

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

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In re:

CROSS ISLAND PLAZA, INC., *et al.*,

Debtors.
-----x

Chapter 11

Case No. 12-42491 (NHL)

(Jointly Administered)

**FIRST AMENDED DISCLOSURE STATEMENT FOR
DEBTORS' FIRST AMENDED PLAN OF LIQUIDATION
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

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Dated: June ~~7~~18, 2012

IMPORTANT DATES:

- Voting Deadline by which Ballots must be received: July , 2012, at 4:00 p.m. (prevailing Eastern Time)
- Deadline by which to file and serve objections to Confirmation of the Plan: July , 2012, at 4:00 p.m. (prevailing Eastern Time)
- Hearing on Confirmation of the Plan: July , 2012 at __:00 __.m. (prevailing E.S.T.)

THIS IS NOT A SOLICITATION OF ACCEPTANCES OR REJECTIONS OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL THE DISCLOSURE STATEMENT HAS BEEN CONDITIONALLY APPROVED BY THE BANKRUPTCY COURT. THE DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL TO THE BANKRUPTCY COURT BUT HAS NOT YET BEEN APPROVED BY THE BANKRUPTCY COURT AT THIS TIME. THE INFORMATION CONTAINED HEREIN SHOULD NOT BE RELIED UPON FOR ANY PURPOSE BEFORE A DETERMINATION BY THE BANKRUPTCY COURT THAT THIS DISCLOSURE STATEMENT CONTAINS "ADEQUATE INFORMATION" WITHIN THE MEANING OF BANKRUPTCY CODE §1125.

THE DEBTORS (AS VOTING AGENT) MUST ACTUALLY RECEIVE YOUR BALLOT ON OR BEFORE THE ABOVE STATED VOTING DEADLINE.

THE DEBTORS CANNOT PROVIDE ANY ASSURANCE THAT THE DISCLOSURE STATEMENT (AND THE EXHIBITS) ULTIMATELY APPROVED IN THE CHAPTER 11 CASES (A) WILL CONTAIN ANY OF THE TERMS IN THIS CURRENT DOCUMENT OR (B) WILL NOT CONTAIN DIFFERENT, ADDITIONAL, MATERIAL TERMS THAT DO NOT APPEAR IN THIS DOCUMENT.

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EXHIBITS

- Exhibit A Debtors' [First Amended](#) Plan of Liquidation Under Chapter 11 of the Bankruptcy Code
- Exhibit B Disclosure Statement Order Conditionally Approving Disclosure Statement
- Exhibit C Liquidation Analysis
- Exhibit D Auction and Sale Procedures

I. INTRODUCTION AND GENERAL BACKGROUND¹

On April 4, 2012, Cross Island Plaza, Inc. (“CIP”) and Block 12892 Realty Corp. (“Block” and together with CIP, the “Debtors”) filed voluntary petitions for relief (collectively, the “Chapter 11 Cases”) with the United States Bankruptcy Court for the Eastern District of New York (the “Bankruptcy Court”), under chapter 11 of title 11, United States Code (the “Bankruptcy Code”). On April 6, 2012, the Bankruptcy Court entered an order authorizing and directing the joint administration of the Chapter 11 Cases (ECF Doc. No. 19). The Debtors submit this [First Amended](#) Disclosure Statement pursuant to Bankruptcy Code §1125, to Holders of Claims in connection with: (a) the solicitation of votes to accept or reject the *Debtors’ [First Amended Plan of Liquidation of the Debtors Under Chapter 11 of the Bankruptcy Code](#)*, as the same may be amended from time to time (the “Plan”), and (b) the Confirmation Hearing (the “Confirmation Hearing”), which is scheduled for July __ 2012, at __:00 .m. (prevailing E.S.T.). A copy of the Plan is annexed hereto as Exhibit “A” and incorporated herein by reference.

The purpose of this Disclosure Statement is to set forth information (a) regarding the Debtors and the Chapter 11 Cases, (b) concerning the Plan and alternatives to the Plan, (c) advising the Holders of Claims and Equity Interests of their rights under the Plan and (d) assisting the Holders of Claims in making an informed judgment regarding whether they should vote to accept or reject the Plan.

By order entered June __, 2012 (the “Disclosure Statement Order”), the Bankruptcy Court has conditionally approved this Disclosure Statement, in accordance with Bankruptcy Code §1125, as containing “adequate information” to enable a hypothetical, reasonable creditor or investor typical of Holders of Claims against, or Equity Interests in, the Debtors to make an informed judgment as to whether to accept or reject the Plan, and authorized its use in connection with the solicitation of votes with respect to the Plan.

The Disclosure Statement Order sets forth in detail the deadlines, procedures and instructions for voting to accept or reject the Plan, and for filing objections to confirmation of the Plan, the Record Date for voting purposes, and the applicable standards for tabulating Ballots. In addition, detailed voting instructions accompany each Ballot. Each Holder of a Claim entitled to vote on the Plan should read this Disclosure Statement and all Exhibits hereto including the Plan, the Disclosure Statement Order, and the instructions accompanying the Ballot in their entirety before voting on the Plan. These documents contain important information concerning the classification of Claims and Equity Interests for voting purposes and the tabulation of votes. **CONDITIONAL APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT, HOWEVER, CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT AS TO THE FAIRNESS OR MERITS OF THE PLAN.** No solicitation of votes may be made except pursuant to this Disclosure Statement and Bankruptcy Code §1125. In voting on the Plan, Holders of Claims and Equity Interests should not rely on any information relating to the Debtors and their businesses, other than that contained in this Disclosure Statement, the Plan and all exhibits and appendices hereto and thereto.

The Debtors may file a plan supplement (the “Plan Supplement”) containing certain documents relating to the Plan. The Plan Supplement will be filed as early as practicable but in no event less than 10 days prior to the Confirmation Hearing, or on such other date as may be established by the Bankruptcy Court. Parties may obtain a copy of the Plan and Plan

¹ All capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Plan.

Supplement (i) from counsel to the Debtors, or (ii) for a fee via PACER at <http://www.nysb.uscourts.gov/>.

THE DEBTORS BELIEVE THAT THE PLAN PROVIDES FOR THE BEST AVAILABLE RECOVERY TO THEIR CREDITORS. THE DEBTORS RECOMMEND THAT HOLDERS OF CLAIMS IN CLASSES 2 (BANK SECURED CLAIM), 3 (DLJ SECURED CLAIMS), 4 (OTHER SECURED CLAIMS) AND 5 (GENERAL UNSECURED CLAIMS) VOTE TO ACCEPT THE PLAN.

THE DEBTORS ARE PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT FOR PURPOSES OF SOLICITING VOTES TO ACCEPT OR REJECT THE PLAN. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE RELIED UPON OR USED BY ANY ENTITY FOR ANY OTHER PURPOSE.

A GLOSSARY OF DEFINED TERMS UTILIZED IN THE PLAN AND DISCLOSURE STATEMENT IS SET FORTH IN ARTICLE I.B. OF THE PLAN.

NO LEGAL OR TAX ADVICE IS PROVIDED TO YOU BY THIS DISCLOSURE STATEMENT. THE DEBTORS URGE EACH HOLDER OF A CLAIM OR AN EQUITY INTEREST TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO ANY LEGAL, FINANCIAL, SECURITIES, TAX OR BUSINESS ADVICE IN REVIEWING THIS DISCLOSURE STATEMENT, THE PLAN AND EACH OF THE PROPOSED TRANSACTIONS CONTEMPLATED THEREBY. FURTHERMORE, THE BANKRUPTCY COURT'S CONDITIONAL APPROVAL OF THE ADEQUACY OF DISCLOSURE CONTAINED IN THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL OF THE MERITS OF THE PLAN.

IT IS THE DEBTORS' POSITION THAT THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE, AND MAY NOT BE CONSTRUED AS, AN ADMISSION OF FACT, LIABILITY, STIPULATION OR WAIVER. RATHER, HOLDERS OF CLAIMS AND EQUITY INTERESTS AND OTHER ENTITIES SHOULD CONSTRUE THIS DISCLOSURE STATEMENT AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS RELATED TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS, AND OTHER PENDING OR THREATENED LITIGATION OR ACTIONS.

NO RELIANCE SHOULD BE PLACED ON THE FACT THAT A PARTICULAR LITIGATION CLAIM OR PROJECTED OBJECTION TO A PARTICULAR CLAIM IS, OR IS NOT, IDENTIFIED IN THE DISCLOSURE STATEMENT. THE POST-CONFIRMATION DEBTORS OR THE DISTRIBUTION AGENT MAY SEEK TO INVESTIGATE, FILE AND PROSECUTE CLAIMS AND MAY OBJECT TO CLAIMS AFTER THE CONFIRMATION OR EFFECTIVE DATE OF THE PLAN IRRESPECTIVE OF WHETHER THE DISCLOSURE STATEMENT IDENTIFIES ANY SUCH CLAIMS OR OBJECTIONS TO CLAIMS.

THIS DISCLOSURE STATEMENT CONTAINS, AMONG OTHER THINGS, SUMMARIES OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN EVENTS IN THE DEBTORS' CHAPTER 11 CASES AND CERTAIN DOCUMENTS RELATED TO THE PLAN THAT ARE ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE. ALTHOUGH THE DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE, THESE SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY TO THE EXTENT THAT THE SUMMARIES DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS OR EVERY DETAIL OF SUCH EVENTS. IN THE EVENT OF

ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR ANY OTHER DOCUMENTS INCORPORATED HEREIN BY REFERENCE, THE PLAN OR SUCH OTHER DOCUMENTS WILL GOVERN FOR ALL PURPOSES.

THE DEBTORS HAVE REVIEWED THE FINANCIAL INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT. ALTHOUGH THEY HAVE USED THEIR REASONABLE BUSINESS JUDGMENT TO ENSURE THE ACCURACY OF THIS FINANCIAL INFORMATION, THE FINANCIAL INFORMATION CONTAINED IN, OR INCORPORATED BY REFERENCE INTO, THIS DISCLOSURE STATEMENT HAS NOT BEEN AUDITED.

THE DEBTORS ARE MAKING THE STATEMENTS AND PROVIDING THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AS OF THE DATE HEREOF, UNLESS OTHERWISE SPECIFICALLY NOTED. ALTHOUGH THE DEBTORS MAY SUBSEQUENTLY UPDATE THE INFORMATION IN THIS DISCLOSURE STATEMENT, THE DEBTORS HAVE NO AFFIRMATIVE DUTY TO DO SO. HOLDERS OF CLAIMS AND EQUITY INTERESTS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER THAT, AT THE TIME OF THEIR REVIEW, THE FACTS SET FORTH HEREIN HAVE NOT CHANGED SINCE THE DISCLOSURE STATEMENT WAS FILED. HOLDERS OF CLAIMS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN MUST RELY ON THEIR OWN EVALUATION OF THE DEBTORS AND THEIR OWN ANALYSES OF THE TERMS OF THE PLAN, INCLUDING, WITHOUT LIMITATION, ANY RISK FACTORS CITED HEREIN, IN DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN.

THE DEBTORS HAVE NOT AUTHORIZED ANY ENTITY TO GIVE ANY INFORMATION ABOUT OR CONCERNING THE PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS DISCLOSURE STATEMENT. THE DEBTORS HAVE NOT AUTHORIZED ANY REPRESENTATIONS CONCERNING THE DEBTORS OR THE VALUE OF THE PROPERTIES OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT.

PRIOR TO DECIDING WHETHER AND HOW TO VOTE ON THE PLAN, EACH HOLDER OF A CLAIM IN A VOTING CLASS SHOULD CONSIDER CAREFULLY ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS DESCRIBED IN GREATER DETAIL IN SECTION IX HEREIN, "PLAN-RELATED RISK FACTORS AND ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN."

ALL EXHIBITS TO THIS DISCLOSURE STATEMENT ARE INCORPORATED INTO AND MADE A PART OF THIS DISCLOSURE STATEMENT AS IF SET FORTH IN FULL HEREIN.

A. PURPOSE AND EFFECT OF THE PLAN

Upon and after the Effective Date, the Plan provides for the Auction sale of the Properties pursuant to the Auction and Sale Procedures annexed hereto, subject to approval by the Bankruptcy Court. The proceeds of the sale of the Properties will be used to pay expenses and claims consistent with the Carve-Out, and satisfy the Allowed Class 2 Claim and Allowed Class 3 Claim. The remaining proceeds from the sale of the Properties, including the General Unsecured Carve-Out, will be held by the Distribution Agent for distribution pursuant to the terms of the Plan. The Post-Confirmation Debtors or the Distribution Agent, as applicable, may

pursue certain Causes of Action to bring in further Cash for distribution pursuant to the terms of the Plan.

B. OVERVIEW OF CHAPTER 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. In addition to permitting debtor rehabilitation, chapter 11 promotes equality of treatment for similarly situated creditors and similarly situated equity interest holders, subject to the priority of distributions prescribed by the Bankruptcy Code.

The commencement of a chapter 11 case creates an estate that comprises all of the legal and equitable interests of the debtor as of the bankruptcy petition date. Consummating a plan is the principal objective of a chapter 11 case. The Bankruptcy Court's confirmation of a plan binds the debtor, any person acquiring property under the plan, any creditor or equity interest holder of a debtor, and any other person or entity as may be ordered by the Bankruptcy Court in accordance with the applicable provisions of the Bankruptcy Code. Subject to certain limited exceptions, the order issued by the Bankruptcy Court confirming a plan provides for the treatment of the debtor's liabilities in accordance with the terms of the confirmed plan.

Prior to soliciting acceptances of a proposed chapter 11 plan, Bankruptcy Code §1125 requires a debtor to prepare a disclosure statement containing information of a kind, and in sufficient detail, to enable a hypothetical reasonable creditor or investor to make an informed judgment regarding acceptance of the chapter 11 plan. This Disclosure Statement is being submitted in accordance with the requirements of Bankruptcy Code §1125.

C. SUMMARY OF CLASSIFICATION AND TREATMENT OF ALLOWED CLAIMS AGAINST AND EQUITY INTERESTS IN THE DEBTORS UNDER THE PLAN

THE FOLLOWING CHART IS A SUMMARY OF THE CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS AND THE POTENTIAL DISTRIBUTIONS UNDER THE PLAN. THE AMOUNTS SET FORTH BELOW ARE ESTIMATES ONLY. ANY ESTIMATES OF CLAIMS OR EQUITY INTERESTS IN THIS DISCLOSURE STATEMENT MAY VARY FROM THE FINAL AMOUNTS ALLOWED BY THE BANKRUPTCY COURT. AS A RESULT OF THE FOREGOING AND OTHER UNCERTAINTIES WHICH ARE INHERENT IN THE ESTIMATES, THE ESTIMATED RECOVERIES IN THIS DISCLOSURE STATEMENT MAY VARY FROM THE ACTUAL RECOVERIES RECEIVED. IN ADDITION, THE ABILITY TO RECEIVE DISTRIBUTIONS UNDER THE PLAN DEPENDS UPON THE ABILITY OF THE DEBTORS TO OBTAIN CONFIRMATION OF THE PLAN AND MEET THE CONDITIONS TO CONFIRMATION AND EFFECTIVENESS OF THE PLAN. THE RECOVERIES SET FORTH BELOW ARE PROJECTED RECOVERIES ONLY AND MAY CHANGE BASED UPON CHANGES IN THE AMOUNT OF ALLOWED CLAIMS AS WELL AS OTHER FACTORS RELATED TO THE AUCTION AND GENERAL ECONOMIC CONDITIONS. REFERENCE SHOULD BE MADE TO THE ENTIRE DISCLOSURE STATEMENT AND THE PLAN FOR A COMPLETE DESCRIPTION OF THE CLASSIFICATION AND TREATMENT OF ALLOWED CLAIMS AGAINST AND EQUITY INTERESTS IN THE DEBTORS.

SUMMARY OF EXPECTED RECOVERIES

<u>Classes</u>	<u>Type of Claim or Equity Interest</u>	<u>Estimated Allowed Claims Remaining²</u>	<u>Treatment of Claim/Equity Interest</u>	<u>Projected Recovery Under the Plan</u>
N/A	Priority Tax Claims	\$7,000,000 ³	The legal, equitable and contractual rights of the Holders of Allowed Priority Tax Claims are unaltered. Unless otherwise agreed to by Holders of Allowed Priority Tax Claims and the Debtors, or the Distribution Agent, as applicable, each Holder of an Allowed Priority Tax Claim shall receive, in full and final satisfaction of such Allowed Priority Tax Claim, payment of the Allowed Priority Tax Claim in full in Cash on or as soon as reasonably practicable after the Effective Date.	100%
1	Priority (Non-Tax) Claims	\$0	The legal, equitable and contractual rights of the Holders of Allowed Class 1 Claims are unaltered. Unless otherwise agreed to by Holders of Allowed Class 1 Claims and the Debtors, or the Distribution Agent, as applicable, each Holder of an Allowed Class 1 Claim shall receive, in full and final satisfaction of such Allowed Class 1 Claim, payment of the Allowed Class 1 Claim in full in Cash on or as soon as reasonably practicable after the Effective Date.	100%

² These amounts represent estimated Allowed Claims, and do not represent amounts actually asserted by creditors in proofs of claim or otherwise. As the Debtors have not completed their analysis of Claims in the Chapter 11 Cases and objections to such Claims have not been fully litigated, there can be no assurances of the exact amount of the Allowed Claims at this time. Rather, the actual amount of the Allowed Claims may be greater or lower than estimated.

