GPW or CPG/GS. Upon the effective date of the transfer, CPG/GS shall be responsible for all expenses related to ownership of the units, such as insurance, taxes, repairs excepting those for which the contractor may be liable etc., that accrue after the effective date of the transfer, without waiver of recourse to construction contractors and their sureties; but neither Debtor GPW nor Debtor GPW's Guarantors nor CPG/GS shall be liable nor in any way assume liability for construction, design, soil, and/or any physical defect or condition of any of the units. Nothing herein shall be interpreted as releasing the contractor from any obligation, including but not limited to the obligation to repair and correct defects for which the contractor may be responsible.</p>

Swiss Chalet, Inc.  
 G.P. West, Inc.  
 Joint Disclosure Statement

Case No. 11-04414(ESL)  
 Case No. 11-04954(ESL)  
 Page 8

			<p>Debtor GPW's realty, consisting of a parcel of land at the southwest corner of De Diego Avenue and Wilson Street in San Juan, P.R., "as is, where is," and eight (8) residential apartments at Gallery Plaza Condominium ("Gallery Plaza"), 103 De Diego Avenue, San Juan, P.R., all to be turned over to CPG/GS, has an estimated value of \$6,413,000 (\$4.5 million for land and apartments \$1,913,000 present value net of expected carrying costs). Debtor GPW's remaining property including cash, all subject to CPG's lien, is estimated at \$12,000, will be turned over to CPG on the Effective Date and will be subject to the Carve-Out (GPW) of \$85,000.00. Thus, CPG/GS' recovery is estimated at 71%.</p> <p>The \$2,653,000 balance of CPG/GS' total allowed claim against Debtor GPW, is to be dealt with under Class 4(a) below. CPG will not receive any dividends as part of Class 4(a), but is entitled to vote.</p> <p><b>Releases and Carve-Outs</b></p> <p>In exchange of all of the above, and except as otherwise provided herein, CPG/GS shall upon the Effective Date (or earlier if specified herein below):</p> <ul style="list-style-type: none"> <li>• Relinquish and release all personal and corporate guarantees of GPW and/or GPW's shareholders, guarantors, affiliates and insiders;</li> <li>• Relinquish and Release the collateral in form of securities, provided by Pedro Feliciano Benítez and/or Camapé, SE; B. Fernández Investment Corp. and B. Fernández &amp; Hnos., Inc.</li> <li>• Relinquish and Release any and all cross collateral by Pedro Feliciano Benítez and/or Camapé, SE; Joseph Patrick McCloskey and spouse; B. Fernández Investment Corp. and B. Fernández &amp; Hnos., Inc.; Arnold Benus Silva; SCI (all collectively "Debtor GPW's Guarantors") and GPW.</li> <li>• Forego and waive any deficiency claim against GPW and/or Debtor GPW's Guarantors.</li> <li>• CPG/GS shall return to Arnold Benus the \$560,000.00 attached from his personal collateral accounts.</li> <li>• Surrender all of GPW's shares/stock and all share/stock pledge agreements to GPW.</li> <li>• Provide a carve out for the payment of professional fees (inclusive of any paid pursuant to the cash collateral stipulation under Dkt. No. 34), administrative expenses, and priority (including tax liabilities) and non-priority unsecured claims in the total amount of \$85,000.00.</li> <li>• On the Effective Date, CPG/GS shall file a motion</li> </ul>
--	--	--	--



Swiss Chalet, Inc.  
 G.P. West, Inc.  
 Joint Disclosure Statement

Case No. 11-04414(ESL)  
 Case No. 11-04954(ESL)  
 Page 9

			<p>for the dismissal with prejudice of the case of CPG/GS PR NPL, LLC v. <u>Pedro Feliciano Benítez, et al.</u>, Court of First Instance of Puerto Rico, San Juan Section, Civil Number KAC2011-0552 (803) (the "Local Court Case").</p>
<p>The Claim of CPG/GS PR NPL LLC ("CPG" or "CPG/GS") secured by substantially all of Debtor SCI's Assets</p>	<p>Class 2(b)</p>	<p>\$119,154,958.00, as may be reduced for the payments made during the reorganization period.</p>	<p>Impaired.</p> <p>DoubleTree Hotel and Related Assets:</p> <p>CPG/GS will restructure the debt secured by the DoubleTree Hotel, Gallery Plaza 5<sup>th</sup> Floor Commercial, Gallery Plaza Ground Floor Retail, and Gallery Plaza Parking not part of the residential units (collectively, the "Hotel Assets").</p> <p>The restructuring of the loan affecting the Hotel Assets will be in the principal aggregate amount of \$23,500,000 and will have a term of forty-two (42) months, with one six (6) month extension option, subject to terms to be agreed between SCI and CPG/GS. If SCI is not in default and pre-pays the total outstanding principal amount within eighteen (18) months from the Effective Date, then the principal amount shall be reduced to \$22,500,000. If SCI is not in default and prepays the total outstanding principal amount at any time between months nineteen (19) and forty-two (42), inclusive, from the Effective Date, the principal amount shall remain at \$23,500,000. The restructured loan shall be secured by the Hotel Assets.</p> <p>Pedro Feliciano, Joseph Patrick McCloskey and B. Fernández Investment, Inc. shall become or remain personal guarantors of the restructured loan for \$2,000,000 each. Arnold Benus Silva shall become personal guarantor of the restructured loan for \$360,000 (each of these guarantors collectively shall be referred to as the "New Guarantors").</p> <p>During months one (1) through forty-two (42), inclusive, SCI will make monthly interest only payments to CPG/GS at 4% per annum. Additional Interest will accrue at a rate of 2% per annum. However, the accrued Additional Interest will be capitalized to the principal balance at the end of month forty two (42). Should SCI pay-off the amounts due as set forth above on or before the conclusion of month forty-two (42), the Additional Interest shall be waived and no payments will be required whatsoever for this Additional Interest.</p> <p>SCI shall have the right to prepay any amounts due to CPG/GS at any time without any penalty for such prepayment, as long as SCI has not defaulted on any of its obligations to CPG/GS under the restructured debt.</p> <p>The existing mortgages on the Hotel Assets shall be preserved.</p> <p>All collections from the Hotel Assets' receivables shall be deposited in a lockbox, pursuant to a cash management</p>

Swiss Chalet, Inc.  
G.P. West, Inc.  
*Joint Disclosure Statement*

Case No. 11-04414(ESL)  
Case No. 11-04954(ESL)  
Page 10

			<p>agreement acceptable to CPG/GS and SCI in a bank determined by CPG/GS. Once the monthly interest payment is made to CPG/GS, the balance of the receivables in the lockbox shall be released to SCI pursuant to the cash management agreement.</p> <p>SCI shall agree to the entry of a judgment by consent as to the debt restructured as indicated above, secured by the Hotel Assets, to be filed upon execution under seal.</p> <p>In addition to the limited guaranties referenced to above (the "Limited Guaranties"), the New Guarantors shall each execute a guaranty (the "Supplemental Guaranty") for the entire indebtedness to CPG/GS secured by the Hotel Assets, as restructured (\$23,500,000.00), which would be triggered and would become a full recourse obligation to the New Guarantors upon, and only upon, the occurrence of the following economically-adverse acts with respect to the Hotel Assets or the restructured loan: fraud, waste (waste being defined as willful destruction, or removal of fixtures from, or gross and intentional failure to take reasonable care of a material portion of the Hotel Assets); and willful written material misrepresentation to CPG/GS with regards to the Hotel Assets; willful misconduct, the filing of, collusion in or acquiescence in a bankruptcy or insolvency proceeding by SCI, and, <i>but limited to any loss, damage, cost, expense, liability, claim or other obligation actually incurred by CPG/GS</i> (including reasonable attorneys' fees and costs reasonably incurred), arising out of or in connection with any of the following acts: the willful personal misappropriation by any of the New Guarantors of (A) monetary revenue from the Hotel Assets, (B) any insurance proceeds paid by reason of any casualty in the Hotel Assets, (C) any awards received in connection with a condemnation of the Hotel Assets, (D) any rents payable to SCI following an event of default, (E) any rents paid to SCI more than one (1) month in advance, (F) the amount of any security deposits, advance deposits or any other deposits collected with respect to the Hotel Assets (in the form of letters of credit or otherwise) which are not delivered to CPG/GS upon foreclosure of the Hotel Assets or any action or agreement in lieu thereof (except to the extent any such security deposits were applied in accordance with the terms and conditions of any lease); the failure of SCI (for any reason other than SCI's lack of sufficient cash in the reasonable opinion of SCI's management) to pay insurance premiums and/or taxes owed by SCI; or failure to cause all cash revenue from the Hotel Assets to be deposited into accounts as required by the aforementioned cash management agreement; failure to maintain insurance on the Hotel Assets on the terms to be reasonably agreed between SCI and CPG/GS. No Guarantor's liability under the Limited Guaranties and the Supplemental Guaranties, together, shall exceed \$23,500,000.00. In the event of a change in the composition of SCI's shareholders, prior to or after the restructuring of the indebtedness secured by the Hotel Assets, the Limited Guaranty and the Supplemental Guaranty shall nevertheless be considered complied with and valued and enforceable as long as the following SCI's</p>
--	--	--	--

Swiss Chalet, Inc.  
G.P. West, Inc.  
*Joint Disclosure Statement*

Case No. 11-04414(ESL)  
Case No. 11-04954(ESL)  
Page 11

			<p>shareholders executed the Limited Guaranty and the Supplemental Guaranty: (a) Pedro Feliciano-Camape, S.E.(b) B. Fernández Investment Corp; and (c) Arnold Benus. The estimated net present value of the total payments of the loan as restructured above, is \$22,070,950.</p> <p><b>Atlantis and Gallery Plaza Condominiums:</b></p> <p>SCI shall transfer or cause to be transferred to CPG Island Properties II LLC (or such other CPG/GS subsidiary designated by CPG/GS prior to the Effective Date), by writ on the Effective Date, all of the residential units owned by SCI (individualized by the Plan, if not already individualized) that serve as collateral for the Atlantis Condominium Loan and Gallery Plaza Loans, together with all benefits of contractors' warranties and performance bonds that may apply, without waiver of construction contractors' liabilities for warranties, free and clear of all liens, claims, interests (including but not limited to possession), liabilities, and encumbrances (other than any senior liens by CRIM); and all the deposits received for the sale of such units, but subject to all of seller's obligations in respect of such deposits. Upon the effective date of such transfer, CPG/GS (or its designee) shall be responsible for any costs or expenses associated with security, marketing, maintenance, punch lists, and repairs (but without waiving recourse to construction contractors and their sureties) of the unsold residential units that accrue after the effective date of the transfer; but neither SCI nor CPG/GS shall be liable nor in any way assume liability for any construction, design, soil, and/or physical defect or condition of any of the units. SCI shall transfer and assign to CPG/GS all claims and causes of action it may have against construction contractors and their sureties without CPG/GS assuming any liability under any construction contract, and SCI shall use its best reasonable efforts to obtain and deliver to CPG/GS, written assurance from Desarrollos Metropolitanos LLC (DM) that DM will perform timely on request by CPG/GS or its designee, all corrections arising from DM's work at Atlantis and honor DM's contractual and statutory warranties notwithstanding any SCI default in payment to DM. SCI shall immediately make demand upon DM for correction of any specific known defects in DM's work. CPG/GS shall be responsible for all other expenses relative to the unsold residential units such as insurance, taxes, etc. that accrue after the effective date of the transfer of title. The estimated value of the surrendered apartments at both condominiums amounts to \$39,000,000.</p> <p>The transfer of the property by writ pursuant to the Plan and the first subsequent sale of each individual unit, will have the benefits of the exemption provided by 11 U.S.C. §1146(a), and writs of transfer shall be issued by the Clerk of the Bankruptcy Court upon application by SCI or CPG/GS.</p> <p><b>Law 212 Tax Credits:</b></p>
--	--	--	---

