THIS IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT BEEN APPROVED BY THE COURT AND IS SUBJECT TO AMENDMENT.

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

IN RE:	CHAPTER 11
EAST END DEVELOPMENT LLC,	CASE NO.: 12-76181 (REG)
Debtor.	

DEBTOR'S THIRD AMENDED DISCLOSURE STATEMENT

DATED MAY ~~6~~8, 2013, IN CONNECTION WITH THE DEBTOR'S

THIRD AMENDED PLAN OF REORGANIZATION DATED MAY ~~6~~8, 2013

New York, New York
May ~~6~~8, 2013

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EAST END DEVELOPMENT, LLC, the debtor and debtor-in-possession in the above-captioned case (the "Debtor"), hereby proposes the following and files this disclosure statement (the "Disclosure Statement") with the United States Bankruptcy Court for the Eastern District of New York (the "Bankruptcy Court"), pursuant to section 1125 of title 11, United States Code (the "Bankruptcy Code"), in connection with Debtor's Third Amended Plan of Reorganization dated May 6, 2013 (as it may be amended, altered, modified or supplemented as described herein, the "Plan").[1] A copy of the Plan is annexed to this Disclosure Statement as Exhibit "A".

THE DEBTOR BELIEVES THAT THE PLAN PROVIDES THE BEST POSSIBLE RESULT FOR ALL HOLDERS OF CLAIMS AND INTERESTS AND THEREFORE BELIEVES THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF THE DEBTOR'S CREDITORS AND INTEREST HOLDERS. THE DEBTOR STRONGLY URGES ALL HOLDERS OF CLAIMS IN IMPAIRED CLASSES RECEIVING BALLOTS THAT ARE ENTITLED TO VOTE ON THE PLAN VOTE TO ACCEPT THE PLAN.

THIS DISCLOSURE STATEMENT IS DESIGNED TO SOLICIT YOUR ACCEPTANCE OF THE ATTACHED PLAN AND CONTAINS INFORMATION RELEVANT TO YOUR DECISION. PLEASE READ THIS DISCLOSURE STATEMENT, THE PLAN AND THE OTHER MATERIALS COMPLETELY AND CAREFULLY. THE PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, OTHER EXHIBITS ANNEXED HERETO AND OTHER DOCUMENTS REFERENCED AS FILED WITH THE BANKRUPTCY COURT BEFORE OR CONCURRENTLY WITH THE FILING OF THIS DISCLOSURE STATEMENT AND THE PLAN. FURTHERMORE, THE FINANCIAL INFORMATION CONTAINED HEREIN HAS NOT BEEN THE SUBJECT OF AN AUDIT. SUBSEQUENT TO THE DATE HEREOF, THERE CAN BE NO ASSURANCE THAT: (A) THE INFORMATION AND REPRESENTATIONS CONTAINED HEREIN WILL CONTINUE TO BE MATERIALLY ACCURATE; OR (B) THE DISCLOSURE STATEMENT CONTAINS ALL MATERIAL INFORMATION.

THE CLASSES OF CLAIMS IMPAIRED UNDER THE PLAN AND ENTITLED TO VOTE ON THE PLAN ARE CLASS 1 (THE AMALGAMATED SECURED CLAIM), AND CLASS 4 (GENERAL UNSECURED CLAIMS). CLASS 2 (MECHANIC'S LIEN CLAIMS), CLASS 3 (PRIORITY CLAIMS) AND CLASS 5 (INTERESTS) ARE UNIMPAIRED AND HOLDERS OF SUCH CLAIMS AND INTERESTS ARE CONCLUSIVELY PRESUMED TO HAVE ACCEPTED THE PLAN PURSUANT TO SECTION 1126(f) OF THE BANKRUPTCY CODE.

HOLDERS OF CLAIMS IN EACH OF CLASSES 1 AND 4 ARE ENCOURAGED TO READ AND CAREFULLY CONSIDER THE MATTERS DESCRIBED IN THIS DISCLOSURE STATEMENT PRIOR TO SUBMITTING BALLOTS. IN MAKING A

[1] Capitalized terms not other defined herein have the meanings ascribed to them in the Plan.

DECISION TO ACCEPT OR REJECT THE PLAN, EACH HOLDER OF A CLAIM OR INTEREST MUST RELY ON ITS OWN EXAMINATION OF THE DEBTOR'S SCHEDULES AS DESCRIBED IN THIS DISCLOSURE STATEMENT AND THE TERMS OF THE PLAN, INCLUDING THE MERITS AND RISKS INVOLVED. IN ADDITION, CONFIRMATION AND CONSUMMATION OF THE PLAN ARE SUBJECT TO CONDITIONS PRECEDENT THAT COULD LEAD TO DELAYS IN CONSUMMATION OF THE PLAN. THERE CAN BE NO ASSURANCE THAT EACH OF THESE CONDITIONS WILL BE SATISFIED OR WAIVED (AS PROVIDED IN THE PLAN) OR THAT THE PLAN WILL BE CONSUMMATED EVEN AFTER THE EFFECTIVE DATE. DISTRIBUTIONS UNDER THE PLAN MAY BE SUBJECT TO SUBSTANTIAL DELAYS FOR HOLDERS OF CLAIMS THAT ARE DISPUTED.

EACH CLASS WILL BE DEEMED TO HAVE ACCEPTED THE PLAN IF THE HOLDERS OF CLAIMS IN SUCH CLASS (OTHER THAN ANY HOLDER DESIGNATED UNDER SUBSECTION 1126(e) OF THE BANKRUPTCY CODE) WHO CAST VOTES IN FAVOR OF THE PLAN HOLD AT LEAST TWO-THIRDS IN DOLLAR AMOUNT AND MORE THAN ONE-HALF IN NUMBER OF THE ALLOWED CLAIMS THAT ARE HELD BY HOLDERS OF CLAIMS ACTUALLY VOTING IN EACH SUCH CLASS.

WITH RESPECT TO ANY IMPAIRED CLASS THAT DOES NOT ACCEPT THE PLAN, THE DEBTOR WILL REQUEST THAT THE BANKRUPTCY COURT CONFIRM THE PLAN UNDER BANKRUPTCY CODE SECTION 1129(b). SECTION 1129(b) PERMITS CONFIRMATION OF THE PLAN DESPITE REJECTION BY ONE OR MORE CLASSES IF THE BANKRUPTCY COURT FINDS THAT THE PLAN "DOES NOT DISCRIMINATE UNFAIRLY" AND IS "FAIR AND EQUITABLE" AS TO THE CLASS OR CLASSES THAT DO NOT ACCEPT THE PLAN. FOR A MORE DETAILED DESCRIPTION OF THE REQUIREMENTS FOR ACCEPTANCE OF THE PLAN AND OF THE CRITERIA FOR CONFIRMATION, *SEE* SECTION II HEREIN, FOR VOTING AND PLAN CONFIRMATION REQUIREMENTS.

NO PARTY IS AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS WITH RESPECT TO THE PLAN OTHER THAN THOSE CONTAINED IN THIS DISCLOSURE STATEMENT. NO REPRESENTATIONS OR INFORMATION CONCERNING THE DEBTOR, THE LIQUIDATING ESTATE OR THE VALUE OF THE DEBTOR'S PROPERTY HAVE BEEN AUTHORIZED OTHER THAN AS SET FORTH HEREIN.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND NOT IN ACCORDANCE WITH OTHER APPLICABLE NON-BANKRUPTCY LAWS. ENTITIES HOLDING, TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING CLAIMS AGAINST, OR INTERESTS IN THE DEBTOR SHOULD EVALUATE THIS DISCLOSURE STATEMENT ONLY IN LIGHT OF THE PURPOSE FOR WHICH IT WAS PREPARED.

IF THE REQUISITE ACCEPTANCES OF THE PLAN ARE RECEIVED, THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT AND THE EFFECTIVE DATE OCCURS, ALL HOLDERS OF CLAIMS OR INTERESTS (INCLUDING THOSE WHO DO NOT SUBMIT BALLOTS ACCEPTING OR REJECTING THE PLAN) WILL BE BOUND BY THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY.

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR BY ANY STATE SECURITIES COMMISSION OR SIMILAR PUBLIC, GOVERNMENTAL OR REGULATORY AUTHORITY, AND NEITHER SUCH COMMISSION NOR ANY SUCH AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF AND NEITHER THE DELIVERY OF THIS DISCLOSURE STATEMENT NOR ANY DISTRIBUTION OF PROPERTY PURSUANT TO THE PLAN WILL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF OR THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION SET FORTH HEREIN OR IN THE AFFAIRS OF THE DEBTOR SINCE THE DATE HEREOF.

EACH CREDITOR AND INTEREST HOLDER OF THE DEBTOR SHOULD CONSULT WITH THEIR LEGAL, BUSINESS, FINANCIAL AND TAX ADVISORS AS TO ANY SUCH MATTERS CONCERNING THE SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN, THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY.

I. INTRODUCTION

This Disclosure Statement is being furnished by the Debtor pursuant to section 1125 of the Bankruptcy Code, in connection with the solicitation of Ballots to accept or reject the Plan from Holders of Claims in Classes 1 and 4. Classes 2 (Mechanic's Lien Claims), 3 (Priority Claims) and 5 (Interests) are Unimpaired under the Plan, and therefore Holders of Allowed Claims and Interests in such Class are presumptively deemed to have accepted the Plan. All capitalized terms used in this Disclosure Statement have the meanings ascribed to such terms in the Plan, except as otherwise indicated. The following introduction and summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information, financial statements and notes appearing elsewhere in this Disclosure Statement.

On December 18, 2012, the Debtor filed its initial Plan with the Bankruptcy Court. Concurrently therewith, the Debtor filed its initial Disclosure Statement with the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code and in connection with the solicitation of Ballots to accept or reject the Plan (the "Solicitation"). Thereafter, the Debtor amended its Plan and Disclosure Statement to incorporate comments received from the U.S. Trustee and other interested parties. On February 21, 2013, the Debtor filed a First Amended Plan and, concurrently therewith, filed its First Amended Disclosure Statement. On April 23, 2013, the

Debtor filed a Second Amended Plan (as same may be further amended, the "Plan") and, concurrently therewith, filed this Second Amended Disclosure Statement (as same may be further amended the "Disclosure Statement").

A hearing approval of the Disclosure Statement was held on April 29, 2013 (the "Disclosure Statement Hearing." On May 6, 2013 the Debtor filed a Third Amended Plan and a Third Amended Disclosure Statement to conform to the comments and conditions established by the Court at the Disclosure Statement Hearing and to resolve certain objections.

On _____, the Bankruptcy Court determined that this Disclosure Statement contains "adequate information" in accordance with section 1125 of the Bankruptcy Code. Pursuant to section 1125(a)(1) of the Bankruptcy Code, "adequate information" is defined as "information of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the debtor and the condition of the Debtor's books and records, that would enable a hypothetical reasonable investor typical of holders of claims or interests of the relevant class to make an informed judgment about the plan . . . ." 11 U.S.C. § 1125(a)(1).

The Bankruptcy Court has scheduled a hearing to consider confirmation of the Plan for _____ at 1:30 p.m. (prevailing Eastern Time), before the Honorable Robert E. Grossman, United States Bankruptcy Judge, at the United States Bankruptcy Court for the Eastern District of New York (Central Islip Division), 290 Federal Plaza, Central Islip, New York 11722. The hearing may be adjourned from time to time without further notice other than by announcement in the Bankruptcy Court on the scheduled date of such hearing or any adjourned hearings thereof. Any objections to confirmation of the Plan must be in writing and must be filed with the Clerk of the Bankruptcy Court and served on counsel for the Debtor listed below to ensure RECEIPT by them on or before _____ at 5:00 p.m. (prevailing Eastern Time). Counsel on whom objections must be served are:

Klestadt & Winters LLP
Attention: Tracy L. Klestadt, Esq.
570 Seventh Avenue, 17th Floor
New York, New York 10018
Counsel for Debtor

Westerman Ball Ederer
Miller & Sharfstein, LLP
Attention: John E. Westerman, Esq.
1201 RXR Plaza
Uniondale, New York 11556
Counsel for Lender

and

The Office of the United States Trustee
for the Eastern District of New York

Attention: Stan Yang, Esq.
560 Federal Plaza - Room 560
Central Islip, NY 11722

Attached hereto as Exhibits are copies of the following documents:

Exhibit A: The Plan;

Exhibit B: Order of the Bankruptcy Court, dated _____ (the "Solicitation Procedures Order"), among other things, approving this Disclosure Statement and establishing certain procedures with respect to the solicitation and tabulation of votes to accept or reject the Plan; and

Exhibit C: The Liquidation Analysis.

Exhibit D: The Funding Commitment

Exhibit E: Summary of Loans, Draws and Accrued Interest

I (A) SUMMARY OF CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

THE SUMMARY OF THE PLAN'S CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS SET FORTH BELOW IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PROVISIONS SET FORTH IN THE PLAN, THE TERMS OF WHICH CONTROL.

The estimated aggregate amount of claims in each class, and the estimated amount and nature of consideration to be distributed to each class, is summarized in the table below. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims have not been classified. The Debtor's estimates for recoveries by Holders of Allowed Claims are subject to the results of the Auction (described further below) and are based on, among other things, the Debtor's current view of the likely amount of Allowed Administrative Expense Claims incurred by the Debtor through confirmation of the Plan and the costs of administering the Debtor's Estate. There can be no guaranty that the Debtor's estimates will prove to be accurate.

The estimated amount of Claims shown in the table below are based upon the Debtor's preliminary review of its books and records, filed Schedules and proofs of claim and may be revised following further analysis. The amount designated in the table below as "Estimated Percentage Range of Recovery" for each Class is the quotient of the estimated Cash to be distributed to Holders of Allowed Claims in such Class, divided by the estimated aggregate amount of Allowed Claims in such Class. For a discussion of the various factors that could

materially affect the amount of Cash to be distributed under the Plan, *see* Section V herein. For purposes of computations of Claim amounts, Administrative Expense Claims and other expenses and for similar computational purposes, the Effective Date is assumed to occur on or about _____. There can be no assurance, however, if or when the Effective Date will actually occur.

