THIS SOLICITATION IS BEING CONDUCTED, PRIOR TO THE FILING OF A VOLUNTARY PETITION UNDER CHAPTER 11 OF TITLE 11 OF THE UNITED STATES CODE, IN ORDER TO OBTAIN SUFFICIENT VOTES IN FAVOR OF A CHAPTER 11 PLAN OF LIQUIDATION TO ENABLE CONFIRMATION OF SUCH PLAN. BECAUSE NO CHAPTER 11 CASE HAS YET BEEN COMMENCED, THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT AS CONTAINING "ADEQUATE INFORMATION" WITHIN THE MEANING OF SECTION 1125(a) OF THE BANKRUPTCY CODE. FOLLOWING COMMENCEMENT OF ITS CHAPTER 11 CASE, EASTGATE TOWER HOTEL ASSOCIATES, L.P. EXPECTS TO PROMPTLY SEEK AN ORDER OF THE BANKRUPTCY COURT APPROVING THIS DISCLOSURE STATEMENT, AS WELL AS THE SOLICITATION OF VOTES, AND CONFIRMING THE PREPACKAGED PLAN OF LIQUIDATION DESCRIBED HEREIN.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	Chapter 11 Case No.
	[ ]
EASTGATE TOWER HOTEL ASSOCIATES, L.P.,	
Debtor.	

DISCLOSURE STATEMENT FOR THE DEBTOR'S PREPACKAGED LIQUIDATING CHAPTER 11 PLAN

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Dated: August 17, 2012

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THIS DISCLOSURE STATEMENT IS BEING SUBMITTED IN CONJUNCTION WITH THE DEBTOR'S PREPACKAGED LIQUIDATING CHAPTER 11 PLAN (THE "PLAN")[1] THAT WILL BE FILED WITH THE DEBTOR'S CHAPTER 11 PETITION. THE DEBTOR WILL UTILIZE THIS DISCLOSURE STATEMENT TO SOLICIT THE VOTES OF THE CLASSES THAT ARE IMPAIRED UNDER THE PLAN THAT ARE ENTITLED TO VOTE. THE IMPAIRED VOTING CLASSES (THE MORTGAGE LENDER CLAIM AND EQUITY INTERESTS) ARE ANTICIPATED TO VOTE TO ACCEPT THE PLAN PRIOR TO THE COMMENCEMENT OF THE CASE. THE PLAN WILL PROVIDE FOR, INTER ALIA, (I) ON ACCOUNT OF THE MORTGAGE LENDER CLAIM, THE TRANSFER OF THE ASSETS AND REAL AND PERSONAL PROPERTY OF THE DEBTOR WITH REGARD TO ITS BUSINESS OPERATIONS COMMONLY KNOWN AS THE EASTGATE HOTEL, 222 EAST 39TH STREET, NEW YORK, NEW YORK (AS PROVIDED HEREIN), TO A NEWLY FORMED SPECIAL PURPOSE ENTITY DESIGNATED BY THE MORTGAGE LENDER; (II) DISTRIBUTIONS IN FULL ON ACCOUNT OF UNSECURED CLAIMS AGAINST THE DEBTOR; AND (III) THE CANCELLATION OF EXISTING EQUITY OF THE DEBTOR WITH THE LIMITED PARTNER'S RETENTION OF CERTAIN PROFITS PARTICIPATION RIGHTS. IN THE ABSENCE OF THE PLAN, THE MORTGAGE LENDER WOULD SEEK TO TAKE THE PROPERTY VIA DEED IN LIEU OR FORECLOSURE, AND BECAUSE THE MORTGAGE LOAN IS UNDERSECURED, THERE WOULD BE NO ASSETS LEFT FOR DISTRIBUTIONS TO ANY OTHER STAKEHOLDERS.

ALL CREDITORS AND INTEREST HOLDERS ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. BECAUSE ACCEPTANCE OF THE PLAN WILL CONSTITUTE ACCEPTANCE OF ALL THE PROVISIONS THEREOF, HOLDERS OF IMPAIRED CLAIMS OR INTERESTS ENTITLED TO VOTE ARE URGED TO CONSIDER CAREFULLY THE INFORMATION REGARDING TREATMENT OF THEIR CLAIMS OR INTERESTS CONTAINED IN THIS DISCLOSURE STATEMENT.

IN DETERMINING WHETHER TO VOTE TO ACCEPT THE PLAN, HOLDERS OF IMPAIRED CLAIMS OR INTERESTS ENTITLED TO VOTE MUST RELY UPON THEIR OWN EXAMINATION OF THE DEBTOR AND THE TERMS OF THE PLAN, INCLUDING THE MERITS AND RISKS INVOLVED. THE CONTENTS OF THIS DISCLOSURE STATEMENT SHOULD NOT BE CONSTRUED AS PROVIDING ANY LEGAL, BUSINESS, FINANCIAL, OR TAX ADVICE. EACH SUCH HOLDER SHOULD CONSULT WITH ITS OWN LEGAL, BUSINESS, FINANCIAL, AND TAX ADVISORS WITH RESPECT TO ANY SUCH MATTERS CONCERNING THIS DISCLOSURE STATEMENT, THE SOLICITATION, THE PLAN, AND THE TRANSACTIONS CONTEMPLATED THEREBY.

PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT, INCLUDING THE FOLLOWING SUMMARY, ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, OTHER EXHIBITS ANNEXED TO THE PLAN, AND THIS DISCLOSURE STATEMENT. THE STATEMENTS CONTAINED IN THIS DISCLOSURE

[1] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in Article I of the Plan.

STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF UNLESS OTHERWISE SPECIFIED, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER SUCH DATE. ALL CREDITORS AND INTEREST HOLDERS SHOULD READ CAREFULLY THE "RISK FACTORS" SECTION HEREOF BEFORE VOTING FOR OR AGAINST THE PLAN. SEE "CERTAIN RISK FACTORS TO BE CONSIDERED," ARTICLE VIII.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED BY THE DEBTOR IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND RULE 3016 OF THE BANKRUPTCY RULES AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER APPLICABLE LAW. THIS DISCLOSURE STATEMENT HAS NOT BEEN REVIEWED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") AND THEREFORE HAS BEEN NEITHER APPROVED NOR DISAPPROVED, NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

CERTAIN STATEMENTS CONTAINED HEREIN ARE BASED ON ESTIMATES AND ASSUMPTIONS. THERE CAN BE NO ASSURANCE THAT SUCH STATEMENTS WILL REFLECT ACTUAL OUTCOMES.

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

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

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS, AND OTHER PENDING OR THREATENED LITIGATION OR ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION, OR WAIVER, OR OTHERWISE HAVE ANY PRECLUSIVE EFFECT, BUT RATHER SHALL CONSTITUTE AND BE CONSTRUED AS A STATEMENT MADE WITHOUT PREJUDICE SOLELY FOR SETTLEMENT PURPOSES, WITH FULL RESERVATION OF RIGHTS, AND IS NOT TO BE USED FOR ANY LITIGATION PURPOSE WHATSOEVER. AS SUCH, THIS DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING, ADVERSARY PROCEEDING OR OTHER ACTION INVOLVING THE DEBTOR OR ANY OTHER PARTY IN INTEREST, NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE

ADVICE ON THE TAX, SECURITIES, FINANCIAL OR OTHER EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST OR INTERESTS IN THE DEBTOR.

THE CONFIRMATION AND EFFECTIVENESS OF THE PLAN ARE SUBJECT TO MATERIAL CONDITIONS PRECEDENT. SEE "SUMMARY OF PLAN PROVISIONS," ARTICLE VII. THERE CAN BE NO ASSURANCE THAT THOSE CONDITIONS WILL BE SATISFIED.

I. INTRODUCTION AND SUMMARY

Eastgate Tower Hotel Associates, L.P. (the "Debtor"), submits this disclosure statement (the "Disclosure Statement"), pursuant to section 1125 of title 11 of the United States Code (the "Bankruptcy Code") and applicable non-bankruptcy law, to holders of Claims against and Equity Interests in the Debtor in connection with the pre-petition solicitation of acceptances of the Debtor's Prepackaged Liquidating Chapter 11 Plan, dated August 17, 2012, as such plan may be amended (the "Plan"), to be filed by the Debtor with the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court").

The following introduction and summary is qualified in its entirety by, and should be read in conjunction with, the more detailed terms and conditions appearing elsewhere in this Disclosure Statement together with any relevant Exhibits.

This Disclosure Statement describes certain aspects of the Plan, the Debtor's operations, significant events that should occur in the Debtor's chapter 11 case and other related matters. FOR A COMPLETE UNDERSTANDING OF THE PLAN, YOU SHOULD READ THE DISCLOSURE STATEMENT, THE PLAN AND THE EXHIBITS HERETO AND THERETO IN THEIR ENTIRETY.

A. Disclosure Statement Enclosures

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

- The Plan (Exhibit A)
- Liquidation Analysis (Exhibit B)
- Plan Support Agreement between and among the Debtor, the Mortgage Lender, the Mortgage Lender Designee, RPAP Eastgate LLC, a Delaware limited liability company, RPAP Eastgate Mesne Holdings LLC, a Delaware limited liability company, Peninsula Real Estate Fund, I, L.P., a Delaware limited partnership; Eastgate Tower Hotel Associates GP, LLC, a Delaware limited liability company; dated as of July 14, 2012 (Exhibit C)

In addition, Ballots (as defined in Article V herein) for the acceptance or rejection of the Plan are enclosed with the Disclosure Statement submitted to the holders of Impaired Claims and Equity Interests that the Debtor believes are entitled to vote to accept or reject the Plan.

Detailed voting instructions accompany each Ballot. Each holder of an Impaired Claim or Equity Interest entitled to vote on the Plan should read in their entirety this Disclosure Statement, the Plan and the instructions accompanying the Ballots before voting on the Plan. These documents contain, among other things, important information concerning the classification of Claims and Equity Interests for voting purposes and the tabulation of votes.

B. Only Impaired Classes Vote

Pursuant to the provisions of the Bankruptcy Code, only Classes of Claims and Equity Interests that are "impaired" under the Plan may vote to accept or reject the Plan. Generally, a claim or interest is impaired under a plan if the holder's legal, equitable or contractual rights are changed under such plan. In addition, if the holders of claims or interests in an impaired class do not receive or retain any property under a plan on account of such claims or interests, such impaired class is deemed to have rejected the Plan under section 1126(g) of the Bankruptcy Code and would not be entitled to vote.

The Bankruptcy Code defines "acceptance" of a plan by a class of claims as acceptance by holders of claims in that class that hold at least two-thirds in dollar amount and more than one-half in number of the claims that east ballots for acceptance or rejection of the plan.

Section 1129(b) of the Bankruptcy Code permits the confirmation of a plan notwithstanding the nonacceptance of a plan by one or more impaired classes of claims or interests. Under that section, a plan may be confirmed by a court if (i) at least one class of impaired claims accepts the plan and (ii) the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each non-accepting class.

Under the Plan, Claims in Class 1 and Class 3 are unimpaired, and the holders of Class 1 and Class 3 Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Under the Plan, Claims in Class 2 and Equity Interests in Class 4 are Impaired and are entitled to vote on the Plan. ACCORDINGLY, A BALLOT FOR ACCEPTANCE OR REJECTION OF THE PLAN WAS PROVIDED ONLY TO HOLDERS OF CLAIMS AND INTERESTS IN CLASS 2 AND CLASS 4. The Debtor commenced the solicitation process for the Plan prior to the Petition Date and anticipates receiving ballots indicating the acceptance of the Plan from Class 2 and Class 4 prior to the Petition Date and prior to the deadline established for returning all ballots. Upon receipt of all ballots, the Debtor may, in its discretion, immediately file its chapter 11 case.

For a summary of the treatment of each Class of Claims and interests, see "Overview of the Plan," Article II, below.

C. Confirmation Hearing

The Debtor may commence a chapter 11 case in the Bankruptcy Court after this solicitation, but has not yet done so. Accordingly, neither this Disclosure Statement nor the Plan has been approved by any court.

If the Debtor commences a chapter 11 case in the Bankruptcy Court based on the Plan, the Bankruptcy Court will schedule a Confirmation Hearing and direct that objections, if any, to confirmation of the Plan be served and filed on or before a date certain. The Debtor will provide notice of the date of the Confirmation Hearing and objection deadline in accordance with the Bankruptcy Code, Bankruptcy Rules, and orders of the Bankruptcy Court. The date of the Confirmation Hearing may be adjourned from time to time without further notice except for an in-court announcement at the Confirmation Hearing of the date and time as to which the Confirmation Hearing has been adjourned.

II. OVERVIEW OF THE PLAN

A. Introduction

The Plan is the product of the effort by the Debtor's management and its professional advisors to develop a plan that will enable Creditors and Equity Interest holders to receive the maximum recovery possible in this case with the consent of the holders of Claims and Equity Interests in each Impaired Class of Claims and Equity Interests.

THE DEBTOR BELIEVES THAT THE PLAN WILL ENABLE IT TO MAXIMIZE THE RECOVERY TO ITS CREDITORS AND EQUITY INTEREST HOLDERS AND THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF THE DEBTOR, ITS CREDITORS AND EQUITY INTEREST HOLDERS. THE DEBTOR THEREFORE URGES THOSE PARTIES ENTITLED TO VOTE TO VOTE TO ACCEPT THE PLAN.

B. Summary of Distributions

Under the Plan, Claims against and Equity Interests in the Debtor are divided into Classes and will receive the distributions and recoveries (if any) described in the table below. The following table briefly summarizes the classification and treatment of Claims and Interests under the Plan.

N/A	Administrative Claims	To be determined	100%	No
N/A	Priority Tax Claims	To be determined	100%	No
N/A	Fee Claims	To be determined	100%	No
1	Other Priority Claims	To be determined	100%	No
2	Mortgage Lender Claim	$69,027,164.79[2]	89.82%	Yes
3	General Unsecured Claims	$154,020.42	100%	No
4	Equity Interests	N/A	See VII.D.4	Yes

III. OVERVIEW OF CHAPTER 11

Under chapter 11 of the Bankruptcy Code, a debtor is authorized to reorganize or liquidate its business for the benefit of itself, its creditors and interest holders. A goal of chapter 11 is to promote equality of treatment for similarly situated creditors and similarly situated interest holders with respect to the distribution of a debtor's assets.

The commencement of a chapter 11 case creates an estate that is comprised of all of the legal and equitable interests of the debtor as of the filing date. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession."

[2] Plus interest, costs, fees, penalties, and expenses accrued between August 15, 2012 and the Petition Date.

The consummation of a chapter 11 plan is the principal objective of a chapter 11 case. A chapter 11 plan sets forth the means for satisfying claims against and interests in a debtor. Confirmation of a plan by the bankruptcy court makes the plan binding upon, among others, a debtor, any issuer of securities under the plan, any person acquiring property under the plan and any creditor or interest holder of a debtor.

A plan and a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment about the plan may be disseminated to the holders of claims against or interests in a debtor in connection with the solicitation of their vote to accept or reject the plan under certain circumstances.

IV. BACKGROUND

A. The Debtor

The Debtor owns the property at 222 East 39th Street commonly known as the Eastgate Hotel. Peninsula Real Estate Fund, I, L.P., a Delaware limited partnership ("Limited Partner"), owns 99% of the Debtor's limited partnership interests, and Eastgate Tower Hotel Associates GP, LLC, a Delaware limited liability company ("General Partner"), owns 1% of the Debtor's limited partnership interests and acts as the general partner of the Debtor. The Limited Partner owns 100% of the membership interests in the General Partner. The Debtor has approximately 45 employees that are covered by contracts with unions.

B. The Mortgage Loan

On October 25, 2006, the Debtor entered into three loan agreements with Irish Bank Resolution Corporation Limited (f/k/a Anglo Irish Bank Corporation Limited f/k/a Anglo Irish Bank Corporation plc) ("Original Lender") for the purpose of financing the acquisition and development of, and construction on, the Mortgaged Property located at 222 East 39th Street, New York, NY.[3] In connection with these loan agreements, the Debtor and the Original Lender entered into three loans: (i) an acquisition loan to the Debtor (the "Building Loan") in the principal amount of $56,500,036.77, (ii) a renovation loan to the Debtor (the "Renovation Loan") in the principal amount of $835,896.09 and (iii) a related costs loan to the Debtor (the "Related Costs Loan"; and together with the Building Loan and Renovation Loan, collectively, the "Mortgage Loan") in the principal amount of $4,604,969.76. The Mortgage Loan is evidenced by the Aggregate Note, as applicable (collectively, the "Note"), each made by the Debtor in favor of Original Lender, and secured by, among other things, that certain Aggregate Mortgage, as applicable (collectively, the "Mortgage"; and together with all other Mortgage Loan Documents and any and all documents executed or delivered in connection therewith and all amendments, modifications, supplements and/or replacements thereto, collectively listed on Exhibit A to the Plan, the "Mortgage Loan Documents"), each from the Debtor pursuant to which the Original Lender was granted a security interest in the Mortgaged Property.

[3] Another hotel, the Beekman Tower, was acquired at the same time by an affiliate, Beekman Tower Hotel Associates, L.P., which was cross-collateralized with the Mortgage Loan; however, in connection with the Loan Purchase Agreement and Plan Support Agreement described below, the cross-collateralization between these hotels was consensually severed, and this Disclosure Statement does not impact the Beekman Tower.

LSREF2 Clover, LLC ("Successor Lender"), a Delaware limited liability company, is successor-in-interest to Original Lender. On July 14, 2012, Hotel Debt (Eastgate), LLC (the "Mortgage Lender"), a Delaware limited liability company, purchased the Mortgage Loan from the Successor Lender. The total amount outstanding under the Mortgage Loans, including the principal amount of $61,940,902.62, plus interest, costs, fees, penalties and expenses, is approximately $69,027,164.79 in the aggregate as of August 15, 2012. Based on a preliminary appraisal completed prior to solicitation, the value of the Mortgaged Property is $62,000,000.

C. Events Leading to Chapter 11 Filing

Throughout the course of the hotel investment, Peninsula Real Estate Fund I GP, LLC (the "Original GP"), the original general partner of the Limited Partner, and the investment committee of the Limited Partner (the "Investment Committee") attempted to implement a renovation strategy to reposition the Eastgate Hotel; however, the Original GP and the Investment Committee could not reach an agreement on the renovation project and the proposed renovation of the hotel was never completed. The inability to complete the proposed renovations and a change of interpretation by the New York Department of Buildings created questions as to the proper use of the hotel as a matter of right.

Subsequently, in June 2011, the Original GP was removed as the general partner of the Limited Partner. Thereafter, in July 2011, the Debtor ceased making payments on the Mortgage Loan. The Mortgage Loan matured in December 2011, resulting in the Mortgage Loan being in both payment and maturity default. At that time, there was approximately $65,676,754.15 due under the Mortgage Loan including principal, interest and other amounts due under the Mortgage Loan. The Debtor has made no payments on the Mortgage Loan since then, and the Debtor has continued to operate solely by using cash collateral of the Mortgage Lender.

D. Decision to Pursue Chapter 11 Filing

In April 2012, Atlas Capital Group LLC ("Atlas") and Rockpoint Group ("Rockpoint"), which own the membership interests of the Mortgage Lender, proposed to the Debtor a prepackaged consensual chapter 11 plan of liquidation that would resolve the various disputes between the parties, provide an efficient transfer of the Mortgaged Property, and provide a recovery for unsecured creditors with valid Claims against the Debtor and a possible recovery to the Limited Partner in the form of a profit participation. Absent the proposed liquidating chapter 11 plan, the Debtor's creditors and other stakeholders, other than the Mortgage Lender, would receive no recovery because substantially all the Debtor's assets are secured by the Mortgage, and the Mortgage is undersecured.

Upon careful consideration of other alternatives, the Debtor determined that a prepackaged chapter 11 liquidating plan is in the best interests of the Debtor's creditors and other stakeholders. The Plan provides the Debtor and the Debtor's stakeholders with the opportunity to achieve an orderly transfer of the Mortgaged Property according to agreed upon guidelines under the guidance of the Bankruptcy Court and provides a distribution to the Debtor's other creditors who would otherwise receive nothing in a foreclosure or other liquidation. The Plan will provide for, inter alia, (i) the transfer of the Mortgaged Property to the Mortgage Lender Designee, an affiliate of the Mortgage Lender; (ii) distributions on account of unsecured claims

against the Debtor in the amount of 100%; and (iii) the cancellation of existing equity of the Debtor, with the Limited Partner retaining profit participation rights upon plan confirmation.

In connection with its decision to pursue the potential chapter 11 filing, the Debtor retained Steven A. Carlson as Chief Restructuring Officer of the Debtor to, among other things, direct and oversee the restructuring process. The Debtor also retained Bryan Cave LLP as counsel to assist and advise it in its restructuring process and its potential chapter 11 case.

E. Loan Purchase Agreement and Related Transaction

In the Loan Purchase Agreement, the Mortgage Lender agreed to purchase, and the Successor Lender agreed to sell, the Mortgage Loan. The sale was effective on July 14, 2012.