Swiss Chalet, Inc.  
G.P. West, Inc.  
*Joint Disclosure Statement*

Case No. 11-04414(ESL)  
Case No. 11-04954(ESL)  
Page 12

			<p>Among SCI's intangible assets encumbered in favor of CPG/GS are Puerto Rico income tax credits obtained under Law No. 212 of August 27, 2001 (the "Tax Credits"), with an estimated realizable value of \$28,849,000.00, and a face value of \$33,940,000.00, as of the Petition Date. SCI shall sell the Tax Credits and upon closing of the sale shall deposit with the Bankruptcy Court, for delivery to CPG/GS on the earliest of: (a) the Effective Date; (b) a date on which SCI files with the Bankruptcy Court a consent to such delivery; (c) April 15, 2012, all proceeds of sale of the Tax Credits, less brokerage fees (if any) in respect of such sale.</p> <p>On October 18, 2011, SCI and CPG/GS filed a joint motion for the Sale of the Tax Credits pursuant to Section 363 of the Bankruptcy Code (the "Joint Motion"), which was approved by the Bankruptcy Court on October 21, 2011.</p> <p>SCI is to sell and transfer, pursuant to Section 363(f) of the Bankruptcy Code, the Tax Credits to one or more, if less than the total amount of Tax Credits is sold to a single entity purchaser at the highest price obtainable in the market, but for an amount of not less than \$28,849,000 in the aggregate, free and clear of liens, claims, and encumbrances, the lien of CPG/GS being transferred to the proceeds of such sales, as provided for in the Joint Motion. The estimated value of the Tax Credits amounts to \$28,849,000.00, net of brokerage expense.</p> <p><b>Releases and Carve-Outs:</b></p> <p>In exchange of all of the above, and except as otherwise provided herein, CPG/GS shall upon the Effective Date (or earlier if specified hereinbelow):</p> <ul style="list-style-type: none"><li>• Relinquish and release all personal and corporate guarantees of SCI's shareholders, guarantors, affiliates and insiders;</li><li>• Relinquish and release the collateral in form of securities, provided by Pedro Feliciano Benítez and/or Camapé, SE; B. Fernández Investment Corp. and B. Fernández &amp; Hnos., Inc.</li><li>• Relinquish and release any and all cross collateral by Pedro Feliciano Benítez and/or Camapé, SE; Joseph Patrick McCloskey and spouse; B. Fernández Investment Corp. and B. Fernández &amp; Hnos., Inc.; Arnold Benus Silva; GPW (all collectively "SCI's Guarantors") and SCI.</li><li>• Except as otherwise provided herein, forego and waive any deficiency claim against SCI and/or SCI's Guarantors.</li></ul> <p>On the Effective Date CPG/GS shall file a motion for the dismissal of the complaint filed in case Number KAC 2011-0552(803) before the Court of First Instance of Puerto Rico, San Juan Section, with prejudice, when at the same time SCI's Guarantors shall execute and deliver full releases in favor of CPG/GS.</p>
--	--	--	---

Swiss Chalet, Inc.  
 G.P. West, Inc.  
 Joint Disclosure Statement

Case No. 11-04414(ESL)  
 Case No. 11-04954(ESL)  
 Page 13

			Under Class 2(b), CPG/GS is expected to recover value aggregating to approximately \$89,000,000.00, net of the SCI Carve-Out. The balance of CPG/GS' claim is classified under Class 4(b) and after charging the SCI Carve-Out to CPG/GS' payments, the \$29,000,000 balance of CPG/GS' total allowed claim against SCI, is to be dealt with under Class 4(b) below. CPG/GS being entitled to vote thereunder, but will not receive any dividends as to its unsecured Class 4(b) Claim.
Holders of Allowed Priority Claims under Section 507 of the Bankruptcy Code, other than Priority Tax Claims, in the SCI Case and the GPW Case	Class 3	\$73,700 (SCI)  \$0 (GPW)	Unimpaired.  Estimated Recovery: 100%  Allowed Priority Claims under Section 507(a) (7) of the Bankruptcy Code arising from deposits in escrow by individuals for the purchase of units at Atlantis will be applied to the purchase price of the corresponding unit upon the closing thereon or otherwise returned thereto in accordance to the applicable principles of law. All other Class 3 Claims will be paid in full in Cash on the Effective Date from the corresponding GPW Carve-Out or SCI Carve-out, or as authorized by the Bankruptcy Court on or before the Effective Date.
Holders of Estimated Allowed General Unsecured Claims in the GPW Case	Class 4(a)	\$7,576,701 including the deficiency claim of CPG/GS and the Allowed Claims of Insiders and Affiliate	Impaired.  Estimated Recovery: 70%-90% (excluding the deficiency claim of CPG and the Allowed Claims of Shareholders, and Affiliates)  Holders of Allowed General Unsecured Claims, including those arising from rejected executory contracts or unexpired leases, but excluding CPG/GS' Deficiency Claim and Claims from Insiders and Affiliate, SCI, in full satisfaction of such claims will be paid on the Effective Date (or within thirty days after allowance thereof if after the Effective Date) pro-rata from the remaining balance of the \$\$85,000.00 GPW Carve-Out after payment of Administrative Expense Claims and Priority Claims in the GPW Case, estimated in \$6,500.  Holders of Allowed General Unsecured Claims considered Insiders, basically consisting of GPW's Shareholders and Affiliate, SCI, will condone their claims as of the Effective Date of the Plan, but only if the Plan is confirmed. These claimants will not receive payments under the Plan but are entitled to vote. These claims amount to \$4,932,967.65.  As set forth above, the deficiency claim of CPG's against GPW totaling \$2,653,000, will be dealt with under this Class, will not receive any dividends as part of this Class, but is entitled to vote to accept or reject the Plan.

Swiss Chalet, Inc.  
 G.P. West, Inc.  
 Joint Disclosure Statement

Case No. 11-04414(ESL)  
 Case No. 11-04954(ESL)  
 Page 14

Holders of Allowed General Unsecured Claims in the SCI Case	Class 4(b)	\$11,456,035 (exclusive of CPG \$29,000,000 deficiency claim)	Impaired. Estimated Recovery: 6.6 %  Holders of Allowed General Unsecured Claims, including those arising from rejected executory contracts, but excluding CPG/GS' deficiency claim, those arising from deposits in escrow by individuals for the purchase of units at Atlantis Condominium, and those related to Insiders and Affiliates, if any; will be paid in full satisfaction of such Claims on the Effective Date pro-rata from the remaining balance of the SCI Carve-Out, after the payment therefrom of the above listed Administrative Expense Claims, including allowed professional fees and expenses, Allowed Priority Tax Claims, and Priority Claims (Class 3 Claims allowed in the Bankruptcy Case (SCI)).
Interests in Debtor GPW	Class 5(a)	N/A	Unimpaired.  The shares of the Equity Interest Holders in GPW will remain unaltered.
Interests in Debtor SCI	Class 5(b)	N/A	Unimpaired. The shares of the Equity Interest Holders in SCI will remain unaltered.

For a more detailed description of the treatment of the foregoing classes of Claims and Interest, see, "Treatment of Claims and Interest Under the Plan".

The Disclosure Statement has been prepared by Debtors to provide Debtor's creditors with adequate information so that they can make an informed judgment about the Plan. Each creditor should read the Disclosure Statement and the Plan in their entirety before voting on the Plan. No solicitation of votes on the Plan may be made except pursuant to the Disclosure Statement and no person has been authorized to utilize any information concerning Debtor's assets other than the information contained herein for purposes of solicitation.

**III. INFORMATION ABOUT THE REORGANIZATION PROCESS**

**3.1 Purpose of a Disclosure Statement**

This Disclosure Statement includes background information about Debtor and identifies the classes into which creditors have been placed by the Plan. The Disclosure Statement describes the proposed treatment of each of those classes if

the Plan is confirmed. It also contains information concerning the prospects in the event of confirmation or, in the alternative, the prospects if confirmation is denied or the proposed Plan does not become effective.

Upon its approval by the Bankruptcy Court, the Disclosure Statement and the Exhibits thereto will have been found to contain, in accordance with the provisions of the Bankruptcy Code, adequate information of a kind and in sufficient detail to enable a reasonable, hypothetical investor, typical of a holder of an impaired claim or an interest to make an informed judgment about the Plan. Approval of the Disclosure Statement, however, does not constitute a recommendation by the Bankruptcy Court either for or against the Plan.

### **3.2 Voting Procedure**

All creditors of Debtor SCI entitled to vote on the Plan may cast their votes for or against the Plan by completing, dating, signing and causing the Ballot Forms accompanying this Disclosure Statement as **Exhibits A1 and A5**, to be returned to:

**Swiss Chalet, Inc.**  
**c/o Charles A. Cuprill-Hernández, P.S.C., Law Offices**  
**356 Fortaleza Street – Second Floor**  
**San Juan, PR 00901**

All creditors of GPW entitled to vote on the Plan may cast their votes for or against the Plan by completing, dating, signing, and causing the Ballot Forms accompanying this Disclosure Statement as **Exhibits A1 to A5**, to be returned to:

**GP West, Inc.**  
**c/o Bufete Roberto Corretjer Piquer**  
**625 Ponce de León Avenue**  
**San Juan, PR 00917-4819**

The Ballots must be received on or before **4:00 P.M. (Eastern Standard Time)** on \_\_\_\_\_, **2011**, to be counted in the voting. Ballots received after this time will not be counted in the voting unless the Bankruptcy Court so orders.

Debtors recommend a vote for "ACCEPTANCE" of the Plan.

### **3.3 Ballots**

Pursuant to the provisions of the Bankruptcy Code, only classes of claims or equity interests which are "impaired" under the terms and provisions of a plan are entitled to vote to accept or reject such plan.