II. SUMMARY OF CLASSIFICATION AND TREATMENT UNDER THE PLAN

CLASS	TREATMENT	STATUS/ RIGHT TO VOTE	ESTIMATED RANGE AGGREGATE AMOUNT OF ALLOWED CLAIMS OR INTERESTS	ESTIMATED PERCENTAGE RANGE OF RECOVERY (Low-High) [2]
Class 1 (Amalgamated Secured Claim)	Amalgamated is deemed to have submitted the Opening Credit Bid and shall be permitted to Credit Bid for the Sale Assets at the Auction up to the full amount of the Allowed Amalgamated Secured Claim. In the event Amalgamated is determined not to have the right to Credit Bid, Amalgamated is deemed to be a Qualified Bidder based upon its Opening Cash Bid. In the event: (i) Amalgamated is determined at the Auction to be the Successful Bidder, or (ii) Amalgamated is determined at the Auction to be the Back-up Bidder and the Successful Bidder defaults and fails to close on the sale of the Sale Assets and Amalgamated is deemed to be the prevailing bidder~~, Amalgamated~~ based on its highest preceding Credit Bid, or (iii) the Back-up Bidder shall fail to timely close the	**Impaired** **Entitled to Vote**	$32,061,312.41 [3]	84% [4] - 100%

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[2] The potential 100% recovery for all Classes in the range of recovery is dependent on the amount realized from the sale of the Real Property following the Auction.

[3] Pursuant to the Plan, if the value of the Real Property shall be determined to exceed the $32,061,312.41, Amalgamated reserves the right to assert as an additional part of the Amalgamated Secured Claim interest, fees and costs accrued subsequent to the Filing Date, to the extent provided for in the Amalgamated Notes and the Amalgamated Security Documents.

[4] This percentage reflects the Opening Credit Bid of $27 Million as against the Allowed Amalgamated Secured Claim as of the Filing Date.

Class 1 (Amalgamated Secured Claim – Cont'd)	sale of Sale Assets and shall default in its obligations to do so in accordance with the provisions of Auction Sale Procedures, or (iv) there shall be no Back-up Bidder and the Successful Bidder shall fail to timely close the sale of Sale Assets and shall default in its obligations to do so in accordance with the provisions the Auction Sale Procedures and Amalgamated is deemed to be the prevailing bidder based on its highest preceding Credit Bid, pursuant to the terms of the Plan and the Confirmation Order, Amalgamated, or its designee, shall receive the Deed and Bill of Sale for the Sale Assets at the Closing, free and clear of all other Liens, claims, encumbrances, taxes and interests of any kind or nature whatsoever, subject to Section 9.2(f)(ii) of the Plan, the establishment by Amalgamated of the Distribution Fund and performance by the Fund of its obligations under the Funding Commitment. ~~In the event that the Successful Bidder or Back-up Bidder, if applicable, acquiring the Sale Assets is an Entity other than Amalgamated, then Amalgamated shall receive all Cash paid by such Entity~~(Plan at ~~the Closing to be applied in accordance with Section 9.2(f)(i) of the Plan. (Plan at Section~~ 5.1~~).~~)			

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Class 2 (Allowed Mechanic's Liens)	Any Holder of a Mechanic's Lien Claim which becomes an Allowed Mechanic's Lien Claim shall receive payment in full, in accordance with Sections 506(a) and (b) of the Bankruptcy Code, in Cash~~,~~ from either (1) the Mechanic's Lien ~~Claim~~Claims Reserve Account, if ~~it is~~ established pursuant to Section 9.2(f) of ~~this~~the Plan, or (2) Amalgamated, if the Mechanic's Lien Claims Reserve Account is not established pursuant to Section 9.2(f) of ~~this~~the Plan, on the earlier of (i) the Effective Date; or (ii) within twenty (20) ~~Business Days~~business days of the Mechanic's Lien Claim becoming an Allowed Mechanic's Lien Claim. If there is a shortfall of amounts necessary in the Mechanic's Lien Claim Reserve Account to pay Allowed Mechanic's Lien Claims in full, the remaining amount of such Allowed Mechanic's Lien Claims shall be paid by Amalgamated in accordance with the terms of the Funding Commitment. Any Holder of a Mechanic's Lien Claim which does not become an Allowed Mechanic's Lien Claim shall be treated as a Class 4 General Unsecured Claim in accordance with Section 5.4 of the Plan. Any holder of a Class 2 Mechanic's Lien Claim may	**Unimpaired** **Not Entitled to Vote**	None Known[5]	100%

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[5] The Debtor's Schedules list disputed and unliquidated mechanic's lien claims aggregating $34,653,840.52. The Debtor and Amalgamated do not believe that any of such claims are or will become Allowed. In the event one or more of such claim does become Allowed, such claims will be paid in full in accordance with the terms of the Plan.

Class 2 (Allowed Mechanic's Liens) (Cont'd)	~~choose~~cast a ballot to ~~opt out of Class 2 and into~~accept or reject the Plan as a Class 4 ~~under the Plan,~~General Unsecured Claimant without prejudice to ~~their~~its rights to seek allowance and treatment as a Class 2 ~~Claims in whole or in part.~~Claim. (Plan at Section 5.2).			
Class 3 (Priority Claims)	On the later of (i) twenty (20) Business Days following the date of the Closing, or (ii) twenty (20) business days following the date on which such Priority Claim becomes an Allowed Priority Claim, each Holder of an Allowed Priority Claim shall receive Cash from Amalgamated in an amount sufficient to render such Allowed Priority Claim	**Unimpaired** **Not Entitled to Vote**	$0[6]	100%

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[6] The Debtor did not schedule any Priority Claims because it does not believe any such claims validity exists.

Class 3 (Priority Claims) (Cont'd)	Unimpaired under section 1124 of the Bankruptcy Code (Plan at Section 5.3).			
Class 4 (General Unsecured Claims)	On the twentieth (~~20th~~20) Business Day following the date of the Closing, each ~~Holder of~~Claimant holding an Allowed General Unsecured Claim in Class 4 shall be paid from the Distribution Fund five (5%) percent ~~(5%)~~ of the Allowed Amount of such Claim. Any General Unsecured Claims which are Disputed as of the Closing Date and are thereafter Allowed, including Mechanic's Lien Claims that become Allowed General Unsecured Claims, shall be paid from Amalgamated within twenty (20) Business Days of such Allowance a sum equal to five (5%) percent of such Allowed Amount. (Plan at Sections 5.4)	**Impaired** **Entitled to Vote**	$7,353,840.52-$35,344,415.89[7]	5%[8] - 100%
Class 5 (Equity Interests)	Holders of Class 5 Interests will ~~neither receive nor~~ retain ~~any interest~~their Interest in the Debtor ~~nor receive any~~but will only realize a distribution, if any, from the Post-confirmation Estate on account of ~~their~~such Interests after all Classes of Claims are paid in full. (Plan at Sec. 5.5).	~~**Impaired**~~ **Unimpaired** **Not Entitled to Vote**	n/a	0%

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[7] The highest range for the amount of Claims in this Class includes all Holders of Allowed Mechanic's Lien Claims in the event such Claimants are rendered unsecured and deemed to be classified as a Holder of an Allowed General Unsecured Claim in Class 4 in accordance with the provisions of the Plan, and that Amalgamated's Pre-petition Claim is an unsecured deficiency claim.

[8] The minimum 5% distribution is arrived at as the agreed amount to be funded by Amalgamated in the Distribution Fund.

As described more fully below and in the accompanying Liquidation Analysis annexed hereto at Exhibit C, the actual value of the Real Property is not known at this time but will be determined at the Auction. An appraisal prepared in connection with the Debtor's efforts to refinance the Real Property ascribed a value of $27.3 Million for the Real Property as of August, 2011. The Plan proposes to let the market establish the actual value of the Real Property through the marketing and Auction sale of the property. However, as set forth in the Liquidation Analysis, recoveries for creditors under the Plan should in all events exceed the distributions, if any, in a conversion and liquidation under Chapter 7 or a dismissal of the Chapter 11 Case.

For purposes of determining the high Claims estimate, the Debtor included (and did not discount) any Claim that: (a) is contingent, unliquidated or disputed; (b) includes interest, fees and penalties that are not allowable; (c) lacks documentary support and is unsubstantiated; (d) not reflected in the Debtor's books and records; (e) that seeks amounts that have been satisfied; and (f) that exceeds the statutory capped amount for such Claim under the Bankruptcy Code.

For purposes of determining the low Claims estimate, the Debtor deducted the value of the collateral in accordance with the appraisal estimate, and assumed that (a) Amalgamated will not be paid in full on account of the Amalgamated Secured Claim; and (b) any Claim, or a portion of such Claim, that is filed as either administrative, secured or priority but is not entitled to such elevated status under the Bankruptcy Code would be reclassified as General Unsecured Claims. Additionally, the Debtor eliminated any Claim, or the relevant portion thereof, that (i) has been previously satisfied by the Debtor; and (ii) is not reflected in the Debtor's books and records.

III. VOTING AND CONFIRMATION OF PLAN

A. General.

Confirmation and consummation of a plan of reorganization is the principal objective of a Chapter 11 case. A plan of reorganization sets forth the treatment of claims against, and interests in a debtor. Confirmation of a plan of reorganization by the Bankruptcy Court makes the plan binding upon the debtor, any person or entity acquiring property under the plan and any creditor of or interest holder in the debtor, whether or not such creditor or interest holder (1) is impaired under or has accepted the plan or (2) receives or retains any property under the plan.

In general, a plan divides the claims against, and interests in a debtor into separate classes and allocates plan distributions among those classes. If the legal, equitable and contractual rights of a class are unaffected by the plan, such class is considered "unimpaired." All unimpaired classes are deemed to have accepted the plan and, therefore, are not entitled to vote under section 1126(f) of the Bankruptcy Code. Class 2 (Mechanic's Lien Claims), 3 (Priority Claims) and 5 (Interests) are Unimpaired under the Plan and under section 1126(f) of the Bankruptcy Code, the Holders of Allowed Priority Claims, Mechanic's Lien Claims and Interests are conclusively presumed to accept the Plan. As a result, the acceptances of Holders of such Allowed Claims will not be solicited. HOWEVER, any holder of a Mechanic's Lien Claim may vote any part or all of its Claim as a holder of a Class 4 Unsecured Claim without prejudice to its right to seek allowance and treatment of its claim as a Mechanic's Lien Claims.

Section 1126(g) of the Bankruptcy Code, on the other hand, provides that all classes of claims and interests that do not receive or retain property under the plan on account of such claims or interests are deemed not to have accepted, or to have rejected the plan and are, likewise, not entitled to vote. All other classes of claims and interests are considered "impaired" and are entitled to vote to accept or reject the plan. Under the Bankruptcy Code, acceptance of the plan is determined by class; therefore, it is not required that each holder of a claim or interest in an impaired class vote in favor of the plan in order for the bankruptcy court to confirm the plan. Generally, each impaired class must vote to accept the plan; however, the bankruptcy court may confirm the plan in certain circumstances without the acceptance of all impaired classes if at least one (1) impaired class votes to accept the plan and certain other statutory tests are satisfied.

A further explanation of the requirements of confirmation if an impaired class rejects the plan is set forth below in this Disclosure Statement. Many of these tests are designed to protect the interests of creditors and interest holders who either do not vote or vote to reject the plan, but who nonetheless would be bound by the plan if it is confirmed by the bankruptcy court.

B. Acceptance of Plan

As a condition to confirmation, section 1129(a) of the Bankruptcy Code requires that: (a) each impaired class of claims or interests votes to accept the plan; and (b) the plan meets the other requirements of section 1129(a). As explained above, classes that are unimpaired are deemed to have accepted a plan and, therefore, are not entitled to vote and classes that do not receive or retain any property under a plan are deemed to have rejected a plan and are likewise not entitled to vote. Accordingly, acceptances of the Plan are being solicited only from those parties who hold Claims in Impaired Classes that are to receive distributions under the Plan. An Impaired Class of Claims will be deemed to have accepted the Plan if Holders of at least two-thirds in dollar amount and more than one-half in number of Claims in such Class that cast timely ballots vote to accept the Plan.

Holders of Claims or Interests who do not timely vote on the Plan are not counted for purposes of determining acceptance or rejection of the Plan by any Impaired Class of Claims or Interests.

C. Voting Procedures and Requirements

Pursuant to the Bankruptcy Code, only classes of claims against or equity interests in a debtor that are "impaired" under the terms of a plan of liquidation or reorganization, and who receive distributions under such plan, are entitled to vote to accept or reject the plan. Generally, a class is "impaired" under a plan unless such plan leaves unaltered the legal, equitable or contractual rights to which such claim or interest entitles the holder of such claim or interest. Classes of claims and interests that are not impaired are not entitled to vote on the plan and are conclusively presumed to have accepted the plan.

As set forth in the above chart, Holders of Claims in Classes 1 and 4, and Holders of Claims in Class 2 voting as part of Class 4 are entitled to vote on the Plan. If any such Class votes to reject the Plan, (a) the Debtor will seek to satisfy the requirements for Confirmation of the Plan under the cramdown provisions of section 1129(b) of the Bankruptcy Code and, if required, may amend the Plan to conform to the standards of such section, or (b) the Plan may be modified or withdrawn in its entirety.

Please carefully follow all of the instructions contained on the Ballot or Ballots provided to you with this Disclosure Statement if you are entitled to vote on the Plan. All Ballots must be completed and returned in accordance with the instructions provided.

To be counted, your Ballot or Ballots must be received by the Voting Deadline of _____ at 5:00 p.m. (prevailing Eastern Time) by Debtor's counsel, _____ It is of the utmost importance to the Debtor that you vote promptly to accept the Plan.

If you are entitled to vote and you did not receive a Ballot, received a damaged Ballot or lost your Ballot, please call the Debtor's counsel, Klestadt & Winters, LLP, 570 Seventh Avenue, New York, New York 10018 at (212) 972-3000, Attn: Tracy Klestadt, Esq., and advise him of same.

Votes cannot be transmitted orally, by facsimile, or by email. Accordingly, you are urged to return the signed and completed Ballot, by hand delivery, overnight service or regular U.S. mail, promptly, so that it is received by the Debtor's counsel on or before the Voting Deadline.

D. Confirmation Hearing

The Bankruptcy Code requires the Bankruptcy Court, after proper notice to parties in interest, to hold a hearing on whether the Debtor have fulfilled the confirmation requirements of section 1129 of the Bankruptcy Code. The Confirmation Hearing with respect to the Plan has been scheduled for _____ at ____ p.m. (Eastern time) before the Honorable Robert E. Grossman, United States Bankruptcy Judge of the United States Bankruptcy Court for the Eastern District of New York in his Courtroom at 290 Federal Plaza, Central Islip, New York 11722. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice, except for an announcement of the adjourned date made at the Confirmation Hearing. Any objection to confirmation must be made in writing and must specify in detail the name and address of the objecting party, all grounds for the objection and the amount of the Claim or Interest held by the objecting party. Any such objections must be filed and served upon the persons designated in the notice of the Confirmation Hearing and in the manner and by the deadline described therein.