³ The Internal Revenue Service filed two Proofs of Claim on May 30, 2012 and June 6, 2012, alleging, *inter alia*, that the Debtors owe approximately \$60,000,000 in priority taxes, but that amount is based on estimates made by the IRS for tax years in which the Debtors did not file tax returns. The Debtors believe that the estimates are inaccurate and should be significantly lower, and the Debtors' professionals are working to resolve these issues prior to the Confirmation Hearing.

2	Bank Secured Claim	\$26,000,000	<p>Upon the sale of the Properties, the holder of the Allowed Class 2 Claim will receive approximately \$26,000,000, in full and final satisfaction of its Class 2 Claim. The, less the reserve amounts held by the Bank under the Loan Documents. The approximate \$26 million will consist of the principal balance of the Loan in the amount of approximately \$25,064,000, plus interest, default interest, late fees, taxes and insurance advances, costs and fees, as well as a 1% assignment fee; provided, however, that if the Mortgage is not assumed by the Buyer, then the Allowed Class 2 Claim will consist of an additional \$6,000,000, which amount represents the Defeasance due under. The \$26 million distribution does not include any defeasance payment or pre-payment penalty, which might be due to the Bank under the Loan Documents. The Debtors believe that the Stalking Horse Offer will result in an assumption of the Mortgage, eliminating the Defeasance <u>any possible defeasance fee.</u></p>	100%
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3	DLJ Secured Claim	\$48,267,204.83	The Bankruptcy Court's entry of the Confirmation Order shall be deemed a determination, finding of fact, and conclusion of law, (a) that the DLJ Secured Claim is Allowed in its entirety, and (b) that the liens securing the DLJ Secured Claim are valid, enforceable, properly perfected, and not subject to avoidance under any provision of the Bankruptcy Code and/or applicable non-bankruptcy law. Upon the sale of the Properties, the holder of the DLJ Secured Claim shall receive, on or as soon as reasonably practical after the Effective Date, a distribution of proceeds from the sale of the Properties to the extent of the DLJ Secured Claim in accordance with the order of distribution set forth in Article V.A. of the Plan.	Contingent on assets held by Distribution Agent after distribution pursuant to the Carve-Out and to Holders of Claims in Classes 1 and 2.
4	Other Secured Claims	\$313,000	Holders of Allowed Class 4 Claims shall receive Pro Rata distributions from the proceeds of the sale of the Properties, to the extent that the Properties serve as collateral for the Allowed Class 4 Claims. To the extent that Holders of Class 4 Claims are not secured, their Claims shall be treated as Class 5 Claims. The Debtors' believe that the only known secured claim other than the Bank's Claim will be successfully avoided through a Claim Objection or by bringing a Cause of Action, and re-classified as a Class 5 Claim.	\$0

5	General Unsecured Claims ⁴	\$500,000	Holders of Allowed General Unsecured Claims will receive, in full and final satisfaction, settlement, and discharge and in exchange for each Allowed General Unsecured Claim, their Pro Rata share of the proceeds from the sale of the Properties after payment of the Allowed Claims in Classes 1, 2, 3, 4 and the Carve-Out.	Contingent on amount of Assets held by Distribution Agent after the Effective Date
6	Equity Interests	N/A	Holders of Class 6 Equity Interests will not receive any distribution on account of such interests nor retain any property under the Plan.	No Recovery

In accordance with Bankruptcy Code §1123(a)(1), Administrative Claims and Priority Tax Claims have not been classified (as set forth in Article III of the Plan). In addition, although the Bank is secured to the proceeds of the sale of the Property and CIP's interest in the Block Lease, the Bank and Retained Professionals have agreed to the terms of the Carve-Out. The Carve-Out provides for certain amounts to be paid from the proceeds of the sale of the Property or, in the event that the Properties are not sold, from the rental income from the Property, before satisfaction of the Bank Claim, ~~up to the following amounts for estimated~~ for the fees and expenses associated with the conduct of the Chapter 11 Cases and the sale of the Properties: (i) \$265,000 (including ~~amounts~~ the \$215,000 already paid prior to the Petition Date to SilvermanAcampora LLP, counsel to the Debtors, ~~prior to the Petition Date~~ of which \$127,946 is being held as a retainer) for fees and expenses as Debtors' counsel in these Chapter 11 Cases;⁵ (ii) ~~\$40,000~~ \$65,000 for the fees and expenses for the Debtors' accountant; (iii) ~~\$43,975 for the~~ fees due to the Office of the United States Trustee, which are estimated to be \$43,975; (iv) \$30,000 for miscellaneous closing costs, including building violations due to the City of New York; (v) \$75,000 for the General Unsecured Carve-Out; provided, however, that if the Plan is not confirmed and the Chapter 11 Cases are converted to chapter 7, the \$75,000 will not be required, but \$20,000 will be required for the fees and expenses of a chapter 7 trustee; and (vi) 2.0% of the sale price of the Properties, for Broker's Commissions, plus \$16,000 for expenses in connection with marketing and sale of the Properties, or \$200,000 in the event that the Bank is the Successful Bidder at the Auction by virtue of a credit bid. In addition, to the extent that CIP has any available Reserves (as that term is defined in the Loan Documents) with the Bank, those funds may be used by the Bank to contribute, at least in part, to the obligations owed under the Carve-Out. The Reserves, up to an amount to be agreed upon by the Debtors and the Bank will be used to pay for the costs and fees associated with renewing the Certificate of

⁴ The estimates set forth herein are based on Cash on hand, after the Distribution Agent makes the payments due under the Carve-Out and pays the Allowed Class 2 Claim and Allowed Class 3 Claim. Distributions on account of General Unsecured Claims cannot be determined with precision at this time. Distributions depend on, among other things, the results of the Auction and other amounts recovered by the Post-Confirmation Debtors or Distribution Agent, as applicable, through Causes of Action.

⁵ The Debtors' attorneys have reserved their rights to seek additional compensation for fees and expenses incurred in these Chapter 11 Cases, subject to approval by the Bankruptcy Court, from the proceeds of the sale of the Lot, which does not serve as collateral for the Bank's Loan.

Occupancy for the Property and restoring the Certificate of Occupancy for the Lot, on an expedited basis, as well as for resolving other zoning issues related to the Properties prior to the Auction.

D. ENTITIES ENTITLED TO VOTE ON THE PLAN

Under the Bankruptcy Code, not all holders of claims against and equity interests in a debtor are entitled to vote on a chapter 11 plan. Holders of Claims that are Unimpaired by the Plan are deemed to accept the Plan under Bankruptcy Code §1126(f) and, therefore, are not entitled to vote on the Plan. Holders of Claims or Equity Interests Impaired by the Plan and receiving no distribution under the Plan are not entitled to vote because they are deemed to have rejected the Plan under Bankruptcy Code §1126(g).

The Classes of Claims and Equity Interests classify Claims and Equity Interests for all purposes, including voting, Confirmation and distribution pursuant to the Plan and Bankruptcy Code §§1122 and 1123(a)(1). The Plan deems a Claim or an Equity Interest to be classified in a particular Class only to the extent that the Claim or the Equity Interest qualifies within the description of that Class and will be deemed classified in a different Class to the extent that any remainder of the Claim or Equity Interest qualifies within the description of a different Class.

The following sets forth the Classes that are entitled to vote on the Plan and the Classes that are not entitled to vote on the Plan:

Class	Claim	Status	Voting Rights
1	Priority (Non-Tax) Claims	Unimpaired	Deemed to Accept
2	Bank Secured Claim	Impaired	Entitled to Vote
3	DLJ Secured Claim	Impaired	Entitled to Vote
4	Other Secured Claims	Impaired	Entitled to Vote
5	General Unsecured Claims	Impaired	Entitled to Vote
6	Equity Interests	Impaired	Deemed to Reject

- The Debtors are NOT seeking votes from the Holders of Claims in Class 1 because that Class, and the Claims of any Holders in that Class, are Unimpaired under the Plan. Pursuant to Bankruptcy Code §1126(f), Class 1 is deemed to have accepted the Plan.
- The Debtors are NOT seeking votes from the Holders of Equity Interests in Class 6. Instead, the Debtors request Confirmation of the Plan under Bankruptcy Code §1129(b) with respect to Class 6. Class 6 is Impaired and will receive no distribution under the Plan. Pursuant to Bankruptcy Code §1126(g), Class 6 is deemed to have rejected the Plan.
- The Debtors ARE soliciting votes to accept or reject the Plan from Holders of Claims in Classes 2, 3, 4 and 5 (the "Voting Classes"), because Allowed Claims in the Voting Classes are Impaired under the Plan and may receive distributions under the Plan. Accordingly, Holders of Allowed Claims in the Voting Classes have the right to vote to accept or reject the Plan.

For a detailed description of the Classes of Claims and the Classes of Equity Interests, as well as their respective treatment under the Plan, please refer to Article III of the Plan.

E. SOLICITATION PROCESS

1. Voting and Voting Agent

The Debtors' attorneys are the agents in connection with the solicitation of votes to accept or reject the Plan (the "Voting Agent").

2. Solicitation Package

The following documents and materials will constitute the solicitation package (collectively, the "Solicitation Package"):

- the Disclosure Statement Order;
- an appropriate form of Ballot and instructions with respect thereto, if applicable (with a pre-addressed, postage prepaid return envelope);
- the conditionally approved form of the Disclosure Statement (together with the Plan, which is Exhibit "A" thereto); and
- such other materials as the Bankruptcy Court may direct.

F. VOTING PROCEDURES

1. Record Date

The Record Date is June , 2012, the date on which the Bankruptcy Court entered the order conditionally approving the Disclosure Statement. The Record Date is the date on which the following will be determined: (a) which Holders of Claims are entitled to vote to accept or reject the Plan and receive the Solicitation Package; and (b) whether Claims have been properly assigned or transferred to an assignee pursuant to Bankruptcy Rule 3001(e) such that the assignee can vote as the Holder of a Claim.

2. Voting Deadline

The Voting Deadline is 4:00 p.m. (prevailing E.S.T.) on July , 2012. To be counted as votes to accept or reject the Plan, all Ballots must be properly executed, completed and delivered by using the return envelope provided by: (a) first class mail; (b) overnight courier; or (c) personal delivery, so that they are actually received no later than the Voting Deadline by the Voting Agent. The Ballots will clearly indicate the appropriate return address.

IF A BALLOT IS RECEIVED AFTER THE VOTING DEADLINE, IT WILL NOT BE COUNTED.

ANY BALLOT THAT IS PROPERLY EXECUTED BY THE HOLDER OF A CLAIM, BUT THAT DOES NOT CLEARLY INDICATE AN ACCEPTANCE OR REJECTION OF THE PLAN

OR ANY BALLOT THAT INDICATES BOTH AN ACCEPTANCE AND A REJECTION OF THE PLAN, WILL BE COUNTED AS AN ACCEPTANCE OF THE PLAN.

BY SIGNING AND RETURNING A BALLOT, EACH HOLDER OF A CLAIM WILL CERTIFY TO THE BANKRUPTCY COURT AND THE DEBTORS THAT NO OTHER BALLOTS WITH RESPECT TO SUCH CLAIM HAVE BEEN CAST OR, IF ANY OTHER BALLOTS HAVE BEEN CAST WITH RESPECT TO SUCH CLASS OF CLAIMS, SUCH OTHER BALLOTS INDICATED THE SAME VOTE TO ACCEPT OR REJECT THE PLAN.

IT IS IMPORTANT TO FOLLOW THE SPECIFIC INSTRUCTIONS PROVIDED ON EACH BALLOT, AS APPROPRIATE, WHEN SUBMITTING A VOTE.

FOR FURTHER INFORMATION AND INSTRUCTIONS ON VOTING TO ACCEPT OR REJECT THE PLAN, SEE SECTION VII OF THIS DISCLOSURE STATEMENT, "SOLICITATION AND VOTING PROCEDURES."

G. CONFIRMATION HEARING

Bankruptcy Code §1128(a) requires the Bankruptcy Court, after notice, to hold a hearing on confirmation of a plan filed under chapter 11 of the Bankruptcy Code. Bankruptcy Code §1128(b) provides that any party in interest may object to confirmation of the plan.

1. Confirmation Hearing Date

The Confirmation Hearing will commence on July , 2012 at []: 0 .m. (prevailing E.S.T.), before the Honorable Nancy Hershey Lord, United States Bankruptcy Judge, in the Bankruptcy Court. The Confirmation Hearing may be continued from time to time without further notice other than an adjournment announced in open court at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing. The Bankruptcy Court, in its discretion and prior to the Confirmation Hearing, may put in place additional procedures governing the Confirmation Hearing. The Plan may be modified, if necessary, prior to, during, or as a result of the Confirmation Hearing, without further notice to parties in interest.

2. Plan Objection Deadline

The Plan Objection Deadline is July , 2012 at 4:00 p.m. All objections to the Plan must be filed with the Bankruptcy Court and served on the Debtors, and certain other parties in accordance with the Disclosure Statement Order, as conditionally approved, on or before the Plan Objection Deadline. Objections to the Plan or requests for modifications to the Plan, if any, must:

- be in writing;
- conform to the Bankruptcy Rules and the Local Bankruptcy Rules;
- state the name and address of the objecting Entity and the amount and nature of the Claim or Equity Interest of such Entity;
- state with particularity the basis and nature of the objection and, if practicable, a proposed modification to the Plan that would resolve the objection; and

- be filed, contemporaneously with a proof of service, with the Bankruptcy Court and served so that it is actually received by the Debtors, and other parties identified in the Disclosure Statement Order on or prior to the Plan Objection Deadline.

The proposed schedule will provide Entities with sufficient notice of the Plan Objection Deadline, which will be at least 28 days, as required by Bankruptcy Rule 2002(b), plus three (3) days for service by first class mail, as required by the Local Bankruptcy Rule 9006-1(c). The Debtors believe that the Plan Objection Deadline will afford the Bankruptcy Court, the Debtors, and other parties in interest reasonable time to consider the any objection to the Plan prior to the Confirmation Hearing.

THE BANKRUPTCY COURT WILL NOT CONSIDER PLAN OBJECTIONS UNLESS THEY ARE TIMELY SERVED AND FILED IN COMPLIANCE WITH THE DISCLOSURE STATEMENT ORDER.

The last day to file objections to Class 2 or 3 Claims is [the Plan Objection Deadline, or July - , 2012 at 4:00 p.m.](#)

H. CONFIRMATION AND CONSUMMATION OF THE PLAN

It will be a condition to Confirmation of the Plan that all provisions, terms and conditions of the Plan are approved in the Confirmation Order unless otherwise satisfied or waived pursuant to the provisions of Article IX of the Plan. Following Confirmation, the Auction will be conducted by the Debtors, and the Plan will be consummated after, among other things, the closing of the sale of the Properties on the Effective Date.

I. RISK FACTORS

PRIOR TO DECIDING WHETHER AND HOW TO VOTE ON THE PLAN, EACH HOLDER OF A CLAIM IN A VOTING CLASS SHOULD CONSIDER CAREFULLY ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS DESCRIBED IN SECTION IX HEREIN ENTITLED, "PLAN-RELATED RISK FACTORS AND ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN."

II. CHAPTER 11 CASES OF THE DEBTORS

A. BANKRUPTCY PETITIONS

On April 4, 2012 (the "Petition Date"), each of the Debtors filed a voluntary petition for relief under the Bankruptcy Code.

B. INITIAL MOTIONS AND ORDERS

On the Petition Date or shortly thereafter, the Debtors filed the following motions.

1. Joint Administration

On April 6, 2012, to facilitate, among other things, noticing, claims processing and voting-related matters, upon the Debtors' motion, the Bankruptcy Court entered an order authorizing the joint administration of the Debtors' Chapter 11 Cases (ECF Doc. No. 19).

2. Employee Compensation

On the Petition Date, the Debtors filed a motion seeking authority to pay certain prepetition employee Claims up to the statutory limit of \$11,725 (the "Wages Motion") (ECF Doc. No. 7). On April 6, 2012, the Court granted the Wage Motion on an interim basis (ECF Doc. No. 25), and on April 26, 2012 the Court granted the Wage Motion on a final basis (ECF Doc. No. 44). Thereafter, the Debtors paid all of the priority wages authorized to be paid as requested in the Wage Motion.

3. Cash Management

On April 5, 2012, the Debtors filed a motion seeking authority to continue using their existing bank accounts and business forms under the same cash management system that they operated under before the Petition Date (the "Cash Management Motion") (ECF Doc. No. 9). On April 6, 2012, the Court granted the Cash Management Motion on an interim basis (ECF Doc. No. 26), and on April 26, 2012 the Court granted the Cash Management Motion on a final basis (ECF Doc. No. 45). Thereafter, the Debtors continued to operate and manage the Properties under their cash management system as set forth in the Cash Management Motion.

4. Cash Collateral

On April 5, 2012, the Debtors filed a motion seeking authority on an emergency basis to use cash collateral and provide adequate protection to the Bank (the "Cash Collateral Motion") (ECF Doc. No. 8). On April 6, 2012, the Court held an emergency hearing on the Cash Collateral Motion. The Bank did not file an objection to the Cash Collateral Motion, but stated on the record at the April 6 hearing that it would consent to the Debtors' interim use of cash collateral for a limited period of time, and that the Bank would file a motion seeking relief consistent with its position that the rents were not property of the Debtors' estates and, therefore, were not cash collateral.