Members of the Classes 1 and 3, 5(a) and 5(b), are deemed to have accepted the Plan and are not entitled to vote. Members of Classes 2(a), 2(b), 4(a), and 4(b) are impaired under the Plan and entitled to vote. They will be asked to vote for acceptance or rejection of the Plan. A party who holds claims in more than one impaired Class should complete a Ballot for each Class with respect to the applicable portion of the claim included in each Class. The shares of Class 5(a) Interest holders will be cancelled on the Effective Date. Class 5(a) interest holders are deemed to have rejected the Plan and are not entitled to vote for acceptance or rejection of the Plan.

### **3.4 The Confirmation Hearing**

Pursuant to Section 1128 of the Bankruptcy Code, the Bankruptcy Court has scheduled a hearing on confirmation of the Plan to commence on January 30, 2012 at 9:00A.M., or as soon thereafter as the parties can be heard. The Confirmation Hearing will be held before the Honorable Enrique S. Lamoutte, United States Bankruptcy Judge, in the United States Courthouse, 300 Recinto Sur Street, San Juan, Puerto Rico, 00901, or before any other Bankruptcy Judge that may be designated to hold the same at such place as may be indicated in the future. At the



Confirmation Hearing, the Bankruptcy Court will consider whether the Plan satisfies the various requirements of the Bankruptcy Code as applied to each of the SCI Case and GPW Case, including whether it is feasible and in the best interests of holders of claims and interests. The Bankruptcy Court will also receive and consider a Report on Plan Voting prepared by each of the Debtors, summarizing the votes for acceptance or rejection of the Plan by parties entitled to vote.

The Confirmation Hearing may be adjourned from time to time without further notice except for the announcement of the adjourned date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing.

At the Confirmation Hearing with respect to the Plan, the Bankruptcy Court will (i) determine whether the requisite votes have been obtained for each Class, (ii) hear and determine objections, if any, to the Plan and to the confirmation of the Plan, that have not been previously disposed of, (iii) determine whether the Plan meets the confirmation requirements of the Bankruptcy Code, and (iv) determine whether to confirm the Plan.

Any objection to confirmation of the Plan must be in writing, filed and served as required by the Bankruptcy Court pursuant to the order approving the Disclosure Statement, a copy of which is attached as **Exhibit B** hereto.

### **3.5 Acceptances Necessary to Confirm the Plan**

The vote of each holder of an impaired claim is important since at the Confirmation Hearing and as a condition to the confirmation of the Plan on a consensual basis, the Bankruptcy Court must determine, among other things, whether each impaired Class has accepted the Plan. Under Section 1126 of the Bankruptcy Code, an impaired Class is deemed to have accepted the Plan if at least 2/3 in amount and more than 1/2 in number of the Allowed Claims of the Class

members who actually cast ballots to accept or reject the Plan, accept the Plan. Further, unless there is acceptance of the Plan by all members of an impaired Class, the Bankruptcy Court must also determine that under the Plan, Class members will receive property of a value, as of the Effective Date, that is not less than the amount that such Class members would receive or retain if Debtors were liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date of the Plan.

### **3.6 Confirmation of the Plan Without the Necessary Acceptances**

If a Class or Classes of impaired Claims do not accept the Plan as required in each of the cases, the respective Debtor will request confirmation of the Plan in that case under the "cram down" provisions of Section 1129(b) of the Bankruptcy Code, which permits confirmation, notwithstanding non-acceptance by one or more impaired classes, if the Bankruptcy Court finds that the Plan does not discriminate unfairly against and is fair and equitable as to each non-accepting Class, as long as at least one class of impaired creditors votes to accept the Plan. Section 1129(b) of the Bankruptcy Code requires among other things, that claimants must either receive the full value of their claims and if they receive less, that no Class with junior liquidation priority may receive anything. **THESE CALCULATIONS ARE BASED ONLY ON THE CLAIMS AMOUNTS AND NUMBER OF CREDITORS WHO ACTUALLY VOTE. ANY BALLOT THAT IS VALIDLY EXECUTED THAT DOES NOT CLEARLY INDICATE REJECTION OF THE PLAN, SHALL BE DEEMED TO CONSTITUTE A VOTE FOR ACCEPTANCE OF THE PLAN. THE VOTE OF EACH CREDITOR IS IMPORTANT.**

## **IV. GENERAL INFORMATION**

### **4.1 Description and Historical View of the Debtors.**

SCI (sometimes referred to herein as "Debtor SCI") is a domestic

corporation established under the laws of Puerto Rico in 1952. SCI as a developer, developed the Gallery Plaza Condominium ("Gallery Plaza") and Atlantis Condominium ("Atlantis") in San Juan, Puerto Rico and is currently involved in marketing them. Gallery Plaza, a mixed residential and commercial real estate complex is located in the Condado Section; Atlantis, is located in the Puerta de Tierra Section in the vicinity of Old San Juan, Puerto Rico. SCI also owns the DoubleTree Hotel in Condado, San Juan, Puerto Rico, adjacent to Gallery Plaza. The principal sources of revenue for SCI's Estate are the income received from the DoubleTree Hotel, the Gallery Plaza commercial leases, and the sale of the units at Gallery Plaza and Atlantis. The maintenance and other associated costs of each of these condominiums constitute a considerable expense for SCI's Estate. SCI also owns a residence at Vassallo Street #136 which is utilized as SCI's employees lounge, which SCI is required to provide; a property at Puigdoller Street #136 utilized as warehouse for hotel products and engineering; and a property at Puigdoller street #138, utilized as SCI's accounting offices.

As of October 31, 2011, SCI had 69 employees.

On July 31, 2000, SCI and Firstbank Puerto Rico ("FBPR") entered into a Credit Agreement, as amended on March 5, 2002, granting Debtor certain credit facilities in the principal amount of \$34,500,000.00, authenticated under affidavit number 13,026 of Notary Public Michel Rachid Piñero and identified by FBPR as Loan Number 4199769, as amended (the "Double Tree Credit Agreement").

On February 16, 2011, CPG/GS acquired the credit facilities and all rights under the applicable loan documents from FBPR. This acquisition was notified to Debtor SCI and its guarantors.

Generally, the credit facilities ("Loan Agreements") were provided for the

Swiss Chalet, Inc.  
G.P. West, Inc.  
*Joint Disclosure Statement*

Case No. 11-04414(ESL)  
Case No. 11-04954(ESL)  
Page 20

---

development, construction, and operation of three distinct real estate projects to wit: the DoubleTree Hotel, Gallery Plaza and Atlantis.

On July 31, 2000, FBPR and SCI executed a Security Agreement (the "Personal Property Security Agreement"), authenticated under affidavit number 13,028 of Notary Public Michel Rachid Piñeiro, whereby SCI pledged and granted to FBPR, as collateral to secure the obligations under, the Loan Agreements, a continuing first priority lien upon all:

Personal property including furniture and fixtures, equipment, accounts receivables, inventory, cash and intangible assets belonging to SCI, including but without limitation, all fixtures, equipments, furniture and any other chattels installed or located or that may in the future be installed or located, at the Hotel Pierre (Doubletree) at 105 de Diego Avenue, Santurce, Puerto Rico.

On July 23, 2004, FBPR and SCI entered into a Construction Loan Agreement for Gallery Plaza, as amended on May 8, 2007 (the "Gallery Plaza Loan Agreement"), before Notary Public Nelson Biaggi Garcia, affidavit number 9,189 and identified by FBPR as Loan Number 600401. The Gallery Plaza Loan Agreement is evidenced by, among others, a Promissory Note dated July 23, 2004, in the principal amount of \$85,000,000.00, amended on February 19, 2008, to increase the principal amount to \$95,000,000.00, bearing interest.

Pursuant to the Gallery Plaza Loan Agreement, FBPR granted SCI credit facilities in the principal amount of \$95,000,000.00 to finance the development and construction of Gallery Plaza.

On March 15, 2006, FBPR and SCI subscribed a Non-Revolver Credit Agreement granting SCI certain credit facilities in the principal amount of \$8,000,000.00 for Atlantis (the "Atlantis Credit Agreement"), authenticated under affidavit number 2, 537 of Notary Public Frederick Baraga Huyke and identified by

FBPR as Loan Number 600355.

To secure SCI's obligations under the Loan Agreements, SCI provided to FBPR, among other collateral, a May 8, 2007, Amended Collateral Assignment of Lease Agreements and Rents, as amended, whereby SCI granted, transferred, and assigned, irrevocably to FBPR each and all of the lease contracts described therein or thereafter existing, with each of the tenants of Gallery Plaza, including all of the rights derived from the leases, but none of the obligations thereunder, authenticated under affidavit number 16,553 of Notary Public Michel Rachid Piñeiro.

On May 8, 2007, FBPR and SCI subscribed a Construction Loan Agreement for Atlantis granting SCI certain credit facilities in the principal amount of \$77,500,000.00. Pursuant to the Atlantis Credit Agreement and the Atlantis Construction Loan Agreement, FBPR granted SCI certain facilities to finance the development and the construction of Atlantis.

Various filings were made at the Puerto Rico Commercial Transactions Registry, including but not limited to those on July 29, 2004, and March 17, 2006, which include proceeds of the various pledges to FBPR to guarantee the Loan Agreements.

Moreover, various deeds of mortgage also provided FBPR the right, upon default, to receive all earnings, income, rents, issues, and proceeds accruing with respect thereto or any part thereof of Gallery Plaza and Atlantis and the Double Tree Hotel.

SCI also granted to FBPR certain mortgages pursuant to which senior mortgages were constituted on Gallery Plaza and Atlantis.

Thus, the Loan Agreements are secured by (among other things) substantially all of SCI's assets, including a pledge of SCI's Puerto Rico income Tax

Swiss Chalet, Inc.  
G.P. West, Inc.  
*Joint Disclosure Statement*

Case No. 11-04414(ESL)  
Case No. 11-04954(ESL)  
Page 22

---

Credits obtained under Law No. 212 of August 29, 2002 (the "Tax Credits"), as more particularly evidenced by the Financing Statement appearing under affidavit number 17.424 before Notary Public Michel Rachid on October 30, 2009, duly filed at the Commercial Transactions Registry on November 4, 2009. All of SCI's income, including, but not limited to, the rental income generated from the DoubleTree Hotel and the commercial lease agreements at Gallery Plaza, as well as the sales proceeds of SCI's real (immovable) property, are included within CPG/GS's cash collateral. As of the Petition Date, the Tax Credits had an estimated realizable value of \$28,849,000.00.

All of the maturity dates for the Loan Agreements (except one of the obligations under the DoubleTree Credit Agreement), expired approximately one year before the Petition Date and SCI defaulted in repaying the amounts due under the Loan Agreements, claimed by CPG/GS to be approximately \$119 million per the terms of the Loan Agreements.

