UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	Chapter 11
400 EAST 51ST STREET LLC,	Case No. 12-14196 (REG)
Debtor.	

DISCLOSURE STATEMENT WITH RESPECT TO CHAPTER 11 PLAN OF REORGANIZATION OF 400 EAST 51ST STREET LLC

Dated: March 26, 2013

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THIS DISCLOSURE STATEMENT HAS NOT YET BEEN APPROVED BY THE BANKRUPTCY COURT.

This proposed Disclosure Statement is not a solicitation of acceptance or rejection of the Chapter 11 Plan of Reorganization of 400 East 51st Street LLC. Acceptances or rejections may not be solicited until the Bankruptcy Court has approved this Disclosure Statement under section 1125 of the Bankruptcy Code. This proposed Disclosure Statement is being submitted for approval only, and has not yet been approved by the Bankruptcy Court.

ALL CREDITORS ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT, INCLUDING THE FOLLOWING SUMMARY, ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, ANY AND ALL SUPPLEMENTS TO THE PLAN AND THE OTHER EXHIBITS ANNEXED TO THE PLAN AND THIS DISCLOSURE STATEMENT. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF UNLESS OTHERWISE SPECIFIED, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER SUCH DATE.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND RULE 3016 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER APPLICABLE LAW. THIS DISCLOSURE STATEMENT HAS NEITHER BEEN APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING CLAIMS SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSES FOR WHICH THEY WERE PREPARED.

CERTAIN STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT, INCLUDING FORWARD-LOOKING STATEMENTS, ARE BASED ON ESTIMATES AND ASSUMPTIONS. THERE CAN BE NO ASSURANCE THAT SUCH STATEMENTS WILL REFLECT ACTUAL OUTCOMES.

THE INFORMATION IN THIS DISCLOSURE STATEMENT IS BEING PROVIDED SOLELY FOR PURPOSES OF VOTING TO ACCEPT OR REJECT THE PLAN. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE USED BY ANY PERSON OR ENTITY FOR ANY OTHER PURPOSE. THE FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT, INCLUDING THE DESCRIPTION OF THE DEBTOR, ITS BUSINESS AND EVENTS LEADING TO THE COMMENCEMENT OF THE CHAPTER 11 CASE, HAS BEEN OBTAINED FROM VARIOUS DOCUMENTS, AGREEMENTS AND OTHER WRITINGS RELATING TO THE DEBTOR. NEITHER THE DEBTOR NOR ANY OTHER PARTY MAKES ANY REPRESENTATION OR WARRANTY REGARDING SUCH INFORMATION.

THE TERMS OF THE PLAN GOVERN IN THE EVENT OF ANY INCONSISTENCY WITH THE SUMMARIES IN THIS DISCLOSURE STATEMENT. ALL EXHIBITS TO THE DISCLOSURE STATEMENT ARE INCORPORATED INTO AND ARE A PART OF THIS DISCLOSURE STATEMENT AS IF SET FORTH IN FULL HEREIN.

AS TO CONTESTED MATTERS, EXISTING LITIGATION INVOLVING THE DEBTOR, ADVERSARY PROCEEDINGS, AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION OR WAIVER, BUT RATHER AS A STATEMENT MADE WITHOUT PREJUDICE SOLELY FOR SETTLEMENT PURPOSES, WITH FULL RESERVATION OF RIGHTS, AND IS NOT TO BE USED FOR ANY LITIGATION PURPOSE WHATSOEVER. AS SUCH, THIS DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING INVOLVING THE DEBTOR, OR ANY OTHER PARTY IN INTEREST, NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES, FINANCIAL OR OTHER EFFECTS OF THE REORGANIZATION AS TO HOLDERS OF CLAIMS AGAINST OR EQUITY INTERESTS IN THE DEBTOR.

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

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I.
INTRODUCTION

On October 9, 2012 (the "Petition Date"), 400 East 51st Street LLC (the "Debtor") filed a petition for relief under chapter 11 of the title 11 of the United States Code (the "Bankruptcy Code") with the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"). On March 26, 2013 the Debtor filed its proposed chapter 11 plan, dated March 26, 2013 (as may be further amended, modified or supplemented, the "Plan"), a copy of which is annexed as Exhibit "A", which sets forth the manner in which Claims against and Equity Interests in the Debtor will be treated. This Disclosure Statement (the "Disclosure Statement") describes certain aspects of the Plan (including the treatment of creditor Claims under the Plan), the Debtor's business and related matters. Unless otherwise defined, all capitalized terms have the meanings ascribed to them in the Plan.

As discussed more fully below, after a careful review of its business and prospects, and after extensive negotiations, the Debtor, in consultation with its advisors, has concluded that recoveries to creditors will be maximized under the Plan, as contrasted with other possible alternatives.

This Disclosure Statement is submitted to holders of Claims against the Debtor in connection with (i) the solicitation of acceptances of the Plan and (ii) the hearing to consider confirmation of the Plan (the "Confirmation Hearing") presently scheduled for [ ], 2013, at [ ] Eastern Time.

Attached as Exhibits to this Disclosure Statement are copies of the following:

- The Plan (Exhibit A), and
- Liquidation Analysis (Exhibit B)

In addition, a Ballot for the acceptance or rejection of the Plan is being transmitted with this Disclosure Statement to the holders of Impaired Claims that are entitled to accept or reject the Plan.

The Debtor has moved the Bankruptcy Court for an order approving this Disclosure Statement as containing "adequate information" to enable a hypothetical, reasonable investor typical of the holders of Claims in Classes eligible to vote on the Plan to make an informed judgment as to whether to accept or reject the Plan

Detailed voting instructions accompany each Ballot. Each holder of a Claim entitled to vote on the Plan should read this Disclosure Statement, the Plan, the other Exhibits hereto and the instructions accompanying the Ballot(s) in their entirety before voting. These documents contain, among other things, important information concerning the classification of Claims for voting purposes and the tabulation of votes. No solicitation of a vote to accept the Plan may be made without giving the voter a Disclosure Statement approved by the Bankruptcy Court.

A. Holders of Claims and Equity Interests Entitled to Vote

Only impaired holders of Allowed Claims or Interests are entitled to vote to accept or reject a proposed chapter 11 plan. Unimpaired Classes are deemed to have accepted the Plan and are not entitled to vote. Classes of Claims or Interests that will not receive any distribution under a reorganization plan are deemed to have rejected such plan and also are not entitled to vote.

Under the Plan, Class 2 (Secured Lender Claim) is impaired and entitled to vote on the Plan. Class 4 (Equity Interests) will receive no distributions under the Plan and is therefore deemed to have rejected the Plan. Classes 1, 2 and 3 are unimpaired and conclusively deemed to have accepted the Plan.

The Code defines "acceptance" of a plan by a class of claims as acceptance by creditors in that class that hold at least two-thirds in dollar amount and more than one-half in number of

the claims that vote for acceptance or rejection of the plan. For a more detailed description of the requirements for confirmation of the Plan, see Article VIII, "Confirmation Procedures."

B. Voting Procedures

If you are entitled to vote to accept or reject the Plan, a Ballot is enclosed for that purpose. If you hold a Claim or an Interest in more than one Class and you are entitled to vote in more than one Class, you will receive separate Ballots that must be used for each separate Class.

Please vote and return your Ballot(s) directly to the following address:

HERRICK, FEINSTEIN LLP
Attn: Hanh V. Huynh
2 Park Avenue
New York, New York 10016

DO NOT RETURN ANY OTHER INSTRUMENTS OR AGREEMENTS WITH YOUR BALLOT. TO BE COUNTED, YOUR BALLOT INDICATING ACCEPTANCE OR REJECTION OF THE PLAN MUST BE RECEIVED NO LATER THAN 5:00 P.M., DAYLIGHT SAVINGS TIME, ON [ ], 2013.

Each holder of an Allowed Claim in an impaired Class which receives or retains property under the Plan shall be entitled to vote separately to accept or reject the Plan and indicate such vote on a duly executed and delivered Ballot as provided in such order as is entered by the Bankruptcy Court establishing certain procedures with respect to the solicitation and tabulation of votes to accept or reject the Plan, or any other controlling order or orders of the Bankruptcy Court.

If you are a holder of a Claim entitled to vote on the Plan and you did not receive a Ballot, received a damaged Ballot or lost your Ballot, or if you have any questions concerning the procedures for voting on the Plan, please call Herrick, Feinstein LLP, Attn: Hanh Huynh at 212-592-1482, counsel for the Debtor, during regular business hours.

C. Confirmation Hearing

A hearing to consider confirmation of the Plan (the "Confirmation Hearing") will be held on [ ], 2013 at [ ], Eastern Standard Time, before the Honorable Robert E. Gerber, United States Bankruptcy Judge, at the Bankruptcy Court, One Bowling Green, New York, New York 10004. The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan be served and filed so that they are received on or before [ ], 2013 at 5:00 p.m., New York Time. Service of any objection to confirmation must be served upon Herrick, Feinstein LLP, attorneys for the Debtor, 2 Park Avenue, New York, New York 10016, Attn: Hanh Huynh; DiConza Traurig LLP, attorneys for the Secured Lender (defined below), 630 Third Avenue, New York, New York 10017, Attn: Allen G. Kadish; and the Office of the United States Trustee, 33 Whitehall Street, 21st Floor, New York, New York 10004 Attn: Paul Schwartzberg, Esq, Trial Attorney. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for the announcement of the adjournment date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing.

THE DEBTOR BELIEVES THAT THE PLAN WILL ENABLE THE DEBTOR TO MAXIMIZE RECOVERIES TO ITS CREDITORS AND ACCOMPLISH THE OBJECTIVES OF CHAPTER 11. THE DEBTOR BELIEVES THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF THE DEBTOR AND ITS CREDITORS. THE DEBTOR URGES CREDITORS TO VOTE TO ACCEPT THE PLAN.

II.
SUMMARY TREATMENT OF CLAIMS AND INTERESTS

The following table briefly summarizes the specific classification and treatment of Claims and Equity Interests under the Plan. As provided in the Plan, Administrative Expense Claims, Priority Tax Claims, and Professional Fee Claims have not been classified and are

excluded from the following Classes in accordance with section 1123(a)(1) of the Bankruptcy Code:

Class	Type of Claim or Equity Interest	Treatment	Estimated Claim Amount (By Class)	Estimated Recovery
1	Other Priority Claims	Unimpaired; Each holder of an Allowed Other Priority Claim shall be paid in respect of such Allowed Other Priority Claim (a) the full amount thereof in Cash, as soon as practicable after the later of (i) the Effective Date and (ii) the date on which such Claim becomes an Allowed Other Priority Claim, or upon such other terms as may be agreed upon by the holder of such Allowed Other Priority Claim, the Debtor and the Secured Lender or (b) such lesser amount as the holder of such Allowed Other Priority Claim, the Debtor and the Secured Lender might otherwise agree.	$0	100%
2	Secured Lender Claim	Impaired; The Secured Lender shall have an Allowed Secured Claim in the amount of $14,016,847.37. In full settlement of the Allowed Secured Claim, in addition to its receipt of $540,000 from the Debtor on March 4, 2013 pursuant to the Cash Collateral Order, the Secured Lender, in its sole discretion shall elect treatment of its Allowed Secured Claim as follows: (A) the Debtor shall transfer and convey (the "Property Transfer") to the Designee, in accordance with the instructions of the Secured Lender and Article V of the Plan, title to the Commercial Unit, free and clear of all Claims, Liens, charges, interests and encumbrances other than the Mortgage without recourse to the Debtor; (ii) the Debtor may transfer and convey to an entity designated by the Debtor, title to the Residential Unit, free and clear of all Claims, Liens, charges, interests and encumbrances, without recourse to the Debtor; (iii) the Debtor, or a party on behalf of the Debtor, shall pay the Secured Lender $1 million in cash on the Effective Date; (iv) the Debtor shall turn over to the Secured Lender all cash remaining in the Estate after Distributions and other payments required to be made under the Plan have been made; and (v) the Debtor and the Secured Lender shall exchange mutual general releases in connection with the Residential Unit; *or* (B) the Member shall transfer (the "Interest Transfer") to the Designee its 100% membership interest in the Debtor; (ii) the Debtor shall transfer and convey to an entity designated by the Debtor, title to the Residential Unit, free and clear of all Claims, Liens, charges, interests and encumbrances, without recourse to the	$14 million	95%

