

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:

Chapter 11

Pittsfield Development LLC,

Bankruptcy No. 17-09513

Hon. Jacqueline P. Cox

Debtor.

_____ /

**DISCLOSURE STATEMENT FOR THE DEBTOR'S PLAN OF
REORGANIZATION PURSUANT TO CHAPTER 11 OF THE UNITED
STATES BANKRUPTCY CODE**

SUMMARY OF THE PLAN

THIS IS ONLY A SUMMARY OF THE INFORMATION CONTAINED IN THE REORGANIZATION PLAN AND THIS DISCLOSURE STATEMENT. ALL CREDITORS AND OTHER PARTIES IN INTEREST ARE URGED TO REVIEW THOSE DOCUMENTS IN THEIR ENTIRETY BEFORE VOTING ON THE PLAN.

Plan: Debtor's Plan of Reorganization ("Plan") Pursuant to Chapter 11 of the United States Bankruptcy Code, dated January 3, 2018.

Debtor: Pittsfield Development, LLC.

General Purpose: The Debtor's principal asset consisted of the lobby, all basement levels, and a portion of the 22nd floor along with all other floors up through roof level, but excluding floors 2-21 (collectively the "Property") in the vertically subdivided mixed-use retail/office/student housing tower known as the Pittsfield Building (the "Building") located at 55 East Washington Street, Chicago, IL. The Property has since been sold and the Plan is being filed to provide for the lump sum payment of 100% of Allowed Claims of the Debtor's non-Insider creditors as have been allowed by the Bankruptcy Court, the United States Bankruptcy Code or as otherwise agreed to by the Debtor.

Unclassified Claims: Unclassified Claims consist of Administrative Claims (including the fees and reimbursable costs of the Debtor's professionals). All Allowed Administrative Claims will be paid in full pursuant to the payment terms agreed upon by the Claimant and the Debtor. Disputed claims and claims for professional fees through the Effective Date shall be paid only when allowed by order of the Court. United States Trustee and other bankruptcy fees will be paid in full on or before the Effective Date or as due.

Definitions: Defined terms shall have the meaning as set forth in the Plan or United States Bankruptcy Code, unless otherwise separately defined in this Disclosure Statement.

Classes of Claims:

Class 1: Class 1 contains the Priority Claims that are not separately classified, if any. Class 1 claims are unimpaired

and the holders of Class 1 Claims are conclusively presumed to accept the Plan, and the votes of such holders will not be solicited.

Class 2: Class 2 contains the claims of General Unsecured Creditors that are not separately classified in the Plan. The Debtor estimates the total unsecured claims will be approximately \$560,374.36, including Spartan's unsecured claim in the amount of \$300,000.00 (the "Class 2 Spartan Claim"). Class 2 claims are not impaired. The agreed or allowed amounts of Class 2 claims shall be paid in full in a lump sum payment on or before the Effective Date.

Class 3: Class 3 contains the \$250,000 unsecured claim of PD Lender and Spartan's unsecured claim of \$180,000 (the "Class 3 Spartan Claim"). Class 3 claims are impaired. Class 3 claims shall be paid in full in a lump sum on the "Second Tier Payment Date" which date is thirty (30) days after the date that the Debtor realizes its first \$1,000,000 in proceeds from its lawsuit against City of Chicago relating to the downzoning of the Building (the "District Court Case"). If the Debtor does not realize proceeds in the threshold amount of \$1,000,000 in the District Court Case, there shall be no distribution on account of Class 3 claims.

Class 4 Class 4 contains the claims of Sabet in the amount of \$136,801.42 and RMF in the approximate amount of \$136,801.42. Class 4 claims are impaired. Class 4 is subordinate to Class 2 and to Ariel Funding (who shall be paid off in full before Class 4 claims are paid). Class 4 claims shall be paid from leftover proceeds from the District Court Case, *i.e.*, after Class 3 claims are satisfied, as well as proceeds realized from any other source. Class 4 claims shall be paid in full to the extent that there are sufficient funds to pay off said claims. Otherwise, Class 4 claims shall be paid pro rata. If there are no funds remaining after satisfaction of Class 2 claims (and Class 9 claims, if any) and satisfaction of the Debtor's obligations to Ariel Funding to the extent it loaned money to the Debtor to pay said claims, then there shall be no distribution on account of Class 4 claims.

Class 5: Class 5 contains the unsecured claim of Pittsfield Residential (“PR”) in the approximate amount of \$3,704,875.40. The claim of PR is impaired. It shall receive no distribution until the holders of allowed claims in Class 3 and Class 4 are paid in full. Thereafter, Pittsfield Residential shall receive distributions within such time as the Debtor reasonably determines, from funds remaining after satisfaction of the claims in the aforesaid senior classes. If there are no funds remaining to pay PR, then there shall be no distribution to PR on account of its claim.

Class 6: Class 6 contains the two claims filed by the City of Chicago. Claim # 5-1 is in the amount of \$24,280.18. Claim # 6-1 is in the amount of \$2,096.50. The total of both claims is \$26,376.68. The City of Chicago shall be paid the sum of \$25,122.00 on or before the Effective Date from proceeds being held in escrow by the Escrow Agent. The remaining amount of \$1,254.68 shall be paid in full in a lump sum payment by the Debtor, to be made on or before the Effective Date.

Class 7: Class 7 contains the claim of the State of Illinois. The claim of the State of Illinois is not impaired. The State of Illinois was paid at the Closing. The sum of \$35,000.00 is being held in escrow pursuant to a bulk sales escrow agreement. Any remaining funds owed to the State of Illinois by the Debtor shall be paid from such escrowed funds outside the plan by the Escrow Agent on or before the Effective Date, or at such time thereafter when said amount becomes fully liquidated.

Class 8: Class 8 contains the claim of Valerio. The claim of Valerio is not impaired. To the extent that Valerio has an allowed claim, Valerio shall be paid from funds set aside in a pre-petition escrow account established to satisfy such claim.

Class 9: Class 9 contains those unsecured claims, if any, that are not otherwise separately classified in the Plan. Class 9 claims are not impaired. They shall be paid in full in a lump sum payment made on or before the Effective Date. Most likely, there are no Class 9 claims.

Class 10: Class 10 contains the unsecured claim of CHP. The unsecured claim of CHP is impaired. CHP shall be paid within thirty (30) days after that date on which the sum of all payments received by the Debtor from the Closing and lawsuits exceeds \$30,000,000 (the “CHP Payment Date”), if such date occurs, and thereafter, within thirty (30) days following the receipt of additional funds with respect to which CHP is entitled to a distribution in accordance with the attachment to its proof of claim. In the event there is never a CHP Payment Date, CHP shall not receive any distribution on account of its unsecured claim against the Debtor.

Class 11: Class 11 contains the equity interests in the Debtor. The interest holders in this class are not impaired, and therefore, under Section 1126(f) of the Bankruptcy Code, the holders of such interests are conclusively presumed to accept the Plan, and the vote of such interests will not be solicited.

Effective Date: The Effective Date of the Plan shall be that date which is thirty (30) days after the date of entry of an order confirming the Plan.

Amount Required to Fund Plan: The initial amount required to fund the Plan shall be \$560,374.36. This is the total amount of distributions on account of undisputed Class 2 claims. Additional amounts may be due following rulings on objections to claims. The following amounts shall be required to fund the Plan in the event that certain contingencies are satisfied in the nature of realizing damage proceeds from litigation and other sources: At such time that the Debtor realizes its’ first \$1,000,000.00 in damage proceeds from the District Court Lawsuit, \$430,000.00 shall be distributed on account of Class 3 claims. At such time that the Debtor realizes proceeds from sources other than the District Court Lawsuit, or at such time Debtor realizes proceeds from the District Court Lawsuit in excess of those required to pay off Class 3 claims, \$273,602.84 shall be distributed on account of Class 4 claims. At such time that the Debtor realizes proceeds from sources other than the District Court Lawsuit, or at such time Debtor realizes proceeds from the District Court Lawsuit in excess of those required to pay off Class 3 and

Class 4 claims, \$3,704,875.00 shall be distributed on account of the Class 5 claim. At such time that the Debtor realizes combined proceeds of its first \$30,000,000.00 from the Closing plus damages realized from litigation of any nature whatsoever, 10% of the excess over said \$30,000,000.00, whatever that amount may be shall be distributed on account of the Class 10 claim.

Classes: Claims in Classes 1, 2, 6, 7, 8, 9 and 11 are deemed to have accepted the Plan and are not entitled to vote. Classes 3, 4, 5 and 10 are entitled to vote on the Plan.

Voting: Creditors entitled to vote on the Plan should complete the enclosed ballot and return it to the Office of the Clerk of the Bankruptcy Court, United States Bankruptcy Court, Northern District of Illinois, Eastern Division, 219 South Dearborn, Chicago, Illinois 60604. Ballots must be received on or before _____, 2018, 4:00 p.m. (prevailing central time). Only ballots returned in a timely manner and in accordance with the accompanying notice and instructions will be counted in determining whether a particular Class of creditors has accepted or rejected the Plan. Acceptance of the Plan by a Class of Claims requires accepting votes by (1) more than one-half of the voting creditors of such class, and (2) holders of claims totaling at least two-thirds of the total amount of claims held by voting creditors of such class.

**UNITED STATES BANKRUPTCY COURT FOR THE
NORTHERN DISTRICT OF ILLINOIS
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In re: Chapter 11
Pittsfield Development LLC, Bankruptcy No. 17-09513
Debtor. Hon. Jacqueline P. Cox
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**DISCLOSURE STATEMENT FOR THE DEBTOR'S
PLAN OF REORGANIZATION PURSUANT TO CHAPTER 11
OF THE UNITED STATES BANKRUPTCY CODE**

I. INTRODUCTION

A. General.

On March 26, 2017 (“Petition Date”), Debtor filed a voluntary petition under Chapter 11 of the United States Bankruptcy Code with the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division.

On or about January 3, 2018, the Debtor filed its Plan of Reorganization (the “Plan”). A copy of the Plan is attached to this Disclosure Statement as Exhibit “A.”

B. Purpose of Disclosure Statement.

The purpose of this Disclosure Statement is to provide holders of Claims with enough information to enable a hypothetical, reasonable creditor or interest holder to make an informed judgment on voting on the Plan. This Disclosure Statement does not contain a complete description of the Plan, the financial status of the Debtor or the Bankruptcy Code.

THIS DISCLOSURE STATEMENT CONTAINS ONLY THE DEBTOR'S SUMMARY OF THE PLAN, AND IS NOT INTENDED TO REPLACE A CAREFUL REVIEW OF THE PLAN. IT IS INTENDED TO AID AND SUPPLEMENT SUCH REVIEW. IN THE EVENT OF A CONFLICT BETWEEN THE PLAN AND THIS DISCLOSURE STATEMENT, THE PROVISIONS OF THE PLAN WILL GOVERN. ALL PARTIES ARE ENCOURAGED TO REVIEW THE PLAN AND TO READ THIS DISCLOSURE STATEMENT BEFORE DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE OF FILING HEREOF AND ARE BASED ON THE FACTS KNOWN TO THE DEBTOR AT SUCH TIME. THE DEBTOR BELIEVES THAT THE INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT IS ACCURATE AS OF SUCH DATE.