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the following requirements of section 1129(a) of the Bankruptcy Code are met:

The Plan complies with the applicable provisions of the Bankruptcy Code.

The Debtor has 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 to be made by the Debtor, or by an entity issuing securities, or acquiring property under the Plan, for services or for costs and expenses in, or in connection with, the Chapter 11 Case or in connection with the Plan and incident to the Chapter 11 Case has been approved by, or is subject to the approval of, the Bankruptcy Court as reasonable.

The Plan discloses the identity and affiliations of any individual proposed to serve, after confirmation of the Plan, as a member or a successor to the Debtor under the Plan, and the appointment to or continuance in such office by such individual must be consistent with the interests of Creditors and Interest Holders and with public policy.

With respect to each Impaired Class of Claims or Interests, each Holder of a Claim or Interest in such Class has either accepted the Plan or will receive or retain under the Plan on account of such Claim or Interest property of a value, as of the Effective Date, that is not less than the amount that such holder would receive or retain if the Debtor were liquidated on the Effective Date under Chapter 7 of the Bankruptcy Code.

With respect to each Class of Claims or Interests, such Class has either accepted the Plan or is Unimpaired by the Plan. If this requirement is not met, the Plan may still be confirmed pursuant to section 1129(b) of the Bankruptcy Code.

Except to the extent that the Holder of a particular Claim or Interest has agreed to a different treatment of its Claim, the Plan provides that each Allowed Administrative Expense Claim shall be paid in full in Cash from a Distribution Fund as described in the Plan on the later of (a) ten (10) Business Days following the date of the Closing, or (b) in the event such Administrative Expense Claim is not Allowed as of the date of the Closing, the date on which the Bankruptcy Court enters an order allowing such Administrative Expense Claim, or (c) such later date as Amalgamated and the Holder of such Allowed Administrative Expense Claim otherwise agree in writing, or as soon thereafter as is practicable. Pursuant to an agreement between Amalgamated and Debtor, fees to Debtor's counsel have been capped at $75,000 and shall not exceed such amount. With respect to Allowed Priority Tax Claims, as of the filing of the Plan, no Priority Tax Claims were filed. In the event the Real Property is sold to Amalgamated pursuant to its Credit Bid, Amalgamated shall pay all Real Estate Taxes at the Closing. In the event the Real Property is sold to an Entity other than Amalgamated, all Real Estate Taxes shall be paid in full from the proceeds of the sale at the Closing.

If a Class of Claims is Impaired under the Plan, at least one Class of Claims that is Impaired by the Plan has accepted the Plan, determined without including any acceptance of the Plan by any "insider."

Confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor of the Debtor under the Plan. All U.S. Trustee Fees payable under section 1930 of Title 28 as determined by the Bankruptcy Court at the Confirmation Hearing have been paid or the Plan provides for the payment of all such fees on the Effective Date. The Plan further provides for the payment of all U.S. Trustee Fees accruing from and after the Effective Date.

The Debtor does not have any Retiree Benefits (as defined in section 1114 of the Bankruptcy Code).

The Debtor believes that the Plan otherwise satisfies, to the extent applicable, all of the statutory requirements of Chapter 11 of the Bankruptcy Code. Certain of these requirements are discussed in more detail below.

E. Confirmation Requirements

1. Feasibility

In connection with confirmation of the Plan, section 1129(a)(11) requires that the Bankruptcy Court find that confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor. This is the so-called "feasibility" test. Here, the Plan contemplates an orderly liquidation of the Debtor's assets and distribution of the proceeds thereof to Creditors holding Allowed Claims pursuant to the Auction and provisions of the Plan. Accordingly, confirmation of the Plan will not be followed by a liquidation or further reorganization. The Debtor, therefore, believes that the Plan complies with the standard of section 1129(a)(11) of the Bankruptcy Code.

2. "Best Interests"; Liquidation Analysis

In order to confirm the Plan, the Bankruptcy Court also must determine that the Plan is in the best interests of each Holder of a Claim or Interest in any such Impaired Class who has not voted to accept the Plan. Accordingly, if an Impaired Class does not accept the Plan as required under the Bankruptcy Code, the "best interests" test requires that the Bankruptcy Court find that the Plan provides to each member of such Impaired Class a recovery on account of the member's Claim or Interest that has a value, as of the Effective Date, at least equal to the value of the distribution that each such member would receive if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code on such date.

To estimate what members of each Impaired Class of Claims or Interests would receive if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code, the Bankruptcy Court must first determine the aggregate dollar amount that would be available if the Chapter 11 Case was converted to a Chapter 7 case under the Bankruptcy Code and the Debtor's assets were liquidated by a Chapter 7 trustee (the "Liquidation Value"). The Liquidation Value of the Debtor would consist of the net proceeds received from the disposition by a Chapter 7 trustee (as opposed to the Debtor) of the Debtor's assets and inventory plus any cash held by the Debtor.

The Liquidation Value available to Holders of Claims or Interests that are not Secured Claims would be reduced by, among other things: (a) the Claims of Secured Creditors to the extent of the value of their collateral; (b) the costs, fees and expenses of the liquidation, as well as other administrative expenses of the Debtor's Chapter 7 Case; (c) unpaid Administrative Expense Claims of the Chapter 11 Case; and (d) Priority Claims and Priority Tax Claims. The Debtor's costs of liquidation in Chapter 7 Case would include the compensation of the trustee, as well as of counsel and of other professionals retained by such trustee, asset disposition expenses, applicable Taxes, litigation costs, Claims arising from the administration of the Debtor during the pendency of the Chapter 7 Case and all unpaid Administrative Claims incurred by the Debtor during the Chapter 11 Case that are allowed in the Chapter 7 Case.

The information contained in Exhibit C hereto provides a summary of the Liquidation Value of the Debtor's interests in property, assuming a Chapter 7 liquidation in which the trustee appointed by the Bankruptcy Court would liquidate the Debtor's properties and interests. In summary, the Debtor believes that Chapter 7 liquidation would result in diminution in the value to be realized by Holders of Allowed Claims, as compared to the proposed distributions under the Plan. For example, in a Chapter 7 liquidation, Amalgamated will not fund the Distribution Fund. Consequently, the Debtor believes that the Plan will provide a greater ultimate return to Holders of Allowed Claims than would a Chapter 7 liquidation of each Debtor.

3. Cramdown

In the event that any Impaired Class of Claims or Interests does not accept the Plan, the Bankruptcy Court may nevertheless confirm the Plan if all other requirements under section 1129(a) of the Bankruptcy Code are satisfied, and if, with respect to each Impaired Class which has not accepted the Plan, the Bankruptcy Court determines that the Plan does not "discriminate unfairly" and is "fair and equitable" with respect to such Class. Confirmation under section 1129(b) of the Bankruptcy Code requires that at least one Impaired Class of Claims accepts the Plan, excluding any acceptance of the Plan by an "insider" (as that term is defined in section 101 of the Bankruptcy Code). The Debtor intends to seek confirmation of the Plan notwithstanding the nonacceptance of one or more Impaired Classes.

(a) No Unfair Discrimination. A plan of reorganization does not "discriminate unfairly" with respect to a nonaccepting Class if the value of the cash and/or securities to be distributed to the nonaccepting Class is equal or otherwise fair when compared to the value of distributions to other Classes whose legal rights are the same as those of the nonaccepting Class. The Debtor believes that the Plan would not discriminate unfairly against any nonaccepting Class of Claims or Interests.

(b) Fair and Equitable Test. The "fair and equitable" test of section 1129(b) of the Bankruptcy Code requires absolute priority in the payment of claims and interests with respect to any nonaccepting Class or Classes. The "fair and equitable" test established by the Bankruptcy Code is different for secured claims, unsecured claims and interests, and includes the following treatment:

(c) Secured Claims. A plan is fair and equitable with respect to a nonaccepting class of secured claims if (aa) the holder of each claim in such class will retain its lien or liens and receive deferred cash payments totaling the allowed amount of its claim, of a value, as of the effective date of the plan, equal to the value of such holder's interest in the collateral, (bb) the holder of each claim in such class will receive the proceeds from the sale of such collateral or (cc) the holder of each claim in such class will realize the indubitable equivalent of its allowed secured claim.

(d) Unsecured Claims. A plan is fair and equitable with respect to a nonaccepting class of unsecured claims if (aa) the holder of each claim in such class will receive or retain under the plan property of a value, as of the effective date of the plan, equal to the allowed amount of its claim, or (bb) holders of claims or interests that are junior to the claims of such creditors will not receive or retain any property under the plan on account of such junior claim or interest.

(e) Interests. A plan is fair and equitable with respect to a nonaccepting class of interests if the plan provides that (aa) each member of such class receives or retains on account of its interest property of a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such interest, or (bb) holders of interests that are junior to the interests of such class will not receive or retain any property under the plan on account of such junior interests.

Based upon the classifications made and distributions provided for under the Plan, the Debtor believes the Plan is fair and equitable as to all Classes.

F. Alternatives to Confirmation and Consummation of the Plan

If the Plan is not confirmed, the Debtor's Chapter 11 Case would most likely be converted to a liquidation case under Chapter 7 or dismissed. The Debtor believes that under either alternative, distributions to unsecured creditors would necessarily be reduced from those realized under the Plan.

Under the Plan, Allowed Administrative Expense Claims and Allowed Priority Claims are paid and Holders of Allowed General Unsecured Claims are guaranteed a minimum

distribution. These recoveries are assured under the Plan, even if the value of the Real Property is less than the amount of the Allowed Amalgamated Secured Claim.

Further, if the value of the Real Property exceeds the amount of the Allowed Amalgamated Secured Claim, then the excess will inure to the benefit of creditors without diminishment due to foreclosure expenses or Chapter 7 expenses, including trustee's commissions and professional fees.

In either alternative to the Plan, namely conversion to a liquidation under Chapter 7 or dismissal, unsecured creditors will likely receive nothing if the value of the Real Property is less than the amount of the Amalgamated indebtedness secured by the Real Property.

If the Real Property value exceeds the amount of the Amalgamated indebtedness, then any excess that would become available to creditors would be diminished by foreclosure expenses and Chapter 7 expenses, including trustee's commissions and professional fees. Further, unsecured creditors' claims would be subordinate to the Allowed Administrative Expenses of the Chapter 11 Case.

Consequently, the Debtor believes that the Plan will provide a much greater ultimate return to Holders of Allowed Claims than would a Chapter 7 liquidation of the Debtor or a dismissal.

IV. BACKGROUND

The Debtor is a New York limited liability company that maintains a principal place of business at 108-110 Duane Street, New York, New York. The Debtor's books and records and senior management are also located in New York, New York. The Debtor's business consists owning and developing certain real property located in Sag Harbor, New York (the "Property"). Specifically, Property is being developed with a three-story, 19 unit luxury residential condominium building, with terraces facing the Sag Harbor waterfront to the east, and will contain six (6) 1-car indoor parking garages, 24 on-site parking spaces and a penthouse-level saltwater swimming pool (the "Project").

The Debtor's membership consists of (i) MM Sag Harbor LLC, the managing member of the Debtor, which holds a 50% interest in the Debtor; and (ii) 21 West Water Street Holdings, Inc., which holds a 50% interest in the Debtor. MM Sag Harbor, LLC is managed by Emil Talel and Michael Maidan.

A. Events Leading To Chapter 11 Filing

1. THE LOAN DOCUMENTS

a. The Senior Loan, Note and Mortgage

On or about March 16, 2007, Amalgamated Bank, as trustee for Longview Ultra Construction Loan Investment Fund ("Amalgamated" or "Lender") extended a loan to the Debtor in the principal amount of $2,500,000.00 (the "Loan"). The Loan is evidenced by a Note in the

principal amount of $2,500,000.00 executed and delivered by the Debtor to Lender (the "Note") and is secured by a first priority mortgage encumbering the Property, executed and delivered by the Debtor to Lender on or about March 16, 2007 (the "Gap Mortgage").

On or about March 13, 2007, pursuant to a written assignment, Lender became the owner and holder of certain notes, bonds or obligations in the aggregate amount of $1.1 million and the mortgages on the Property securing said indebtedness (the "Assignment of Prior Mortgages"). Pursuant to the Assignment of Prior Mortgages, Lender took by assignment a certain Consolidation, Extension and Modification Agreement dated August 18, 2003 that had formed a single lien encumbering the Property by consolidating, extending, and modifying two prior mortgages: (i) a certain Mortgage dated March 20, 1996 in the principal sum of $897,689.69; and (ii) a certain Mortgage dated August 18, 2003 securing indebtedness in the principal amount of $279,222.74 (collectively the "Prior Mortgages").

