

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MARYLAND
(Greenbelt Division)**

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In Re:)	Case No. 11-22977-PM
)	
STELLAR GT TIC LLC, et al.,)	Chapter 11
)	
Debtors.)	
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)	
In Re:)	Case No. 11-22980-PM
)	
VFF TIC LLC,)	Chapter 11
)	
Debtor.)	(Jointly Administered Under
)	Case No. 11-22977)
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DEBTORS' DISCLOSURE STATEMENT

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Dated: September 30, 2011

I. INTRODUCTION AND PLAN OVERVIEW

LIST OF DISCLOSURE STATEMENT EXHIBITS

Exhibit A	Plan
Exhibit B	Debtors' Corporate Structure Chart
Exhibit C	Amended Loan Documents
Exhibit D	Docket (Stellar GT TIC LLC) through 9-28-11
Exhibit E	Docket (VFF TIC LLC) through 9-28-11
Exhibit F	Forbearance Agreement (complete)
Exhibit G	Auction Procedures and Order
Exhibit H	Bar Date Orders
Exhibit I	Reorganized Debtor Chart
Exhibit J	Proposed Confirmation Order (with attachments)

1.1. Introduction.

On June 22, 2011 (the "Petition Date"), voluntary chapter 11 bankruptcy petitions were filed with the United States Bankruptcy Court for the District of Maryland, Greenbelt Division (the "Court"), by Stellar GT TIC LLC ("Stellar") and VFF TIC LLC ("VFF," and together with Stellar, the "Debtors").

The Debtors operate their businesses as debtors-in-possession pursuant to Section 1108 of the Bankruptcy Code. The Debtors submit this Disclosure Statement in connection with their solicitation of acceptances of the Debtors' Plan of Reorganization, as modified and filed simultaneously herewith (the "Plan"). The current version of the Plan (without Plan exhibits) is attached to this Disclosure Statement as **Exhibit A. Terms not defined herein shall have the meaning ascribed to such terms in the Plan.** The purpose of this Disclosure Statement is to provide holders of Claims and Interests sufficient information to make an informed decision as to whether to accept or reject the Plan. A copy of the Plan accompanies this Disclosure Statement.

Please refer to the Plan for treatment of Claims. Upon confirmation by the Court, the provisions of the Plan are legally binding on all creditors and Interest holders. Therefore, please read the Plan carefully.

NO REPRESENTATIONS ABOUT THE DEBTORS, PROPERTY OF THEIR ESTATES AND PARTICULARLY ABOUT FUTURE BUSINESS OPERATIONS OR THE VALUE OF ANY PROPERTY, ARE AUTHORIZED OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE ACCEPTANCE OF THE PLAN OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY ANY CREDITOR OR INTEREST HOLDER.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. THE DEBTORS DO NOT WARRANT OR REPRESENT THAT THE INFORMATION IS WITHOUT INACCURACY. NO REPRESENTATIONS CONCERNING THE DEBTORS, THEIR BUSINESSES OR THE PLAN, OTHER THAN THOSE SET FORTH IN THIS DISCLOSURE STATEMENT, ARE AUTHORIZED BY THE DEBTORS.

YOU SHOULD NOT CONSTRUE THE CONTENTS OF THIS DISCLOSURE STATEMENT AS LEGAL, BUSINESS OR TAX ADVICE. YOU SHOULD CONSIDER CONSULTING YOUR OWN ATTORNEY, BUSINESS ADVISOR AND TAX ADVISOR CONCERNING THE LEGAL, BUSINESS, TAX AND RELATED ASPECTS OF THE PLAN.

Pursuant to a bench ruling on October 4, 2011 (and by order entered shortly thereafter), the Court approved this Disclosure Statement as containing adequate information. The Court's

approval of this Disclosure Statement does not constitute an endorsement by the Court for or against the Plan or a guaranty of the accuracy of the information provided.

1.2. Purpose of Disclosure Statement.

The Plan and Disclosure Statement were first filed on June 22, 2011. Pursuant to events subsequent thereto, including negotiations with the Office of the United States Trustee, the present form of Disclosure Statement and Plan were filed on September 30, 2011.

This Disclosure Statement is provided pursuant to Section 1125 of the Bankruptcy Code to each Person whose Claim or Interest has been scheduled by the Debtors or who has filed a proof of claim or a proof of interest with the Court. Its purpose is to provide a hypothetical, reasonable investor, typical of the creditors of each of the classes being solicited, with adequate information to make an informed judgment as to whether to accept or to reject the Plan. This Disclosure Statement is intended solely for that purpose and for the use of the Debtors' known creditors and equity security holders, and may not be relied upon by any Person other than to determine how to vote on the Plan. Nothing contained herein shall constitute an admission of any fact or liability, or be admissible in any other proceeding. This Disclosure Statement and its attachments, including the Plan, should be read in their entirety.

Portions of this Disclosure Statement may constitute summaries or descriptions of various documents that are on file with the Court and may be examined at the Clerk's Office, United States Bankruptcy Court for the District of Maryland, Greenbelt Division, 300 U.S. Courthouse, 6500 Cherrywood Lane, Greenbelt, Maryland 20770.