		Debtor; (iii) the Debtor, or a party on behalf of the Debtor, shall pay the Secured Lender $1 million in cash on the Effective Date; (iv) the Debtor shall turn over to the Secured Lender all cash remaining in the Estate after Distributions and other payments required to be made under the Plan have been made; and (v) the Debtor and the Secured Lender shall exchange mutual general releases in connection with the Residential Unit. The Secured Lender shall waive its right to a Distribution under the Plan (but not the right to vote on the Plan) on account of its Unsecured Deficiency Claim against the Debtor.		
3	General Unsecured Claims	Unimpaired; Each holder of an Allowed General Unsecured Claim shall be paid in respect of such Allowed General Unsecured Claim (except for the Unsecured Deficiency Claim) (a) the full amount thereof in Cash, as soon as practicable after the later of (i) the Effective Date and (ii) the date on which such Claim becomes an Allowed General Unsecured Claim, or upon such other terms as may be agreed upon by the holder of such Allowed General Unsecured Claim, the Debtor and the Secured Lender or (b) such lesser amount as the holder of such Allowed General Unsecured Claim, the Debtor and the Secured Lender might otherwise agree.	$58,207	100%
4	Equity Interests	Impaired, deemed to reject; If the Secured Lender elects, in its sole discretion, treatment of its Secured Claim through a Property Transfer, then on the Effective Date, Equity Interests in the Debtor shall be cancelled and the holders thereof shall receive no Distribution under the Plan on account of such Equity Interests. If the Secured Lender elects, in its sole discretion, treatment of its Secured Claim through an Interest Transfer, then on the Effective Date, the Member shall transfer, or cause to be transferred, to the Designee 100% of the Equity Interests in the Debtor.	N/A	0%

III.
OVERVIEW OF CHAPTER 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11, a debtor is authorized to reorganize its business for the benefit of interested parties including its creditors and equity interest holders. In addition to permitting rehabilitation

of a debtor, another goal of chapter 11 is to promote equality of treatment for similarly situated creditors and equity interest holders with respect to the distribution of a debtor's assets.

The commencement of a chapter 11 case creates an estate that is comprised of all of the legal and equitable interests of the debtor as of the filing date. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession." The consummation of a plan of reorganization is the principal objective of a chapter 11 reorganization case. A plan of reorganization sets forth the means for satisfying claims against and interests in the debtor. Confirmation of a plan by the bankruptcy court makes the plan binding upon a debtor, any issuer of securities under the plan, any person acquiring property under the plan and any creditor or equity interest holder of a debtor. Subject to certain limited exceptions, the confirmation order discharges a debtor from any debt that arose prior to the date of confirmation of the plan and substitutes therefor the obligations specified under the confirmed plan.

After a plan has been filed, the holders of claims against or interests in a debtor are generally permitted to vote to accept or reject the plan. Before soliciting acceptances of the proposed plan, however, section 1125 of the Bankruptcy Code requires a debtor to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment about the plan. The Debtor and the Secured Lender are submitting this Disclosure Statement to holders of Claims against the Debtor and the Debtor's Equity Holders to satisfy the requirements of section 1125 of the Bankruptcy Code.

IV.
DESCRIPTION OF THE DEBTOR'S BUSINESS

A. Background

The Debtor is a New York limited liability company. Its sole member is Kislev Partners, L.P., and its principals are Simon Elias and Izak Senbahar, who are also guarantors (the "Guarantors") of the Debtor's obligations described herein. The Debtor is the fee owner of what is known as the "Commercial Unit" and "Unit 21C" (or, the "Residential Unit") at the Grand Beekman Condominium, located at 400 East 51st Street, New York, New York (collectively, the "Property"). Portions of the ground space in the Commercial Unit are leased to the following tenants: JPMorgan Chase Bank, N.A, H&R Block, and Litter & Leashes. The Residential Unit is currently occupied by relatives of one of the principals of the Debtor.

The Debtor is a borrower under that certain Omnibus Modification Agreement dated as of July 31, 2009 (the "Modification Agreement") with New York Commercial Bank (the "Bank"), as lender. 110 West 86 LLC ("110 West") and 200 East 27 LLC ("200 East," and together with the Debtor and 110 West, the "Borrowers") are also borrowers under the Modification Agreement.

Prior to entering into the Modification Agreement, the Bank held: (i) a consolidated first mortgage lien on the Property (the "First Mortgage"), which secured a note in the original principal amount of $8,099,694.37; (ii) a first mortgage lien on nineteen condominium units owned by 110 West at the building located at 110 West 86th Street, New York, NY (the "110 West Collateral"), which secured a note in the original principal amount of $3 million; and (iii) a pledge of shares owned by 200 East in ninety four (94) cooperative apartments in two buildings located at 201 East 25th Streeet and 200 East 27th Street, New York, NY (the "200 East Collateral"), which secured a note in the original principal amount of $15,500,000. The

preceding loans to each of the Debtor, 110 West, and 200 East are referred to as the "Original Loans."

Pursuant to the Modification Agreement, the Bank loaned the Borrowers an additional $4.6 million (the "New Loan"), evidenced by a promissory note and secured by a second mortgage lien on the Property, the 110 West Collateral and the 200 East Collateral (the "Second Mortgage"). The New Loan matured on November 1, 2009, just three months after it was made. Due to the severe national economic downturn, the Borrowers were unable to pay the outstanding obligations under the New Loan upon its maturity.

On September 21, 2010, the Bank commenced a foreclosure action in the New York Supreme Court, County of New York (the "State Court"), under Index No. 810026/2010 (the "Foreclosure Action"), to foreclose the lien only on the Second Mortgage on the Property. On February 10, 2011, the State Court appointed Carol Lilienfeld, Esq. as receiver (the "Receiver") for the Property in the Foreclosure Action. On September 13, 2011, the Bank assigned the First and the Second Mortgage to 51st Street Lender LLC (the "Secured Lender").

On July 30, 2012, the State Court entered, in favor of the Secured Lender, a Judgment of Foreclosure and Sale (the "Foreclosure Judgment"), in the amount of $1,309,886.93 as of January 30, 2012, with interest thereon at the rate of $487.13 per day, on the Second Mortgage, and directed the public auction sale by referee (the "Foreclosure Sale") of the Commercial Unit and the Residential Unit as two separate parcels. Under the Foreclosure Judgment, the sale of the Commercial Unit was to precede the sale of the Residential Unit, which was to occur only if the net proceeds of the sale of the Commercial Unit were insufficient to satisfy the amount due on the Foreclosure Judgment and the expenses of the Foreclosure Sale. The Foreclosure Sale

was noticed by publication and was scheduled to occur on October 10, 2012 at 2:00 p.m. at the State Court.

The Debtor's inability to resolve its dispute with the Lender as to the amount due under the loans, and the impending Foreclosure Sale that was set to occur without a resolution of this critical threshold issue, necessitated the emergency filing of the Debtor's bankruptcy case (the "Chapter 11 Case").

V.
THE CHAPTER 11 CASE

A. Motions and Orders

Retention of Counsel. On January 7, 2013, the Bankruptcy Court entered an order authorizing the employment and retention of Herrick, Feinstein LLP as the Debtor's bankruptcy counsel.

The Cash Collateral Stipulations. On November 8, 2012, the Bankruptcy Court entered a Stipulation and Order Authorizing Use of Cash Collateral, which authorized the Debtor to use the Secured Lender's cash collateral through January 31, 2013 in accordance with the budget annexed thereto. On February, 13, 2013 the Bankruptcy Court entered a Second Stipulation and Order Authorizing Use of Cash Collateral, which extended the Debtor's use of cash collateral through April 30, 2013 and authorized the Debtor to pay to the Secured Lender $540,000 upon the execution of an agreement regarding the terms of a chapter 11 plan.

The Receiver Stipulation. On March 5, 2013, the Bankruptcy Court entered a Stipulation and Agreed Order Granting Receiver Relief from Stay (the "Receiver Stipulation"), which permitted the Receiver to seek from the State Court in the Foreclosure Action approval of her final accounting, the fixing of the Receiver's fees, the release of the Receiver's bond and

discharge of the Receiver in the Foreclosure Action. The Stipulation and Agreed Order also authorized the Debtor or the Secured Lender to pay the Receiver's fees.

The Bar Date Order. On November 27, 2012, the Bankruptcy Court entered an order establishing January 7, 2013 as the deadline for creditors to file proofs of claim and April 8, 2013 as the deadline for governmental units to file proofs of claim.

B. Turnover of Receiver Funds

On or about November 20, 2013, in compliance with section 543 of the Bankruptcy Code, the Receiver turned over to the Debtor funds in the amount of $768,845.03 (the "Receiver Funds"). Pursuant to the Cash Collateral Stipulations, the Receiver Funds were deposited into escrow in an account maintained by the Debtor's counsel.

C. Settlement with the Secured Lender

Following the commencement of the Chapter 11 Case, the Debtor and the Secured Lender engaged in lengthy discussions and negotiations concerning a global resolution and settlement of their disputes, including in connection with the Foreclosure Action. As a result of those discussions, the parties executed a Term Sheet dated February 14, 2013 (the "Term Sheet"), pursuant to which the Debtor and the Secured Lender agreed in principle to the terms and conditions of a proposed transaction, to be set forth in a chapter 11 plan of reorganization negotiated by the parties. The Plan is the result of the arm's-length agreement by the parties of the transactions contemplated in the Term Sheet.

D. No Official Committee of Unsecured Creditors

No official committee of unsecured creditors has been appointed in the Chapter 11 Case.

E. Disclosure Statement/Plan Confirmation Hearings

The Debtor has moved this Court for an order approving this Disclosure Statement as containing "adequate information" to enable a hypothetical, reasonable investor typical of the

Holders of Claims in classes eligible to vote on the Plan to make an informed judgment as to whether to accept or reject the Plan. A hearing to consider the adequacy of this Disclosure Statement is scheduled for April 16, 2013. The Bankruptcy Court has scheduled the Confirmation Hearing for [ ], 2013.

VI.

SUMMARY OF THE PLAN OF REORGANIZATION

A. Introduction

The Debtor believes that confirmation of the Plan provides the best opportunity for maximizing recoveries for the Debtor's creditors. The Plan provides that the Secured Lender will fund all Distributions to be made thereunder from a carve out of its cash collateral. Absent such funding, there would be no Cash or other assets of the Debtor to make Distributions to creditors other than to the Secured Lender. Thus, the Debtor believes, and will demonstrate to the Bankruptcy Court, that the Debtor's creditors will receive substantially less in a hypothetical liquidation under chapter 7 of the Bankruptcy Code than they would under the Plan. The following is a summary of the Plan. The Plan is attached as Exhibit "A" to this Disclosure Statement. The terms of the Plan govern in the event of any discrepancies with the following discussion.

B. Classification and Treatment of Administrative Claims, Claims and Equity Interests Under the Plan

Only administrative expenses, claims and equity interests that are "allowed" may receive distributions under a chapter 11 plan. An "allowed" administrative expense, claim or equity interest simply means that a debtor agrees, or in the event of a dispute, that the court determines, that the administrative expense, claim or equity interest, including the amount, is in fact a valid obligation of, or interest in, a debtor. Section 502(a) of the Bankruptcy Code provides that a

timely-filed administrative expense, claim or equity interest is automatically "allowed" unless a debtor or another party in interest objects.