To evidence the total indebtedness to Lender that was secured by the Prior Mortgages and the Gap Mortgage, on March 16, 2007, the Debtor executed, acknowledged and delivered to Lender an Amended and Restated Note in the total principal amount of $3,600,000.00 (the "Senior Note"). To secure the payment of the Senior Note and its obligations under other documents relating to the Senior Loan, the Debtor, as mortgagor, executed and delivered to Lender, as mortgagee, a certain Consolidated, Amended and Restated Senior Loan Mortgage, Assignment of Leases and Rents and Security Agreement (the "Senior Mortgage"). Amongst other conditions, rights, duties and privileges as fully set forth therein, the Senior Mortgage consolidated, amended, and restated in their entirety the Prior Mortgages and the Gap Mortgage in order to form a single lien encumbering the Property in the principal amount of $3.6 million. The sums loaned pursuant to the Senior Note, and secured by the aforesaid Senior Mortgage were made pursuant to a Senior Loan Agreement dated March 16, 2007 entered into by and between Lender and Debtor (the "Senior Loan Agreement").

b. The Building Loan, Note and Mortgage

On or about March 16, 2007, Lender extended a building loan to the Debtor in the principal amount of $16,347,825.00 (the "Building Loan") as evidenced by that certain Building Loan Note dated March 16, 2007 executed and delivered by the Debtor to Lender in the original principal amount of $16,347,825.00 (the "Building Note"). To secure the payment of the Building Loan and its obligations under other loan documents relating to the Building Loan, on or about March 16, 2007, the Debtor, as mortgagor, executed and delivered to Lender, as mortgagee, a certain Building Loan Mortgage, Assignment of Leases and Rents and Security Agreement (the "Building Mortgage"). Amongst other conditions, rights, duties and privileges as fully set forth therein, the Building Mortgage encumbered the Property. The sums loaned pursuant to the aforesaid Building Note, and secured by the aforesaid Building Mortgage were made pursuant to a Building Loan Agreement dated March 16, 2007 entered into by and between Lender and Debtor (the "Building Loan Agreement").

c. The Project Loan, Note and Mortgage

On or about March 16, 2007, Lender extended a separate loan to the Debtor in the

principal amount of $8,052,175.00 (the "Project Loan"), as evidenced by that certain Project Loan Note dated March 16, 2007, executed and delivered by Debtor to Lender in the principal amount of $8,052,175.00 (the "Project Note"). To secure the payment of the Project Loan and its obligations under other loan documents related to the Project Loan, on or about March 16, 2007, the Debtor as mortgagor, executed and delivered to Lender, as mortgagee, a certain Project Loan Mortgage, Assignment of Leases and Rents and Security Agreement (the "Project Mortgage"). Amongst other conditions, rights, duties and privileges as fully set forth therein, the Project Mortgage encumbered the Property. The sums loaned pursuant to the aforesaid Project Note, and secured by the aforesaid Project Mortgage were made pursuant to a Project Loan Agreement dated March 16, 2007 entered into by and between the Lender and the Debtor.

The Project Loan Agreement, Senior Loan Agreement, Building Loan Agreement (collectively the "Loan Agreements"), Project Note, Senior Note, Building Note (collectively, the "Notes"), Project Mortgage, Senior Mortgage, Building Mortgage (collectively, the "Mortgages") and all other documents and instruments evidencing, securing and/or relating to the loans described above will be collectively referred to hereinafter as the "Loan Documents."

d. Loans and Draws Made and Funded Under the Loan Documents

The Lender has made, or funded, loans and draws in accordance with the Loan Documents as set forth in the schedule attached hereto as Exhibit E. As a result of the loans made and draws funded by Lender under the Loan Documents, together with accrued interests and costs, Lender was owed the sum of $32,061,312.41 as of the Filing Date. A summary itemizing the accrued and unpaid principal, interest, fees and expense due from the Debtor to Lender as of the Filing Date is also annexed at Exhibit E.

2. Defaults Under the Loan Documents

Due to the economic downturn and various interruptions and unexpected delays and issues concerning the construction, the Debtor was in breach of the Loan Documents and unable to borrow further under its financing and lines of credit extended from the Lender in late 2009. On March 17, 2010, the principals of the Debtor met with principals of the Lender to discuss the loan status and the Debtor's options in moving forward with its development, which was nearly complete at that time. Principals of the Debtor's managing member, MM Sag Harbor LLC, Emil Talel and Michael Maiden, attended the meeting. Also at the meeting was Nicola Tuosto, one of the members of 21 West Water Street Holdings, Inc., the non-managing member of the Debtor. At this initial meeting, the Lender and the Debtor discussed the fact that the Loan was out of balance and that new money would need to be contributed by the Debtor before the balance of the loan funds could be advanced under the Loan Documents. Leaving this meeting, the Debtor agreed to seek additional equity financing in the capital markets and from private or other sources in order to proceed with the development.

During subsequent discussions between the Debtor and the Lender, it became clear that due to the distressed real estate market, the Debtor would not be able to raise additional equity from the capital markets. Accordingly, both the Lender and the Debtor's managing member agreed that the completion of the Project and payment of outstanding obligations should be the

primary objective in order to resolve the Debtor's financial situation and maximize sale value. At that time, the Debtor and the Lender discussed entering into a forbearance agreement whereby (i) the Lender would forebear from exercising its rights under the Loan Documents, (ii) the Project would be completed by a development consultant acceptable to the Lender, (iii) the Lender would provide the additional monies required to complete the Project, and (iv) proceeds from the sale of the Project units would be used first to repay all monies advanced by Lender, then to pay any remaining claims, then the remainder to equity. Ultimately, no definitive agreement was reached with respect to such forbearance.

The Lender then commenced discussions with the principals of the Debtor's managing and non-managing members concerning a potential deed-in-lieu of foreclosure agreement whereby (i) the Project would be transferred to the Lender or its designee, (ii) the Lender would provide the completion financing (subject to a budget approved by the Debtor) and (iii) the Lender would commit to a pre-determined period of time for the marketing and sale of the finished units at price levels agreed to by the Debtor. At that time (*i.e.* late 2010), the pre-determined costs and pricing levels were projected to result in the repayment of all monies advanced by the Lender, the payment of all the existing and projected costs incurred in connection with the completion of the Project, and a return on equity. After numerous negotiations and exchanges of draft documents to consummate the deed-in-lieu agreement, in May of 2011, the Debtor's managing member agreed to all the terms of that transaction and was prepared to execute and enter into a definitive written agreement to effectuate same. However, the Debtor's non-managing member, after not participating directly in the negotiations, refused to execute the deed-in-lieu agreement and insisted it be paid Two Million Dollars up front, by the Lender, to go forward with that agreement. The Lender made it clear to the Debtor's non-managing member, in no uncertain terms, that the Lender would not pay any money to equity before the Lender and the Debtor's other creditors were paid. The continued demands of the Debtor's non-managing member for an upfront payment led to the demise of the deed-in-lieu agreement.

Accordingly, the Lender commenced a foreclosure action against the Debtor on October 18, 2011, to foreclose on the Mortgages, in the Supreme Court of the State of New York, County of Suffolk, in an action titled *Amalgamated Bank, as Trustee of Longview Ultra Construction Loan Investment Fund v. East End Development, LLC et al.,* Index No. 32574/11 (the "Foreclosure Action").

In order to stave off the Foreclosure Action and attempt to consensually work-out its obligations under the Loan Documents in good faith, the Debtor filed an answer asserting various affirmative defenses and counterclaims to the Foreclosure Action. The Debtor was advised that the affirmative defenses and counterclaims would be challenging to establish and/or prove and it was very likely that the Lender would eventually prevail in the Foreclosure Action. Further, the Debtor was without resources to either (i) complete the Project or (ii) litigate the Foreclosure Action.

As a result of the Debtor's illiquidity and extended negotiations with the Lender, the Debtor was unable to pay its debts as they became due and could not complete the Project.

3. Negotiations Between The Debtor and The Lender Regarding A Consensual Reorganization

Prior to commencing its bankruptcy case, the Debtor approached the Lender to discuss additional funding to complete the Project. After extended negotiations, the Lender agreed to extend Debtor in Possession financing to complete the Project provided that Lender has an opportunity to credit bid its secured indebtedness in connection with an auction or sale of the Property as part of the Debtor's bankruptcy case.

B. Other Pre-Petition Litigation:

i. The Mechanic's Lien Disputes

The above-described financial difficulties also led to disputes between the Debtor and various contractors and subcontractors, many of whom filed mechanic's liens against the Property. As of the Petition Date, certain of the mechanic's lien claimants had filed actions to foreclose on their mechanic's liens, however none of such actions had resulted in any judgment of foreclosure as of the Petition Date.

On October 23, 2009, one of the Mechanic's Lien Claimants, A&F Fire Protection Co., Inc. commenced a lien foreclosure action in the Supreme Court of New York, Suffolk County, Index No. 42600/2009 and named certain other Mechanic's Lien Claimants, including B&G Electrical Contractors of NY, Inc., Husbands For Hire, Inc. and others. Among other assertions, claims have been made in this action against Amalgamated, challenging the priority of certain of Amalgamated's liens (collectively, the "Mechanic's Lien Disputes"). As of the Petition Date, the Mechanic's Lien Disputes remained unresolved in State Court.

As discussed below, while Mechanic's Lien Claimants have asserted that they hold secured liens with a priority over Amalgamated's secured position, the Plan provides that Holders of Mechanics Lien Claims may vote any amount of their claims as Class 4 (General Unsecured Claims) WITHOUT PREJUDICE to their right to seek allowance and treatment as Class 2 Claims (who will be paid in full and therefore are deemed to have accepted the Plan).

ii. The Litigation With The Architect

The Debtor believes that one of the primary contributing factors for interruptions, unexpected delays and cost overruns with the Project was as a result of poor performance and contractual breaches by the architect it had previously retained. In 2009, the Debtor commenced an action against Robert Silman Associates Plus Group, PLLC and IAD Incorporated Architecture and Design (the "Silman Defendants") in the New York Supreme Court titled *East End Development, LLC v. Robert Silman Associates Plus Group, PLLC et al.,* Index No.602389/09 (Sup. Ct., New York). In its action, the Debtor seeks damages arising from an array of negligence and contractual breaches by the various Silman Defendants assigned to manage the design and engineering of the Project. The Debtor asserts that the Silman Defendants breached the terms of their agreements with the Debtor and failed to render workmanship in accordance with industry standards and governing building codes. After a failed attempt at mediation, the Debtor filed an amended complaint in September 2010. As of the Filing Date, this action remains pending.

V. THE CHAPTER 11 CASE

Since the Filing Date, the Debtor has continued to operate as debtor-in-possession subject to the supervision of the Bankruptcy Court. An immediate effect of the commencement of the Chapter 11 Case was the imposition of the automatic stay under the Bankruptcy Code which, with limited exceptions, enjoins the commencement or continuation of all collection efforts by creditors, the enforcement of liens against the Debtor and any litigation against the Debtor. This injunction remains in effect, unless modified or vacated by order of the Bankruptcy Court, until the Plan is confirmed and the Conditions to the Effective Date are satisfied.

A. Significant Chapter 11 Events

1. Schedules and Statements of Financial Affairs. Section 521 of the Bankruptcy Code and Bankruptcy Rule 1007 require a debtor to prepare and file schedules and statements of financial affairs in connection with the commencement of a Chapter 11 Case. On October 12, 2012 (the "Filing Date"), the Debtor filed its voluntary petition, along with its Schedules of Assets and Liabilities and its Statement of Financial Affairs. [Docket No. 1]. Much of the financial and claims-related information contained in this Disclosure Statement is derived from the above referenced documents filed by the Debtor, and all parties are encouraged to review these documents.

2. First Day Motions. On October 12, 2012, the Debtor also filed (i) a Motion for an Order Pursuant to Bankruptcy Code Sections 105, 361, 362, 363, 364, and 507 and Bankruptcy Rules 2002, 4001, and 9014 (i)

Authorizing the Debtor (A) to Obtain Post-Petition Financing and (B) to Use Cash Collateral and (ii) Granting (A) Adequate Protection to Its Pre-Petition Secured Creditor and (B) Related Relief [Docket No. 3] (the "DIP Financing Motion"); (ii) a Motion for Continuation of Utility Service [Docket No. 4]; (iii) an Application to Employ Edifice Real Estate Partners, LLC, as Construction Consultant [Docket No. 5] (collectively, the "First Day Motions"; and (iv) a Motion for an Order Scheduling an expedited hearing on the First Day Motions [Docket No. 6].

Initial Hearing. On October 15, 2012, the Court entered an order scheduling an expedited hearing on the First Day Motions for October 19, 2012 [Docket No. 9]. Objections to the DIP Financing Motion were filed on October 18, 2012 and on November 12, 2012. At the October 19, 2012 hearing, the Court granted Interim Financing to the Debtor in amounts up to $1,500,000.00, and an Order was entered in this regard on November 7, 2012 [Docket No. 30]. The Court directed a continued the hearing on the DIP Financing Motion and the Application to Employ Edifice to a later date, which is presently scheduled for December 19, 2012. [*See* Docket Nos. 28, 29, 43].

3. Bar Date. On October 23, 2012, the Debtor filed a Motion to Set the Last Day to File Proofs of Claim and Prescribing Form of Notice [Docket. No. 25]. On October 31, 2012, the Court entered an Order establishing December 28, 2012 as the deadline for creditors (other than governmental creditors) to file proofs of claim [Docket No. 27]. The Debtor notified all scheduled Claimants and Interest Holders subject to the Bar Date of the need to file proofs of claims with the Bankruptcy Court.

4. Retention of Debtor's Counsel. On October 15, 2012, the Debtor filed an application to employ Klestadt & Winters LLP as attorneys for the Debtor effective as of the Filing Date. [Docket No. 7]. A hearing on that Application is presently scheduled for December 19, 2012.

5. Final Hearing. On December 19, 2012, the Court held a continued hearing on the DIP Financing Motion, the Application to Employ Edifice and the application to employ Klestadt & Winters LLP as attorneys for the Debtor. The DIP Financing Motion and the retention applications were all approved by the Bankruptcy Court. The Court entered orders granting the Applications to Employ Klestadt & Winters, LLP as Debtor's counsel [Docket No. 51], and Edifice as Debtor's construction consultant [Docket No. 52] on December 20, 2012. The Court also granted the Debtor's DIP Financing Motion, subject to a revised form of DIP Credit Agreement and proposed Order as set forth on the record of that hearing. The Debtor is in the process of soliciting comments to the proposed form of the foregoing documents.

6. Relief from Stay for Mechanic's Lien Litigation. On January 22, 2013, the Bankruptcy Court entered a Stipulation and Order Granting Relief from Stay to Mechanic's Lien Claimants, including the Mechanic's Lien Disputes, to continue to a determination by the state court as to the priority of such Claims as against the Amalgamated Secured Claims. As set forth in the Plan and described below, to the extent it is determined that such Claimants have Allowed Mechanic's Lien Claims with priority over Amalgamated Secured Claims, such Claimants will be paid in full, with interest and allowable fees in accordance with 11 U.S.C. §506(b) up to the value of the Real Property.

7. Objection by 21 West Water Street Holdings, Inc. On February 11, 2013, certain of the Debtor's equity holders, *i.e.*, 21 West Water Street Holdings, Inc. ("21 West"), filed an objection to the Disclosure Statement asserting, among other things, that the Debtor did not advise them of the filing of this Bankruptcy Case and challenging the Debtor's authority to file the voluntary bankruptcy petition. The Debtor disputes 21 West's contentions in its objection, and maintains that it was and is authorized to commence this bankruptcy case and promulgate the Plan. 21 West thereafter filed a motion pursuant to section 1112(b) of the Bankruptcy Code seeking to dismiss the Debtor's case. At a hearing held on April 23, 2013, 21 West's motion was denied.