1.3. Definitions.

Defined terms capitalized herein but not otherwise defined herein shall have the same meaning as in the Plan.

1.4. Brief Plan Summary.

The following chart briefly summarizes treatment of holders of Allowed Claims and Interests under the Plan. The chart is not a substitute for the Plan or this Disclosure Statement, each of which should be read in its entirety.

Plan Summary		
<u>Class</u>	<u>Holder</u>	<u>Treatment</u>
1-A and 1-B	Lender	Either receipt of the Auction Sale Proceeds and Cash Collateral or repayment pursuant to the Amended Loan Documents. The Amended Loan Documents are attached to this Disclosure Statement as <u>Exhibit C</u> .
2-A and 2-B	Unsecured Creditors	Pro rata share of the Auction Sale Proceeds remaining after payment of the Allowed Claims in Classes 1-A and 1-B (and other claims of higher legal priority) or their pro rata share of \$50,000 if the Amended Loan Closing occurs.
3-A and 3-B	Interest Holders: Stellar GT TIC Mezz LLC and VFF TIC Mezz LLC	Any Auction Sale Proceeds remaining after payment of Claims in Classes 1-A, 1-B, 2-A and 2-B shall be paid to FCP Georgian Towers, LLC. If the Amended Loan Closing occurs, Interests are extinguished.
4-A and 4-B	General Electric Company	At least 25% on its claim (subject to increase if a third party bid is higher than the applicable credit bid and funds are available in excess of the secured mortgage claim), which GE has alleged, in its proof of claim, is approximately \$70,000. Payment will completely discharge the GE claim and extinguish any secured claims alleged by GE.

II. BACKGROUND AND HISTORY OF THE DEBTORS

2.1. History of the Debtors.

(a) The Project. The Debtors are Delaware limited liability companies formed to acquire, own, rehabilitate and operate the Project, a certain 891-unit multi-family high rise property (consisting of two 14-story apartment buildings) located at 8750 Georgia Avenue in Silver Spring, Maryland, and commonly known as “The Georgian.” The Project is owned by the Debtors as tenants in common, with Stellar holding a 10% interest and VFF holding a 90% interest in the Project. The Project, situated on a 3.249-acre site, was constructed in 1968, and partially renovated in 2008 and 2009. As of the Petition Date, the Project was more than 90% occupied.

(b) Corporate Structure. A corporate structure chart is attached to this Disclosure Statement as Exhibit B. As illustrated there:

- Stellar is owned 100% by Stellar GT TIC MEZZ LLC;
- Stellar is the 100% owner of Stellar GT Borrower LLC (“Stellar Borrower”);
- VFF is 100% owned by VFF TIC MEZZ LLC; and
- VFF is the 100% owner of VFF TIC Borrower LLC (“VFF Borrower”).

(c) The Loan. German American Capital originated the Loan in February 2007. The Loan requires payments of interest only, at the current rate of 6.14%. The current maturity date is March 1, 2012.

The Loan is evidenced by, among other things, three promissory notes:

- July 1, 2007 Amended and Restated Note A-1 in the principal amount of \$67,000,000 (the “A-1 Note”);

- July 1, 2007 Amended and Restated Note A-2 in the principal amount of \$58,000,000 (the “A-2 Note,” with the A-1, the “A Note”); and
- July 1, 2007 Amended and Restated Note B in the principal amount of \$60,000,000 (the “B Note,” with the “A Note,” the “Notes”).

The A-1 Note is held by Wells Fargo Bank, N.A., as Trustee for the registered holders of Deutsche Mortgage & Asset Receiving Corporation, COMM 2007-C9, Commercial Mortgage Pass-Through Certificates. The A-2 Note is held by U.S. Bank, N.A., as Trustee, as successor in interest to Bank of America, N. A., as Trustee, as successor in interest to Wells Fargo Bank, N.A., as Trustee for the registered holders of Deutsche Mortgage & Asset Receiving Corporation, CD 2007-CD5, Commercial Mortgage Pass-Through Certificates, and Bank of America, N.A. The B Note is held by FCP Georgian Towers, LLC. The Loan and the Notes are administered on behalf of Lender by Helios AMC, LLC, in its capacity as Special Servicer, pursuant to a certain Pooling and Servicing Agreement dated August 1, 2007.

An indemnity-deed-of-trust (“IDOT”) structure was used by the parties to evidence and secure the Loan. Under such structure, the guarantor (rather than the borrower) mortgages its real estate to secure the loan, and the guarantor’s subsidiary is the borrower under the loan. In this case, the borrowers under the Loan are Stellar Borrower and VFF Borrower (collectively with Stellar GT Lessee Borrower LLC,¹ the “Borrowers”). The Debtors guaranteed the Loan and mortgaged the Project as collateral to secure their guaranty obligations.²

¹ An entity known as Stellar GT Lessee Borrower LLC, also borrower under the Loan, is not the subject of these reorganization proceedings. It will not be a borrower under the Amended Loan Documents.