GPW (sometimes referred to herein as "Debtor GPW") is a domestic corporation established under the laws of Puerto Rico on December 6, 2007, engaged in the rental of residential and non-residential real properties under the name of GP West, Inc. with its principal offices at 105 De Diego Avenue, San Juan, PR 00911. Debtor GPW owns a non-residential parcel of land located at the southwest corner of De Diego Avenue and Wilson Street, San Juan, P.R., which has been leased, under an operating lease agreement dated September 11, 2009 with Supermercados Máximo, Inc., with successive annual renewal options for ten years. The parcel of land is encumbered by a first priority mortgage in favor of CPG/GS. GPW also owns eight (8) residential apartments at Gallery Plaza Condominium, acquired in March 2011 from its affiliate SCI, six (6) of which are currently leased

to BPP Retail Management, LLC, on a short term lease agreement expiring on December 13, 2011, and all of which are encumbered by a first priority mortgage in favor of CPG/GS.

Prior to the Petition Date FBPR entered into various loan and security agreements with GPW and others, whereby FBPR made certain loans and provided certain financial accommodations to GPW (and, as previously indicated, its related parties).

To secure GPW's obligations under the Loan Agreements, GPW (or its related parties) granted to FBPR, through the Loan Agreements, among other Collateral, a mortgage in various parcels of land including those listed in GPW's Schedule A in the GPW Case, which provided FBPR among other things the right, upon default, to "receive all earnings, income, rents, issues, and proceeds accruing with respect thereto or any part thereof".

GPW also guaranteed approximately another \$119 million in loans to SCI. However, in the GPW Case, CPG/GS has not claimed on that particular guaranty.

#### **4.2 Events Preceding the Debtors' Chapter 11 Filings**

During 2006, the local government having overspent its budget and being short of funds, closed down for several weeks, impacting adversely on the commercial and private community. Following this and other adverse economic trends both local and global, the construction industry and residential units markets, which represent a substantial portion of Debtors' assets, weakened noticeably with housing permits hitting a 7 year low in 2007. This situation, coupled with the sub-prime banking crisis, surplus of new homes and a lack of infrastructure expansion, created a negative impact on the residential market in Puerto Rico, causing a reduction in sales which continues to date, and forced SCI to reduce the

price of the units at Atlantis and Gallery Plaza. As a result, SCI was unable to meet its obligations under the Loan Agreements.

As previously mentioned, prior to the Petition Date, in 2007 FBPR had granted GPW certain secured credit facilities generally, for the development and operation of GPW's real estate. Moreover, GPW was a guarantor under the secured loans granted to SCI, for the development, construction, and operations of SCI's assets consisting of two (2) residential projects, Atlantis and Gallery Plaza, as well as for the remodeling, construction, and operations of the DoubleTree Hotel.

GPW's Loan Agreement matured on January 1, 2010, with principal balance in excess of \$8 Million and interest accrued thereon to the petition date in excess of \$500,000. CPG/GS has a first priority perfected lien on GPW's residential and non-residential realty, as well as over essentially all other of GPW's assets.

On February 16, 2011, CPG/GS acquired the loans and all rights under the applicable loan documents from FBPR. This acquisition was notified to the Debtors and their guarantors.

As a result of Debtors' default on the Loan Agreements, CPG filed a Verified Complaint for collection of money and foreclosure of mortgages and other collateral with the Court of First Instance of Puerto, San Juan Section in the case styled *CPG/GS PR NPL LLC v. Swiss Chalet, Inc. et al*, Civil Number KAC 2011-0552(803).

The filing of the Verified Complaint precipitated the filing of SCI's Chapter 11 petition on May 27, 2011, which SCI, due to its need to reorganize its financial affairs and restructure its businesses and operations, was to file in any event.

Also as a result of the Verified Complaint in Civil No. K AC2011-0502 filed by CPG/GS and GPW's inability to pay its long term loans mentioned above and to receive the benefits of 11 U.S.C. § 362(a), on June 9, 2011 GPW filed a voluntary



petition.

#### **4.3 Debtor's Post-Petition Endeavors.**

As a result of the filing by Debtors of their Chapter 11 petitions, Debtors received the benefits of 11 U.S.C. § 362(a), which stays all collection actions and judicial proceedings against Debtors, thus staying CPG/GS' complaint and preventing a run to the courthouse by other creditors who were threatening suit, including Desarrollos Metropolitanos, LLC, the contractor for Gallery Plaza and Atlantis, providing Debtors with the opportunity to file a Plan and Disclosure Statement, without the pressures that drove Debtors into Chapter 11, as envisioned by the Bankruptcy Code, to reorganize SCI and liquidate GPW in an organized manner, and thus maximize the return to Debtors' creditors.

The United States Trustee convened the first meetings of creditors pursuant to Section 341 of the Bankruptcy Code in each of the Debtors' cases on July 15, 2011. The Section 341 meetings were closed.

No committee of creditors or Trustee has been appointed in either of Debtors' Chapter 11 cases.

Debtors' operations, continue with Debtors as debtors-in-possession pursuant to 11 U.S.C. §§1107 and 1108.

Debtors have undertaken the following efforts for the benefit of their Estates and their creditors:

SCI sought and obtained the Bankruptcy Court's approval to retain Charles A. Cuprill, PSC Law Offices, as its bankruptcy counsel. GPW sought and obtained the Bankruptcy Court's approval to retain Bufete Roberto Corretjer Piquer as its Bankruptcy Counsel.

Both Debtors sought and obtained the Bankruptcy Court's approval to retain Luis R. Carrasquillo, CPA ("Carrasquillo") as their financial consultant on all matters pertaining to Debtors' Chapter 11 cases.

With the approval of the Bankruptcy Court, on July 13, 2011, SCI retained Kevane Grant Thornton, LLP for said firm to conduct the external audit of SCI's books and records for the year ended on December 31, 2010.

On June 6, 2011, in the SCI Case, CPG/GS filed a "Motion To Prohibit Use Of Cash Collateral Urgent Request For Entry Of Order Prohibiting The Use Of CPG/GS PR NPL, LLC Cash Collateral And For Adequate Protection, And For Emergency Hearing Thereon" which was answered by SCI on June 17, 2011. On June 22, 2011, SCI and CPG/GS filed a "Stipulation On The Use Of Cash Collateral And Adequate Protection" (the "Cash Collateral Stipulation") which was granted on July 7, 2011.

In the GPW Case, on June 11, 2011 CPG/GS filed a similar motion, which led to a similar Cash Collateral Stipulation filed on July 14, 2011, and granted on July 28, 2011.

Since then SCI has continued its operations by the consensual use of CPG/GS' cash collateral. Similarly, since the filing of its Chapter 11 petition GPW has continued to manage its affairs by the consensual use of CPG's cash collateral after incidents and negotiations early in the case.

On September 13, 2011, Debtors and CPG/GS were ordered to file a settlement agreement as to said matter and other issues of contention. On October 18, 2011, Debtors and CPG/GS filed a Joint Motion For Approval of Settlement Agreement and for Reduced Notice Period, which after approval of reduced notice, was scheduled for and heard on October 26, 2011, and granted on that same day.

This joint motion provides for the respective Cash Collateral Stipulations to continue in place and extend until the Effective Date.

Allowed claims against SCI, as per **Exhibit C** hereto, amount to \$131,386,987.50, which are economically unsustainable by SCI's business. Consequently, only by a partial liquidation of SCI's assets as contemplated in the Plan, the agreed to \$1,000,000.00 Carve-Out with CPG/GS, and the retention of its DoubleTree hotel operations will SCI be able to pay its creditors as set forth therein.

Claims against GPW, as per **Exhibit C-1** hereto, amount to \$7,583,123, (which excludes GPW's guarantee for SCI's loans and notes of \$118,531,806, not claimed by CPG/GS). The allowed claims in the GPW Case against GPW, are economically unsustainable by GPW. Consequently, only by the orderly liquidation of its assets as set forth in the Plan, will GPW be able to pay its creditors more than a liquidation outside of bankruptcy..

## **V. CLAIMS AGAINST DEBTORS AND THEIR ASSETS**

### **5.1 Claims Against Debtors**

Claims against Debtors that are Allowed Claims, as defined in the Plan, will be entitled to distribution pursuant thereto, as indicated earlier in this Disclosure Statement.

The Plan provides that only the holders of Allowed Claims, that is, holders of Claims not in dispute, not contingent, liquidated in amount and not subject to objection or estimation are entitled to receive distribution thereunder. Until a claim becomes an Allowed Claim, distribution will not be made to the holder of such claim.

### **5.2 Objections to Claims**

The amounts set forth as due to holders of unclassified and classified claims are estimates only, based upon Debtors' Schedules or Debtors' belief as to amounts due thereto. SCI is including as **Exhibit C** hereto a Summary of Claims and Plan Payments. Similarly, GPW is including as **Exhibit C-1** hereto a Summary of Claims and Plan Payments.

Any objections to Claims must be filed and served on the holders of Claims by the Claims Objection Bar Date, which as set forth in the Plan is the later of (a) the date that the Claims become due and payable in accordance with their terms, or (b) ten (10) days before the first date fixed by the Bankruptcy Court for the hearing on the confirmation of the Plan. If an objection has not been filed to a Claim by the Claims Objection Bar Date, the Claim will be treated as an Allowed Claim.

Objections to Claims filed in Debtors' Chapter 11 cases are to be prosecuted by SCI or GPW in their respective Chapter 11 cases, including any application to estimate or disallow Claims for voting purposes.

## **VI. DESCRIPTION OF THE PLAN**

The following is a summary of the significant provisions of the Plan and is qualified in its entirety by said provisions. In the event and to the extent that the description of the Plan contained in the Disclosure Statement is inconsistent with any provisions of the Plan, the provisions of the Plan shall control and take precedence. All creditors are urged to carefully read the Plan.

### **6.1 Unclassified Claims**

In accordance with Section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims are not classified in the Plan. A description of the unclassified claims and the claims in each class, as well as the estimated principal amounts thereof as of the Effective Date and their treatment,

are set forth in the Plan and summarized in pages 6 to 15 hereof. Administrative Expense Claims are generally the ordinary and necessary costs of administering and operating during a Chapter 11 case, including the allowed fees and expenses of professional persons engaged to represent bankruptcy debtors in a bankruptcy case.

## **6.2 Administrative Expense Claims**

Except as otherwise agreed to by SCI and the holder of an Allowed Administrative Expense Claim, each such holder shall be paid in full in Cash in the regular course of business or as authorized by the Court on or before the Effective Date, or from the \$1,000,000.00 Carve-Out agreed to with CPG/GS to provide for the payment of professional fees, administrative expenses, priority and non-priority unsecured creditors in the SCI Case (the "SCI Carve-Out"). Administrative Expense Claims include also taxes incurred by the Debtors during the Bankruptcy Cases up to the Effective Date of the Plan.

Except as otherwise agreed to by GPW and the holders of Allowed Administrative Expense Claims, each such holder shall be paid in full in Cash in the regular course of business or as authorized by the Court on or before the Effective Date, or from the \$85,000.00 Carve-Out agreed to with CPG/GS to provide for the payment of professional fees, administrative expenses, priority and non-priority unsecured creditors in the GPW Case (the "GPW Carve-Out").