In connection with the Loan Purchase Agreement, the Mortgage Lender Designee, Mortgage Lender, the Debtor, the General Partner, the Limited Partner and the RPAP Partners entered into an agreement (the "Plan Support Agreement"), pursuant to which the parties thereto agreed to, *inter alia*:

- Use their respective good faith, diligent and commercially reasonable efforts to promote, support and cause the solicitation of the Plan, and, the preparation and at Mortgage Lender's election, filing of the Chapter 11 Case, and, unless instructed otherwise by Mortgage Lender in writing, to promote, support and cause the confirmation and consummation of the Plan;

- If Mortgage Lender determines, in its sole discretion, not to pursue confirmation of the Plan, and in lieu thereof, determines to acquire the Mortgaged Property by foreclosure or deed in lieu, then the General Partner, Limited Partner and the Debtor shall and shall cause its affiliates and agents to use good faith, diligent and commercially reasonable efforts to support an orderly transfer of the Mortgaged Property to Mortgage Lender Designee and shall not raise any defenses or impediments to same;

- Appoint a chief restructuring officer for the Debtor simultaneously with the execution of the Plan Support Agreement;

- The Mortgage Lender agreed to pay certain shortfalls with regard to operating expenses to the Debtor if necessary and permit the Debtor to use its cash collateral to operate the business;

- In connection with the Plan Support Agreement, RPAP Eastgate LLC, a Delaware Limited Company, as Class A Member, and the Limited Partner, as Class B Member, entered into the Limited Liability Company Agreement of RPAP Eastgate Mesne Holdings, LLC in the form of Exhibit A to the Plan Support Agreement (the "Venture LLC Agreement"). In its capacity as Class B Member, the Limited Partner will be entitled to distributions (the "Profits Participation") in the amounts and upon the terms and conditions set forth in the Venture LLC Agreement. As more particularly set forth in the Venture LLC Agreement, in the

event that at any time, certain defaults under the Plan Support Agreement occur, the Limited Partner's rights and interest as a Class B member of the Venture, including, without limitation, its right to the Profits Participation shall terminate. These defaults include misrepresentation that adversely affects the project, or a default under the Plan Support Agreement that certain Class A Limited Partners of the Limited Partner caused;

- Should the parties not consummate the Plan for any reason, the Mortgage Lender retains the ability to take the property via deed-in-lieu, which would not provide a recovery for unsecured creditors or the other benefits negotiated as part of the Plan;

- The Plan Support Agreement provides that nothing in that agreement shall require the General Partner, Limited Partner and the Debtor to breach any fiduciary duties they have in connection with the Plan.

V. SOLICITATION

The Debtor intends to commence solicitation of votes on the Plan on August 17, 2012 by serving (via hand or electronic delivery) the solicitation packages as described below. The Debtor will solicit the votes of only holders of the Mortgage Lender Claim (Class 2) and Equity Interests (Class 4), either directly or through their attorneys. No other parties in interest are entitled to vote on the Plan, as all other parties in interest are Unimpaired. The Debtor will file vote certifications (the "Vote Certifications") certifying acceptances from the creditors and interest holders entitled to vote and who actually vote.

The Debtor will deliver solicitation packages to the holders of Class 2 Mortgage Lender Claims and Class 4 Equity Interests (the "Solicitation Package") directly, or through their attorneys, that shall include:

(a) the Disclosure Statement;

(b) an individual ballot for voting a Class 2 Claim or a Class 4 Interest (the "Ballot");

(c) a preaddressed return envelope;

(d) a letter from the Debtor with a recommendation urging claimants to vote to accept the Plan; and

(e) a cover letter describing the contents of the solicitation package.

As clearly stated on the Ballots, in order to be counted, completed ballots must be received by the Debtor by 5:00 p.m., Eastern Standard Time, on September 7, 2012 (the "Voting Deadline"). Accordingly, claimants and their counsel will be given twenty-one (21) days from the service of the Disclosure Statement to vote. If the Ballots are all returned prior to the Voting Deadline, the Debtor may immediately file its Chapter 11 Case upon receipt of such Ballots, in its sole discretion.

The Debtor will solicit votes on its Plan from the holders of Mortgage Lender Claims in Class 2 and Equity Interests in Class 4 by its distribution of the Solicitation Packages. The Debtor does not believe there is a need for any further solicitation of votes on the Plan. Given that the only parties entitled to vote on the Plan are parties to the Plan Support Agreement, the Debtor anticipates that all voting parties will return their completed ballots and the Debtor may commence its Chapter 11 Case prior to the Voting Deadline.

VI. ANTICIPATED EVENTS DURING THE CHAPTER 11 CASE

If the Debtor receives the requisite acceptances in response to the Solicitation, the Debtor intends to promptly commence a Chapter 11 Case and seek to expeditiously confirm its chapter 11 plan; provided that the Debtor reserves the right not to file such a case. From and after the Petition Date, the Debtor will continue to operate its business as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

The Debtor does not anticipate a protracted Chapter 11 Case. To expedite its liquidation under chapter 11, the Debtor intends to seek, among other things, the relief detailed below from the Bankruptcy Court on the Petition Date. If granted, this relief will facilitate the administration of the Chapter 11 Case. There can be no assurance, however, that the Bankruptcy Court will grant the requested relief. Bankruptcy courts customarily provide various forms of administrative and other relief in the early stages of a chapter 11 case. The Debtor intends to seek all necessary and appropriate relief from the Bankruptcy Court in order to facilitate its liquidation and equitable distribution of its assets, including the matters described below.

A. First-Day Motions

- *Business Operations*. The Debtor will file motions to seek Bankruptcy Court authorization to: (i) close existing accounts and open new debtor in possession bank accounts and operate its cash management system substantially as it existed prior to the Petition Date; and (ii) pay employees and provide benefits under the union agreements. In addition, the Debtor will file a motion to seek Bankruptcy Court approval of the Mortgage Lender's agreement in the Plan Support Agreement to fund certain shortfalls in operating expenses.

- *Financing*. The Debtor will also file a motion to seek Bankruptcy Court approval for use of "cash collateral" (as such term is defined in section 363(a) of the Bankruptcy Code), to provide adequate protection for same, and to obtain post-petition financing with super-priority and senior secured status, to the extent the Debtor determines such financing is necessary.

- *Scheduling*. The Debtor will file a motion seeking entry of an order (i) scheduling the Confirmation Hearing and to approve the adequacy of the information contained in the Solicitation and Disclosure Statement and the Prepetition Solicitation Procedures and consider confirmation of the Plan; (ii) establishing deadlines and procedures for filing objections to approval of the Solicitation and Disclosure Statement, the Prepetition Solicitation Procedures or confirmation of

the Plan; and (iii) approving the form and manner of notice of the commencement of the Chapter 11 Case and the scheduling of the Confirmation Hearing.

- *Deadline to File Proofs of Claim.* The Debtor will request that the Bankruptcy Court enter an order (the "Bar Date Order") generally requiring any Person holding or asserting a Claim against the Debtor to file a written proof of claim with the Debtor, on or before a date certain.

B. Committee Process

Subsequent to the Petition Date, the Office of the United States Trustee may solicit the Debtor's creditors to determine whether there is an interest from the same in forming an Official Committee of Unsecured Creditors under 11 U.S.C. §1102. The Debtor believes that it may be advised by the Office of the United States Trustee that a Committee of Unsecured Creditors will not be formed due to insufficient interest on the part of the Debtor's creditors and the treatment of the Debtor's creditors under the Plan, but no guarantee can be made that such a committee will not be formed.

VII. SUMMARY OF PLAN PROVISIONS

A. Introduction

The Plan is the product of diligent efforts by the Debtor to formulate a plan that provides for a fair allocation of the Debtor's assets in an orderly manner, consistent with the mandates of the Bankruptcy Code and other applicable law. The preliminary valuation obtained by the Debtor reflects an aggregate value for the Property of $62,000,000. The outstanding amount of the Mortgage Lender Claim as of August 15, 2012 is approximately $69,027,164.79 plus interest, costs, fees, penalties, and expenses accrued between August 15, 2012 and the Petition Date, *i.e.*, significantly greater than the value of the Mortgaged Property.

The Debtor believes that confirmation of the Plan provides the best opportunity for maximum recoveries to the Debtor's Creditors and Equity Interest Holders. The Debtor believes, and will demonstrate to the Bankruptcy Court, that the Debtor's creditors will receive significantly more value under the Plan than any available alternative.

THE FOLLOWING IS A SUMMARY OF SOME OF THE SIGNIFICANT ELEMENTS OF THE PLAN. THIS DISCLOSURE STATEMENT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE MORE DETAILED INFORMATION SET FORTH IN THE PLAN.

B. Method of Classification of Claims and Interests and General Provisions

1. General Rules of Classification

Generally, a Claim is classified in a particular Class for voting and distribution purposes only to the extent the Claim qualifies within the description of that Class, and is classified in another Class or Classes to the extent any remainder of the Claim qualifies within the description of such other Class or Classes. Unless otherwise provided, to the extent a Claim qualifies for

inclusion in a more specifically defined Class and a more generally-defined Class, it shall be included in the more specifically defined Class.

2. Bar Date for Administrative Claims

Unless otherwise ordered by the Bankruptcy Court, requests for payment of Administrative Claims (except for Fee Claims) must be filed and served on the Debtor, and their counsel, no later than thirty (30) days after the Effective Date (the "Administrative Claims Bar Date"). Any Person that is required to file and serve a request for payment of an Administrative Claim and fails to timely file and serve such request, shall be forever barred, estopped and enjoined from asserting such Claim or participating in distributions under the Plan on account thereof. Objections to requests for payment of Administrative Claims (except for Fee Claims) must be filed and served on the Debtor and their counsel, and the party requesting payment of an Administrative Claim within thirty (30) days after the filing of such request for payment. All post-Petition Date ordinary course administrative claims shall be paid in the ordinary course during the Chapter 11 Case.

3. Bar Date for Fee Claims

Unless otherwise ordered by the Bankruptcy Court, requests for payment of Fee Claims incurred through the Effective Date must be filed and served on the Debtor and its counsel no later than twenty (20) days after the Effective Date (the "Fee Claim Bar Date").

C. Unclassified Administrative Claims, Priority Tax Claim, and Fee Claims

Administrative Claims, Priority Tax Claims and Fee Claims are not classified in the Plan. The treatment of and consideration to be received by holders of Allowed Administrative Claims, Priority Tax Claims and Fee Claims shall be in full and complete satisfaction, settlement, release and discharge of such Claims. The Debtor's obligations in respect of such Allowed Administrative Claims, Priority Tax Claims and Fee Claims shall be satisfied in accordance with the terms of the Plan.

1. Administrative Claims

Except to the extent the holder of an Allowed Administrative Claim agrees otherwise, each holder of an Allowed Administrative Claim shall be paid in respect of such Allowed Administrative Claim (a) the full amount thereof in Cash, as soon as practicable after the later of (i) the Effective Date and (ii) the date on which such Claim becomes an Allowed Administrative Claim, or upon such other terms as may be agreed upon by the holder of such Allowed Administrative Claim, or (b) such lesser amount as the holder of such Allowed Administrative Claim, the Debtor, and the Mortgage Lender Designee might otherwise agree. Notwithstanding the foregoing, the Statutory Fees shall be paid in Cash as soon as practicable after the Effective Date.

2. Priority Tax Claims

Except as provided otherwise in the Plan, each holder of an Allowed Priority Tax Claim shall be paid in respect of such Allowed Claim the full amount thereof, without post-Petition

Date interest or penalty, in Cash, as soon as practicable after the later of (i) the Effective Date and (ii) the date on which such Claim becomes an Allowed Claim or upon such other terms as may be agreed upon by the holder of such Allowed Claim, the Debtor, and the Mortgage Lender Designee.

3. Fee Claims

Each holder of an Allowed Fee Claim shall receive 100% of the unpaid amount of such Allowed Fee Claim in Cash after such Fee Claim becomes an Allowed Claim.

D. Classification and Treatment of Claims and Interests

1. Class 1 Other Priority Claims

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

2. Class 2 Mortgage Lender Claim

Mortgage Lender shall have an Allowed Secured Claim in respect of the Mortgage Loan in the amount of $69,027,164.79 plus interest, costs, fees, penalties, and expenses accrued between August 15, 2012 and the Petition Date (the "Mortgage Lender Allowed Secured Claim"). The Mortgage Lender has agreed that solely in connection with the confirmation of this Plan, the Mortgage Lender Allowed Secured Claim shall be reduced to the total amount of $50,000,000.00 (the "Reduced Mortgage Lender Allowed Secured Claim"). On the Effective Date, in full and complete satisfaction of the Mortgage Lender Allowed Secured Claim, the Debtor shall transfer and convey (the "Property Transfer") to the Mortgage Lender Designee all the Property, free and clear of all Claims, Liens, charges, interests and encumbrances other than the Mortgage and any other Liens, charges, interests, and/or encumbrances under the Mortgage Loan Documents; provided, however, that the Debtor shall retain, and not transfer to Mortgage Lender Designee on the Effective Date (i) Cash needed to make other payments on the Effective Date pursuant to the terms of this Plan; (ii) the Administrative Claims Reserve; (iii) the Class 3 Disputed Claims Reserve; and (iv) sufficient Cash reserve to pay Statutory Fees and any other cost of liquidating the Estate; provided, further, that (x) following resolution and payment of the Claims provided for by the Administrative Claims Reserve, the Debtor, in accordance with section 7.3 of this Plan, shall transfer promptly to the Mortgage Lender Designee any balance remaining in the Administrative Claims Reserve and (y) following resolution and payment of the Claims provided for by the Class 3 Disputed Claims Reserve, the Debtor, in accordance with section 7.4 of this Plan, shall transfer promptly to the Mortgage Lender Designee any balance remaining in the Class 3 Disputed Claims Reserve. The balance of the Mortgage Lender Claim in the amount of approximately $19,027,164.79 plus interest, costs, fees, penalties, and expenses

accrued between August 15, 2012 and the Petition Date (the "Mortgage Lender Allowed Deficiency Claim"), solely in connection with the Confirmation and Effective Date of this Plan, shall be deemed waived and extinguished on the Effective Date. Mortgage Lender is impaired and therefore, is entitled to vote. Nothing contained in this section or elsewhere in this Plan shall have the effect or be deemed to have the effect of discharging or terminating the Mortgage, the Mortgage Loan, or any other Mortgage Loan Documents, provided, however; that upon the occurrence of the Property Transfer, any and all obligations of the Debtor under the Mortgage, the Mortgage Loan, and any other Mortgage Loan Documents shall be deemed waived, extinguished, and discharged.

3. Class 3 General Unsecured Claims

Class 3 shall consist of General Unsecured Claims against the Debtor. Each holder of an Allowed General Unsecured Claim shall receive Cash on the Effective Date or as soon as practicable thereafter in the amount of 100% of its Allowed Claim. The holders of Claims in this Class are unimpaired and therefore not entitled to vote on the Plan.

4. Class 4 Equity Interests

Class 4 shall consist of all Equity Interests. Peninsula Real Estate Fund, I, L.P., referred to herein as Limited Partner, owns 99% of the Debtor's limited partnership interests and Eastgate Tower Hotel Associates GP, LLC, referred to herein as General Partner, owns 1% the Debtor's limited partnership interests. On the Effective Date, Class 4 Equity Interests shall be deemed cancelled, null and void and of no force and effect; however, the Limited Partner shall retain the Profits Participation Right upon Confirmation of this Plan in the absence of a Class A Plan Support Default. Accordingly, Holders of Allowed Equity Interests are impaired, and are entitled to vote.

5. Reservation of Rights

Nothing contained in the Plan shall be deemed to limit the right of the Debtor, the Mortgage Lender Designee, or the United States Trustee to object to any Administrative Claims (including without limitation Fee Claims and Cure Amounts), Priority Claims, Other Priority Claims, General Unsecured Claims (including without limitation Claims for rejection damages under Section 365 of the Bankruptcy Code) and Secured Claims filed in the Chapter 11 Case other than the Mortgage Lender Claim which is deemed Allowed and not subject to objection. Nothing contained in the Plan shall affect the Debtor's rights and defenses both legal and equitable, with respect to all members of any Unimpaired Classes including but not limited to, all rights with respect to legal and equitable defenses to setoffs or recoupments asserted against members of any Unimpaired Classes subject to the releases granted in the Plan.

E. Means For Implementation Of The Plan

1. Corporate Action

Upon the entry of the Confirmation Order, all matters provided under the Plan involving the corporate structure of the Debtor shall be deemed authorized and approved without any requirement of further action by the Debtor, the Debtor's General Partner and/or members, or the

Debtor's managers and/or managing members. As soon as practicable following the Effective Date, the Debtor shall dissolve or otherwise terminate its existence, by filing a certificate of cancellation and a copy of the Confirmation Order and any other necessary documents with applicable state authority.

2. **Releases by the Debtor**

Pursuant to section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan, for good and valuable consideration provided by each of the Released Parties, on the Effective Date and effective as of the Effective Date, the Released Parties are deemed released and discharged by the Debtor and its Estate from any and all obligations, liabilities, claims, counterclaims, crossclaims, offsets, demands, and causes of action, whether known or unknown, direct or derivative, contingent or absolute, that the Debtor would have been legally entitled to assert, or, now or hereafter can, shall or may have for, upon, or by reason of any matter, cause or thing whatsoever from the beginning of time to the Effective Date including, but not limited to, any claim or cause of action arising from or relating to the Debtor, the Chapter 11 Case, the Plan, the subject matter of, or the transactions or events giving rise to, any Claim or Interest of the Released Parties that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the negotiation, formulation, or preparation of the Plan and the Disclosure Statement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place, in each case to the extent incurred on or prior to the Effective Date, other than in each case claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes willful misconduct or gross negligence.

3. **Injunction**

On the Effective Date, the Debtor shall be permanently enjoined from commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind, including asserting any setoff, right of subrogation, contribution, indemnification or recoupment of any kind, directly or indirectly, or proceeding in any manner in any place inconsistent with the releases granted by the Debtor and its Estate to the Released Parties pursuant to this Plan. The Confirmation Order shall specifically provide for such injunction.

The releases and injunctions granted in favor of the Released Parties are integral parts of the Plan and are necessary to confirm the Plan.

F. Distributions Under the Plan

1. Distributions for Claims Allowed as of the Effective Date

Except as otherwise provided in the Plan or as ordered by the Bankruptcy Court, distributions to be made on account of Claims that are Allowed Claims as of the Effective Date shall be made on the Effective Date or as soon thereafter as is practicable. Any distribution to be made on the Effective Date pursuant to the Plan shall be deemed as having been made on the Effective Date if such distribution is made on the Effective Date or as soon thereafter as is

practicable. Any payment or distribution required to be made under the Plan on a day other than a Business Day shall be made on the next succeeding Business Day. The Debtor shall make all distributions required to be made under the Plan.

2. Delivery of Distributions

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

3. Reserves for Administrative, Priority Tax and Other Priority Claims

On or before the Effective Date, the Debtor shall establish and maintain a reserve in an amount equal to the sum of (i) all Disputed Administrative Claims, Disputed Cure Amounts, Disputed Priority Tax Claims and Disputed Other Priority Claims, if any, in an amount equal to what would be distributed to holders of Disputed Administrative Claims, Disputed Priority Tax Claims, Disputed Other Priority Claims, and Disputed Cure Amounts if their Disputed Claims have been deemed Allowed Claims on the Effective Date or on the Administrative Claims Bar Date or such other amount as may be approved by the Bankruptcy Court upon motion of the Debtor and/or the Mortgage Lender Designee and (ii) an estimated amount for unpaid Fee Claims and any other Administrative Claims that have not been filed as of the Effective Date, such amount to be agreed upon by the Debtor and the Mortgage Lender Designee or such other amount as may be fixed by the Bankruptcy Court (together, the "Administrative Claims Reserve"). With respect to such Disputed Claims, if, when, and to the extent any such Disputed Claim becomes an Allowed Claim by Final Order, the relevant portion of the Cash held in reserve therefore shall be distributed by the Debtor to the Claimant in a manner consistent with distributions to similarly situated Allowed Claims. The balance of such Cash, if any, remaining after all Fee Claims, Disputed Administrative Claims, Disputed Cure Amounts, Disputed Priority Tax Claims, and Disputed Other Priority Claims have been resolved and distributions made in accordance with the Plan, shall be released and distributed promptly to the Mortgage Lender Designee (and not to the Debtor). No payments or distributions shall be made with respect to a Claim that is a Disputed Claim pending the resolution of the dispute by Final Order or agreement of the parties (including the Mortgage Lender Designee).

4. Reserves for Disputed Claims

On or before the Effective Date, the Debtor shall establish and maintain a reserve ("Class 3 Disputed Claims Reserve") for all Class 3 Disputed Claims, including any Disputed Rejection Damage Claims. For purposes of establishing a reserve for Class 3 Disputed Claims, Cash will be set aside in an amount equal to the amount that would have been distributed to the holders of Class 3 Disputed Claims had their Class 3 Disputed Claims been deemed Allowed Claims on the Effective Date or such other amount as may be approved by the Bankruptcy Court upon motion of the Debtor and/or the Mortgage Lender Designee. With respect to such Class 3 Disputed Claims, if, when, and to the extent any such Class 3 Disputed Claim becomes an Allowed Claim

by Final Order, the relevant portion of the Cash held in reserve therefore shall be distributed by the Debtor to the Claimant on the first business day following the end of the calendar quarter in which the Class 3 Disputed Claim becomes an Allowed Claim (or earlier in the discretion of the Debtor) and in a manner thereafter consistent with distributions to similarly situated Allowed Claims. The balance of such Cash, if any, remaining in the Class 3 Disputed Claim Reserve after all Class 3 Disputed Claims have been resolved and distributions made in accordance with the Plan, shall be released and distributed promptly to the Mortgage Lender Designee (and not to the Debtor). No payments or distributions shall be made with respect to a Claim that is a Disputed Claim pending the resolution of the dispute by Final Order or agreement of the parties (including the Mortgage Lender Designee).

5. Claims Objection Deadline

Objections to Claims shall be filed and served upon each affected Creditor by the Debtor and/or the Mortgage Lender Designee no later than thirty (30) days after the later of (i) the Confirmation Date ("Objection Deadline") and (ii) the date the Claim is timely filed, provided however, that the Objection Deadline may be extended by the Bankruptcy Court upon motion of the Debtor with the consent of the Mortgage Lender Designee, without notice or hearing, for up to an additional sixty (60) days thereafter. The Objection Deadline shall automatically be extended without further order of the Court during the time period following the filing of the extension motion until such time as the Court enters an order granting or denying the requested extension.

6. Settlement of Disputed Claims

Objections to Claims may be litigated to judgment or withdrawn, and may be settled with the approval of the Bankruptcy Court, except to the extent such approval is not necessary as provided in the Plan. After the Effective Date, and subject to the terms of the Plan, the Debtor may settle any Disputed Claim without providing any notice or obtaining an order from the Bankruptcy Court provided, however, that the Mortgage Lender Designee consents in writing to such settlement.