² An entity known as Stellar GT Lessee LLC (“Lessee”), also guarantor under the Loan, is not the subject of these reorganization proceedings. Lessee is an affiliate of the Debtors, in that the Debtors and Lessee ultimately share common ownership. Lessee will not be a guarantor under the Amended Loan Documents. Lessee is the subject of a separate chapter 7 bankruptcy proceeding. Lessee leased the Project from the Debtors. However, in 2010 the master lease

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(d) The Receivership. On December 21, 2009, the Debtors sent a letter to Lender advising that the property management company had resigned and that “all on-site employees” would be issued termination notices on January 4, 2010. On December 30, 2009, Lender commenced a receivership action in the Circuit Court for Montgomery County, Maryland (the “Circuit Court”), Case No. 324928-V, seeking, inter alia, the appointment of a receiver for the Project. By order dated December 30, 2009, and a series of continuation orders, the Circuit Court appointed Greystar Management Services, LP as Receiver for the Project. Greystar Real Estate Partners Dallas LP was retained by the Receiver to manage the Project.

(e) Payment Defaults. On February 1, 2010, the Borrowers defaulted on their payment obligations under the Loan, and have failed to make any further payments in accordance with the terms of the loan documents since that date (collectively, the “Loan Payment Defaults”). The Loan Payment Defaults are continuing and uncured.

(f) Pre-Bankruptcy Negotiations. After the appointment of the Receiver and prior to the Petition Date, extensive negotiations occurred between the Debtors and Lender. The Plan and this Disclosure Statement are a result of those negotiations.

(g) Filing of the Petitions. On June 22, 2011, the Debtors filed their petitions to implement the terms of the Plan.

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governing such arrangement was deemed rejected as a matter of bankruptcy law during the course of the Lessee’s chapter 7 case. Pursuant to an order of this Court, and otherwise, the chapter 7 trustee and the petitioning creditors in the chapter 7 case of the Lessee receive notice of the events that occur in the present chapter 11 proceedings. Neither the chapter 7 trustee nor creditors in the chapter 7 case have appeared in these chapter 11 proceedings.

III. EVENTS DURING THE CHAPTER 11 CASES

Complete dockets (through September 28, 2011) for both cases are attached to this Disclosure Statement as **Exhibit D** and **Exhibit E**.

3.1. Employment of Professionals.

The Debtors requested and the Court authorized the following engagements:

- (a) Ballard Spahr LLP as chapter 11 counsel; and
- (b) CB Richard Ellis as real estate broker to market the Project.

Debtors may request Court approval to employ other professionals.

3.2. Cash Collateral.

Since the Petition Date, operating expenses of the Project have been paid from the Project's revenues in the ordinary course of business. It is anticipated that cash collateral, including cash maintained in various reserve accounts, will be used to make payments in accordance with the Plan.

3.3. Other Events Since the Petition Date.

- Court entered orders approving the Debtors' motion to assume the Forbearance Agreement with Lender attached to this Disclosure Statement as **Exhibit F**.
- Court entered an order approving the Debtors' motion for approval of procedures governing the auction of the Project. The Court's Order and the Auction Procedures are attached to this Disclosure Statement as **Exhibit G**.
- Court entered orders approving the Debtors' motion to establish bar dates for filing proofs of claims. The Orders are attached as **Exhibit H**.

- The Court entered orders approving the Debtors' motions seeking joint administration of their chapter 11 cases.
- The Court entered an order resolving a motion filed by the United States Trustee to dismiss or convert.

IV. SUMMARY OF PLAN

The following is a summary of the Plan. Reference should be made to the Plan for a full statement of its contents. Once confirmed, the Plan is a legally binding contract on all creditors and parties in interest irrespective of how or whether they voted on confirmation of the Plan. Accordingly, the Plan should be read in its entirety as opposed to relying solely upon this summary. In the event of any inconsistency with this Disclosure Statement, the terms of the Plan shall control.

V. CLASSIFICATION OF CLAIMS AND INTERESTS

5.1. Class 1-A and 1-B Claims.

Class 1-A and 1-B consists of the Allowed Secured Claim of Lender against the Debtors, which is impaired under the Plan.

5.2. Class 2-A and 2-B Claims.

Class 2-A and 2-B consists of the general unsecured Allowed Claims against the Debtors, which are impaired under the Plan. The proofs of claims filed by the Internal Revenue Service as of this filing will be treated as claims in this Class.

5.3. Class 3-A and 3-B Interests.

Class 3-A and 3-B consists of the LLC Interests in the Debtors, which are impaired under the Plan.

5.4. Class 4-A and 4-B Claims.

Class 4-A and 4-B consists of the claims of General Electric Company, which are impaired under the Plan.

VI. EXPENSES; TREATMENT OF CLAIMS AND INTERESTS

6.1. Payment of Administrative Expenses.

(a) Project operating expenses constituting Administrative Claims (including management fees and expenses) incurred through the Effective Date shall be paid from Cash Collateral.

(b) Fees due to the US Trustee and incurred through the Effective Date shall be paid when due from Cash Collateral.