8. Mechanic's Lien Claimants' Motion to Commence Litigation on Behalf of the Debtor. On March 22, 2013, certain Mechanic's Lien Claimants filed a motion for authority to commence litigation on behalf of the Debtor [Docket No. 105]. After a hearing, On May 3, 2013, the Bankruptcy Court entered an Order [Docket No. 128] Authorizing the movants to commence litigation on behalf of the Debtor provided that such actions, if any, be commenced on or before May 30. 2013.

VI. SUMMARY OF THE PLAN

The following is an overview of certain material provisions of the Plan. The following summaries of the material provisions of the Plan do not purport to be complete and are qualified in their entirety by reference to all the provisions of the Plan, all exhibits, all documents described therein, and the definitions therein of certain terms used below.

A. General Information Concerning Treatment Of Claims And Interests

1. Administrative Expense Claims and Priority Tax Claims

Pursuant to the Plan, Holders of Allowed Administrative Expense Claims and Allowed Priority Tax Claims (set forth in Articles II and III of the Plan) have not been classified and are excluded from classification in accordance with section 1123(a)(1) of the Bankruptcy Code. As more fully discussed in this Section below, the Holders of Allowed Claims in each of these Classes will receive payment from the Distribution Fund.

2. Classes of Claims and Interests

Classes 1 and 4 are Impaired and entitled to vote on the Plan. Class 2 Claimants may vote any part of their Claims as Class 4 Claimants, without prejudice to their right to seek allowance and treatment as Class 2 Claimants. The Debtor intends to solicit acceptances of the Plan from Holders of such Claims. Under section 1126(f) of the Bankruptcy Code, Holders of Allowed and Enforceable Mechanic's Lien Claims (Class 2), Priority Claims (Class 3) and Interest Holders (Class 5) are Unimpaired under the Plan, are deemed to have accepted the Plan, and the acceptance of such Holders will not be solicited.

The Debtor intends to seek confirmation of the Plan and to take all steps necessary to cause the Effective Date to occur as soon as practicable. There can be no assurance, however, as to when the Effective Date will actually occur. Procedures for the distribution of Cash pursuant to the Plan, including matters that are expected to affect the timing of the receipt of distributions by Holders of Allowed Claims in certain Classes and that could affect the amount of distributions ultimately received by such Holders, are described more fully in Section F below, entitled "PROVISIONS COVERING DISTRIBUTIONS".

The Debtor believes that the Plan provides the best possible treatment for all Classes of Claims and Interests. The Bankruptcy Court must find, however, that a number of statutory tests are met before it may confirm the Plan. Many of these tests are designed to protect the interests of Holders of Claims or Interests who do not vote to accept the Plan, but who will be bound by the provisions of the Plan if it is confirmed by the Bankruptcy Court. The "cramdown" provisions of section 1129(b) of the Bankruptcy Code, for example, permit confirmation of a chapter 11 plan in certain circumstances even if the plan is not accepted by all impaired classes of claims and interests. See Section II herein, entitled "VOTING AND CONFIRMATION OF THE PLAN."

If the Plan is deemed not to be accepted by one of the Classes entitled to vote, then the Debtor will request that the Bankruptcy Court confirm the Plan under Section 1129(b) of the Bankruptcy Code. Section 1129(b) permits confirmation of the Plan despite rejection by one or more impaired classes if the Bankruptcy Court finds that the Plan "does not discriminate unfairly" and is "fair and equitable" as to the rejecting class or classes. The Debtor will request that the Bankruptcy Court find that the Plan is fair and equitable and does not discriminate unfairly as to Class 4 and any other Class that fails to accept the Plan.

As noted above, the Bankruptcy Court may confirm the Plan under section 1129(b) of the Code if the Plan is fair and equitable as to any rejecting classes. A plan is fair and equitable to the dissenting class or classes if the holder of any claim or interest junior to the

claims or interests of such class will not receive or retain under the plan on account of such junior claim or interest any property, with limited exception not applicable herein.

For a more detailed description of the requirements for acceptance of the Plan and of the criteria for confirmation notwithstanding rejection by certain classes, *See* Section II.E. herein, entitled "CONFIRMATION REQUIREMENTS."

B. Classification And Treatment Of Claims And Interests

Section 101(5) of the Bankruptcy code defines a Claim as: (1) a "right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, legal, equitable, secured or unsecured"; or (2) a "right to an equitable remedy for breach or performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured." 11 U.S.C. §101(5).

Section 1123 of the Bankruptcy Code requires that, for purposes of treatment and voting, a Chapter 11 plan divide the different claims against, and interests in a debtor into separate classes based upon their legal nature. In accordance with section 1123 of the Bankruptcy Code, claims of a substantially similar legal nature are usually classified together, as are shareholder interests which give rise to the same legal rights; the "claims" and "interests" themselves, rather than their holders, are classified.

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

Under section 1124 of the Bankruptcy Code, a class of claims or interests is "impaired" unless the plan (1) does not alter the legal, equitable, or contractual rights of the holders or (2) irrespective of the holders' acceleration rights, the plan cures all defaults (other than those arising from the debtor's insolvency, the commencement of the case, or nonperformance of a nonmonetary obligation), reinstates the maturity of the claims or interests in the class, compensates the holders for actual damages incurred as a result of their reasonable reliance upon any acceleration rights, and does not otherwise alter their legal, equitable, or contractual rights. Typically, this means the holder of an unimpaired claim will receive on the later of the effective date or the date on which amounts owing are due and payable, payment in full, in cash, with post-petition interest to the extent appropriate and provided under the governing agreement (or if there is no agreement, under applicable nonbankruptcy law), and the remainder of the debtor's obligations, if any, will be performed as they come due in accordance with their terms. Thus, other than its right to accelerate the debtor's obligations, the holder of an unimpaired claim will be placed in the position it would have been in had the Debtor's case not been commenced.

As discussed above, section 1123 of the Bankruptcy Code provides that a plan of reorganization or liquidation shall classify the claims of a debtor's creditors and interest holders. In compliance therewith, the Plan divides Claims and Interests into five (5) Classes and sets forth the treatment for each Class. In accordance with section 1123(a), Administrative Expense Claims and Priority Tax Claims have not been classified.

Section 1122 of the Bankruptcy Code further requires that each class of claims and interests contain only claims or interests that are "substantially similar" to each other. The Debtor believes that it has classified all Claims and Interests in compliance with the requirements of sections 1122 and 1123. However, it is possible that a Holder of a Claim or Interest may challenge such classification and that the Bankruptcy Court may find that a different classification is required for the Plan to be confirmed. In such event, the Debtor intends, to the extent permitted by the Bankruptcy Court, to modify the classifications in the Plan as required and use the acceptances received in this solicitation for the purpose of obtaining the approval of a Class or Classes of which the accepting holder is ultimately deemed to be a member. Any such reclassification could adversely affect the Class of which such holder was initially a member, or any other Class under the Plan, by changing the composition of such Class and the vote required of that Class for approval of the Plan. Furthermore, a reclassification of Claims or Interests could necessitate a re-solicitation of votes.

The following describes the classification of Claims and Interests under the Plan and the treatment that Holders of Allowed Claims and Allowed Interests are to receive if the Plan is confirmed and becomes effective. A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest fits within the description of that Class and is classified in a different Class to the extent that any remainder of the Claim or Interest fits within the description of such different Class.

1. Unclassified Claims

The Bankruptcy Code does not require classification of certain priority claims against a debtor. In this Chapter 11 Case, these unclassified claims include Administrative Expense Claims and Priority Tax Claims. All ~~distributions~~distribut ions referred to below that are scheduled for the Effective Date will be made on the Effective Date or as soon as practicable thereafter, unless otherwise agreed to in writing by the Holders of any unclassified claims.

(a) Administrative Expense Claims. Administrative Expense Claims are the actual and necessary costs and expenses incurred in connection with the Chapter 11 Case that are allowed under section 503(b) of the Bankruptcy Code. These expenses typically may include post-petition amounts owed to vendors providing goods and services to a debtor during the Chapter 11 case, and other obligations incurred after the filing date.

Other Administrative Expense Claims include the actual, reasonable fees and expenses incurred during the Chapter 11 Case of the Debtor's Professionals. The Debtor believes the Administrative Expense Claims of Professionals include only the fees and expenses of (i) Debtor's bankruptcy counsel, for services rendered to the Debtor and its Estates during the

Chapter 11 Case, which has been agreed to be capped at $75,000, and (ii) Edifice, the proposed Construction Consultant, whose retention application is pending before the Bankruptcy Court for consideration and approval.

The Debtor anticipates that any other Administrative Expense Claims will continue to be paid as they come due during the Chapter 11 Case in accordance with the budget and completion scheduled provided to Amalgamated, from the funds provided as DIP Financing. Administrative Expense Claims, for the most part, comprise the unpaid Allowed Professional Fees incurred by the Debtor's Professionals in the Chapter 11 Case.

All payments to Professionals for compensation and reimbursement of expenses will be made in accordance with the procedures established by the Bankruptcy Code and the Bankruptcy Rules relating to the payment of interim and final compensation and expenses. The Bankruptcy Court will review and determine all such requests. Requests for such compensation must be approved by the Bankruptcy Court after notice and a hearing wherein the Debtor and other parties-in-interest may participate, and if appropriate, object to the allowance thereof.

Each Allowed Administrative Expense Claim shall be paid in full in Cash on the later of (a) the Effective Date, or (b) in the event such Administrative Expense Claim is not Allowed as of the Effective Date, the date on which the Bankruptcy Court enters an order allowing such Administrative Expense Claim, or (c) such later date as the Debtor (or, if it is after the Effective Date, the Post-confirmation Debtor) and the Holder of such Allowed Administrative Expense Claim otherwise agree in writing, or as soon thereafter as is practicable; *provided, however*, that Allowed Administrative Expense Claims incurred by the Debtor or the Post-confirmation Debtor after the Confirmation Date, including, without limitation, claims for Professionals' Fees, shall not be subject to application and may be paid by the Debtor or the Post-confirmation Debtor, as the case may be, in the ordinary course of business and without further Bankruptcy Court approval.

Any Claimant seeking allowance of an Administrative Expense Claim, the amount of which is not agreed to in writing by Amalgamated and the Claimant, or otherwise Allowed by a Final Order, must file proof of its Administrative Expense Claim with the Bankruptcy Court and serve a copy thereof upon (a) Debtor's counsel, Klestadt & Winters LLP, 570 Seventh Avenue, New York, NY 10018 Attn.: Tracy Klestadt, Esq.; (b) Amalgamated's counsel, Westerman Ball, 1201 RXR Plaza, Uniondale, New York 11556, Attn.: John Westerman, Esq.; and (c) the United States Trustee, Eastern District of New York, 560 Federal Plaza, Central Islip, NY 11778, Att.: Stan Yang, Esq. no later than fifteen (15) days following the Confirmation Date; *provided, however*, that with respect to any such timely filed Administrative Expense Claim, such Claim shall be Allowed only if (x) the amount is agreed to in writing by Amalgamated and such Claimant, (y) no objection to the allowance thereof is interposed by the Debtor or other party-in-interest, including Amalgamated, on or before sixty (60) days after the date of the Closing, or such other date as may be established by the Bankruptcy Court, or (z) if an objection is interposed, (aa) such Administrative Expense Claim has been allowed (or to the extent it has been allowed) by a Final Order, or (bb) such objection is withdrawn. With respect to Claimants seeking allowance of Professional Fees as Administrative Expense Claims, all applications for

final compensation of Professionals for services rendered and for reimbursement of expenses incurred for any period prior to the Confirmation Date must be filed no later than fifteen (15) days following the Confirmation Date, and shall be Allowed following entry by the Bankruptcy Court of any order or orders allowing same (or to the extent it has been previously allowed).

Each Administrative Expense Claim Claimant who seeks allowance of an Administrative Expense Claim (a) that is not either agreed to in writing by Amalgamated and the Claimant, or otherwise allowed by a Final Order, and that fails to timely and duly file a proof of its Administrative Expense Claim, or (b) for Professional Fees that fails to timely and duly institute a request for a hearing thereon, as provided for in the Plan, shall have its Claim expunged and shall thereafter be forever barred from asserting any such Administrative Expense Claim. Except as otherwise specified in the Plan or a Final Order of the Bankruptcy Court, the Allowed Amount of an Administrative Expense Claim shall not include interest on such Claim from and after the Filing Date.

(b) Priority Tax Claims. Priority Tax Claims are not classified under the Plan in accordance with section 1123(a)(1) of the Bankruptcy Code, if any, each Holder of an Allowed Priority Tax Claim shall be paid in full in Cash from the Distribution Fund on the later of (a) ten (10) Business Days following the date of the Closing, or (b) in the event such Priority Tax Claim is not Allowed as of the date of the Closing, the date on which the Bankruptcy Court enters an order allowing such Priority Tax Claim, or as soon thereafter as is practicable.

2. Classified Claims and Interests

(a) Class 1- Amalgamated Secured Claim - Class 1 consists of the Amalgamated Secured Claim. Amalgamated is deemed to have submitted the Opening Credit Bid and shall be permitted to Credit Bid for the Sale Assets at the Auction up to the full amount of the Allowed Amalgamated Secured Claim. In the event Amalgamated is determined to be unable to Credit Bid, then Amalgamated is deemed a Qualified Bidder with an initial bid in the amount of the Opening Cash Bid. In the event: (i) Amalgamated is determined at the Auction to be the Successful Bidder, or (ii) Amalgamated is determined at the Auction to be the Back-up Bidder and the Successful Bidder defaults and fails to close on the sale of the Sale Assets and Amalgamated is deemed to be the prevailing bidder based on its highest preceding Bid, or (iii) the Back-up Bidder shall fail to timely close the sale of Sale Assets and shall default in its obligations to do so in accordance with the provisions of Auction Sale Procedures, or (iv) there shall be no Back-up Bidder and the Successful Bidder shall fail to timely close the sale of Sale Assets and shall default in its obligations to do so in accordance with the provisions the Auction Sale Procedures and Amalgamated is deemed to be the prevailing bidder based on its highest preceding Bid, pursuant to the terms of the Plan and the Confirmation Order, Amalgamated, or its designee, shall receive the Deed and Bill of Sale for the Sale Assets at the Closing, subject to Section 9.2(f)(~~i~~ii) of the Plan, the establishment by Amalgamated of the Distribution Fund and performance by the Fund of the Funding Commitment.