7. Unclaimed Property

If any distribution remains unclaimed for a period of one hundred and eighty (180) days after it has been delivered (or attempted to be delivered) in accordance with the Plan to the holder of an Allowed Claim or Equity Interest entitled thereto, such unclaimed property shall be forfeited by such holder, whereupon all right, title and interest in and to the unclaimed property shall be held in reserve by the Debtor to be distributed to the Mortgage Lender Designee.

8. Release of Liens

The Liens securing the Mortgage Loan shall survive Confirmation and the Effective Date and shall remain valid, enforceable and perfected Liens against the Property. On the Effective Date and except as expressly set forth in the Plan, all other mortgages, deeds of trust, Liens or other security interests against the Property of the Debtor's Estate shall be released and forever discharged, and all the right, title and interest of any holder of such mortgages, deeds of trust,

Liens or other security interests shall revert to the Mortgage Lender Designee and its successors and assigns.

9. Fractional Cents

Any other provision of the Plan to the contrary notwithstanding, no payment of fractions of cents will be made. Whenever any payment of a fraction of a cent would otherwise be called far, the actual payment shall reflect a rounding down of such fraction to the nearest whole cent.

10. Payments of Less than Twenty-Five Dollars

If a cash payment otherwise provided for by the Plan with respect to an Allowed Claim would be less than twenty-five ($25.00) dollars, notwithstanding any contrary provision of the Plan, the Debtor shall not be required to make such payment.

G. Treatment Of Executory Contracts and Unexpired Leases

1. Assumption of All Agreements

Any and all pre-petition leases or executory contracts (not otherwise previously rejected or the subject of a motion to reject pending on the Confirmation Date), shall be deemed assumed by the Debtor and assigned to Mortgage Lender Designee effective as of the Effective Date. Without limiting the forgoing, on the Effective Date, all leases of non-residential property with tenants and/or reservations made with respect to use or occupancy at the Debtor shall be deemed assumed by the Debtor and assigned to Mortgage Lender Designee and all Security Deposits or other deposits held by the Debtor shall be transferred to Mortgage Lender Designee in accordance with the terms of the Plan, and the Mortgage Lender Designee shall maintain custody and control of all such deposits and Security Deposits posted by tenants or other parties in accordance with the terms of their leases, contracts and/or applicable non-bankruptcy law. Notwithstanding the foregoing, the Mortgage Lender Designee may designate executory contracts that are to be rejected by the Debtor no later than five (5) days prior to the Confirmation Hearing and Debtor shall promptly file such designation, if any, with the Bankruptcy Court and notify all affected counterparties. Any undisputed cure amounts ("Undisputed Cure Amounts") shall be paid on the Effective Date of the Plan with any disputed cure claims ("Disputed Cure Amounts") to be paid upon further agreement of the parties or further order of the Bankruptcy Court. Notwithstanding anything else in this paragraph or the Plan, the Mortgage Lender Designee may designate for rejection any executory contract within 3 days following the entry of an order of the Bankruptcy Court fixing the disputed cure amounts for such contract in which case such contract shall then be deemed to have been rejected as of the Confirmation Date.

2. Claims for Damages

All proofs of claim with respect to Claims arising from the rejection of executory contracts or leases, if any, shall, unless another order of the Bankruptcy Court provides for an earlier date, be filed with the Bankruptcy Court within thirty (30) days after the mailing of notice of Effective Date. Any and all proofs of claim with respect to Claims arising from the rejection of executory contracts by the Debtor shall be treated as Class 3 General Unsecured Claims, for

purposes of distribution pursuant to the Plan. Unless otherwise permitted by Final Order, any proof of claim that is not filed before the Bar Date (other than those Claims arising from the rejection of executory contracts or leases under the Plan which may be filed within thirty (30) days after mailing of the notice of Effective Date as set forth above) shall automatically be disallowed as a late filed Claim, without any action by the Debtor, and the holder of such Claim shall be forever barred from asserting such Claim against the Debtor, its Estate, or property of its Estate.

H. Conditions to Confirmation and Effective Date

1. Conditions to Confirmation of the Plan

The Plan shall not be confirmed unless and until the following conditions have been satisfied in full or waived by the Mortgage Lender Designee:

(a) The Confirmation Order shall be in form and substance satisfactory to the Mortgage Lender Designee and the Mortgage Lender, which Confirmation Order shall approve all provisions, terms and conditions of the Plan; and

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

2. Conditions to Effectiveness of the Plan

This Plan shall not become effective unless and until (i) the Bankruptcy Court shall have entered the Confirmation Order by October 31, 2012 (or such other date as agreed to by Debtor and the Mortgage Lender Designee), the same shall be in full force and effect and not be subject to any stay or injunction and such Confirmation Order shall be in form and substance satisfactory to the Mortgage Lender Designee, (ii) the date that is not earlier than fourteen days following the entry of the Confirmation Order and the expiration of all appeal periods to such order without the filing of an appeal and no stay of the Confirmation Order is in effect; and (iii) there is no outstanding Class A Plan Support Default by the Limited Partner.

3. Effect of Failure of Conditions

In the event that the conditions to effectiveness of the Plan described above (specified in section 9.2 of the Plan) have not occurred on or before thirty (30) days after the Confirmation Date, the Confirmation Order shall be vacated upon order of the Bankruptcy Court upon motion made by the Mortgage Lender Designee.

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

(a) The Debtor shall file a notice of the occurrence of the Effective Date within five (5) Business Days thereafter.

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

I. Retention of Jurisdiction

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

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

(b) Injunction, etc. To issue injunctions or take such other actions or make such other orders as may be necessary or appropriate to restrain interference with the Plan or its execution or implementation by any Person, to construe and to take any other action to enforce and execute the Plan, the Confirmation Order, or any other order of the Bankruptcy Court, to issue such orders as may be necessary for the implementation, execution, performance and consummation of the Plan and all matters referred to herein, and to determine all matters that may be pending before the Bankruptcy Court in the Chapter 11 Case on or before the Effective Date with respect to any Person or Entity;

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

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

(e) Dispute Resolution To resolve any dispute arising under or related to the implementation, execution, consummation or interpretation of the Plan and/or Confirmation Order and the making of distributions hereunder and thereunder;

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

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

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

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

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

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

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

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

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

J. Miscellaneous Provisions.

1. Pre-Confirmation Modification

On notice to and opportunity to be heard by the United States Trustee, the Plan may be altered, amended or modified by the Debtor before the Confirmation Date as provided in section 1127 of the Bankruptcy Code; provided, however, that any such amendment or modification of the Plan must be approved in writing by the Mortgage Lender and the Mortgage Lender Designee.

2. Post-Confirmation Immaterial Modification

With the approval of the Bankruptcy Court and on notice to and an opportunity to be heard by the United States Trustee and without notice to holders of Claims and Equity Interests, the Debtor may, insofar as it does not materially and adversely affect the interest of holders or Claims, correct any defect, omission or inconsistency in the Plan in such manner and to such extent as may be necessary to expedite consummation of the Plan; provided, however, that any such amendment or modification of the Plan must be approved in writing by the Mortgage Lender and the Mortgage Lender Designee.

3. Post-Confirmation Material Modification

On notice to and an opportunity to be heard, the Plan may be altered or amended after the Confirmation Date by the Debtor in a manner which, in the opinion of the Bankruptcy Court, materially and adversely affects holders of Claims, provided that such alteration or modification is made after a hearing and otherwise meets the requirements of section 1127 of the Bankruptcy

Code; provided, however, that any such amendment or modification of the Plan must be approved in writing by the Mortgage Lender and the Mortgage Lender Designee.

4. Withdrawal or Revocation of the Plan

The Debtor, in consultation with the Mortgage Lender Designee and Mortgage Lender, reserve the right prior to the Effective Date to revoke or withdraw the Plan. If the Debtor revokes or withdraws the Plan or if confirmation or consummation of the Plan does not occur, then (a) the Plan shall be null and void in all respects, (b) any settlement or compromise embodied in the Plan (including the allowance, fixing or limiting to an amount certain any Claim or Equity Interest or Class of Claims or Equity Interests) and any assumption or rejection of executory contracts or leases affected by the Plan shall terminate and be of no further force or effect, and any document or agreement executed pursuant to the Plan shall be deemed null and void, and (c) nothing contained in the Plan shall (i) constitute a waiver or release of any Claims by or against, or any Equity Interests in, the Debtor or any other Person, (ii) prejudice in any manner the rights of Debtor or any other Person, or (iii) constitute an admission of any sort by the Debtor or any other Person.

5. Payment of Statutory Fees

All fees payable pursuant to section 1930 of Title 28 of the United States Code shall be paid on the Effective Date (if due) by the Debtor. The Debtor shall pay all United States Trustee quarterly fees when due under 28 U.S.C. Section 1930(a)(6), plus interest, if any, due under 31 U.S.C. Section 3717, on all disbursements, including plan payments and disbursements in and outside of the ordinary course of business, until the earliest of the entry of a final decree closing the Chapter 11 Case, dismissal of the Chapter 11 Case, or conversion of the Chapter 11 Case to a case under chapter 7.

6. Successors and Assigns

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

7. Exculpation

On the Effective Date, (a) the Debtor, and its direct and indirect parents, subsidiaries and affiliates, together with each of its present and former shareholders, members, managers, general partners, limited partners, officers, directors, employees, agents, representatives, attorneys and advisors or consultants (solely in their capacities as such) and (b) the Released Parties, including the CRO, the Mortgage Lender Designee, the Mortgage Lender, the General Partner and the Limited Partner, the members of the investment committee of the Limited Partner, RPAP Partners, and all of their respective direct and indirect parents, subsidiaries and affiliates, together with each of their respective shareholders, members, managers, general partners, limited partners, officers, directors, investors, financial advisors, investment bankers, employees, employers, agents, representatives, attorneys and advisors or consultants (solely in their capacities as such) shall be deemed to release each of the other, and shall be deemed released by all holders of Claims or Equity Interests, of and from any claims, obligations, rights, causes of

action and liabilities for any act or omission occurring through the date immediately preceding the Effective Date that arise from or are related to the Property and the ownership thereof, including, without limitation, any act or omission occurring during or relating to the Chapter 11 Case, commencement of the Chapter 11 Case, the solicitation of acceptances of this Plan, the Disclosure Statement, the pursuit of approval of the Disclosure Statement, the pursuit of confirmation of the Plan, the consummation of the Plan or the administration of the Plan or the property to be distributed under the Plan, except for acts or omissions which constitute willful misconduct or gross negligence, and all such Persons, in all respects, shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan and under the Bankruptcy Code; provided, however, that this provision shall not release Peninsula Real Estate Fund I, GP LLC ("Old GP") or its control person(s) from any liability it or they may have to the Limited Partner or its partners arising out of any actions or inactions taken by Old GP in its capacity as the general partner of the Limited Partner.

8. Confirmation Injunction

Except as otherwise provided in the Plan, and as set forth in the Confirmation Order, (a) the rights afforded in the Plan and the treatment of all Claims and Equity Interests herein, shall be in exchange for and in complete satisfaction and release of, all Claims and Equity Interests of any nature whatsoever against the Debtor or any of its assets and properties, (b) on the Effective Date, all such Claims against the Debtor and Equity Interests shall be satisfied and released in full, and (c) all Persons shall be precluded from asserting and shall be permanently enjoined from commencing or continuing in any manner any action or proceeding (whether directly, indirectly, derivatively, or otherwise) against the Debtor, its assets or properties, or any other or further Claims or Equity Interests based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date.

9. Comprehensive Settlement of Claims and Controversies

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

10. Preservation of Insurance

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

11. Cramdown

The Debtor reserves the right to request confirmation of the Plan under section 1129(b) of the Bankruptcy Code with respect to any Classes that vote to reject the Plan.

12. Governing Law

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

13. Notices

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

If to the Debtor:

Eastgate Tower Hotel Associates, L.P.
Attn: Steven A. Carlson, Chief Restructuring Officer
45 Adams Road
Easton, CT 06612

and

c/o PREFNY GP, LLC
The Procaccianti Group
1140 Reservoir Avenue
Cranston, RI 02920
Tel: (401) 946-4600
Fax: (401) 943-6320

with a copy to:

Bryan Cave LLP
1290 Avenue of the Americas
New York, NY 10104
Attn: Lloyd A. Palans, Esq.

If to Mortgage Lender or Mortgage Lender Designee:	Atlas Capital Group, LLC 505 Fifth Avenue, 28th Floor New York, NY 10017 Attention: Andrew B. Cohen Rockpoint Group, O.K. 500 Boylston Street, Suite 1880 Boston, Massachusetts 02116 Attention: Mr. Paisley Boney Tel: 212-554-2260 Fax: 212-554-2263
with a copy to:	Greenberg Traurig, LLP MetLife Building 200 Park Avenue New York, NY 10166 Attention: John H. Bae, Esquire Denise J. Penn, Esquire
If to the Limited Partner:	The Procaccianti Group Attn: Greg Vickowski 1140 Reservoir Avenue Cranston, RI 02920
with a copy to:	Akin Gump Strauss Hauer & Feld LLP One Bryant Park New York, New York 10036 Attention: Patrick Dooley, Esq. Lisa Beckerman, Esq.

14. Saturday, Sunday or Legal Holiday

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

15. Exemption From Transfer Taxes

Pursuant to Bankruptcy Code section 1146(a): (a) the issuance, transfer, or exchange of notes or equity securities under the Plan; (b) the creation of any mortgage, deed of trust, lien, pledge, or other security interest; (c) the making or assignment of any contract, lease or sublease; or (d) the making or delivery of any deed or other instrument of transfer or other consideration under, in the furtherance of, or in connection with the Plan, including, without limitation, the delivery of the Mortgaged Property to Mortgage Lender Designee and any other payments and transfers pursuant to the Plan by the Debtor to Mortgage Lender Designee; delivery of deeds, bills of sale, or other transfers of tangible property will not be subject to any stamp tax, or other similar tax or any tax held to be a stamp tax or other similar tax by applicable law.

16. Severability

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

VIII. CERTAIN RISK FACTORS TO BE CONSIDERED

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

A. Taxation

Pursuant to the Plan, each Holder of an Allowed Claim or Equity Interest receiving cash or property under the Plan will recognize gain or loss equal to the difference between the amount of any cash and the fair market value of any other property received by such holder and the basis which the holder has in such Allowed Claim or Equity Interest. The character of any recognized gain or loss will depend upon the status of the holder, the nature of the Claim or Equity Interest and the period for which the Claim or Interest was held by the holder. The basis of a holder in any property received under the Plan will be the fair market value of such property on the Effective Date of the Plan, and the holding period in such property received will begin on the Effective Date.

The federal, state and local tax consequences of the Plan are complex and, in some cases, uncertain. In addition, the foregoing summary does not discuss all aspects of federal income taxation that may be relevant to a particular holder of an Allowed Claim or Interest in light of its particular circumstances and income tax situation. Accordingly, each holder of a Claim or Equity Interest is strongly urged to consult with its own tax advisor regarding the federal, state, and local tax consequences of the Plan.

B. Distributions to Holders of Claims

The Plan is based on making distributions as provided under the priority scheme set forth in the Bankruptcy Code. To this end, the Plan provides that all Allowed Administrative Claims and Priority Claims will be paid or satisfied in full prior to the making of distributions to holders of Allowed Claims in Class 3. Under the terms of the Plan and subject to the occurrence of the Effective Date, the Mortgage Lender has agreed to provide for distributions to Class 3 General Unsecured Claims. Absent the foregoing, there would be no distributions to Class 3 Creditors.

C. Objections to Classification

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests of such class. The Debtor believes that the classification of Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code.

D. Certain Bankruptcy Law Considerations

1. Risk of Non-Confirmation of the Plan

Although the Debtor believes that the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will reach the same conclusion. Moreover, there can be no assurance that modifications of the Plan will not be required for Confirmation or that such modifications would not necessitate the resolicitation of votes. The Plan represents a negotiated settlement between all impaired creditors and the Debtor believes the same is fair and non-discriminatory, is in the best interests of creditors and is feasible and not likely to be followed by a further liquidation. However, there can be no guarantee that the Bankruptcy Court will reach the same conclusion.

2. Risk of Non-Occurrence of the Effective Date

The Plan sets forth conditions to the occurrence of the Effective Date that could remain unsatisfied although the Debtor do not anticipate the same.

3. Appeal of the Confirmation Order

The Confirmation Order may be the subject of an appeal. If the Confirmation Order is vacated on appeal (assuming an appeal could be taken and such appeal would not be rendered moot due to substantial consummation of the Plan prior to prosecution), the Plan would fail.

IX. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

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

A. Liquidation Under Chapter 7

If the Plan is not confirmed, the case may be converted to a case under Chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to liquidate the Debtor's property for distribution in accordance with the priorities established by Chapter 7 of the Bankruptcy Code. A discussion of the effects that a Chapter 7 liquidation would have on the recoveries of holders of Claims and Equity Interests is set forth in the Liquidation Analysis attached as Exhibit B to this Disclosure Statement. The Debtor believes that liquidation (or foreclosure of the Mortgage) under Chapter 7 will result in smaller distributions being made to Creditors than those provided for in the Plan because (i) the Debtor's assets would be sold or otherwise disposed of in a forced sale situation over a short period of time, (ii) additional administrative expenses would be incurred, including trustee's fees, (iii) additional expenses and claims, some of which would be entitled to priority, would be generated during the liquidation and from the rejection of leases and other executory contracts in connection with a termination of the Debtor's businesses, (iv) the liens in favor of the Mortgage Lender significantly exceed the value of the Debtor's property, and (v) the Plan provides for payment of 100% to Creditors holding Allowed General Unsecured Claims while a forced liquidation will result in all unsecured creditors receiving no distribution on account of their claims.

B. Alternative Plan of Reorganization

The Debtor believes that the Plan, as described herein, enables creditors to realize the highest and best value under the circumstances. The Debtor believes that any liquidation of the Debtor's assets (including foreclosure of the Mortgage) or alternative form of Chapter 11 plan is a much less attractive alternative to creditors than the Plan because of the far greater returns and certainty provided by the Plan. Other alternatives could involve diminished recoveries, significant delay, uncertainty, and substantial additional administrative costs. The Debtor believes that its Plan provides the best recovery to their creditors by providing them with a distribution rather than no recoveries following a liquidation of its assets.

X. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

A. Federal Income Tax Consequences in General

The following summary addresses certain material federal income tax consequences of the implementation of the Plan to holders of Allowed Claims in Class 2 and 4. The summary is based upon the Debtor's interpretation of the Internal Revenue Code of 1986, as amended (the "Tax Code"), applicable Treasury Regulations, judicial authority and current administrative rulings and pronouncements of the Internal Revenue Service ("IRS"), all of which are subject to change, possibly with retroactive effect. Due to the complexity of certain aspects of the Plan and differences in the nature of the Claims and Interests of the various holders thereof, their taxpayer status, residence and methods of accounting and prior actions taken by such holders with respect to their Claims and Interests, the tax consequences described below are general in nature and are subject to significant considerations applicable to each holder of an Allowed Claim in Class 2 and 3.

The federal income tax consequences of the Plan are complex and subject to significant uncertainties. The Debtor's interpretation of the federal income tax consequences set forth herein is not binding on the IRS, and the Debtor has not requested, and does not intend to request, an administrative ruling from the IRS with respect to any of the federal income tax aspects of the Plan. Consequently, there can be no assurance that the treatment described in this Disclosure Statement will be acceptable to the IRS. No opinion of counsel has either been sought or obtained with respect to the federal, state, local or foreign tax aspects of the Plan. Legislative, judicial or administrative changes or interpretations may be forthcoming that could alter or modify the statements and conclusions set forth herein. Additionally, changes in the facts or circumstances relating to the consummation or operation of the Plan could likewise affect the tax consequences to such parties.

This summary does not address foreign, state or local tax consequences of the Plan, nor does it purport to address all of the federal income tax consequences of the Plan. This summary also does not purport to address the federal income tax consequences of the Plan to taxpayers subject to special treatment under the federal income tax laws, such as banks, governmental authorities or agencies, pass-through entities, broker-dealers, tax-exempt entities, financial institutions, insurance companies, S corporations, small business investment companies, mutual funds, regulated investment companies, foreign corporations, and foreign persons.

ACCORDINGLY, THE FOLLOWING SUMMARY OF CERTAIN MATERIAL FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF A HOLDER OF A CLAIM OR INTEREST. ANY U.S. TAX ADVICE CONTAINED IN THIS DISCLOSURE STATEMENT (I) IS NOT INTENDED TO BE USED, AND CANNOT BE USED, BY ANY PERSON FOR THE PURPOSE OF AVOIDING U.S. FEDERAL TAX PENALTIES IMPOSED ON SUCH PERSON AND (II) WAS WRITTEN IN CONNECTION WITH THE MARKETING OR PROMOTION OF THE PLAN. IT IS STRONGLY RECOMMENDED THAT EACH HOLDER OF A CLAIM OR INTEREST CONSULT ITS OWN TAX ADVISOR FOR THE FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES APPLICABLE TO IT UNDER THE PLAN.

B. Federal Income Tax Consequences to the Debtor

1. Partial Mortgage Release and Sale of Property

The real property will be transferred to the mortgagee in consideration of satisfying all but $50,000,000 of the outstanding mortgage. The mortgagee has agreed to cancel, without any remaining liability to any party, the balance of the mortgage. The transfer is the tax equivalent of a sale. The property is valued at $62,000,000. The purchaser's basis in the property will be what it paid for the indebtedness increased by any income recognized on the acquisition or decreased by any loss recognized on the acquisition.

The result of this transaction will be to view the real property as being sold for the current outstanding balance of the mortgage. The Debtor's gain on loss will be the difference between its basis and the current outstanding balance of the mortgage.

The gain so recognized will be capital gain on ordinary income depending upon whether the real property was a capital asset in the hands of the Debtor.

Assuming that the real property was a capital asset in the hands of the Debtor, Section 1250 of the Tax Code requires a portion of the capital gain to be recognized as ordinary income depending upon the type of real property (residential or non-residential) and whether or not a method of accelerated depreciation was used. The Debtor should consult with its tax advisors to determine what amount of any of the deemed sale will be ordinary income.