(c) The Administrative Claim of Debtors' Counsel shall not be paid from either Cash Collateral or the Project Reserves. On the Effective Date, Lender shall pay \$200,000 to Gluck from Cash Collateral. In addition, on the Effective Date, \$20,000 (the "Counsel Payment") shall be directly to Debtors' Counsel (subject to Court approved fee applications), which shall come from either Cash Collateral (if the entities comprising Lender so agree) or from FCP Georgian Towers, LLC (or its affiliate). The Debtors may use the \$200,000 (or any portion thereof) (if contributed by Gluck), or any other funds that may be contributed by Gluck to satisfy the Administrative Claims of Debtors' Counsel. Payment by Lender of the \$200,000 and by Lender or FCP Georgian Tower, LLC, as the case may be, as set forth in this paragraph, shall completely satisfy and discharge the rights of Debtors' Counsel under the Plan and in these cases. Assuming the Plan is confirmed and the Effective Date occurs in 2011, the fees of Debtors' Counsel in these cases will likely be less than \$200,000.

(d) The Administrative Claim of the Real Estate Broker shall be paid as provided in that certain Exclusive Sales Listing Agreement dated as of June 3, 2011, from either (i) the Auction Sale Proceeds, if there is an Auction, or (ii) Cash Collateral, if there is no Auction for failure to receive any qualified bids.

6.2. Allowed Class 1-A and 1-B Claims. Lender shall receive one of the following forms of treatment:

(a) Receipt of the Auction Sale Proceeds and Cash Collateral in full satisfaction of the Allowed Secured Claim of Lender (as against the Debtors); or

(b) Payment and other treatment as set forth in the Amended Loan Documents (attached hereto as **Exhibit C**). A chart illustrating the restructured Debtors under this option is attached to this Disclosure Statement as **Exhibit I**.

6.3. Allowed Class 2-A and 2-B Claims.

Claims in Classes 2-A and 2-B shall be paid their pro rata share of the Auction Sale Proceeds remaining after payment of the Allowed Claims in Classes 1-A and 1-B (and any other claims of higher legal priority). If the Amended Loan Closing occurs, Claims in Classes 2-A and 2-B shall be paid their pro rata share of \$50,000; such \$50,000 shall be paid from Cash Collateral. Payments shall occur on the earlier of the Effective Date or the date when such Claim becomes an Allowed Claim.

6.4. Allowed Class 3-A and 3-B Interests.

Any Auction Sale Proceeds remaining after payment of Claims in Classes 1-A, 1-B, 2-A and 2-B shall be paid to FCP Georgian Towers, LLC on account of that certain pledge of the LLC Interests to FCP Georgian Towers, LLC to secure a loan. If the Amended Loan Closing occurs, the LLC Interests in Classes 3-A and 3-B shall be extinguished on the Effective Date.

6.5. Allowed Class 4-A and 4-B Claims.

General Electric Corporation shall be paid at least 25% on its claim (subject to increase if a third party bid is higher than the applicable credit bid and funds are available in excess of the secured mortgage claim), which GE has alleged, in its proof of claim, is approximately \$70,000. To avoid any ambiguity, the minimum payment to GE will be a total of 25% times its claim of approximately \$70,000 (*not* 25% times both proofs of claim in both cases). Thus, the total minimum payment will be approximately \$17,500. Such payment (together with additional payments, if any, under the Plan based upon a sale to a third party) will completely discharge the GE claim and extinguish any secured claims alleged by GE. Payment shall occur on the earlier of the Effective Date or the date when such Claim becomes an Allowed Claim.

VII. EXECUTION AND IMPLEMENTATION OF PLAN

7.1. Generally.

Execution of the Plan will occur, under the Confirmation Order,³ pursuant to either sale of the Project pursuant to the Auction Procedures (**Exhibit G**) or a restructuring of the Loan pursuant to the Amended Loan Documents (**Exhibit C**). A sale will occur, if approved by the Court, if a bidder other than Lender or its designee submits the highest and best offer at the Auction. If the Lender or its designee submits the highest and best offer a restructuring of the Loan will occur pursuant to the Amended Loan Documents.

7.2. Auctioning the Project.

Upon entry of an order authorizing the Debtors to conduct the Auction, the Project shall be auctioned in accordance with the Auction Procedures (**Exhibit G**). Any purchaser shall

³ The proposed Confirmation Order (with attachments) is attached to this Disclosure Statement as **Exhibit J**.

acquire title to the Project free and clear of all liens, encumbrances and other interests, all in accordance with the terms of the order approving the sale (**Exhibit J**).

7.3. Restructuring of Debtors and Mortgage Indebtedness.

If, after compliance with the Auction Procedures, the Project is not sold, then: (a) all property of the Stellar Estate, including Stellar's interest in the Project, shall be transferred to VFF, and Stellar (together with Stellar GT Borrower LLC, its wholly-owned subsidiary) shall be dissolved, (b) new LLC Interests representing 100% of the ownership interest in VFF shall be issued to FCP Fund I Trust ("**Fund I**"), and (c) VFF shall execute and comply with the terms of the Amended Loan Documents (**Exhibit C**).

Fund I is an affiliate of FCP Georgian Towers, LLC, which in turn, is an affiliate of Federal Capital Partners. Background information on Federal Capital Partners is available on its website at www.fcpdc.com. As indicated above, FCP Georgian Towers, LLC is the holder of the B Note. It is also the holder of certain mezzanine debt, which encumbers the equity interests in the Debtors. No common ownership exists between the Debtors and the FCP entities. The relationships that exist are disclosed herein and are completely arms'-length.