(b) Pursuant to Section 9.2(f)(i) of the Plan, if the Sale Assets are sold to a Qualified Bidder other than Amalgamated, the Sale Assets, shall be transferred free and clear of all liens, claims and encumbrances and the sale proceeds shall be paid to Amalgamated to be

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applied as follows:

~~(i)~~(A) First, within three (3) Business Days of the Closing, to the Disbursing Agent in an amount equal to 100% of the principal amount ~~—~~of the Mechanic's Liens as security for payment under the Plan of any Allowed Mechanic's Lien Claims. The Disbursing Agent shall deposit these funds into the ~~Mechanics Line~~Mechanic's Lien Claims Reserve ~~Accoutn ans~~Account and such funds shall only be used to pay Allowed Mechanic's Lien Claims, with any residue reverting to Amalgamated~~;~~. If there is a shortfall of amounts necessary in the Mechanic's Lien Claim Reserve Account to pay Allowed Mechanic's Lien Claims in full, the remaining amount of such Allowed Mechanic's Lien Claims shall be paid by Amalgamated in accordance with the terms of the Funding Commitment.

~~(ii)~~(B) Second, to the outstanding balance of the Amalgamated DIP Loan,

~~(iii)~~(C) Third, to the amount of the Amalgamated Secured Claim,

~~(iv)~~(D) Fourth, to all amounts distributed by Amalgamated to establish the Distribution Fund and any other amounts paid by Amalgamated under the Plan (except for any distribution upon Allowed Mechanic's Lien Claims) and

~~(v)~~ (E) Fifth, to the Distribution Fund.

Pursuant to Section 9.2(f)(ii) of the Plan, if the Sale Assets are sold to Amalgamated, prior to the transfer of the Sale Assets, Amalgamated shall elect in writing (with notice to Holders of Mechanic's Liens) to accept delivery of the Sale Assets either subject to the Mechanic's Liens or, free and clear of the Mechanic's Liens. In the event Amalgamated elects to accept delivery of the Sale Assets free and clear of the Mechanic's Liens, it shall be required to deposit, prior to the transfer of the Sale Assets, 100% of the principal amount of such Liens with the Disbursing Agent to be deposited in the Mechanic's Lien Claims Reserve Account in accordance with Section 9.2(f)(i)(A) of the Plan. In the event Amalgamated elects to accept delivery of the Sale Assets subject to the Mechanic's Liens, it may anytime thereafter have any or all Liens removed by first depositing 100% of the principal amount of the Mechanic's Lien sought to be removed with the Disbursing Agent, to be deposited in the Mechanic's Lien Claims Reserve Account in accordance with Section 9.2(f)(i)(A) of the Plan, and shall provide notice to the Holder of the Mechanic's Lien sought to be removed.

~~In the event that the Successful Bidder or Back-up Bidder, if applicable, acquiring the Sale Assets is an Entity other than Amalgamated, then Amalgamated shall receive all Cash paid by such Entity at the Closing up to the full amount of the Allowed Amalgamated Secured Claim, plus the amount required to establish the Distribution Fund; any amount in excess of that sum shall be paid to the Distribution Fund.~~ Class 1 is Impaired under the Plan.

~~(b)~~(c) Class 2 – Mechanic Liens Claims - Class 2 consists of all Allowed

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Mechanic's Lien Claims. Holders of Mechanic's Lien Claims must be a party to a Mechanic's Lien Litigation and must timely pursue Allowance of such claims in connection with such Mechanic's Lien Litigation. There are presently no Holders of Allowed Mechanic's Lien Claims. Any Holder of a Mechanic's Lien Claim which becomes an Allowed Mechanic's Lien Claim shall receive~~,~~ payment in full, in accordance with Sections 506(a) and (b) of the Bankruptcy Code, in Cash from either (1) the Mechanic's Lien Claims Reserve Account, if ~~it is~~ established pursuant to Section 9.2(f) of the Plan, or (2) Amalgamated, if the Mechanic's Lien Claims Reserve Account is not established pursuant to Section 9.2(f) of the Plan, on the earlier of (i) the Effective Date; or (ii) within twenty (20) business days of ~~entry and docketing of a Final Order determining that~~ the Mechanic's Lien Claim ~~constitutes~~becoming an Allowed ~~Mechanics Lien Claim.~~ Mechanic's Lien Claim. If there is a shortfall of amounts necessary in the Mechanic's Lien Claim Reserve Account to pay Allowed Mechanic's Lien Claims in full, the remaining amount of such Allowed Mechanic's Lien Claims shall be paid by Amalgamated in accordance with the terms of the Funding Commitment. Any Holder of a ~~Mechanics~~Mechanic's Lien Claim which does not become ~~a~~an Allowed Mechanic's Lien Claim shall be treated as a Class 4 General Unsecured Claim~~.~~ in accordance with Section 5.4 of the Plan. Any ~~Holder~~holder of a Class 2 Mechanic's Lien Claim may ~~choose to opt out of Class 2 and into Class 4 under the Plan. Holders of Class 2 Mechanics Lien Claims may vote any amount of their claims~~cast a ballot to accept or reject the Plan as a Class 4 General Unsecured ~~Claims~~Claimant without prejudice to ~~their~~its rights to seek allowance and treatment as a Class 2 ~~Claims~~Claim. Class 2 is Unimpaired under the Plan.

~~(c)~~(d) Class 3 – Priority Claims - Class 3 consists of all Allowed Priority Claims. On the later of (i) twenty (20) Business Days following the date of the Closing, or (ii) twenty (20) business days following the date on which such Priority Claim becomes an Allowed Priority Claim, each Holder of an Allowed Priority Claim shall receive Cash from Amalgamated in an amount sufficient to render such Allowed Priority Claim Unimpaired under section 1124 of the Bankruptcy Code. Class 3 is Unimpaired under the Plan

~~(d)~~(e) Class 4 – General Unsecured Claims - Class 4 consists of all Allowed General Unsecured Claims~~,~~ including all or part of any Mechanic's Lien Claim which does not become an Allowed Mechanic's Lien Claim. On the twentieth (20) Business Day following the date of the Closing, each Claimant holding an Allowed General Unsecured Claim in Class 4 shall be paid from the Distribution Fund five (5%) percent of the Allowed Amount of such Claim. Any General Unsecured Claims which are Disputed as of the Closing Date and are thereafter Allowed, including Mechanic's Lien Claims that become Allowed General Unsecured Claims, shall be paid ~~by~~from Amalgamated within twenty (20) Business Days of such Allowance ~~shall be paid by Amalgamated~~ a sum equal to five (5%) percent of such Allowed Amount. Class 4 is Impaired under the Plan.

~~(e)~~(f) Class 5 – Interests Class 5 consists of Allowed Interests in the Debtor, including, without limitation, any Holders of options, warrants and other rights to acquire equity interests in the Debtor. Holders of Class 5 Interests will retain their ~~interests~~Interest in the Debtor but will only realize a distribution ~~with respect to same~~, if any, from the ~~Auction Sale results in proceeds sufficient to pay~~Post-confirmation Estate on account of such Interests after all ~~other~~ Classes of Claims are paid in full. Class 5 is an Unimpaired Class under the Plan.

C. Sources Of Cash To Make Plan Distributions

Except as otherwise provided in the Plan or the Confirmation Order, all Cash necessary for Debtor to make distributions and payments required under the Plan to Holders of Allowed Claims will be paid from (a) the Distribution Fund; and (b) from the proceeds of the Auction Sale of the Real Property.

D. Unexpired Leases And Executory Contracts

1. Generally Under section 365 of the Bankruptcy Code, the Debtor has the right, subject to Bankruptcy Court approval, to assume or reject executory contracts or unexpired leases. If an executory contract or unexpired lease entered into before the Filing Date is rejected by the Debtor, it will be treated as if the Debtor breached such contract or lease on the date immediately preceding the Filing Dates, and the other party to the agreement may assert a general Unsecured Claim for damages incurred as a result of the rejection. In the case of rejection of real property leases and employment agreements, damages are subject to certain limitations imposed by sections 365 and 502 of the Bankruptcy Code. Under section 502(b)(6) of the Bankruptcy Code, the claim of a lessor for damages resulting from the termination by the Debtor of a lease for real property pursuant to section 365 of the Bankruptcy Code may be allowed except to the extent that such claim exceeds (A) the rent reserved by such lease, without acceleration, for the greater of one year, or 15 percent, not to exceed three years, of the remaining term of such lease, following the earlier of (i) the applicable Filing Date; and (ii) the date on which such lessor repossessed, or the lessee surrendered, the leased property; plus (B) any unpaid rent due under such lease, without acceleration, on the earlier of such dates.

2. Assumption and Rejection The Plan provides in Article VIII that as of the Confirmation Date, as of the Confirmation Date, any executory contract or unexpired lease that has not been expressly assumed or rejected with approval by order of the Bankruptcy Court shall be deemed to have been rejected unless (a) there is then pending before the Bankruptcy Court a motion to assume such unexpired lease or executory contract, or (b) the Bankruptcy Court has entered an order extending the period during which a motion may be made to assume such unexpired lease or executory contract, and such a motion is filed with the Bankruptcy Court before the expiration of such period.

The Plan further provides that this Disclosure Statement and the Plan shall constitute due and sufficient notice of the intention of Debtor to reject all executory contracts and unexpired leases that are not otherwise assumed. The Confirmation Order shall be deemed an order under section 365(a) of the Bankruptcy Code rejecting any such executory contracts and unexpired leases that are not otherwise assumed.

3. Deadline for Filing Rejection Damage Claims The Plan also establishes a deadline for filing Rejection Damage Claims. Pursuant to the Plan, unless otherwise provided by an order of the Bankruptcy Court entered on or prior to the Confirmation Date, any Rejection Damage Claim must be filed with the Bankruptcy Court within thirty (30) days of the

Confirmation Date. Any Entity that fails to file its Rejection Damage Claim within the period set forth above shall be forever barred from asserting a Claim against the Debtor, the Liquidating Estate, the Liquidating Agent or any Property or interests in Property of the Debtor or the Liquidating Estate. All Allowed Rejection Damage Claims shall be classified as General Unsecured Claims (Class 4) under the Plan.

The Debtor does not believe that it has any unexpired leases or executory contracts and will vigorously oppose any claims asserting any alleged breach thereof.

E. Means For Effectuating The Plan

1. General. Prior to the Confirmation Date, Amalgamated will deposit the sum of $370,000 with the Disbursing Agent to establish the Distribution Fund. In addition, the Fund has committed to payment of Allowed and Enforceable Class 2 Claims, as set forth in the Funding Commitment attached hereto at Exhibit D.

2. Disposition of the Sale Assets in Accordance With the Auction Sale Procedures.

(a) The Sale Assets shall be sold at the Auction in accordance with the Auction Sale Procedures (which are annexed to the Plan at Exhibit A) and the terms of the Plan, which shall govern all aspects of the sale.

(b) Upon confirmation of the Plan, the Debtor will engage a qualified and experienced real estate brokerage company to market and sell the Sale Assets pursuant to the Auction Sale Procedures. The Debtor has received proposals from three such firms.

(c) If the Debtor and Amalgamated receive by the Qualified Bidder Deadline one or more submissions that they deem to be from a Qualified Bidder other than Amalgamated, then the Debtor and Amalgamated will schedule the Auction at such date and time as shall be fixed pursuant to the provisions of the Confirmation Order, but in no event later than forty-five (45) days after the Confirmation Date or such later date as may be agreed to in writing by Amalgamated and the Debtor, or established in accordance with the Auction Sale Procedures. If the Debtor and Amalgamated determine that there are no submissions by Qualified Bidders other than Amalgamated by the Qualified Bidder Deadline, then Amalgamated will be determined to be the Successful Bidder pursuant to its Opening Credit Bid.

(d) Amalgamated is deemed a Qualified Bidder with an initial bid in the amount of the Opening Credit Bid and has the right, *but not the obligation*, in its sole discretion, to Credit Bid up to the full amount of the Amalgamated Secured Claim. If Amalgamated shall be the Successful Bidder or otherwise entitled to acquire the Sale Assets in accordance with the Auction Sale Procedures, it shall have the right to assign to its designee its successful Credit Bid and the right to close thereunder at or prior to the Closing.

(e) The Confirmation Order shall contain appropriate provisions, consistent with section 1142(a) of the Bankruptcy Code, authorizing the Debtor (and/or Amalgamated via

the Power of Attorney, to the extent not performed by the Debtor) to execute or deliver or to join in the execution or delivery of any and all instruments required to effect a transfer of the Sale Assets, including without limitation the Deed and Bill of Sale, and to perform any act, including the satisfaction of any Lien, that is necessary for the consummation of the Plan.

(f) Power of Attorney. In accordance with the terms of the Confirmation Order and pursuant to the Power of Attorney, Amalgamated is authorized to, among other things, execute or deliver or to join in the execution or delivery of any and all instruments required to effect a transfer of the Sale Assets, including without limitation the Deed and Bill of Sale, and to perform any act, including the satisfaction of any Lien, that is necessary for the consummation of the Plan.

3. Transfer Taxes. The consummation of the Closing shall be deemed a transfer under, pursuant to, in connection with and in furtherance of the Plan, and such sale, transfer and delivery of any and all instruments of transfer, including without limitation the Deed, in connection therewith shall not be taxed under any Transfer Taxes permitted by § 1146(a) of the Bankruptcy Code as interpreted by the Supreme Court in *Florida Department of Revenue v. Piccadilly Cafeterias, Inc.*, 128 S.Ct. 2326 (2008)), including, but not limited to, the Peconic Bay Region Community Preservation Fund Transfer Tax.