On April 18, 2012, after extensive negotiations between Debtors' attorneys and Lender's counsel, the Court approved a *Stipulation and Order Authorizing Interim Use of Rent Proceeds, Modifying the Automatic Stay and Scheduling a Hearing* (ECF Doc. No. 34) which authorized the Debtors' use of cash collateral through May 7, 2012. On May 4, 2012, the Court approved a *Second Stipulation and Order Authorizing Interim Use of Rent Proceeds, Modifying the Automatic Stay and Scheduling a Hearing* (ECF Doc. No. 52), which adjourned the Final Hearing on the Cash Collateral Motion to May 30, 2012. The dispute over CIP's use of the rents during the Chapter 11 Cases was whether the license granted by the Bank to CIP under the Loan Documents to use the rents had been terminated or revoked due to alleged defaults by CIP prior to the Petition Date. On May 16, 2012, the Debtors filed the *Debtors' Memorandum of Law in Support of Motion for Final Order Authorizing Debtors' Use of Cash Collateral* (ECF Doc. No. 58) together with supporting declarations by Chloe Henning and Lon J. Seidman (ECF Doc. Nos. 59 and 60). In response, on May 23, 2012, the Bank filed an opposition to the Cash Collateral Motion, together with supporting declarations by Eduardo Glas and Alex Guggenheim (ECF Doc. No. 66).

On May 30, 2012, a further interim hearing was held on the Cash Collateral Motion, at which the Bank and the Debtors advised the Bankruptcy Court that they had reached an agreement in principle concerning the Debtors' use of rents collected during the Chapter 11 Cases and a proposed auction and sale process for the Properties pursuant to the Plan. On May 31, 2012, the Bankruptcy Court approved the *Third Stipulation and Order Authorizing Interim Use of Rent Proceeds, Modifying the Automatic Stay and Adjourning the Final Hearing* (ECF Doc. No. 70), which adjourned the Final Hearing on the Cash Collateral Motion to June 19, 2012. The Debtors will file and serve a proposed form of final order approving the Debtors' use of cash collateral on a final basis prior to the Final Hearing.

5. Retention of SilvermanAcampora LLP

On April 19, 2012, the Debtors' filed the *Application to Employ SilvermanAcampora LLP as Attorneys for Debtors and Debtors in Possession* (ECF Doc. No. 36) (the "Retention Application"). On May 14, 2012, the Debtors filed an amended Retention Application (ECF Doc. No. 55), and on May 15, 2012, the Court entered an *Order Authorizing Retention of Chapter 11 Attorneys SilvermanAcampora LLP as Attorneys for Debtors and Debtors in Possession* (ECF Doc. No. 57).

C. OTHER MOTIONS

During the Chapter 11 Cases, the Debtors filed additional motions and applications.

1. Retention of Leonard Harris, CPA

On May 15, 2012, the Debtors filed a motion seeking authority to retain Leonard Harris, CPA as their accountants (ECF Doc. No. 56). On May 16, 2012, the Bankruptcy Court entered an order authorizing the Debtors' to retain Leonard Harris, CPA as their accountants (ECF Doc. No. 61).

2. Motion to Set Last Day to File Proofs of Claim

On May 29, 2012, the Debtors filed a motion seeking entry of an order establishing deadlines and procedures for filing proofs of claim, and approving the Debtors' proposed forms and manner of notice of the proposed deadlines (ECF Doc. No. 68) (the "Bar Date Motion"). ~~On June 15, 2012, the Court entered an Order approving the Bar Date Motion is approved~~(ECF Doc. No. 89). Pursuant to the Order approving the Bar Date Motion, the General Bar Date ~~will be~~ July ~~12, 20~~, 2012 and the Governmental Bar Date ~~will be~~ October 1, 2012.

3. Application to Retain Cushman & Wakefield of Long Island, Inc.

~~The~~On June 13, 2012, the Debtors ~~intend to file~~filed an application to retain Cushman & Wakefield of Long Island, Inc. as their brokers for the marketing and sale of the Properties in these Chapter 11 Cases (ECF Doc. No. 85). Cushman & Wakefield will be paid from the proceeds of the sale of the Properties pursuant to the Carve-Out, subject to a properly noticed application and approval by the Bankruptcy Court.

D. NO APPOINTMENT OF THE CREDITORS' COMMITTEE

The Office of the United States Trustee for Region 2 determined that there was not sufficient creditor interest in appointing an unsecured creditors' committee in these Chapter 11 Cases.

E. CLAIMS PROCESS AND CLAIMS BAR DATE

In chapter 11, claims against a debtor are established either as a result of being listed in a debtor's schedules of assets and liabilities or through assertion by a creditor in a timely filed proof of claim. Claims asserted by a creditor are either allowed or disallowed. If allowed, a claim would be recognized and treated pursuant to a plan; if disallowed, a creditor would have no right to obtain any recovery on or otherwise enforce the claim against the debtor.

1. Section 341(a) Meeting of Creditors

On May 14, 2012, the United States Trustee conducted the Section 341(a) Meeting of Creditors in the Chapter 11 Cases.

2. Schedules and Statements

On April 20, 2012, the Debtors filed with the Bankruptcy Court their Statements of Financial Affairs, Schedules of Assets and Liabilities, and Schedules of Executory Contracts and Unexpired Leases and Lists of Creditors and Equity Holders (collectively, the "Schedules") (ECF Doc. No. 38). On April 24, 2012, the Debtors also filed an affidavit pursuant to Local Bankruptcy Rule 1007-1(b) which highlighted additions, deletions and revisions to the Debtors' Creditors Matrix (ECF Doc. No. 41). Copies of the Schedules are available with the Clerk of the Bankruptcy Court. The Debtors reserve the rights to amend the Schedules during the Chapter 11 Cases.

3. General and Governmental Bar Dates

The Order approving the Bar Date Motion ~~asks the Bankruptcy Court to establish~~establishes July ~~12, 20~~, 2012, as the bar date for filing proofs of claim against the Debtors. ~~The Bar Date Motion seeks to set, and October 1, 2012 as~~ the deadline for filing a proof of claim by a governmental unit (as defined by Bankruptcy Code §101(27)) ~~as October 1, 2012.~~

F. DEBTORS' FORMER ACCOUNTANTS AND DISCOVERY

On June 4, 2012, the Debtors filed two (2) applications (the "2004 Applications") for authorization to compel production of documents by (i) the Debtors' former accountants, Raich Ende Malter & Co., LLP, and (ii) the Debtors' former tax attorneys, Kostelanetz & Fink, LLP, under Bankruptcy Rule 2004. The Debtors are seeking turnover of all of the Debtors' records in their possession including but not limited to the Debtors' tax returns for the years 2005 through and including 2011 so that they can reduce the proof of claim filed by the Internal Revenue Service for estimated unpaid corporate taxes. On June 12, 2012, the Court entered Orders approving the 2004 Applications, and the Debtors' served subpoenas in accordance with those Orders and the Federal Rules of Civil Procedure.

III. SUMMARY OF PLAN⁶

A. ADMINISTRATIVE CLAIMS AND PRIORITY TAX CLAIMS

1. Administrative Claims

(a) General Administrative Claims

Except as otherwise provided herein and subject to Bankruptcy Code §§328, 330(a) and 331, each Holder of an Allowed General Administrative Claim, including an Allowed Fee Claim that has not already been paid pursuant to the Carve-Out, will be paid the full amount of such Allowed Claim in Cash: (a) on or as soon as reasonably practicable after the Effective Date; (b) if such Claim is Allowed after the Effective Date, on or as soon as practicable after the date such Claim is Allowed; (c) upon such other terms as may be agreed upon by such Holder and the Distribution Agent; or (d) as otherwise ordered by the Bankruptcy Court.

Except as otherwise provided in the Plan, unless previously Filed, requests for payment of General Administrative Claims must be Filed and served pursuant to the procedures specified in the Confirmation Order and prior to the applicable General Administrative Claims Bar Date. Holders of General Administrative Claims that do not File and serve such a request by the applicable General Administrative Claims Bar Date shall be forever barred, estopped and enjoined from asserting such General Administrative Claims against the Debtors, their Estates and such General Administrative Claims shall be deemed discharged as of the Effective Date. Objections to such requests must be Filed and served on the Debtors and the Distribution Agent and the requesting party within 30 days after the General Administrative Claims Bar Date.

The Debtors expect that the General Administrative Claims that will need to be paid on or as soon as reasonably practicable after the Effective Date consist of those payments provided for under the Carve-Out. The Carve-Out consists of those amounts to be paid from the proceeds of the sale of the Properties or, in the event that the Properties are not sold, from the rental income from the Property, before satisfaction of the Bank Claim, ~~up to the following amounts for estimated~~for the fees and expenses associated with the conduct of the Chapter 11 Cases and the sale of the Properties: (i) \$265,000 (including ~~amounts~~the \$215,000 already paid prior to the Petition Date to SilvermanAcampora LLP, counsel to the Debtors, ~~prior to the Petition Date~~of which \$127,946 is being held as a retainer) for fees and expenses as Debtors' counsel in these Chapter 11 Cases; (ii) ~~\$40,000~~65,000 for the fees and expenses for the Debtors' accountant; (iii) ~~\$43,975 for~~the fees due to the Office of the United States Trustee, which are estimated to be \$43,975; (iv) \$30,000 for miscellaneous closing costs, including building violations due to the City of New York; (v) \$75,000 for the General Unsecured Carve-Out; provided, however, that if the Plan is not confirmed and the Chapter 11 Cases are converted to chapter 7, the \$75,000 will not be required, but \$20,000 will be required for the fees and expenses of a chapter 7 trustee; and (vi) 2% of the sale price of the Properties, for Broker's Commissions, plus \$16,000 for expenses in connection with marketing and sale of the Properties, or \$200,000 in the event that the Bank is the Successful Bidder at the Auction by virtue of a credit bid. In addition, to the extent that CIP has any available Reserves (as that term is defined in the Loan Documents) with the Bank, those funds may be used by the Bank to contribute, at least in part, to the obligations owed under the Carve-Out. The Reserves, up to an amount to be agreed upon by the Debtors and the Bank, will be used to pay for the costs and

⁶ The following summary is qualified in its entirety by reference to the Plan. In the event of any inconsistency between the summary provided herein and the Plan, the Plan shall control in all respects.

fees associated with renewing the Certificate of Occupancy for the Property and restoring the Certificate of Occupancy for the Lot, on an expedited basis, as well as for resolving other zoning issues related to the Properties prior to the Auction.

(b) Fee Claims

Retained Professionals or other entities asserting a Fee Claim for services rendered before the Confirmation Date, must File and serve on the Debtors, the United States Trustee, the Bank and such other Entities who are designated by the Bankruptcy Rules or any order of the Bankruptcy Court an application for final allowance of such Fee Claim no later than sixty (60) days after the Confirmation Date. Objections to any Fee Claim must be Filed and served on the Debtors, the United States Trustee, and the requesting party no later than thirty (30) days after the Filing of such Fee Claim.

The Debtors estimate that the aggregate amount of unpaid Fee Claims that will be required to be paid on or after the Confirmation Date by the Debtors or the Distribution Agent will be, as provided in the Carve-Out, ~~\$305,000~~330,000 (including the \$215,000 ~~retainer~~already paid to the Debtors' attorneys prior to the Petition Date, of which amount \$127,946 is being held by the Debtors' attorneys as a retainer, but not including Broker's Commissions). The ~~Retainer~~Retained Professionals have also reserved their rights to be paid additional sums from the proceeds of the sale of the Lot, because the Lot is not subject to the Bank's secured Allowed Claim.

2. Priority Tax Claims

Each Holder of an Allowed Priority Tax Claim due and payable on or prior to the Effective Date shall receive, as soon as reasonably practicable after the Effective Date, on account of such Claim: (1) Cash in an amount equal to the amount of such Allowed Priority Tax Claim; (2) Cash in an amount agreed to by the Debtors or the Distribution Agent, as applicable, and such Holder; provided, however, that such parties may further agree for the payment of such Allowed Priority Tax Claim at a later date; or (3) at the option of the Debtors or the Distribution Agent, Cash in an aggregate amount of such Allowed Priority Tax Claim payable in installment payments over a period not more than five (5) years after the Petition Date, pursuant to Bankruptcy Code §1129(a)(9)(C). Allowed Priority Tax Claims shall, to the extent not paid in full in Cash on the Effective Date, be paid from the assets held by the Distribution Agent in accordance with the Plan.

Although the IRS recently filed significant tax claims against the Debtors based on estimated liabilities for tax years in which the Debtors did not file tax returns, the Debtors believe that they do not owe significant amounts to the IRS. The Debtors intend to file the missing tax returns and to object to the tax claims, if necessary.

3. Fees Payable to the United States Trustee

The Debtors shall pay all United States Trustee quarterly fees under 28 U.S.C. §1930(a)(6), plus interest due and payable under 31 U.S.C. §3717, on all disbursements including Plan payments and disbursements in and outside the ordinary course of the Debtors' business, until the entry of a Final Order closing the Chapter 11 Cases, dismissal of the Chapter 11 Cases, or conversion of the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code.

B. CLASSIFICATION AND TREATMENT OF CLASSIFIED CLAIMS AND EQUITY INTERESTS

1. Administrative Claims and Priority Tax Claims

In accordance with Bankruptcy Code §1123(a)(1), Administrative Claims and Priority Claims have not been classified and thus are excluded from the Classes of Claims and Equity Interests set forth in Article III of the Plan.

2. Summary

The categories of Claims and Equity Interests listed below classify Claims and Equity Interests for all purposes, including voting, Confirmation and distributions pursuant to the Plan and pursuant to Bankruptcy Code §§1122 and 1123(a)(1). The Plan deems a Claim or Equity Interest to be classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of such Claim or Equity Interest qualifies within the description of such different Class. A Claim or an Equity Interest is in a particular Class only to the extent that any such Claim or Equity Interest is Allowed in that Class and has not been paid or otherwise settled prior to the Effective Date.

Summary of Classification and Treatment of Classified Claims and Equity Interests

The classification and treatment of Claims and Equity Interests against the Debtors pursuant to the Plan, is as follows:

Class	Claim	Status	Voting Rights
1	Priority (Non-Tax) Claims	Unimpaired	Deemed to Accept
2	Bank Secured Claim	Impaired	Entitled to Vote
3	DLJ Secured Claim	Impaired	Entitled to Vote
4	Other Secured Claims	Impaired	Entitled to Vote
5	General Unsecured Claims	Impaired	Entitled to Vote
6	Equity Interests	Impaired	Deemed to Reject

3. Classification and Treatment of Claims Against the Debtors

Class 1 - Priority (Non-Tax) Claims

- (i) Classification: Class 1 consists of all Priority Claims against the Debtors which are not tax claims, including New York City real estate, water, sewer and similar claims for violations incurred by the Property or the Lot.
- (ii) Treatment: The legal, equitable and contractual rights of the Holders of Allowed Class 1 Claims are unaltered. Unless otherwise agreed to by Holders of Allowed Class 1 Claims and the Debtors, each Holder of an Allowed Class 1 Claim shall receive, in full and final satisfaction of such Allowed Class 1

Claim, payment of the Allowed Class 1 Claim in full in Cash on or as soon as reasonably practicable after the Effective Date.

- (iii) Voting: Class 1 is Unimpaired, and Holders of Class 1 Claims are conclusively presumed to have accepted the Plan pursuant to Bankruptcy Code §1126(f). Therefore, Holders of Class 1 Claims are not entitled to vote to accept or reject the Plan; provided, however, that all Class 1 Claims shall be subject to becoming Allowed Claims under the provisions of the Plan.

Class 2 - Bank Secured Claim

- (i) Classification: Class 2 consists of the secured Bank Claim pursuant to the Loan Documents against the Property and CIP's interest in the Block Lease. The Bank's unsecured Claims, if any, shall be treated as Class 4 Claims.
- (iv) Treatment: The Bankruptcy Court's entry of the Confirmation Order shall be deemed a determination, finding of fact, and conclusion of law, (a) that the Bank Secured Claim is Allowed in its entirety, and (b) that the liens securing the Bank Secured Claim are valid, enforceable, properly perfected, and not subject to avoidance under any provision of the Bankruptcy Code and/or applicable non-bankruptcy law. Upon the sale of the Properties, the holder of the Allowed Class 2 Claim will receive approximately \$26 million, in full and final satisfaction of its Class 2 Claim. ~~The, less the reserve amounts held by the Bank under the Loan Documents.~~ The approximately \$26 million satisfies the principal balance due under the Loan of approximately \$25,265,000, interest, default interest, late fees, taxes and insurance advances, costs and fees, as well as a 1% assignment fee. The \$26 million distribution does not include any defeasance payment, or pre-payment penalty, which might be due to the Bank under the Loan documents. The Allowed Class 2 Claim shall receive payment of the Allowed Class 2 Claim in Cash on or as soon as reasonably practicable after the Effective Date.
- (v) Voting: Class 2 is Impaired, and the Holder of the Allowed Class 2 Claim is entitled to vote to accept or reject the Plan.
- (vi) Restrictions on Recovery: The Debtors or the Distribution Agent shall make the distribution to the Holder of the Allowed Class 2 Claim on its Allowed Class 2 Claim after all payments due under the Carve-Out have been made.