The Bankruptcy Code also requires that, for purposes of treatment and voting, a chapter 11 plan divide the different claims against, and equity interests in a debtor, into separate classes based upon the legal rights and obligations attached to the claim or interest. Substantially similar claims are usually but not necessarily, classified together, as are equity interests of a substantially similar legal nature. Because an entity may hold multiple claims and/or equity interests which give rise to different legal rights, the holders of such claims and/or equity interests may find themselves members of multiple classes of claims and/or equity interests. As a result, under the Plan, for example, a creditor that holds a Claim based on an unsecured Claim as well as equity in the Debtor would have its Claim classified in Class 3 and its Equity Interest classified in Class 4. To the extent of this holder's Claim, the holder would be entitled to the voting and treatment rights that the Plan provides with respect to Class 3 and, to the extent of the holder's Equity Interest, the voting and treatment rights that the Plan provides with respect to Class 4.

Under a chapter 11 plan, the separate classes of claims and equity interests must be designated either as "impaired" (altered by the plan in any way) or "unimpaired" (unaltered by the plan). If a class of claims is "impaired," the Bankruptcy Code affords certain rights to the holders of such claims, such as the right to vote on the plan (unless the plan provides for no distribution to the holder, in which case, the holder is deemed to reject the plan), and the right to receive an amount under the chapter 11 plan that is not less than the value that the holder would receive if the debtor were liquidated under chapter 7.

Under section 1124 of the Bankruptcy Code, a class of claims or interests is "impaired" unless, with respect to each claim or interest of such class, the plan (i) does not alter the legal,

equitable and contractual rights of the holders of such claims or interests or; (ii) irrespective of the holder's right to receive accelerated payment of such claims or interests after the occurrence of a default, cures all defaults (other than those arising from, among other things, the debtor's insolvency or the commencement of a bankruptcy case), reinstates the maturity of the claims or interests in the class, compensates the holders of such claims or interests for any damages incurred as a result of their reasonable reliance upon any acceleration rights and does not otherwise alter their legal, equitable or contractual rights. Typically, this means that the holder of an unimpaired claim will receive on the later of the effective date of the plan of reorganization or the date on which amounts owing are due and payable, payment in full, in cash, with post-petition interest to the extent permitted and provided under the governing agreement between the parties (or, if there is no agreement, under applicable non-bankruptcy law), and the remainder of the debtor's obligations, if any, will be performed as they come due in accordance with their terms. Thus, other than its right to accelerate the debtor's obligations, the holder of an unimpaired claim will be placed in the position it would have been in had the debtor's case not been commenced.

Consistent with these requirements, the Plan divides the Claims against, and Equity Interests in, the Debtor into the following Classes:

Unclassified	Administrative Claims	Paid in full
Unclassified	Priority Tax Claims	Paid in full
Unclassified	Professional Fee Claims	Paid in full
Unclassified	Other Unclassified Claims	Paid in full
Class 1	Other Priority Claims	Unimpaired
Class 2	Secured Lender Claim	Impaired

Class 3	General Unsecured Claims	Unimpaired
Class 4	Equity Interests	Impaired

For purposes of computing Distributions under the Plan, Allowed Claims do not include post-petition interest unless otherwise specified in the Plan.

1. Unclassified—Administrative Claims

Administrative Claims are Claims constituting costs or expenses of administration of the Chapter 11 Case. Such Claims include any actual and necessary costs and expenses of preserving the Debtor's estate, any indebtedness or obligations incurred or assumed by the Debtor in connection with the conduct of its business, all compensation and reimbursement of expenses to the extent Allowed by the Bankruptcy Court under the Bankruptcy Code and any fees or charges assessed against the Debtor's estate owed to the office of the U.S. Trustee.

Pursuant to the Plan, Except to the extent the holder of an Allowed Administrative Claim agrees otherwise, each holder of an Allowed Administrative Claim (which does not include claims for fees and expenses incurred by bankruptcy counsel for the Debtor) shall be paid in respect of such Allowed Administrative Claim (a) the full amount thereof in Cash, as soon as practicable after the later of (i) the Effective Date and (ii) the date on which such Claim becomes and Allowed Administrative Claim, or upon such other terms as may be agreed upon by the holder of such Allowed Administrative Claim, or (b) such lesser amount as the holder of such Allowed Administrative Claim, the Debtor and the Secured Lender might otherwise agree; provided, however, that all Administrative Claims incurred in the ordinary course of the Debtor's business during the Chapter 11 Case shall be paid in the ordinary course of the Debtor's business. Notwithstanding the foregoing, the Statutory Fees shall be paid in Cash as soon as practicable after the Effective Date.

Unless otherwise ordered by the Bankruptcy Court, requests for payment of Administrative Claims (except for Professional Fee Claims) must be filed and served on counsel for the Debtor and counsel for the Secured Lender no later than the Confirmation Hearing (the **"**Administrative Claims Bar Date**"**). Any Person that is required to file and serve a request for payment of an Administrative Claim and fails to timely file and serve such request, shall be forever barred, estopped and enjoined from asserting such Claim or participating in distributions under the Plan on account thereof. Objections to requests for payment of Administrative Claims (except for Professional Fee Claims) must be filed and served on counsel for the Debtor and counsel for the Secured Lender, and the party requesting payment of an Administrative Claim within thirty (30) days as after the filing of such request for payment.

2. Unclassified—Priority Tax Claims.

Priority Tax Claims are Claims for taxes against the Debtor entitled to priority in payment pursuant to section 507(a)(8) of the Bankruptcy Code. Except as provided in the Plan, each holder of an Allowed Priority Tax Claim shall be paid in respect of such Allowed Claim (a) the full amount thereof, without post-petition Date interest or penalty, in Cash, as soon as practicable after the later of (i) the Effective Date and (ii) the date on which such Claim becomes an Allowed Priority Tax Claim; or (b) upon such other terms as may be agreed upon by the holder of such Allowed Claim and the Secured Lender.

3. Unclassified-- Professional Fee Claims

Professionals are Persons employed pursuant to an order of the Bankruptcy Court in accordance with sections 327, 328, or 1103 of the Bankruptcy Code or otherwise and to be compensated for services rendered prior to the Effective Date pursuant to sections 327, 328, 329, 330 and/or 331 of the Bankruptcy Code. Professionals in this Chapter 11 Case consist only of Herrick, Feinstein LLP. Professional Fee Claims are Claims for fees and expenses claimed by a

Professional Person pursuant to sections 330, 331 or 503 of the Bankruptcy Code, and unpaid as of the Effective Date, but not including any subrogation or contribution Claim arising from any Person's payment of any fees and expenses to a Professional Person.

Pursuant to the Plan, Unless otherwise ordered by the Bankruptcy Court, and subject to notice and a hearing under section 330 of the Bankruptcy Code, requests for payment of Professional Fee Claims incurred through the Effective Date must be filed and served on (i) counsel to each of the Debtor and the Secured Lender, (ii) all creditors, and (iii) the United States Trustee, no later than thirty (30) days after the Confirmation Date (the "Professional Fee Claim Bar Date"). The day prior to the Confirmation Date, each Professional shall provide counsel for the Debtor and counsel for the Secured Lender with a written estimate of the total amount of compensation and expenses for which such Professional expects to seek final compensation and reimbursement pursuant to section 330 of the Bankruptcy Code. Such estimates shall include estimated sums for the preparation and prosecution of any application for final compensation.

Each holder of an Allowed Professional Fee Claim shall receive 100% of the unpaid amount of such Allowed Professional Fee Claim in Cash after such Professional Fee Claim becomes an Allowed Professional Fee Claim provided, however, that the aggregate Distributions on account of Allowed Professional Fee Claims shall not exceed $160,000.

4. Unclassified—Other Unclassified Claims

The Debtor does not believe that any other unclassified claims exist in this Chapter 11 Case. However, to the extent that there are any Allowed Claims which are not classified in the Plan and which are not Administrative Claims, Priority Tax Claims or Professional Fee Claims, such Allowed unclassified Claims, if any, shall be paid in Cash in full as soon as practicable after the later of (i) the Effective Date and (ii) the date on which such Claim becomes an Allowed Claim.

5. Class 1—Other Priority Claims (Unimpaired; therefore, deemed to have accepted the Plan and not entitled to vote)

Other Priority Claims consist of Claims against the Debtor entitled to priority in payment under section 507(a) of the Bankruptcy Code, other than an Administrative Claim, Professional Fee Claim or Priority Tax Claim.

Under the Plan, each holder of an Allowed Other Priority Claim shall be paid in respect of such Allowed Other Priority Claim (a) the full amount thereof in Cash, as soon as practicable after the later of (i) the Effective Date and (ii) the date on which such Claim becomes an Allowed Other Priority Claim, or upon such other terms as may be agreed upon by the holder of such Allowed Other Priority Claim, the Debtor and the Secured Lender or (b) such lesser amount as the holder of such Allowed Other Priority Claim, the Debtor and the Secured Lender might otherwise agree. This Class is not impaired and, therefore, the holders of Claims in this Class are not entitled to vote and are conclusively presumed to accept the Plan.

6. Class 2—the Secured Lender Claim (Impaired; therefore, entitled to vote to accept or reject the Plan)

Under the Plan, the Secured Lender shall have an Allowed Secured Claim in the amount of $14,016,847.37. In full settlement of the Allowed Secured Claim, in addition to its receipt of $540,000 from the Debtor on March 4, 2013 pursuant to the Cash Collateral Order, the Secured Lender, in its sole discretion shall elect treatment of its Allowed Secured Claim as follows: (A) the Debtor shall transfer and convey (the "Property Transfer") to the Designee, in accordance with the instructions of the Secured Lender and Article V of the Plan, title to the Commercial Unit, free and clear of all Claims, Liens, charges, interests and encumbrances other than the Mortgage without recourse to the Debtor; (ii) the Debtor may transfer and convey to an entity designated by the Debtor, title to the Residential Unit, free and clear of all Claims, Liens, charges, interests and encumbrances, other than any mortgage as may be requested by the entity

designated by the Debtor, without recourse to the Debtor; (iii) the Debtor, or a party on behalf of the Debtor, shall pay the Secured Lender $1 million in cash on the Effective Date; (iv) the Debtor shall turn over to the Secured Lender all cash remaining in the Estate after Distributions and other payments required to be made under the Plan have been made; and (v) the Debtor and the Secured Lender shall exchange mutual general releases in connection with the Residential Unit; ***or*** (B) the Member shall transfer (the "Interest Transfer") to the Designee its 100% membership interest in the Debtor; (ii) the Debtor shall transfer and convey to an entity designated by the Debtor, title to the Residential Unit, free and clear of all Claims, Liens, charges, interests and encumbrances, other than any mortgage as may be requested by the entity designated by the Debtor, without recourse to the Debtor; (iii) the Debtor, or a party on behalf of the Debtor, shall pay the Secured Lender $1 million in cash on the Effective Date; (iv) the Debtor shall turn over to the Secured Lender all cash remaining in the Estate after Distributions and other payments required to be made under the Plan have been made; (v) the Secured Lender agrees to pay all expenses incurred in connection with the Interest Transfer, if any; and (vi) the Debtor and the Secured Lender shall exchange mutual general releases in connection with the Residential Unit.

Immediately prior to either the Property Transfer or the Interest Transfer, as the Secured Lender may elect in its sole discretion, the Debtor shall cooperate with the Secured Lender as necessary and at the Secured Lender's sole discretion to reduce the First Mortgage to $7,000,000 and to forgive the Second Mortgage; provided, however, that such reduction of the First Mortgage and forgiveness of the Second Mortgage shall be part and parcel of and integral to the Property Transfer or Interest Transfer, and shall occur immediately prior to the Property Transfer or Interest Transfer. The Secured Lender, in its sole discretion, may obtain financing in

connection with the transactions contemplated in the Plan, and the Debtor shall cooperate with the Secured Lender in assigning the First Mortgage to such new lender, if any.