C. Federal Income Tax Consequences to Holders of Allowed Claims and Interests in Classes 2 and 4

The tax consequences of the implementation of the Plan to a holder of an Allowed Claim or Interest in Classes 2 and 4 will depend, in part, on the origin of such holder's Claim or Interest, whether the holder reports income on the accrual or cash basis, whether the holder receives consideration in more than one tax year of the holder, whether the holder has taken a had debt deduction with respect to all or a portion of its Claim or Interest, and whether the holder is a resident of the United States. The tax consequences of the receipt of cash or property that is allocable to interest are discussed below in the section entitled "Receipt of Interest."

1. Receipt of Cash and Property by Holders of Allowed Claims and Interests in Classes 2 and 4

Generally, a holder of an Allowed Claim or Interest in Classes 2 and 4 will recognize gain or loss equal to the difference, if any, between the "amount realized" by such holder and such holder's adjusted tax basis in the Allowed Claim or Interest. In general, the "amount realized" is equal to the sum of the Cash, the "issue price" of any debt instruments, and the fair market value of any other consideration received under the Plan in respect of the holder's Allowed Claim or Interest.

HOLDERS OF ALLOWED CLAIMS AND EQUITY INTERESTS IN THE DEBTOR SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE RECOGNITION OF GAIN OR LOSS, FOR FEDERAL INCOME TAX PURPOSES, ON THE SATISFACTION OF THEIR ALLOWED CLAIMS AND INTERESTS.

2. Receipt of Interest

Pursuant to the Plan, consideration received in respect of Allowed Claims will be allocated first to the principal amount of such Allowed Claims, with any excess allocated to accrued but unpaid interest. However, there is no assurance that the IRS will respect such allocation for federal income tax purposes. Holders of Allowed Claims not previously required to include in their taxable income any accrued but unpaid interest on such Allowed Claims may be treated as receiving taxable interest, to the extent of any consideration they receive under the Plan that is allocable to such accrued but unpaid interest. Holders previously required to include in their taxable income any accrued but unpaid interest on an Allowed Claim may be entitled to recognize a deductible loss, to the extent that such accrued but unpaid interest is not satisfied under the Plan.

HOLDERS OF ALLOWED CLAIMS AND EQUITY INTERESTS IN THE DEBTOR SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE ALLOCATION BETWEEN PRINCIPAL AND INTEREST OF CONSIDERATION RECEIVED IN SATISFACTION OF THEIR ALLOWED CLAIMS OR INTERESTS AND THE FEDERAL INCOME TAX TREATMENT OF ACCRUED BUT UNPAID INTEREST.

3. Character of Gain or Loss

The character of any gain or loss as capital or ordinary and, in the case of capital gain or loss, as short-term or long-term, will depend on a number of factors, including: (i) the nature and origin of the Claim or Interest (e.g., Claims arising in the ordinary course of a trade or business or made for investment purposes may attract differing treatment); (ii) the tax status of the holder of the Claim or Interest; (iii) whether the Claim or Interest is a capital asset in the hands of the holder; (iv) whether the Claim or Interest has been held by the holder for more than one year; (v) the extent to which the holder previously claimed a loss or a bad debt deduction with respect to the Claim or Interest; and (vi) the extent to which the holder acquired the Claim or Interest at a market discount.

HOLDERS OF ALLOWED CLAIMS AND EQUITY INTERESTS IN THE DEBTOR SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE AMOUNT AND CHARACTER OF GAIN OR LOSS, IF ANY, TO BE RECOGNIZED BY THEM UNDER THE PLAN.

4. Withholding

All distributions to holders of Allowed Claims under the Plan are subject to any applicable withholding, including employment tax withholding.

D. Importance of Obtaining Professional Tax Assistance

THE FOREGOING IS INTENDED AS A SUMMARY ONLY, AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE FEDERAL, FOREIGN, STATE AND LOCAL INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN ARE COMPLEX AND, IN SOME CASES, UNCERTAIN. SUCH CONSEQUENCES MAY ALSO VARY BASED ON THE PARTICULAR CIRCUMSTANCES OF EACH HOLDER OF AN ALLOWED CLAIM OR EQUITY INTEREST. ACCORDINGLY, EACH HOLDER OF AN ALLOWED CLAIM OR MEMBERSHIP INTEREST IS STRONGLY URGED TO CONSULT WITH HIS, HER OR ITS OWN TAX ADVISOR CONCERNING THE FEDERAL, FOREIGN, STATE AND LOCAL INCOME AND OTHER TAX CONSEQUENCES UNDER THE PLAN.

IN ACCORDANCE WITH REQUIREMENTS IMPOSED BY THE INTERNAL REVENUE SERVICE IN CIRCULAR 230, UNLESS EXPRESSLY STATED OTHERWISE IN THIS DISCLOSURE STATEMENT (INCLUDING ANY ATTACHMENTS), ANY FEDERAL TAX ADVICE CONTAINED IN THIS COMMUNICATION IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF (A) AVOIDING PENALTIES UNDER THE TAX CODE OR (B) PROMOTING,

MARKETING, OR RECOMMENDING TO ANOTHER PARTY ANY TRANSACTION OR OTHER MATTER ADDRESSED HEREIN.

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CONCLUSION

The Debtor believes the Plan is in the best interest of all Creditors and Interest Holders and recommends those entitled to vote to accept the Plan.

DATED: August 17, 2012

DEBTOR:

EASTGATE TOWER HOTEL ASSOCIATES, L.P,
a Delaware limited liability company

By: _____
Name: Steven A. Carlson
Title: Chief Restructuring Officer

EXHIBIT A

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	:	Chapter 11 Case No.
	:	[ ]
EASTGATE TOWER HOTEL ASSOCIATES, L.P.,	:	
Debtor.	:	

DEBTOR'S PREPACKAGED LIQUIDATING CHAPTER 11 PLAN

BRYAN CAVE LLP
Lloyd A. Palans (LP-8572)
Jessica Fischweicher (JF-9471)
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New York, NY 10104
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Proposed Attorneys for Debtor and Debtor in Possession
Dated: August 17, 2012

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INTRODUCTION

Eastgate Tower Hotel Associates, L.P. (the "Debtor")[1] hereby proposes this Prepackaged Liquidating Chapter 11 Plan pursuant to section 1121 of the Bankruptcy Code. Reference is made to the Disclosure Statement for risk factors and a summary and analysis of the Plan and certain related matters. The Debtor is the proponent of the Plan within the meaning of section 1129 of the Bankruptcy Code.

Subject to the restrictions on modifications set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 and those restrictions on modifications set forth in Article XI of this Plan, the Debtor expressly reserves the right to alter, amend, supplement or modify this Plan, one or more times, before its substantial consummation.

ARTICLE I

DEFINITIONS

1.1. **Scope of Definitions**. As used in this Plan, the following terms shall have the respective meanings specified below. Whenever the context requires, such terms shall include the plural as well as the singular number, the masculine gender shall include the feminine and the feminine gender shall include the masculine.

1.2. "**Accrued**" shall mean an expense incurred but not yet billed for nor paid.

1.3. "**Adequate Protection Lien**" shall have the meaning ascribed to it in the Cash Collateral Order.

1.4. "**Administrative Claim**" shall mean a Claim under section 503(b) (including, without limitation, all administrative claims under Section 503(b)(9) and 1114(e)(2) of the Bankruptcy Code) or determined to be an Allowed Administrative Claim by a Final Order that is entitled to priority under sections 507(a)(1) or 507(b) of the Bankruptcy Code, for costs or expenses of administration of the Chapter 11 Case including, without limitation, any actual and necessary expenses of operating the businesses of the Debtor or preserving the Estate incurred after the Petition Date, and any and all fees and expenses of Professionals Filed under sections 330, 331 or 503 of the Bankruptcy Code.

1.5. "**Administrative Claims Bar Date**" shall have the meaning ascribed to such term in section 2.3 of this Plan.

1.6. "**Administrative Claims Reserve**" shall have the meaning ascribed to such term in section 7.3 of this Plan.

1.7. "**Allowed Claim**" or "**Allowed Administrative Claim**" shall mean: (a) any Claim, proof of which is/was Filed with the Bankruptcy Court or the Debtor's court-appointed claims agent on or before the date designated by the Bankruptcy Court as of the last date(s) for filing proofs of claim with respect to such Claim, or which has been or hereafter is scheduled by

[1] Capitalized terms not defined in this Introduction shall have the meanings set forth in Article I of this Plan.

the Debtor as liquidated in amount and not disputed or contingent and which, in either case, is a Claim as to which no objection to the allowance thereof has been Filed within the applicable period of limitation (if any) for objection to Claims fixed by the Bankruptcy Court, or as to which any objection has been determined by a Final Order of the Bankruptcy Court (allowing such Claim in whole or in part); (b) a Claim that is allowed (i) in any contract, instrument, or other agreement entered into in connection with the Plan, (ii) in a Final Order or (iii) pursuant to the terms of the Plan; or (c) a request for payment of an Administrative Claim, which is made before the Administrative Claims Bar Date, or otherwise has been deemed timely asserted under applicable law, and is an Administrative Claim as to which no objection to allowance thereof has been Filed within the applicable deadline pursuant to Section 2.3 of the Plan.

1.8. "**Ballot**" shall mean the form or forms that will be distributed along with the Disclosure Statement to holders of Allowed Claims in classes that are Impaired under the Plan and entitled to vote, which the holders of Impaired Claims may use to vote to accept or reject the Plan.

1.9. "**Bankruptcy Code**" shall mean title 11 of the United States Code, as amended from time to time, as applicable to the Chapter 11 Case.

1.10. "**Bankruptcy Court**" shall mean the United States Bankruptcy Court for the Southern District of New York or such other court as may hereafter be granted jurisdiction over the Chapter 11 Case.

1.11. "**Bankruptcy Rules**" shall mean the Federal Rules of Bankruptcy Procedure as promulgated by the United States Supreme Court under section 2075 of title 28 of the United States Code, as amended from time to time, applicable to the Chapter 11 Case, and any local rules of the Bankruptcy Court.

1.12. "**Bar Date**" shall mean the date set by the Bankruptcy Court as the last day to file proofs of Claim pursuant to the Bar Date Order to be entered by the Bankruptcy Court.

1.13. "**Bar Date Order**" shall mean the order to be entered by the Bankruptcy Court setting the Bar Date.

1.14. "**Building Loan**" shall mean the pre-petition secured loan in accordance with the terms of that certain loan agreement, as modified, amended, and/or restated from time to time, by the Debtor as borrower, and the Original Lender as lender, dated as of October 25, 2006, in the principal amount of $56,500,036.77 plus interest, costs, fees, penalties and expenses.

1.15. "**Business Day**" shall mean any day other than a Saturday, Sunday or legal holiday as such term is defined in Bankruptcy Rule 9006.

1.16. "**Cash**" shall mean cash and cash equivalents, including, but not limited to, wire transfers, checks and other readily marketable direct obligations of the United States of America and certificates of deposit issued by banks.

1.17. "**Cash Collateral Order**" shall mean the interim and/or final Order(s) (I) Authorizing Use of Cash Collateral, (II) Granting Adequate Protection, and (III) Modifying the Automatic Stay.

1.18. "**Chapter 11 Case**" shall mean the chapter 11 case pending for the Debtor.

1.19. "**Claim**" shall have the meaning ascribed to such term in section 101(5) of the Bankruptcy Code.

1.20. "**Class**" shall mean a category of holders of Claims or Equity Interests, as classified pursuant to Article II of this Plan.

1.21. "**Class 3 Disputed Claims Reserve**" shall have the meaning ascribed to such term in section 7.4 of this Plan.

1.22. "**Class A Plan Support Default**" shall have the meaning ascribed thereto in the Plan Support Agreement.

1.23. "**Committee**" shall mean the Official Committee of Unsecured Creditors, if any, appointed by the Office of the United States Trustee and as reconstituted from time to time and existing as of the Confirmation Date.

1.24. "**Confirmation**" shall mean the entry of the Confirmation Order on the docket of the Bankruptcy Court.

1.25. "**Confirmation Date**" shall mean the date of entry of the Confirmation Order.

1.26. "**Confirmation Hearing**" shall mean the hearing to confirm the Plan.

1.27. "**Confirmation Order**" shall mean the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

1.28. "**Creditor**" shall have the meaning ascribed to such term in section 101(10) of the Bankruptcy Code.

1.29. "**Debtor**" shall mean Eastgate Tower Hotel Associates, L.P.

1.30. "**Disclosure Statement**" shall mean the disclosure statement respecting the Plan, as approved by the Bankruptcy Court as containing adequate information in accordance with section 1125 of the Bankruptcy Code, all exhibits and annexes thereto and any amendments or modifications thereof.

1.31. "**Disputed Claim**" shall mean any Claim, including any Administrative Claim, which has not become an Allowed Claim pursuant to the Plan or a Final Order.

1.32. "**Disputed Cure Amounts**" shall have the meaning ascribed to such term in section 8.1 herein.

1.33. "**Effective Date**" shall mean the first Business Day following the date on which each of the conditions set forth in sections 9.1 and 9.2 of this Plan have been satisfied or waived in accordance with such sections; provided that if a stay of the Confirmation Order is in effect, then the Effective Date shall mean the first Business Day after such stay is no longer in effect.

1.34. "**Entity**" shall have the meaning ascribed to such term in section 101(15) of the Bankruptcy Code.

1.35. "**Equity Interest**" shall mean the rights and interests of the General Partner and the Limited Partner.

1.36. "**Estate**" shall mean the estate of the Debtor.

1.37. "**Fee Claim**" shall mean a claim under sections 327, 330(a), 503 or 1103 of the Bankruptcy Code for the compensation of a Professional for services rendered or reimbursement of expenses incurred in the Chapter 11 Case on or prior to the Effective Date which has been approved by a Final Order (including expenses of the members of the Committee, if any).

1.38. "**Fee Claim Bar Date**" shall have the meaning ascribed to such term in section 2.4 of this Plan.

1.39. "**File**", "**Filed**", or "**Filing**" shall mean file, filed or filing with the United States Bankruptcy Court for the Southern District of New York, or with respect to proofs of claim, proofs timely and properly transmitted to the Clerk of the Court or to the Debtor's claims agent to the extent one is appointed pursuant to Order of the Bankruptcy Court.

1.40. "**Final Order**" shall mean an order entered by the Bankruptcy Court or any other court exercising competent jurisdiction over the subject matter and the parties which has not been reversed, amended or stayed and as to which (i) no appeal, certiorari proceeding or other review, reconsideration or rehearing has been requested or is still pending, and (ii) the time for filing a notice of appeal or petition for certiorari or further review, reconsideration or rehearing has expired.

1.41. "**General Partner**" shall mean Eastgate Tower Hotel Associates GP, LLC, a Delaware limited liability company that owns 1% of the limited partnership interests in the Debtor and acts as general partner of the Debtor.

1.42. "**General Unsecured Claim**" shall mean any unsecured, non-priority Claim, including, without limitation, any Indemnification Claim, that is not an Administrative Claim, Priority Tax Claim, Other Priority Claim, Fee Claim, or Secured Claim.

1.43. "**Impaired**" shall have the meaning ascribed to such term in section 1124 of the Bankruptcy Code.

1.44. "**Indemnification Claim**" shall mean a Claim for indemnification or advancement.

1.45. "**Liens**" shall mean valid and enforceable liens, mortgages, security interests, pledges, charges, encumbrances, or other legally cognizable security devices of any kind, including all liens within the definition of that term in 11 U.S.C. § 101(37).

1.46. "**Limited Partner**" shall mean Peninsula Real Estate Fund, I, L.P., a Delaware limited partnership that owns 99% of the Debtor's limited partnership interests.

1.47. "**LPA**" shall mean the Assignment and Assumption Agreement, dated as of July 14, 2012, between Successor Lender and Mortgage Lender, pursuant to which Mortgage Lender purchased the Mortgage Loan from Successor Lender.

1.48. **"Mortgage"** shall mean, collectively, the Acquisition Loan Mortgage and Security Agreement, the Renovation Costs Mortgage and Security Agreement and the Related Costs Mortgage and Security Agreement, each dated as of October 25, 2006, granted by the Debtor in favor of the Original Lender and its successors, which grant to Mortgage Lender a lien on and security interest in the Mortgaged Property.

1.49. "**Mortgage Lender**" shall mean Hotel Debt (Eastgate) LLC, a Delaware limited liability company, or its successors, designees and/or assignees, as purchaser of the Mortgage Loan under the LPA.

1.50. "**Mortgage Lender Allowed Deficiency Claim**" shall have the meaning ascribed to it in Section 4.2 herein.

1.51. "**Mortgage Lender Allowed Secured Claim**" shall have the meaning ascribed to it in section 4.2 herein.

1.52. "**Mortgage Lender Claim**" shall mean the Claims of Mortgage Lender classified in Class 2 of this Plan."**Mortgage Lender Designee**" means Eastgate Owner LLC, a Delaware limited liability company."**Mortgage Loan**" shall mean the pre-petition secured loan of the Debtor as borrower, and Mortgage Lender as lender, consisting of the Building Loan, the Renovation Loan and the Related Costs Loan in the aggregate principal amount of approximately $61,940,902.62 as of the Petition Date plus interest, costs, fees, penalties and expenses which, as of August 15, 2012, aggregated approximately $7,086,262.17.

1.55. "**Mortgage Loan Documents**" shall mean those documents listed on Exhibit A to this Plan, and as such documents may be amended, restated, replaced, supplemented or otherwise modified from time to time.

1.56. "**Mortgaged Property**" shall mean the Debtor's interests in that certain parcel of improved real estate located at 222 East 39th Street, New York, New York, together with the Debtor's interest in any of the improvements on such property and in all furniture, fixtures, equipment and all leases, rents, issues and profits related thereto.

1.57. "**Other Priority Claim**" shall mean any Claim against the Debtor entitled to priority in payment under section 507(a) of the Bankruptcy Code other than an Administrative Claim, Fee Claim or Priority Tax Claim.

1.58. "**Original Lender**" shall mean Irish Bank Resolution Corporation Limited f/k/a Anglo Irish Bank Corporation Limited f/k/a Anglo Irish Bank Corporation plc.

1.59. "**Person**" shall have the meaning ascribed to such term in section 101(41) of the Bankruptcy Code.

1.60. "**Petition Date**" shall mean the date upon which the Debtor files its petition under Chapter 11 of the Bankruptcy Code.

1.61. "**Plan**" shall mean this Prepackaged Liquidating Chapter 11 Plan, all exhibits hereto and any amendments or modifications hereof made in accordance with the terms hereof, the Bankruptcy Code and the Bankruptcy Rules.

1.62. "**Plan Expenses**" shall mean all actual and necessary costs and expenses incurred after the Effective Date in connection with the administration of this Plan, including, but not limited to, (i) the Debtor's costs, expenses and legal fees incurred related to filing and prosecuting objections to Claims, and (ii) Statutory Fees.

1.63. **"Plan Support Agreement"** shall mean that certain Plan Support and Cooperation Agreement dated as of July 14, 2012 between and among the Mortgage Lender, the Mortgage Lender Designee, the RPAP Partners, the Limited Partner, the General Partner and the Debtor.

1.64. "**Priority Tax Claim**" shall mean any Claim for taxes against the Debtor entitled to priority in payment pursuant to section 507(a)(8) of the Bankruptcy Code.

1.65. "**Professionals**" shall mean those Persons (i) employed pursuant to an order of the Bankruptcy Court in accordance with sections 327 and 1103 of the Bankruptcy Code and to be compensated for services rendered to the Debtor prior to the Effective Date, pursuant to sections 327, 328, 329, 330 and 331 of the Bankruptcy Code, or (ii) for which compensation and reimbursement has been allowed by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.

1.66. "**Profits Participation Right**" shall mean that right granted to Limited Partner as part of the Plan Support Agreement such that Limited Partner was admitted as the Class B non-voting member of Venture pursuant to the Limited Liability Company Agreement of RPAP Eastgate Mesne Holdings LLC, dated July 14, 2012 and in such capacity shall be entitled to distributions thereto, provided that the Limited Partner shall not commit a Class A Plan Support Default.

1.67. "**Property**" means all of the Debtor's right, title, and interest in any and all property of any nature whatsoever, real or personal, tangible or intangible, previously or now owned by the Debtor, or acquired by the Debtor's Estate, as defined in section 541 of the Bankruptcy Code, encumbered by the Mortgage Loan Documents and/or any order of the Bankruptcy Court, including without limitation, the Mortgaged Property. For the avoidance of doubt, Property includes, without limitation, any and all property encumbered by Adequate Protection Liens and all Security Deposits.

1.68. "**Reduced Mortgage Lender Allowed Secured Claim**" shall have the meaning ascribed to such term in Section 4.2 of this Plan.

1.69. "**Rejection Damage Claim**" shall mean a Claim arising from the rejection, under section 365 of the Bankruptcy Code or under this Plan, of an executory contract or unexpired lease of a Debtor.

1.70. **Released Parties**" means (i) the Debtor, (ii) the Mortgage Lender, (iii) the Mortgage Lender Designee, (iv) the General Partner and the Limited Partner; (v) the members of the investment committee of the Limited Partner, (vi) RPAP Partners, and (vii) the officers, directors and employees of the Debtor, including but not limited to Steven A. Carlson as the Debtor's chief restructuring officer, and in the case of each of (i) - (vii) each such entities' respective direct and indirect parents, subsidiaries and affiliates, together with each of their respective shareholders, members, managers, general partners, limited partners, officers, directors, investors, financial advisors, investment bankers, employees, employers, agents, representatives, attorneys and advisors or consultants.

1.71. "**Related Costs Loan**" shall mean the pre-petition secured loan in accordance with the terms of that certain Loan Agreement, as modified, amended, and/or restated from time to time, by the Debtor as borrower, and the Original Lender as lender, dated as of October 25, 2006, in the principal amount of $4,604,969.76 plus interest, costs, fees, penalties and expenses.

1.72. "**Renovation Loan**" shall mean the pre-petition secured loan in accordance with the terms of that certain Loan Agreement, as modified, amended, and/or restated from time to time, by the Debtor as borrower, and the Original Lender as lender, dated as of October 25, 2006, in the principal amount of $835,896.09 plus interest, costs, fees, penalties and expenses.