NO ONE SHOULD CONSTRUE THIS DISCLOSURE STATEMENT AS PROVIDING LEGAL, BUSINESS, FINANCIAL OR TAX ADVICE. EACH PARTY SHOULD CONSULT WITH THEIR OWN ADVISOR(S) AS TO ANY MATTERS CONCERNING THE SOLICITATION AND THE PLAN. THIS DISCLOSURE STATEMENT MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN DETERMINING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN.

C. Defined Terms.

Capitalized terms contained in this Disclosure Statement have the meanings set forth in the Plan. The rules of construction and definitions contained in the Bankruptcy Code and the Bankruptcy Rules apply to this Disclosure Statement.

II. CONFIRMATION PROCEDURES

A. Classes Entitled to Vote.

There are eleven (11) Classes of Claims and Interests under the Plan. The following Classes are unimpaired and presumed to have accepted the Plan: 1, 2, 6, 7, 8, 9 and 11. Impaired Classes 3, 4, 5, and 10 are entitled to vote on the Plan and are Impaired Classes for the purpose of Plan Confirmation.

B. Voting on the Plan.

Any Claim holder whose legal, contractual or equitable rights are altered, modified or changed by the proposed treatment by the Plan is considered “impaired.” Allowed Claims in Class 1 (Priority Claims), Class 2 (general unsecured creditors whose claims are not otherwise separately classified, including the Class 2 Spartan Claim), Class 6 (City of Chicago), Class 7 (State of Illinois), Class 8 (Valerio), Class 9 (Other unsecured creditors) are unimpaired and deemed to have accepted the Plan. Under the Plan, holders of Allowed Claims in Class 3 (Unsecured claim of PD Lender and Class 3 Spartan Claim), Class 4 (Claims of RMF and Sabet), Class 5 (Claim of PR) and Class 10 (Unsecured claim of CHP) are impaired and entitled to vote on the Plan by submitting the ballot enclosed with this Disclosure Statement. Claims in Class 11 (Membership Interests in Debtor)

are not deemed impaired and therefore creditors or claimants with claims in such class are presumed to have accepted the Plan.

To vote to accept or reject the Plan, holders of Claims in Class 3, 4, 5 and Class 10 must complete and sign the enclosed ballot and return it to the following address so that it is received by 4:00p.m. Central time on or before _____, 2018 (the "Voting Deadline"):

Office of the Clerk of the Bankruptcy Court
United States Bankruptcy Court
Northern District of Illinois, Eastern Division
219 S. Dearborn Street
Chicago, Illinois 60604

ONLY PROPERLY COMPLETED BALLOTS RETURNED BEFORE THE VOTING DEADLINE WILL BE COUNTED IN DETERMINING WHETHER A PARTICULAR CLASS OF CREDITORS HAS ACCEPTED OR REJECTED THE PLAN.

C. Hearing.

The Bankruptcy Court entered an order on _____, 2018, determining that this Disclosure Statement contains adequate information, and has scheduled a hearing on Confirmation of the Plan for _____, 2018, at ____ a.m. The hearing will be held before The Honorable Jacqueline P. Cox, Bankruptcy Judge, in Courtroom 680, United States Courthouse, 219 South Dearborn Street, Chicago, Illinois. The hearing may be adjourned from time to time by the Bankruptcy Court without further notice other than by announcement of the next adjourned date in open court.

Objections to Plan Confirmation must be in writing and filed and served so that they are received prior to _____, 2018, at 4:00p.m. by (a) counsel to

the Debtor at Factorlaw, 105 W. Madison, Suite 1500, Chicago, IL 60602, Attn. William Factor; and (b) the U.S. Trustee for the Northern District of Illinois, 219 S. Dearborn Street, Room 873, Chicago, IL 60604, Attn: Kimberly Bacher.

At the hearing on _____ 2018, the Bankruptcy Court will: (1) determine whether the requisite vote has been obtained for each Class of impaired claimants; (2) hear and determine objections, if any, to the Plan and to Confirmation of the Plan that have not been previously disposed of; (3) determine whether the Plan meets the confirmation requirements of the Bankruptcy Code; and (4) determine whether to confirm the Plan.

D. Acceptances Necessary for Confirmation.

An impaired Class of Claimants has accepted the Plan if the Debtor has received accepting votes from (1) more than one-half of the voting Claimants of the Class, and (2) holders of claims totaling at least two-thirds of the total amount of claims held by voting Claimants of such class. A Class of holders of Claims shall be deemed to accept the Plan in the event that no holder of a Claim within that Class submits a ballot by the deadline for doing so. All Claims shall be allowed for voting purposes only unless objected to prior to the hearing on Confirmation of the Plan.

Classes 3, 4, 5 and 10 are Impaired Classes for purposes of acceptance of the Plan. Unless there is unanimous acceptance by an Impaired Class, as an additional requirement for Confirmation, the Bankruptcy Court must determine that the members in each Class will receive property of a value, as of the Effective Date of

the Plan, that is not less than the value that each such Class member would receive if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code.

E. Confirmation Without Unanimous Acceptances.

The Bankruptcy Code does not require every Class of Claims to accept the Plan in order for the Plan to be confirmed. If the Plan is not accepted by every Class, the Bankruptcy Court may nonetheless confirm the Plan so long as (1) at least one impaired Class of Claims has voted to accept the Plan, and (2) the Bankruptcy Court holds that the Plan does not “discriminate unfairly” and is “fair and equitable” as to each impaired Class that has not voted to accept the Plan. For a non-accepting secured creditor this means that the creditor must either (a) retain its lien on the property securing its claim and receive deferred cash payments totaling at least the allowed amount of such claim or (b) if the property securing such lien is sold, the lien must attach to the proceeds of the sale in the same priority and effect as it had in the underlying collateral. Unsecured creditors of a non-accepting impaired Class must either receive property equal to the allowed amount of their claims, or, if they receive less than such value, no Class with a lower priority may receive or retain any property under the Plan, on account of such Claims or Interest, without the consent of such dissenting impaired Class.

IN THE EVENT AT LEAST ONE IMPAIRED CLASS OF CREDITORS VOTES TO ACCEPT THE PLAN, IT IS THE DEBTOR’S INTENTION TO INVOKE THE PROVISIONS OF SECTION 1129(b) OF THE BANKRUPTCY CODE.

F. Recommendations.

The Debtor recommends that all holders of Claims vote to accept the Plan.

III. DESCRIPTION OF THE DEBTOR AND ITS BUSINESS

A. Organization

The Debtor is an Illinois limited liability company.

B. The Pittsfield Building.

The Debtor owned the ground floor and all basement levels along with a portion of floor 22 and floors 23-40 (collectively, the “Property”), of the historic Pittsfield Building (the “Building”) located at 55 East Washington Street in downtown Chicago, IL. The upper portion of the Property – floors 23-40 – is referred to as the “Tower”.

The Debtor’s related entity, Pittsfield Hotel Holdings, LLC (“PHH”) owned floors 2-9 of the Building (the “Hotel Property”).

The Debtor’s other related entity, Pittsfield Residential II, LLC (“PR”), owned floors 10-12 of the Building (the “Residential Property”).

Collectively, the Property, Hotel Property and Residential Property shall be referred to as the “Properties.”

A party unrelated to the Debtor, 55 East Washington Development, LLC, owns floors 13-21 of the Building.

The above referenced parcels in the Building are subject to a Declaration of Covenants, Conditions and Restrictions and Easements for the Pittsfield Building

(the “Declaration”). The Declaration grants certain easements to the various owners of the Building, and sets forth certain maintenance and payment obligations to govern payment of Building expenses along with management and operation of the Building.

C. Agreement to Sell the Properties, Subsequent Downzoning and Prior Auction

The Debtor, along with PHH and PR entered into an agreement of sale with Adam David Partners I, LLC on August 3, 2015 to sell the Properties for \$36,000,000.00. At the time, the Properties were zoned DX-16 Downtown Mixed Use zoning which allowed for development and operation of a hotel on the Properties along with 27 additional units in the Tower. However, the buyer defaulted on its agreement and failed to close on the purchase.

Representatives of the Buyer met with Alderman Brendan Reilly and members of his staff around this time and made a campaign contribution to the Alderman. The buyer’s principal, it was later discovered, sought to restrict the available uses for the Properties. Based upon information and belief, this was part of a plan to acquire the Properties for an amount less than the \$36,000,000.00 sales price in the August 3, 2015 agreement of sale.

Subsequently, on March 16, 2016, Ordinance No. O2016-811 was passed by the Chicago City Council downzoning the Building from DX-16 Downtown Mixed Use to DR-10- Downtown Residential Use District. This effectively deprived the Debtor from renting out or using the Property because no residential units would be allowed in the Tower, and uses on the ground floor were now significantly

restricted. At this stage, the Residential Property was the only one of the Properties generating net income.

Unable to effectively use the Properties, the Debtor, PHH and PR listed the Properties for auction on February 28, 2017 and March 1, 2017. However, due to the subject downzoning, no offers were made at the auction.

The above referenced downzoning led to the filing of the instant bankruptcy and the District Court Case (as defined below). Unable to generate sufficient income to operate, the Debtor was forced to file the instant bankruptcy proceeding.

D. Prepetition Litigation

The Debtor is party to several lawsuits which could serve as a source of recovery of damages or other proceeds. It should be noted that most claims will be satisfied in full under the Plan prior to any recovery of damages or other proceeds from the below cases. At the time of filing, the Debtor was a party in the following lawsuits:

1. *District Court litigation with the City of Chicago*

Following the downzoning of the Building as discussed, *supra*, the Debtor, along with PHH and PR sued the City of Chicago for damages in the United States District Court for the Northern District of Illinois on March 13, 2017 in the case docketed as number 17-cv-1951 (the “District Court Case”). The causes of action raised include claims for damages under 42 U.S.C. § 1983, wrongful taking under the 5th Amendment of the U.S. Constitution, Violation of Substantive Due Process, Violation of Procedural Due Process and Promissory Estoppel. The City of Chicago filed a motion to dismiss the complaint. The Court granted the motion in part and

denied it in part. The Debtor along with PHH and PR has retained its violation substantive due process cause of action against the City. PHH has retained its 5th Amendment taking claims against the City. Litigation is ongoing.

2. Litigation with 55 East Washington Development, LLC

The Debtor and 55 East Washington Development, LLC (“55E”) are parties to a case pending in Cook County, Illinois Circuit Court in the case docketed as number 2014 CH 09145. 55E owns floors 13-21 of the Building. The litigation relates to the Declaration. Currently, 55E is in default of its obligation to pay the Debtor \$136,827.06 pursuant to a court order dated August 7, 2014. All told, 55E owes the Debtor over \$400,000.00 in maintenance obligations, and the Debtor continues to prosecute its claim for same in the referenced Circuit Court case. On September 28, 2017, the Bankruptcy Court entered an order of “stay relief” (D.E. # 149) allowing the Debtor and 55E to proceed with said litigation in the Circuit Court. The litigation is ongoing.