Class 3 - DLJ Secured Claims

- (i) Classification: Class 3 consists of the DLJ Secured Claim. That portion of the DLJ Claim which is an unsecured Claim shall be treated as a Class 5 Claim.
- (ii) Treatment: The Bankruptcy Court's entry of the Confirmation Order shall be deemed a determination, finding of fact, and conclusion of law, (a) that the DLJ Secured Claim is Allowed in its entirety, and (b) that the liens securing the DLJ Secured Claim are valid, enforceable, properly perfected, and not subject to avoidance under any provision of the Bankruptcy Code and/or applicable non-bankruptcy law. Upon the sale of the Properties, the holder of the DLJ Secured Claim shall receive, on or as soon as reasonably practical after the Effective Date, a distribution of proceeds from the sale of the Properties to the extent of the DLJ Secured Claim in accordance with the order of distribution set forth in Article V.A. of the Plan.
- (iii) Voting: Class 3 is Impaired, and Holders of the Class 3 Claim is entitled to vote to accept or reject the Plan.
- (iv) Restrictions on Recovery: The Debtors or the Distribution Agent shall make the distribution to the Holder of the Class 3 Claim on its Allowed Class 3 Claim in accordance with the order of distribution set forth in Article V.A. of the Plan, [after the Allowed Class 2 Claim is paid in full.](#)

Class 4 - Other Secured Claims

- (i) Classification: Class 4 consists of Allowed secured Claims held against the Debtors, which are not Class 2 or 3 secured Claims.
- (ii) Treatment: Holders of Allowed Class 4 Claims shall receive Pro Rata distributions from the proceeds of the sale of the Properties, to the extent that the Properties serve as collateral for the Class 4 Claims, after satisfaction of the Allowed Class 2 and 3 Claims.
- (iii) Voting: Class 4 is Impaired, and Holders of Class 4 Claims are entitled to vote to accept or reject the Plan.
- (iv) Restrictions on Recovery: The Debtors or the Distribution Agent shall make the distributions to Holders of Allowed Class 4 Claims after all payments under the Carve-Out have been made, and after Allowed Class 2 and 3 Claims have been paid in full. To the extent that Holders of Class 4 Claims are not secured, their Claims shall be treated as Class 5 Claims.

Class 5 - General Unsecured Claims

- (i) Classification: Class 5 consists of all General Unsecured Claims held against the Debtors.
- (ii) Treatment: Holders of Allowed General Unsecured Claims will receive, in full and final satisfaction, settlement, and discharge and in exchange for each Allowed General Unsecured Claim, their Pro Rata share of the General Unsecured Carve-Out, and the proceeds from the sale of the Properties remaining, if any, after payment of the Allowed Claims in Classes 1, 2, 3, and 4 and the other Carve-Out amounts.
- (iii) Voting: Class 5 is Impaired, and Holders of Class 5 Claims are entitled to vote to accept or reject the Plan.
- (iv) Restrictions on Recovery: The Distribution Agent shall not make distributions to Holders of Class 5 Claims until such time as the payments due under the Carve-Out have been distributed and all Allowed Administrative Claims, Allowed Fee Claims, Allowed Class 1 Claims, Allowed Class 2 Claim, Allowed Class 3 Claims, and Allowed Class 4 Claims (collectively, the "Allowed Senior Claims") have been paid in full, or until an appropriate Disputed Claims Reserve has been established for the payment of Allowed Senior Claims.

Class 6 - Equity Interests

- (i) Classification: Class 6 consists of all Equity Interests in the Debtors.
- (ii) Treatment: Holders of Class 6 Equity Interests will not receive any distribution on account of such interests.
- (iii) Voting: Class 6 is Impaired, and Holders of Class 6 Interests are not entitled to receive or retain any property under the Plan on account of Class 6 Interests. Therefore, Holders of Class 6 Interests are deemed not to have accepted the Plan pursuant to Bankruptcy Code §1126(g). Holders of Class 6 Interests are not entitled to vote to accept or reject the Plan.

4. Special Provision Governing Unimpaired Claims

Except as otherwise provided in the Plan, nothing under the Plan shall affect the Debtors' rights in respect of any Unimpaired Claims, including all rights in respect of legal and equitable defenses to or setoffs or recoupment against any such Unimpaired Claims.

C. ACCEPTANCE OR REJECTION OF THE PLAN

1. Presumed Acceptance of Plan

Class 1 is Unimpaired under the Plan, and is, therefore, conclusively presumed to have accepted the Plan pursuant to Bankruptcy Code §1126(f).

2. Voting Classes

Classes 2, 3, 4 and 5 are Impaired under the Plan, and Holders of Claims in Classes 2, 3, 4, and 5 as of the Record Date shall be entitled to vote to accept or reject the Plan.

3. Acceptance by Impaired Classes of Claims

Pursuant to Bankruptcy Code §1126(c) and except as otherwise provided in Bankruptcy Code §1126(e), an Impaired Class of Claims entitled to vote to accept or reject the Plan has accepted the Plan if the Holders of at least two-thirds in dollar amount and more than one-half in number of the Allowed Claims in such Class actually voting have voted to accept the Plan.

4. Deemed Rejection of Plan

Holders of Class 6 Interests are Impaired and shall receive no distribution under the Plan on account of their Interests and are, therefore, deemed to have rejected the Plan pursuant to Bankruptcy Code §1126(g).

5. Cramdown

The Debtors request Confirmation of the Plan under Bankruptcy Code §1129(b) with respect to any Impaired Class that does not accept the Plan pursuant to Bankruptcy Code §1126. The Debtors reserve the right to modify the Plan in accordance with Article XII of the Plan to the extent, if any, that Confirmation pursuant to Bankruptcy Code §1129(b) requires modification.

D. MEANS FOR IMPLEMENTATION OF THE PLAN

1. Source of Funds

Sale of the Properties: The payments due under the Plan will be paid from the proceeds of the Auction sale of the Properties. After the Confirmation Date, the Debtors will hold the Auction of the Properties and shall deposit the proceeds of the sale into an escrow account controlled by SilvermanAcampora LLP, the Debtors' attorneys. According to the Auction and Sale Procedures, if the Entity which makes the Stalking Horse Offer is not the Successful Bidder at the Auction, then that Entity shall be entitled to a break-up fee in the amount of 1% of the total purchase price offered by the Successful Bidder. The Auction and Sale Procedures approved by the Court shall govern the sale of the Properties and the payment of the break-up fee.

~~The Bank shall be entitled to submit a credit bid on the sale of the Property, but not the Lot. In the event that the Bank is the successful bidder for the Property, then no Break-Up Fee will be paid to the stalking horse bidder.~~

To the extent permitted under Bankruptcy Code §363(k), and subject to the further order of the Court, the Bank may submit a credit bid for the Property and the Ground Lease at the Auction up to the amount of the Bank's Allowed secured Claim, or submit a credit bid for the Property and the Ground Lease in the event that there is no Auction. The Bank may, but is not required to, submit a cash bid for the Lot. If the Bank is the Successful Bidder (as that term is defined by the Auction and Sale Procedures) for the Property, then no break-up fee or expense reimbursement will be payable to the Purchaser or any other party. The Bank is not required to deliver a deposit or a downpayment in order to submit a credit bid. The Bank's credit bid will be deemed to be a Qualified Competing Offer under the Auction and Sale Procedures and may be submitted at the Auction, or if no Auction is needed because no Qualified Competing Offers are submitted, then the Banks shall submit its credit bid on or before July 27, 2012.

In the event that the Bank takes title to the Property and receives an assignment of the Block Lease for the Lot, then the Bank will pay the Carve-Out amounts to the extent that those amounts are not paid from the proceeds of the sale of the Lot.

The proceeds of the sale will be used to pay the following expenses and claims consistent with the Carve-Out in the following order:

- Fees of the type described in 28 U.S.C. § 1930, including the fees of the United States Trustee, and any applicable interest
- Broker's Commissions due to Cushman & Wakefield of Long Island, Inc.
- Break-up fee, if any, due to the maker of the Stalking Horse Offer
- Fee Claims as provided for in the Carve-Out⁷
- \$75,000 on account of the General Unsecured Carve-Out

⁷ Retained Professionals reserve their rights for Allowed Fee Claims to be paid not only pursuant to the Carve-Out, but also from the proceeds of the sale of the Lot.

- Expenses related to correcting or satisfying New York City Building Code violations, renewing Certificates of Occupancy and other violations, penalties related to the Properties
- ~~Fees of the type described in 28 U.S.C. § 1930, including the fees of the United States Trustee, and any applicable interest~~
- Allowed Administrative Claims as provided for in the Carve-Out
- Allowed Class 2 Claim, including interest, default interest and attorneys' fees.
- Allowed Class 3 Claim.

The remaining proceeds from the sale of the Properties, if any, will be held by Distribution Agent for distribution pursuant to the terms of the Plan.

2. Funding Expenses of the Distribution Agent

The Distribution Agent shall make the Distributions provided for under the Plan. The Debtors and the Distribution Agent will enter into an agreement which will set forth the Distribution Agent's responsibilities, duties, obligation and compensation. After the Effective Date, Cash held by the Distribution Agent will be applied: first, to fees, costs, expenses and liabilities of the Distribution Agent; and second, to satisfy any Wind-Down Expenses (including remaining distributions to be made under the Plan).

3. Appointment of the Distribution Agent

Prior to the Effective Date and in compliance with the provisions of the Plan, the Distribution Agent will be appointed as selected in the sole discretion of the Post-Confirmation Debtors, DLJ and their attorneys.

4. Further Actions

Upon the entry of the Confirmation Order by the Bankruptcy Court, all matters provided for under the Plan involving the corporate structure of the Debtors will be deemed authorized and approved without any requirement of further action by the Debtors, the Debtors' sole shareholder or the Debtors' authorized signatories. On and after the Effective Date, the Distribution Agent is authorized and directed to issue, execute and deliver the agreements, documents, and distributions contemplated by the Plan in the name of and on behalf of the Debtors.

5. Waiver of Intercompany Claims

On the Effective Date, all Intercompany Claims will be waived and released.

6. Source of Cash for Plan Distributions

All Cash necessary for the Debtors, or the Distribution Agent, as the case may be, to make payments pursuant hereto shall be obtained from the proceeds of the sale of the Properties.

7. Release of Liens, Claims and Equity Interests

Except as otherwise provided in the Plan, or in any contract, instrument, release or other agreement or document entered into or delivered in connection with the sale of the Properties or the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan, all Claims, Equity Interests, including but not limited to the Allowed Class 2 Claim pursuant to the Loan Documents, the Class 3 Claim, or other security interests against the property of any Estate, including but not limited to the Properties, shall be fully released and discharged, including all liens and security interests held by the Bank. After the Effective Date and such distributions, the Debtors, or the Distribution Agent, the Bank and DLJ agree to execute and file the documents necessary to discharge all security interests and liens, including the Class 2 and 3 Claims, against the Properties. The Debtors further agree to use reasonable efforts after the closing of the sale of the Properties, to turnover and release the Property and the Lot to the Buyer. Nothing in the Plan, however, shall affect the rights, if any, of the Bank to seek recovery of any additional sums due under the Loan against any non-debtor individual or entity.

8. Exemption from Certain Transfer Taxes

Pursuant to Bankruptcy Code §1146(a), the sale of the Properties pursuant to the Plan shall not be subject to any stamp tax or other similar tax or governmental assessment in the United States, and the Confirmation Order shall direct the appropriate state or local governmental officials or agents to forgo the collection of any such tax or governmental assessment and to accept for filing and recordation instruments or other documents pursuant to such transfers of the Properties without the payment of any such tax or governmental assessment. Such exemption specifically applies, without limitation, to: (1) the creation of any mortgage, deed of trust, lien or other security interest; (2) the making or assignment of any lease or sublease; or (3) the making or delivery of any deed or other instrument of transfer under, in furtherance of or in connection with the Plan, including: (a) any merger agreements; (b) agreements of consolidation, restructuring, disposition, liquidation or dissolution; (c) deeds; (d) bills of sale; or (e) assignments executed in connection with the sale of the Properties pursuant to the Plan.

E. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

1. Assumption and Rejection of Executory Contracts and Unexpired Leases

On the Effective Date, the Block Lease and the existing tenant leases for the Property will be assumed and assigned to the Buyer, under Bankruptcy Code §365. The contract of sale for the Property will set forth the tenant leases to be assumed and assigned to the Buyer of the Property. All other Executory Contracts and Unexpired Leases shall be deemed automatically rejected in accordance with the provisions of Bankruptcy Code §§365 and 1123 of the Bankruptcy Code as of the Effective Date, unless any such Executory or Unexpired Lease:

- (a) has previously been assumed by the Debtors by Final Order of the Bankruptcy Court, including the Assigned Contracts which were assigned by the Debtors to the Buyer in accordance with the APA and the Sale Order;

- (b) has been assumed by the Debtors by order of the Bankruptcy Court as of the Effective Date which order becomes a Final Order after the Effective Date, including the Assigned Contracts which were assigned by the Debtors to the Buyer in accordance with the APA and the Sale Order;
- (c) is the subject of a motion to assume or reject pending as of the Effective Date; or
- (d) is otherwise assumed pursuant to the terms of the Plan.

The leases with the tenants of the Property will be preserved, and the Buyer of the Property will take title to the Property subject to those leases.

2. Claims Based on Rejection of Executory Contracts or Unexpired Leases

Notwithstanding anything to the contrary provided in the Plan, all Proofs of Claim arising from the rejection (if any) of Executory Contracts or Unexpired Leases must be Filed within the later of: (a) 30 days after the entry of an order of the Bankruptcy Court approving any such rejection; and (b) the first Business Day that is 30 days following the Effective Date. Any Claims arising from the rejection of an Executory Contract or Unexpired Lease for which Proofs of Claim are not timely Filed will be forever barred from assertion against the Debtors, their Estates and property of the Post-Confirmation Debtors, unless otherwise ordered by the Bankruptcy Court or as otherwise provided in the Plan. All such Claims shall, as of the Effective Date, be subject to the permanent injunction set forth in the Plan.

Notwithstanding anything herein to the contrary, nothing in this Disclosure Statement or the Plan is intended to extend the deadline by which Proofs of Claim arising from the rejection (if any) of Executory Contracts or Unexpired Leases was required to be previously Filed.

3. Modifications, Amendments, Restatements or Other Agreements

Unless otherwise provided by the Plan, each rejected Executory Contract or Unexpired Lease shall include all modifications, amendments, restatements or other agreements that in any manner affect such Executory Contract or Unexpired Lease, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal and any other interest.

Amendments, restatements or other modifications to Executory Contracts or Unexpired Leases executed by the Debtors during the pendency of the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority or amount of any Claim arising in connection therewith.

4. Reservation of Rights

Nothing contained in the Plan or the exhibits to the Plan shall constitute an admission by the Debtors that any such contract or lease is an Executory Contract or Unexpired Lease or that any Debtor, Post-Confirmation Debtor, Distribution Agent or the Buyer has any liability thereunder. Additionally, the Debtors, Post-Confirmation Debtors, and Distribution Agent reserve all of their defenses and rights with respect to any rejection damages claims filed by an Entity with respect to an Executory Contract or Unexpired Lease.

F. PROVISIONS GOVERNING DISTRIBUTIONS

1. Distributions for Allowed Claims

The Distribution Agent shall make the Distributions provided for under the Plan. The Debtors and the Distribution Agent will enter into an agreement which will set forth the Distribution Agent's responsibilities, duties, obligation and compensation.

Except as otherwise provided in the Plan or as may be ordered by the Bankruptcy Court, and subject to the establishment of a Disputed Claims Reserve, all distributions with respect to Claims that are Allowed Claims as of the Effective Date shall be made by the Distribution Agent as set forth in the Plan. The Debtors or the Distribution Agent shall make distributions on the Effective Date or as soon as reasonably practicable thereafter to the Entities to be paid under the Carve-Out, Allowed Administrative Claims, Fees of the type described in 28 U.S.C. § ~~1930~~, 1930(a)(6), including the fees of the United States Trustee, and any applicable interest, Allowed Fee Claims, the Allowed Class 2 Claim and the Allowed Class 3 Claim. The Distribution Agent shall make further distributions to Holders of Claims that subsequently become Allowed Claims pursuant to the Plan.

2. Distributions on Account of Claims Allowed After the Effective Date

(a) Payments and Distributions on Disputed Claims

Notwithstanding any provision in the Plan to the contrary, except as otherwise agreed by the Distribution Agent, no partial payments and no partial distributions will be made with respect to a Disputed Claim until the resolution of any such disputes by settlement or Final Order. On the first Business Day which is 20 calendar days after the end of the calendar quarter in which a Disputed Claim becomes an Allowed Claim, the Holder of such Allowed Claim will receive such payments and distributions to which that Holder is then entitled under the Plan. In the event Claims require adjudication or other resolution, the Distribution Agent reserves the right to, or shall upon an order of the Bankruptcy Court, establish appropriate reserves for potential payment of any such Claims.

(b) Special Rules for Distributions to Holders of Disputed Claims

Notwithstanding any provision otherwise in the Plan and except as otherwise agreed to by the relevant parties, no partial payments and no partial distributions shall be made with respect to any Disputed Claim until all Disputed Claims held by the Holder of such Disputed Claim have become Allowed Claims or have otherwise been resolved by settlement or Final Order.

3. Delivery and Distributions and Undeliverable or Unclaimed Distributions

(a) Delivery of Distributions in General

Except as otherwise provided herein, the Distribution Agent shall make distributions to Holders of Allowed Claims at the address for each such Holder as indicated on the Debtors' books and records as of the date of any such distribution; provided, however, that if such Holder Files a Proof of Claim, the address identified by the Proof of Claim shall be the address for such distribution, and the manner of delivery for such distributions shall be determined at the

discretion of the Debtors or the Distribution Agent, as applicable. Nothing herein shall require or be deemed to require the Debtors or the Distribution Agent to attempt to locate any Holder of an Allowed Claim. Distributions shall be made in accordance with the provisions of the Plan and may be made in one or more payments or deliveries.