The Secured Lender shall inform the Debtor in writing of its election of a Property Transfer or an Interest Transfer no later than seven (7) days prior to the Confirmation Hearing.

The Secured Lender shall waive its right to a Distribution under the Plan (but not the right to vote on the Plan) on account of its Unsecured Deficiency Claim against the Debtor. This Class is impaired and, therefore, the Secured Lender is entitled to vote on the Plan.

7. Class 3—General Unsecured Claims (Unimpaired; <u>therefore, not entitled to vote to accept or reject the Plan)</u>

General Unsecured Claims are unsecured, non-priority Claims that are not Administrative Claims, Priority Tax Claims, Other Priority Claims, Professional Fee Claims, or Secured Claims.

Under the Plan, each holder of an Allowed General Unsecured Claim shall be paid in respect of such Allowed General Unsecured Claim (except for the Unsecured Deficiency Claim) (a) the full amount thereof in Cash, as soon as practicable after the later of (i) the Effective Date and (ii) the date on which such Claim becomes an Allowed General Unsecured Claim, or upon such other terms as may be agreed upon by the holder of such Allowed General Unsecured Claim, the Debtor and the Secured Lender or (b) such lesser amount as the holder of such Allowed General Unsecured Claim, the Debtor and the Secured Lender might otherwise agree. This Class is not impaired and, therefore, the holders of Claims in this Class are not entitled to vote and are conclusively presumed to accept the Plan.

8. Class 4—Equity Interests (Impaired; deemed to have <u>rejected the Plan)</u>

Equity Interests consist of the legal, equitable, contractual or other rights of any Person with respect to any capital stock, membership interest or other ownership interest in the Debtor,

whether or not transferable, and any option, warrant or right to purchase, sell, subscribe for, or otherwise acquire or receive an ownership interest or other equity security in the Debtor.

Under the Plan, on the Effective Date, Equity Interests in the Debtor shall be cancelled and the holders thereof shall receive no Distribution under the Plan on account of such Equity Interests. The holders of Equity Interests shall be deemed to have rejected the Plan.

C. Means for Implementation of the Plan

1. Property Transfer or Interest Transfer. On the Effective Date, the Debtor shall effect the Property Transfer or the Interest Transfer, as the Secured Lender may elect in its sole discretion, as set forth in Section 4.2 of the Plan. On the Effective Date, the Debtor shall relinquish and surrender management and control of the Commercial Unit to the Designee, including by turning over to Designee all books and records and historical financial information related to the Commercial Unit. In conjunction with the Property Transfer or the Interest Transfer, the ownership of the Residential Unit shall be transferred to the Debtor's designee, free and clear of all Claims, Liens, charges, interests and encumbrances, other than any mortgage as may be requested by the designee, in consideration for the payment at transfer by the Debtor's designee of $1 million, which sum will be paid by the Debtor's designee to the Secured Lender at the Closing on the Property Transfer or the Interest Transfer. The transferee of the Residential Unit shall deposit into escrow with counsel for the Debtor $1 million no later than two (2) days prior to the Confirmation Hearing.

2. Execution of Documents. On the Effective Date, the Debtor, and any necessary party thereto, shall execute, release, and deliver all documents reasonably necessary to consummate the transactions contemplated by the terms and conditions of the Plan.

3. Filing of Documents Pursuant to sections 105, 1141(c) and 1142(b) of the Bankruptcy Code, each and every federal, state and local governmental agency or department,

shall be directed to accept and record any and all documents and instruments necessary, useful or appropriate to effectuate, implement and consummate the transactions contemplated by the Plan, and any and all notices of satisfaction, release or discharge or assignment of any Lien, Claim or encumbrance not expressly preserved by the Plan.

4. **Corporate Action**. Upon the entry of the Confirmation Order, all matters provided under the Plan involving the corporate structure of the Debtor shall be deemed authorized and approved without any requirement of further action by the Debtor, the Debtor's members, or the Debtor's boards of directors, managers, and/or managing members.

5. **Discontinuance of Foreclosure Action**. Within thirty (30) days after the Effective Date, the Secured Lender shall cause to be filed in the Foreclosure Action a motion seeking discontinuance of the Foreclosure Action with prejudice. Confirmation of the Plan shall constitute consent by the Debtor and its creditors to discontinuance of the Foreclosure Action with prejudice.

6. **Manner of Payment.** Any payment of Cash made under the Plan may be made either by check drawn on a domestic bank, by wire transfer, or by automated clearing house transfer from a domestic bank, at the option of the Disbursing Agent.

7. **Tax and Withholding Requirements**. The Disbursing Agent, in making Distributions under the Plan, shall comply with applicable tax withholding and reporting requirements imposed by any governmental unit, and all Distributions made pursuant to the Plan shall be subject to such withholding and reporting requirements. The Disbursing Agent may withhold the entire Distribution due to any holder of an Allowed Claim until such time as such holder provides the Disbursing Agent with the necessary information to comply with any reporting and withholding requirements of any governmental unit. Any funds so withheld will

then be paid by the Disbursing Agent to the appropriate authority. If the holder of an Allowed Claim fails to provide to the Disbursing Agent the information necessary to comply with any reporting and withholding requirements of any governmental unit within thirty (30) days from the date of first notification by the Disbursing Agent to the holder of such Allowed Claim about the need for such information or for the Cash necessary to comply with any applicable withholding requirements, then such holder's Distribution shall be treated as unclaimed property in accordance with Section 7.5 of the Plan.

8. Rights and Obligations of the Disbursing Agent

(a) Powers of the Disbursing Agent. The Disbursing Agent shall be empowered to (i) take all steps and execute all instruments and documents necessary to effectuate the disbursements to be made under the Plan; (ii) make Distributions contemplated by the Plan; (iii) comply with the Plan and the obligations thereunder; and (iv) exercise such other powers as may be vested in it pursuant to order of the Court or pursuant to the Plan, or as it reasonably deems to be necessary and proper to carry out the provisions of the Plan.

(b) Duties of the Disbursing Agent**.** The Disbursing Agent shall have the duties of carrying out the Disbursements under the Plan, which shall include taking or not taking any action which the Disbursing Agent deems to be in furtherance thereof, including, from the date of its appointment, making payments and conveyances and effecting other transfers necessary in furtherance of the Plan. After the Confirmation Date, the Disbursing Agent (i) shall file with the Bankruptcy Court and submit to the United States Trustee regular postconfirmation status reports every three months, on or before each of the fifteenth (15th) day of April, July, and October as appropriate, and in accordance with the provisions of Rule 3021-1(c) of the Local Bankruptcy Rules for the Southern District of New York until the Debtor's Chapter 11 Case is

closed, converted, or dismissed, whichever happens earlier, (ii) submit to the Bankruptcy Court and to the United States Trustee the closing report required by the provisions of Rule 3022-1 of the Local Bankruptcy Rules for the Southern District of New York, and (iii) file with the Bankruptcy Court a motion for a final decree closing the Chapter 11 Case.

D. Releases, Injunctions and Exculpations

1. Releases by the Debtor. Pursuant to section 1123(b) of the Bankruptcy Code, and except for such liabilities and obligations otherwise assumed or provided under the Plan, for good and valuable consideration provided by the Released Parties to the Effective Date and effective as of the Effective Date, the Released Parties are deemed released and discharged by the Debtor and its Estate from any and all direct, indirect or derivative claims, obligations, rights, suits, judgments, indemnification, and all other claims, causes of action, controversies of every type, kind, nature, description or character whatsoever, including any derivative claims asserted on behalf of the Estate, whether known or unknown, foreseen or unforeseen, liquidated or liquidated, contingent or fixed, currently existing or hereafter arising, in law, at equity, whether for tort, fraud, contract or otherwise, that the Debtor would have been legally entitled to assert, including, but not limited to, any claim or cause of action arising from or relating to the Debtor, the Chapter 11 Case, the Plan, the subject matter of, or the transactions or events giving rise to, any Claim or Equity Interest of the Released Parties that is treated in the Plan, the business or contractual arrangements between the Debtor, on the one hand, an any Released Party, on the other hand, the negotiation, formulation, or preparation of the Plan and the Disclosure Statement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place, in each case to the extent incurred on or prior to the Effective Date, other than in each case claims or liabilities arising out of or relating to any act or

omission of a Released Party that constitutes willful misconduct or gross negligence; provided, however, that nothing in this section or in the Plan shall be deemed to release any Released Party from liability for acts or omissions that are the result of actual fraud, gross negligence, willful misconduct, ultra vires acts, criminal conduct, disclosure of confidential information that causes damages, or willful violation of the securities laws or the Internal Revenue Code, or, in the case of an attorney professional and as required under Rule 1.8(h)(1) of the New York State Rules of Professional Conduct, malpractice. Except as set forth in Section 11.15 of the Plan, nothing in the Plan shall effect a release of any Claim by the United States Government or any of its agencies or any state and local authority whatsoever, including, without limitation, any Claim arising under the Internal Revenue Code, the environmental laws or any criminal laws of the United States or any state and local authority against the Released Parties, nor shall anything in the Plan enjoin the United States or any state or local authority from bringing any Claim, suit, action or other proceedings against the Released Parties for any liability whatever, including without limitation, any Claim, suit or action arising under the Internal Revenue Code, the environmental laws or any criminal laws of the United States or any state and local authority, nor shall anything in the Plan exculpate any party from any liability to the United States Government or any of its agencies or any state and local authority whatsoever, including liabilities arising under the Internal Revenue Code, the environmental laws or any criminal laws of the United States or any state and local authority against the Released Parties.

2. <u>Mutual Releases by the Secured Lender and the Guarantors</u>. Except for such liabilities and obligations otherwise assumed or provided under the Plan, upon the

Effective Date, the Secured Lender and the Guarantors expressly release and discharge each other from any and all actions, causes of action, suits, accounts, demands, damages and claims whatsoever relating to the Foreclosure Action, the Guaranty, and the Chapter 11 Case that each ever had, now have, or hereafter can, shall or may have, or that their agents, servants, employees, officers, directors, trustees, shareholders, heirs, assigns, spouses, successors, or legal representatives had, have or hereafter may have against the other by reason of any matter, cause or thing whatsoever up to and including the Effective Date, whether known or unknown, contingent or fixed, having to do with or in any way related to the Foreclosure Action, the Guaranty, the Chapter 11 Case and the Plan.

3. Injunction. On the Effective Date, the Debtor shall be permanently enjoined from commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind, including asserting any setoff, right or subrogating, contribution, indemnification or recoupment of any kind, directly or indirectly, or proceeding in any manner in any place inconsistent with the releases granted by the Debtor and its Estate to the Released Parties pursuant to the Plan. The releases and injunctions granted in favor of the Released Parties are integral parts of the Plan and are necessary to confirm the Plan.

4. Exculpation. On the Effective Date, other than such liabilities and obligations otherwise assumed or provided hereunder, (a) the Debtor, and its direct and indirect parents, subsidiaries and affiliates, together with each of its shareholders, members, managers, general partners, limited partners, officer, directors, employees, agents, representatives, attorneys and advisors or consultants (solely in their capacities as such) and (b) the Released Parties, and all of their respective direct and indirect parents and subsidiaries, together with each of their respective shareholders, members, managers, general partners, limited partners, officers, directors,

employees, agents, representatives, attorneys and advisors or consultants (solely in their capacities as such) shall be deemed to release each of the other, and the Released Parties shall be deemed released by all holders of Claims and Equity Interests of and from any claims, obligations, rights, causes of action and liabilities for any act or omission occurring through the date immediately preceding the Effective Date that arise from or are related to the Property and the ownership thereof, including, without limitation, any act or omission occurring during or relating to the Chapter 11 Case, commencement of the Chapter 11 Case, the solicitation of acceptances of the Plan, the Disclosure Statement, the pursuit of approval of the Disclosure Statement, the pursuit of confirmation of the Plan, the consummation of the Plan or the administration of the Plan or the property to be distributed under the Plan, except for acts or omissions which constitute fraud, willful misconduct, gross negligence, ultra vires acts, criminal conduct, disclosure of confidential information that causes damages, or willful violation of the securities laws or the Internal Revenue Code, or, in the case of an attorney professional and as required under Rule 1.8(h)(1) of the New York State Rules of Professional Conduct, malpractice, and all such Persons, in all respects, shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan and under the Bankruptcy Code.