3. Litigation with Valerio Dewalt Train Associates.

The Debtor is a party to the lawsuit styled as Valerio Dewalt Train Associates vs. EnV Group, 55 East Washington Development, LLC, Pittsfield Development, LLC; Pittsfield Hotel Holdings, LLC Pittsfield Residential II, LLC and Adam David Partners 1, LLC, in Cook County, Illinois Circuit Court in the case docketed as number 2016 CH 13139. The plaintiff performed services for Adam David Partners 1, LLC as part of that party’s due diligence on the defaulted agreement to purchase the Properties. The Plaintiff wrongfully filed a mechanic’s lien on the Properties that has since been stricken. Parties other than the Debtor or Debtor related

parties established an escrow account holding proceeds to satisfy any claims Valerio may hold. Any remaining funds are to be turned over to the Debtor. Relief from the automatic stay to proceed with said litigation was granted via agreed order entered on June 1, 2017 (D.E. # 77). The litigation is ongoing.

4. Litigation with Adam David Partners 1, LLC

Adam David Partners 1, LLC defaulted on its purchase agreement to acquire the Properties. It sued the Debtor, along with PHH and PR, in Cook County Circuit Court on November 20, 2015 in the case docketed as no. 2015 CH 17030, for damages and to reinstate the purchase agreement. Based upon information and belief, this lawsuit, combined with the previously discussed downzoning of the Building, was part of a plan concocted by the principal of Adam David Partners 1, LLC to acquire the Properties for a price considerable lower than the \$36,000,000 purchase price set forth in its agreement with the Debtor. The plaintiff was unable to properly prosecute this action and voluntarily dismissed the case on November 7, 2016.

5. Code Enforcement Litigation

The Debtor was named in an administrative code enforcement action regarding a standpipe permit. The case was docketed no. 17 RV000558 and was resolved with a *de minimus* fine.

6. Litigation with Gary Wegman, DDS

Shortly before the Debtor filed its instant bankruptcy petition, Gary Wegman, DDS, a tenant of the Debtor sued the Debtor on March 7, 2017 in Cook County Circuit Court for damages in the case docketed as no. 2017 L 002390. The

referenced case has been stayed by the bankruptcy. Gary Wegman, DDS has filed a proof of claim (No. 26-1) in the bankruptcy asserting a claim in the amount of \$200,000.00. The claimant failed to pay rent for approximately six (6) months and the subject lease has expired. The Debtor plans to file an objection to this claim to the extent one has not yet already been filed.

E. Financial Information.

The Debtor filed its schedules of assets and liabilities and statement of financial affairs with the Bankruptcy Court on or about March 26, 2017. These documents described the Debtor's assets and liabilities as of the Petition Date to the best of the Debtor's knowledge. The Debtor's schedules of assets and liabilities, statement of financial affairs and monthly operating reports are available for public inspection in the office of the Clerk of the United States Bankruptcy Court, 219 South Dearborn, 6th Floor, Chicago, Illinois 60604 during regular business hours or by visiting the United States Bankruptcy Court's website at www.ilnb.uscourts.gov. The information contained in the Debtor's schedules of liabilities is summarized as follows.

1. **Assets.**

As of the Petition Date, the Debtor's assets were comprised of the following:

Real Property	Unknown ¹
Personal Property	\$2,347,119.47

¹The Debtor was unable to place a value on its real property due to the downzoning that occurred before the bankruptcy was filed. As explained herein, the Properties, including the Debtor's portion, were sold for \$20,600,000.

2. Liabilities.

As of the Petition Date, the Debtor's liabilities were comprised of the following:

Secured Claims (PD Lender, Tax Deed Holder and Anchor) ²	\$3,171,481.22
General Unsecured Claims (including contingent and disputed claims) ³	\$5,595,015.30
Total:	\$12,535,032.45

IV. SUMMARY OF BANKRUPTCY PROCEEDINGS TO DATE

A. Credit Facility.

On April 13, 2017, the Bankruptcy Court entered an order (D.E. # 30) authorizing post-petition financing for the Debtor from Ariel Funding, LLC as Lender. At the time, said financing was secured by a mortgage on the Property. Under the order, the Debtor was authorized to borrow up to \$157,230.23, with the right to seek up to \$400,000.00.

A final order authorizing post-petition financing was entered on May 17, 2017 (D.E. # 61). Under the final order, all amounts borrowed became due upon the sale of the Property.

B. Appointment of Professionals.

The Debtor has retained with authorization from the Bankruptcy Court a total of seven (7) professionals to represent the Debtor in these proceedings. Specifically:

² The Tax Deed Holder and PD Lender held blanket liens on all of the Properties. The Tax Deed Holder was scheduled as holding a claim in an unknown amount. All secured claims against the Debtor, but for Anchor Mechanical, were paid off at Closing. Anchor Mechanical was paid off post-closing following resolution of an objection to its claim.

³ The largest unsecured claimant is PR, holding a scheduled claim in the amount of \$4,562,256.63. Under the Plan, the claim of PR is an insider claim that is subordinated to claims of other creditors.

1. On April 25, 2017, the Bankruptcy Court entered an order (D.E. # 45) appointing William J. Factor and Factorlaw as bankruptcy counsel for the Debtor in these proceedings.

2. On May 4, 2017, the Bankruptcy Court entered an order (D.E. # 52) appointing Christopher Bargione and Collins, Bargione and Vukovich as Special Litigation Counsel for the Debtor. Mr. Bargione currently represents the Debtor in the State Court litigation and the District Court Litigation outlined in this Disclosure Statement, *supra*.

3. On June 13, 2017, the Bankruptcy Court entered an order (D.E. # 83) appointing Kenneth Pilota and Kenneth Pilota, P.C. as Special Real Estate Counsel for the Debtor. Mr. Pilota's services have been needed in connection with tax certificates issued for past due property taxes due on the Properties.

4. Also on June 13, 2017, the Bankruptcy Court entered an order (D.E. #84) appointing Imperial Realty Company as its broker to sell the Properties.

5. Also on June 13, 2017, the Bankruptcy Court entered an order (D.E. #85) Ten-X, LLC as "Marketplace and Transaction Host" for sale of the Properties. Ten-X is a sophisticated online auction company previously known as "Auction.com" and handled the logistics of the sale of the Debtor's Property, *inter alia*.

6. On June 27, 2017, the Bankruptcy Court entered an order (D.E. # 104) to employ Joseph Tassi and Tassi & Company as accountant for the Debtor.

7. On August 16, 2017, the Bankruptcy Court entered an order (D.E. # 135) appointing Thomas Boyle and Thompson Coburn, LLP as Special Tax Appeal

Counsel for the Debtor. Mr. Boyle is representing the Debtor in its attempt to obtain a refund for real property taxes previously paid.

C. 363 Sale of Properties.

The Debtor filed a motion to sell the Property free and clear of liens under § 363 of the Bankruptcy Code, to approve sale procedures, and to approve breakup fee on May 30, 2017 (D.E. # 69). On May 31, 2017, the Bankruptcy Court entered an Order Granting the Debtor's Motion to Sell the Property Free and Clear of Liens and Approve Bid Procedures (D.E. # 78).

Pursuant to the court approved bidding procedures, an auction for the Properties was held on June 26, 2017. At the auction, Edward Hotel Detroit, LLC was the winning bidder with a total bid of \$20,800,00.00. The Bankruptcy Court entered an order on July 5, 2017 approving the sale (D.E. # 116).

The sale of the Properties closed on August 25, 2017. At closing, all secured claims against the Properties as set forth in Schedule D, but for the claim of Anchor Mechanical, were paid in full, as well as the claim asserted by Nebraska Alliance Realty in the amount of approximately \$5,498,010.71 for real estate taxes. The claim of Anchor Mechanical has since been paid in full following entry of an order on the objection to the proof of claim filed by Anchor Mechanical. A true and correct copy of the Settlement Statement from the Closing is annexed as Exhibit "B."

D. Stay Relief.

Valerio applied for relief from the automatic stay on May 9, 2017 (D.E. # 54) to proceed on its claim against funds that were escrowed in connection with the failed attempt of Adam David Partners I, LLC to purchase the Properties. An

agreed order granting said stay relief motion was entered on May 31, 2017 (D.E. # 77). Litigation with Valerio is ongoing in Illinois Circuit Court.

On August 29, 2017, the Debtor filed its motion for relief from the automatic stay to allow it to proceed with state court litigation with 55 East Washington (D.E. # 142). The court granted the motion via order entered on September 29, 2017 (D.E. # 149).

E. Assignment and Assumption.

On June 26, 2017, Toni Sweets Chicago, LLC (a tenant in the Property) filed a motion seeking, *inter alia*, to compel the Debtor to assume or reject its lease with the movant (D.E. # 95).

On July 14, 2017, the Debtor filed its motion to assume and assign certain executory contracts and unexpired leases (D.E. # 117). On August 2, 2017, the Bankruptcy Court granted the motion and ordered that the Debtor's leases with Toni Sweets Chicago, LLC and Pittsfield Café, Ltd. (a tenant) be assumed and assigned to the buyer at closing (D.E. # 132). This in fact was done.

F. Exclusivity.

On July 17, 2017, the Debtor filed its motion to extend the period during which it had the exclusive right to file a plan (D.E. # 118). On July 20, 2017, the Bankruptcy Court granted the Debtor's motion and extended the period in which the Debtor had the exclusive right to file a plan until October 24, 2017 (D.E. # 122). On October 10, 2017, the Debtor filed a second motion to extend the time during which it had the exclusive right to file a plan (D.E. # 150). That motion was granted

via order entered on October 18, 2017, and exclusivity was extended until January 5, 2018 (D.E. # 155).

G. Claims and Claimants.

The Debtor filed its bankruptcy schedules with the petition on March 26, 2017 (D.E. # 1) and filed its Statement of Financial Affairs on April 10, 2017. The bankruptcy schedules were amended to add two additional unsecured creditors on August 26, 2017 (D.E. # 136).

The claims register reflects that 28 separate claimants have filed claims against the Debtor.

To date, one objection to claim has been filed on August 23, 2017, to wit: An objection to Claim No. 7 filed by Anchor Mechanical. (D.E. #139). An order was entered on October 27, 2017 modifying the claim (D.E. # 127). Anchor Mechanical's claim has been paid in full.

The Debtor is in the process of reviewing all filed and scheduled claims, and will file objections and/or motions to compromise as it deems appropriate.

H. Bar Date.

By order of the Bankruptcy Court dated May 25, 2017 (D.E. # 68), July 31, 2017 was established as the last date and time by which creditors including may file a Claim against the Debtor.

V. SUMMARY OF THE PLAN

A. Brief Overview of the Plan.

The Plan provides for the payment of 100% of the allowed or agreed amount of each non-Insider claimant's claim (except for the Class 3 Spartan Claim) via a

single, lump sum distribution on account of the various claims on or before the Effective Date. The Plan is funded through proceeds from the sale of the Property and proceeds realized in litigation. Ariel Funding shall make up any shortfall on account of Class 2, and if applicable, Class 9 claims, through financing provided to the Debtor post-confirmation.