The Project, and all property of the Estates, shall vest in VFF, free and clear of all liens, encumbrances and other interests, except for the Lender Liens (and except as may be otherwise expressly provided in the Plan). The holder of any lien or encumbrance (junior to the Lender Liens) that is cancelled or discharged pursuant to the Plan shall terminate such lien of record on or within a reasonable time after the Effective Date.

If Fund I plans to immediately change management companies for the Project, then it will designate a management company at or before the Confirmation Hearing.

7.4. Recordation and Other Taxes Covered by Section 1146(c).

Pursuant to Section 1146(c) of the Bankruptcy Code, the issuance, transfer or exchange of a security (including the issuance of the new LLC Interests in VFF to Fund I), or the making or delivery of an instrument of transfer under the Plan (including in connection with either the Auction of the Project or the transfer of Stellar's interests in the Project and other Estate assets, to VFF and VFF's execution and performance under the Amended Loan Documents) shall not be subject to any stamp, real estate transfer, mortgage recording or other similar tax. Any deed, deed of trust, mortgage or other instrument or document recorded in connection with the Plan shall be exempt, pursuant to Section 1146(c) of the Bankruptcy Code, from any law imposing a stamp tax or similar recordation or transfer tax.

7.5. Executory Contracts.

(a) Assumption. Notwithstanding anything to the contrary, unless previously assumed by order of the Court, the Confirmation Order shall constitute an order approving the Debtors' assumption of the executory contracts and unexpired leases set forth in the Plan.

(b) Rejection. All executory contracts and unexpired leases of the Debtors shall be deemed rejected by the Debtors on the Effective Date unless (a) assumed by order of the Court prior to the Effective Date, (b) specifically assumed pursuant to the terms of the Plan, (c) an application to assume has been made to the Court prior to the Effective Date, or (d) assumption or rejection is otherwise ordered by the Court. No tenant leases (whether residential or commercial) shall be deemed rejected and all such tenants leases shall attach to the Debtors.

7.6. Binding Effect.

On and after the Confirmation Date, the provisions of the Plan shall bind any holder of a Claim against, or an interest in, the Debtors.

7.7. Discharge.

Upon confirmation of the Plan, except as otherwise expressly provided in the Plan or the Confirmation Order, (i) each holder (as well as any trustees and agents on behalf of each holder) of a Claim or Interest and any affiliate of such holder shall be deemed to have forever waived, released and discharged the Debtors, to the fullest extent permitted by section 1141 of the Bankruptcy Code (and other applicable law), of and from any and all Claims, Interests, rights, and liabilities that arose prior to the Effective Date; and (ii) all such persons described in subsection (i) above shall be forever precluded and enjoined, pursuant to section 524 of the Bankruptcy Code (and other applicable law), from asserting any such discharged Claim against or terminated Interest in the Debtors or commencing or continuing any action, employing any process, or otherwise acting to collect or recover from, or offset against, the Debtors, the reorganized Debtors, and the property of the Debtors or the reorganized Debtors. Nothing contained in the Plan or the Confirmation Order is intended to limit or eliminate the rights of the Lender with respect to its Allowed Claim or the underlying agreements.

7.8. Claims Injunction.

Except as otherwise expressly provided in the Plan or the Confirmation Order, all persons or entities who have held, hold or may hold Claims or Interests and all other parties in interest, along with their respective present or former employees, agents, officers, directors, principals and affiliates, are permanently enjoined, from and after confirmation of the Plan, from (i)

commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim or Interest against the Debtors, (ii) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtors or the reorganized Debtors, (iii) creating, perfecting, or enforcing any encumbrance of any kind against the Debtors, the reorganized Debtors or against the property or interests in property of the Debtors or reorganized Debtors, or (iv) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Debtors, the reorganized Debtors or against the property or interests in property of the Debtors or the reorganized Debtors, with respect to any such Claim or Interest. Such injunction shall extend to any successors of the Debtors, the reorganized Debtors and their respective properties and interest in properties. Nothing contained in the Plan or the Confirmation Order is intended to limit or eliminate the rights of the Lender with respect to its Allowed Claim or the underlying agreements.

7.9. Exculpation.

To the fullest extent permitted by law under Bankruptcy Code Section 1125(e), upon confirmation of the Plan and effective as of the Effective Date, none of (i) the Debtors and the Debtors' officers, directors and employees, (ii) the Lender and the Lender's officers, directors and employees, and (iii) the directors, officers, partners, members, agents, representatives, accountants, financial advisors, investment bankers, or attorneys for any of the persons or entities described in subsections (i), (ii), and (iii) above (but solely in their capacities as such) shall have or incur any liability for any claim, cause of action, or other assertion of liability for any action taken or omitted to be taken since the Petition Date in connection with, or arising out of, the Debtors' cases, the formulation, dissemination, confirmation, consummation, or administration of the Plan,

property to be distributed under the Plan, or any other act or omission in connection with the Plan, the Disclosure Statement, or any contract, instrument, document or other agreement related thereto. Nothing contained in the Plan or the Confirmation Order is intended to limit or eliminate the rights of the Lender with respect to its Allowed Claim or the underlying agreements.