5. Confirmation Injunction. Other than such liabilities and obligations otherwise assumed or provided hereunder, and as set forth in the Confirmation Order, (a) the rights afforded in the Plan and the treatment of all Claims and Equity Interests in the Plan, shall be in exchange for and in complete satisfaction and release of, all Claims and Equity Interests of any nature whatsoever, including any interest accrued on Claims from and after the Petition Date, against the Debtor or any of its assets and properties, (b) on the Effective Date, all such Claims against the Debtor shall satisfied and released in full, and (c) all Persons shall be precluded from

asserting and shall be permanently enjoined from commencing or continuing in any manner any action or proceeding (whether directly, indirectly, derivatively, or otherwise) against the Debtor, its assets or properties, based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date.

6. **No Discharge**. Pursuant to section 1141(d)(3), the Debtor will not receive a discharge upon confirmation of the Plan.

E. Distributions Under the Plan

1. **Distributions for Claims Allowed as of the Effective Date**. Except as otherwise provided in the Plan or as ordered by the Bankruptcy Court, Distributions to be made on account of Claims that are Allowed Claims as of the Effective Date shall be made on the Effective Date or as soon thereafter as is practicable. Any Distribution to be made on the Effective Date pursuant to the Plan shall be deemed as having been made on the Effective Date if such distribution is made on the Effective Date or as soon thereafter as is practicable. Any payment or Distribution required to be made under the Plan on a day other than a Business Day shall be made on the next succeeding Business Day. The Disbursing Agent shall make all Distributions required to be made under the Plan.

2. **Delivery of Distributions**. Subject to Bankruptcy Rule 9010, all Distributions to any holder of an Allowed Claim shall be made at the address set forth on the Schedules filed with the Bankruptcy Court or on the books and records of the Debtor or its agents, unless the Debtor has been notified in writing of a change of address, including by the filing of a proof of claim or Administrative Claim request that contains an address for a holder of a Claim different from the address for such holder reflected on any Schedule. The Debtor shall notify the Disbursing Agent of any such change of address.

3. Reserves for Administrative, Priority Tax, Other Priority Claims, and Statutory Fees. On the Effective Date, or as soon as practicable thereafter, the Disbursing Agent shall establish and maintain a reserve (to the extent necessary) in an amount equal to the sum of (i) all Disputed Administrative Claims, Disputed Cure Amounts, Disputed Priority Tax Claims and Disputed Other Priority Claims, if any, in an amount equal to what would be distributed to holders of Disputed Administrative Claims, Disputed Priority Tax Claims, Disputed Other Priority Claims, and Disputed Cure Amounts if their Disputed Claims had been deemed Allowed Claims on the Effective Date or on the Administrative Claims Bar Date or such other amount as may be approved by the Bankruptcy Court upon motion of the Debtor and/or the Secured Lender, (ii) an estimated amount for unpaid Professional Fee Claims and any other Administrative Claims that have not been filed as of the Effective Date, such amount to be agreed upon by the Debtor and the Secured Lender or such other amount as may be fixed by the Bankruptcy Court, and (iii) an estimated amount for unpaid Statutory Fees and Statutory Fees that may become due until the entry of a final decree closing the Chapter 11 Case (together, the "Administrative Claim Reserve"). Any such funds shall be maintained by the Disbursing Agent in an account at an authorized bank depository in the Southern District of New York. With respect to such Disputed Claims, if, when, and to the extent any such Disputed Claim becomes an Allowed Claim by Final Order, the relevant portion of the Cash held in reserve therefore shall be distributed by the Disbursing Agent to the Claimant in a manner consistent with distributions to similarly situated Allowed Claims. The balance of such Cash, if any, remaining after all Professional Fee Claims, Disputed Administrative Claims, Disputed Cure Amounts, Disputed Priority Tax Claims, and Disputed Other Priority Claims, have been resolved and distributions made in accordance with the Plan, shall be released and distributed promptly to the Secured

Lender. No payments or distributions shall be made with respect to a Claim that is a Disputed Claim pending the resolution of the dispute by Final Order or agreement of the parties (including the Secured Lender).

4. **Reserves for Disputed Claims**. On the Effective Date, or as soon as practicable thereafter, the Disbursing Agent shall establish and maintain a reserve (to the extent necessary) for all Disputed Classified Claims, if any, including any Disputed Rejection Damage Claims. For purposes of establishing a reserve for Disputed Classified Claims, Cash will be set aside in an amount equal to the amount that would have been distributed to the holders of Disputed Classified Claims had their Disputed Claims been deemed Allowed Claims on the Effective Date or in such other amount as may be approved by the Bankruptcy Court upon motion of the Debtor and/or the Secured Lender. Any such funds shall be maintained by the Disbursing Agent in an account at an authorized bank depository in the Southern District of New York. With respect to such Disputed Classified Claims, if, when, and to the extent any such Disputed Classified Claim becomes an Allowed Claim by Final Order, the relevant portion of the Cash held in reserve therefor shall be distributed by the Disbursing Agent to the Claimant on the first business day following the end of the calendar month in which the Disputed Claim becomes and Allowed Claim (or earlier in the discretion of the Debtor and the Secured Lender) and in a manner thereafter consistent with distributions to similarly situation Allowed Claims. The balance of such Cash, if any, remaining in the reserve from Disputed Classified Claims after all such Disputed Claims have been resolved and distributions made in accordance with the Plan, shall be released and distributed promptly to the Secured Lender. No payments or distributions shall be made with respect to a Claim that is a Disputed Claim pending the resolution of the dispute by Final Order or agreement of the parties (including the Secured Lender). The Debtor or the

Secured Lender shall have the right to seek an Order of the Bankruptcy Court, after notice and a hearing, estimating or limiting the amount of Cash or property that must be so deposited on account of any Disputed Claim. Any creditor whose Claim is so estimated shall have no recourse to any assets theretofore distributed on account of any Allowed Claim. The Debtor is authorized to object to the allowance of any Disputed Claim, and may seek to disallow and/or expunge any Disputed Claim.

5. Unclaimed Property. If any Distribution remains unclaimed for a period of one hundred and twenty (120) days after it has been delivered (or attempted to be delivered) in accordance with the Plan to the holder of such Allowed Claim, such unclaimed property shall be forfeited by such holder, whereupon all right, title and interest in and to the unclaimed property shall be held in reserve by the Disbursing Agent to be distributed to the Secured Lender as soon as reasonably practicable.

F. Unexpired Leases and Executory Contracts

1. Assumption and Rejection of Agreements.

(a) Any and all pre-petition leases or executory contracts (i) not previously assumed or the subject of a motion to assume pending on the Confirmation Date, or (ii) not designated prior to the Confirmation Date by the Secured Lender as pre-petition leases or executory contracts to be assumed by the Debtor and assigned to the Designee, shall be deemed rejected by the Debtor.

(b) The pre-petition leases and executory contracts set forth on Exhibit A to the Plan, if any, shall be deemed assumed by the Debtor (the "Exhibit A Agreements"); subject, however to the payment of amounts necessary to cure the monetary default sunder such leases or executory contracts (as to each agreement the "Cure Amount") and shall be simultaneously assigned to the Designee on the Effective Date.

(c) All counterparties to Exhibit A Agreements shall file with the Bankruptcy Court, and serve on the Debtor and the Secured Lender, objections, if any, to the Debtor's assumption and assignment to the Designee of their respective leases or executory contracts, and include in the Plan such objections any dispute as to the amount asserted by the Debtor in Exhibit A to the Plan as the Cure Amount. Such objection shall be filed not later than seven (7) days subsequent to the Confirmation Date. Any undisputed Cure Amounts ("Undisputed Cure Amounts") shall be paid as soon as practicable following the Effective Date of the Plan, and any disputed Cure Amounts ("Disputed Cure Amounts") shall be paid upon the agreement of the parties or further order of the Bankruptcy Court.

(d) Notwithstanding anything to the contrary contained in Section 8.1 of the Plan, the Designee and the Secured Lender shall have the right to designate for rejection instead of assumption any executory contract within 10 days following the entry of a Final Order fixing the Disputed Cure Amounts for such contract, in which case such contract shall be deemed to have been rejected as of the Confirmation Date.

2. Claims for Damages. All proofs of claim with respect to Claims arising from the rejection of executory contracts or leases, if any, must, unless another order of the Bankruptcy Court provides for a different date, be filed with the Bankruptcy Court within thirty (30) days after the mailing of notice of Effective Date. Any and all proofs of claim with respect to Claims arising from the rejection of executory contracts by the Debtor shall be treated as General Unsecured Claims, for purposes of distribution pursuant to the Plan. Unless otherwise permitted by Final Order, any proof of claim that is not filed before the Bar Date (other than those Claims arising from the rejection of executory contracts or leases under the Plan) shall automatically be

disallowed as a late filed Claim, without any action by the Debtor, and the holder of such Claim shall be forever barred from asserting such Claim against the Debtor, its Estate, or property of its Estate.

G. Conditions to Confirmation and the Effective Date

1. Conditions to Confirmation of the Plan. The Plan shall not be confirmed unless and until the following conditions have been satisfied in full or waived by the Secured Lender.

(a) The Confirmation Order is in form and substance satisfactory to the Secured Lender, and such order shall approve all provisions, terms and conditions of the Plan, including but not limited to, the Property Transfer or the Interest Transfer by the Debtor free and clear of all Claims, Liens, charges, interests and encumbrances other than the Mortgage, and shall provide that the Property Transfer or the Interest Transfer shall be exempt from transfer taxes; and

(b) No material amendments, modifications, supplements or alterations shall have been made to the Plan or any document delivered in connection therewith, without the express written consent of the Secured Lender, which consent may be granted, withheld, or conditioned in its sole discretion.

2. Conditions to Effectiveness of the Plan. The Plan shall not become effective unless:

(a) The Confirmation Order is a Final Order and is not subject to any stay or injunction;

(b) The transactions contemplated by the Property Transfer or the Interest Transfer, as the Secured Lender may elect in its sole discretion, have closed.

3. Failure of Effective Date. If the Plan shall fail to become effective due to the failure of the Debtor or its principals to satisfy their obligations under the Plan, then the Debtor shall consent to the dismissal of the Chapter 11 Case.

4. Notice of the Effective Date; Actions Taken on Effective Date.

(a) The Debtor shall file and serve upon all creditors a notice of the occurrence of the Effective Date within two (2) Business Days thereafter.

(b) Unless otherwise specifically provided in the Plan, any action required to be taken by the Debtor on the Effective Date may be taken by the Debtor on the Effective Date or as soon as reasonably practicable thereafter.

H. Retention of Jurisdiction

1. Jurisdiction. Following the Confirmation Date and until such time as all payments and distributions required to be made and all other obligations required to be performed under the Plan have been made and performed by the Debtor, the Disbursing Agent or the Secured Lender, as the case may be, the Bankruptcy Court shall retain jurisdiction as is legally permissible, including, without limitation, for the following purposes:

(a) Claims. To determine the allowance, extent, classification, or priority of Claims against the Debtor upon objection by the Debtor or the Secured Lender;

(b) Injunction, etc. To issue injunctions or take such other actions or make such other orders as may be necessary or appropriate to restrain interference with the Plan or its execution or implementation by any Person, to construe and to take any other action to enforce and execute the Plan, the Confirmation Order, or any other order of the Bankruptcy Court, to issue such orders as may be necessary for the implementation, executions, performance and consummation of the Plan and all matters referred to in the Plan, and to determine all matters that may be

pending before the Bankruptcy Court in the Chapter 11 Case on or before the Effective Date with respect to any Person or Entity.