The Plan also provides for contingent, tiered payments to certain other creditors. The payments are contingent upon the Debtor realizing proceeds from other sources – its damage claim against the City of Chicago in the District Court Case, proceeds from damage claims against 55 East Washington in state court litigation, proceeds from property tax appeals, and proceeds from insurance claims.

B. Designation and Treatment of Claims Under the Plan.

There are eleven (11) classes of claims and interests under the Plan. Allowed Administrative Claims must be paid in full and are not subject to classification pursuant to Section 1123(a)(l) of the Bankruptcy Code and, therefore, are not entitled to vote. Classes 1, 2, 6, 7, 8, 9 and 11 are unimpaired and, accordingly, are presumed to have accepted the Plan pursuant to Section 1126(f) of the Bankruptcy Code. Impaired Classes 3, 4, 5 and 10 are entitled to vote on the Plan. The Plan contemplates payments to claimants as follows:

1. Unclassified Claims

Allowed Administrative Claims, including fees and reimbursable costs of the Debtor's professionals shall be paid in accordance with the payment terms agreed to by such holder and the Debtor. Professional fees and expenses through the Effective Date of the Plan shall be paid after allowance or approval by the Court on

notice and hearing after filing of such professional's application. United States Trustee and other bankruptcy fees shall be paid in full as they become due thereafter.

2. *Unimpaired Claims*

Nothing in the Plan shall affect the Debtor's rights with respect to any unimpaired Claim, including, but not limited to, all rights in respect of legal and equitable defenses to or setoff or recoupment against such unimpaired Claims.

a. Class 1 (Priority Claims)

Priority Claims (Class 1) are not impaired by the Plan and the holders of such claims will be paid in full prior to the Effective Date. The Debtor estimates the Class 1 claims total about \$4,000. Under Section 1126(f) of the Bankruptcy Code, holders of non-impaired Claims are conclusively presumed to accept the Plan, and the votes of such holders will not be solicited.

b. Class 2 (General Unsecured Claims – Including Class 2 Spartan Claim)

Class 2 Claims are unimpaired under the Plan. Class 2 Claims are claims of general unsecured creditors not otherwise separately classified in the Plan, including the Class 2 Spartan Claim of \$300,000. The Debtor estimates that the total Class 2 Claims asserted are in the range of \$1,100,000, and that the total Allowed amount for such claims after resolution of claim objections will be approximately \$500,000 to \$600,000. Class 2 Claims shall be paid in full in a lump sum payment made on or before the Effective Date.

c. Class 6 (Claim of City of Chicago)

Class 6 claims are claims of the City of Chicago and are not impaired. The City of Chicago filed two (2) proofs of unsecured claims in the aggregate amount of \$26,376.68. A total of \$25,122.00 being held in escrow by the Escrow Agent shall be used to partially satisfy the Class 6 claims. The balance of \$1,254.68 shall be paid on or before the Effective Date from the DIP Account.

d. Class 7 (Claim of the State of Illinois)

Class 7 is the claim of the State of Illinois and is not impaired. The State of Illinois was paid at the Closing. The sum of \$35,000.00 is being held in escrow pursuant to a bulk sales escrow agreement. Any remaining funds owed to the State of Illinois by the Debtor shall be paid from such escrowed funds outside the plan by the Escrow Agent. Following liquidation of the State of Illinois claims against the Debtor, any remaining funds being held in escrow shall be turned over to the Debtor by the Escrow Agent.

e. Class 8 (Claim of Valerio)

Class 8 is the claim of Valerio and is not impaired. Following entry of an order of relief from the automatic stay, Valerio's claim is being determined in state court. To the extent that Valerio has an allowed claim, and only to such extent, Valerio shall be paid from the approximately \$180,000 that is being held in an escrow account to satisfy such claim. To the extent that Valerio's claim is not allowed, said escrowed funds shall be turned over to the Debtor by the Escrow Agent.

f. Class 9 (Other Unsecured Claims)

Class 9 is a catchall class for unsecured creditors whose claims were not otherwise classified. Most likely, there are no claimants in Class 9. To the extent there are claimants in Class 9, their claims are unimpaired. To the extent that they exist, these claims will be paid in full in a lump sum payment on or before the Effective Date.

g. Class 11 (Ownership Equity Interests in the Debtor)

Class 11 consists of the interests of the Debtor's members in the Debtor. Class 11 interests are not impaired and the holders of such interests shall retain them. Under Section 1126(f) of the Bankruptcy Code, the holders of such interests are conclusively presumed to accept this Plan, and the vote of such interests will not be solicited.

3. *Impaired Claims*

a. Class 3 (Unsecured Claim of PD Lender and Class 3 Spartan Claim).

Class 3 claims are the unsecured claim of PD Lender and the Class 3 Spartan Claim which is the unsecured claim of Spartan in the amount of \$180,000.00. Class 3 claims are impaired. Class 3 claims shall be paid in full in a lump sum payment within 30 days from the date that the Debtor realizes its first \$1,000,000.00 from its lawsuit against the City of Chicago relating to the illegal downzoning of the Building (the "Second Tier Payment Date"). In the event that the Debtor fails to realize said \$1,000,000.00, and thus there is no Second Tier Payment Date, Class 3 claims shall not be paid.

b. Class 4 (Claims of Sabet and RMF).

Class 4 claims are the unsecured claims of Sabet and RMF, each of which is in the amount of \$136,801.42. Class 4 claims are impaired. Class 4 claims are subordinate to Classes 2 and 9, and as well, are subordinate to Ariel Funding (who shall be paid off in full before Class 4 claims are paid). Class 4 claims shall be paid from remaining proceeds, if any, from the District Court Case (after Class 3 claims are satisfied) as well as proceeds realized from any other source. Class 4 claims shall be paid in full to the extent that there are sufficient funds to pay such claims. Otherwise, Class 4 claims shall be paid pro rata. If there are no funds remaining after satisfaction of Class 2 and (and Class 9 claims, if any), then there shall be no distribution on account of Class 4 claims.

c. Class 5 (Claim of PR)

Class 5 is the unsecured claim of PR in the amount of \$3,704,875.40. The claim of PR is impaired. PR shall receive no distribution until the Allowed claims in Class 3 and Class 4 are paid in full. Thereafter, PR shall receive distributions within such time as the Debtor reasonably determines, from funds remaining after satisfaction of the claims in Classes 3 and 4. If there are no funds remaining to pay PR, then there shall be no distribution to PR on account of its claim.

d. Class 10 (Unsecured Claim of CHP)

Class 10 consists of the unsecured claim of CHP. The unsecured claim of CHP is impaired. CHP shall be paid the full amount of its claim within thirty (30) days of the date on which the Debtor realizes \$30,000,000.00 total from the Closing and litigation proceeds (the "CHP Payment Date"). CHP shall receive a distribution on

account of its Class 10 claim if the CHP Payment Date occurs, and thereafter, within thirty (30) days following the receipt of additional funds with respect to which CHP is entitled to a distribution in accordance with the attachment to its proof of claim. In the event there is never a CHP Payment Date, CHP shall not receive any distribution on account of its unsecured claim against the Debtor.

C. Implementation of the Plan.

1. Continuation of Legal Existence.

Upon the Effective Date, the Reorganized Debtor will continue its legal existence as an Illinois limited liability company and will be re-vested with title to all property of its estate, including all of the litigation to which it is a party as of the Effective Date. To implement the Plan and make the required distributions, the Reorganized Debtor shall utilize (a) the revenue generated from the sale of the Property, (b) funds that Ariel Funding will make available to cover any shortfall on payment of Class 2 Claims, (c) net proceeds from damage awards in ongoing litigation, (d) any proceeds from property tax appeal generated refunds, and (e) any funds held in escrow that ultimately are determined to be owed to the Debtor.

2. Management and Operations.

The Reorganized Debtor's post-confirmation business shall consist of winding up its affairs which in turn consists of consummating the Plan, prosecuting ongoing litigation and property tax appeals, liquidating insurance claims, and other matters. The Reorganized Debtor shall be authorized to operate its business and to use, sell, lease or otherwise dispose of its property free of any restrictions contained

in the Bankruptcy Code or Bankruptcy Rules, but subject to applicable non-bankruptcy law and the provisions of the Plan.

3. Duties and Responsibilities of Post-Confirmation Debtor.

The Reorganized Debtor shall continue to be empowered to execute contracts and documents of transfer on behalf of its estate and, post-confirmation, and shall continue to be responsible for administering its estate. In addition, the Reorganized Debtor shall have the power, authority, and the obligation to:

- a. Except as otherwise stated in the Plan, object to the allowance of any Claim filed or scheduled in this chapter 11 case as it deems appropriate;
- b. Retain and pay at normal and customary rates, on a monthly basis, professionals in connection with the implementation of the Plan, including the prosecution and defense of litigation and claim objections;
- c. Execute any contract or documents necessary or advisable to effectuate the terms of the Plan;
- d. Act as the disbursing agent in accordance with the terms of the Plan; and
- e. Undertake such further actions that may be necessary, desirable or incident to carry out and consummate the Plan.

4. Debtor's Management.

The Debtor's existing management shall remain in place. Such management consists of Robert Danial and Michael Sabet.

D. Treatment of Executory Contracts and Unexpired Leases.

There are no executory contracts and unexpired leases of the Debtor that remain in place.

E. Distributions.

1. Source of Funding.

All distributions under the Plan will be made by the Reorganized Debtor from proceeds realized from the sale of the Property, or, to the extent explicitly provided for in the Plan, from proceeds realized from ongoing litigation, property tax appeals, or other sources. Additionally, Ariel Funding, LLC has committed to fund distributions required to be made under the Plan pursuant to the Commitment Letter annexed hereto as Exhibit "C." Ariel Funding provided postpetition financing to the Debtor.

2. Undeliverable and Unclaimed Distributions.

Pursuant to 11 U.S.C. §347(b), all disbursements made under this Plan that remain unclaimed for 90 days shall become property of the Reorganized Debtor, and the claimants for such unclaimed disbursements shall be deemed to have had said claims satisfied in full. The Debtor shall not have any duties or obligations to track down the address of a creditor whose distribution has been returned.

3. Disputed Claims.

The Reorganized Debtor shall have the exclusive right to file objections to the allowance of any claim and shall do so no later than 60 days after the Effective Date, unless the Bankruptcy Court extends such deadline. No disbursement or distribution shall be made on account of a claim as to which an objection has been interposed or as to which a counterclaim or setoff has been asserted, unless and until the objection, counterclaim or setoff is finally resolved and such claim is allowed.

4. *Interest on Claims.*

Unless otherwise specifically provided by the Plan the Confirmation Order, other order of the Court, or by reason of applicable non-bankruptcy law, post-petition interest shall not accrue or be paid on any Claim.