7.10. Plan Amendments and Modifications.

(a) Pre-Confirmation Modification. The Debtors reserve the right, in accordance with the Bankruptcy Code, to amend or modify the Plan or the treatment of any Claim prior to the Confirmation Date. Any such amendments or modifications shall be subject to the prior written consent of Lender.

(b) Post-Confirmation Modification. After the Confirmation Date, the Debtors may amend or modify the Plan, or any portion thereof applicable to the Debtors, in accordance with Section 1127(b) of the Bankruptcy Code, or remedy any defect or omission, or reconcile any inconsistency in the Plan, in such a manner as may be necessary to carry out the purpose and intent of the Plan. Any such amendments or modifications shall be subject to the prior written consent of Lender.

VIII. RETENTION OF JURISDICTION

8.1. Pre-Confirmation.

Prior to confirmation of the Plan, the Court shall retain all of its existing jurisdiction, including jurisdiction over the Debtors and their assets.

8.2. Post-Confirmation.

After confirmation of the Plan, the Court shall retain jurisdiction necessary to ensure that the terms of the Plan are carried out. The Court's jurisdiction shall be over any and all disputes and litigation pending at the Confirmation Date, any controversies that may arise thereafter, and

any controversies that may affect the Debtors' ability to effectuate the consummation of the Plan. By way of illustration of the jurisdiction retained by the Court, but not by way of limitation of the same, the Court shall retain jurisdiction for, among other things, the following purposes:

(a) The classification of the Claim of any creditor and the re-examination of Claims which have been allowed for purposes of voting, and the determination of any objections that may be filed to the Claims of creditors.

(b) The determination of all causes of action, controversies, disputes and conflicts involving or relating to the Debtors or their assets, arising prior to or after the Confirmation Date, whether or not subject to an action pending as of the Confirmation Date, between the Debtors and any other party or parties.

(c) The modification of the Plan after confirmation to correct any defect, to cure any omission, or to reconcile any inconsistency in the Plan or in the Confirmation Order, as may be necessary or otherwise appropriate to carry out or clarify the intended purposes of the Plan or the Confirmation Order.

(d) The allowance of compensation for pre-confirmation services rendered to the Estates by Professional Persons, pursuant to Section 330(a) of the Bankruptcy Code, upon application for such compensation in accordance with Section 6.1(c) of this Disclosure Statement.

(e) The enforcement and interpretation of the terms and conditions of the Plan, including any agreement for satisfaction of an Allowed Claim.

(f) The determination of the existence of any liens, encumbrances, or interests of other parties in property of the Estates or the Debtors, and the extent and priority thereof.

(g) The enforcement and continuation of the automatic stay and any similar equitable relief with respect to post-confirmation actions against the Debtors or property of the Estates.

(h) To hear and determine all matters concerning local, state and federal taxes in accordance with Sections 346, 505 and 1146 of the Bankruptcy Code.

(i) Entry of an order concluding and terminating the cases.

IX. TAX CONSEQUENCES OF PLAN

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, YOU ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY ANYONE FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF TREASURY DEPARTMENT CIRCULAR 230) OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) YOU SHOULD SEEK ADVICE BASED ON YOUR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

9.1. General.

A description of the United States federal income tax consequences of the Plan is provided below. This description is based on the Internal Revenue Code, Treasury Regulations issued thereunder, judicial decisions and Internal Revenue Service and administrative determinations, all as in effect on the date of this Disclosure Statement and all subject to change, possibly with retroactive effect. Changes in any of these authorities or in their interpretation could cause the United States federal income tax consequences of the Plan to differ materially from the consequences described below.

The United States federal income tax consequences of the Plan may be complex and in important respects uncertain. No ruling has been requested from the Internal Revenue Service; no opinion has been requested from Debtors' Counsel concerning any tax consequence of the Plan; and no tax opinion is given by this Disclosure Statement.

The description that follows does not cover all aspects of the United States federal income taxation that may be relevant to the Debtors or Claim holders. For example, the description does not address issues of special concern to certain types of taxpayers, such as dealers in securities, life insurance companies, financial institutions, tax exempt organizations and non-U.S. taxpayers, nor does it address tax consequences to holders of Interests. In addition, the description does not discuss state, local or non-U.S. tax consequences.

For these reasons, the description that follows is not a substitute for careful tax planning and professional tax advice based upon the individual circumstances of each Claim or Interest holder. Claim and Interest holders are urged to consult with their own tax advisors regarding the federal, state, local and non-U.S. tax consequences of the Plan.

9.2. United States Federal Income Tax Consequences of Payment of Allowed Claims Pursuant to Plan.

The United States federal income tax consequences of Plan implementation to the holders of Allowed Claims will depend on, among other things, the consideration to be received by the holder, whether the holder reports income on the accrual or cash method, whether the holder receives distributions under the Plan in more than one taxable year, whether the holder's claim is allowed or disputed at the Effective Date, and whether the holder has taken a bad debt reduction or worthless security deduction with respect to its Claim.