If either of the Debtors or other party with standing disputes any portion of an Administrative Expense Claim, the corresponding Debtor shall pay such Claim within thirty (30) days after the entry of a Final Order with respect to the allowance of such disputed Administrative Expense Claim.

## **6.3 Professional Fee Claims**

The professionals retained by Debtors in their respective Chapter 11 cases have and will incur fees and expenses from the date of their retention through the Effective Date of the Plan, and their fees and expenses as allowed by the Court are an Administrative Expense Claim. It is impossible to predict the amount of such professional fees and expenses that will be incurred through the Effective Date of the Plan.

As of the filing of the Disclosure Statement, SCI has advanced as retainers to its counsel and financial consultant \$150,000.00. SCI estimates that additional Allowed Professionals Fee Claims will aggregate from \$100,000.00 to \$200,000.00 for services rendered and expenses incurred up to the Confirmation of the Plan and to be paid from or against the SCI Carve-Out.

As of the filing of this Disclosure Statement, GPW has advanced as retainers to its counsel and financial consultant \$60,000.00. GPW estimates that additional Allowed Professionals Fee Claims will aggregate from \$40,000.00 to \$50,000.00 for unpaid services rendered and expenses incurred up to the Confirmation of the Plan, to be paid from or against the GPW Carve-out.

All amounts to be paid to professionals through the Confirmation Date are subject to final Bankruptcy Court approval. Debtors reserve the right to contest the allowance of any professional fees, without prejudice to any other party with standing to be heard.

#### **6.4 Priority Tax Claims**

Holders of Allowed unpaid Priority Tax Claims in the SCI Case, consisting of room, sale and use taxes, and pre-petition property taxes last payable without penalty after May 27, 2010, shall be paid in full from the SCI Carve-Out on the Effective Date. Holders of Allowed Priority Tax Claims in the GPW Case, consisting

mostly if not entirely of property taxes last payable without penalty after June 9, 2010, shall be paid in full, in cash, from the GPW Carve-Out on the Effective Date. Other than Priority Tax Claims, the claims in the Bankruptcy Cases with priority under Section 507 of the Bankruptcy Code are treated under Class 3, discussed later herein.

## **6.5 Classes of Claims and Equity Interests**

As of the Petition Date, Debtors had secured debts with CPG/GS and tax debts with CRIM, priority unsecured debt and non-priority unsecured debts, as more particularly detailed in pages 6 to 15 hereof and further below. The Plan classifies the various claims against Debtors. A description of all classes of Claims and the Equity Interests, the estimated principal amount of each Class as of the Effective Date, and its treatment are set forth below:

Class 1 - Secured Claim of CRIM in GPW's Bankruptcy Case for Real Property Tax (if not allowed as a Priority Tax Claim or Administrative Expense) - Class 1 shall consist of the Allowed Secured Claim of Municipal Revenue Collection Center (Centro de Recaudaciones de Ingresos Municipales, or "CRIM") secured by the statutory senior tax lien on GPW's realty, if such claim is not already allowed as a Priority Tax Claim or allowed or paid as an Administrative Expense. CRIM's Claim No. 3 in GPW's Bankruptcy Case amounts to \$34,425.74. As shown by the chart appearing as Exhibit C-2 hereto, the Class 1 claim, as finally allowed, is expected not to exceed \$2,000, and most of Claim No. 3 will be either paid as an Administrative Expense, allowed as a Priority Tax Claim, Class 4(a) unsecured claim, or disallowed. Because CRIM's lien secures

tax debts payable in respect of one or more periods starting January 1, 2012 for which GPW would be liable only if the Effective Date is January 1, 2012 or later, such lien will be preserved by the Plan for such debts.

Class 2(a) - Secured Claim of CPG in GPW's Bankruptcy Case - Class 2(a) shall consist of the Allowed Secured Claim of CPG secured by substantially all of GPW's assets. This claim amounts to \$9,065,950.58 net of adequate protection payments prior to confirmation. \$2,653,000 of the \$9,065,950.58 is classified under Class 4(a) and will not receive any dividends thereunder, but CPG will be entitled to vote as a member of Class 4(a).

Class 2(b) - Secured Claim of CPG/GS in SCI's Case - Class 2(b) shall consist of the Allowed Secured Claim of CPG/GS secured by substantially all of SCI's assets. This claim amounts to \$119,154,958.00, of which \$1,000,000.00 is contributed as a carve-out to the holders of other classes as detailed elsewhere in this Disclosure Statement. \$29,000,000.00 (net of the SCI Carve-Out) of this amount is classified under Class 4(b) and is to be dealt with under Class 4(b) below, CPG/GS being entitled to vote thereunder, but will not receive any dividends as to its unsecured Class 4(b) claim.

Class 3 - Priority Claims under Section 507 of the Bankruptcy Code, other than Priority Tax Claims - Class 3 shall consist of Allowed Priority Claims (excluding Administrative Expenses and Priority Tax Claims but including priority claims under section 503 (b) (9) of



the Bankruptcy Code arising from reclamation claims under section 546 (a) of the Bankruptcy Code, and claims by individuals in SCI's Bankruptcy Case arising under section 507(a) of the Bankruptcy Code (estimated at \$74,000 inclusive of claims for deposits under section 507(a)(7) of the Bankruptcy Code, and possible claims by employees allowed under section 507(a)(4)). There are currently no known Class 3 Claims in GPW's Bankruptcy Case, so such Class 3 Claims there are estimated at \$1.

Class 4(a) - Holders of General Unsecured Claims in GPW's Bankruptcy Case - Class 4(a) shall consist of holders of Allowed General Unsecured Claims. Class 4(a) claims amount to \$7,592,389.00, including CPG/GS' deficiency claim in GPW's Bankruptcy Case which although recognized and entitled to vote, will not receive dividends under Class 4(a). Class 4(a) also considers claims from Shareholders and the Claim of SCI, GPW's Affiliate, in the total aggregate amount of \$4,932,967.65, which although recognized and entitled to vote, will not receive dividends under Class 4(a). Class 4(a) also includes those Claims arising from GPW's rejected executory contracts or unexpired leases, which are estimated at \$1. Total payment to be made under this Class amounts to approximately \$6,500.00.

Class 4(b) – Holders of General Unsecured Claims in SCI's Bankruptcy Case - Class 4(b) shall consist of holders of Allowed General Unsecured Claims. Class 4(b) Claims are estimated at \$41,988,951 (\$15,025,691.70 exclusive of CPG/GS' deficiency claim). Class

4(b) includes also those Claims arising from SCI's rejected executory contracts or unexpired leases, which are estimated at \$1.

Class 5(a) - Interests in Debtor GPW – Class 5(a) shall consist of the Equity Interest Holders in GPW.

Class 5(b) - Interests in SCI – Class 5(b) shall consist of the holders of equity interests in SCI.

## **6.6 Treatment of Claims.**

### Class 1 – Secured Claim of CRIM

(a) Impairment and Voting – Class 1 is unimpaired under the Plan. The member of Class 1 is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

(b) Distribution – The Secured Claim of CRIM, if any, and not duplicative with the claims included above as Allowed Unpaid Priority Tax Claims described above, shall be paid in full, in cash, on the Effective Date of the Plan from GPW Carve-Out. Because CRIM's lien secures property taxes in respect of one or more periods after the Effective Date, CRIM will retain its lien for such future periods.

### Class 2(a) - Secured Claim of CPG/GS PR NPL, LLC

(a) Impairment and Voting - Class 2(a) is impaired under the Plan. CPG/GS will be entitled to vote to accept or reject the Plan.

(b) Distribution - The Secured Claim of CPG/GS shall be paid on the Effective Date by vesting in CPG Island Properties II LLC (or such other CPG/GS subsidiary designated by CPG/GS prior to the Effective Date), free and clear of all interests (including but not limited to possession), liens (except for any liens for amounts due to CRIM), leases, and encumbrances, unless otherwise requested by

Swiss Chalet, Inc.  
G.P. West, Inc.  
*Joint Disclosure Statement*

Case No. 11-04414(ESL)  
Case No. 11-04954(ESL)  
Page 35

---

CPG, all of GPW's realty and all other property of GPW securing CPG/GS' claims. The transfer of realty pursuant to the Plan will have the benefits of the exemption provided for by 11 U.S.C. § 1146(a). Upon the effective date of the transfer, CPG/GS shall be responsible for all expenses related to ownership of the units, such as insurance, taxes, repairs, excepting those for which the contractor may be liable etc., that accrue after the effective date of the transfer, without waiver of recourse to construction contractors and their sureties; but neither GPW nor GPW's Guarantors nor CPG/GS shall be liable nor in any way assume liability for construction, design, soil, and/or any physical defect or condition of any of the units. Nothing herein shall be interpreted as releasing the contractor from any obligation, including but not limited to the obligation to repair and correct defects for which the contractor may be responsible.

GPW's realty, consisting of a parcel of land at the southwest corner of De Diego Avenue and Wilson Street in San Juan, P.R. and eight (8) residential apartments at Gallery Plaza Condominium ("Gallery Plaza"), 103 De Diego Avenue, San Juan, P.R., all to be turned over to CPG/GS, has an estimated value of \$6,413,000 (\$4.5 million for land and apartments \$1,913,000 present value net of expected carrying costs). GPW's remaining property including cash, all subject to CPG's lien, is estimated at \$12,000, will be turned over to CPG/GS on the Effective Date and will be subject to GPW Carve-Out of \$85,000.00. Thus, CPG/GS' recovery is estimated at 71%.

The \$2,653,000 balance of CPG/GS' total allowed claim against GPW, is to be dealt with under Class 4(a) below. CPG/GS will not receive any dividends as part of Class 4(a), but is entitled to vote.

## Releases and Carve-Outs

In exchange of all of the above, and except as otherwise provided herein, CPG/GS shall upon the Effective Date (or earlier if specified herein below):

- Relinquish and release all personal and corporate guarantees of GPW and/or GPW's shareholders, guarantors, affiliates and insiders;
- Relinquish and Release the collateral in form of securities, provided by Pedro Feliciano Benítez and/or Camapé, SE; B. Fernández Investment Corp. and B. Fernández & Hnos., Inc.
- Relinquish and Release any and all cross collateral by Pedro Feliciano Benítez and/or Camapé, SE; Joseph Patrick McCloskey and spouse; B. Fernández Investment Corp. and B. Fernández & Hnos., Inc.; Arnold Benus Silva; SCI (all collectively "GPW's Guarantors") and GPW.
- Forego and waive any deficiency claim against GPW and/or GPW's Guarantors.
- CPG/GS shall return to Arnold Benus the \$560,000.00 attached from his personal collateral accounts.
- Surrender all of GPW's shares/stock and all share/stock pledge agreements to GPW.
- Provide a carve out for the payment of professional fees (inclusive of any paid pursuant to the cash collateral stipulation under Dkt. No. 34), administrative expenses, and priority (including tax liabilities) and non-priority unsecured claims in the total amount of \$85,000.00.
- On the Effective Date, CPG/GS shall file a motion for the dismissal with prejudice of the case of CPG/GS PR NPL, LLC v. Pedro Feliciano Benítez, et

al., Court of First Instance of Puerto Rico, San Juan Section, Civil Number KAC2011-0552 (803) (the "Local Court Case").