1.73. "**RPAP Eastgate**" shall mean RPAP Eastgate LLC, a Delaware limited liability company.

1.74. "**RPAP Partners**" shall mean RPAP Eastgate and Venture.

1.75. "**Schedules**" shall mean the Debtor's Schedules of Assets and Liabilities Filed pursuant to Bankruptcy Rule 1007 as they may be amended from time to time.

1.76. "**Secured Claim**" shall mean all or a portion of a Claim existing on the Petition Date that constitutes a secured claim as defined in Section 506(a)(1) of the Bankruptcy Code, as finally allowed and approved by the Bankruptcy Court.

1.77. "**Security Deposits**" shall mean security deposits posted by tenants of the Debtor in accordance with the terms of their leases with the Debtor and applicable non-bankruptcy law.

1.78. "**Statutory Fees**" shall mean all fees payable pursuant to section 1930 of Title 28 of the United States Code and Section 3717 of Title 31 of the United States Code.

1.79. "**Successor Lender**" shall mean LSREF2 Clover, LLC, as successor-in-interest to Original Lender.

1.80. "**Undisputed Cure Amounts**" shall have the meaning ascribed to such term in section 8.1 of this Plan.

1.81. "**Unimpaired**" shall mean, with respect to a Class of Claims, a Claim that is unimpaired within the meaning of section 1124 of the Bankruptcy Code.

1.82. "**Venture**" shall mean RPAP Eastgate Mesne Holdings LLC, a Delaware limited liability company.

All terms not expressly defined herein shall have the respective meanings given to such terms in section 101 of the Bankruptcy Code or as otherwise defined in applicable provisions of the Bankruptcy Code.

Unless otherwise specified herein, any reference to an Entity as a holder of a Claim or Equity Interest includes, with respect to such Claim or Equity Interest, that Entity's successors, assigns and affiliates. The rules of construction set forth in section 102 of the Bankruptcy Code shall apply.

In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.

All Exhibits to this Plan are incorporated into and are a part of this Plan as if set forth in full herein, and, to the extent not annexed hereto, such Exhibits shall be timely filed in accordance with this Plan. Holders of Claims and Equity Interests may obtain a copy of the filed Exhibits upon written request to the Debtor. Upon their filing, the Exhibits may be inspected in the office of the Clerk of the Bankruptcy Court or its designee during normal business hours. The documents contained in the Exhibits shall be approved by the Bankruptcy Court pursuant to the Confirmation Order.

ARTICLE II

METHOD OF CLASSIFICATION OF CLAIMS AND INTERESTS AND GENERAL PROVISIONS AND CLASSIFICATION OF CLAIMS AND INTERESTS

2.1. **General Rules of Classification**. Generally, a Claim is classified in a particular Class for voting and distribution purposes only to the extent the Claim qualifies within the description of that Class, and is classified in another Class or Classes to the extent any remainder of the Claim qualifies within the description of such other Class or Classes. Unless otherwise provided, to the extent a Claim qualifies for inclusion in a more specifically defined Class and a more generally-defined Class, it shall be included in the more specifically defined Class.

2.2. **Administrative Claims, Priority Tax Claims and Fee Claims**. Administrative Claims, Priority Tax Claims, and Fee Claims have not been classified and are excluded from the Classes set forth in Article III of the Plan in accordance with section 1123(a)(1) of the Bankruptcy Code.

2.3. **Bar Date for Administrative Claims**. Unless otherwise ordered by the Bankruptcy Court, requests for payment of Administrative Claims (except for Fee Claims) must

be filed and served on the Debtor, and its counsel, no later than thirty (30) days after the Effective Date (the "**Administrative Claims Bar Date**"). Any Person that is required to file and serve a request for payment of an Administrative Claim and fails to timely file and serve such request, shall be forever barred, estopped and enjoined from asserting such Claim or participating in distributions under this Plan on account thereof. Objections to requests for payment of Administrative Claims (except for Fee Claims) must be filed and served on the Debtor and its counsel, and the party requesting payment of an Administrative Claim within thirty (30) days after the filing of such request for payment. All post-Petition Date ordinary course administrative claims shall be paid in the ordinary course during the Chapter 11 Case.

2.4. **Bar Date for Fee Claims**. Unless otherwise ordered by the Bankruptcy Court, requests for payment of Fee Claims incurred through the Effective Date must be filed and served on the Debtor and its counsel no later than twenty (20) days after the Effective Date (the "**Fee Claim Bar Date**").

2.5. **Classification of Claims and Equity Interests**. The following is the designation of the Classes of Claims and Equity Interests under the Plan:

(a) Class 1 Claims shall consist of all Other Priority Claims.

(b) Class 2 Claims shall consist of the Mortgage Lender Claim.

(c) Class 3 Claims shall consist of all General Unsecured Claims against the Debtor.

(d) Class 4 Equity Interests shall consist of Equity Interests.

ARTICLE III

TREATMENT OF UNCLASSIFIED CLAIMS

3.1. **Administrative Claims**. Except to the extent the holder of an Allowed Administrative Claim agrees otherwise, each holder of an Allowed Administrative Claim shall be paid in respect of such Allowed Administrative Claim (a) the full amount thereof in Cash, as soon as practicable after the later of (i) the Effective Date and (ii) the date on which such Claim becomes an Allowed Administrative Claim, or upon such other terms as may be agreed to by the holder of such Allowed Administrative Claim, or (b) such lesser amount as the holder of such Allowed Administrative Claim, the Debtor, and the Mortgage Lender Designee might otherwise agree. Notwithstanding the foregoing, the Statutory Fees shall be paid in Cash as soon as practicable after the Effective Date.

3.2. **Priority Tax Claims**. Except as provided herein, each holder of an Allowed Priority Tax Claim shall be paid in respect of such Allowed Claim the full amount thereof, without post-Petition Date interest or penalty, in Cash, as soon as practicable after the later of (i) the Effective Date and (ii) the date on which such Claim becomes an Allowed Claim or upon such other terms as may be agreed upon by the holder of such Allowed Claim, the Debtor, and the Mortgage Lender Designee.

3.3. **Fee Claims**. Each holder of an Allowed Fee Claim shall receive 100% of the unpaid amount of such Allowed Fee Claim in Cash after such Fee Claim becomes an Allowed Claim.

ARTICLE IV

CLASSIFICATION AND TREATMENT OF CLASSIFIED CLAIMS AND EQUITY INTERESTS

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

4.1. **Class 1 Other Priority Claims**. Each holder of an Allowed Other Priority Claim shall be paid in respect of such Allowed Other Priority Claim (a) the full amount thereof in Cash, as soon as practicable after the later of (i) the Effective Date and (ii) the date on which such Claim becomes an Allowed Other Priority Claim, or upon such other terms as may be agreed upon by the holder of such Allowed Other Priority Claim, the Debtor, and the Mortgage Lender Designee or (b) such lesser amount as the holder of such Allowed Other Priority Claim, the Debtor, and the Mortgage Lender Designee might otherwise agree. The holder of a Claim in this Class is not impaired and, therefore, not entitled to vote and is conclusively presumed to accept this Plan.

4.2. **Class 2 Mortgage Lender Claim**. Mortgage Lender shall have an Allowed Secured Claim in respect of the Mortgage Loan in the amount of $69,027,164.79 plus interest, costs, fees, penalties, and expenses accrued between August 15, 2012 and the Petition Date (the "**Mortgage Lender Allowed Secured Claim**"). The Mortgage Lender has agreed that solely in connection with the confirmation of this Plan, the Mortgage Lender Allowed Secured Claim shall be reduced to the total amount of $50,000,000.00 (the "**Reduced Mortgage Lender Allowed Secured Claim**"). On the Effective Date, in full and complete satisfaction of the Mortgage Lender Allowed Secured Claim, the Debtor shall transfer and convey (the "**Property Transfer**") to the Mortgage Lender Designee all the Property, free and clear of all Claims, Liens, charges, interests and encumbrances other than the Mortgage and any other Liens, charges, interests, and/or encumbrances under the Mortgage Loan Documents; provided, however, that the Debtor shall retain, and not transfer to Mortgage Lender Designee on the Effective Date (i) Cash needed to make other payments on the Effective Date pursuant to the terms of this Plan; (ii) the Administrative Claims Reserve; (iii) the Class 3 Disputed Claims Reserve; and (iv) sufficient Cash reserve to pay Statutory Fees and any other cost of liquidating the Estate; provided, further, that (x) following resolution and payment of the Claims provided for by the Administrative Claims Reserve, the Debtor, in accordance with section 7.3 of this Plan, shall transfer promptly to the Mortgage Lender Designee any balance remaining in the Administrative Claims Reserve

and (y) following resolution and payment of the Claims provided for by the Class 3 Disputed Claims Reserve, the Debtor, in accordance with section 7.4 of this Plan, shall transfer promptly to the Mortgage Lender Designee any balance remaining in the Class 3 Disputed Claims Reserve. The balance of the Mortgage Lender Claim in the amount of approximately $19,027,164.79 plus interest, costs, fees, penalties, and expenses accrued between August 15, 2012 and the Petition Date (the "**Mortgage Lender Allowed Deficiency Claim**"), solely in connection with the Confirmation and Effective Date of this Plan, shall be deemed waived and extinguished on the Effective Date. Mortgage Lender is impaired and therefore, is entitled to vote. Nothing contained in this section or elsewhere in this Plan shall have the effect or be deemed to have the effect of discharging or terminating the Mortgage, the Mortgage Loan, or any other Mortgage Loan Documents, provided, however; that upon the occurrence of the Property Transfer, any and all obligations of the Debtor under the Mortgage, the Mortgage Loan, and any other Mortgage Loan Documents shall be deemed waived, extinguished, and discharged.

4.3. **Class 3 General Unsecured Claims**. This Class shall consist of General Unsecured Claims against the Debtor. Each holder of an Allowed General Unsecured Claim shall receive cash in full on the Effective Date or as soon as practicable thereafter. The holders of Claims in this Class are unimpaired and therefore are not entitled to vote and conclusively presumed to accept this Plan.

4.4. **Class 4 Equity Interests**. This Class shall consist of all Equity Interests. On the Effective Date, Class 4 Equity Interests shall be deemed cancelled, null and void and of no force and effect; however, the Limited Partner shall retain the Profits Participation Right upon Confirmation of this Plan in the absence of a Class A Plan Support Default. Accordingly, Holders of Allowed Equity Interests are impaired, and are entitled to vote.

4.5. **Reservation of Rights**. Nothing contained herein shall be deemed to limit the right of the Debtor, the Mortgage Lender Designee, or the United States Trustee to object to any Administrative Claims (including without limitation Fee Claims and Cure Amounts), Priority Claims, Other Priority Claims, General Unsecured Claims (including without limitation Claims for rejection damages under Section 365 of the Bankruptcy Code) and Secured Claims filed in the Chapter 11 Case other than the Mortgage Lender Claim which is deemed Allowed and not subject to objection. Nothing contained herein shall affect the Debtor's rights and defenses both legal and equitable, with respect to all members of any Unimpaired Classes including but not limited to, all rights with respect to legal and equitable defenses to setoffs or recoupments asserted against members of any Unimpaired Classes subject to the releases granted herein.

ARTICLE V

MEANS FOR IMPLEMENTATION OF THE PLAN

5.1. **Corporate Action**. Upon the entry of the Confirmation Order, all matters provided under this Plan involving the corporate structure of the Debtor shall be deemed authorized and approved without any requirement of further action by the Debtor, the Debtor's equity interest holders, or the Debtor's General Partner, managers, and/or managing members. As soon as practicable following the Effective Date, the Debtor shall dissolve or otherwise

terminate its existence, by filing a certificate of cancellation and a copy of the Confirmation Order and any other necessary documents with applicable state authority.

ARTICLE VI

RELEASES

6.1. **Releases by the Debtor**. Pursuant to section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided in this Plan, for good and valuable consideration provided by each of the Released Parties, on the Effective Date and effective as of the Effective Date, the Released Parties are deemed released and discharged by the Debtor and its Estate from any and all obligations, liabilities, claims, counterclaims, crossclaims, offsets, demands, and causes of action, whether known or unknown, direct or derivative, contingent or absolute, that the Debtor would have been legally entitled to assert, or, now or hereafter can, shall or may have for, upon, or by reason of any matter, cause or thing whatsoever from the beginning of time to the Effective Date including, but not limited to, any claim or cause of action arising from or relating to the Debtor, the Chapter 11 Case, this Plan, the subject matter of, or the transactions or events giving rise to, any Claim or Interest of the Released Parties that is treated in this Plan, the business or contractual arrangements between any Debtor and any Released Party, the negotiation, formulation, or preparation of this Plan and the Disclosure Statement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place, in each case to the extent incurred on or prior to the Effective Date, other than in each case claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes willful misconduct or gross negligence.

6.2. **Injunction**. On the Effective Date, the Debtor shall be permanently enjoined from commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind, including asserting any setoff, right of subrogation, contribution, indemnification or recoupment of any kind, directly or indirectly, or proceeding in any manner in any place inconsistent with the releases granted by the Debtor and its Estate to the Released Parties pursuant to this Plan. The Confirmation Order shall specifically provide for such injunction.

The releases and injunctions granted in favor of the Released Parties are integral parts of the Plan and are necessary to confirm the Plan.

ARTICLE VII

DISTRIBUTIONS UNDER THE PLAN.

7.1. **Distributions for Claims Allowed as of the Effective Date**. Except as otherwise provided herein or as ordered by the Bankruptcy Court, distributions to be made on account of Claims that are Allowed Claims as of the Effective Date shall be made on the Effective Date or as soon thereafter as is practicable. Any distribution to be made on the Effective Date pursuant to this Plan shall be deemed as having been made on the Effective Date if such distribution is made on the Effective Date or as soon thereafter as is practicable. Any payment or distribution required to be made under this Plan on a day other than a Business Day shall be made on the next

succeeding Business Day. The Debtor shall make all distributions required to be made under the Plan.

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

7.3. **Reserves for Administrative, Priority Tax and Other Priority Claims**. On or before the Effective Date, the Debtor shall establish and maintain a reserve in an amount equal to the sum of (i) all Disputed Administrative Claims, Disputed Cure Amounts, Disputed Priority Tax Claims and Disputed Other Priority Claims, if any, in an amount equal to what would be distributed to holders of Disputed Administrative Claims, Disputed Priority Tax Claims, Disputed Other Priority Claims, and Disputed Cure Amounts if their Disputed Claims have been deemed Allowed Claims on the Effective Date or on the Administrative Claims Bar Date or such other amount as may be approved by the Bankruptcy Court upon motion of the Debtor and/or the Mortgage Lender Designee and (ii) an estimated amount for unpaid Fee Claims and any other Administrative Claims that have not been filed as of the Effective Date, such amount to be agreed upon by the Debtor and the Mortgage Lender Designee or such other amount as may be fixed by the Bankruptcy Court (together, the "**Administrative Claims Reserve**"). With respect to such Disputed Claims, if, when, and to the extent any such Disputed Claim becomes an Allowed Claim by Final Order, the relevant portion of the Cash held in reserve therefore shall be distributed by the Debtor to the Claimant in a manner consistent with distributions to similarly situated Allowed Claims. The balance of such Cash, if any, remaining after all Fee Claims, Disputed Administrative Claims, Disputed Cure Amounts, Disputed Priority Tax Claims, and Disputed Other Priority Claims have been resolved and distributions made in accordance with the Plan, shall be released and distributed promptly to the Mortgage Lender Designee (and not to the Debtor). No payments or distributions shall be made with respect to a Claim that is a Disputed Claim pending the resolution of the dispute by Final Order or agreement of the parties (including the Mortgage Lender Designee).

7.4. **Reserves for Disputed Claims**. On or before the Effective Date, the Debtor shall establish and maintain a reserve ("**Class 3 Disputed Claims Reserve**") for all Class 3 Disputed Claims, including any Disputed Rejection Damage Claims. For purposes of establishing a reserve for Class 3 Disputed Claims, Cash will be set aside in an amount equal to the amount that would have been distributed to the holders of Class 3 Disputed Claims had their Class 3 Disputed Claims been deemed Allowed Claims on the Effective Date or such other amount as may be approved by the Bankruptcy Court upon motion of the Debtor and/or the Mortgage Lender Designee. With respect to such Class 3 Disputed Claims, if, when, and to the extent any such Class 3 Disputed Claim becomes an Allowed Claim by Final Order, the relevant portion of the Cash held in reserve therefore shall be distributed by the Debtor to the Claimant on the first business day following the end of the calendar quarter in which the Class 3 Disputed Claim becomes an Allowed Claim (or earlier in the discretion of the Debtor) and in a manner thereafter consistent with distributions to similarly situated Allowed Claims. The balance of such Cash, if any, remaining in the Class 3 Disputed Claim Reserve after all Class 3 Disputed Claims have

been resolved and distributions made in accordance with the Plan, shall be released and distributed promptly to the Mortgage Lender Designee (and not to the Debtor). No payments or distributions shall be made with respect to a Claim that is a Disputed Claim pending the resolution of the dispute by Final Order or agreement of the parties (including the Mortgage Lender Designee).

7.5. **Claims Objection Deadline**. Objections to Claims shall be filed and served upon each affected Creditor by the Debtor and/or the Mortgage Lender Designee no later than thirty (30) days after the later of (i) the Confirmation Date ("**Objection Deadline**") and (ii) the date the Claim is timely filed, provided however, that the Objection Deadline may be extended by the Bankruptcy Court upon motion of the Debtor with the consent of the Mortgage Lender Designee, without notice or hearing, for up to an additional sixty (60) days thereafter. The Objection Deadline shall automatically be extended without further order of the Court during the time period following the filing of the extension motion until such time as the Court enters an order granting or denying the requested extension.

7.6. **Settlement of Disputed Claims**. Objections to Claims may be litigated to judgment or withdrawn, and may be settled with the approval of the Bankruptcy Court, except to the extent such approval is not necessary as provided in this section. After the Effective Date, and subject to the terms of this Plan, the Debtor may settle any Disputed Claim without providing any notice or obtaining an order from the Bankruptcy Court provided, however, that the Mortgage Lender Designee consents in writing to such settlement.

7.7. **Unclaimed Property**. If any distribution remains unclaimed for a period of one hundred and eighty (180) days after it has been delivered (or attempted to be delivered) in accordance with the Plan to the holder of an Allowed Claim or Equity Interest entitled thereto, such unclaimed property shall be forfeited by such holder, whereupon all right, title and interest in and to the unclaimed property shall be held in reserve by the Debtor to be distributed to the Mortgage Lender Designee.

7.8. **Release of Liens**. The Liens securing the Mortgage Loan shall survive Confirmation and the Effective Date and shall remain valid, enforceable and perfected Liens against the Property. On the Effective Date and except as expressly set forth in this Plan, all other mortgages, deeds of trust, Liens or other security interests against the Mortgaged Property of the Debtor's Estate shall be released and forever discharged, and all the right, title and interest of any holder of such mortgages, deeds of trust, Liens or other security interests shall revert to the Mortgage Lender Designee and its successors and assigns.

7.9. **Fractional Cents**. Any other provision of this Plan to the contrary notwithstanding, no payment of fractions of cents will be made. 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.

7.10. **Payments of Less than Twenty-Five Dollars**. If a cash payment otherwise provided for by this Plan with respect to an Allowed Claim would be less than twenty-five ($25.00) dollars (whether in the aggregate or on any payment date provided in this Plan),

notwithstanding any contrary provision of this Plan, the Debtor shall not be required to make such payment.

ARTICLE VIII

UNEXPIRED LEASES AND EXECUTORY CONTRACTS

8.1. **Assumption of All Agreements**. Any and all pre-petition leases or executory contracts (not otherwise previously rejected or the subject of a motion to reject pending on the Confirmation Date), shall be deemed assumed by the Debtor and assigned to Mortgage Lender Designee effective as of the Effective Date. Without limiting the forgoing, on the Effective Date, all leases of non-residential property with tenants shall be deemed assumed by the Debtor and assigned to Mortgage Lender Designee and all Security Deposits shall be transferred to Mortgage Lender Designee in accordance with the terms of this Plan and the Mortgage Lender Designee shall maintain custody and control of all Security Deposits, if any, posted by tenants in accordance with the terms of their leases and applicable non-bankruptcy law. Notwithstanding the foregoing, the Mortgage Lender Designee may designate executory contracts that are to be rejected by the Debtor no later than five (5) days prior to the Confirmation Hearing and Debtor shall promptly file such designation, if any, with the Bankruptcy Court and notify all affected counterparties. Any undisputed cure amounts ("**Undisputed Cure Amounts**") shall be paid on the Effective Date of the Plan by the Mortgage Lender Designee with any disputed cure claims ("**Disputed Cure Amounts**") to be paid upon further agreement of the parties or further order of the Bankruptcy Court. Notwithstanding anything else in this paragraph or the Plan, the Mortgage Lender Designee may designate for rejection any executory contract within 3 days following the entry of an order of the Bankruptcy Court fixing the disputed cure amounts for such contract in which case such contract shall then be deemed to have been rejected as of the Confirmation Date.

8.2. **Claims for Damages**. All proofs of claim with respect to Claims arising from the rejection of executory contracts or leases, if any, shall, unless another order of the Bankruptcy Court provides for an earlier date, be filed with the Bankruptcy Court within thirty (30) days after the mailing of notice of Effective Date. Any and all proofs of claim with respect to Claims arising from the rejection of executory contracts by the Debtor shall be treated as Class 3 General Unsecured Claims, for purposes of distribution pursuant to the Plan. Unless otherwise permitted by Final Order, any proof of claim that is not filed before the Bar Date (other than those Claims arising from the rejection of executory contracts or leases under the Plan, which may be filed within thirty (30) days after mailing of the notice of Effective Date as set forth above) shall automatically be disallowed as a late filed Claim, without any action by the Debtor, and the holder of such Claim shall be forever barred from asserting such Claim against the Debtor, its Estate, or property of its Estate.