4. Transfer of Assets. At the Closing, the Sale Assets shall be transferred to (a) the Successful Bidder or, (b) if for any reason the Successful Bidder shall fail to timely close the sale of the Sale Assets and the Debtor and Amalgamated determine to proceed with the Back-up Bid, the Back-up Bidder, or (c) Amalgamated if (i) the Back-up Bidder shall fail to timely close the sale of Sale Assets and shall default in its obligations to do so in accordance with the provisions of Auction Sale Procedures, or (ii) if there shall be no Back-up Bidder and the Successful Bidder shall fail to timely close the sale of Sale Assets and shall default in its obligations to do so in accordance with the provisions the Auction Sale Procedures and Amalgamated is deemed to be the prevailing bidder based on its Credit Bid. In connection therewith, the Entity acquiring the Sale Assets shall receive the Deed, executed by the Debtor, or Amalgamated, to be recorded in the office of the Suffolk County Clerk, and such other location(s) as may be appropriate, together with any and all New York State and other governmental transfer tax returns, the Bill of Sale, and any and all affidavits, certificates and other documents which may be necessary or are usual and customary to facilitate the recording of the Deed, subject to the Bankruptcy Code section 1146(a) exemption, and to effectuate the transfer of the Sale Assets. The Debtor and Amalgamated do not make any representations or warranties whatsoever with respect to the Deed or the Real Property or Sale Assets. The Sale Assets are being sold pursuant to the Plan "AS IS", "WHERE IS" in their condition on the Closing Date or, Back-up Closing Date, if applicable, without any representations, covenants, guarantees or warranties by the Debtor and/or Amalgamated of any kind or nature whatsoever, and subject to Section 9.2(f) above, free and clear of any Liens, claims or encumbrances of whatever kind or nature accrued through the Confirmation Date, with such Liens, if any, to attach to the proceeds of sale, and subject to any Liens, claims or encumbrances of whatever kind or nature thereafter accrued, but entitled to the benefits and subject to the burdens of all easements of record against the Real Property as of the Confirmation Date. Any such Liens, claims or encumbrances of whatever kind or nature accruing after the Confirmation Date shall be

the responsibility of the Entity acquiring the Sale Assets at the Closing, whether it be Amalgamated through its Credit Bid or another Entity in accordance with the terms of the Plan and Auction Sale Procedures.

5. Cooperation of the Debtor and Amalgamated. The Debtor and Amalgamated, and their authorized signatories shall, at all times, reasonably cooperate with the Successful Bidder or Back-up Bidder, if applicable, and any of their respective successors and assigns.

6. Funding. The funds needed to pay all U.S. Trustee Fees, Allowed Administrative Expense Claims, Allowed Priority Tax Claims and Allowed Priority Claims will be advanced by Amalgamated to the Distribution Fund and shall be distributed by the Disbursing Agent pursuant to the Plan.

7. Management of the Debtor. On and after the Effective Date, the Post-confirmation Estate will be managed by the Debtor.

8. Execution of Documents. The Debtor and/or Amalgamated via the Power of Attorney, shall execute, release and deliver, for and on behalf of the Debtor and its Estate, all documents reasonably necessary to consummate the transactions contemplated by the terms and conditions of the Plan, including without limitation, any documents required in connection with the Closing and the sale of the Sale Assets in accordance with the Plan.

9. Filing of Documents. Pursuant to sections 105, 1141(c), 1142(b) and 1146(a) of the Bankruptcy Code, each and every federal, state and local governmental agency or department, shall be directed to accept and record any and all documents and instruments necessary, useful or appropriate to effectuate, implement and consummate the transactions contemplated by the Plan, and any and all notices of satisfaction, release or discharge or assignment of any Lien, Claim or encumbrance not expressly preserved by the Plan.

10. Transactions on Business Days. If the Effective Date or any other date on which a transaction may occur under the Plan shall occur on a day that is not a Business Day, the transactions contemplated by the Plan to occur on such day shall instead occur on the next succeeding Business Day.

11. Implementation. Pursuant to the Confirmation Order and upon confirmation of the Plan, the Debtor, and/or Amalgamated via the power of attorney, shall be authorized to take all necessary steps, and perform all necessary acts, to consummate the terms and provisions of the Plan. On or before the Effective Date, the Debtor, and/or Amalgamated via the power of attorney, may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate or further evidence the terms and provisions of the Plan and the other agreements referred to herein. The Debtor, and/or Amalgamated via the power of attorney, are hereby authorized, and shall, execute such documents and take such other actions as are necessary to effectuate the transactions provided for in the Plan, without the need for any additional approvals, authorizations or consents.

12. Initial Funding for the Plan. The initial funding of the Plan will be from funds advanced by Amalgamated to establish the Distribution Fund, from Cash on hand in the Post-confirmation Estate, if any, and the earnings thereon and proceeds thereof, if any, and monies from the Fund in accordance with the terms of the Funding Commitment. Not less than Three (3) Business Days prior to of the Confirmation Date, the Debtor shall deliver and turn over to the Disbursing Agent to be deposited into the Distribution Fund any Cash in the Debtor's possession, custody and/or control. The Disbursing Agent, on behalf of the Post-confirmation Estate and Holders of Allowed Claims, shall distribute monies from the Distribution Fund in accordance with the provisions of the Plan.

13. Preservation and Vesting of Claims, Rights, Demands and Causes of Action. Pursuant to section 1123 of the Bankruptcy Code, the Debtor, on behalf of and for the benefit of the Post-confirmation Estate, shall be vested with, shall retain, and shall have the authority to prosecute and enforce any and all claims, controversies, agreements, promises, accounts, rights to legal remedies, rights to equitable remedies, rights, demands and Causes of Action of any kind or nature whatsoever held by, through, or on behalf of the Debtor and/or the Post-confirmation Estate, including, without limitation, all Causes of Action of a trustee and Debtor-in-possession under the Bankruptcy Code, including, without limitation, under sections 544, 545, 547, 548, and 549 of the Bankruptcy Code, against any other Entity arising before or after the Effective Date that have not been fully resolved or disposed of prior to the Effective Date, whether or not such Claims or Causes of Action are specifically identified in the Disclosure Statement accompanying the Plan and whether or not litigation with respect to same has been commenced prior to the Effective Date. The Debtor and Amalgamated will be authorized to challenge, object to and/or settle disputed Claims on behalf of the Debtor, subject to approval from the Bankruptcy Court, in accordance with the terms and provisions of the Plan. At this time, it is not anticipated that there will be any Causes of Action to be pursued.

14. Recoveries. Any Cash, proceeds and/or recoveries from the Causes of Action and all other proceeds derived from the of Post-confirmation Estate Assets, other than Undeliverable or Unclaimed Distributions due Amalgamated will be applied to the Distribution Fund and disbursed Pro Rata to the holders of Class 4 claims.

F. Provisions Covering Distributions

1. Post-confirmation Estate. On the Effective Date, a Post-confirmation Estate will be created from which payment in connection with all remaining Allowed Administrative Expense Claims, Allowed Priority Tax Claims, Allowed Secured Claims, Allowed Priority Claims, Allowed General Unsecured Claims, together with the Operating Expenses shall be paid.

2. Timing of Distributions Due Under Plan. (a) All Distributions and payments required under the Plan to Holders of Allowed Claims will be paid from the Post-confirmation Estate on the dates and in the manner indicated in the Plan. Except as otherwise provided in the Plan, without in any way limiting Sections 11.5 and 11.6 below, and subject to Section 14.2 below, Distributions in respect of (i) the Allowed Amalgamated Secured Claim in Class 1 of the Plan shall be made as set forth in Section 5.1; (ii) Allowed Mechanic's Lien

Claims in Class 2 of the Plan shall be made as set forth in Section 5.2; (iii) Allowed Priority Claims in Class 3 of the Plan shall be made as set forth in Section 5.3; (iv) Allowed General Unsecured Claims in Class 4 of the Plan shall be made as set forth in Section 5.4; and (v) all other Allowed Claims that are required by the Plan to be made under the Plan shall be made from the Post-confirmation Estate Assets on, or as soon as practicable following, the dates provided for such Allowed Claims under the Plan.

3. Manner of Distributions. Distributions from the Post-confirmation Estate may be made by wire transfer, check, or such other method as Amalgamated deems appropriate under the circumstances.

4. Cash Payments. Cash payments made pursuant to the Plan will be in U.S. dollars. Cash payments made pursuant to the Plan in the form of checks issued by, or on behalf of, Amalgamated shall be void if not cashed within one hundred twenty (120) days of the date of the issuance. Requests for reissuance of any check shall be made directly to Amalgamated.

5. Payment of Statutory Fees. All fees payable pursuant to 28 U.S.C. § 1930 as determined by the Bankruptcy Court as of the Confirmation Date shall be paid from the Distribution Fund on or before the Effective Date from the Post-confirmation Estate

6. No Interest. Except with respect to Holders of Unimpaired and/or Secured Claims entitled to interest under applicable non-bankruptcy law or as otherwise expressly provided herein, no Holder of an Allowed Claim, including, without limitation, Holders of Allowed General Unsecured Claims under Class 4 of the Plan shall receive interest on any Distribution to which such Holder is entitled hereunder, regardless of whether such Distribution is made on the Effective Date or thereafter.

7. Withholding of Taxes. (a) The Debtor, or Amalgamated may withhold from any Property to be distributed under the Plan any Property which must be withheld for taxes payable by the Entity entitled to such Distribution to the extent required by applicable law. As a condition to making any Distribution under the Plan, the Debtor or Amalgamated may request that the Holder of any Allowed Claim provide such Holder's taxpayer identification number and such other certification or documentation as may be deemed necessary to comply with applicable tax reporting and withholding laws.

(b) Notwithstanding any other provision of the Plan, each Entity receiving a Distribution of Cash pursuant to the Plan will have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed on it by any governmental unit on account of such Distribution, including income, withholding and other tax obligations.

8. Undeliverable or Unclaimed Distributions. (a) All Distributions under the Plan to any Holder of an Allowed Claim shall be made at the address of such Holder as set forth on the lists to be provided by the Debtor unless the Debtor or Amalgamated have been notified in writing after the Effective Date of a change of address. Any Entity that is entitled to receive a Cash Distribution under the Plan but that fails to cash a check within one hundred twenty (120) days of its issuance shall be entitled to receive a reissued check from the Disbursing Agent for

the amount of the original check, without any interest, if such Entity (i) requests, in writing, that the Disbursing Agent reissue such check, and (ii) provides the Disbursing Agent with such documentation as the Disbursing Agent requests to verify in its sole discretion that such Entity is entitled to such check. If an Entity fails to cash any check within one hundred twenty (120) days of its issuance or fails to request re-issuance of such check within one hundred twenty (120) days of its issuance, such Entity shall be deemed to have forfeited the amount of the Distribution. Any such forfeited Distribution shall be returned to Amalgamated if Amalgamated was the source of the Distribution or, shall revert to the Debtor and shall be treated in accordance with Paragraph 9.15 of the Plan and the Claim of any Holder or successor to such Holder with respect to such forfeited Distributions shall be discharged and forever barred, notwithstanding any other provisions in the Plan or any federal or state escheat laws to the contrary.

In the event that any Distribution to any Holder of an Allowed Claim is returned to the Debtor as undeliverable, no further Distributions will be made to such Holder unless and until the Disbursing Agent is notified in writing of such Holder's then-current address. All claims for undeliverable Distributions for which no check is issued, must be made within one hundred twenty (120) days of the issuance of the original check. After such date, all unclaimed Distributions shall be returned to Amalgamated if Amalgamated was the source of the Distribution or, shall revert to and shall be treated in accordance with Paragraph 9.15 of the Plan and the claim of any Holder or successor to such Holder with respect to such Distribution shall be forfeited, discharged and forever barred, notwithstanding any provisions in the Plan or any federal or state escheat laws to the contrary.

G. Procedures For Resolving Disputed Claims

1. Objections to Claims. From and after the Effective Date, because Amalgamated is paying all distributions under this Plan(a) only Amalgamated (by and through its retained professionals) shall have the authority to file or litigate to judgment objections to Claims, and (b) only Amalgamated shall have the right to settle, compromise, and withdraw objections to Claims. Subject to an order of the Bankruptcy Court providing otherwise, Amalgamated may object to a Claim by filing an objection with the Bankruptcy Court and serving such objection upon the Holder of such Claim not later than ninety (90) days after the Effective Date or ninety (90) days after the filing of the proof of such Claim, whichever is later, or such other date fixed by the Bankruptcy Court.

2. Procedure. Unless otherwise ordered by the Bankruptcy Court or agreed to by written stipulation with Amalgamated, Amalgamated (by and through its retained professionals as set forth in Section 11.1 hereof) may litigate the merits of each Disputed Claim until a Final Order is entered with respect to such Claim; *provided, however*, that Amalgamated may compromise and settle any objection to any Claim, subject to approval by the Bankruptcy Court.

3. Payments and Distributions With Respect to Disputed Claims. No payments or Distributions shall be made in respect of any Disputed Claim until such Disputed Claim becomes an Allowed Claim at which time Amalgamated shall pay the amount due and enforceable if applicable, as provided for in this Plan.

4. Setoffs and Recoupments. Except with respect to Causes of Action of any nature released or allowed pursuant to the Plan or Confirmation Order, Amalgamated may, pursuant to section 553 of the Bankruptcy Code or applicable non-bankruptcy law, set off or recoup against any Allowed Claim, the Distributions to be made pursuant to the Plan on account of such Claim, any Causes of Action of any nature that the Debtor, the Post-confirmation Estate, Amalgamated or their successors may hold against the Holder of such Allowed Claim; provided that neither the failure to effect a setoff or recoupment nor the allowance of any Claim hereunder will constitute a waiver or release by the Debtor, the Post-confirmation Estate, or Amalgamated or their successors, of any Causes of Action that the Debtor, the Post-confirmation Estate, or Amalgamated or their successors may possess against such Holder.

H. Injunction, Release And Exculpation

1. Injunction. Except with respect to Mechanic's Lien Litigation and as otherwise provided in or to enforce the Plan or Confirmation Order, on or after the Effective Date all Entities that have held, currently hold, or may hold, a Claim, Lien, Interest or other liability against or in the Debtor, and its principals, or Amalgamated, and its principals, that would be discharged or satisfied upon confirmation of the Plan and the Effective Date, but for the provisions of Bankruptcy Code § 1141(d)(3) are permanently enjoined from taking any of the following actions on account of such Claim, Lien, Interest or right: (a) commencing or continuing in any manner any action or other proceeding on account of such Claim, Lien, Interest, or right against the Post-confirmation Estate, Post-confirmation Estate Assets, the Sale Assets, including without limitation, the Real Property or any other Property that is to be distributed under the Plan, or (b) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree, or order against the Post-confirmation Estate, Post-confirmation Estate Assets, the Real Property or any other Property to be distributed under the Plan.

Except as it concerns Mechanic's Lien Litigation, on and after the Effective Date, each Holder of an Interest in the Debtor is permanently enjoined from taking or participating in any action that would interfere with or otherwise hinder the Debtor, and its principals, and/or Amalgamated, and its principals, from implementing the Plan or the Confirmation Order.