Class 2(b) - Secured Claim of CPG/GS in SCI's Bankruptcy Case

(a) Impairment and Voting - Class 2 (b) is impaired under the Plan. CPG/GS will be entitled to vote to accept or reject the Plan.

(b) Distribution - Double Tree Hotel and Related Assets:

CPG/GS will restructure the debt secured by the DoubleTree Hotel, Gallery Plaza 5<sup>th</sup> Floor Commercial, Gallery Plaza Ground Floor Retail, and Gallery Plaza Parking not part of the residential units (collectively, the "Hotel Assets").

The restructuring of the loan affecting the Hotel Assets will be in the principal aggregate amount of \$23,500,000 and will have a term of forty-two (42) months, with one six (6) month extension option, subject to terms to be agreed to between SCI and CPG/GS. If SCI is not in default and pre-pays the total outstanding principal amount within eighteen (18) months from the Effective Date, then the principal amount shall be reduced to \$22,500,000. If SCI is not in default and prepays the total outstanding principal amount at any time between months nineteen (19) and forty-two (42), inclusive, from the Effective Date, the principal amount shall remain at \$23,500,000. The restructured loan shall be secured by the Hotel Assets.

Pedro Feliciano, Joseph Patrick McCloskey and B. Fernández Investment, Inc. shall become or remain personal guarantors of the restructured loan for \$2,000,000 each. Arnold Benus Silva shall become personal guarantor of the restructured loan for \$360,000 (each of these guarantors collectively shall be referred to as the "New Guarantors").

During months one (1) through forty-two (42), inclusive, SCI will make monthly interest only payments to CPG/GS at 4% per annum. Additional Interest will accrue at a rate of 2% per annum. However, the accrued Additional Interest will be capitalized to the principal balance at the end of month forty two (42). Should SCI pay-off the amounts due as set forth above on or before the conclusion of month forty-two (42), the Additional Interest shall be waived and no payments will be required whatsoever for this Additional Interest.

SCI shall have the right to prepay any amounts due to CPG/GS at any time without any penalty for such prepayment, as long as SCI has not defaulted on any of its obligations to CPG/GS under the restructured debt.

The existing mortgages on the Hotel Assets shall be preserved.

All collections from the Hotel Assets' receivables shall be deposited in a lockbox, pursuant to a cash management agreement acceptable to CPG/GS and SCI in a bank determined by CPG/GS. Once the monthly interest payment is made to CPG/GS, the balance of the receivables in the lockbox shall be released to SCI pursuant to the cash management agreement.

SCI shall agree to the entry of a judgment by consent as to the debt restructured as indicated above, secured by the Hotel Assets, to be filed upon execution under seal.

In addition to the limited guaranties referenced to above (the "Limited Guaranties"), the New Guarantors shall each execute a guaranty (the "Supplemental Guaranty") for the entire indebtedness to CPG/GS secured by the Hotel Assets, as restructured (\$23,500,000.00), which would be triggered and would become a full recourse obligation to the New Guarantors upon, and only upon, the occurrence of the following economically-adverse acts with respect to

Swiss Chalet, Inc.  
G.P. West, Inc.  
*Joint Disclosure Statement*

Case No. 11-04414(ESL)  
Case No. 11-04954(ESL)  
Page 39

---

the Hotel Assets or the restructured loan: fraud, waste (waste being defined as willful destruction, or removal of fixtures from, or gross and intentional failure to take reasonable care of a material portion of the Hotel Assets); and willful written material misrepresentation to CPG/GS with regards to the Hotel Assets; willful misconduct, the filing of, collusion in or acquiescence in a bankruptcy or insolvency proceeding by SCI, and, *but limited to any loss, damage, cost, expense, liability, claim or other obligation actually incurred by CPG/GS* (including reasonable attorneys' fees and costs reasonably incurred), arising out of or in connection with any of the following acts: the willful personal misappropriation by any of the New Guarantors of (A) monetary revenue from the Hotel Assets, (B) any insurance proceeds paid by reason of any casualty in the Hotel Assets, (C) any awards received in connection with a condemnation of the Hotel Assets, (D) any rents payable to SCI following an event of default, (E) any rents paid to SCI more than one (1) month in advance, (F) the amount of any security deposits, advance deposits or any other deposits collected with respect to the Hotel Assets (in the form of letters of credit or otherwise) which are not delivered to CPG/GS upon foreclosure of the Hotel Assets or any action or agreement in lieu thereof (except to the extent any such security deposits were applied in accordance with the terms and conditions of any lease); the failure of SCI (for any reason other than SCI's lack of sufficient cash in the reasonable opinion of SCI's management) to pay insurance premiums and/or taxes owed by SCI; or failure to cause all cash revenue from the Hotel Assets to be deposited into accounts as required by the aforementioned cash management agreement; failure to maintain insurance on the Hotel Assets on the terms to be reasonably agreed between SCI and CPG/GS. No Guarantor's liability under the Limited Guaranties and the Supplemental Guaranties,

together, shall exceed \$23,500,000.00. In the event of a change in the composition of SCI's shareholders, prior to or after the restructuring of the indebtedness secured by the Hotel Assets, the Limited Guaranty and the Supplemental Guaranty shall nevertheless be considered complied with and valid and enforceable as long as the following SCI's shareholders executed the Limited Guaranty and the Supplemental Guaranty: (a) Pedro Feliciano-Camape, S.E. (b) B. Fernández Investment Corp; and (c) Arnold Benus.

**Atlantis and Gallery Plaza Condominiums:**

SCI shall transfer or cause to be transferred to CPG Island Properties II LLC (or such other CPG/GS subsidiary designated by CPG/GS prior to the Effective Date), by writ on the Effective Date, all of the residential units owned by SCI (individualized by the Plan, if not already individualized) that serve as collateral for the Atlantis Loan and Gallery Plaza Loans, together with all benefits of contractors' warranties and performance bonds that may apply, without waiver of construction contractors' liabilities for warranties, free and clear of all liens, claims, interests, liabilities, and encumbrances (other than any senior liens by CRIM); and all the deposits received for the sale of such units, but subject to all of seller's obligations in respect of such deposits. Upon the effective date of such transfer, CPG/GS (or its designee) shall be responsible for any costs or expenses associated with security, marketing, maintenance, punch lists, and repairs (but without waiving recourse to construction contractors and their sureties) of the unsold residential units that accrue after the effective date of the transfer; but neither SCI nor CPG/GS shall be liable nor in any way assume liability for any construction, design, soil, and/or physical defect or condition of any of the units. SCI shall transfer and assign to CPG/GS all claims and causes of action it may have against construction



contractors and their sureties without CPG/GS assuming any liability under any construction contract, and SCI shall use its best reasonable efforts to obtain and deliver to CPG/GS, written assurance from Desarrollos Metropolitanos LLC (DM) that DM will perform timely on request by CPG/GS or its designee, all corrections arising from DM's work at Atlantis and honor DM's contractual and statutory warranties notwithstanding any SCI default in payment to DM. SCI shall immediately make demand upon DM for correction of any specific known defects in DM's work. CPG/GS shall be responsible for all other expenses relative to the unsold residential units such as insurance, taxes, etc. that accrue after the effective date of the transfer of title. The estimated value of the surrendered apartments at both condominiums amounts to \$39,000,000.

The transfer of the property by writ pursuant to the Plan and the first subsequent sale of each individual unit, will have the benefits of the exemption provided by 11 U.S.C. §1146(a), and writs of transfer shall be issued by the Clerk of the Bankruptcy Court upon application by SCI or CPG/GS.

**Law 212 Tax Credits:**

Among SCI's intangible assets encumbered in favor of CPG/GS are Puerto Rico income tax credits obtained under Law No. 212 of August 27, 2001 (the "Tax Credits"), with an estimated realizable value of \$28,849,000.00, and a face value of \$33,940,000.00, as of the Petition Date. SCI shall sell the Tax Credits and upon closing of the sale shall deposit with the Bankruptcy Court, for delivery to CPG/GS on the earliest of: (a) the Effective Date; (b) a date on which SCI files with the Bankruptcy Court a consent to such delivery; (c) April 15, 2012, all proceeds of sale of the Tax Credits less brokerage fees (if any) in respect of such sale.

On October 18, 2011, SCI and CPG/GS filed a joint motion for the Sale of the Tax Credits pursuant to Section 363 of the Bankruptcy Code (the "Joint Motion"), which was approved by the Bankruptcy Court on October 21, 2011.

SCI is to sell and transfer, pursuant to Section 363(f) of the Bankruptcy Code, the Tax Credits to one or more, if less than the total amount of Tax Credits is sold to a single entity purchaser at the highest price obtainable in the market, but for an amount of not less than \$28,849,000 in the aggregate, free and clear of liens, claims, and encumbrances, the lien of CPG/GS being transferred to the proceeds of such sales, as provided for in the Joint Motion. The estimated value of the Tax Credits amounts to \$28,849,000.00, net of brokerage expense.

**Releases and Carve-Outs:**

In exchange of all of the above, and except as otherwise provided herein, CPG/GS shall upon the Effective Date (or earlier if specified hereinbelow):

- Relinquish and release all personal and corporate guarantees of SCI's shareholders, guarantors, affiliates and insiders;
- Relinquish and release the collateral in form of securities, provided by Pedro Feliciano Benítez and/or Camapé, SE; B. Fernández Investment Corp. and B. Fernández & Hnos., Inc.
- Relinquish and release any and all cross collateral by Pedro Feliciano Benítez and/or Camapé, SE; Joseph Patrick McCloskey and spouse; B. Fernández Investment Corp. and B. Fernández & Hnos., Inc.; Arnold Benus Silva; GPW (all collectively "SCI's Guarantors") and SCI.
- Except as otherwise provided herein, forego and waive any deficiency claim against SCI and/or SCI's Guarantors.

On the Effective Date CPG/GS shall file a motion for the dismissal of the complaint filed in case Number KAC 2011-0552(803) before the Court of First Instance of Puerto Rico, San Juan Section, with prejudice, when at the same time SCI's Guarantors shall execute and deliver full releases in favor of CPG/GS.

Under Class 2(b), CPG/GS is expected to recover value aggregating approximately \$89,000,000.00, net of the SCI Carve-Out. The balance of CPG/GS' claim is classified under Class 4(b) and After charging the SCI Carve-Out to CPG/GS' payments, the \$29,000,000 balance of CPG/GS' total allowed claim against SCI, is to be dealt with under Class 4(b) below. CPG/GS being entitled to vote thereunder, but will not receive any dividends as to its unsecured Class 4(b) Claim..