(b) Minimum Distributions

Notwithstanding anything in the Plan to the contrary, the Post-Consummation Trust Administrator and Distribution Agent shall not be required to make distributions or payments of less than \$25.00 and shall not be required to make partial distributions or payments of fractions of dollars. Whenever any payment or distribution of a fraction of a dollar under the Plan would otherwise be called for, the actual payment or distribution will reflect a rounding of such fraction to the nearest whole dollar, with half dollars or less being rounded down. Any Holder of an Allowed Claim whose aggregate distribution under this Plan is less than \$25.00 shall forfeit, at the option of the Post-Consummation Trust Administrator, such amount to, and such amount shall vest in, the Post-Consummation Trust as Post-Consummation Trust Assets for distribution in accordance with the terms of this Plan.

If, at any time, only de minimis assets remain in the Post-Consummation Trust after Post-Consummation Trust Senior Claims have been paid in full, the Post-Consummation Trust Administrator may, in his, her or its sole discretion, distribute such assets to the American College of Bankruptcy Foundation, a tax qualified charitable foundation (www.amercol.org).

(c) Undeliverable Distributions and Unclaimed Property

Subject to Bankruptcy Rule 9010, and except as otherwise provided herein, distributions to Holders of Allowed Claims shall be made by the Distribution Agent at (a) the address for each Holder of an Allowed Claim as set forth in the Schedules, unless superseded by the address set forth on the proof of Claim filed by such Holder, or (b) the last know address for such Holder if no proof of Claim is filed, or if the Debtors, or the Distribution Agent, has been notified in writing of a change of address.

If any distribution is returned as undeliverable, the Debtors or the Distribution Agent may, in their sole discretion, make such efforts to determine the current address of the Holder of the Claim with respect to which the distribution was made, but no distributions to any Holder of an Allowed Claim will be made until the Debtors or the Distribution Agent has determined the current address of the Holder of such Allowed Claim, at which time the distribution will be made without interest. The Debtors and the Distribution Agent shall have the discretion to determine how to make distributions in the most efficient and cost-effective manner.

Amounts in respect of any undeliverable distributions made by the Debtors or the Distribution Agent shall be returned to, and held in trust by, the Debtors or the Distribution Agent, until the distributions are claimed, or are deemed to be Unclaimed Property upon the expiration of six (6) months from the date of the return of the undeliverable distribution. Unclaimed Property shall be utilized by the Debtors or the Distribution Agent to make additional distributions in accordance with the provisions of the Plan. After the final distribution is made under the Plan, or after all Allowed Claims (including Allowed Administrative Claims) have been paid in full, with interest, any Unclaimed Property shall be donated by the Debtors or the Distribution Agent to the American College of Bankruptcy Foundation, a tax qualified charitable foundation (www.amercol.org).

4. Compliance with Tax Requirements/Allocations

In connection with the Plan, to the extent applicable, the Distribution Agent shall comply with all tax withholding and reporting requirements imposed on him, her or it by any governmental unit, and all distributions pursuant hereto shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Distribution Agent shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding distributions pending receipt of information necessary to facilitate such distributions or establishing any other mechanisms they believe are reasonable and appropriate. The Distribution Agent reserves the right to allocate all distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support and other spousal awards, liens and encumbrances. For tax purposes, distributions in full or partial satisfaction of Allowed Claims shall be allocated first to the principal amount of Allowed Claims, with any excess allocated to unpaid interest that accrued on such Claims.

5. Timing and Calculation of Amounts to Be Distributed

Except as otherwise provided in the Plan or the Auction and Sale Procedures, on the Effective Date or as soon as reasonably practicable thereafter (or if a Claim is not an Allowed Claim on the Effective Date, on the date that such a Claim becomes an Allowed Claim, or as soon as reasonably practicable thereafter), each Holder of an Allowed Claim shall receive, in one or more payments or deliveries, the full amount of the distributions that the Plan provides for Allowed Claims in the applicable Class. If and to the extent that there are Disputed Claims, distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in the Plan. Except as otherwise provided herein, Holders of Claims shall not be entitled to interest, dividends or accruals on the distributions provided for herein, regardless of whether such distributions are delivered on or at any time after the Effective Date.

6. Setoffs

The Distribution Agent may withhold (but not setoff except as set forth in the Plan) from the distributions called for hereunder on account of any Allowed Claim an amount equal to any claims, equity interests, rights and Causes of Action of any nature that the Debtors may hold against the Holder of any such Allowed Claim. In the event that any such claims, equity interests, rights and Causes of Action of any nature that the Debtors may hold against the Holder of any such Allowed Claim are adjudicated by Final Order or otherwise resolved, the Distribution Agent may, pursuant to Bankruptcy Code §553 or applicable non-bankruptcy law, setoff or recoup against any Allowed Claim and the distributions to be made pursuant hereto on account of such Allowed Claim (before any distribution is made on account of such Allowed Claim), the amount of any adjudicated or resolved claims, equity interests, rights and Causes of Action of any nature that the Debtors may hold against the Holder of any such Allowed Claim, but only to the extent of such adjudicated or resolved amount. Neither the failure to effect such a setoff or recoupment nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors or the Distribution Agent of any such claims, equity interests, rights and Causes of Action that the Debtors may possess against any such Holder, except as specifically provided in the Plan.

G. THE DISTRIBUTION AGENT

1. Generally

The powers, authority, responsibilities and duties of the Distribution Agent will be set forth in an agreement to be executed by the Debtors and the Distribution Agent and filed with the Bankruptcy Court at least five (5) days prior to the Confirmation Hearing.

2. Purpose of the Distribution Agent

The Distribution Agent's primary purpose is to liquidate assets with no objective to continue or engage in the conduct of a trade or business, except to the extent reasonably necessary to, and consistent with, its liquidating purpose. The Debtors will have no reversionary or further interest in or with respect to the assets held by the Distribution Agent. The Distribution Agent will, in an expeditious but orderly manner, make timely distributions pursuant to the Plan and not unduly prolong its duration. The Distribution Agent will not be deemed a successor in interest of the Debtors for any purpose other than as specifically set forth the Plan.

3. Transfer of Assets to the Distribution Agent

The Debtors will, as set forth below, transfer, assign and deliver to the Distribution Agent, all of their rights, titles and interests in (i) the Causes of Action, and (ii) any other claims and rights that the Debtors may hold against any Entity in accordance with the provisions of the Plan, notwithstanding any prohibition on assignment under non-bankruptcy law. The Distribution Agent will accept and hold those assets for the benefit of those entitled to a distribution under the Plan, except as otherwise provided by the Plan.

Prior to the closing of the sale of the Properties, the Distribution Agent shall be required to honor all of the Debtors' obligations under the Auction and Sale Procedures and any agreements executed in connection with the Auction and Sale Procedures, including with respect to the sale of the Properties, the assignment of the Block Lease, if any, and the leases with tenants at the Property.

On the Effective Date, all of the Debtors' remaining assets from the proceeds of the sale of the Properties, after payments required by the Plan to be made on or after the Effective Date, will vest and be deemed to vest in the Distribution Agent in accordance with Bankruptcy Code §1141.

4. Distribution; Withholding

The Distribution Agent will made distributions as provided by the Plan. The Distribution Agent may withhold from amounts distributable to any Entity any and all amounts, determined in the Distribution Agent's sole discretion, required by the Plan, or applicable law, regulation, rule, ruling, directive or other governmental requirement.

5. Insurance

The Distribution Agent may maintain customary insurance coverage for the protection of Entities serving as administrators and overseers of the Distribution Agent on and after the Effective Date.

6. Commencement of the Distribution Agent's Role

On the Effective Date, the agreement governing the Distribution Agent's role, responsibilities and obligations under the Plan will be in form and substance agreeable to the Debtors and DLJ, and will contain customary provisions for agreements utilized in comparable circumstances. All relevant parties (including the Post-Confirmation Debtors and the Distribution Agent) will take all actions necessary to cause title to the Debtors' remaining assets to be transferred to the Distribution Agent.

7. Disputed Claims Reserve

The Distribution Agent will maintain a Disputed Claims Reserve. The Distribution Agent will, in his, her or its sole discretion, distribute such amounts (net of any expenses, including any taxes relating thereto), as provided in the Plan, as such Disputed Claims are resolved pursuant to the Plan, and such amounts may be distributed on account of such Disputed Claims as if such Disputed Claims had been Allowed Claims as of the Effective Date. The Distribution Agent will pay taxes on the taxable net income or gain allocable to Holders of Disputed Claims on behalf of such Holders and, when such Disputed Claims are ultimately resolved, Holders whose Disputed Claims are determined to be Allowed Claims will receive distributions net of the taxes that were previously paid on their behalf.

8. Termination of the Distribution Agent

The duties, responsibilities and powers of the Distribution Agent will terminate in accordance with the terms of the agreement governing his, her or its roles, responsibilities and obligations after the Effective Date.

9. Professionals; Exculpation

The Distribution Agent may retain and compensate professionals in accordance with the agreement governing his, her or its roles, responsibilities and obligations, including professionals who have been or are currently retained as Estate professionals.

H. PROCEDURES FOR RESOLVING DISPUTED, CONTINGENT AND UNLIQUIDATED CLAIMS OR EQUITY INTERESTS

1. Resolution of Disputed Claims

(a) Prosecution of Claims Objections

The Debtors, prior to the Effective Date, and thereafter the Distribution Agent, shall have the exclusive authority to File objections on or before the Claims Objection Bar Date and settle, compromise, withdraw or litigate to judgment objections to any and all Claims. From and after

the Effective Date, the Distribution Agent may settle, compromise or withdraw objections to any Disputed Claim without approval of the Bankruptcy Court or notice to any party.

(b) Procedure for Omnibus Objections to Claims

The Distribution Agent is permitted to file omnibus objections to claims (an "Omnibus Objection") on any grounds, including but not limited to those grounds specified in Bankruptcy Rule 3007(d). For claims that have been transferred, a notice shall be provided only to the person or persons listed as being the owner of such claim on the Debtors' claims register as of the date the Omnibus Objection is filed. The notice shall include a copy of the relevant Omnibus Objection but not the exhibits thereto listing all claims subject to the objection thereby; rather, the notice shall (i) identify the particular claim or claims filed by the claimant that are the subject of the Omnibus Objection, (ii) provide a unique, specified and detailed basis for the objection, (iii) explain the proposed treatment of the claim, (iv) notify such claimant of the steps that must be taken to contest the objection, and (v) otherwise comply with the Bankruptcy Rules.

(c) Claims Estimation

Before the Effective Date, the Debtors, and after the Effective Date, the Distribution Agent may, at any time, request that the Bankruptcy Court estimate (a) any Disputed Claim pursuant to applicable law and (b) any contingent or unliquidated Claim pursuant to applicable law, including Bankruptcy Code §502(c), regardless of whether the Debtors or the Distribution Agent have previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction under 28 U.S.C. §§157 and 1334 to estimate any Disputed Claim, contingent Claim or unliquidated Claim, including during the litigation concerning any objection to any Claim or during the pendency of any appeal relating to any such objection. Notwithstanding any provision otherwise in the Plan, a Claim that has been expunged from the Claims Register but that is subject to appeal or has not been the subject of a Final Order, shall be deemed to be estimated at zero dollars, unless otherwise ordered by the Bankruptcy Court. In the event that the Bankruptcy Court estimates any Disputed Claim, contingent Claim or unliquidated Claim, that estimated amount shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim for all purposes under the Plan, including for purposes of distributions, and the Distribution Agent may elect to pursue additional objections to the ultimate distribution on such Claim. If the estimated amount constitutes a maximum limitation on such Claim, the Debtors or the Distribution Agent may elect to pursue any supplemental proceedings to object to any ultimate distribution on account of such Claim. Notwithstanding Bankruptcy Code §502(j), in no event shall any Holder of a Claim that has been estimated pursuant to Bankruptcy Code §502(c) or otherwise be entitled to seek reconsideration of such estimation unless such Holder has Filed a motion requesting the right to seek such reconsideration on or before 20 days after the date on which such Claim is estimated. Each of the aforementioned Claims and objection, estimation and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court.

(d) Deadline to File Objections to Claims

Any objections to Claims, other than Administrative Claims, shall be Filed no later than the Claims Objection Bar Date; except that any objection to the Class 2 or Class 3 Claims must

be Filed prior to the ~~Confirmation Date~~[deadline for filing objections to the confirmation of the Plan](#).

2. Claims Allowance

Except as expressly provided herein or in any order entered in the Chapter 11 Cases prior to the Effective Date (including the Confirmation Order), no Claim shall be deemed Allowed unless and until such Claim is deemed Allowed under the Plan or the Bankruptcy Code or the Bankruptcy Court has entered a Final Order (including the Confirmation Order) in the Chapter 11 Cases allowing such Claim. Except as expressly provided by the Plan or any order entered in the Chapter 11 Cases prior to the Effective Date (including the Confirmation Order), the Distribution Agent will have and shall retain after the Effective Date any and all rights and defenses that the Debtors had with respect to any Claim as of the Petition Date.

3. Controversy Concerning Impairment

If a controversy arises as to whether any Claims or any Class of Claims are Impaired under the Plan, the Bankruptcy Court shall, after notice and a hearing, determine any such controversy before the Confirmation Date.

4. Disallowance of Claims

All Claims of any Entity from which property is sought by the Debtors, the Post-Confirmation Debtors, or the Distribution Agent, as applicable, under Bankruptcy Code §§542, 543, 550 or 553, or that the Debtors, the Post-Confirmation Debtors, or the Distribution Agent, allege is a transferee of a transfer that is avoidable under Bankruptcy Code §§522(f), 522(h), 544, 545, 547, 548, 549 or 724(a), shall be disallowed if such Entity or transferee has failed to turnover such property.

EXCEPT AS OTHERWISE AGREED TO BY THE DEBTORS OR THE DISTRIBUTION AGENT, AS APPLICABLE, ANY AND ALL PROOFS OF CLAIM FILED AFTER THE APPLICABLE CLAIMS BAR DATE SHALL BE DEEMED DISALLOWED AND EXPUNGED AS OF THE EFFECTIVE DATE WITHOUT FURTHER NOTICE TO OR ACTION, ORDER OR APPROVAL OF THE BANKRUPTCY COURT, AND HOLDERS OF SUCH CLAIMS MAY NOT RECEIVE ANY DISTRIBUTIONS ON ACCOUNT OF SUCH CLAIMS, UNLESS SUCH LATE PROOF OF CLAIM IS DEEMED TIMELY FILED BY A FINAL ORDER OF THE BANKRUPTCY COURT ON OR BEFORE THE CONFIRMATION HEARING.

5. Amendments to Claims

On or after the Effective Date, except as otherwise provided herein, a Claim may not be re-Filed or amended without the prior authorization of the Bankruptcy Court or the Distribution Agent, and any such re-Filed or amended Claim shall be deemed disallowed and expunged without any further notice to or action, order or approval of the Bankruptcy Court.

I. CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN

1. Conditions Precedent to Confirmation

It shall be conditions precedent to Confirmation of the Plan that:

- (a) all provisions, terms and conditions of the Plan, including but not limited to the Auction and Sale Procedures, are approved in the Confirmation Order; and
- (b) the Debtors have executed one or more contracts for the sale of the Properties with a “stalking-horse” bidder which will enable the Debtors to have sufficient Cash to make the payments on the Effective Date required by the Plan.

2. Conditions Precedent to Consummation

It shall be a condition to Consummation of the Plan and occurrence of the Effective Date that the following conditions shall have been satisfied or waived pursuant to the provisions of the Plan that:

- (a) the Confirmation Order shall have been entered and become a Final Order in form and substance satisfactory to the Debtors and the Bank;
- (b) all documents and agreements necessary to implement the Plan shall have (a) been tendered for delivery, and (b) been effected or executed;
- (c) all actions, documents, certificates and agreements necessary to implement this Plan shall have been effected or executed and delivered to the required parties and, to the extent required, Filed with the applicable governmental units in accordance with applicable laws;
- (d) the Debtors and the Bank shall have executed and delivered any and all necessary documents to the Buyer sufficient to effectuate the sale of the Properties;
- (e) the Auction sale of the Properties shall have been conducted resulting in a Successful Bid (as that term is defined by the Auction and Sale Procedures) enabling the Debtors to have sufficient Cash to make the payments on the Effective Date required by the Plan; and
- (f) the sale of the Properties shall have closed, or substantially closed, such that the proceeds have been transferred to the Distribution Agent and are available for distribution pursuant to the terms of the Plan.

3. Waiver of Conditions

The conditions precedent to Confirmation of the Plan and to Consummation of the Plan set forth in the Plan may be waived by the Debtors without notice, leave or order of the

Bankruptcy Court or any formal action other than by proceeding to confirm or consummate the Plan; provided that until after the Sale Closing the conditions precedent to the Consummation of the Plan set forth in Article IX of the Plan may not be waived without the express written consent of the Buyer.

4. Effect of Non Occurrence of Conditions to Consummation

If the Consummation of the Plan does not occur, the Plan shall be null and void in all respects and nothing contained in the Plan or the Disclosure Statement shall: (1) constitute a waiver or release of any claims by or Claims against the Debtors; (2) prejudice in any manner the rights of the Debtors, any Holders or any other Entity; or (3) constitute an admission, acknowledgment, offer or undertaking by the Debtors, any Holders or any other Entity in any respect.

J. SETTLEMENT, INJUNCTION AND RELATED PROVISIONS

1. Compromise and Settlement

Notwithstanding anything contained herein to the contrary, the allowance, classification and treatment of all Allowed Claims and their respective distributions and treatments hereunder takes into account and conforms to the relative priority and rights of the Claims and the Equity Interests in each Class in connection with any contractual, legal and equitable subordination rights relating thereto whether arising under general principles of equitable subordination, Bankruptcy Code §§510(b) and 510(c) or otherwise. As of the Effective Date, any and all such rights described in the preceding sentence are settled, compromised and released pursuant hereto. The Confirmation Order will constitute the Bankruptcy Court's finding and determination that the settlements reflected in the Plan are (1) in the best interests of the Debtors, their Estates and all Holders of Claims, (2) fair, equitable and reasonable, (3) made in good faith and (4) approved by the Bankruptcy Court pursuant to Bankruptcy Code §363 and Bankruptcy Rule 9019.