ARTICLE IX

CONDITIONS TO CONFIRMATION AND EFFECTIVE DATE

9.1. **Conditions to Confirmation of the Plan**. This Plan shall not be confirmed unless and until the following conditions have been satisfied in full or waived by the Mortgage Lender Designee:

(a) The Confirmation Order shall be in form and substance satisfactory to the Mortgage Lender and Mortgage Lender Designee, which Confirmation Order shall approve all provisions, terms and conditions of the Plan; and

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

9.2. **Conditions to Effectiveness of the Plan**. This Plan shall not become effective unless and until (i) the Bankruptcy Court shall have entered the Confirmation Order by December 31, 2012 (or such other date as agreed to by Debtor and the Mortgage Lender Designee), the same shall be in full force and effect and not be subject to any stay or injunction and such Confirmation Order shall be in form and substance satisfactory to the Mortgage Lender Designee, (ii) the date that is not earlier than fourteen days following the entry of the Confirmation Order and the expiration of all appeal periods to such order without the filing of an appeal and no stay of the Confirmation Order is in effect; and (iii) there is no outstanding Class A Plan Support Default by the Limited Partner.

9.3. **Effect of Failure of Condition**. In the event that the conditions specified in section 9.2 of this Plan have not occurred on or before thirty (30) days after the Confirmation Date, the Confirmation Order shall be vacated upon order of the Bankruptcy Court upon motion made by the Mortgage Lender Designee.

9.4. **Notice of the Effective Date; Actions Taken on Effective Date**

(a) The Debtor shall file a notice of the occurrence of the Effective Date within five (5) Business Days thereafter.

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

ARTICLE X

RETENTION OF JURISDICTION

10.1. **Jurisdiction**. Following the Confirmation Date and until such time as all payments and distributions required to be made and all other obligations required to be

performed under this Plan have been made and performed by the Debtor, as the case may be, the Bankruptcy Court shall retain jurisdiction as is legally permissible, including, without limitation, for the following purposes:

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

(b) Injunction, etc. To issue injunctions or take such other actions or make such other orders as may be necessary or appropriate to restrain interference with the Plan or its execution or implementation by any Person, to construe and to take any other action to enforce and execute the Plan, the Confirmation Order, or any other order of the Bankruptcy Court, to issue such orders as may be necessary for the implementation, execution, performance and consummation of the Plan and all matters referred to herein, and to determine all matters that may be pending before the Bankruptcy Court in the Chapter 11 Case on or before the Effective Date with respect to any Person or Entity;

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

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

(e) Dispute Resolution. To resolve any dispute arising under or related to the implementation, execution, consummation or interpretation of the Plan and/or Confirmation Order and the making of distributions hereunder and thereunder;

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

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

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

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

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

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

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

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

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

ARTICLE XI

MISCELLANEOUS PROVISIONS

11.1. **Pre-Confirmation Modification**. On notice to and opportunity to be heard by the United States Trustee, this Plan may be altered, amended or modified by the Debtor before the Confirmation Date as provided in section 1127 of the Bankruptcy Code; provided, however, that any such amendment or modification of the Plan must be approved in writing by the Mortgage Lender and the Mortgage Lender Designee.

11.2. **Post-Confirmation Immaterial Modification**. With the approval of the Bankruptcy Court and on notice to and an opportunity to be heard by the United States Trustee and without notice to holders of Claims and Equity Interests, the Debtor may, insofar as it does not materially and adversely affect the interest of holders of Claims and Equity Interests, correct any defect, omission or inconsistency in the Plan in such manner and to such extent as may be necessary to expedite consummation of this Plan; provided, however, that any such amendment or modification of the Plan must be approved in writing by the Mortgage Lender and the Mortgage Lender Designee.

11.3. **Post-Confirmation Material Modification**. On notice to and an opportunity to be heard, the Plan may be altered or amended after the Confirmation Date but prior to the Effective Date by the Debtor in a manner which, in the opinion of the Bankruptcy Court, materially and adversely affects holders of Claims, provided that such alteration or modification is made after a hearing and otherwise meets the requirements of section 1127 of the Bankruptcy Code; provided, however, that any such amendment or modification of the Plan must be approved in writing by the Mortgage Lender and the Mortgage Lender Designee.

11.4. **Withdrawal or Revocation of the Plan**. The Debtor, in consultation with the Mortgage Lender Designee and Mortgage Lender, reserves the right prior to the Effective Date to revoke or withdraw the Plan. If the Debtor revokes or withdraws the Plan or if confirmation or consummation of the Plan does not occur, then (a) the Plan shall be null and void in all respects, (b) any settlement or compromise embodied in the Plan (including the allowance, fixing or limiting to an amount certain any Claim or Equity Interest or Class of Claims or Equity Interests) and any assumption or rejection of executory contracts or leases affected by the Plan shall terminate and be of no further force or effect, and any document or agreement executed

pursuant to the Plan shall be deemed null and void, and (c) nothing contained in the Plan shall (i) constitute a waiver or release of any Claims by or against, or any Equity Interests in, the Debtor or any other Person, (ii) prejudice in any manner the rights of Debtor or any other Person, or (iii) constitute an admission of any sort by the Debtor or any other Person.

11.5. **Payment of Statutory Fees**. All fees payable pursuant to section 1930 of Title 28 of the United States Code shall be paid on the Effective Date (if due) by the Debtor. The Debtor shall pay when due all United States Trustee quarterly fees under 28 U.S.C. Section 1930(a)(6), plus interest, if any, due under 31 U.S.C. Section 3717, on all disbursements, including plan payments and disbursements in and outside of the ordinary course of business, until the earliest of the entry of a final decree closing the Chapter 11 Case, dismissal of the Chapter 11 Case, or conversion of the Chapter 11 Case to a case under chapter 7.

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

11.7. **Exculpation**. On the Effective Date, (a) the Debtor, and its direct and indirect parents, subsidiaries and affiliates, together with each of its present and former shareholders, members, managers, general partners, limited partners, officers, directors, employees, agents, representatives, attorneys and advisors or consultants (solely in their capacities as such) and (b) the Released Parties, including the Mortgage Lender Designee, the Mortgage Lender, the General Partner and the Limited Partner, the members of the investment committee of the Limited Partner, RPAP Partners, and all of their respective direct and indirect parents, subsidiaries and affiliates, together with each of their respective shareholders, members, managers, general partners, limited partners, officers, directors, investors, financial advisors, investment bankers, employees, employers, agents, representatives, attorneys and advisors or consultants (solely in their capacities as such) shall be deemed to release each of the other, and shall be deemed released by all holders of Claims or Equity Interests, of and from any claims, obligations, rights, causes of action and liabilities for any act or omission occurring through the date immediately preceding the Effective Date that arise from or are related to the Property and the ownership thereof, including, without limitation, any act or omission occurring during or relating to the Chapter 11 Case, commencement of the Chapter 11 Case, the solicitation of acceptances of this Plan, the Disclosure Statement, the pursuit of approval of the Disclosure Statement, the pursuit of confirmation of the Plan, the consummation of the Plan or the administration of the Plan or the property to be distributed under the Plan, except for acts or omissions which constitute willful misconduct or gross negligence, and all such Persons, in all respects, shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan and under the Bankruptcy Code; provided, however, that this provision shall not release Peninsula Real Estate Fund I, GP LLC ("Old GP") or its control person(s) from any liability it or they may have to the Limited Partner or its partners arising out of any actions or inactions taken by Old GP in its capacity as the general partner of the Limited Partner.

11.8. **Confirmation Injunction**. Except as otherwise provided herein, and as set forth in the Confirmation Order, (a) the rights afforded herein and the treatment of all Claims and Equity Interests herein, shall be in exchange for and in complete satisfaction and release of, all

Claims and Equity Interests of any nature whatsoever against the Debtor or any of its assets and properties, (b) on the Effective Date, all such Claims against the Debtor and Equity Interests shall be satisfied and released in full, and (c) all Persons shall be precluded from asserting and shall be permanently enjoined from commencing or continuing in any manner any action or proceeding (whether directly, indirectly, derivatively, or otherwise) against the Debtor, its assets or properties, or any other or further Claims or Equity Interests based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date.

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

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

11.11. **Cramdown**. The Debtor reserves the right to request confirmation of the Plan under section 1129(b) of the Bankruptcy Code with respect to Classes that vote to reject the Plan.

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

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

If to Debtor:

Eastgate Tower Hotel Associates, L.P.
Attn: Steven A. Carlson
45 Adams Road
Easton, CT 06612

and

c/o PREFNY GP, LLC
The Procaccianti Group
1140 Reservoir Avenue
Cranston, RI 02920
Tel: (401) 946-4600
Fax: (401) 943-6320

With a copy to:

c/o BRYAN CAVE LLP
Lloyd A. Palans (LP-8572)
1290 Avenue of the Americas
New York, NY 10104
Telephone: (212) 541-2000
Facsimile: (212) 541-1493

If to Mortgage Lender or Mortgage Lender Designee:

c/o Rockpoint Group, O.K.
500 Boylston Street, Suite 1880
Boston, Massachusetts 02116
Attention: Mr. Paisley Boney
Tel: 212-554-2260
Fax: 212-554-2263

c/o Atlas Capital Group
505 Fifth Avenue
28th Floor
New York, New York 10017
Attention: Mr. Andrew B. Cohen
Tel: 212-554-2260
Fax: 212-554-2263

With a copy to:

Greenberg Traurig, LLP
MetLife Building
200 Park Avenue
New York, New York 10166
Attention: John H. Bae, Esq.
Denise J. Penn, Esq.
Tel: 212-801-6774
Fax: 212-801-6400

If to the Limited Partner:

The Procaccianti Group
Attn: Greg Vickowski
1140 Reservoir Avenue
Cranston, RI 02920
Tel: (401) 946-4600
Fax: (401) 943-6320

With a copy to:

Akin Gump Strauss Hauer & Feld LLP
One Bryant Park
New York, New York 10036
Attention: Patrick Dooley, Esq.
Lisa Beckerman, Esq.
Tel: (212) 872-1000
Fax: (212) 872-1002

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

11.15. **Exemption From Transfer Taxes**. Pursuant to Bankruptcy Code section 1146(a): (a) the issuance, transfer, or exchange of notes or equity securities under the Plan; (b) the creation of any mortgage, deed of trust, lien, pledge, or other security interest; (c) the making or assignment of any contract, lease or sublease; or (d) the making or delivery of any deed or other instrument of transfer or other consideration under, in the furtherance of, or in connection with this Plan, including, without limitation, the delivery of the Property to Mortgage Lender Designee and any other payments and transfers pursuant to the Plan by any Debtor(s) to Mortgage Lender Designee; delivery of deeds, bills of sale, or other transfers of tangible property will not be subject to any stamp tax, or other similar tax or any tax held to be a stamp tax or other similar tax by applicable law.

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

11.17. **Headings**. The headings used in this Plan are inserted for convenience only and neither constitute a portion of the Plan nor in any manner affect the provisions of the Plan.

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DATED: August 17, 2012

DEBTOR:

EASTGATE TOWER HOTEL ASSOCIATES, L.P., a Delaware limited liability company

By: _____

Name: Steven A. Carlson
Title: Chief Restructuring Officer

EXHIBIT

A

MORTGAGE LOAN DOCUMENTS

The documents listed below are dated as of October 25, 2006 unless otherwise indicated.

Loan

1. Building Loan Agreement between Anglo Irish Corporation, PLC ("Original Lender") and Eastgate Tower Associates, L.P. ("Borrower")

2. Authorization Letter by Borrower

3. Acquisition Loan Note made by Borrower

4. Acquisition Loan Mortgage and Security Agreement made by Borrower

5. Renovation Costs Note made by Borrower

6. Renovation Costs Mortgage and Security Agreement made by Borrower

7. Related Costs Loan Agreement between Original Lender and Borrower

8. Related Costs Note made by Borrower

9. Related Costs Mortgage and Security Agreement made by Borrower

10. Collateral Assignment of Leases and Rents made by Borrower

11. Section 255 Affidavit (Collateral Assignment of Leases and Rents) made by Borrower

12. Collateral Assignment of Contracts, Licenses and Permits made by Borrower

13. Guaranty of Non-Recourse Carveout Obligations jointly and severally made by Peninsula Real Estate Fund I, L.P. and Peninsula Real Estate Fund I, GP, LLC

14. Guaranty of Completion jointly and severally made by Peninsula Real Estate Fund I, L.P. and Peninsula Real Estate Fund I, GP, LLC

15. Interest Rate Agreement Pledge and Security Agreement between Original Lender and Borrower

16. Environmental Indemnity Agreement made by Borrower jointly and severally made by Peninsula Real Estate Fund I, L.P. and Peninsula Real Estate Fund I, GP, LLC

17. Section 255 Affidavit (Collateral Mortgage and Security Agreement) made by Borrower

18. UCC-1 Financing Statements

19. Letter Agreement Re: Subordination of Interim Management Agreement between Original Lender, Borrower and DHG Management LLC

20. Zoning Disclosure Letter between Original Lender and Borrower

21. ISDA Swap Agreement between Original Lender and Borrower

Eastgate Tower Hotel Associates, L.P.
CHAPTER 7 LIQUIDATION ANALYSIS

Cash on Hand		$775,265	as of 8/15
Less: Outstanding Payroll Checks		($43,682)	
Net Cash on Hand:		$731,583	
Value of Property:		$62,000,000	(1)
Transaction Discount under Chapter 7 Liquidation:	10.0%	($6,200,000)	(2)
Net Proceeds:		$55,800,000	
TOTAL ASSETS:		**$56,531,583**	
Chapter 7 Fees and Expenses			
Trustee Commission		($1,695,947)	(3)
Total Fees and Expenses		($1,695,947)	
NET DISTRIBUTABLE TO CLAIMHOLDERS		**$54,835,636**	
Senior Tax Claims		$0	
Total Mortgage Lender Claim:		$69,027,165	as of 8/15
Distribution to Mortgage Lender:		($54,835,636)	
Un-recovered Mortgage Lender Claim:		$14,191,529	
Total owner general unsecured claims:		$153,363	
Distribution to unsecured claims:		$0	
Recovery percentage - Mortgage Lender Claim:		79.4%	(4)
Recovery percentage - Owner General Unsecureds:		0	(4)

1) Based on CBRE appraisal. Standard prorations for income and expenses and payables/receivables are assumed to be included in this figure.

2) Includes discount to value associated with Chapter 7 liquidation, along with transaction costs related to the sale (including transfer taxes at 3.025% of the liquidation value)

3) Trustee commission pursuant to Section 326(a) of the Bankruptcy Code, based on the assumption that the property is sold to a third-party and that the Chapter 7 trustee distributes the proceeds to the mortgage lender. There would be additional legal fees and expenses associated with the appointment of the Chapter 7 trustee, which are not reflected here.

4) Under the plan, the mortgage lender will receive collateral valued at 79.4% of its claim, and the owner general unsecureds will each receive 100% of their respective claims.

EXHIBIT C

PLAN SUPPORT AND COOPERATION AGREEMENT

This Plan Support and Cooperation Agreement (this "Agreement"), dated as of July 13, 2012, is entered into between and among HOTEL DEBT (EASTGATE) LLC, a Delaware limited liability company ("Lender"); EASTGATE OWNER LLC, a Delaware limited liability company ("Property Owner Company"); RPAP EASTGATE LLC, a Delaware limited liability company ("RPAP Eastgate"); RPAP EASTGATE MESNE HOLDINGS LLC, a Delaware limited liability company (the "Venture"); PENINSULA REAL ESTATE FUND I, LP, a Delaware limited partnership ("Peninsula"); EASTGATE TOWER HOTEL ASSOCIATES GP, LLC, a Delaware limited liability company ("Eastgate GP"); and EASTGATE TOWER HOTEL ASSOCIATES, L.P., a Delaware limited partnership ("Debtor" and together with Lender, Property Owner Company, the Venture, Peninsula and Eastgate GP, collectively, the "Parties" and, each, a "Party").

RECITALS:

WHEREAS, Peninsula owns 100% of the membership interest in Eastgate GP;

WHEREAS, Peninsula is the 99% limited partner of Debtor and Eastgate GP is the 1% general partner of Debtor;

WHEREAS, concurrently herewith, Lender has acquired from LSREF2 Clover, LLC ("Prior Lender") certain mortgage loans (collectively, the "Mortgage Loan") in the aggregate maximum stated principal amount of $71,060,932.87 secured by, among other things, a perfected first priority security interest in the Hotel (herein defined) and Lender confirms that any and all claims, counterclaims, offsets, demands and causes of action that Prior Lender now has or now may have against any member of the Peninsula Group arising from or relating to the Hotel and/or the Mortgage Loan and the Prior Lender has not retained or otherwise transferred to any party other than Lender any such claims against any member of the Peninsula Group;

WHEREAS, RPAP Eastgate owns 100% of the membership interest in the Venture;

WHEREAS, the Venture owns 100% of the membership interest in both Lender and Property Owner Company;

WHEREAS, Debtor is the borrower under the Mortgage Loan and is the owner of the Hotel.

WHEREAS, Peninsula and Peninsula Real Estate Fund I, GP, LLC (collectively the "Guarantors") guaranteed certain obligations of the Debtor with respect to the Mortgage Loan pursuant to the Loan Documents (herein defined);

WHEREAS, certain material events of default have occurred and are continuing under the Mortgage Loan as a result of, inter alia, Debtor's failure to repay the Mortgage Loan on its maturity date (collectively, the "Acknowledged Events of Default");

WHEREAS, subject to the terms and conditions of this Agreement, Peninsula, Eastgate GP, and the Debtor (collectively, the "Eastgate Parties" and each an "Eastgate Party") and the Lender desire to cause the Hotel to be conveyed to Property Owner Company, either: (a) pursuant to an agreed upon plan of reorganization of Debtor in a voluntary case (the "Chapter 11 Case") under the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (the "Court") or (b) at Lender's election by a Foreclosure/Deed-in-Lieu Event (as defined below); and

WHEREAS, simultaneously with the execution and delivery of this Agreement, RPAP Eastgate and Peninsula have executed and delivered the Venture LLC Agreement (hereinafter defined) pursuant to which Peninsula has been admitted as the Class B member of the Venture; and

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Defined Terms: As used in this Agreement:

"Administrative Claims" means all administrative claims and expenses asserted against Debtor in the Chapter 11 Case arising under or allowed pursuant to section 503(b) of the Bankruptcy Code.

"Approved Hotel and Plan Costs" means, collectively, the following without duplication: (i) all Administrative Claims; (ii) all Hotel Costs and Expenses that accrue or arise during the Plan Support Period; (iii) all Plan Costs and Expenses, and (iv) all Pending Hotel Costs.

"Bankruptcy Code" title 11 of the United States Code, 11 U.S.C. section 101 *et seq.*

"Class A Limited Partner" means Mainland Ventures Corp., a Delaware corporation.

"Class B Limited Partners" means the Class B limited partners of Peninsula, including, solely in its capacity as a Class B limited partner and not in its capacity as the former general partner of Peninsula, Peninsula Real Estate Fund I, GP LLC.

"Conveyance Date" means the date on which title to the Hotel is vested in Property Owner Company pursuant to the Approved Plan (as defined below), a Foreclosure/Deed-in-Lieu Event or otherwise.

"Excluded Expenses" means any cost, liability and/or expense of, or claim against, any of the Eastgate Parties arising from or with respect to: (i) claims by any one or more members of the Peninsula Group against any other member of the Peninsula Group and/or any other amounts payable by any of the Eastgate Parties to any member of the Peninsula Group; (ii) taxes other than real estate taxes assessed against the Hotel and any New York City or New York State transfer tax payable in connection with the transfer of the Hotel to Property Owner Company; and/or (iii) a Plan Support Default other than (as to clause (iii) only) those costs, expense and liabilities of the Debtor that would otherwise constitute Approved Hotel and Plan Costs.

"Final Order" means an order or judgment of the Court, or other court of competent jurisdiction, as entered on the docket in the Chapter 11 Case, or the docket of any such other court, the operation or effect of which has not been reversed, stayed, modified, or amended, and as to which order or judgment (or any reversal, stay, modification, or amendment thereof): (a) the time to appeal, seek leave to appeal or certiorari, or request reargument or further review or rehearing has expired and no appeal, petition for leave to appeal or certiorari, or request for reargument or further review or rehearing has been

timely filed without the filing of an appeal, or (b) any appeal that has been or may be taken or any petition for certiorari or leave to appeal or request for reargument or further review or rehearing that has been or may be filed has been resolved by the highest court to which the order or judgment was appealed, from which certiorari or leave to appeal was sought, or to which the request was made, and no further appeal or petition for certiorari or leave for appeal or request for reargument or further review or rehearing has been or can be taken or granted.

"Foreclosure/Deed-in-Lieu Event" means the vesting of title to the Hotel in the Property Owner Company by foreclosure or conveyance-in-lieu of foreclosure.

"Fund General Partner" means PREFNY GP, LLC, a Delaware limited liability company.

"GUC Allocation" means the allocation for general unsecured claims provided for in the Approved Plan in an amount equal to no less than the lesser of: (x) $200,000.00; and (y) 100% of all general unsecured claims.

"Hotel" means, collectively, the Real Property, the Leases, the Personal Property, and the Intangibles.

"Hotel Costs and Expenses" means any and all costs, expenses and liabilities of the Debtor, ordinary or extraordinary, resulting from the ownership, maintenance, operation and repair of the Hotel, including, without limitation: real estate taxes; employee compensation and benefits; premiums for insurance policies insuring the Hotel and the operation of business therein; payment of fees and other amounts due under the Hotel Management Agreement and Operating Agreements; operating expenses; and costs of repair and maintenance of the Hotel; provided, however, that Hotel Costs and Expenses shall not include any Excluded Expenses.

"Hotel Management Agreement" means that certain Management Agreement dated as of August 24, 2006 between Debtor and Manager, as the same has been or hereinafter may be, amended, modified or restated.

"Intangibles" means the assignable contract rights and intangible property pertaining to the Real Property and/or the Personal Property, including, without limitation, (i) guaranties and warranties, (ii) all designs, plans, drawings, specifications and surveys, (iii) all consents, licenses, permits, registrations, certificates, authorizations and other approvals, (iv) all Hotel specific telephone and telecopy numbers, domain names, restaurant names and other trade names, general intangibles, business records, group and guest history, and client databases, (v) the Operating Agreements (herein defined); (vi) all domain names and all trademarks, trademark applications and registered trademarks used or held for use in connection with the operation of the Hotel, together with the use and goodwill associated therewith; and (vii) all accounts receivable, refunds, deposits, rent, profit and income.