Class 3 - Priority Claims

(a) Impairment and Voting - Class 3 is unimpaired under the Plan. Each holder of an Allowed Priority Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

(b) Distribution - Allowed Priority Claims under Section 507(a) (7) of the Bankruptcy Code arising from deposits in escrow by individuals for the purchase of units at Atlantis Condominium will be applied to the purchase price of the corresponding unit upon the closing thereon or otherwise returned thereto in accordance to the applicable principles of law. All other Class 3 Claims will be paid in full in Cash on the Effective Date from the corresponding GPW Carve-Out or SCI Carve-out, or as authorized by the Court on or before the Effective Date.

Class 4(a) – Allowed General Unsecured Claims in GPW's Bankruptcy Case

(a) Impairment and Voting - Class 4(a) is impaired under the Plan. Holders of Allowed General Unsecured Claims against GPW shall be entitled to vote to accept or reject the Plan.

Distribution - Holders of Allowed Class 4(a) General Unsecured Claims, including those arising from rejected executory contracts or unexpired leases, but excluding CPG/GS' Deficiency Claim and Claims from Insiders and Affiliate, SCI, in full satisfaction of such claims will be paid on the Effective Date (or within thirty days after allowance thereof if after the Effective Date) pro-rata from the remaining balance of the \$85,000.00 GPW Carve-Out after payment of Administrative Expense Claims and Priority Claims in the GPW Case, estimated in \$6,500.

Holders of Allowed General Unsecured Claims considered Insiders, basically consisting of GPW's Shareholders and Affiliate, SCI, will condone their claims as of the Effective Date of the Plan, but only if the Plan is confirmed. These claimants will not receive payments under the Plan but are entitled to vote to accept or reject the Plan. These claims amount to \$4,932,967.65.

As set forth above, the deficiency claim of CPG's against GPW totaling \$2,653,000, will be dealt with under this Class, will not receive any dividends as part of this Class, but is entitled to vote to accept or reject the Plan.

Class 4(b) – General Unsecured Claims in SCI's Bankruptcy Case

(a) Impairment and Voting - Class 4(b) is impaired under the Plan. Holders of Allowed General Unsecured Claims against SCI shall be entitled to vote to accept or reject the Plan.

(b) Distribution - Holders of Allowed General Unsecured Claims, including those arising from rejected executory contracts, but excluding CPG/GS' deficiency claim, those arising from deposits in escrow by individuals for the purchase of units

at Atlantis, and those related to Insiders and Affiliates, if any, will be paid in full satisfaction of such Claims on the Effective Date pro-rata from the remaining balance of the SCI Carve-Out, after the payment therefrom of the above stated Administrative Expense Claims, including allowed professional fees and expenses, Allowed Priority Tax Claims, and Priority Claims (Class 3 Claims allowed in the Bankruptcy Case (SCI)).

Class 5(a)– Equity Interests in GPW

(a) Impairment and Voting - Class 5(a) is unimpaired under the Plan. Each holder of a Class 5 (b) interest is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan. As shown by the Liquidation Analysis (GPW), the value of Class 5(a) interests is zero under any liquidation scenario, and there is no interest junior to that of Class 5(a). However, GPW will continue to operate in a limited manner to explore any future opportunities in the real estate business.

(b) Treatment - The shares of the Equity Interest Holders in GPW will remain unaltered.

Class 5(b) – Equity Interests in SCI

(a) Impairment and Voting - Class 5(b) is unimpaired under the Plan. Each holder of a Class 5 (b) interest is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

(b) Treatment - The shares of the Equity Interest Holders in SCI will remain unaltered.

**6.7 Means for Implementation of the Plan**

Except as otherwise provided in the Plan, SCI will effect payment of all Administrative Expense Claims and Allowed Priority Tax Claims and those of Holders of Allowed Other Administrative Claims on or before the Effective Date. SCI will pay CPG/GS' secured claim as indicated above. Allowed General Unsecured Claims will be paid pro-rata from the remaining balance of the \$1,000,000.00 SCI Carve-Out, after the payment of administrative expenses (including allowed fees and expenses of SCI's professionals), Allowed Tax Priority Claims and other allowed priority claims (Class 3).

Except as otherwise provided in the Plan, GPW will effect payment of Administrative Expense Claims (including those for allowed professional fees and expenses) in the regular course of business or as authorized by the Court on or before the Effective Date. The remaining Administrative Expense Claims (including those for allowed professional fees and expenses), Allowed Tax Priority Claims, other Allowed Priority Claims, Class 1 (secured property tax) Claims, and Class 4(a) Claims in GPW's Bankruptcy Case will be paid from the GPW Carve-Out, or funded if so consented by CPG from the proceeds arising from the lease agreements until the Effective Date of the Plan; the cash balance accumulated in GPW's post-petition bank accounts; or as otherwise permitted by CPG/GS. GPW will pay CPG's secured claim (Class 2(a)) as indicated above.

## **6.8 Debtors' Post Confirmation Management**

The management of SCI's DoubleTree Hotel operations will consist of Yodil Cabán as General Manager with a salary of \$120,000 per year divided into \$24,000.00 as an allowance for expenses and \$96,000.00 for salary.

Swiss Chalet, Inc.  
G.P. West, Inc.  
*Joint Disclosure Statement*

Case No. 11-04414(ESL)  
Case No. 11-04954(ESL)  
Page 47

Hugh Andrews will continue to perform as SCI's Managing Director with a salary of \$120,000 per year divided into \$60,000 as an allowance for expenses and \$60,000 for salary.

The following is a list of SCI's additional management personnel with their respective compensation and who will continue to perform as indicated below:

Denise Santos	Sales Manager	\$55,000.00 per year
Bo Bramsen	Assistant General Manager	\$50,000.00 per year
Elba Quiñones	Housekeeping Manager	\$38,000.00 per year
Samuel Betancourt	Engineering Manager	\$44,000.00 per year
Elsie Alemañy	Accounting Manager	\$40,000.00 per year

Furthermore, International Hospitality Enterprises, Inc., a domestic corporation established under the laws of Puerto Rico with Hugh Andrews as sole shareholder, will continue to provide SCI with management support in the areas of managing, sales and marketing, human resources and information technologies, on the basis of \$25,000.00 per month.

For a period of three years from the Effective Date, no shareholder of SCI will participate in its management, nor serve as a director, except for José Teixidor, Pedro Feliciano, and Arnold Benus. Any other director before taking office during that period, must obtain approval by the Bankruptcy Court, for which jurisdiction is reserved by the Plan without implying any restriction on such jurisdiction.

Starting on the Effective Date, the Directors of GPW shall be none other than José Teixidor, Arnold Benus, Pedro Feliciano, and any other individual approved by the Bankruptcy Court. GPW will limit its activities to those necessary to consummate the Plan, including any objections to Claims and the payment to Class 4(a) Claims of a supplemental dividend, if any, arising from resolution of such objections. Thereafter, the directors of GPW may be anyone allowed by applicable

law, and may elect to have GPW engage in any business activity permitted by applicable law.

## **6.9 Executory Contracts and Unexpired Leases**

All executory contracts and unexpired leases (other than insurance policies) which have not expired by their own terms, which are not subject to any motion for assumption filed or pending on the Assumption/Rejection Deadline (currently ten (10) days before the first date for the Confirmation Hearing) or which have been rejected on or prior to the Confirmation Date shall be deemed rejected on the Effective Date, and the entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such rejection pursuant to Sections 365(a) and 1123(b)(2) of the Bankruptcy Code.

If the rejection of such executory contracts or unexpired leases results in a claim for damages by the other party or parties to such contract or lease, any claim for such damages, if not evidenced by a filed proof of claim, shall be forever barred and shall not be enforceable against the Estate of either of the Debtors, or their properties, their agents, successors, or assigns, unless a proof of claim is filed with the Bankruptcy Court and served upon counsel for the corresponding Debtor on or before the Confirmation Date. Debtors retain the right to object to any rejection damages claims filed in accordance with this Section.

## **VII. LIQUIDATION AND FINANCIAL ANALYSIS**

### **7.1 Best Interest of Creditors and Comparison with Chapter 7 Liquidation**

In the event either of the Debtors' Chapter 11 cases is converted to Chapter 7 of the Bankruptcy Code, the corresponding Debtor would be required to eventually cease all activities, its employees would be dismissed and a Chapter 7 trustee appointed for such Debtor's Estate to liquidate the Estate's assets pursuant



Swiss Chalet, Inc.  
G.P. West, Inc.  
*Joint Disclosure Statement*

Case No. 11-04414(ESL)  
Case No. 11-04954(ESL)  
Page 49

---

to the provisions of the Bankruptcy Code, after attending to the immediate issues of securing such Debtor's assets, and the resolution of any issues involving such Debtor's employees. The Chapter 7 Trustee most likely will abandon such Debtor's assets due to their lack of equity and creditors other than CPG/GS and CRIM will not receive any dividends in or out of the bankruptcy proceedings. SCI's audited financial statement as of April 30, 2010, is attached as **Exhibit D-1** hereto, and SCI's unaudited financial statement as of September 30, 2011 is attached as **Exhibit D-2**. Debtor GPW's operating report as of October 31, 2011, is attached as **Exhibit D-3** hereto. A Liquidation Analysis with respect to SCI's assets as of October 31, 2011, is attached as **Exhibit E** hereto (the "SCI Liquidation Analysis"). A Liquidation Analysis with respect to Debtor GPW's assets as of August 31, 2011 is attached as **Exhibit E-1** hereto (the "GPW Liquidation Analysis"). .

Each of the aforementioned liquidation analyses reveals that in the event of a liquidation of Debtors' assets, there would be a substantial loss to Debtors' Estates, taking into account the Chapter 7 costs of administration and the expected value of the Estates' assets in a liquidation scenario. It also reflects what in Chapter 11 the respective creditors are expected to receive under the Plan versus what is projected they would receive in Chapter 7, underscoring the benefits of the confirmation of the Plan and its effectiveness.

Confirmation of the Plan will ensure that holders of Administrative Expense Claims, Allowed Priority Tax Claims, Allowed Priority Claims and Allowed General Unsecured Claims, will receive prompt dividends on their claims.

The SCI Liquidation Analysis and the GPW Liquidation Analysis each contains estimates and assumptions that, although developed and considered reasonable by

Debtors, are inherently subject to significant economic uncertainties and contingencies beyond its control.

## **7.2 Feasibility of the Plan**

### **A) Financial Projections**

SCI, with the assistance of its Bankruptcy Court appointed financial consultant, has prepared financial projections (the "Projections") based on the confirmation and implementation of the Plan. The Projections are based upon estimates and assumptions that, although developed and considered reasonable by SCI are inherently subject to significant economic uncertainties and contingencies beyond SCI's control, as well as to certain assumptions with regard to the value of assets that are subject to change. Accordingly, there can be no assurance that the projected performance reflected in the Projections will be realized.

The projections are attached as **Exhibit F** to the Disclosure Statement. As **Exhibit G** hereto, SCI is including a summary of its monthly operating reports for the period of May to October 2011, and a copy of its monthly operating report for October 2011 as **Exhibit H**.