F. Retention of Causes of Action.

1. *Reservation.*

Except as otherwise provided herein or in any prior order of the Bankruptcy Court, the Debtor and its bankruptcy estate reserve all causes of action arising under state and federal law. As of the entry of the Confirmation Order, the Reorganized Debtor shall have the sole and exclusive authority to prosecute, abandon, settle or adjust the estate's Claims or causes of action without the consent or approval of any third party and without further order of the Bankruptcy Court.

G. Release, Injunction and Related Provisions.

1. *Releases by Holders of Claims.*

The distributions to be received by creditors, or contemplated, under the Plan are in full and final satisfaction and settlement of all Claims arising in connection with the Debtor's Chapter 11 case that such creditors may have against the Debtor, its estate, the estate assets and the assets contemplated under this Plan to satisfy Claims, and all such Claims are released.

2. *Injunction.*

Except as otherwise provided herein, from and after the Effective Date, all holders of Claims shall be permanently enjoined from

commencing or continuing in any manner, any suit, action or other proceeding, against the Debtor, the Reorganized Debtor, PHH or PR, or any of their assets related to on account of any Claim, interest, obligation, debt, right, cause of action, remedy or liability related to the Debtor, the Debtor's property or the bankruptcy case.

VI. THE PLAN CONFIRMATION PROCESS

A. Acceptance and Confirmation.

At the hearing to consider Confirmation of the Plan, the Bankruptcy Court will confirm the Plan only if all the requirements of Section 1129 of the Bankruptcy Code are met. Among the requirements for confirmation of the Plan are that the Plan is (1) accepted by an impaired Class of Claims or, if rejected by an impaired Class, that the Plan “does not discriminate unfairly” and is “fair and equitable” as to the Class, (2) feasible, and (3) in the best interests of creditors whose Claims are impaired under the Plan.

B. Acceptance of the Plan.

For the Plan to be accepted by any Class, it must be accepted by creditors who hold at least two-thirds in dollar amount of the Claims held by voting members of the Class, and which comprise more than one-half of the votes in such Class. A Class is impaired if the legal, equitable or contractual rights attaching to the Claims in that Class are modified, other than by curing defaults, reinstating maturity, and compensating the holder for certain kinds of reliance damages. Creditors whose Claims are not impaired by the Plan may not vote and are

conclusively presumed, pursuant to the Bankruptcy Code, to have accepted the Plan.

If any impaired Class does not accept the Plan, the Debtor may nevertheless seek confirmation of the Plan. As set forth in section 1129(b) of the Bankruptcy Code, to obtain such confirmation and “cram-down” on the dissenting Class or Classes, the Debtor must demonstrate to the Bankruptcy Court that the Plan “does not discriminate unfairly” and is “fair and equitable” with respect to each dissenting Class. A plan does not discriminate unfairly, if among other things, the dissenting Class is treated substantially equally with respect to other Classes of equal rank. The Debtor will satisfy the “fair and equitable” test if the Debtor can demonstrate to the Bankruptcy Court that either (1) each holder of a Claim in the dissenting Classes receives or retains, under the Plan, property of a value equal to the allowed amount of its Claim; or (2) the holders of Claims that are junior to the Claims of the holders of such dissenting Class will not receive or retain any property under the Plan.

C. Feasibility.

The Plan is a liquidating plan providing for the 100% payment of all allowed or agreed non-Insider claims on the Effective Date (but for the agreed treatment of the two Class 3 Claims of non-Insiders). The payments to general unsecured creditors in Class 2 (and if applicable, Class 9) shall be funded by proceeds in the DIP Account from the Closing, with Ariel Funding committing to fund any shortfall.

The payments to creditors in Classes 6, 7 and 8 are to be funded by money already held in escrow. All payments to Classes 3 are contingent upon realizing \$1,000,000 in proceeds from the District Court Case. Payments to the Insider Classes 4 and 5, as well as that of CHP's Class 10 claim are also contingent upon realizing proceeds in sufficient amounts, and in the case of Class 10, over a \$30,000,000 threshold. If such contingencies do not occur, the distributions will not be made. Therefore, for these reasons, the Plan is feasible.

D. Risk Factors.

Certain risk factors are inherent in the Chapter 11 plan confirmation process. If a plan is accepted by creditors, it is usually because the proposal represents a greater return to creditors than would be available in liquidation. The Debtor believes that the Plan and this Disclosure Statement accurately reflect the values of its assets and liabilities and that the Debtor's proposed treatment of Allowed Claims, based on such values, is fair and equitable with respect to each Class of creditors.

However, the Debtor cannot guarantee its creditors, with 100% certainty, that its assumptions will prove to be correct, that it will be able to pay all creditors in full or as otherwise projected in the Plan or in this Disclosure Statement, or if any issues with this Disclosure Statement or the Plan are raised and litigated, the Debtor will prevail on each issue. Therefore, there is some risk that even if the Debtor's creditors vote to accept the Plan, it may not be confirmed, and if it is, such

creditors may not receive the projected recovery or any recovery at all. If the Plan is not confirmed, the Debtor would have the right under the Bankruptcy Code to make modifications to the Plan consistent with the Bankruptcy Court's rulings, and, if required, solicit acceptances to the Plan as modified.

VII. BEST INTEREST TEST

Confirmation of the Plan also requires that each claimant either (a) accept the Plan, or (b) receive or retain under the Plan property of a value, as of the Effective Date of the Plan, that is not less than the value such claimant would receive or retain if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code. In order to make this determination, the Bankruptcy Court must compare the treatment accorded creditors under the Plan with the treatment such creditors would be entitled to under Chapter 7 of the Bankruptcy Code.

Under the Plan, it is expected that all non-Insider creditors, except Class 3 creditors, will be paid in full on account on the allowed or agreed amounts of their claims in a single lump sum payment on or before the Effective Date. Indeed, the Plan and bankruptcy case provide for the greatest recovery for all creditors as no other recovery can be greater or faster than that being provided by the Plan.

To determine what creditors would receive if the Debtor was liquidated, the Bankruptcy Court must determine the proceeds that would be generated from the liquidation of the Debtor's assets in the context of a Chapter 7 case. Such amount

would then be reduced by the cost and expenses of liquidation and by additional administrative claims that would be incurred in a Chapter 7 liquidation. Such liquidation costs include the fees payable to a trustee, as well as those payable to attorneys and other professionals that a trustee may engage, plus any unpaid expenses incurred by the Debtor during this bankruptcy case.

Simply stated, the Debtor's creditors will receive at least as much value under the Plan as they would receive in a Chapter 7 liquidation, and will be paid considerably earlier than they would under a Chapter 7 liquidation. As a result, the Plan satisfies the best interests of the creditors test.

In any event, the Plan does not, and cannot provide for distributions less than the amount available to unsecured creditors in a Chapter 7 liquidation since the Plan provides for payment of their claims in full. With respect to Classes 3 and 10, the Debtor believes such creditors will consent to the treatment provided for in the Plan. The same is true with respect to Classes 4 and 5.

Therefore, the best interest test is satisfied with respect to the Debtor's creditors, and, accordingly, the confirmation of the Plan is in the best interest of the Debtor's estate.

VIII. GENERAL FEDERAL INCOME TAX CONSIDERATIONS

The confirmation and execution of the Plan may have tax consequences to holders of Claims and Interests. The Debtor does not offer any opinion as to any federal, state, local or other tax consequences to holders of Claims as a result of the

Confirmation of the Plan. All holders of Claims are urged to consult their own tax advisors with respect to the federal, state, local and foreign tax consequences of the Plan. THIS DISCLOSURE STATEMENT IS NOT INTENDED, AND SHOULD NOT BE CONSTRUED, AS LEGAL OR TAX ADVICE TO ANY CREDITOR.

**IX. ALTERNATIVES TO CONFIRMATION
AND CONSUMMATION OF THE PLAN**

If the Plan is not confirmed and consummated, the alternatives include (a) liquidation of the Debtor under Chapter 7 of the Bankruptcy Code, or (b) dismissal of the bankruptcy case. Neither of these alternatives would result in a larger recovery for the creditors than that provided for under the Plan.

A. Liquidation Under Chapter 7.

If no plan can be confirmed, the bankruptcy case may be converted to a case under Chapter 7 of the Bankruptcy Code, in which a trustee would be elected or appointed to liquidate the assets of the Debtor for distribution to its creditors in accordance with the priorities established by the Bankruptcy Code. This would create an unneeded level of additional administrative expense claimants whose claims would prime those of the other creditors. Such expenses include approximately 10% of distributions that would be payable to a trustee. Conversion of this case would also result in a delay of distributions to creditors. It could not create a larger distribution to creditors since creditors under the current plan are

being paid 100% of the allowed or agreed amounts of their claims in a single, lump sum payment made on or before the Effective Date.

B. Dismissal of the Bankruptcy Case.

If the Plan is not confirmed, the bankruptcy case could be dismissed. In that event, the creditors would not have the benefit of a reorganization plan that provides for a 100% lump sum payment of the allowed or agreed amount of their claims, nor would they have the benefit of bankruptcy court oversight to allow for enforcement of such rights granted under the Plan.

X. THE DEBTOR'S FINANCIAL STATEMENT

The Debtor does not prepare any consolidated annual financial statements and does not have a statement for the year before the petition date.

XI. CONCLUSION

The Plan provides for the maximum recovery for all of its creditors in an expeditious manner. Accordingly, the Debtor believes that approval of the Plan is in the best interests of the Debtor and its estate and creditors, and recommends that its impaired creditors vote to accept the Plan.

Dated: January 3, 2018

Respectfully submitted,

Pittsfield Development, LLC

By: /s/ Jeffrey K. Paulsen
One of Its Attorneys

William J. Factor (6205675)

Jeffrey K. Paulsen (6300528)

FACTORLAW

105 W. Madison Street, Suite 1500

Chicago, IL 60602

Tel: (312) 878-6976

Fax: (847) 574-8233

Email: wfactor@wfactorlaw.com

jpaulsen@wfactorlaw.com

EXHIBIT A

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re: Chapter 11
Pittsfield Development LLC, Bankruptcy No. 17-09513
Debtor. Hon. Jacqueline P. Cox
_____ /

DEBTOR'S PLAN OF REORGANIZATION

This Plan of Reorganization is proposed as of January 3, 2018, by Pittsfield Development, LLC (the "Debtor"), pursuant to the provisions of the United States Bankruptcy Code, 11 U.S.C. §§101 *et seq.* (the "Bankruptcy Code").

ARTICLE I. GENERAL PROVISIONS

A. Rules of Construction.

The rules of construction applicable to the Bankruptcy Code and the Federal Rules of Bankruptcy Procedure shall be applicable to this Plan.

B. Definitions.

1. A term used but not defined in the Plan which is used in the Bankruptcy Code or Bankruptcy Rules shall have the meaning ascribed to that term in the Bankruptcy Code or Bankruptcy Rules.