(a) Recognition of Gain or Loss. In general, a Claim holder should recognize gain or loss equal to the amount realized under the Plan in respect of its Claim less the holder's basis in the Claim. Any gain or loss recognized in the exchange may be long-term or short-term capital gain or loss or ordinary income or loss, depending upon the nature of the Claim and the holder, the length of time the holder held the Claim and whether the Claim was acquired at a market discount. If the holder realizes a capital loss, its deduction of the loss may be subject to

limitation. The holder's aggregate tax basis for any property received under the Plan generally will equal the amount realized. The holder's amount realized generally will equal the sum of the cash and the fair market value of any other property received (or deemed received) by the holder under the Plan on the Effective Date or subsequent distribution date, less the amount (if any) allocable to Claims for interest.

Because certain holders of Allowed Claims, including those of Disputed Claims that ultimately become Allowed Claims, may receive distributions subsequent to the Effective Date of the Plan, the imputed interest provisions of the Internal Revenue Code may apply to treat a portion of the subsequent distributions as imputed interest. Additionally, because holders may receive distributions with respect to any Allowed Claim in a taxable year or years following the year of the initial distribution, any loss and a portion of any gain realized by the holder may be deferred. All holders of Allowed Claims are urged to consult their tax advisors regarding the possible application of (or ability to elect out of) the "installment method" of reporting with respect to their claims.

A holder who, under the Plan, receives in respect of a Claim an amount less than the holder's tax basis in the claim may be entitled in the year of receipt (or in an earlier or later year) to a bad debt deduction in some amount under Section 166(a) of the Internal Revenue Code or a worthless securities deduction under Section 165(g) of the Internal Revenue Code. The rules governing the character, timing and amount of bad debt or worthless securities deductions place considerable emphasis on the facts and circumstances of the Holder, the obligor and the instrument with respect to which a deduction is claimed. Holders of Claims, therefore, are urged to consult their tax advisors with respect to their ability to take such a deduction.

(b) Pending Payments. Cash and other assets that a trust account (if any, for applicable IRS purposes) holds as a pending payment after the Effective Date may be deemed to have been paid to the holder of the Claim entitled to receive such pending payment on the date that it is received by such trust account. Thus, the holder may recognize gain or loss based upon the amount deemed received and contributed on the Effective Date, and any income subsequently realized by any such trust account with respect to any such pending payment may be reported by the Debtors as income of the beneficiary in the year realized, prior to the actual distribution of the pending payment to the holder of the Allowed Claim. The actual receipt of any pending payments from a trust account would not be a taxable event.

(c) Payments Other Than Pending Payments. If any payment other than a pending payment is to be made out of any trust account, such payment may not be deemed to have been made to any recipient until, and to the extent that, the amount to which the payee is entitled has been determined and distributed. Any income realized by any trust account prior to such time may be reported as income of and taxable to such trust account.

9.3. Certain Other Tax Consequences for Claim Holders.

(a) Receipt of Pre-Effective Date Interest. In general, a Claim holder that was not previously required to include in its taxable income any accrued but unpaid pre-Effective Date interest on the Claim may be required to take such amount into income as taxable interest. A Claim holder that was previously required to include in its taxable income any accrued but unpaid pre-Effective Date interest on the Claim may be entitled to recognize a deductible loss to the extent that such interest is not satisfied under the Plan. Each such holder is urged to consult its tax advisor regarding the tax treatment of its distributions under the Plan and the deductibility of any accrued but unpaid interest for federal income tax purposes.

(b) Installment Method. A Claim constituting an installment obligation for tax purposes may be required to recognize currently any gain remaining with respect to the obligation if, pursuant to the Plan, the obligation is considered to be satisfied at other than its face value, distributed, transmitted, sold or otherwise disposed of within the meaning of Section 453B of the Internal Revenue Code.

(c) Information Reporting and Withholding. Under the Internal Revenue Code's backup withholding rules, the holder of an Allowed Claim may be subject to backup withholding with respect to distributions or payments made pursuant to the Plan unless the holder comes within certain exempt categories (which generally include corporations) and, when required, demonstrates the fact, or provides a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the holder is not subject to backup withholding because of a failure to report all dividend and interest income. Backup withholding may not be an additional tax, but merely an advance payment that may be refunded to the extent it results in an overpayment of tax. Holders of Allowed Claims may be required to establish exemption from backup withholding or to make arrangements with respect to the payment of backup withholding.

9.4. Importance of Obtaining Professional Tax Assistance.

The foregoing discussion is intended only as a summary of certain United States federal income tax consequences of the Plan, and is not a substitute for careful tax planning with a tax professional. The above discussion is for information purposes only and is not tax advice. The tax consequences are in many cases uncertain and may vary depending on a holder's individual circumstances. Accordingly, holders are urged to consult with their tax advisors about federal, state, local and non-U.S. tax consequences to the Plan.

X. ACCEPTANCE AND CONFIRMATION

10.1. Persons Entitled to Vote on Plan.

Only the holders of Claims or Interests that are impaired are entitled to vote on the Plan. If necessary, the Court will make a determination as to which creditors and Interest holders are entitled to vote on the Plan.

In determining acceptance of the Plan, votes will be counted only if submitted by (1) an Interest holder, or (2) a creditor (a) whose Claim is scheduled by the Debtors as undisputed, noncontingent and liquidated, or (b) who has filed with the Court a timely proof of claim to which no objection has been filed. The ballot which accompanies this Disclosure Statement does not constitute a proof of claim. If you are uncertain whether your Claim has been scheduled, you should check the Debtors' schedules which are on file and may be inspected at the United States Bankruptcy Court for the District of Maryland, Greenbelt Division, 300 U.S. Courthouse, 6500 Cherrywood Lane, Greenbelt, Maryland 20770.