Except with respect to Mechanic's Lien Litigation and as otherwise provided in the Plan or the Confirmation Order, on or after the Effective Date all Creditors of, Claimants against, Interest Holders of, and Entities having or claiming an interest of any nature in the Post-confirmation Estate are hereby permanently enjoined and stayed from pursuing or attempting to pursue any action, commencing or continuing any action, employing any process, or any act against the Debtor, its principals, Amalgamated, and its principals, the Post-confirmation Estate, Post-confirmation Estate Assets, the Real Property or any other Property that is to be distributed under the Plan, on account of or based upon any right, claim or interest which any such Creditor, Claimant, Interest Holder, or other Entity may have had prior to the entry of the Confirmation Order.

2. **Release. In consideration of the treatment provided under the Plan,**

the Debtor, and the Debtor's Estate (collectively the "Releasors" and each individually a "Releasor") hereby release, remise and forever discharge Amalgamated and all of its respective officers, directors, members, employees and other agents, financial advisors, attorneys and accountants (each hereinafter a "Released Party" and, collectively, the "Released Parties") from any and all manner of actions, causes of actions, suits, debts, accounts and claims which each Releasor ever had, now has or may have whether known or unknown, except to the extent of any obligations undertaken by such Released Party in connection with the Plan other than a right to pursue a claim based on any gross negligence or willful misconduct, including any breach of fiduciary duty constituting gross negligence or willful misconduct, that arose before the Confirmation Date, and any debt of the kind specified in sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not a proof of Claim or Interest is or could have been filed or is deemed filed, and whether or not such Claim or Interest is or could have been Allowed.

3. **Exculpation. Neither the Debtor nor Amalgamated nor any of their respective officers, directors, members, employees or other agents, financial advisors, attorneys, and accountants shall have any liability to any Holder of any Claim or Interest for any act or omission in connection with or arising out of the negotiation, preparation and pursuit of confirmation of the Plan, the Consummation of the Plan, the administration of the Plan, the Chapter 11 Case or the property to be distributed under the Plan except for liability based upon willful misconduct or gross negligence as finally determined by a Final Order of the Bankruptcy Court.**

I. Conditions Precedent To Confirmation Order And Effective Date Of The Plan

1. Condition Precedent to Entry of the Confirmation Order. The following condition must be satisfied on or before the Confirmation Date:

a. The Confirmation Order must be in form and substance reasonably acceptable to Amalgamated; and

b. Amalgamated shall have established the Distribution Fund.

2. Conditions Precedent to the Effective Date. The following conditions must be fully satisfied or waived, if subject to waiver, on or before the Effective Date for the Plan to become effective; the Confirmation Order must be entered by the Bankruptcy Court and become a Final Order.

3. Conditions Precedent to Consummation. Upon the following conditions being fully satisfied or waived, if subject to waiver, the Plan shall be deemed substantially consummated; the Closing shall have occurred.

If the Plan has not been consummated in accordance with the terms hereof within 90 days of the Confirmation Date, or such longer period as may be agreed upon by Amalgamated. Amalgamated shall file with the Bankruptcy Court and serve a notice indicating an inability to consummate the Plan and the Bankruptcy Court shall thereafter schedule a hearing to consider the

disposition of the Chapter 11 case.

4. Amalgamated's Right to Waive Conditions Precedent. Amalgamated, in its sole discretion, may waive the Final Order condition of the foregoing Section 13.2 at any time from and after the Confirmation Date. In that event, Amalgamated will be entitled to render any or all performances under the Plan prior to what otherwise would be the Effective Date if the above-referenced condition was not waived, including, but not limited to, the right to perform under any circumstances which would moot any appeal, review or other challenge of any kind to the Confirmation Order if the Confirmation Order is not stayed pending such appeal, review or other challenge.

J. Miscellaneous Provisions

1. Bankruptcy Court to Retain Jurisdiction. Notwithstanding entry of the Confirmation Order, or the occurrence of the Effective Date or Consummation of the Plan, the Chapter 11 Case having been closed, or a Final Decree having been entered, the Bankruptcy Court (or the District Court, as the case may be) shall have and retain jurisdiction of matters arising out of, and related to the Chapter 11 Case and the Plan under, and for the purposes of, Bankruptcy Code §§ 105(a), 1127, 1142 and 1144 and for the additional purposes set forth in Article XIV of the Plan.

2. No Jurisdiction Over Mechanic's Lien Dispute. Nothing herein shall be construed as a consent to the Bankruptcy Court exercising any jurisdiction over the present pending actions against Amalgamated and others instituted in State Court by the Holder of Mechanic's Lien; such litigations shall be pursued by the plaintiffs and defendants therein under applicable state law with the resulting Claims, if any, to be paid in accordance with the terms of this Plan.

3. Binding Effect of the Plan. Nothing contained in the Plan or the Disclosure Statement will limit the effect of confirmation as set forth in Bankruptcy Code §1141. The provisions of the Plan shall be binding upon and inure to the benefit of the Debtor, any Holder of a Claim or Interest, or their respective predecessors, successors, assigns, agents, officers, managers, members and directors and any other Entity affected by the Plan.

4. Fractional Cents. Whenever any payment of a fraction of a cent would otherwise be called for, the actual payment shall reflect a rounding down of such fraction to the nearest whole cent.

5. Successors and Assigns. The rights and obligations of any Entity named or referred to in the Plan shall be binding upon, and shall inure to the benefit of, the successors and assigns of such Entity.

6. Blank Ballots. Any Ballot which is executed by the Holder of an Allowed Claim but which does not indicate an acceptance or rejection of the Plan shall be deemed to be an acceptance of the Plan. Any Ballot not filed in accordance with the filing instructions on the

ballot pertaining to the Plan shall not be counted for voting purposes.

7. Authorization of Corporate Action. Upon the entry of the Confirmation Order, all actions contemplated by the Plan will be deemed authorized and approved in all respects (subject to the provisions of the Plan), including, without limitation, the transfer and/or contribution of the Post-confirmation Estate Assets. On the Confirmation Date, appropriate members or authorized signatories of the Debtor and/or Amalgamated are authorized and directed to execute and to deliver any and all agreements, documents and instruments contemplated by the Plan, the Post-confirmation Estate and/or necessary for the consummation of the Plan, and all such actions taken or caused to be taken shall be deemed to have been authorized and approved by the Bankruptcy Court without the need for any additional authorizations, approvals or consents.

8. Withdrawal of the Plan. Amalgamated reserves the right, at any time prior to the entry of the Confirmation Order, to cause the Debtor to revoke or withdraw the Plan. If the Debtor revokes or withdraws the Plan, or if the Confirmation Date does not occur, or if the Effective Date does not occur then (a) the Plan will be deemed null and void and (b) the Plan shall be of no effect and shall be deemed vacated, and the Chapter 11 Case shall continue as if the Plan had never been filed and, in such event, the rights of any Holder of a Claim or Interest shall not be affected nor shall such Holder be bound by, for purposes of illustration only, and without limitation, (i) the Plan, (ii) any statement, admission, commitment, valuation or representation contained in the Plan, the Disclosure Statement, or the Related Documents or (iii) the classification and proposed treatment (including any allowance) of any Claim in the Plan.

9. Captions. Article and Section captions used in the Plan are for convenience only and will not affect the construction of the Plan.

10. Method of Notice. Any notice or other communication hereunder shall be in writing (including by facsimile transmission or by e-mail) and shall be deemed to have been sufficiently given, for all purposes, if deposited, postage prepaid, in a post office or letter box addressed to the person for whom such notice is intended (or, in the case of notice by facsimile transmission or e-mail, when received and telephonically or electronically confirmed), addressed as follows (provided, however, that only one notice or other communication hereunder need be sent to Holders sharing the same address):

If to the Debtor:

East End Development, LLC
108-110 Duane Street
New York, New York 10007
Attn.: Emil Talel

With a copy to:

Klestadt & Winters, LLP
570 Seventh Avenue
New York, NY 10018
Attn.: Tracy Klestadt, Esq.

If to Amalgamated, to:

Amalgamated Bank
275 Seventh Avenue
New York, New York 10001
Attention: James Freel
James O'Reilly

With a copy to:

Westerman Ball Ederer Miller & Sharfstein, LLP
1201 RXR Plaza
Uniondale, New York 11556
Attn.: John Westerman, Esq.

Any of the above may, from time to time, change its address for future notices and other communications hereunder by filing a notice of the change of address with the Bankruptcy Court.

11. Amendments and Modifications to Plan. The Plan may be altered, amended or modified by Amalgamated, before or after the Confirmation Date, as provided in section 1127 of the Bankruptcy Code. Amalgamated may also seek to modify the Plan at any time after confirmation so long as (a) the Plan has not been substantially consummated and (b) the Bankruptcy Court authorizes the proposed modification after notice and a hearing. Amalgamated further reserves the right to modify the treatment of any Allowed Claims at any time after the Effective Date upon the consent of the creditor whose Allowed Claim treatment is being modified, so long as no other creditors are materially adversely affected.

12. Section 1125(e) of the Bankruptcy Code. Confirmation of the Plan will constitute a finding that the Debtor (and any of its Affiliates, agents, directors, officers,

employees, members, advisors, professionals, and attorneys) has proposed and solicited acceptances of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code.

13. Entire Agreement. The Plan, as described herein, and the Disclosure Statement and exhibits thereto set forth the entire agreement and understanding of the parties hereto relating to the subject matter hereof and supersede all prior discussions and documents. No party hereto shall be bound by any terms, conditions, definitions, warrants, understandings or representations with respect to the subject matter hereof, other than as is expressly provided for herein or as may hereafter be agreed to by the parties in writing.

14. Post-Confirmation Obligations. Under current applicable law, the Debtor and, after the Effective Date, the Post-confirmation Debtor, for and on behalf of the Post-confirmation Estate, is required to pay fees assessed against Debtor's Estate under U.S.C. § 1930(a)(6) until entry of an order closing the Chapter 11 Case. Subject to a change in applicable law, the Post-confirmation Debtor shall pay all fees assessed against the Estate under 28 U.S.C. §1930(a)(6) from the Post-confirmation Estate and shall file post-confirmation reports until entry of an order closing the Chapter 11 Case of Debtor.

VII. CERTAIN TAX CONSEQUENCES OF PLAN

SUBSTANTIAL UNCERTAINTY EXISTS WITH RESPECT TO THE TAX ISSUES DISCUSSED BELOW. NO RULINGS HAVE BEEN REQUESTED FROM THE INTERNAL REVENUE SERVICE AND INTEREST HOLDERS WITH RESPECT TO ANY OF THE TAX ASPECTS OF THE PLAN. ALL CREDITORS ARE URGED TO CAREFULLY REVIEW THE TAX DISCLOSURE STATEMENT.

Creditors and Equity Interest Holders Concerned with How the Plan May Affect Their Tax Liability Should Consult with Their Own Accountants, Attorneys, and/or Advisors.

The following discussion summarizes certain federal income tax consequences of the Plan to the Debtors and the holders of Claims based upon the Internal Revenue Code, the Treasury Regulations promulgated thereunder, judicial authorities and current administrative rulings and practices now in effect, all of which are subject to change at any time by legislative, judicial or administrative action. Any such change could be retroactively applied in a manner that could adversely affect the Debtors and holders of Claims. In addition, certain aspects of the following discussion are based on proposed Treasury Regulations.

The tax consequences of certain aspects of the Plan may be subject to administrative or judicial interpretations that differ from the discussion below. The Debtors have not requested, nor do they intend to request, a tax ruling from the Internal Revenue Service (the "IRS"), nor will the Debtors, with respect to the federal income tax consequences of the Plan, obtain any opinion of counsel. Consequently, there can be no assurance that the treatment set forth in the following discussion will be accepted by the IRS. Further, matters not discussed below may affect the federal income tax consequences to the Debtors, holders of Claims and holders of Interests.

The federal income tax consequences of the implementation of the Plan to a holder of a Claim will depend, among other things, upon the origin of the holder's Claim, when the holder's Claim becomes an Allowed Claim, when the holder receives payment in respect of such Claim, whether the holder reports income using the accrual or cash method of accounting, and whether the holder has taken a bad debt deduction or worthless security deduction with respect to such Claim.

THE DISCUSSION SET FORTH HEREIN IS INCLUDED FOR GENERAL INFORMATION ONLY. THE DEBTOR AND ITS COUNSEL ARE NOT MAKING ANY REPRESENTATIONS REGARDING THE PARTICULAR TAX CONSEQUENCES OF CONFIRMATION AND CONSUMMATION OF THE PLAN, WITH RESPECT TO THE DEBTOR, HOLDERS OF CLAIMS OR HOLDERS OF EQUITY INTERESTS, NOR ARE THEY RENDERING ANY FORM OF LEGAL OPINION OR TAX ADVICE ON SUCH TAX CONSEQUENCES. THE TAX LAWS APPLICABLE TO CORPORATIONS OR LIMITED LIABILITY COMPANIES IN BANKRUPTCY ARE EXTREMELY COMPLEX, AND THE FOLLOWING SUMMARY IS NOT EXHAUSTIVE. HOLDERS OF CLAIMS AND HOLDERS OF EQUITY INTERESTS ARE STRONGLY URGED TO CONSULT ITS TAX ADVISORS REGARDING TAX CONSEQUENCES OF THE PLAN, INCLUDING FEDERAL, FOREIGN, STATE AND LOCAL TAX CONSEQUENCES.

VIII. CONCLUSION AND RECOMMENDATION

BASED ON ALL OF THE FACTS AND CIRCUMSTANCES, THE DEBTOR CURRENTLY BELIEVES THAT CONFIRMATION OF THE PLAN IS IN THE BEST INTERESTS OF THE DEBTOR, ITS CREDITORS, AND ITS ESTATES. THE DEBTOR BELIEVES THAT THE PLAN PROVIDES THE BEST AVAILABLE ALTERNATIVE FOR MAXIMIZING THE RECOVERIES THAT CREDITORS MAY RECEIVE FROM THE DEBTOR'S ESTATE. THEREFORE, THE DEBTOR RECOMMENDS THAT ALL CREDITORS AND INTEREST HOLDERS THAT ARE ENTITLED TO VOTE ON THE PLAN VOTE TO ACCEPT THE PLAN.

Dated: Uniondale, New York
May __, 2013

EAST END DEVELOPMENT, LLC

By:_____
Name: Emil Talel
Title: Authorized Signatory

Prepared By:

Klestadt & Winters, LLP
570 Seventh Avenue
New York, NY 10018
Attn.: Tracy Klestadt, Esq.

Attorneys for Debtor and Debtor in Possession

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