2. The following definitions shall apply for purposes of the Plan:

(a) "Allowed Claim" means (i) any Claim, or portion thereof, against the Debtor which has been listed by the Debtors in their Schedules of Assets and Liabilities as liquidated in amount and not disputed or contingent, for which no

contrary proof of claim has been filed and to which the Debtor or Reorganized Debtor or any other party in interest, as applicable, has not filed an objection within the time allowed for objections; (ii) any timely filed Claim to which the Debtor or Reorganized Debtor or any other party in interest, as applicable, has not filed an objection within the time allowed for objections; (iii) any timely filed Claim which has been allowed by a Final Order; or (iv) any timely filed Claim as to which the liability of the Debtor and the amount thereof have been determined by Final Order of a court of competent jurisdiction other than the Bankruptcy Court.

(b) “Ariel Funding” means Ariel Funding, LLC, which is the entity that provided debtor in possession financing to the Debtor.

(c) “Bankruptcy Code” means Title 11 of the United States Code, 11 U.S.C. § 101 *et seq.*, together with all amendments, modifications and replacements as the same exist upon any relevant date, to the extent applicable to the Bankruptcy Case.

(d) “Bankruptcy Court” means the United States Bankruptcy Court for the Northern District of Illinois that is presiding over the above captioned case.

(e) “CHP” means Chicago Hotel Partners, LLC.

(f) “CHP Payment Date” means thirty (30) days after the first date on which the sum of the following exceeds \$30,000,000.00: (i) total proceeds from sale as ordered by the Bankruptcy Court plus (ii) damages collected in the District Court Case, if applicable, or any other proceeds from pending lawsuits regarding the Pittsfield Building.

(g) “Class 2 Spartan Claim” means the unsecured claim of Spartan in the amount of \$300,000.00.

(h) “Class 3 Spartan Claim” means the unsecured claim of Spartan in the amount of \$180,000.00.

(i) “Closing” means that certain closing of the sale of all of the real property of the Debtor which took place on August 26, 2017 pursuant to order of the Bankruptcy Court.

(j) “Confirmation Order” means the order confirming this Plan.

(k) “Debtor” means Pittsfield Development, LLC.

(l) “DIP Account” means the Debtor’s Debtor-in-Possession bank account.

(m) “Disputed Claim” means a Claim which the Debtor scheduled as “disputed” in its Schedules of Assets and Liabilities or a Claim as to which a

proof of claim has been filed (or deemed filed under applicable law), as to which an objection has been or may be filed and has not been withdrawn, overruled or denied by a Final Order.

(n) “District Court Case” means that certain lawsuit docketed as Case No. 17-CV-1951 currently pending before the United States District Court for the Northern District of Illinois.

(o) “Effective Date” means 30 days after entry of the Confirmation Order.

(p) “Escrow Agent” shall mean Kensington Vanguard Land Services of NY and/or Stewart Title Insurance Company, as applicable.

(q) “Insider(s)” includes the Debtor’s manager, all members of the Debtor, and all other persons who are classified as insiders under the United States Bankruptcy Code and applicable case law. Included in this class are RMF, Sabet, PHH, and PR.

(r) “Leftover Remaining Other Proceeds” are those Remaining Other Proceeds that are left over after the claims in Class 4 are satisfied in full.

(s) “Other Proceeds” means proceeds realized by the Debtor other than those used to pay Class 2, Class 3, and if applicable, Class 9 claims. Other Proceeds include, but are not limited to: Second Tier Leftover Funds, proceeds

realized from the District Court Case to the extent they exceed \$1,000,000.00, proceeds realized from settlement of any other litigation, proceeds realized from a successful real estate tax appeal(s), proceeds realized from insurance claim(s).

(t) “PD Lender” means PD Lender, LLC.

(u) “PHH” means Pittsfield Hotel Holdings, LLC.

(v) “PR” means Pittsfield Residential II, LLC.

(w) “Petition Date” means March 26, 2017.

(x) “Plan” means this Debtor’s Plan of Reorganization proposed as of January 3, 2018.

(y) “Remaining Other Proceeds” means those Other Proceeds that remain after payment in full of the balance due to Ariel Funding, if any, for funding payments on account of Class 2 (and if applicable, Class 9) claims under the Plan.

(z) “Reorganized Debtor” means the Debtor on and after the Effective Date.

(aa) “RMF” means RAD Mortgage Fund 2010, LLC.

(bb) “Sabet” means Michael Sabet.

(cc) “Second Tier Payment Date” means thirty (30) days following that date on which the Debtor first realizes \$1,000,000 or more in proceeds from the District Court Case.

(dd) “Second Tier Leftover Funds” refers to that amount remaining from proceeds from the District Court Case, up to \$570,000.00, after payment in full of all Class 3 claims.

(ee) “Spartan” means Spartan Contractors, Inc.

(ff) “Valerio” means Valerio DeWalt Train Associates.

C. Confirmation Pursuant to 11 U.S.C. §1129(b).

This Plan may be confirmed pursuant to 11 U.S.C. §1129(b) if the Court determines that this Plan does not discriminate unfairly, and is fair and equitable, with respect to each class of Claims that is impaired under and has not accepted the Plan.

D. Successors and Assigns.

The rights and obligations of any person or entity referred to in this Plan shall be binding upon and shall inure to the benefit of the successors and assigns of each such person or entity.

E. Amendment and Modification.

The Debtor may alter, amend, or modify the Plan before or after entry of the Confirmation Order in accordance with 11 U.S.C. §1127.

F. Severability.

Should any provision or section of this Plan be determined to be unenforceable, such determination shall not impair, limit or otherwise affect the enforceability of any other provision or section of this Plan.

G. Entire Agreement.

This Plan supersedes all prior discussions, understandings, agreements and documents pertaining or relating to any subject matter of the Plan.

H. Headings.

Headings of the articles, paragraphs and sections of this Plan are inserted for convenience only and shall not affect the meaning of any Plan provision.

I. Governing Law.

Except to the extent the Bankruptcy Code or Bankruptcy Rules are applicable, or unless otherwise stated in a document between the Debtor and any claimant, the rights and obligations arising under this Plan shall be governed by the laws of the State of Illinois, without giving effect to the principles of conflicts of law of the State of Illinois.

J. Revocation.

The Debtor reserves the right to revoke and withdraw this Plan at any time prior to its confirmation.

**ARTICLE II.
TREATMENT OF UNCLASSIFIED CLAIMS**

A. Administrative Expenses.

Each holder of an allowed administrative expense as defined in 11 U.S.C. §§503(b) and §507(a)(2), including post-petition trade claims, shall be paid in accordance with the payment terms agreed to by such holder and the Debtor by the Effective Date unless agreed to otherwise; provided, however, if any administrative expense is (i) disputed as to amount, validity, priority or enforceability, or (ii) subject to setoff by reason of an action which has been or may be brought by the Debtor, then such expense shall be payable only to the extent allowed by order of the Court; and further, provided, no payment on account of an administrative expense for professional fees allowable pursuant to §§330 and 331 of the Bankruptcy Code and Bankruptcy Rule 2016 shall be made until such expense is allowed by order of the Court.

Except as otherwise provided by an Order entered in the bankruptcy case or this Plan and except for administrative expense claims incurred in the ordinary course of business, the deadline for any Person to assert a Claim entitled to priority under § 507(a)(2) of the Bankruptcy Code shall be 30 days after the Effective Date. Claims that are required to be filed within that time frame and are not so filed shall be deemed untimely and shall not be entitled to a distribution under the Plan.

Accrued fees required to be paid pursuant to 28 U.S.C. §1930 shall be paid in full on or before the Effective Date. U.S. Trustee fees shall be paid by the

Reorganized Debtor as they become due and payable, both prior to and after the Effective Date.

B. Other Unclassified Claims.

Other unclassified claims are Claims, other than an Administrative Expense Claim that are accorded priority under §§ 507(a)(2) of the Bankruptcy Code. Such claims generally are entitled to priority under §§ 507(a)(3) and (a)(8) of the Bankruptcy Code. The Debtor does not believe there are any such Claims.

**ARTICLE III.
DESIGNATION OF CLAIMS**

A. Classification in General.

A claim or interest is classified in a class only to the extent that the claim or interest qualifies within the description of that class, and may also be classified in a different class to the extent that the claim or interest qualifies within the description of that different class.

B. Resolution of Classification Disputes.

The Bankruptcy Court shall have exclusive jurisdiction over any dispute concerning the classification of Claims. Resolution of any such dispute shall not be a condition precedent to confirmation or consummation of the Plan.

C. Designation of Classes.

The classes of Claims are designated as follows:

1. **Class 1.** Claims entitled to priority pursuant to 11 U.S.C. § 507(a)(1), (4), (5), (6) and (7), to the extent not otherwise separately classified herein, and to the extent not explicitly addressed in this Plan.
2. **Class 2.** Claims of general, unsecured creditors that are not otherwise separately classified in this Plan, including the Class 2 Spartan Claim.
3. **Class 3.** Unsecured claim of PD Lender and the Class 3 Spartan Claim.
4. **Class 4.** Claims of Sabet and RMF.
5. **Class 5.** Claim of PR.
6. **Class 6.** Claims of the City of Chicago, Illinois.
7. **Class 7.** Claim of the State of Illinois.
8. **Class 8.** Claim of Valerio.
9. **Class 9.** Unsecured Claims of whatever character or description of claimants not previously designated herein. Specifically excluded from this Class are Class 2 creditors and other creditors who are explicitly addressed in this Plan.
10. **Class 10.** Unsecured claim of CHP.
11. **Class 11.** Ownership equity interests in the Debtor.

D. Administrative Expenses.

Administrative Expenses (including Claims arising under § 503(b)(9) of the Bankruptcy Code, if any) have not been classified and are expressly excluded from

the preceding classes in accordance with § 1123(a)(1) of the Bankruptcy Code.

Administrative expense claimants include all professionals appointed by the Court.

ARTICLE IV.

DESIGNATION AND TREATMENT OF DIFFERENT CLASSES

A. Class 1 (Priority Claims)

Priority Claims (Class 1), if any, are not impaired by this Plan. All priority claims shall be paid at such time, and in such manner, and in such amount as required by law. Under Section 1126(f) of the Bankruptcy Code, holders of claims that are not impaired are conclusively presumed to accept the Plan, and the votes of such holders will not be solicited.

B. Class 2 (Claims of General Unsecured Creditors not Separately Classified in Plan, including the Class 2 Spartan Claim)

The claims of Class 2 claimants are not impaired. The agreed or allowed amounts of such claims shall be paid in full in a lump sum payment made on or before the Effective Date or within 30 days of the date such Class 2 Claim becomes an Allowed Claim.

C. Class 3 (Unsecured Claim of PD Lender and the Class 3 Spartan Claim)

The claims of Class 3 claimants are impaired. The agreed or allowed amounts of such claims shall be paid in full in a lump sum payment made on the Second Tier Payment Date. If the Debtor fails to realize proceeds in the threshold amount of \$1,000,000.00 in the District Court Case, and thus no Second Tier

Payment Date occurs, or, if the Second Tier Payment Date otherwise never occurs, then no payment shall be made on account of Class 3 claims.