"Investment Committee" means the investment committee of Peninsula.

"Leases" means all agreements for the use and occupancy of the Real Property, or any portion thereof.

"Loan Documents" has the meaning set forth in Section 7(a) of this Agreement.

"Manager" means DHG Management LLC, a New York limited liability company.

"Mutual Release" means a release substantially in the form of Exhibit F attached hereto, (i) by the Eastgate Parties, each on behalf of itself and the other members of the Peninsula Group (to the extent such other members of the Peninsula Group can be bound by the Eastgate Parties) in favor of the Venture Group and the CRO, with respect to the Mortgage Loan, the Hotel, the Restructuring and related transactions, including both direct and derivative claims to the fullest extent of the law, whether the Restructuring is consummated pursuant to the Approved Plan, a Foreclosure/Deed-in-Lieu Event, or otherwise, excluding, however, the RPAP Parties' obligations under this Agreement, the Lender Indemnification and the Venture LLC Agreement; and (ii) by the RPAP Parties, each on behalf of itself and the other members of the Venture Group (to the extent such other members of the Venture Group can be bound by Lender, Property Owner, RPAP Eastgate and/or the Venture) in favor of the of the Peninsula Group, with respect to the Mortgage Loan, the Hotel, the Restructuring and related transactions, including both

direct and derivative claims to the fullest extent of the law, whether the Restructuring is consummated pursuant to the Approved Plan, a Foreclosure/Deed-in-Lieu Event, or otherwise, excluding, however, any obligations and/or liabilities of TPG to the Venture Group arising from matters not related to TPG's position as general partner of Peninsula.

"Operating Agreements" means (x) all management, license, franchise, marketing or technical services agreements relating, to Hotel, and (y) all service, supply, maintenance, construction or similar contracts relating to the Hotel.

"Peninsula Group" shall mean, collectively: (A) the Eastgate Parties; (B) the Class A Limited Partner, the Class B Limited Partners, the Fund General Partner, the Guarantors; (C) the current and former directors and officers of the Eastgate Parties, the Class A Limited Partner, and the Fund General Partner; (D) each member of the Investment Committee, and (E) with respect to each of the foregoing persons in clauses (A) through (D), such persons' subsidiaries, affiliates, members, officers, directors, agents, investors, financial advisors, accountants, investment bankers, consultants, attorneys, employers, employees, partners, affiliates and representatives.

"Personal Property" means the fixtures, machinery, equipment and other tangible personal property (excluding any items owned by tenants under the Leases) installed in, located at or used in connection with the Real Property, including the Caterpillar, Model C15 diesel emergency generator used in connection with the Real Property, but currently stored with a third party bailee in Farmingdale, NY.

"Pending Hotel Costs" means normal and customary operating expenses of the Hotel incurred by Debtor in the ordinary course of the operation of the Hotel during the thirty (30) days period immediately prior to the date hereof.

"Plan Costs and Expenses" means, collectively: (i) any and all costs and/or expenses incurred by or on behalf of Debtor during the Plan Support Period in connection with the preparation of and for the Chapter 11 Case and the administration thereof, including, without limitation, such costs and expenses relating to or resulting from: the preparation of the disclosure statement; Approved Plan, cash collateral order and other "first day" motions; solicitation of votes for the Approved Plan; fees and costs of the CRO and the

Debtor's bankruptcy professionals; and (ii) the reasonable and actual out of pocket legal fees and expenses, if any, incurred by Peninsula during the Plan Support Period with respect to the foregoing.

"Plan Support Default" shall be deemed to exist in the event of: (i) any misrepresentation by any Eastgate Party of the matters set forth in Section 13 (a), (c), (d), (e), (f) and (g) hereof; (ii) any misrepresentation by any Eastgate Party of the matters set forth in Section 13(b) hereof that materially and adversely effects the Hotel or any of the RPAP Parties; (iii) if any Eastgate Party shall materially default in any of its obligations and/or covenants under Section 2 of this Agreement and such default is not cured within five (5) days after written notice thereof from Lender; or (iv) if the Class A Limited Partner shall take any action which, if it had been taken by one of the Eastgate Parties, would have constituted a material breach under Section 2 of this Agreement and such action has a material adverse impact on Lender, Property Owner Company, RPAP Eastgate, and/or the Venture that is not cured or fully remediated by the Eastgate Parties within thirty (30) days after written notice thereof from Lender or (v) if any Eastgate Party brings one or more claims or counterclaims relating to Peninsula's rights as the Class B member of the Venture against any member of the Venture Group during the Plan Support Period and a Final Order is issued in favor of such member of the Venture Group with respect to all or substantially all such claims or counterclaims. Notwithstanding anything to the contrary set forth herein, no act or omission by TPG or the CRO, in either instance, whether acting in its own capacity or on behalf of any Eastgate Party, shall constitute a Plan Support Default.

"Plan Support Period" means the period commencing on the date hereof and ending on the earlier of: (i) the Conveyance Date; (ii) five (5) business days after entry of a final order denying either the Relief from Stay Motion (hereinafter defined) or the Dismissal Motion (hereinafter defined), whichever may be pursued as instructed by Lender pursuant to Section 2(d) below; and (iii) twenty (20) days after the occurrence of a Plan Support Default, provided that neither a Relief from Stay Motion nor Dismissal Motion has been filed prior to the expiration of such twenty (20) day period in which event the Plan

Support Period shall end on the earlier of the dates set forth in subsection (i) and (ii) of this definition.

"Qualified Plan" means a chapter 11 plan of Debtor on substantially the terms as set forth in that certain term sheet attached hereto as Appendix I, which provides for, among other things, (i) the transfer of the Hotel to the Property Owner Company; (ii) distributions on account of all Administrative Claims, Approved Hotel and Plan Costs and distributions on account of other general unsecured claims against the Debtor in an amount equal to the GUC Allocation; (iii) the cancellation of the existing equity in the Debtor; and (iv) the Mutual Release.

"Real Property" means that certain real property owned by Debtor, commonly known the Eastgate Hotel, located at 222 East 39th Street, New York, New York together with all improvements now or hereafter located thereon.

"Restructuring" means, collectively, the (a) transfer of the Hotel to Property Owner Company pursuant to the Approved Plan or a Foreclosure/Deed-in-Lieu Event; (b) payment of the Approved Hotel and Plan Costs; (c) execution and delivery of the Conditional Release (as defined herein); (d) execution and delivery of the Venture LLC Agreement and the payment of the Profits Participation Payment to RPAP Eastgate; and (e) execution and delivery of the Mutual Release, all on the terms and conditions as contemplated by this Agreement.

"Restructuring Documents" means all documentation relating or necessary in connection with the consummation of the Restructuring, including the Transfer Documents, the Additional Transfer Documents, the Venture LLC Agreement, the Conditional Release, the Mutual Release and the CRO Engagement Letter (each as herein defined) and those otherwise expressly contemplated by this Agreement or otherwise reasonably necessary in connection therewith.

"RPAP Parties" means, collectively, Lender, Property Owner Company, RPAP Eastgate and the Venture, each an "RPAP Party".

"TPG" means, collectively, TPG Companies, Inc. and all affiliates thereof (including without limitation, the Fund General Partner).

"Venture Group" means, collectively: (A) Lender, Property Owner Company, and the Venture; (B) the current and former directors and officers of Lender, Property Owner Company, and the Venture; and (C) with respect to each of the foregoing persons in clauses (A) through (C), such persons' subsidiaries, affiliates, members, officers, directors, agents, investors, financial advisors, accountants, investment bankers, consultants, attorneys, employees, employers, partners, affiliates and representatives.

2. Engagement of CRO; Plan Support and Cooperation Covenants.

(a) Simultaneously with the execution and delivery of this Agreement, Debtor and Lender have executed that certain engagement letter in the form of Exhibit H attached hereto (the "CRO Engagement Letter"), which provides for, among other things, the appointment of Mr. Steven A. Carlson as the chief restructuring officer of Debtor (the "CRO") effective as of the date hereof.

(b) Each Eastgate Party hereby covenants and agrees, subject to Section 2(e) and Section 2(f) hereof to perform and comply, and to use commercially reasonable efforts to the extent within its control, to cause their respective agents, affiliates, partners, investors and employees to perform and comply with the following obligations and covenants, in each instance, unless otherwise directed in writing by Lender:

(i) to use their respective commercially reasonably efforts to promptly prepare a draft Qualified Plan and associated disclosure and solicitation materials and submit the same to Lender for Lender's review and approval and incorporate Lender's reasonable comments into such instruments (once approved by Lender, the "Approved Plan");

(ii) use their respective commercially reasonable efforts to promote, support and, at Lender's direction, cause the solicitation of the Approved Plan prior to the commencement of the Chapter 11 Case;

(iii) following receipt of votes to accept the Approved Plan by all classes of claims, to file the Chapter 11 Case within five (5) business days after receipt of Lender's written direction to do so (a "Direction to File"), provided that such Direction to File is delivered within 30 business days after the date upon which the last such impaired class votes to accept the Approved Plan;

(iv) use their respective commercially reasonable efforts to promote, support and cause the confirmation and consummation of the Approved Plan in the event that the Chapter 11 Case is commenced in accordance with Section 2(b)(iii) hereof and does not subsequently direct that the Chapter 11 case be "abandoned" in accordance with Section 2(d) hereof;

(v) not knowingly take any affirmative steps to disrupt, impede or otherwise interfere with the Chapter 11 Case, object to the confirmation of the Approved Plan, or otherwise take any affirmative actions, or commence any proceeding to oppose or, unless otherwise consented to in writing by Lender, seek any modification of the Approved Plan, the disclosure statement related to the Approved Plan, or any other Restructuring Documents each in the event that the Chapter 11 Case is commenced in accordance with Section 2(b)(iii) hereof;

(vi) not knowingly to take any affirmative steps to disrupt, impede, challenge or otherwise interfere with any Foreclosure/Deed-in-Lieu Event or seek any modification of any Restructuring Document;

(vii) provide Lender with drafts of all filings in the Chapter 11 Case prior to the filing thereof and, subject to Section 32 hereof, incorporate Lender's reasonable comments to all such filings;

(viii) seek Court approval of Lender's obligation pursuant to Section 6(a) hereof to fund Shortfalls at the "first day" hearing in the Chapter 11 Case (the "Shortfall Funding Approval Motion");

(ix) not directly or indirectly pursue, propose, affirmatively support, or solicit support of: (i) any chapter 11 plan of the Debtor other than the Approved Plan described above and approved by Lender; or (ii) any other restructuring or reorganization for, or the

liquidation of the Debtor (directly or indirectly), other than pursuant to the Approved Plan or a Foreclosure/Deed-in-Lieu Event;

(x) on a timely basis, negotiate in good faith, consistent with Lender's direction, all Restructuring Documents and other documents and transactions described in, or contemplated in connection with, this Agreement, the Restructuring and the applicable provisions of the Approved Plan;

(xi) if the preparation and/or filing of the Approved Plan is abandoned at the request of Lender, in its sole discretion, and Lender in lieu thereof, desires that Property Owner Company should acquire the Hotel pursuant to a Foreclosure/Deed-in-Lieu Event, then each Eastgate Party shall, and shall use commercially reasonable efforts, to the extent within its control, cause their other affiliates, employees, agents and representatives, to use good faith, diligent and commercially reasonable efforts to support an orderly transfer of the Hotel to Property Owner Company, including, without limitation, by executing and delivering the Additional Transfer Documents (as hereinafter defined), and other Restructuring Documents and not raising any defenses, challenges or impediments to any such transfer, and requesting and directing Manager to reasonably cooperate with such transfer, provided, however, that Lender shall not and shall not be entitled to request or require the "abandonment" of the Approved Plan following commencement of the Chapter 11 Case without satisfying the conditions of Section 2(d) hereof;

(xii) not directly or indirectly attempt to delay, set aside, void or otherwise challenge the transfer of the Hotel to the Property Owner Company, whether pursuant to the Approved Plan, a Foreclosure/Deed-in-Lieu Event or otherwise;

(xiii) reasonably cooperate with the CRO and Lender in the solicitation of votes on the Approved Plan and the consummation thereof and/or the implementation of a Foreclosure/Deed-in-Lieu Event;

(xiv) to the extent reasonably within its control, cause their respective affiliates, employees and/or agents, as applicable, to not take any steps to interfere, delay or in any way disrupt the preparation for, solicitation of votes and, (in the event that the Chapter 11 Case is commenced in accordance with Section 2(b)(iii) hereof and Lender does not subsequently direct

that the Chapter 11 case be "abandoned" pursuant to Section 2(d)), approval of the Approved Plan and the Chapter 11 Case for the Debtor or that is otherwise inconsistent with this Agreement;

(xv) support the inclusion of the Mutual Release in the Approved Plan and execute and deliver the Mutual Release on the Conveyance Date, whether the same occurs as a result of the confirmation of the Approved Plan or pursuant to a Foreclosure/Deed-In-Lieu Event;

(xvi) enter into any modification of the Management Agreement or any Operating Agreement and/or terminate the Management Agreement or any Operating Agreement and enter into a replacement reasonably directed by Lender, provided that any and all costs in connection therewith shall be deemed Approved Hotel and Plan Costs;

(xvii) execute and deliver as and when required all Restructuring Documents, provided that any Restructuring Document not expressly contemplated herein shall be subject to the Debtor's reasonable approval and shall contain an exculpation provision consistent with Section 14(a) hereof;

(xviii) support and consent to any motion by Lender to lift the automatic stay made pursuant to Section 2(d) hereof; and

(xix) seek and diligently pursue Court approval of those obligations of the Eastgate Parties under this Section 2(b), if any, that, by law, require Court approval at the "first day" hearing in the Chapter 11 Case.

(c) Each RPAP Party hereby covenants and agrees that, so long as no Plan Support Default shall have occurred, it shall use commercially reasonable efforts to perform and comply, and to the extent under its control, cause its respective agents, affiliates, partners, investors and employees to perform and comply with the following obligations and covenants:

(i) on a timely basis, negotiate in good faith, consistent with this Agreement, all Restructuring Documents and other documents and transactions described in, or contemplated in connection with, this Agreement, the Restructuring and the applicable provisions of the Approved Plan;

(ii) execute and deliver as and when required all Restructuring Documents, provided that any Restructuring Document not expressly contemplated herein shall be subject to the RPAP Parties' reasonable approval and shall contain an exculpation provision consistent with Section 14(b) hereof;

(iii) to support the inclusion of the Mutual Release in the Approved Plan and, provided no Plan Support Default has occurred prior thereto, execute and deliver the Mutual Release on the Conveyance Date, whether the same occurs as a result of the confirmation of the Approved Plan or pursuant to a Foreclosure/Deed-In-Lieu Event;

(iv) execute and deliver simultaneously with the execution and delivery of this Agreement the Conditional Release in the form of Exhibit G attached hereto;

(v) provided that Lender has delivered the Direction to File and not subsequently elected to "abandon" the Chapter 11 Case in accordance with Section 2(d) use commercially reasonable efforts to support the Approved Plan and not take any actions inconsistent with the Approved Plan;

(vi) to permit all necessary disclosures in the Disclosure Statement and any other filings by the Debtor with the Court of the contents of this Agreement, including, but not limited to, the aggregate amount of outstanding indebtedness under the Mortgage Loan;

(vii) not, directly to propose, support, seek, solicit or participate in reorganization or restructuring of the Debtor other than pursuant to the Approved Plan or a Foreclosure/Deed-in-Lieu Event;

(viii) support, including by way of joinder and/or statement of support on the record before the Court, and not object to the Shortfall Funding Approval Motion;

(ix) support the transfer of the Hotel to the Property Owner Company pursuant to the Approved Plan or a Foreclosure/Deed-in-Lieu Event and accept title to the Hotel on the Conveyance Date;

(x) promptly after notice thereof pay (or contribute funds to the Hotel Operating Account or Debtor's estate in an amount sufficient to pay) when due, subject to its right

to contest the same in good faith, all Shortfalls (herein defined) to the extent it is obligated to do so under this Agreement;

(xi) in the event that the Approved Plan is confirmed and there are not sufficient funds available in the Debtor's estate to fund the GUC Allocation (a "GUC Shortfall"), Lender shall promptly contribute to the Debtor's estate the amount of such GUC Shortfall;

(xii) provided that it has delivered the Direction to Proceed and not subsequently elected to "abandon" the Chapter 11 Case pursuant to Section 2(d) hereof, to support (and not object to) any motion proposed by the Debtor that is reasonably required to implement the Restructuring and the Approved Plan other transactions contemplated by the Approved Plan, including "first day motions" customary for a bankruptcy case of this kind, in each case to the extent first approved by Lender and consistent with both the terms hereof and the Approved Plan;

(xiii) that it shall not sell, transfer, assign or otherwise dispose of any claims arising from or relating to the Mortgage Loan and its rights under this Agreement, unless the transferee, participant or other party (A) is an affiliate of the transferor RPAP Party that complies with the requirement of clause (B) hereof, or (B) agrees in writing to assume and be bound by all of the terms of this Agreement with respect to all claims such transferee, participant or other party currently holds or shall acquire in the future, provided that any sale, transfer, assignment or disposition of any claims arising from or relating to the Mortgage Loan and any RPAP Party's rights under this Agreement, including but not limited to under the circumstances set forth in (A) and (B) of this subsection, must be approved in writing by the Eastgate Parties; and

(xiv) to pay any New York City or New York State real estate transfer tax payable by any of the Eastgate Parties (but not any income tax, gains tax or any other tax of any nature) in connection with the transfer or conveyance of the Hotel to Property Owner Company pursuant to the Approved Plan or a Foreclosure/Deed-in-Lieu Event.

(d) The parties acknowledge and agree that Lender, in its sole and absolute discretion, for any reason or for no reason, may elect not to file the Chapter 11 Case or elect by written notice to "abandon" the Chapter 11 Case once commenced and before it is confirmed, provided, however, if Lender elects to abandon the Chapter 11 Case after its commencement, it

shall provide Debtor with five (5) business days notice thereof (an "Abandonment Notice"); and notwithstanding delivery of an Abandonment Notice, Lender shall continue to be responsible for funding Shortfalls as provided herein through and including the expiration of the Plan Support Period. Upon Lender's direction to abandon the Chapter 11 Case, Debtor shall, at Lender's direction, use commercially reasonable efforts to either: (i) promptly file, and thereafter support, a motion seeking a dismissal of the Chapter 11 Case (a "Dismissal Motion"); or (ii) support and consent to any action filed by Lender seeking relief from the automatic stay (a "Relief from Stay Motion"). Notwithstanding anything set forth herein to the contrary, neither Lender's election to "abandon" the Chapter 11 Case, nor any subsequent dismissal of the Chapter 11 Case or grant of stay relief in favor of Lender, shall excuse, extinguish, or modify Lender's other obligations and duties hereunder, including, without limitation, Lender's Indemnification. The Eastgate Parties acknowledge and agree that, except for Lender's agreement to fund any GUC Shortfall in the event that the Approved Plan is confirmed, Lender shall have no obligation to satisfy or fund any general unsecured claims against Debtor not constituting an Approved Hotel and Plan Costs or not covered by Lender's Indemnification.

(e) In the event that (1) Lender fails to satisfy its obligation under this Agreement to pay (or provide funds for) any Shortfall, and such failure is not cured within five (5) business days after written notice of such failure by any Eastgate Party to Lender (a "Shortfall Funding Default") and/or (2) the Court rejects the Shortfall Funding Approval Motion, then the Eastgate Partys' shall only be obligated to comply with their obligations under Sections 2(b)(vi), (ix), (x) (but only as its obligations in such subsection relates to obligations contained in Section 2(b) that are not suspended as a result of the failure to fund a Shortfall), (xi), (xii), (xiii), (xiv), (xv), (xvii) and (xviii) until such time as such Shortfall Funding Default has been cured by Lender or the Shortfall Funding Approval Motion is approved by the Court.

(f) Notwithstanding anything to the contrary set forth herein, if and to the extent that, under applicable law, the approval of the Court is required for the Eastgate Parties (or any of them) to perform and comply with any of the matters set forth in Section 2(b) of this Agreement following the commencement of the Chapter 11 Case, the Eastgate Parties shall not be required to perform and/or comply with such matters following the commencement of the

Chapter 11 Case unless and until it receives approval of the Court of the Chapter 11 Case is abandoned.

3. Conditional Release. Simultaneously with the execution and delivery of this Agreement, Lender has executed and delivered a conditional release of the Guarantors, TPG, the Class A Limited Partner and the Class B Limited Partners (each, a "Conditionally Released Party" and, collectively, the "Conditionally Released Parties") in the form of Exhibit G attached hereto (the "Conditional Release"), pursuant to which Lender has released the conditionally Released Parties from any and all liability to Lender under the Loan Documents or otherwise in connection with the Mortgage Loan; provided, however, that the Conditional Release, by its terms, shall automatically be rescinded and deemed null and *void ab initio* in the event that a Plan Support Default shall occur at any time after the date hereof and on or prior to the Conveyance Date; provided further, however that such Conditional Release shall only be rescinded and deemed null and *void ab initio* with respect to the Conditionally Released Party(ies) that caused or consented to a Plan Support Default and shall remain in full force and effect with respect to any other Conditionally Released Party.

4. Profits Participation.

(a) Simultaneously with the execution and delivery of this Agreement, (x) Peninsula shall pay to RPAP Eastgate the Profits Participation Payment (herein defined); and (y) RPAP Eastgate and Peninsula shall execute and deliver the Limited Liability Company Agreement of RPAP EASTGATE MESNE HOLDINGS, LLC in the form of Exhibit A attached hereto (the "Venture LLC Agreement"), pursuant to which Peninsula will be admitted as the Class B non-voting member of the Venture, and in such capacity will be entitled to distributions an amount (the "Profits Participation") in the amounts and upon the terms and conditions set forth in the Venture LLC Agreement. The Profits Participation Payment shall be paid by Peninsula from its cash on hand as of the date hereof and shall not be paid or payable by the Debtor or by way of capital contribution from the Class A Limited Partners or the Class B Limited Partners to Peninsula. As used herein, the "Profits Participation Payment" shall mean $500,000.00.