GPW, with the assistance of its Bankruptcy Court appointed financial consultant, has prepared Cash Flow Projections for the period of November 1, 2011 up to the estimated Effective Date of the Plan, which presents the distribution of the funds available and payment to all classes of creditors (**Exhibit F-1**). For GPW, post-confirmation projections are unnecessary because GPW will cease current operations shortly after the Effective Date.

### **B) Funds and Assets Sufficient for Payments Required under the Plan**

As of the Petition Date, SCI owned assets and had liabilities, as more particularly described in its Schedules and Statement of Financial Affairs, which SCI

filed with the Bankruptcy Court on May 27, 2011, as amended on June 15, 2011 and October 24, 2011. SCI and GPW have prepared and filed with the Bankruptcy Court monthly operating reports summarizing their post-petition financial performance. These monthly operating reports and Debtors' Schedules, Statement of Financial Affairs and Schedules of Executory Contracts are available for public inspection at the office of the Clerk of the Bankruptcy Court during regular business hours.

As of the Petition Date, GPW owned assets and had liabilities, as more particularly described in its Schedules and Statement of Financial Affairs, which GPW filed with the Bankruptcy Court on June 9, 2011, as lastly amended on July 14, 2011.

**a) Real Property**

As of the Petition Date, SCI was and is the owner in fee simple of the real properties listed in **Exhibit I** hereto. As of its Petition Date, GPW's Schedules listed its real property, consisting of a parcel of land and eight (8) residential apartments.

**b) Personal Property**

As of the Petition Date, SCI's Schedules listed its personal property consisting of cash, checking, savings and other financial accounts, security deposits, accounts receivable, liquidated debts, automobiles, machinery and inventory. GPW's personal property on its Petition Date, consisting of cash in checking accounts, accounts receivable, and others, is listed on GPW's schedules.

**c) Debtors' Accounts Receivable and Liquidated Debts**

As of October 31, 2011, SCI's accounts receivable totaled \$7,669,329.00, including accounts receivable from guests, corporate customers, Hilton's Advertising Refund Program, and other accounts receivables from Insiders for

Swiss Chalet, Inc.  
 G.P. West, Inc.  
 Joint Disclosure Statement

Case No. 11-04414(ESL)  
 Case No. 11-04954(ESL)  
 Page 52

\$3,199,498.00, of which \$3,187,356.00 due by Mr. and Mrs. Joseph P. McCloskey, could be uncollectible.

As of June 30, 2011, GPW's account receivable totaled \$1,379,385.96. The account receivable would be for the benefit of CPG/GS who has liens thereon. However, due to the fact that those account receivable is due from SCI, it is deemed uncollectible since GPW owes SCI an amount in excess of such account receivable.

**7.3 Pending Litigation and Other Liabilities**

At the time of the filing of SCI's Chapter 11 petition, the following cases were pending and were stayed by the provisions of Section 362(a) of the Bankruptcy Code:

CPG/GS NPL PR LLC v. Swiss Chalet, Inc. et al. Civil Number KAC2011-0552(803)	Breach of Contract; Collection of Monies; and Foreclosure of Collateral	Court of First Instance of Puerto Rico, San Juan Section The Local Court Case.	Stayed
Desarrollos Metropolitanos, LLC v. Swiss Chalet, Inc. et al. Civil Number KAC2011-0023	Breach of Contract and Collection of Monies	Court of First Instance of Puerto Rico, San Juan Section	Stayed
Diana Alonso García & Peter Rivera Rivera v. Swiss Chalet, Inc.	Tort Action	Court of First Instance of Puerto Rico, San Juan Section	Stayed
Victor Ramos v. Swiss Chalet, Inc. Administrative Claim No. A-07-2899	Unpaid Salaries	Department of Labor and Human Resources of Puerto Rico, San Juan Section	Stayed
Jessie Cintron v. Swiss Chalet, Inc. Administrative Claim No. A-10-2625	Unjustified Dismissal	Department of Labor and Human Resources of Puerto Rico, San Juan Section	Stayed

Swiss Chalet, Inc.  
 G.P. West, Inc.  
 Joint Disclosure Statement

Case No. 11-04414(ESL)  
 Case No. 11-04954(ESL)  
 Page 53

Ismael Corujo v. Swiss Chalet, Inc. Administrative Claims Nos. A-09-2707 and A-09-2708	Unpaid Salaries (Overtime)	Department of Labor and Human Resources of Puerto Rico, San Juan Section	Stayed
--	----------------------------	--	--------

At the time of the filing of its Chapter 11 petition, GPW only had the Local Court Case mentioned above, which was stayed as to GPW by the provisions of Section 362(a) of the Bankruptcy Code.

**7.4 Leases and Contracts**

As of its Petition Date, SCI was a party to the unexpired leases and executory contracts listed in SCI’s Schedule G, as amended, attached as **Exhibit J** hereto. GPW, as of its Petition Date, was a party to the unexpired leases and executory contracts listed in **Exhibit J-1** hereto. As previously indicated, all executory contracts and unexpired leases (other than insurance policies) which have not expired by their own terms or have been rejected on or prior to the Assumption/Rejection Date or which are not the subject of a motion to assume filed or pending on the Effective Date, shall be deemed rejected on the Assumption/Rejection Date, and the entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such rejection pursuant to Sections 365(a) and 1123(b)(2) of the Bankruptcy Code. The Assumption/Rejection Date is the date ten days before the first date set for the confirmation hearing, or such later date as the Bankruptcy Court may order.

**VIII. BAR DATES AND DETERMINATION OF CLAIMS**

**8.1 Bar Dates**

On May 31, 2011, in the “Notice of Chapter 11 Bankruptcy Case, Meeting of

Creditors and Deadlines" issued in SCI Bankruptcy Case, the Bankruptcy Court fixed August 29, 2011, as the bar date for the filing of proofs of claims and interests (except for Governmental Units), and November 28, 2011, for such filings by Governmental Units.

In GPW's Bankruptcy Case, the "Notice of Chapter 11 Bankruptcy Case, Meeting of Creditors and Deadlines" the Bankruptcy Court fixed October 13, 2011, as the bar date for the filing of proofs of claims and interests (except for Governmental Units), and December 7, 2011, for such filings by Governmental Units.

## **8.2 Determination of Claims**

The Plan specifies procedures for objecting to claims. Debtors and any other entity authorized under the Bankruptcy Code may object to Claims within ten (10) days before the first date fixed by the Bankruptcy Court for the hearing on the confirmation of the Plan. No payments will be made under the Plan on account of Disputed Claims until their allowance by the Bankruptcy Court. The Plan provides that Distributions on Disputed Claims will be held in reserve until the Disputed Claims are allowed (at which time the reserves will be distributed and the Claims will be treated according to the terms of the Plan), or disallowed (at which time the reserves will be distributed on account of Allowed Claims pursuant to the terms of the Plan).

Any Claims which (a) are not listed as an Allowed Claim on Debtors' Schedules, as amended; (b) are not evidenced by a valid, timely filed Proof of Claim; or (c) are not listed in the Plan or exhibits to the Plan as Allowed Claims, shall not receive any distribution of cash or property under the Plan until the same

become Allowed Claims, and shall be disallowed and discharged if they are not Allowed by Order of the Bankruptcy Court.

## **IX. ALTERNATIVES TO THE PLAN**

If the Plan is not confirmed and consummated for any of the Debtors, the alternatives include (a) such Debtor's liquidation under Chapter 7 of the Bankruptcy Code, (b) dismissal of such Debtor's Chapter 11 Case, or (c) the proposal of an alternative plan for such Debtor.

### **A. Liquidation Under Chapter 7**

If a plan cannot be confirmed, the SCI Case or the GPW Case as may be, could be converted to Chapter 7 of the Bankruptcy Code, and a trustee would be elected or appointed to liquidate such Debtor's assets for distribution to creditors in accordance with the priorities established by the Bankruptcy Code.

As set forth in each Liquidation Analysis attached as **Exhibits E and E-1** hereto, each Debtor believes that conversion of its Case to Chapter 7 of the Bankruptcy Code would result in no distribution to creditors other than CPG/GS or CRIM, *inter alia*, due to additional decreased values of such Debtor's assets, delay in distribution on account of such conversion, and the encumbrance of substantially all of such Debtor's assets by CPG/GS.

Thus, each of SCI and GPW believes that the interest of creditors and the goals of Chapter 11 are better served by the confirmation of the Plan.

### **B. Dismissal of the Case and/or Foreclosure by CPG/GS**

Dismissal of either the SCI Bankruptcy Case or the GPW Bankruptcy Case would likely create substantial problems for all parties involved therein, including a run to the courthouse, and the foreclosure by CPG/GS of its liens on substantially all of such Debtor's assets, which would result, in an abandonment of the orderly

and structured equitable payments provided by the Plan. Therefore, dismissal of either the SCI's Bankruptcy Case or the GPW's Bankruptcy Case is not a viable alternative for the respective creditors thereof.

### **C. Alternative Plan of Reorganization**

Debtors do not foresee a different plan. Debtors believe that the Plan described herein will provide the greatest and most expeditious return to creditors in each of SCI's Bankruptcy Case and GPW's Bankruptcy Case.

### **X. TAX EFFECTS**

Based on SCI's tax exemption grant and its net operating losses carry forward amounting to \$30,241,836.00, the implementation of the Plan will not have any material tax effects for SCI. For GPW, based on GPW's net operating loss carry-forwards, the implementation of the Plan will not have any material tax effects on GPW. The Section 1146(a) exemption from transfer taxes, applicable to all property transfers under the Plan, served as a material inducement to CPG/GS to compromise its claims in each of the SCI's Bankruptcy Case and the GPW's Bankruptcy Case.

### **XI. DISCHARGE**

The entry of an order confirming the Plan in SCI's Bankruptcy Case or GPW's Bankruptcy Case, shall release the property of SCI and GPW respectively from all claims and interests of creditors and equity security holders in such Debtors, and discharge the respective Debtor from all debts arising before confirmation, except as otherwise provided by the Plan.

### **XII. CONCLUSION**

Debtors submit that the Plan is fair and reasonable and in each of the SCI's Bankruptcy Case and GPW's Bankruptcy Case, in the best interest of the Estate and



Swiss Chalet, Inc.  
G.P. West, Inc.  
*Joint Disclosure Statement*

Case No. 11-04414(ESL)  
Case No. 11-04954(ESL)  
Page 57

---

Creditors and offers the best possible recoveries for Creditors under the circumstances. Debtors therefore urge creditors in each of the cases to vote in favor of the Plan.

San Juan, Puerto Rico this 5<sup>th</sup> day of December, 2011.

**Respectfully submitted,**

**GP WEST, INC.**

**SWISS CHALET, INC.**

**By: s/José Teixidor**  
**Name: José Teixidor**  
**Its: President**

**By: s/José Teixidor**  
**Name: José Teixidor**  
**Its: President**

*Debtor and Debtor in Possession*

*Debtor and Debtor in Possession*