D. Class 4 (Unsecured Claims of Sabet and RMF)

The claims of Class 4 claimants are impaired. Class 4 claimants shall be paid in full in a lump sum from Remaining Other Proceeds within thirty (30) days from the date on which the Debtor realizes Remaining Other Proceeds. In the event that such Remaining Other Proceeds are insufficient to fully satisfy the claims in Class 4, Class 4 claimants shall receive pro rata distributions on account of their claims from Remaining Other Proceeds within thirty (30) days from the date(s) on which the Debtor realizes Remaining Other Proceeds. In the event that Remaining Other Proceeds are never realized by the Debtor, then no payment shall be made on account of Class 4 claims.

E. Class 5 (Claim of PR)

The claim of PR is impaired. PR shall receive no distribution until the claims of Class 4 creditors are paid in full. Thereafter, PR shall receive distributions within such time and in such amount as the Debtor reasonably determines, from Leftover Remaining Other Proceeds.

F. Class 6 (Claims of the City of Chicago, Illinois)

The claims of the City of Chicago are not impaired. The City of Chicago filed two claims. Claim # 5-1 is in the amount of \$24,280.18. Claim # 6-1 is in the amount of \$2,096.50. The total of both claims is \$26,376.68. The City of Chicago shall be paid the sum of \$25,122.00 on or before the Effective Date from proceeds

being held in escrow by the Escrow Agent. The remaining amount of \$1,254.68 shall be paid in full in a lump sum payment on or before the Effective Date from funds in the DIP Account.

G. Class 7 (Claim of the State of Illinois)

The claim of the State of Illinois is not impaired. The State of Illinois was paid at the Closing. The sum of \$35,000.00 is being held in escrow pursuant to a bulk sales escrow agreement. Any remaining funds owed to the State of Illinois by the Debtor shall be paid from such escrowed funds outside the Plan by the Escrow Agent. Following payment in full of the State of Illinois claim against the Debtor, any remaining funds being held in escrow shall be turned over to the Debtor by the Escrow Agent.

H. Class 8 (Claim of Valerio)

The claim of Valerio is not impaired. To the extent that Valerio has an allowed claim, and only to such extent, Valerio shall be paid from funds set aside in a pre-petition escrow account established to satisfy such claim. To the extent that Valerio's claim is not allowed, said escrowed funds shall be turned over to the Debtor by the Escrow Agent.

I. Class 9 (Other Unsecured Claims)

The claims of Class 9 claimants are not impaired. The agreed or allowed amounts of such claims shall be paid in full in a lump sum payment made on or before the Effective Date.

J. Class 10 (Unsecured claim of CHP)

The unsecured claim of CHP is impaired. CHP shall receive a distribution on account of its unsecured claim within thirty (30) days of the CHP Payment Date, if such date occurs, and thereafter, within thirty (30) days following the receipt of additional funds with respect to which CHP is entitled to a distribution in accordance with the attachment to its proof of claim. In the event there is never a CHP Payment Date, CHP shall not receive any distribution on account of its unsecured claim against the Debtor.

K. Class 11 (Ownership Equity Interests in the Debtor)

Class 11 interests are not impaired. Under Section 1126(f) of the Bankruptcy Code, the holders of such interests are conclusively presumed to accept this Plan, and the vote of such interests will not be solicited.

**ARTICLE V.
DEBTOR'S BUSINESS OPERATIONS**

A. Post-confirmation business.

The Reorganized Debtor's post-confirmation business shall consist of winding up its affairs following the Closing of the sale of its real property which occurred on August 26, 2017. The winding up of the Debtor's affairs shall largely consist of prosecution of the District Court Case, prosecution of litigation against 55 E Washington, prosecution of real estate tax appeals, and liquidation of insurance claims.

B. Current management.

The Debtor's current management structure shall remain in place and shall be unaffected by the provisions of this Plan.

C. Continued Existence.

The Reorganized Debtor shall continue in existence following the Effective Date. The Reorganized Debtor shall continue to be empowered to execute contracts and documents of transfer on behalf of its estate and, post- confirmation, shall continue to be responsible for administering its estate. In addition, the Reorganized Debtor shall have the power, authority, and the obligation to:

1. Except as otherwise stated in the Plan, object to the allowance of any Claim filed or scheduled in this chapter 11 case as it deems appropriate;
2. Retain and pay at normal and customary rates, on a monthly basis, professionals in connection with the implementation of the Plan;
3. Execute on behalf of the estate any contract or documents necessary or advisable to effectuate the terms of the Plan;
4. Act as the disbursing agent of the estate in accordance with the terms of the Plan; and
5. Undertake such further actions that may be necessary, desirable or incident to carry out and consummate the Plan.

D. Executory contracts.

The Debtor does not believe there are any executory contracts or unexpired leases of the Debtor that remain as of the date of filing of this Plan and that all such executory contracts or unexpired leases were assigned in connection with the sale of the Debtor's property. As a precaution, any executory contract or unexpired leases are deemed rejected by the Debtor unless such contract or lease was expressly assumed by the Debtor on or before the Effective Date.

**ARTICLE VI.
MEANS FOR EXECUTION OF THE PLAN**

A. Execution of the Plan.

1. Except as otherwise provided for herein, all claims addressed in this Plan shall be paid from the proceeds contained in the DIP Account. The DIP Account contains proceeds realized from the post-petition, pre-Plan sale of the Property. Further sources of proceeds of the DIP Account may include proceeds loaned to the Debtor by Ariel Funding (the Debtor's court approved credit facility), proceeds realized from the District Court Case, proceeds realized in litigation with 55 East Washington, refunds or rebates from taxing authorities, proceeds realized from insurance claims, and proceeds realized from any other lawsuit or other source.

2. All proceeds set forth in paragraph 1, above, shall be paid over to the Debtor who shall deposit same in the DIP Account. The Reorganized Debtor shall be the disbursing agent for each of the disbursements called for herein.

3. The Reorganized Debtor shall make disbursements of Plan payments by check, wire transfer, or some other agreed upon method.

4. To the extent a claimant's claim is to be satisfied in full or in part from proceeds in an escrow account with a third-party Escrow Agent, payment shall be made in accordance with standard industry practice for similarly situated Escrow Agents and claimants. In the event that proceeds being held in escrow from the Closing exceed distributions called for in the Plan, the Escrow Agent, shall turnover said excess to the Debtor, and such excess proceeds shall become property of the Debtor.

5. All Administrative Expenses, as outlined in Article III, Section A., *infra*, shall be paid in the manner called for therein.

6. Except in the case of distributions on account of Class 2 claims (and, if applicable, Class 9 claims), to the extent that this Plan calls for a distribution following realization of proceeds by the Debtor from the District Court Case or otherwise, and no such proceeds are in fact realized by the Debtor, in such event, no such distribution shall be made, the Debtor shall have no further obligation to make such distribution, and the Debtor shall have no further liability to such creditor or claimant otherwise entitled to such distribution.

7. Notwithstanding any else to the contrary in the Plan, in the event that the Plan calls for a payment to be made on or before the Effective Date, and the underlying claim with respect to such claimant has not been fully

liquidated, the subject claim shall be paid on or before thirty (30) days following the date on which an order by court of competent jurisdiction fully liquidating such claim becomes final.

8. The balance due to Ariel Funding for loan proceeds used to pay off Class 2 claims (and if applicable, Class 9 claims) shall be paid in full from Other Proceeds as and when the Debtor realizes Other Proceeds. No creditors in Classes 4, 5 or 10 shall receive any distribution on account of their claims until the loan from Ariel Funding to the Debtor to pay Class 2 (and, if applicable, Class 9) claims is paid off in full.

9. Class 11 claims shall retain their membership interests in the Debtor.

B. Unclaimed Disbursements.

Pursuant to 11 U.S.C. §347(b), all disbursements or distributions made under this Plan that remain unclaimed for 90 days shall become property of the Reorganized Debtor, and the claimants for such unclaimed disbursements shall be deemed to have had said claims satisfied in full. Distributions to Holders of Allowed Claims shall be distributed by U.S. mail as follows: (a) at the primary address designated by the Holder of the Proof of Claim as the address to which payment should be sent and if no such address was designated, at the address designated as the address to which notices should be sent or such other address listed by the Holder; (b) at the address set forth in any written notice of an address

change filed with the Bankruptcy Court or delivered to the Reorganized Debtor prior to the entry of the confirmation order; or (c) at the address reflected on the Debtor's Schedules of Assets and Liabilities if no Proof of Claim is filed and no notice of a change of address has been filed or delivered. If a disbursement or distribution has been returned, the Debtor or Reorganized Debtor shall not have any obligation or duty to search for a creditor's address or location.

C. Interest on Claims.

Unless otherwise specifically provided for in this Plan, the Confirmation Order, the Bankruptcy Code or by reason of applicable non-bankruptcy law, neither pre-petition nor post-petition interest shall accrue or be paid on any Claim.

D. Objections to Claims

1. The Reorganized Debtor shall have the exclusive right to file objections to the allowance of any claim no later than 60 days after the Effective Date, unless the Bankruptcy Court extends such deadline. The Reorganized Debtor shall have the exclusive right to file objections to the allowance of scheduled claims (even if no proof of claim has been filed) no later than 60 days after the Effective Date, unless the Bankruptcy Court extends such deadline.

2. No disbursement shall be made on account of a Disputed Claim, including any Claim as to which an objection has been interposed or as to which a counterclaim or setoff has been asserted, unless and until the objection, counterclaim or setoff is finally resolved and such claim becomes an Allowed Claim.

The provisions of this section supersede any other provision to the contrary in this Plan. Upon entry of a final order resolving any Disputed Claim, the amount thereof shall be paid within 30 days. A final order is one that is no longer subject to appeal or reconsideration under Rule 59.

3. To the extent the Debtor has commenced a proceeding objecting to a Claim, the Reorganized Debtor will automatically and with no further action required supplant the Debtor as the party pursuing such objection and shall be vested with all of the rights and obligations of the Debtor in such proceeding.

**ARTICLE VII.
EFFECT OF CONFIRMATION**

A. Effect of Appeals.

Notwithstanding a pending appeal from the Confirmation Order or the timely service and filing of a motion under Bankruptcy Rules 7052, 8002(b), 8002(c), 8003, 8015, 9023 or 9024, the Debtor may, but shall not be required to, consummate this Plan, unless the Confirmation Order is stayed pending appeal.

B. Re-vesting of Property.

As of the Effective Date, the Reorganized Debtor shall be re-vested with title to all property of its estate, free and clear of all liens, Claims and interests, except to the extent provided in the Plan or in the Confirmation Order.

C. Discharge.

Except, as otherwise provided in the Plan or in the Confirmation Order, confirmation of this Plan shall operate as a discharge of all Claims against the Debtor and property of the estate that arose at any time before the Effective Date.

**ARTICLE VIII.
RELEASES, INJUNCTIVE AND RELATED PROVISIONS**

A. Injunction

Except as otherwise provided herein or in any prior order of the Bankruptcy Court, from and after the Effective Date, all holders of Claims shall be permanently enjoined from commencing or continuing any suit, action or other proceeding against the Debtor, the Reorganized Debtor, PR or PHH, or any of their assets, on account of any Claim, interest, obligation, debt, right, cause of action, remedy or liability related to the Debtor, the Debtor's property or the bankruptcy case.