In accordance with the provisions of this Plan, and pursuant to Bankruptcy Code §363 and Bankruptcy Rule 9019, without any further notice to or action, order or approval of the Bankruptcy Court, after the Effective Date (1) the Distribution Agent may, in his, her, or its sole and absolute discretion, compromise and settle Claims against the Debtors, and (2) the Distribution Agent may, in his, her, or its respective sole and absolute discretion, compromise and settle Causes of Action against other Entities.

2. No Discharge in Favor of the Debtors

PURSUANT TO BANKRUPTCY CODE §1141(d)(3), CONFIRMATION OF THE PLAN WILL NOT DISCHARGE CLAIMS AGAINST THE DEBTORS; PROVIDED, HOWEVER, THAT NO HOLDER OF A CLAIM AGAINST THE DEBTORS MAY, ON ACCOUNT OF SUCH CLAIM, SEEK OR RECEIVE ANY PAYMENT OR OTHER DISTRIBUTION FROM, OR SEEK RECOURSE AGAINST PROPERTY OF THE DEBTORS' ESTATES, EXCEPT AS EXPRESSLY PROVIDED IN THE PLAN.

3. Exculpation

TO THE EXTENT PERMISSIBLE THOSE PERSONS AND ENTITIES IDENTIFIED IN BANKRUPTCY CODE §1125(e), SHALL NEITHER HAVE, NOR INCUR ANY LIABILITY TO ANY ENTITY FOR ACTS BEFORE THE EFFECTIVE DATE TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH, OR RELATED TO FORMULATING, NEGOTIATING, PREPARING, DISSEMINATING, IMPLEMENTING, ADMINISTERING, CONFIRMING OR EFFECTING THE CONSUMMATION OF THE PLAN, THE DISCLOSURE STATEMENT, OR ANY CONTRACT, INSTRUMENT, RELEASE OR OTHER AGREEMENT OR DOCUMENT CREATED OR ENTERED INTO IN CONNECTION WITH THE PLAN, OR ANY ACT BEFORE THE EFFECTIVE DATE TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH OR IN CONTEMPLATION OF THE RESTRUCTURING OR LIQUIDATION OF THE DEBTORS; PROVIDED, HOWEVER, THAT THE FOREGOING "EXCULPATION" SHALL HAVE NO EFFECT ON THE LIABILITY OF ANY PERSON OR ENTITY THAT RESULTS FROM ANY SUCH ACT OR OMISSION THAT IS DETERMINED IN A FINAL ORDER TO HAVE RESULTED FROM SUCH PERSON'S OR ENTITY'S GROSS NEGLIGENCE, WILLFUL MISCONDUCT, BREACH OF FIDUCIARY DUTY, CRIMINAL CONDUCT, ULTRA VIRES ACTIONS, OR THE DISCLOSURE OF CONFIDENTIAL INFORMATION THAT CAUSES DAMAGES, AND, IN ALL RESPECTS, THE DEBTORS SHALL BE ENTITLED TO RELY UPON THE ADVICE OF COUNSEL WITH RESPECT TO THEIR DUTIES AND RESPONSIBILITIES UNDER THE PLAN.

NOTHING IN THE PLAN OR THE CONFIRMATION ORDER SHALL ENJOIN THE UNITED STATES GOVERNMENT OR ANY OF ITS AGENCIES OR ANY STATE AND LOCAL AUTHORITY, FROM BRINGING ANY CLAIM, SUIT, ACTION OR OTHER PROCEEDINGS (WHETHER DIRECTLY, INDIRECTLY, DERIVATIVELY OR OTHERWISE) AGAINST THE DEBTORS, OR ANY OF THE DEBTORS' OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES, ATTORNEYS, ADVISORS, AGENTS, REPRESENTATIVES AND ASSIGNS, OR THE DEBTORS' PROPERTY, FOR ANY LIABILITY, INCLUDING UNDER THE INTERNAL REVENUE CODE, THE ENVIRONMENTAL LAWS (OR ANY CRIMINAL LAWS) OF THE UNITED STATES OR ANY STATE OR LOCAL AUTHORITY. IN ADDITION, THE INJUNCTION PROVIDED FOR IN THE PLAN SHALL NOT RELEASE ANY ATTORNEY FROM ANY OBLIGATIONS OWED UNDER RULE 1.8(h) OF THE NEW YORK STATE RULES OF PROFESSIONAL CONDUCT.

4. Preservation of Rights of Action/Reservation of Rights

(a) Maintenance of Causes of Action

Except as otherwise provided in the Plan or Confirmation Order, including the exculpation provisions thereof [and the requirement that any objection to the Class 2 or Class 3 Claims be filed before the deadline to object to confirmation of the Plan](#), after the Effective Date, the Distribution Agent shall retain all rights to and shall have standing to commence, pursue, litigate or settle, as appropriate, any and all Causes of Action, whether existing as of the Petition Date or thereafter arising, in any court or other tribunal including in an adversary proceeding Filed in the Chapter 11 Cases.

The Distribution Agent may in his, hers, or its sole discretion elect not to pursue any Causes of Action that the Distribution Agent otherwise has authority to pursue hereunder the pursuit of which the Distribution Agent deems not to be in the best interest of the Estates.

Except as specifically provided in the Plan or Confirmation Order, including the exculpation provisions thereof, nothing contained herein or in the Confirmation Order shall be deemed to be a waiver or relinquishment of any claim, Cause of Action, right of setoff, or other legal or equitable defense that the Debtors or their Estates had immediately prior to the Petition Date, against or with respect to any Claim whether impaired or left unimpaired by the Plan. Except as specifically provided in the Plan or Confirmation Order, including the exculpation provisions thereof, the Distribution Agent, shall have, retain, reserve, and be entitled to assert all such claims, Causes of Action, rights of setoff, or other legal or equitable defenses which they or any of them had immediately prior to the Petition Date fully as if the Chapter 11 Cases had not been commenced, and all legal and equitable rights of the Debtors respecting any Claim whether impaired or left unimpaired by the Plan may be asserted after the Confirmation Date to the same extent as if the Chapter 11 Cases had not been commenced.

Except as specifically provided in the Plan or Confirmation Order, including the exculpation provisions thereof, any claims, rights, or Causes of Action that the Debtors may hold against any Entity shall vest in the Distribution Agent on the Effective Date and the Distribution Agent shall have the exclusive right and authority to institute, prosecute, abandon, settle or compromise any and all such claims, rights and Causes of Action, and the Distribution Agent shall not require the consent or approval of any party or any further order of the Bankruptcy Court to settle or resolve any claims, rights and Causes of Action.

(b) Preservation of All Causes of Action Not Expressly Sold, Settled, or Released

Unless a claim or Cause of Action against a Holder of a Claim or an Equity Interest or other Entity is expressly waived, abandoned, relinquished, released, compromised, assigned, or settled in the Plan or any Final Order (including the Confirmation Order), including the exculpation provisions thereof, the Debtors expressly reserve such claim or Cause of Action for later action by the Post-Confirmation Debtors or the Distribution Agent (including claims and Causes of Action of which the Debtors may presently be unaware or which may arise or exist by reason of additional facts or circumstances unknown to the Debtors or the Distribution Agent at this time or facts or circumstances that may change or be different from those the Debtors now believe to exist) and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, waiver, estoppel (judicial, equitable or otherwise) or laches shall apply to such claims or Causes of Action upon or after the Confirmation or Consummation of the Plan based on the Disclosure Statement, the Plan or the Confirmation Order, except where such claims or Causes of Action have been expressly released in the Plan, or any other Final Order (including the Confirmation Order), including the exculpation provisions thereof. In addition, the Debtors or the Distribution Agent, as the case may be, reserve the right to pursue or adopt any claims alleged in any lawsuit in which the Debtors are a plaintiff, defendant or an interested party, against any Entity, including the plaintiffs or co-defendants in such lawsuits except where such claims or Causes of Action have been released in the Plan or any other Final Order (including the Confirmation Order).

5. Preservation of Confidences and Attorney-Client Privilege

To effectively investigate, defend, or pursue the Causes of Action and the assets remaining after the proceeds of the sale of the Properties are distributed pursuant to the Plan, the Post-Confirmation Debtors, acting on behalf of the Debtors' Estates, the Distribution Agent, and their attorneys must be able to exchange information with each other on a confidential basis and cooperate in common interest efforts without waiving any applicable privilege. Given the

common interests of the parties and the Distribution Agent's position as successor to the assets of the Estates, sharing such information in the manner described in the previous sentence shall not waive or limit any applicable privilege or exemption from disclosure or discovery related to such information.

In connection with the assets transferred to the Distribution Agent, including the Causes of Action, any attorney-client privilege, work-product privilege, or other privilege or immunity attaching to any documents or communications (whether written or oral) shall also exist for the benefit of the Distribution Agent and shall vest in the Distribution Agent and his, her or its representatives. The Distribution Agent is authorized to take all necessary actions to benefit from or waive such privileges.

6. Preservation of Insurance.

Nothing in the Plan shall diminish or impair the enforceability of any policies of insurance that may cover claims or causes of action against any Debtor, any other Entity, or any other Person.

7. Injunction

EXCEPT AS OTHERWISE PROVIDED IN THE PLAN, ALL ENTITIES WHO HAVE HELD, HOLD OR MAY HOLD CLAIMS, EQUITY INTERESTS, CAUSES OF ACTION, OR LIABILITIES ~~THAT ARE SUBJECT TO EXCULPATION PURSUANT TO THE PLAN AGAINST THE DEBTORS OR THE PROPERTIES~~ ARE PERMANENTLY ENJOINED AND PRECLUDED, FROM AND AFTER THE EFFECTIVE DATE, FROM: (A) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND AGAINST THE ~~DEBTORS~~ BUYER, THE BANK OR, THE ~~DEBTORS'~~ PROPERTIES, AND ANY ENTITY ENTITLED TO EXCULPATION UNDER THIS PLAN, ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY CLAIMS, EQUITY INTERESTS, CAUSES OF ACTION OR LIABILITIES OF THE DEBTORS; (B) ENFORCING, ATTACHING, COLLECTING OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE OR ORDER AGAINST THE ~~DEBTORS, THEIR~~ BUYER, THE BANK, THE PROPERTIES, AND ANY ENTITY ENTITLED TO EXCULPATION ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY CLAIMS, EQUITY INTERESTS, CAUSES OF ACTION OR LIABILITIES OF THE DEBTORS; (C) CREATING, PERFECTING OR ENFORCING ANY LIEN, CLAIM OR ENCUMBRANCE OF ANY KIND AGAINST THE ~~DEBTORS, THEIR~~ BUYER, THE BANK, THE PROPERTIES, AND ANY ENTITY ENTITLED TO EXCULPATION ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS, EQUITY INTERESTS, CAUSES OF ACTION OR LIABILITIES; OF THE DEBTORS'; AND (D) ASSERTING ANY RIGHT OF SETOFF, SUBROGATION OR RECOUPMENT OF ANY KIND AGAINST ~~ANY OBLIGATION DUE FROM THE DEBTORS, THEIR~~ THE BUYER, THE BANK, THE PROPERTIES AND ANY ENTITY ENTITLED TO EXCULPATION ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS, EQUITY INTERESTS, CAUSES OF ACTION OR LIABILITIES, UNLESS SUCH HOLDER HAS FILED A MOTION REQUESTING THE RIGHT TO PERFORM SUCH SETOFF ON OR BEFORE THE CONFIRMATION DATE, AND NOTWITHSTANDING ANY INDICATION IN A PROOF OF CLAIM OR INTEREST OR OTHERWISE THAT SUCH HOLDER ASSERTS, HAS OR INTENDS TO PRESERVE ANY RIGHT OF SETOFF PURSUANT TO BANKRUPTCY CODE §553 OR OTHERWISE; ~~AND (E) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND AGAINST THE DEBTORS, THEIR PROPERTIES, AND ANY ENTITY ENTITLED TO EXCULPATION ON ACCOUNT OF OR IN CONNECTION WITH~~

~~OR WITH RESPECT TO ANY SUCH CLAIMS, EQUITY INTERESTS, CAUSES OF ACTION OR LIABILITIES SETTLED PURSUANT TO THE PLAN.~~

K. RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, to the extent legally permissible, the Bankruptcy Court shall, after the Effective Date, retain such jurisdiction over the Chapter 11 Cases and all Entities with respect to all matters related to the Chapter 11 Cases, the Debtors and the Plan, including jurisdiction to:

1. allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the allowance or priority of any Claim;

2. grant or deny any applications for allowance of compensation or reimbursement of expenses authorized pursuant to the Bankruptcy Code or the Plan, for periods ending on or before the Effective Date;

3. resolve any matters related to the assumption, assignment or rejection of any Executory Contract or Unexpired Lease to which a Debtor is party or with respect to which a Debtor may be liable and to adjudicate and, if necessary, liquidate, any Claims arising under any Executory Contract or Unexpired Lease;

4. resolve any issues related to any matters adjudicated in the Chapter 11 Cases;

5. resolve any issues related to any order entered by the Bankruptcy Court in the Chapter 11 Cases;

6. ensure that distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;

7. decide or resolve any motions, adversary proceedings, contested or litigated matters and any other Causes of Action that are pending as of the Effective Date or that may be commenced in the future, and grant or deny any applications involving a Debtor that may be pending on the Effective Date or instituted by the Distribution Agent after the Effective Date; provided that the Distribution Agent shall reserve the right to commence actions in all appropriate forums and jurisdictions;

8. enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all other contracts, instruments, and other agreements or documents adopted in connection with the Plan, the Auction and Sale Procedures, the closing of the sale of the Properties, or the Disclosure Statement;

9. resolve any cases, controversies, suits or disputes that may arise in connection with the Consummation, interpretation or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan or the Auction;

10. issue injunctions and enforce them, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Entity with Consummation or enforcement of the Plan, except as otherwise provided in the Plan;

11. enforce the exculpations and injunctions contained in this Plan;

12. resolve any cases, controversies, suits or disputes with respect to any injunction, exculpation or other provisions contained in this Plan, and enter such orders or take such others actions as may be necessary or appropriate to implement or enforce all such provisions;

13. enter and implement such orders or take such others actions as may be necessary or appropriate if the Confirmation Order is modified, stayed, reversed, revoked or vacated;

14. resolve any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order, the Auction and Sale Procedures, the Auction, the sale or the closing of the sale of the Properties to the Buyer, or any contract, instrument, release or other agreement or document adopted in connection with the Plan, the Disclosure Statement, the Auction, the sale of the Properties to the Buyer, or the closing of the sale; and

15. enter an order closing the Chapter 11 Cases.

L. MISCELLANEOUS PROVISIONS

1. Payment of Statutory Fees

All fees and any applicable interest payable pursuant to 28 U.S.C. § 1930 shall be paid on the Effective Date of the Plan. Thereafter, all fees, and any applicable interest, payable pursuant to 28 U.S.C. § 1930 after the Effective Date shall be paid prior to the closing of the Chapter 11 Cases when due or as soon thereafter as practicable.

2. Quarterly Reports

The Debtors, or the Distribution Agent, shall file quarterly reports after the Confirmation Date and provide copies to the United States Trustee, and schedule post-confirmation status conferences with the Court which shall be held subject to order of the Court.

3. ~~2-~~Modification of Plan

Effective as of the date hereof and subject to the limitations and rights contained in the Plan: (a) the Debtors reserve the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules, to amend or modify the Plan prior to the entry of the Confirmation Order; and (b) after the entry of the Confirmation Order, the Debtors or Distribution Agent, as applicable, may, upon order of the Bankruptcy Court, amend or modify the Plan, in accordance with Bankruptcy Code §1127(b) or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan.

4. ~~3.~~ Revocation of Plan

The Debtors reserve the right to revoke or withdraw the Plan prior to the Confirmation Date and to File subsequent chapter 11 plans. If the Debtors revoke or withdraw the Plan, or if Confirmation or Consummation does not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan, assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan and any document or agreement executed pursuant hereto shall be deemed null and void except as may be set forth in a separate order entered by the Bankruptcy Court; and (3) nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims by or against, or any Equity Interests in, such Debtor or any other Entity; (b) prejudice in any manner the rights of the Debtors or any other Entity; or (c) constitute an admission, acknowledgement, offer or undertaking of any sort by the Debtors, or any other Entity.

5. ~~4.~~ Successors and Assigns

The rights, benefits and obligations of any Entity named or referred to herein shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such Entity.

6. ~~5.~~ Reservation of Rights

Except as expressly set forth in the Plan, the Plan shall have no force or effect unless and until the Bankruptcy Court enters the Confirmation Order, and the Confirmation Order becomes a Final Order. Neither the filing of the Plan, any statement or provision contained herein, nor the taking of any action by a Debtor or any other Entity with respect to the Plan shall be or shall be deemed to be an admission or waiver of any rights of: (1) a Debtor with respect to the Holders of Claims or Equity Interests or other Entity; or (2) any Holder of a Claim or an Equity Interest or other Entity prior to the Effective Date.

7. ~~6.~~ Further Assurances

The Debtors or the Distribution Agent, as applicable, all Holders of Claims receiving distributions hereunder and all other Entities shall, from time to time, prepare, execute and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan or the Confirmation Order.