10.2. Solicitation of Acceptances.

This Disclosure Statement has been approved by the Court in accordance with Section 1125 of the Bankruptcy Code and is provided to each creditor whose Claim has been scheduled by the Debtors or has filed a proof of claim, and to each holder of an Interest. This Disclosure Statement is intended to assist such holders in evaluating the Plan and in determining whether to accept or reject the Plan. Under the Bankruptcy Code, acceptance or rejection of the Plan may not be solicited unless this Disclosure Statement is approved by the Court under Section 1125 of the Bankruptcy Code and distributed to all impaired creditors and Interest holders. The Court's approval of this Disclosure Statement does not constitute a recommendation by the Court either for or against the Plan.

10.3. Voting Procedures.

Holders of unimpaired Claims are deemed to have accepted the Plan in accordance with Section 1126(f) of the Bankruptcy Code. Accordingly, the Debtors are not required to solicit votes from such holders with respect to acceptance or rejection of the Plan. Holders of impaired Claims and Interests are entitled to vote to accept or reject the Plan.

Those creditors and holders of Interests entitled to vote on the Plan may cast their votes for or against the Plan by completing, dating and signing the ballot for accepting or rejecting the Plan accompanying this Disclosure Statement and sending it to Debtors' Counsel at Ballard Spahr LLP, Attention: Matthew G. Summers, 300 East Lombard Street, 18th Floor, Baltimore, Maryland 21202 (fax: 410-361-8930) (email: summersm@ballardspahr.com). In order to be counted, all ballots should be filed in time to be received prior to **November 15, 2011**.

10.4. Hearing on Confirmation of Plan.

The Court has set **November 18, 2011, at 10:00 a.m.** at the United States Bankruptcy Court for the District of Maryland, Greenbelt Division, 300 U.S. Courthouse, 6500 Cherrywood Lane, Greenbelt, Maryland 20770, as the date, time and place for a hearing where the Court will determine whether the Plan has been accepted by the requisite numbers of creditors and Interest holders and whether the other requirements for confirmation of the Plan have been satisfied.

10.5. Bankruptcy Code Requirements for Confirmation.

In order to confirm the Plan, the Bankruptcy Code requires that the Court make a series of determinations concerning the Plan, including:

- a. that the Plan has classified claims and Interests in a permissible manner;
- b. that the Plan complies with the technical requirements of chapter 11 of the Bankruptcy Code; and
- c. that the proponents have proposed the Plan in good faith.

The Debtors believe that all of these conditions have been met or will be met by the Confirmation Hearing, and will seek a determination of the Court to this effect at the Confirmation Hearing.

10.6. Acceptances Necessary for Confirmation.

The Bankruptcy Code requires that the Plan be accepted by requisite votes of classes of creditors and Interest holders, except to the extent that “cram down” is available under Section 1129(b) of the Bankruptcy Code. The Bankruptcy Code also requires that the Plan be feasible.

At the Confirmation Hearing, the Court must determine, among other things, whether the Plan has been accepted by each class of creditors or Interest holders whose Claims or Interests are impaired under the Plan. Under Section 1126 of the Bankruptcy Code, any impaired class is deemed to accept the Plan if it is accepted by at least two-thirds in an amount and more than one-half in number of the Allowed Claims or Interests of class members which have voted on the Plan.

10.7. Confirmation of Plan without Necessary Acceptances.

The Plan may be confirmed even if it is not accepted by all of the impaired classes, if the Court finds that the Plan was accepted by at least one impaired class and does not discriminate unfairly against, and is fair and equitable as to, all non-accepting impaired classes. This provision is set forth in Section 1129(b) of the Bankruptcy Code (the “cramdown” provision) and, to the extent applicable, requires that, among other things, the holders in the impaired classes either receive the full value of their Claim (or as to Interest holders, a value equal to the greater of any fixed liquidation preference, fixed redemption price or value of their Interests) or, if they receive less, no class with junior liquidation priority may receive anything. The

“cramdown” provision is complex. Creditors and holders of Interests with questions in this area are urged to contact their own counsel.

XI. CHAPTER 7 LIQUIDATION ANALYSIS

The value of the Project and all other collateral securing the Loan is less than the total outstanding balance due on the Loan. The Debtors possess no assets that are not mortgaged or otherwise pledged to the Lender as collateral for the Loan. Accordingly, if the Project and other assets of the Debtors were liquidated, holders of other Claims and Interests would receive nothing. Because the Plan provides some treatment for these holders, they will recover more under the Plan than they would if the Project and other assets of the Debtors were liquidated by a trustee in a proceeding under chapter 7.

XII. CONCLUSION

The Plan and its implementation are subject to the entry of an order by the Court confirming the Plan, and such order becoming final.

September 30, 2011

DEBTORS

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By: /s/ Robert Rosania
Name: Robert Rosania
Title: Authorized Person

VFF TIC LLC

By: /s/ Robert Rosania
Name: Robert Rosania
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