(c) Professional Fees. To determine any and all applications for allowance of compensation and expense reimbursement of Professional for periods before the Effective Date, and objections thereto, as provided for the in the Plan.

(d) Certain Priority Claims. To determine the allowance, extent and classification of any Priority Tax Claims, Other Priority Claims, Administrative Claims or any request for payment of an Administrative Claim.

(e) Dispute Resolution. To resolve any dispute arising under or related to the implementation, execution, consummation or interpretation of the Plan and/or Confirmation Order and the making of Distributions under the Plan and/or Confirmation Order, including any dispute between the Debtor, its principals, the Guarantors and the Secured Lender. The Member and the Guarantors consent to the jurisdiction of the Bankruptcy Court for purposes of determining disputes regarding the effectuation of the Plan.

(f) Executory Contracts and Unexpired Leases. To determine any and all motions for the rejection, assumption, or assignment of executory contracts or unexpired leases, to determine any and all disputes relating to cure amounts, and to determine the allowance and extent of any Claims resulting from the rejection of executory contracts and unexpired leases.

(g) Actions. To determine all applications, motions, adversary proceedings, contested matters, actions, and any other litigated matters instituted (either before or after the Effective Date) in the Chapter 11 Case by or on behalf of the Debtor.

(h) General Matters. To determine such other matters, and for such other purposes, as may be provided in the Confirmation Order or as may be authorized under provisions of the Bankruptcy Code or other applicable law.

(i) Plan Modification. To modify the Plan under section 1127 of the Bankruptcy Code, remedy any defect, cure any omission, or reconcile any inconsistency in the Plan or the Confirmation Order so as to carry out its intent and purposes;

(j) Aid Consummation. To issue such orders in aid of consummation of the Plan and the Confirmation Order notwithstanding any otherwise applicable non-bankruptcy law, with respect to any Person or Entity, to the full extent authorized by the Bankruptcy Code;

(k) Protect the Property. To protect the Property of the Debtor from adverse Claims or Liens or interference inconsistent with the Plan, including to hear actions to quiet or otherwise clear title to the Property based upon the terms and provisions of the Plan;

(l) Abandonment of Property. To hear and determine matters pertaining to abandonment of property of the Estate.

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

(n) Final Order. To enter a final order closing the Chapter 11 Case.

I. Miscellaneous Provisions

1. Pre-Confirmation Modification. On notice to and opportunity to be heard by the United States Trustee, the Plan may be altered, amended or modified by the Secured Lender before the Confirmation Date as provided in section 1127 of the Bankruptcy Code.

2. Post-Confirmation Immaterial Modification. The Debtor, insofar as it does not materially and adversely affect the interests of holders of Claims, may correct any defect,

omission or inconsistency in the Plan in such manner and to such extent as may be necessary to expedite consummation of the Plan.

3. Post-Confirmation Material Modification. The Debtor may alter or amend the Plan after the Confirmation Date in a manner that materially and adversely affects holders of Claims, provided that such alteration or modification is made after notice and a hearing and otherwise meets the requirements of section 1127 of the Bankruptcy Code.

4. Withdrawal or Revocation of the Plan. If the Debtor revokes or withdraws the Plan, or if confirmation or consummation of the Plan does not occur, then (a) the Plan shall be null and void in all respects, (b) any settlement or compromise embodied in the Plan (including the allowance, fixing or limiting to an amount certain any Claim or Equity Interest or Class of Claims or Equity Interests) and any assumption or rejection of executory contracts or leases affected by the Plan shall terminate and be of no further force or effect, and any document or agreement executed pursuant to the Plan shall be deemed null and void, and (c) nothing contained in the Plan shall constitute a waiver or release of any Claims by or against, or any Equity Interests in, the Debtor or any other Person, or prejudice in any manner the rights of any other Person. Notwithstanding anything to the contrary in the Plan, the Debtor shall not be permitted to withdraw the Plan without the express written consent of the Secured Lender.

5. Payment of Statutory Fees. The Disbursing Agent shall pay from Cash in the Estate all fees payable due as of the Effective Date pursuant to section 1930 of title 28 of the United Sates Code. Thereafter, the Disbursing Agent shall pay from Cash in the Estate all United States Trustee quarterly fees under 28 U.S.C. § 1930(a)(6), plus interest due under 31 U.S.C. § 3717, on all disbursements, including plan payments and disbursements in and outside of the ordinary course of business, until the earliest of the entry of a final decree closing the

Chapter 11 Case, dismissal of the Chapter 11 Case, or conversion of the Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code.

6. Successors and Assigns. The rights, benefits and obligations of any Person or Entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of, the heirs, executors, administrators, successors and/or assigns of such Person or Entities.

7. Comprehensive Settlement of Claims and Controversies. Pursuant to section 1123(b)(3)(A) of the Bankruptcy Code and Bankruptcy Rule 9019, an in consideration for the distributions and other benefits provided under the Plan, the provisions of the Plan shall constitute a good faith compromise and settlement of all claims or controversies relating to the rights that a holder of a Claim or Equity Interest may have with respect to any Allowed Claim or Allowed Equity Interest or any Distribution to be made pursuant to the Plan on account of any Allowed Claim or Allowed Equity Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, as of the Effective Date, of the compromise or settlement of all such claims or causes of action for (a) the Debtor and its Estate, including, without limitation any Person or Entity seeking to exercise a right in a derivative capacity on behalf of the Estate, and (b) the Released Parties, and the Bankruptcy Court's finding that such compromise or settlement is in the best interests of the Debtor, its Estates, its properties and Claim holders and Equity Interest holders, and is fair, equitable and reasonable. For the avoidance of doubt, the compromise and settlement of all claims and causes of action of the Debtor and its Estates as set forth in the Plan shall include any potential avoidance actions accruing to the Debtor or its Estates, which shall not be pursued.

The transactions contemplated by the Plan include settlements between key parties. The Plan's transactions are the result of negotiations to settle the issues litigated in the Foreclosure

Action and the issues presented upon the filing of the Chapter 11 Case on the eve of the foreclosure sale. The parties conducted extensive negotiations post-Petition Date to avoid contested proceedings within the Chapter 11 Case on issues such as adequate protection, use of cash collateral, and the Receiver. The settlements reflected by the transactions included in the Plan are reasonable settlements among the parties in accordance with Bankruptcy Rule 9019. According to Bankruptcy Rule 9019, factors to which bankruptcy courts look in assessing a settlement in bankruptcy include (i) the chances of success in litigation weighed against the benefits of settlement, (ii) the likelihood of complex and protracted litigation with attendant expense, inconvenience and delay, (iii) the paramount interests of creditors, (iv) whether parties support the settlement, (v) the experience of counsel negotiating the settlement and the judge assessing it, (vi) the nature and breadth of any releases, and (vii) the extent to which the settlement is the product of arm's length bargaining. *See, e.g.*, *In re Iridium Operating LLC*, 478 F.3d 452 (2d Cir. 2007).

The Plan provides for the surrender of the Commercial Unit to the Secured Lender's Designee, the payment of $1 million to the Secured Lender, the transfer of the Residential Unit to the Debtor's designee, the payment of other consideration (including adequate protection payments during the pendency of the case) to the Secured Lender, and for mutual releases among the parties including with respect to the Guarantor's obligations under the Guaranty. All unsecured creditors are to be paid in full in cash upon the effective date. Therefore, the Rule 9019 factors weigh in favor or approving the settlement contemplated by the Plan.

As to factor (i), the chances of success in litigation weighed against the benefits of settlement: The Debtor and the Secured Lender (and its predecessor) were embroiled in foreclosure litigation in the State Court, resulting in the filing of the Chapter 11 Case on the eve

of the foreclosure sale. The Secured Lender was prepared to file a motion to dismiss the Chapter 11 Case or to lift the automatic stay, which was averted by the negotiation of a term sheet outlining the key terms of the Plan. Further litigation on either side is not worth the chance of success against the benefits of this settlement.

As to factor (ii), the likelihood of complex and protracted litigation: As set forth above, the Debtor and the Secured Lender (and its predecessor) were embroiled in foreclosure litigation in the State Court, resulting in the filing of this Chapter 11 Case on the eve of foreclosure. The Secured Lender was prepared to file a motion to dismiss the Chapter 11 Case or to lift the automatic stay, which was averted by the negotiation of a term sheet outlining the key terms of the Plan. Were this Plan not to be confirmed, the parties would be left to their pre-Petition Date and pre-settlement litigation positions, and the likelihood of protracted litigation.

As to factor (iii), the paramount interests of creditors: The Secured Lender has agreed to the treatment of the Secured Lender Claim under the Plan, and all priority, administrative and unsecured creditors are to be paid in full.

As to factor (iv), whether parties support the settlement: Again, the Secured Lender has agreed to the treatment of the Secured Lender Claim under the Plan, and all priority, administrative and unsecured creditors are to be paid in full, and would conclusively be presumed to accept the Plan.

As to factor (v), the experience of counsel negotiating the settlement and the judge assessing it: Both the Debtor and the Secured Lender are sophisticated parties. Their counsel are capable, known to the Bankruptcy Court, and have been engaged together in cooperative dialogue and negotiation to avert further litigation and achieve the structure and terms of the Plan. The infrequency of Bankruptcy Court involvement in the administration of this case attests

to the negotiating process that displaced the acute, adversarial posture as of the Petition Date. Moreover, the Bankruptcy Court has assessed settlements like those proposed in the Plan independently and as part of chapter 11 plans on a regular basis.

As to factor (vi), the nature and breadth of any releases: The transactions in the Plan will result in a full settlement of the relationship between the Secured Lender and the Debtor as well as its principals who are otherwise obligated on personal guarantees to the Secured Lender. All unsecured creditors will be satisfied in cash in full. All administrative creditors will be paid in full or as agreed. The full resolution of all issues between all parties is appropriate.

Finally, as to factor (vii), the extent to which the settlement is the product of arm's length bargaining: As set forth above, this case presented a litigation scenario. However, the parties, through counsel, negotiated for months, first an adequate protection and cash collateral arrangement, then a joint approach with respect to issues relating to the Receiver, then aggressively to achieve the resolutions set forth in the Plan. The Plan is the product of arm's length bargaining.

Therefore, the Debtor respectfully submits that the settlements reflected by the transactions set forth in the Plan are sustainable in accordance with Bankruptcy Rule 9019.

8. Preservation of Insurance. The Plan shall not diminish or impair the enforceability of any insurance policy, right or claim that may cover Claims against the Debtor (including, without limitation, its members, managers or officers) or any other persons or entity. Likewise, the Plan and Confirmation Order shall not impair any insurance carrier's rights, claims, defenses or disputes under any policy and shall not act to increase or extend any rights of the Debtor or the carries.

9. **Cramdown**. The Debtor reserves the right to request confirmation of the Plan under section 1129(b) of the Bankruptcy Code with respect to any Class of Claims or Equity Interests that rejects, or is deemed to have rejected, the Plan.

10. **Filing of Additional Documents**. Except as otherwise provided in the Plan, on or before the Effective Date, the Debtor may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan, and the Debtor shall be responsible for the preparation and filing of any reports necessary until entry of a final decree.

11. **Cooperation**. The Debtor, the Debtor's member, the Guarantors, and the Secured Lender shall cooperate to effect the transactions contemplated in the Plan.

12. **Governing Law**. Except to the extent that the Bankruptcy Code is applicable, the rights and obligations arising under the Plan shall be governed by and construed and enforced in accordance with the laws of the State of New York.