8. ~~7.~~ Severability

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court, or any other court with jurisdiction over the Chapter 11 cases, to be invalid, void or unenforceable, the Bankruptcy Court, or any other court with jurisdiction over the Chapter 11 Cases, 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 then will be applicable as altered or interpreted, provided that any such alteration or interpretation must be in form and substance acceptable to the Debtors, and if such alteration or interpretation affects the Lender, such alteration or interpretation must be in form and substance acceptable to the Lender; provided further that the Debtors may seek an expedited hearing before the Bankruptcy Court, or any other court with jurisdiction over the Chapter 11 Cases, to address any objection to any such alteration or interpretation of the foregoing. Notwithstanding any such order by the

Bankruptcy Court, alteration or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect. 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.

9. ~~8.~~ Service of Documents

Any pleading, notice or other document required by the Plan to be served on or delivered shall be sent to:

The Debtors

SILVERMANACAMPORA LLP
100 Jericho Quadrangle
Suite 300
Jericho, New York 11753
Attn: Adam L. Rosen
arosen@silvermanacampora.com

The Bank

McCarter & English, LLP
245 Park Avenue, 27th Floor
New York, New York 10167
Attn: Eduardo Glas

~~eglass@McCarter.com~~ eglas@McCarter.com

McCarter & English LLP
100 Mulberry Street
Four Gateway Center
Newark, New Jersey 07102
Attn: Sheila Calello
scalello@McCarter.com

DLJ Mortgage Capital, Inc.

Hahn & Hessen LLP
488 Madison Avenue
New York, New York 10022
Attn: John P. Amato
JAmato@hahnhausen.com

United States Trustee for Region 2

271 Cadman Plaza East, Suite 4529
Brooklyn, New York 11201
Attn: Marylou Martin
Marylou.Martin@usdoj.gov

IV. SOLICITATION AND VOTING PROCEDURES

A. RECORD DATE

The Record Date is [_____], 2012, the date on which the Bankruptcy Court entered the Disclosure Statement Order. The Record Date is the date on which the following will be determined: (a) which Holders of Claims are entitled to vote to accept or reject the Plan and receive the Solicitation Package; and (b) whether Claims have been properly assigned or transferred to an assignee pursuant to Bankruptcy Rule 3001(e) such that the assignee can vote as the Holder of a Claim.

B. VOTING DEADLINE

The Voting Deadline is [_____], 2012, at 4:00 p.m.. To be counted as votes to accept or reject the Plan, all Ballots must be properly executed, completed and delivered by using the return envelope provided by: (a) first class mail; (b) overnight courier; or (c) personal delivery, so that they are actually received no later than the Voting Deadline by the Debtors (as Voting Agent). The Ballots will clearly indicate the appropriate return address. Ballots returnable to the Voting Agent should be sent to: SilvermanAcampora LLP, 100 Jericho Quadrangle, Suite 300, Jericho, New York 11753, Attn: Adam L. Rosen.

C. SOLICITATION PROCEDURES

1. Solicitation Package

The following documents and materials will constitute the Solicitation Package:

- (a) the Disclosure Statement Order;
- (b) an appropriate form of Ballot and instructions with respect thereto, if applicable (with a pre-addressed, postage prepaid return envelope);
- (c) the approved form of the Disclosure Statement (together with the Plan, which is Exhibit "A" thereto); and
- (d) such other materials as the Bankruptcy Court may direct.

2. Distribution of the Solicitation Package

The Solicitation Package will be distributed to Holders of Claims in the Voting Class as of the Record Date.

D. VOTING AND TABULATION PROCEDURES

1. Ballot Tabulation

The following voting procedures and standard assumptions will be used in tabulating ballots:

- (a) a Claim will be deemed temporarily counted for voting purposes in an amount equal to (i) if a timely filed Proof of Claim has not been filed, the undisputed amount of such Claim as set forth in the Schedules filed by the Debtors, or (ii) the amount of such Claim as set forth in a timely filed Proof of Claim;
- (b) if a Claim has been estimated or otherwise allowed for voting purposes by order of the Court, such Claim will be temporarily allowed for voting purposes in the amount so estimated or allowed by the Court;
- (c) if a Claim is listed in the Schedules as contingent, unliquidated or disputed, such Claim will be disallowed for voting purposes;
- (d) if the Debtors has filed and served an objection to a Claim at least ten (10) days before the Voting Deadline, such claim will be temporarily allowed or disallowed for voting purposes in accordance with the relief sought in the objection; and
- (e) if a Holder of a Claim identifies a Claim amount on its Ballot that is less than the amount otherwise calculated in accordance with the Tabulation Rules, the Claim will be temporarily counted for voting purposes in the lesser amount identified on such Ballot.

V. CONFIRMATION PROCEDURES

A. CONFIRMATION HEARING

The Confirmation Hearing will commence on July [], 2012 at : 0 a.m.(prevailing E.S.T.).

The Plan Objection Deadline is [], 2012, at 4:00 p.m.

All objections to the Plan must be filed with the Bankruptcy Court and served on the Debtors and certain other parties in accordance with the Disclosure Statement Order on or before the Plan Objection Deadline.

The Debtors' proposed schedule will provide Entities sufficient notice of the Plan Objection Deadline, which will be at least 28 days as required by Bankruptcy Rule 2002(b), plus an additional three (3) days pursuant to the Local Bankruptcy Rules. The Debtors believe that the Plan Objection Deadline will afford the Bankruptcy Court, the Debtors and other parties in interest reasonable time to consider the Plan Objections prior to the Confirmation Hearing.

THE BANKRUPTCY COURT WILL NOT CONSIDER PLAN OBJECTIONS UNLESS THEY ARE TIMELY-SERVED AND FILED IN COMPLIANCE WITH THE DISCLOSURE STATEMENT ORDER.

Plan Objections must be served on all of the following parties:

The Debtors

SILVERMANACAMPORA LLP
100 Jericho Quadrangle
Suite 300
Jericho, New York 11753
Attn: Adam L. Rosen
arosen@silvermanacampora.com

The Bank

McCarter & English, LLP
245 Park Avenue, 27th Floor
New York, New York 10167
Attn: Eduardo Glas

eglass@McCarter.com eglas@McCarter.com

McCarter & English LLP
100 Mulberry Street
Four Gateway Center
Newark, New Jersey 07102
Attn: Sheila Calello
scalello@McCarter.com

DLJ Mortgage Capital, Inc.

Hahn & Hessen LLP
488 Madison Avenue
New York, New York 10022
Attn: John P. Amato
JAmato@hahnhausen.com

United States Trustee for Region 2

271 Cadman Plaza East, Suite 4529
Brooklyn, New York 11201
Attn: Marylou Martin
Marylou.Martin@usdoj.gov

B. STATUTORY REQUIREMENTS FOR CONFIRMATION OF THE PLAN

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies the requirements of Bankruptcy Code §1129. The Debtors believe that: (1) the Plan satisfies or will satisfy all of the necessary statutory requirements of chapter 11 of the

Bankruptcy Code; (2) the Debtors have complied or will have complied with all of the necessary requirements of chapter 11 of the Bankruptcy Code; and (3) the Plan has been proposed in good faith. Specifically, in addition to others, as applicable, the Debtors believe that the Plan satisfies or will satisfy the applicable Confirmation requirements of Bankruptcy Code §1129 as set forth below.

- The Plan complies with the applicable provisions of the Bankruptcy Code.
- The Debtors, as the Plan proponents, will have complied with the applicable provisions of the Bankruptcy Code.
- The Plan has been proposed in good faith and not by any means forbidden by law.
- Any payment made or promised under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the case, has been disclosed to the Bankruptcy Court, and any such payment: (1) made before the Confirmation of the Plan is reasonable; or (2) subject to the approval of the Bankruptcy Court as reasonable, if it is to be fixed after Confirmation of the Plan.
- Either each Holder of an Impaired Claim has accepted the Plan, or will receive or retain under the Plan on account of such Claim, property of a value, as of the Effective Date of the Plan, that is not less than the amount that such Holder would receive or retain if the Debtors were liquidated on that date under chapter 7 of the Bankruptcy Code, including pursuant to Bankruptcy Code §1129(b) for Equity Interests deemed to reject the Plan.
- Class of Claims that is entitled to vote on the Plan has either accepted the Plan or is not Impaired under the Plan, or the Plan can be confirmed without the approval of such Class pursuant to Bankruptcy Code §1129(b).
- Except to the extent that the Holder of a particular Claim will agree to a different treatment of its Claim, the Plan provides that Administrative Claims and Other Priority Claims will be paid in full on the Effective Date, or as soon thereafter as is reasonably practicable.
- At least one Class of Impaired Claims has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim in that Class.
- All fees of the type described in 28 U.S.C. § 1930, including the fees of the United States Trustee, will be paid as of the Effective Date.

1. Best Interests of Creditors Test/Liquidation Analysis

Pursuant to Bankruptcy Code §1129(a)(7), for a plan to be confirmed, it must provide that holders of claims or equity interests will receive at least as much under a plan as they would receive in a liquidation of the debtor under chapter 7 of the Bankruptcy Code (the “Best Interest Test”). The Best Interest Test with respect to each impaired class requires that each holder of an allowed claim or equity interest of such class either: (i) accepts the plan; or (ii) receives or retains 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 was liquidated under chapter 7

of the Bankruptcy Code. The Bankruptcy Court will determine whether the value received under the Plan by the Holders of Allowed Claims in each Class or Equity Interests equals or exceeds the value that would be allocated to such Holders if the Debtors' assets were liquidated under chapter 7 of the Bankruptcy Code. To assist the Bankruptcy Court in making this determination, the Debtors have attached as Exhibit "C" to this Disclosure Statement a liquidation analysis.

The Debtors believe that the Plan meets the Best Interest Test and provides value which is not less than that which would be recovered by each such Holder in a chapter 7 bankruptcy proceeding or proceedings. Generally, to determine what Holders of Allowed Claims and Equity Interests in each impaired Class would receive if the Debtors were liquidated, the Bankruptcy Court must determine what funds would be generated from the liquidation of Debtors' assets and properties in the context of a chapter 7 liquidation case for each of the Debtors, which for unsecured creditors would consist of the proceeds resulting from the disposition of the assets of Debtors, augmented by the unencumbered Cash held by Debtors at the time of the commencement of the liquidation cases. Such Cash amounts would be reduced by the costs and expenses of the liquidation and the use of chapter 7 for the purpose of liquidation.

In the case of a chapter 7 liquidation, Holders of Allowed Claims would receive distributions based on the liquidation of the non-exempt assets of ~~THE~~the Debtors. Such assets would include the same assets being collected and liquidated under the Plan – the Properties, Causes of Action, and Cash on hand. However, the net proceeds from the collection of property of the Estates available for distribution to Creditors would be reduced by any commission payable to the chapter 7 trustee of each Estate and the fees for the trustee's attorneys, accountants and other professionals, as well as the administrative costs of the Chapter 11 Estates (such as the compensation for the Retained Professionals). In chapter 7 cases (which would necessitate a separate chapter 7 case for each Debtor, each with potentially a different chapter 7 trustee), a chapter 7 trustee would be entitled to seek a sliding scale commission based upon the funds distributed by such trustee to creditors, even though the Estates will have already completed most of the work required to effectuate an efficient and orderly sale of the Properties and the Estates will have already incurred many of the expenses associated with generating those funds. Accordingly, there is a reasonable likelihood that creditors would "pay again" for the funds accumulated by the Estates because a chapter 7 trustee or trustees would be entitled to receive a commission in some amount for all funds distributed from the Estates.

In addition, the Debtors and their professionals expect that if the Chapter 11 Cases were converted to cases under chapter 7, the Auction would be delayed, and potential bidders will not only have lost interest in the Properties, but worse, potential offers will be lower than they might in a Chapter 11 Case. The Debtors predict that the bids for the purchase of the Properties or assumption of the Mortgage will be lower for two reasons: (i) a chapter 7 liquidation sale necessitates shorter and faster procedures with fewer protections; and (ii) if the Properties are not sold pursuant to a Plan, transfer taxes may only be avoided under Bankruptcy Code §1146 if real property is transferred pursuant to a chapter 11 plan.

It is further anticipated that chapter 7 liquidation cases would result in delay in the payment to creditors. Among other things, pursuant to Bankruptcy Rule 3002(c), chapter 7 cases could trigger a new bar date for filing Claims that would be more than ninety (90) days following conversion of the Chapter 11 Cases to chapter 7. Hence, chapter 7 liquidation would not only delay the Auction and distribution, but would also raise the prospect of additional claims that were not asserted in the Chapter 11 Cases.

Moreover, Claims that may arise in the chapter 7 cases or result from the conversion of the Chapter 11 Cases would be paid in full from the proceeds of the sale of the Properties before the balance of the proceeds would be made available to pay pre-Chapter 11 Allowed Priority Claims, Allowed General Unsecured Claims and Equity Interests. The distributions from the proceeds of the sale, which will be for a lower price, would be paid Pro Rata according to the amount of the aggregate Claims held by each creditor. The Debtors believe that the most likely outcome under chapter 7 would be the application of the “absolute priority rule.” Under that rule, no junior creditor may receive any distribution until all senior creditors are paid in full, with interest, and no equity security holder may receive any distribution until all creditors are paid in full. The Debtors have determined that confirmation of the Plan will provide each Holder of a Claim or Equity Interest with no less of a recovery than it would receive if the Debtors were liquidated under chapter 7. This determination is based upon the effect that chapter 7 liquidation would have on the Debtors’ assets available for distribution to Holders of Claims and Equity Interests (the proceeds of the sale of the Properties after distributions and Causes of Action), including: (i) the increased costs and expenses of liquidation under chapter 7 arising from fees payable to a trustee(s) in bankruptcy and professional advisors to such trustee(s); and (ii) the amount of existing Claims and the potential increases in Claims that would have to be satisfied on a priority basis or on a parity basis with Holders of Claims in the Chapter 11 Cases. The Debtors also believe that the value of any distributions from the proceeds of the sale of the Properties to Allowed Claims in cases under chapter 7 would be less than the value of distributions under the Plan because such distributions in chapter 7 cases would not occur for a substantial period of time. In the event litigation was necessary to resolve Claims asserted in chapter 7 cases, the delay could be prolonged. When the cost of liquidation is considered, as well as the time delay in receiving distributions, the Debtors believe that certain Holders of Claims will receive substantially smaller distributions pursuant to chapter 7 liquidation than under the Plan.

2. Feasibility

Bankruptcy Code §1129(a)(11) requires the Bankruptcy Court to find, as a condition to confirmation, that confirmation is not likely to be followed by the debtor’s liquidation or the need for further financial reorganization, unless that liquidation or reorganization is contemplated by the Plan. The Plan contemplates that all proceeds of the sale of the Properties will be distributed to the creditors of the Debtors pursuant to the terms of the Plan. Since no further reorganization of the Debtors will be possible, the Debtors believe that the Plan meets the financial feasibility requirement. Moreover, the Debtors will have obtained a Stalking Horse Offer sufficient to make the payments required under the Plan on or reasonably after the Effective Date prior to the Confirmation Hearing. Therefore, the Debtors or the Distribution Agent, as applicable, will have sufficient Cash to make all payments required on or reasonably after the Effective Date pursuant to the Plan. Any offers to purchase the Properties or assume the Mortgage higher and better than the Stalking Horse Offer will only result in an increased Pro Rata Distribution to Holders of Allowed Class 45 Claims. The Debtors believe that, subject to the risk factors described below, sufficient funds will exist to make all payments required by the Plan.

3. Acceptance by Impaired Classes

The Bankruptcy Code requires, as a condition to confirmation, that, except as described in the following section, each class of claims or equity interests that is impaired under a plan, accept the plan. A class that is not “impaired” under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required. A

class is “impaired” unless the plan: (a) leaves unaltered the legal, equitable and contractual rights to which the claim or the equity interest entitles the holder of such claim or equity interest; or (b) cures any default, reinstates the original terms of such obligation, compensates the holder for certain damages or losses, as applicable, and does not otherwise alter the legal, equitable or contractual rights to which such claim or equity interest entitles the holder of such claim or equity interest.

Bankruptcy Code §1126(c) defines acceptance of a plan by a class of impaired claims as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of allowed claims in that class, counting only those claims that actually voted to accept or to reject the plan. Thus, a class of claims will have voted to accept the plan only if two-thirds in amount and a majority in number actually voting cast their ballots in favor of acceptance. For a class of impaired equity interests to accept a plan, Bankruptcy Code §1126(d) requires acceptance by equity interest holders that hold at least two-thirds in amount of the allowed equity interests of such class, counting only those equity interests that actually voted to accept or reject the plan. Thus, a class of equity interests will have voted to accept the plan only if two-thirds in amount actually voting cast their ballots in favor of acceptance.

Claims in Class 1 are Unimpaired under the Plan, and, as a result, the Holders of such Claims are deemed to have accepted the Plan and their votes will not be solicited.

Claims in Classes 2, 3, 4 and 5 are Impaired under the Plan. These Classes will have accepted the Plan if the Plan is accepted by at least two-thirds in amount and a majority in number of the Claims of each Class (other than any Claims of Creditors designated under Bankruptcy Code §1126(e)) that have voted to accept or reject the Plan.

The members of Class 6 are Impaired under the Plan and will not receive a distribution under the Plan. Pursuant to Bankruptcy Code §1126(g), the members of Class 6 are deemed to reject the Plan and their votes will not be solicited.