B. No Liability for Solicitation or Participation

Persons that solicit acceptances or rejections of the Plan on behalf of the Debtor are not liable, on account of such solicitation or participation, for violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan.

**ARTICLE IX.
RETENTION OF CAUSES OF ACTION**

Except as otherwise provided herein or in any prior order of the Bankruptcy Court, the Debtor and its bankruptcy estate reserve all causes of action, all claims against third parties (including, but not limited to, insurance claims), all claims on

account of property tax appeals, and all other claims arising under state and federal law. As of the entry of the Confirmation Order, the Reorganized Debtor shall have the sole and exclusive authority to prosecute, abandon, settle or adjust the estate's claims or causes of action without the consent or approval of any third party and without further order of the Bankruptcy Court. The Debtor reserves all rights to bring such actions, and pursuant to 11 U.S.C. § 502(d) reserves the right to object to the allowance of any claim if the holder of such claim received a transfer avoidable under Chapter 5 of the Bankruptcy Code.

**ARTICLE X.
RETENTION OF JURISDICTION**

Notwithstanding entry of the Confirmation Order, the Bankruptcy Court shall retain jurisdiction of all matters arising out of, and related to, the bankruptcy case and this Plan and arising under the Bankruptcy Code to the fullest extent allowable under §§ 105(a) and 1142 of the Bankruptcy Code.

ARTICLE XI. MISCELLANEOUS

A. Disclosure Statement

The attention of creditors is directed to the Disclosure Statement approved by the Court for this Plan.

Respectfully submitted,

Pittsfield Development, LLC

By: /s/ Jeffrey K. Paulsen
One of Its Attorneys

William J. Factor (6205675)

Jeffrey K. Paulsen (6300528)

FACTORLAW

105 W. Madison Street, Suite 1500

Chicago, IL 60602

Tel: (312) 878-6976

Fax: (847) 574-8233

Email: wfactor@wfactorlaw.com

jpaulsen@wfactorlaw.com

EXHIBIT B

KENSINGTON VANGUARD

NATIONAL LAND SERVICES

39 West 37th Street
New York, NY 10018
Tel: 212.532.8686
www.kvnational.com

CLOSING STATEMENT

TITLE NUMBER: 832673(S-IL-CP-KV)
UNDERWRITER: Diane Galarza
PURCHASER(S): Jewellery Tower LLC, an Illinois limited liability company
SELLER(S): Pittsfield Development, LLC; Pittsfield Holdings, LLC; and Pittsfield Residential II, LLC
LENDER: TD Bank
PROPERTY: Historic Pittsfield Building, 55 East Washington, Chicago, Illinois 60602
CLOSING DATE: Friday, August 25, 2017

	PURCHASER CREDIT	SELLER CREDIT
PURCHASE PRICE:		\$ 20,800,000.00
PRORATIONS:		
Rental Security Deposits	\$ 21,023.23	
Letter of Credit Transfer Fee	\$ 200.00	
Scaffolding Credit	\$ 1,500.00	
Rent (August 25 - 31)	\$ 17,776.88	
TOTAL:	\$ 40,500.11	\$ -
ADJUSTED PURCHASE PRICE:		\$ 20,759,499.89
EARNEST MONEY DEPOSIT:	\$ 2,080,000.00	
LOAN AMOUNT FUNDED TO TITLE:	\$ 19,219,090.58	
	PURCHASER CHARGES	SELLER CHARGES
TITLE INSURANCE CHARGES		
Owners Policy and Endorsements Premium	\$ 19,760.00	
Settlement/Escrow Fee	\$ 750.00	\$ 750.00
Search and Exam	\$ 1,800.00	
Good Standing Certificates		\$ 300.00
Bankruptcy/Patriot Search	\$ 100.00	
Recording Fees	\$ 250.00	\$ 500.00
State Transfer Tax		\$ 20,800.00
County Transfer Tax		\$ 10,400.00
City Transfer Tax	\$ 156,000.00	\$ 62,400.00
BUYERS THIRD PARTY DISBURSEMENTS		
Redemption Certificate	\$ 40.00	
Zoning Professionals Inc.	\$ 700.00	
CSC	\$ 2,275.25	
Locke Lord Legal Fees	\$ 98,500.00	
Reliance Letters - Partner Engineering and Science, Inc	\$ 500.00	
TD Bank Wire Fee	\$ 10.00	
SELLER THIRD PARTY DISBURSEMENTS		
Nebraska Alliance Realty		\$ 6,168,630.16
PD Lender LLC		\$ 3,759,425.00
Ariel Funding, LLC - Pittsfield Development, LLC		\$ 410,479.45
Ariel Funding, LLC - Pittsfield Residential II, LLC		\$ 363,863.01
Pioneer Acquisitions LLC		\$ 100,000.00
Imperial Realty Company		\$ 203,519.05
Transaction Fee - Ten-X LLC		\$ 448,095.24



39 West 37th Street
New York, NY 10018
Tel: 212.532.8686
www.kvnational.com

CLOSING STATEMENT

TITLE NUMBER: 832673(S-IL-CP-KV)
UNDERWRITER: Diane Galarza
PURCHASER(S): Jewellery Tower LLC, an Illinois limited liability company
SELLER(S): Pittsfield Development, LLC; Pittsfield Holdings, LLC; and Pittsfield Residential II, LLC
LENDER: TD Bank
PROPERTY: Historic Pittsfield Building, 55 East Washington, Chicago, Illinois 60602
CLOSING DATE: Friday, August 25, 2017

Reimbursement Fee - Ten-X LLC		\$	4,600.00
Seller's Counsel - Rosenberg & Pittinsky, LLP		\$	24,500.00
Water Certifications (includes \$7,000 cushion)		\$	32,122.50
Chicago Hotel Partners, LLC		\$	2,160,000.00
Loop Clerking Service Inc.		\$	80.00
Tax Lien - State of Illinois Department of Revenue		\$	12,849.42
ESCROWS AND HOLDBACKS			
Bulk Sales Stop Order - State of Illinois Department of Revenue		\$	35,000.00
Anchor Mechanical, Inc.		\$	22,000.00
TOTAL OF PURCHASER'S CHARGES:			
	\$	280,685.25	
TOTAL OF SELLER'S CHARGES:			
	\$	13,840,313.83	
TOTAL DUE FROM/(TO) PURCHASER			
	\$	(258,905.44)	
PROCEEDS TO SELLERS:			
Pittsfield Development, LLC		\$	6,919,186.06
Pittsfield Holdings, LLC		\$	-
Pittsfield Residential II, LLC		\$	6,225,366.80

The parties agree that the prorated items shall be prorated at closing upon the basis of the best information available and shall be adjusted when the actual amount(s) of such items are known, with appropriate charges and credits to be made. In the event any adjustment, subsequent to the date hereof, shall be necessitated, then either party hereto who is entitled to additional monies shall invoice the other party for such additional amounts as may be owing, and such amount shall be paid within ten (10) days from receipt of the invoice.

See Attached for Signature Page to Closing Statement



39 West 37th Street
New York, NY 10018
Tel: 212.532.8686
www.kvnational.com

File # : 832673(S-IL-CP-KV)
Buyer: Jewellery Tower LLC, an Illinois limited liability company
Address: 55 East Washington Street, Chicago, IL 60602

ESTIMATED TITLE INVOICE

CLOSING DATE	Purchase Price		
8/25/2017	\$20,800,000.00		
FEE		BUYER	Seller
Premium Owner Policy	\$	19,760.00	
Endorsements:			
ALTA 3.1		Included	
ALTA 8.2		Included	
ALTA 9.2		Included	
ALTA 17		Included	
ALTA 17.2		Included	
ALTA 18		Included	
ALTA 19		Included	
ALTA 22		Included	
ALTA 24		Included	
ALTA 25		Included	
ALTA 26		Included	
ALTA 28		Included	
ALTA 39		Included	
Deletion of Arbitration		Included	
Statement Fee	\$	1,500.00	
Search and Exam	\$	1,800.00	
Good Standing Certificates	\$	300.00	
Bankruptcy/Patriot Search	\$	100.00	
Recording Fees	\$	250.00	\$ 500.00
State Transfer Tax			\$ 20,800.00
County Transfer Tax			\$ 10,400.00
City Transfer Tax	\$	156,000.00	\$ 62,400.00
Totals:	\$	179,710.00	\$ 94,100.00

KINDLY REMIT PAYMENT TO: KENSINGTON VANGUARD NATIONAL LAND SERVICES

[SIGNATURE PAGE TO ESCROW AGENT'S CLOSING STATEMENT]

PURCHASER:

JEWELLERY TOWER LLC, an Illinois limited liability company


By: 

Name: Xiaohua Gong


Its: Managing Member

***Seller's Signature Page attached to the Settlement Statement
for File No. 832673(S-IL-CP-KV)***

Sellers: Pittsfield Development, LLC

By: 
Name: Robert Danial
Title: Authorized Agent

Pittsfield Holdings, LLC

By: 
Name: Robert Danial
Title: Authorized Agent

Pittsfield Residential II, LLC


By: 
Name: Robert Danial
Title: Authorized Agent

EXHIBIT C

7.2

ARIEL FUNDING, LLC
5151 Collins Avenue
Suite 1727
Miami Beach, Florida 33140

Jan 2, 2018

Pittsfield Residential II, LLC
5151 Collins Avenue
Suite 1727
Miami Beach, FL 33140

RE: Reorganization Plan of Pittsfield Development, LLC
51 East Washington Street, Floors 9-12, Chicago, IL

To Whom it May Concern:

Ariel Funding, LLC ("Lender") is pleased to extend to Pittsfield Development, LLC (the "Debtor") this letter of loan commitment to fund the Debtor's bankruptcy plan of reorganization. This letter is subject to the following terms and conditions:

GENERAL TERMS

Borrower:	Pittsfield Development, LLC
Collateral:	None
Loan Amount:	The loan amount will not exceed \$200,000.00
Loan Terms:	Payments will be based on a 5 year amortization with a loan maturity of 5 years.
Interest Rate:	The rate of interest shall be 12% per annum, except in the case of default, the rate of interest shall be the greater of 18% or the maximum amount allowed by law.
Loan Fee:	Waived.
Documentation Required:	Waived.
Pre-payment:	The loan may be prepaid at any time without penalty.

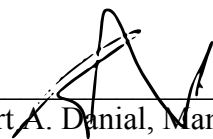
Miscellaneous:

The Debtor is a Chapter 11 debtor in the case docketed as no. 17-9513 currently pending before the United States Bankruptcy Court for the Northern District of Illinois. This letter of commitment is intended to facilitate funding and implementation of the Debtor's plan of reorganization in the above referenced bankruptcy case. To the extent required, this letter of commitment is subject to bankruptcy court approval.

This letter of loan commitment is not assignable. No countersignature to this letter of loan commitment is required for it to be effective according to its terms.

Thank you.

ARIEL FUNDING, LLC

By: 
Robert A. Danial, Manager