13. **Notices**. Any notice required or permitted to be provided under the Plan shall be in writing and served by either (a) certified mail, return receipt requested, postage prepaid, (b) hand delivery or (c) reputable overnight courier service, freight prepaid, to be addressed as follows:

If to the Debtor:

Niso Bahar
Alexico Group
150 East 58th Street, 33rd Floor
New York, New York 10155
Email: nisobahar@alexicogroup.com

With a copy:

Hanh V Huynh, Esq.
Herrick, Feinstein LLP
2 Park Avenue
New York, New York 10016
Email: hhuynh@herrick.com

If to the Secured Lender: 51st Street Lender, LLC
c/o Standard Management Co.
Attn: Jeff Jaeger
1801 Avenue of the Stars, Suite 515
Los Angeles, California 90667
Email: jjaeger@standardproperty.com

With a copy to: Allen G. Kadish, Esq.
DiConza Traurig LLP
630 Third Avenue
New York, New York 10017
Email: akadish@dtlawgroup.com

14. Saturday, Sunday or Legal Holiday. If any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

15. Exemption from Transfer Taxes.

(a) The transactions described in Section 4.2 of the Plan are exempt from any transfer tax under section 1146 of the Bankruptcy Code. Pursuant to section 1146(a) of the Bankruptcy Code: (i) the issuance, transfer, or exchange of notes or equity securities under the Plan; (ii) the creation of any mortgage, deed of trust, lien, pledge, or other security interest; (iii) the making or assignment of any contract, lease or sublease; or (iv) the making or delivery of any deed or other instrument of transfer or other consideration under, in the furtherance of, or in connection with the Plan, including, without limitation, the Property Transfer and the Interest Transfer and any other payments and transfers pursuant to the Plan by the Debtor to the Designee, delivery of deeds, bills of sale, or other transfers of tangible property, are exempt from and will not be subject to any stamp tax, or other similar tax or any tax held to be a stamp tax or other similar tax by applicable law.

(b) All filing officers (including without limitation, the Register of the City of New York) shall be, and hereby are directed to: (i) accept for recording and record, any and all deeds and other documents evidencing and/or relating to the Property Transfer or the Interest Transfer which are presented to them for recording, immediately upon presentation thereof, with regard to the transactions effectuated pursuant to the Plan, without the payment of any New York State Real Estate Transfer Tax imposed under Article 31 of the New York State Tax Law, any New York City Real Property Transfer Taxes under section 11-2102 of the New York City Administrative Code, any mortgage recording tax or any other tax within the purview of section 1146(a) of the Bankruptcy Code, and without the requirement of presentation of any affidavit or form with respect to any tax imposed under Article 31 of the New York State Tax Law, any New York City Real Property Transfer Taxes under section 11-2012 of the New York City Administrative Code with respect to the transactions effectuated pursuant to the Plan; and (ii) cancel and discharge of record all liens, encumbrances, claims and other adverse interests in or against the Property except for the Mortgage, which shall not be canceled and shall continue and remain in full force and effect.

(c) All governmental authorities and any other taxing authorities shall be permanently enjoined from the commencement or continuation of any action to collect from the Property, the Debtor, the Secured Lender and the Designee, any taxes from which the transactions effectuated pursuant to the Plan are exempt, pursuant to and in furtherance of section 1146(a) of the Bankruptcy Code, including but not limited to, New York State Real Estate Transfer Taxes, New York City Real Property Transfer Taxes, and applicable mortgage recording tax, and any penalties, interest, or additions to any tax related thereto.

(d) The New York County Register's office shall record the deed of the Property, and other similar conveyance documents required to be delivered under the Plan without the payment of any stamp tax, transfer tax, or similar tax, and without the presentation of affidavits, instruments, or returns otherwise required for recording or filing pursuant to section 1146(a) of the Bankruptcy Code.

16. Severability. If any term or provision of the Plan is held by the Bankruptcy Court prior to or at the time of Confirmation to be invalid, void or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as so altered or interpreted. In the event of any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan may, at the option of the Secured Lender, remain in full force and effect and not be deemed affected. However, the Secured Lender reserves the right not to proceed to Confirmation or consummation of the Plan if any such ruling occurs. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

17. Extinguishment of Causes of Action Under the Avoiding Power Provisions. On the Effective Date, all rights, claims, causes of action, avoiding powers, suits and proceedings arising under sections 506(c), 544, 545, 547, 548, 549 and 553 of the Bankruptcy Code shall be extinguished unless then pending. Except to the extent released in the Plan or order of the Bankruptcy Court, the Debtor shall have, retain, reserve, and be entitled to assert all other Claims, causes of action, rights of setoff and other legal or equitable defenses which the

Debtor had immediately prior to the Petition Date as fully as if the Chapter 11 Case had not been commenced; and any of the Debtor's legal and equitable rights respecting any such Claim which is not specifically waived, extinguished or relinquished by the Plan or order of the Bankruptcy Court may be asserted after the Effective Date to the same extent as if the Chapter 11 Case had not been commenced.

VII.
CONFIRMATION PROCEDURE

Under the Bankruptcy Code, the following steps must be taken to confirm the Plan:

A. Solicitation of Votes

In accordance with Sections 1126 and 1129 of the Bankruptcy Code, the Claims in Class 2 of the Plan are impaired and are entitled to vote to accept or reject the Plan. Claims in Classes 1, 3 and 4 are unimpaired. The holders of Allowed Claims in such Classes are conclusively presumed to have accepted the Plan and the solicitation of acceptances with respect to such Classes therefore is not required under section 1126(f) of the Bankruptcy Code. Holders of Interests in Class 4 will not receive any Distributions and are deemed to have rejected the Plan. Chapter 11 of the Bankruptcy Code provides that, in order for the Bankruptcy Court to confirm the Plan as a consensual plan, the holders of Impaired Claims against, and Impaired Interests in, the Debtor that are entitled to vote must accept the Plan.

An Impaired Class of Claims will have accepted the Plan if (i) the holders of at least two-thirds in amount of the Allowed Claims actually voting in the Class have voted to accept the Plan and (ii) the holders of more than one-half in number of the Allowed Claims actually voting in the Class have voted to accept the Plan, not counting the vote of any holder designated under section 1126(e) of the Bankruptcy Code or any insider.

A vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that acceptance or rejection was not solicited or procured in good faith or in accordance with the provisions of the Code.

Any creditor in an impaired Class (i) whose Claim has been listed by the Debtor in the Debtor's Schedules filed with the Bankruptcy Court (provided that such Claim has not been scheduled as Disputed, contingent or unliquidated) or (ii) who filed a proof of Claim on or before the Bar Date (or, if not filed by such date, any proof of Claim filed within any other applicable period of limitations or with leave of the Bankruptcy Court), which Claim is not the subject of an objection or request for estimation, is entitled to vote.

B. The Confirmation Hearing

The Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a confirmation hearing. The Confirmation Hearing in respect of the Plan has been scheduled for April 16, 2013, at 9:45 a.m. Eastern Standard Time, before the Honorable Robert E. Gerber, at the Bankruptcy Court for the Southern District of New York, Alexander Hamilton Custom House, One Bowling Green, New York, NY 10004-1408. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing. Any objection to Confirmation must be made in writing and specify in detail the name and address of the objector, all grounds for the objection and the amount of the Claim or number of shares of common stock of the Debtor held by the objector. Any such objection must be filed with the Bankruptcy Court and served so that it is received by the Bankruptcy Court and the following parties on or before April 9, 2013 at 5:00 p.m. New York Time:

Hanh V. Huynh, Esq.
Herrick, Feinstein LLP

2 Park Avenue
New York, NY 10016

-and-

Allen G. Kadish, Esq.
DiConza Traurig LLP
630 Third Avenue
New York, NY 10017

-and-

Paul Schwartzberg, Esq.
Office of the United States Trustee
33 Whitehall Street, 21st Floor
New York, NY 10004

Objections to Confirmation of the Plan are governed by Bankruptcy Rule 9014 and orders of the Bankruptcy Court.

C. Confirmation

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the requirements of section 1129 of the Bankruptcy Code are met. Among the requirements for confirmation of the Plan are that the Plan is (i) accepted by all impaired Classes of Claims and Equity Interests or, if rejected by an impaired Class, that the Plan "does not discriminate unfairly" and is "fair and equitable" as to such Class, (ii) feasible and (iii) in the "best interests" of creditors and stockholders that are impaired under the Plan.

1. Acceptance

Class 2 of the Plan is impaired under the Plan. Class 4 is presumed to have rejected the Plan. Classes 1, 3 and 4 of the Plan are unimpaired and, therefore, are conclusively presumed to have voted to accept the Plan.

2. Feasibility

The Bankruptcy Code requires a plan proponent to demonstrate that confirmation of a plan of reorganization is not likely to be followed by the liquidation or the need for further financial reorganization of a debtor unless so provided by the plan of reorganization. Here, the Plan contemplates the liquidation of the Debtor or the transfer of the ownership interests of the Debtor to an entity designated by the Secured Lender. In order to accomplish such liquidation or interest transfer, the Plan provides that the all Allowed Claims (including Professional Fee Claims up to $160,000) will be paid in full from available Cash remaining in the Debtor's estate, including the remaining Receiver Funds.

3. Best Interests Test

With respect to each impaired Class of Claims and Equity Interests, confirmation of the Plan requires that each holder of an Allowed Claim or Equity Interest either (i) accept the Plan or (ii) receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive or retain if the Debtor were liquidated under chapter 7 of the Bankruptcy Code. To determine what holders of Claims and Equity Interests of each impaired Class would receive if the Debtor were liquidated under chapter 7, the Bankruptcy Court must determine the dollar amount that would be generated from the liquidation of the Debtor's assets and properties in the context of a chapter 7 liquidation case. The cash amount that would be available for satisfaction of Claims and Equity Interests would consist of the proceeds resulting from the disposition of the unencumbered assets and properties of the Debtor, augmented by the unencumbered cash held by the Debtor at the time of the commencement of the liquidation case. Such cash amount would be reduced by the amount of the costs and expenses of the liquidation and by such additional administrative expense and priority claims

that might result from the termination of the Debtor's businesses and the use of chapter 7 for the purposes of liquidation.

The Debtor's costs of liquidation under chapter 7 would include the fees payable to a chapter 7 trustee, as well as those fees that might be payable to attorneys and other professionals that such a trustee might engage. In addition, claims would arise by reason of the breach or rejection of obligations incurred and leases and Executory Contracts assumed or entered into by the Debtor during the pendency of the Chapter 11 Case. The foregoing types of claims and other claims that might arise in a liquidation case or result from the pending Chapter 11 Case, including any unpaid expenses incurred by the Debtor during the Chapter 11 Case such as compensation for attorneys, would be paid in full from the liquidation proceeds before the balance of those proceeds would be made available to pay pre-petition Claims.

To determine if the Plan is in the best interests of each impaired Class, the present value of the distributions from the proceeds of a liquidation of the Debtor's unencumbered assets and properties, after subtracting the amounts attributable to the foregoing Claims, are then compared with the value of the property offered to such Classes of Claims and Equity Interests under the Plan.

After considering the effects that a chapter 7 liquidation would have on the ultimate proceeds available for distribution to creditors in the Chapter 11 Case, including (i) the increased costs and expenses of a liquidation under chapter 7 arising from fees payable to a trustee in bankruptcy and professional advisors to such trustee, (ii) the erosion in value of assets in a chapter 7 case in the context of the expeditious liquidation required under Chapter 7 and the "forced sale" atmosphere that would prevail and (iii) the substantial increases in Claims which would be satisfied on a priority basis or on parity with creditors in the Chapter 11 Case, the

Debtor has determined that confirmation of the Plan will provide each holder of an Allowed Claim or Equity Interest with a recovery that is not less than such holder would receive pursuant to liquidation of the Debtor under chapter 7. The Debtor also believes that the value of any Distributions to each Class of Allowed Claims would be less than under the Plan because such distributions in a chapter 7 case would not occur for a substantial period of time.