C. RISK FACTORS

Prior to deciding whether and how to vote on the Plan, each Holder of a Claim should consider carefully all of the information in this Disclosure Statement and should particularly consider the Risk Factors described in Article VI, “Plan-Related Risk Factors and Alternatives to Confirmation and Consummation of the Plan.”

D. CONTACT FOR MORE INFORMATION

Any interested party desiring further information about the Plan should contact counsel to the Debtors, SilvermanAcampora LLP, 100 Jericho Quadrangle, Suite 300, Jericho, New York 11753, Attn: Adam L. Rosen and Sheryl P. Giugliano, Tel: (516) 479-6300.

VI. PLAN-RELATED RISK FACTORS AND ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

THE IMPLEMENTATION OF THE PLAN IS SUBJECT TO A NUMBER OF RISKS, INCLUDING THOSE ENUMERATED BELOW. PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN, ALL HOLDERS OF CLAIMS AND EQUITY INTERESTS THAT ARE IMPAIRED

AND ENTITLED TO VOTE ON THE PLAN SHOULD READ AND CONSIDER CAREFULLY THE FACTORS SET FORTH HEREIN, AS WELL AS ALL OTHER INFORMATION SET FORTH OR OTHERWISE REFERENCED IN THIS DISCLOSURE STATEMENT AND OTHER DOCUMENTS DELIVERED TOGETHER HERewith AND/OR INCORPORATED BY REFERENCE HEREIN. THESE RISK FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION, OR ALTERNATIVES TO THE PLAN.

A. GENERAL BANKRUPTCY LAW AND PLAN-RELATED CONSIDERATIONS

1. Parties in Interest May Object to the Classification of Claims and Equity Interests

Bankruptcy Code §1122 provides that a plan may place a claim or an equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests in such class. The Debtors believe that the classification of Claims and Equity Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because the Debtors created certain Classes of Claims and Equity Interests, each encompassing Claims or Equity Interests, as applicable, that are substantially similar to the other Claims and Equity Interests in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

2. Failure to Satisfy Vote Requirement

If votes are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Debtors intend to seek, as promptly as practicable thereafter, Confirmation of the Plan. In the event that sufficient votes are not received, the Debtors may seek to accomplish an alternative chapter 11 plan. Additionally, it is possible that other parties in interest will have the right to propose an alternative plan. There can be no assurance that the terms of any such alternative chapter 11 plan would be similar or as favorable to the Holders of Allowed Claims as those proposed in the Plan.

3. Debtors May Not Be Able to Secure Confirmation of the Plan or Confirmation May Be Delayed

Bankruptcy Code §1129 sets forth the requirements for confirmation of a chapter 11 plan, and requires, among other things, a finding by the bankruptcy court that the value of distributions to non-accepting holders of claims and equity interests within a particular class under such plan will not be less than the value of distributions such holders would receive if the debtors were liquidated under chapter 7 of the Bankruptcy Code.

There can be no assurance that the requisite acceptances to confirm the Plan will be received. Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Plan. A non-accepting Holder of an Allowed Claim might challenge either the adequacy of this Disclosure Statement or whether the solicitation procedures and voting results satisfy the requirements of the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determined that the Disclosure Statement, the solicitation procedures and voting results were appropriate, the Bankruptcy Court could still decline to confirm the Plan if it found that any of the statutory requirements for Confirmation had not been met.

In addition, the Confirmation and Consummation of the Plan are subject to payment of any Priority Tax Claims in accordance with Bankruptcy Code §1129(a)(9)(C). Although that provision of the Bankruptcy Code allows payment of Priority Tax Claims over time, a Holder of a Priority Tax Claim may object that its treatment is not in compliance with Bankruptcy Code §1129(a)(9)(C). The Bankruptcy Court may or may not agree with such Holder's objection and the Bankruptcy Court's decision may prevent or delay Confirmation or Consummation of the Plan.

The Confirmation and Consummation of the Plan also are subject to certain other conditions. No assurance can be given that these conditions will be satisfied.

If the Plan is not confirmed in a timely manner, it is unclear what Holders of Claims would ultimately receive in respect of their Claims. The Debtors, subject to the terms and conditions of the Plan, reserve the right to modify the terms and conditions of the Plan as necessary for Confirmation. Any such modifications could result in a less favorable treatment of any non-accepting Class, as well as of any Classes junior to such non-accepting Class, than the treatment currently provided in the Plan. Such a less favorable treatment could include a distribution of property to the Class affected by the modification of a lesser value than currently provided in the Plan or no distribution of property whatsoever under the Plan.

4. Debtors May Object to the Amount or Classification of a Claim

Except as otherwise provided in the Plan, the Debtors reserve the right to object to the amount or classification of any Claim under the Plan. The estimates set forth in this Disclosure Statement cannot be relied on by any Holder of a Claim where such Claim is subject to an objection. Any Holder of a Claim that is subject to an objection thus may not receive its expected share of the estimated distributions described in this Disclosure Statement.

5. Risk of Non-Occurrence of the Effective Date

Although the Debtors believe that the Effective Date may occur quickly after the Confirmation Date, there can be no assurance as to such timing, or as to whether the Effective Date will, in fact, occur. The Auction and Sale Procedures provide that the Auction will take place after the Confirmation Hearing, but the Effective Date cannot occur unless and until the sale of the Properties closes.

6. Risks Affecting Potential Recoveries

The Debtors cannot state with any degree of certainty what recovery will be available to Holders of Claims. The following unknown factors make certainty impossible. First, the Debtors cannot know, at this time, how much money will remain after paying all Allowed Claims which are senior to the Claims of Class 5. Second, the Debtors cannot know with any certainty, at this time, the number or size of Claims in Class 5 that will ultimately be Allowed. Third, the Debtors cannot know with certainty, at this time, the number or size of Claims in Classes senior to Class 5, or Claims that are unclassified, which will ultimately be Allowed. Last, there is a potential that the Bank's Allowed Class 2 Claim will increase by approximately \$6 million (as alleged by the Bank in its Proof of Claim) due to a ~~Defeasance~~defeasance or prepayment clause in the Loan Documents, which may result in a smaller Pro Rata distribution to Holders of Allowed Claims in Classes 3, 4 and 5. The ~~Defeasance~~Bank alleges that the defeasance and prepayment provisions in the Loan Documents ~~enables~~enable the Bank to increase its Allowed Claim if the Loan is paid-off earlier than the maturity date under the Loan Documents.

7. No Bond

The Distribution Agent will not be required to post a bond in connection with the performance of his, her or its duties. Apart from the uncertainties described above regarding potential recoveries, the Debtors do not believe there are risks that will require the Distribution Agent to post a bond.

B. RISKS ASSOCIATED WITH FORWARD LOOKING STATEMENTS

The financial information contained in this Disclosure Statement has not been audited. In preparing this Disclosure Statement, the Debtors, and their professionals, relied on financial data derived from the Debtors' books and records that was available at the time of such preparation. Although the Debtors, and their professionals, have used their reasonable business judgment to ensure the accuracy of the financial information provided in this Disclosure Statement, and while the Debtors, and their professionals, believe that such financial information fairly reflects the financial condition of the Debtors, the Debtors, and their professionals, are unable to warrant or represent that the financial information contained herein and attached hereto is without inaccuracies.

C. DISCLOSURE STATEMENT DISCLAIMER

1. Information Contained Herein Is for Soliciting Votes

The information contained in this Disclosure Statement is for purposes of soliciting acceptances of the Plan and may not be relied upon for any other purposes.

2. This Disclosure Statement Was Not Reviewed or Approved by the Securities and Exchange Commission

This Disclosure Statement was not filed with the Commission under the Securities Act or applicable state securities laws. Neither the Commission nor any state regulatory authority has passed upon the accuracy or adequacy of this Disclosure Statement, or the exhibits or the statements contained herein, and any representation to the contrary is unlawful.

3. This Disclosure Statement May Contain Forward Looking Statements

This Disclosure Statement may contain "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements consist of any statement other than a recitation of historical fact and can be identified by the use of forward looking terminology such as "may," "expect," "anticipate," "estimate" or "continue" or the negative thereof or other variations thereon or comparable terminology. The reader is cautioned that all forward looking statements are necessarily speculative and there are certain risks and uncertainties that could cause actual events or results to differ materially from those referred to in such forward looking statements. The liquidation analysis, distribution projections and other information contained herein and attached hereto are estimates only, and the timing and amount of actual distributions to Holders of Allowed Claims may be affected by many factors that cannot be predicted. Therefore, any analyses, estimates or recovery projections may or may not turn out to be accurate.

4. No Legal or Tax Advice Is Provided to You by this Disclosure Statement

This Disclosure Statement is not legal advice to you. The contents of this Disclosure Statement should not be construed as legal, business or tax advice. Each Holder of a Claim or an Equity Interest should consult his or her own legal counsel and accountant with regard to any legal, tax and other matters concerning his or her Claim or Equity Interest. 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 Admissions Made

The information and statements contained in this Disclosure Statement will neither (a) constitute an admission of any fact or liability by any Entity (including, without limitation, the Debtors) nor (b) be deemed evidence of the tax or other legal effects of the Plan on the Debtors, Holders of Allowed Claims or Equity Interest or any other parties in interest.

6. Failure to Identify Litigation Claims or Projected Objections

No reliance should be placed on the fact that a particular litigation claim or projected objection to a particular Claim or Equity Interest is, or is not, identified in this Disclosure Statement. The Distribution Agent may seek to investigate, File and prosecute Claims and Equity Interest and may object to Claims after the Confirmation or Effective Date of the Plan irrespective of whether the Disclosure Statement identifies such Claims or Objections to Claims.

NO RELIANCE SHOULD BE PLACED ON THE FACT THAT A PARTICULAR LITIGATION CLAIM OR PROJECTED OBJECTION TO CLAIM IS, OR IS NOT, IDENTIFIED IN THIS DISCLOSURE STATEMENT. MOREOVER, THE DEBTORS OR THE DISTRIBUTION AGENT, AS APPLICABLE, MAY SEEK TO INVESTIGATE, FILE AND PROSECUTE LITIGATION CLAIMS AND PROJECTED OBJECTIONS TO CLAIMS AFTER THE CONFIRMATION OR EFFECTIVE DATE OF THE PLAN IRRESPECTIVE OF WHETHER THE DISCLOSURE STATEMENT IDENTIFIES ANY SUCH CLAIMS OR OBJECTIONS TO CLAIMS.

7. No Waiver of Right to Object or Right to Recover Transfers and Assets

The vote by a Holder of an Allowed Claim for or against the Plan does not constitute a waiver or release of any Claims or rights of the Debtors or the Distribution Agent to object to that Holder's Allowed Claim, or recover any preferential, fraudulent or other voidable transfer or assets, regardless of whether any Claims or Causes of Action of the Debtors or their respective Estates are specifically or generally identified herein.

8. Information Was Provided by the Debtors and Was Relied Upon by the Debtors' Advisors

The professionals retained by the Debtors have relied upon information provided by Debtors in connection with the preparation of this Disclosure Statement. Although the professionals retained by the Debtors have performed certain limited due diligence in connection with the preparation of this Disclosure Statement, they have not verified independently the information contained herein.

9. Potential Exists for Inaccuracies, and the Debtors Have No Duty to Update

The statements contained in this Disclosure Statement are made by the Debtors as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has not been a change in the information set forth herein since that date. While the Debtors have used their reasonable business judgment to ensure the accuracy of all of the information provided in this Disclosure Statement and in the Plan, the Debtors nonetheless cannot, and do not, confirm the current accuracy of all statements appearing in this Disclosure Statement. Further, although the Debtors may subsequently update the information in this Disclosure Statement, the Debtors have no affirmative duty to do so unless ordered to do so by the Bankruptcy Court.

D. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

As set forth above, if the Plan is not confirmed, the Debtors' Chapter 11 Cases could be converted to liquidation cases under chapter 7 of the Bankruptcy Code. Alternatively, the Debtors, or other parties in interest may seek confirmation of an alternative plan of reorganization under chapter 11 of the Bankruptcy Code. In chapter 7, a trustee would be appointed to promptly liquidate the assets of the Debtors.

The Debtors believe that in a liquidation under chapter 7, before creditors received any distributions, additional administrative expenses involved in the appointment of a trustee and attorneys, accountants, and other professionals to assist such trustee, along with an increase in expenses associated with an increase in the number of unsecured claims that would be expected, would cause a substantial diminution in the value of the Estates. The assets available for distribution to creditors and equity holders would be reduced by such additional expenses and by Claims, some of which would be entitled to priority, which would arise by reason of the liquidation. A more thorough discussion of the effects that chapter 7 liquidation would have on the recoveries of Holders of Claims is set forth above in Article V.

VII. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

A. IN GENERAL

The following discussion summarizes certain material U.S. federal income tax consequences expected to result from the consummation of the Plan. This discussion is based on current provisions of the Internal Revenue Code of 1986, as amended (the "IRC"), applicable Treasury Regulations, judicial authority and current administrative rulings and pronouncements of the Internal Revenue Service (the "IRS"). There can be no assurance that the IRS will not take a contrary view or that any contrary position would not be sustained by a court, and no ruling from the IRS has been or will be sought nor will any counsel provide a legal opinion as to any of the expected tax consequences set forth below.

Legislative, judicial or administrative changes or interpretations may be forthcoming that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may or may not be retroactive and could affect the tax consequences to the Holders of Claims, the Distribution Agent, or the Debtors. It cannot be predicted at this time

whether any tax legislation will be enacted or, if enacted, whether any tax law changes contained therein would affect the tax consequences described herein.

The following summary is for general information only. The tax treatment of a Holder may vary depending upon such Holder's particular situation. This summary does not address all of the tax consequences that may be relevant to a Holder, including any alternative minimum tax consequences and does not address the tax consequences to a Holder that has made an agreement to resolve its claim in a manner not explicitly provided for in the Plan. This summary also does not address the U.S. federal income tax consequences to persons not entitled to vote on the Plan or Holders subject to special treatment under the U.S. federal income tax laws, such as brokers or dealers in securities or currencies, certain securities traders, tax-exempt entities, financial institutions, insurance companies, foreign persons, partnerships and other pass-through entities, Holders that hold Claims as a position in a "straddle" or as part of a "synthetic security," "hedging," "conversion" or other integrated transaction, Holders that have a "functional currency" other than the United States dollar and Holders that have acquired Claims in connection with the performance of services. The following summary assumes that the Claims are held by Holders as "capital assets" within the meaning of IRC §1221 and that all Claims denominated as indebtedness are properly treated as debt for U.S. federal income tax purposes.

The tax treatment of Holders and the character, amount and timing of income, gain or loss recognized as a consequence of the Plan and the distributions provided for by the Plan may vary, depending upon, among other things: (1) whether the Claim (or portion thereof) constitutes a Claim for principal or interest; (ii) the type of consideration received by the Holder in exchange for the Claim and whether the Holder receives distributions under the Plan in more than one taxable year; (iii) whether the Holder is a citizen or resident of the United States for tax purposes, is otherwise subject to U.S. federal income tax on a net basis, or falls into any special class of taxpayers, such as those that are excluded from this discussion as noted above; (iv) the manner in which the Holder acquired the Claim; (v) the length of time that the Claim has been held; (vi) whether the Claim was acquired at a discount; (vii) whether the Holder has taken a bad debt deduction with respect to the Claim (or any portion thereof) in the current or prior years; (viii) whether the Holder has previously included in income accrued but unpaid interest with respect to the Claim; (ix) the method of tax accounting of the Holder; (x) whether the Claim is an installment obligation for U.S. federal income tax purposes; and (xi) whether the "market discount" rules are applicable to the Holder. Therefore, each Holder should consult its tax advisor for information that may be relevant to its particular situation and circumstances, and the particular tax consequences to such Holder of the transactions contemplated by the Plan.

THE FOLLOWING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN U.S. FEDERAL TAX CONSEQUENCES OF THE PLAN AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE FOLLOWING DISCUSSION IS FOR INFORMATION PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A HOLDERS PARTICULAR CIRCUMSTANCES. ACCORDINGLY, EACH HOLDER IS STRONGLY URGED TO CONSULT ITS TAX ADVISOR REGARDING THE U.S. FEDERAL, STATE, LOCAL, AND APPLICABLE NON-U.S. INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

* * * * *

INTERNAL REVENUE SERVICE CIRCULAR 230 DISCLOSURE: TO COMPLY WITH INTERNAL REVENUE SERVICE CIRCULAR 230, TAXPAYERS ARE HEREBY NOTIFIED THAT (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS DISCLOSURE STATEMENT (INCLUDING ANY ATTACHMENTS) IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON A TAXPAYER UNDER THE INTERNAL REVENUE CODE, (B) ANY SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN, AND (C) TAXPAYERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

* * * * *

VIII. CONCLUSION AND RECOMMENDATION

The Debtors believe that confirmation of the Plan is preferable to the alternatives described above because it provides the greatest distributions and opportunity for distributions to Holders of Claims against the Estates. In addition, any alternative to confirmation of the Plan could result in extensive delays and increased administrative expenses.

Accordingly, the Debtors urge all Holders of Claims entitled to vote on the Plan to vote to accept the Plan and to indicate such acceptance by returning their Ballots so that they are received no later than 4:00 p.m. (prevailing Eastern Time) on [], 2012.

Dated: June 7, 2012

Respectfully submitted,

CROSS ISLAND PLAZA, INC

BLOCK 12892 REALTY CORP.

By: /s/ Chloe Henning
Name: Chloe Henning
Its: Authorized Signatory

By: /s/ Chloe Henning
Name: Chloe Henning
Its: Authorized Signatory

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Statistics:	
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Deletions	108
Moved from	3
Moved to	3
Style change	0
Format changed	0
Total changes	249