A Liquidation Analysis of the Debtor, prepared by the Debtor and its advisors, is attached hereto as Exhibit "B". The information set forth in Exhibit B provides a summary of the liquidation values of the Debtor's assets, assuming a chapter 7 liquidation in which a trustee appointed by the Bankruptcy Court would liquidate the assets of the Debtor's Estates.

Underlying the Liquidation Analysis are a number of estimates and assumptions that, although developed and considered reasonable by the Debtor, are inherently subject to significant economic and competitive uncertainties and contingencies beyond the control of the Debtor. The Liquidation Analysis is also based on assumptions with regard to liquidation decisions that are subject to change. Accordingly, the values reflected might not be realized if the Debtor were, in fact, to undergo such a liquidation.

As set forth in the Liquidation Analysis, other than the Secured Claim of the Secured Lender, no other creditors would likely receive a distribution if the Debtor's assets were liquidated in a hypothetical chapter 7 case.

VIII.
ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

If the Plan is not confirmed and consummated, the alternatives to the Plan include (i) liquidation of the Debtor under chapter 7 of the Bankruptcy Code and (ii) an alternative plan of reorganization.

A. Liquidation Under Chapter 7

If no plan is confirmed, the Chapter 11 Case may be converted to a case under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be selected to liquidate the Debtor's assets for distribution in accordance with the priorities established by chapter 7. As discussed above, the Debtor believes that liquidation under chapter 7 would result in smaller Distributions being made to creditors than those provided for in the Plan because there would not be sufficient recoveries to make any Distributions to creditors after Distributions are made on account of the Secured Lender Claim.

B. Alternative Plan of Reorganization

If the Plan is not confirmed, the Debtor (or if the Debtor's exclusive period in which to file a plan of reorganization has expired, any other party in interest) could attempt to formulate a different plan. Such a plan might involve either a reorganization and continuation of the Debtor's businesses or an orderly liquidation of their assets. However, under the terms of the Term Sheet, the Debtor may not seek to confirm a plan which is not acceptable to the Secured Lender.

IX.
CERTAIN RISK FACTORS TO BE CONSIDERED

HOLDERS OF CLAIMS AGAINST THE DEBTOR AND INTERESTS IN THE DEBTOR SHOULD READ AND CONSIDER CAREFULLY THE FACTORS SET FORTH BELOW AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT (AND THE DOCUMENTS DELIVERED TOGETHER HEREWITH AND/OR INCORPORATED BY REFERENCE), PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN. THESE RISK FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS

CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION.

The Plan provides that Class 3 Claimants shall receive a Cash Distribution on the Effective Date. The funds for these payments will be contributed by the Secured Lender through a carve out of its cash collateral. Although the Secured Lender currently has agreed to permit payments to creditors from its cash collateral, such agreement remains subject to the conditions to the occurrence of the Effective Date including the transfer of the Commercial Unit to the Designee as set forth in the Plan.

A. Certain Bankruptcy Law Considerations

1. Risk of Non-Confirmation of the Plan

Although the Debtor believes that the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will reach the same conclusion. Moreover, there can be no assurance that modifications of the Plan will not be required for confirmation or that such modifications would not necessitate the re-solicitation of votes.

2. Risk of Non-Occurrence of the Effective Date

Although the Debtor believes that all of the conditions to the Effective Date will occur after the entry of the Confirmation Order, there can be no assurance as to the timing of the Effective Date or that such conditions will ever occur.

B. Certain Tax Matters

For a summary of certain federal income tax consequences of the Plan to holders of Claims and to the Debtor, see Article XI, "Certain Federal Income Tax Consequences Of The Plan."

C. Additional Factors to be Considered

1. The Debtor Has No Duty to Update

The statements contained in this Disclosure Statement are made by the Debtor as of the date hereof, unless otherwise specified in the Plan, and the delivery of this Disclosure Statement after that date does not imply that there has been no change in the information set forth in the Plan since that date. The Debtor has no duty to update this Disclosure Statement unless otherwise ordered to do so by the Bankruptcy Court.

2. No Representations Outside This Disclosure Settlement Are Authorized

No representations concerning or related to the Debtor, the Chapter 11 Case, or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance or rejection of the Plan other than as contained in, or included with, this Disclosure Statement should not be relied upon by you in arriving at your decision.

3. Claims Could Be More Than Projected

Although the general Bar Date for filing proofs of Claim was January 7, 2013, and the Debtor's good faith estimates contained in the Plan as to the total amount of Allowed Claims are reasonable, the Allowed amount of Claims in each class could be significantly more than projected, which in turn, could cause the value of Distributions to be reduced substantially or could exceed the amount of funds available from the Debtor's estate to pay such claims in full.

4. No Legal or Tax Advice is Provided to You By This Disclosure Statement

The contents of this Disclosure Statement should not be construed as legal, business or tax advice. Each holder of a Claim or Equity Interest should consult his, her, or its own legal

counsel and accountant as to legal, tax and other matters concerning his, her, or its Claim or Equity Interest.

This Disclosure Statement is not legal advice to you. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan or object to confirmation of the Plan.

5. No Admission Made

Prior to the approval of this Disclosure Statement, nothing contained herein shall constitute an admission of, or be deemed evidence of, the tax or other legal effects of the Plan on the Debtor or on holders of Claims or Equity Interests; provided, however, that upon approval of the this Disclosure Statement, nothing contained herein shall constitute an admission in any proceeding other than the Chapter 11 Case.

X.
SECURITIES LAWS MATTERS

The Plan does not contemplate the issuance of any securities.

XI.
CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion summarizes certain U.S. federal income tax consequences of the implementation of the Plan to the Debtor and holders of certain claims against the Debtor. This discussion does not address the U.S. federal income tax consequences of the implementation of the Plan to holders of claims that are entitled to reinstatement, unimpaired or otherwise entitled to payment in full in cash under the Plan.

The discussion of U.S. federal income tax consequences set forth below is based on the Internal Revenue Code of 1986, as amended (the "Tax Code"), U.S. Department of Treasury regulations promulgated or proposed thereunder, judicial authorities, published positions of the

Internal Revenue Service ("IRS") and other applicable authorities, all as in effect on the date of this document and all of which are subject to change or differing interpretations (possibly with retroactive effect). The U.S. federal income tax consequences of the contemplated transactions are complex and are subject to significant uncertainties. The Debtor has not requested a ruling from the IRS or any other tax authority, or an opinion of counsel, with respect to any of the tax aspects of the contemplated transactions, and the discussion below is not binding upon the IRS or such other authorities. Thus, no assurance can be given that the IRS or such other authorities would not assert, or that a court would not sustain, a different position from any discussed herein.

Except as specifically stated otherwise, this summary assumes that a holder holds a claim or an existing Equity Interest as a capital asset for U.S. federal income tax purposes. This summary does not address foreign, state or local tax consequences of the contemplated transactions, nor does it purport to address the U.S. federal income tax consequences of the transactions to special classes of taxpayers (*e.g.,* foreign persons or entities, small business investment companies, regulated investment companies, real estate investment trusts, banks and certain other financial institutions, insurance companies, tax-exempt organizations, holders that are, or hold claims or existing Equity Interests through, pass-through entities, persons whose functional currency is not the U.S. dollar, dealers in securities or foreign currency, and persons holding claims or existing Equity Interests as a hedge against, or that is hedged against, currency risk or as part of a straddle, constructive sale or conversion transaction).

The discussion does not address U.S. federal taxes other than income taxes, nor does it apply to any person that acquires any of the consideration issued pursuant to the Plan through means other than directly participating in the exchange. If a partnership (or another entity that is

treated as a partnership for U.S. federal income tax purposes) holds claims or existing Equity Interests, the tax treatment of a partner (or other equity owner) generally will depend upon the status of such partner (or other owner) and upon the activities of the partnership (or other entity). This discussion is based on currently available information regarding the Plan terms and may not reflect the actual terms of the Plan upon its implementation. The following summary of certain U.S. federal income tax consequences is for informational purposes only and is not a substitute for careful tax planning and advice based upon the individual circumstances pertaining to a holder of claims or existing Equity Interests.

IRS Circular 230 Notice: To ensure compliance with IRS Circular 230, holders of Claims and existing Equity Interests are hereby notified that: (A) any discussion of U.S. federal tax issues contained or referred to in this Disclosure Statement is not intended or written to be used, and cannot be used, by such holders for the purpose of avoiding penalties that may be imposed on them under the Tax Code; (B) such discussion is written in connection with the promotion or marketing by the Debtor of the transactions or matters addressed herein; and (C) such holders should seek advice based on their particular circumstances from independent tax advisors.

A. Consequences to the Debtor

The Plan, as currently contemplated, may result in U.S. federal income tax consequences to the Debtor. The Plan, as currently contemplated, may result in income tax consequences to the Debtor's Equity Interest Holder(s) in connection with the liquidation of the Debtor. Such tax, if any, may flow to the Equity Holder(s) pursuant to the Debtor's status as a limited liability company.

B. Consequences to Claim Holders

A Claim holder that receives money or other property in discharge of a Claim for interest accrued during the period the holder owned such Claim and not previously included in such holder's income will be required to recognize ordinary income equal to the amount of such money and the fair market value of such property received in respect of such Claim. A holder generally may claim an ordinary deduction (or, possibly, a write-off against a reserve for bad debts) to the extent of any Claim for accrued interest that was previously included in such holder's taxable income and which will not be paid in full by the Debtor under the Plan (after allocating any payment to be made by the Debtor between principal and accrued interest), even if the underlying Claim is held as a capital asset. The tax basis of any property received in exchange for a Claim for accrued interest under the Plan will equal the fair market value of such property on the Effective Date, and the holding period for such property will begin on the day following the Effective Date.

The extent to which consideration distributable under the Plan is allocable to interest is unknown. Holders of Claims are advised to consult their own tax advisers to determine the amount, if any, of consideration received under the Plan that is allocable to interest.

THE FOREGOING SUMMARY HAS BEEN PROVIDED FOR INFORMATIONAL PURPOSES ONLY. ALL HOLDERS OF CLAIMS OR EXISTING EQUITY INTERESTS PARTICIPATING IN THE EXCHANGE UNDER THE PLAN ARE URGED TO CONSULT THEIR TAX ADVISORS CONCERNING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES APPLICABLE TO THEM.

XII.

RECOMMENDATION AND CONCLUSION

For all of the reasons set forth in the Disclosure Statement, the Debtor believes that confirmation and consummation of the Plan is preferable to all other alternatives. Consequently, the Debtor urges all eligible holders of Impaired Claims and Interests to vote to **accept** the Plan, and to complete and return their ballots so that they will be **received** by the Debtor's counsel on or before 5:00 p.m. (Eastern Time) on [ ], 2013.

Dated: March 26, 2013

DEBTOR

400 EAST 51ST STREET LLC

By: */s/ Simon Elias*

Name: Simon Elias
Title: Manager

EXHIBIT A

(PLAN)

EXHIBIT B

(LIQUIDATION ANALYSIS)

400 EAST 51ST STREET LLC

LIQUIDATION ANALYSIS

Distributions Under Chapter 7 of the Bankruptcy Code

Assets	Amount	% Recovery
Cash	$12,000	
Estimated Real Property	$12 million[1]	
Other	$0	
Total Available	$12,012,000	

Liabilities

Secured Lender Claim	$14 million	86%
Estimated Professional Fees Claims	$160,000	0%
Estimated Priority Claims	$0	0%
Estimated General Unsecured Claims	$58,200	0%
Equity Interests	$0	0%

[1] The Debtor, in consultation with its advisors and the Secured Lender, have provided this estimated value solely for the purposes of this Liquidation Analysis. The value does not represent a fair market value and assumes a distressed sale.