(b) As more particularly set forth in the Venture LLC Agreement, in the event that at any time, a Class A Plan Support Default (herein defined) shall occur then, Peninsula's rights and interest as a Class B member of the Venture, including, without limitation, its right to the Profits Participation shall terminate and be void *ab initio* and of no force, effect or consequence and neither Peninsula nor any other member of the Peninsula Group will be entitled to a refund of all, or any portion of the Profits Participation Payment or any damages compensation on account thereof; provided, however, that Peninsula's rights and interests as a Class B member of the Venture, including, without limitation, its right to the Profits Participation shall otherwise remain in full force and effect or vest notwithstanding a Plan Support Default that is not a Class A Plan Support Default. As used herein, a "Class A Plan Support Default" shall exist in the event of: (i) any misrepresentation by any Eastgate Party of the matters set forth in Section 13 hereof that materially and adversely affects the Hotel or any of the RPAP Parties; (ii) any other Plan Support Default that the Investment Committee (or any member thereof) and/or the Class A Limited Partner caused (whether or not the sole cause) or consented to any act or omission that constitutes a Plan Support Default; or (iii) any Plan Support Default under clause (v) of the defintion thereof. RPAP Eastgate shall notify Peninsula in writing upon the occurrence of a Class A Plan Support Default.

5. Reserves; Prorations; Excess Cash and The Deposit.

(a) Current Excess Cash. The Eastgate Parties represent and warrant to Lender that the funds held by Peninsula, the Eastgate Parties and the Beekman Parties on the date of this Agreement are set forth on Schedule 5 attached hereto. The Parties acknowledge and agree to the distributions set forth on Schedule 5 attached hereto, including, without limitation the calculation of the Current Excess Cash set forth thereon ("Current Excess Cash").

(b) Local Law 11 Reserve. Simultaneously with the execution and delivery of this Agreement, Peninsula has deposited the Local Law 11 Reserve Amount (hereinafter defined) and with Lender (the "Local Law 11 Reserve"). The Local Law 11 Reserve shall be held by Lender as additional security for the Debtor's obligations under the Loan unless Lender, in its reasonable discretion, shall agree that all or any portion of the Local Law 11 Reserve may be released and applied to the payment of work associated with ensuring the compliance by the Hotel with NYC Local Law 11. In the event that a Plan Support Default shall occur at any time

on or prior to the Conveyance Date, Lender shall have the right to apply the Local Law 11 Reserve towards the obligations of Debtor under the Loan Documents. Any portion of the Local Law 11 Reserve that remains on deposit as of the Conveyance Date shall be deemed the property of Property Owner Company and ownership thereof shall revert to Property Owner Company. The Local Law 11 Reserve shall be deposited by Peninsula from its cash on hand as of the date hereof and shall not be paid or payable by the Debtor or by way of capital contribution from the Class A Limited Partners or the Class B Limited Partners to Peninsula. As used herein, the Local Law 11 Reserve Amount shall mean $850,000.00.

(c) Prorations. Simultaneously with the execution and delivery of this Agreement, Peninsula has remitted to Lender the Proration Amount (hereinafter defined). The Proration Amount represents the Parties agreed upon proration of the income and expenses of the Hotel and is being remitted to Lender on account of Lender's agreement herein that, so long as no Plan Support Default shall exist, it shall forebear from exercising its rights under the Loan Documents with respect to the use and allocation of Hotel Operating Income (herein defined) and shall allow such operating income to be applied towards Approved Hotel and Plan Costs (herein defined) as and when due subject to the terms and conditions set forth herein. The Proration Amount is not intended, nor may it be deemed, to constitute a payment on account of the Mortgage Loan or any other obligation of the Debtor to Lender. The Proration Amount shall not be refundable under any circumstances. The Proration Amount shall be paid by Peninsula from its cash on hand as of the date hereof and shall not be paid or payable by the Debtor or by way of capital contribution from the Class A Limited Partners or the Class B Limited Partners to Peninsula. As used herein, the "Proration Amount" shall mean $131,287. Peninsula acknowledges and agrees that if within ninety (90) days after the date of this Agreement there are any obligations or liabilities relating to the Hotel which are not included in the Prorations with respect to the period prior to the date hereof, then Peninsula shall remit such amounts to Lender up to a maximum amount of $50,000 in the aggregate.

(d) CEC Reserve. As used herein, the "CEC Reserve Amount" shall mean the greater of: (x) $0.00; and (y) the amount, if any, Current Excess Cash remaining following payment of the Proration Amount, Local Law 11 Reserve, and Profits Participation Payment.

The CEC Reserve Amount shall be held by Peninsula during the Plan Support Period in accordance with and subject to the terms of Section 10 of this Agreement.

(e) The Eastgate Parties represent and acknowledge that the Proration Amount, the Local Law 11 Reserve Amount, the Profits Participation Payment and the CEC Reserve Amount have been paid and remitted from funds of Peninsula and not from Debtor's funds.

6. Collection and Application of Hotel Income.

(a) The Parties agree that, from and after the date hereof until the first to occur of: (i) expiration of the Plan Support Period; (ii) the filing of the Chapter 11 Case; and (ii) the Conveyance Date, and notwithstanding anything to the contrary set forth in the Loan Documents, any and all income, receipts and rents derived from the use and operation of the Hotel collected on or after the date hereof ("Hotel Operating Income") shall be collected by Debtor and deposited in a segregated account (the "Hotel Operating Account") in Fund General Partner's name which shall be subject to a security interest in favor of Lender. The funds on deposit in the Hotel Operating Account may only be used and applied for the payment of Approved Hotel and Plan Costs and for no other purpose. In the event that the Hotel Operating Income together with amounts on deposit in the Hotel Operating Account (or any reserves or accounts established pursuant to the Cash Collateral Order) is insufficient to pay Approved Hotel and Plan Costs as and when the same comes due (a "Shortfall"), Lender shall, subject to its right to contest the same in good faith, promptly fund any such Shortfall prior to such Shortfall becoming overdue (provided that such Shortfall is an Approved Hotel and Plan Cost) by way of transfer to the Hotel Operating Account or direct payment of such amount; provided, however that Lender shall have no obligation to pay any such amount incurred or arising after the Plan Support Period. In the event that the Conveyance Date shall occur as a result of a Foreclosure/Deed-in-Lieu Event, and no Plan Support Default shall have occurred, Lender shall pay any Approved Hotel and Plan Costs then due and owing. No Hotel Operating Income shall be paid to Debtor or paid to (or distributed to) any Eastgate Party or any other member of the Peninsula Group, and any Hotel Operating Income in excess of Approved Hotel and Plan Costs shall remain on deposit in the Hotel Operating Account applied or transferred in accordance with the terms hereof.

(b) In the event that a Plan Support Default occurs **prior** to the filing of the Chapter 11 Case or after it is withdrawn, Lender's agreement to forbear from exercising its rights under the Loan Documents with respect to Hotel Operating Income shall terminate, and all funds then on deposit in the Hotel Operating Account shall immediately be remitted to, or as directed by Lender, and all Hotel Operating Income thereafter shall be paid directly to, or upon receipt, remitted directly to, Lender, for application by Lender in its sole and absolute discretion; provided that Lender shall remain liable to pay Shortfalls until the expiration of the Plan Support Period as provided herein.

(c) Prior to the filing of the Chapter 11 Case, the Parties shall agree upon a cash collateral order (the "Cash Collateral Order") which shall govern the disposition of the funds in the Hotel Operating Account as of the filing of the Chapter 11 Case and the collection and application of all Hotel Operating Income collected thereafter all in a manner substantially consistent with Section 6(a) hereof, and seek to have such Cash Collateral Order approved by the Court as part of the "first day motions."

(d) In the event that there is any cash remaining in either the Hotel Operating Account or in the Debtor's estate following the satisfaction of all Approved Hotel and Plan Costs to the extent then due and payable ("Excess Cash") upon Property Owner Company's acquisition of the Hotel pursuant to the Approved Plan or by Foreclosure/Deed-in-Lieu Event, ownership of all such Excess Cash shall be deemed transferred to Property Owner Company, free and clear of any lien, claim or right by any other party, and such amount shall be paid to, or as directed, by Property Owner Company

(e) There shall be no apportionments, prorations or adjustments in respect of the conveyance of the Hotel to Property Owner Company on the Conveyance Date. The Local Law 11 Reserve and any other amounts or funds held by, or on behalf of Lender pursuant to the Loan Documents on and as of the Conveyance Date and any rights in and to rebates in respect of an insurance policy cancellation, refunds of real estate taxes and condemnation and casualty insurance proceeds relating to the Hotel shall be assigned to the Property Owner Company and all sums collected in respect thereof or the, whether attributable to the period prior to or after the Conveyance Date, shall be and become the sole property of the Property Owner Company.

7. Acknowledged Event of Default under the Mortgage Loan. The Eastgate Parties hereby represent, warrant, acknowledge and agree that:

(a) attached hereto as Schedule 1 is a true correct and complete description of all documents evidencing and/or securing the Mortgage Loan and all amendments thereto (the "Loan Documents");

(b) except as set forth on Schedule 1 hereto, or as otherwise expressly provided herein and in the Conditional Release, the Loan Documents have not been amended, modified or terminated and are the valid binding and enforceable obligations of Debtor and Guarantors, as applicable;

(c) the Acknowledged Events of Default have occurred and is continuing and that, in the absence of this Agreement and as a result of the Acknowledged Event of Default, Lender is entitled to pursue any and all of its rights and remedies provided in the Loan Documents and otherwise at law and in equity;

(d) Debtor is obligated, without defense, setoff, counterclaim or right of offset (all of which are hereby unconditionally and irrevocably waived and discharged) for the repayment in full of the Mortgage Loan in accordance with the Loan Documents;

(e) The Debtor and Guarantors have received all required notices of the Acknowledged Events of Default under the Loan Documents;

(f) Lender is fully and properly entitled to exercise its rights and remedies and pursue its recourse against Debtor and the Hotel under the Loan Documents and otherwise at law and in equity;

(g) As of the date of this Agreement: (i) the outstanding principal amount of the Mortgage Loan is approximately $61,940,902; and (ii) the outstanding amount of interest, late charges and other amounts accrued under the Mortgage Loan is approximately $6,192,699 (collectively, the "Indebtedness"); and

(h) The entire Indebtedness is presently due and owing from Debtor to Lender without notice, offset, defense or counterclaim.

8. Transfer Documents; Limited Forbearance.

(a) Simultaneously with the execution and delivery of this Agreement: (i) the Debtor has executed and delivered to Lender a deed in lieu of foreclosure and the other transfer documents described on Schedule 2 attached hereto (collectively, the "DIL Documents"); and (ii) Peninsula has (or upon request from Lender, will) each executed and delivered to Lender an assignment of its membership interest in Eastgate GP and its limited partnership interest in the Debtor (the "Partnership Assignment" and together with the DIL Documents, the "Transfer Documents"). All of the Transfer Documents have duly executed by Debtor, Peninsula and Eastgate GP, as applicable, and where appropriate, acknowledged and notarized, all of which documents shall be undated and shall be held by Lender pursuant to the terms of this Agreement. Lender agrees that, except as provided herein, it shall hold the Transfer Documents pursuant to this Agreement, and shall not record and/or file any of the Transfer Documents or effect the transfer of the Hotel or the partnership interest in Debtor. The Eastgate Parties acknowledge and agree that, but for Lender's agreement to forbear set forth in this Section 8(a), Lender would be legally and lawfully entitled and authorized to record and file the Transfer Documents and acquire title to the Hotel as a result of the Acknowledged Event of Default.

(b) At any time after the occurrence of a Plan Support Default, or should Lender (in its sole discretion) elect to abandon the Approved Plan, subject to Section 2(d) hereof, the agreement of Lender set forth in Section 8(a) hereof to forbear from recording and/or filing the any of the Transfer Documents shall terminate automatically and without notice to Debtor and/or the other Eastgate Parties, Lender shall be, and hereby is irrevocably authorized to, at Lender's option, complete all information not contained in the Transfer Documents, and Lender may, at its election and in its sole discretion: (i) record and/or file any or all of the Transfer Documents in the appropriate public records and take any and all other and further action as contemplated in the Transfer Documents to effectuate the transfer of ownership of the Hotel or the partnership interest in Debtor to Lender or its Property Owner Company, as the case may be, and/or (ii) exercise any and all such rights and remedies under the Loan Documents, under this Agreement, or otherwise available at law or in equity, as Lender may elect in its sole discretion. Each Eastgate Party covenants and agrees that, at Lender direction, they shall execute and deliver such additional documents, affidavits and instruments (collectively, "Additional Transfer

Documents") as may be reasonably required to be recorded and/or filed to effect the transfer, including documents or consents that may be requested by a title company in order to provide title insurance with respect to the conveyance of the Hotel or partnership interest in Debtor; provided, however that, in the event that no Plan Support Default has occurred, Lender shall not be entitled to take or exercise any of the actions set forth in (i) and (ii) that will result in title to the Hotel vesting in Property Owner Company unless and until each RPAP Party has executed and delivered the Mutual Release to Peninsula or does so simultaneously therewith. In the event that the Conveyance Date occurs as a result of a Foreclosure / Deed-In-Lieu Event and no Plan Support Default shall have occurred on or prior thereto, the Eastgate Parties and RPAP Parties shall each execute and deliver the Mutual Release to one another on the Conveyance Date.

9. Beekman and Cross Guaranties. Lender hereby releases, acquits and forever discharges Beekman Tower Hotel Associates L.P., a Delaware limited partnership (the "Beekman Hotel Owner") and Beekman Hotel Tower Associates GP, LLC (the "Beekman GP" and together with the Beekman Hotel Owner, the "Beekman Entities") from any and all obligations, liabilities, claims, counterclaims, cross-claims, offsets, demands, and causes of action, whether known or unknown, direct or derivative, contingent or absolute, which Lender ever had, now or hereafter can, shall or may have against the Beekman Entities for, upon, or by reason of any matter, cause or thing whatsoever from the beginning of time to the date of this Agreement: (i) in connection with or arising out of or relating to the Mortgage Loan; (ii) under or pursuant to the Loan Documents; and (iii) under or pursuant to this Agreement.

10. Class B Interference. In the event that any Class B Partner shall take any action which, if it had been taken by one of the Eastgate Parties, would have constituted a material default under Section 2 of this Agreement, and such action has a material, adverse impact on any RPAP Party (a "Class B Interfering Act"), Peninsula covenants and agrees that it shall apply the CEC Reserve (or applicable portion thereof) to the extent necessary to reimburse any all costs, expense or liability, including, without limitation, legal fees, resulting from such Class B Interfering Act; provided, however that no such Class B Interfering Act shall constitute a Plan Support Default.

11. Lender Indemnification.

(a) The RPAP Parties hereby jointly and severally agree that they shall defend, indemnify and hold harmless the Eastgate Parties, Fund General Partner, the Class A Limited Partner, the Class B Limited Partners and the Investment Committee (the "Lender Indemnification") from and against any and all actual out-of-pocket claims, costs, expenses, losses, damages, liabilities, awards, judgments, costs and expenses (including reasonable attorneys' and expenses), arising or resulting from (1) the ownership, operation, and maintenance of the Hotel during the Plan Support Period (but excluding such claims and costs arising prior thereto); (2) the Debtor's non-payment of any Approved Hotel Plan Costs accruing or arising during the Plan Support Period (but excluding such claims and costs arising prior thereto); and (3) any breach by the Lender of any of its representations, warranties, covenants or agreements in this Agreement, including those resulting from any third party claims for the payment or funding of Shortfalls or GUC Shortfall, Lender, excluding, however: (i) Excluded Expenses; (ii) indirect, consequential, special or speculative damages or lost profits of the Peninsula Group (but including the Eastgate Parties obligation and/or liability, if any, for the payment of indirect, consequential, special or speculative damages) to a third party for a matter covered by the Lender Indemnification; and/or (iii) damages, losses, expenses or cost resulting, directly, from any breach, default or misrepresentation of any Eastgate Party under this Agreement (collectively, "Losses" and individually, a "Loss").

(b) If any of the persons to be indemnified under Section 11(a) above (each, an "Indemnified Party") has suffered or incurred any Losses, the Indemnified Party shall so notify Lender (the "Indemnifying Party") promptly in writing describing the event giving rise to such Losses, the basis upon which indemnity is being sought, the amount or estimated amount of the Losses, if known or reasonably capable of estimation, and the method of computation of such Losses, all with reasonable particularity and containing a reference to the provisions of this Agreement in respect of which such Losses shall have occurred and copies of all pertinent correspondence, documentation or other evidence thereof of such Loss or Losses. If any action at law or suit in equity is instituted by or against a third party with respect to which the Indemnified Party intends to claim any liability as a Loss under Section 11(a), the Indemnified Party shall promptly notify the Indemnifying Party of such action or suit and tender to the Indemnifying Party the defense of such action or suit. A failure by the Indemnified Party to give notice and to tender the defense of the action or suit in a timely manner pursuant to this Section

10(b) shall not limit the obligation of the Indemnifying Party under this Section 10, except (i) to the extent the rights of such Indemnifying Party is prejudiced thereby and (ii) to the extent expenses are incurred during the period in which notice was not provided. In the event that the Indemnified Party commences an action in order to recover Losses hereunder, upon final determination of a court of competent jurisdiction with respect thereto, the non prevailing party in such action shall reimburse the prevailing party's reasonable costs and expenses (including reasonable attorney's fees) incurred in connection with such action.

(c) The provisions of this Section 11 shall survive the Conveyance Date or sooner termination of this Agreement.

12. Representations and Warranties of the RPAP Parties. Each RPAP Party on behalf of itself represents and warrants and covenants to and with each of the Eastgate Parties that the following statements are true, correct and complete as of the date hereof as to itself:

(a) Such RPAP Party is a limited liability company, duly formed and in good standing under the laws of the State of Delaware and has the requisite power and authority to enter into this Agreement and to perform its obligations under the terms of this Agreement.

(b) Such RPAP Party is not subject to any law, court order, decree, restriction or agreement which prohibits or would be violated by Lender entering into this Agreement or the consummation by Lender of the transactions contemplated hereby.

(c) The execution and delivery of this Agreement by such RPAP Party, and the consummation of the transactions contemplated hereby have been duly authorized by all requisite action of such RPAP Party and no consent, approval or vote by any person or board is required in connection therewith.

(d) This Agreement, constitutes, and each document and instrument contemplated hereby to be executed and delivered by such RPAP Party, when executed and delivered, shall constitute the legal, valid and binding obligation of such RPAP Party enforceable in accordance with its respective terms (subject to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally).

(e) Lender is the owner and holder of the Loan and the Loan Documents.

(f) The Mutual Release and Restructuring Documents, if as and when executed and delivered by such RPAP Party shall constitute the legal, valid and binding obligation of such RPAP Party enforceable in accordance with its respective terms (subject to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally).

13. Eastgate Parties Representations. Each of the Eastgate Parties represents, warrants and covenants to and with Lender that the following statements are true, correct and complete as of the date hereof as to itself:

(a) Such Eastgate Party is a limited partnership, or limited liability company, as the case may be, duly formed and in good standing under the laws of the State of Delaware and has the requisite power and authority to enter into and to perform the terms of this Agreement and the Transfer Documents to which it is party.

(b) Such Eastgate Party is not subject to any law, order, decree, restriction or agreement which prohibits or would be violated by this Agreement, the Transfer Documents or the consummation of the transactions contemplated hereby or thereby.

(c) The execution and delivery of this Agreement, Transfer Documents and Restructuring Documents and the consummation of the transactions and actions contemplated hereby and thereby have been duly authorized by the Investment Committee and all other requisite action of such Eastgate Party and no consent, approval or vote by any Person or board is required in connection therewith.

(d) This Agreement, the Transfer Documents, and the Restructuring Documents constitute, and each document and instrument contemplated hereby to be executed and delivered by any Eastgate Party, when executed and delivered, shall constitute the legal, valid and binding obligation of such Eastgate Party, enforceable in accordance with its respective terms (subject to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally).

(e) Debtor is not a "foreign person" within the meaning of Section 1445 of the Internal Revenue Code 1986, as amended, or any regulations promulgated thereunder (collectively, the "Code").

(f) There is no action, suit, litigation, hearing or administrative proceeding pending or, to the current actual knowledge of the Eastgate Parties, threatened, in writing with respect to the Eastgate Parties authority to enter into this Agreement and comply with their obligation, covenants and agreements hereunder and/or under the Approved Plan and/or Restructuring Documents and/or consummate the Restructuring.

(g) Peninsula is the sole limited partner of Debtor and Eastgate GP is the sole general partner of Debtor. Debtor has no subsidiaries.

(h) The sole members of the Investment Committee are Robert Leven, Con Tiernan and Brian McManus and each has approved of, authorized and consented to the execution, delivery and performance matters contemplated herein and in the Restructuring Documents including the Chapter 11 Case.

14. Exculpation; Limitation on Recourse.

(a) Lender's recourse for any and all liabilities of the Eastgate Parties under this Agreement and any Restructuring Documents is limited solely to the assets of and/or interest in Debtor, the Profits Participation Payment, the Local Law 11 Reserve and the Excess Cash and no member of the Peninsula Group (other than the Eastgate Parties) shall have any liability under this Agreement except and to the extent of in its direct or indirect interest in the foregoing. Lender shall not enforce the liability and obligation of the Eastgate Parties to perform and observe their obligations under this Agreement or any Restructuring Document executed and/or delivered by the Eastgate Parties pursuant to the terms hereof by any action or proceeding wherein a money judgment or any deficiency judgment or other judgment establishing personal liability shall be sought against any current or former member of the Peninsula Group (other than the Eastgate Parties to the extent consistent with the foregoing).

(b) Recourse for any and all liabilities of Lender under this Agreement and/or Property Owner Company under any Restructuring Documents (including, without limitation,

the Lender Indemnification) is limited solely to Lender's interest in the Loan and Loan Documents and Property Owner Company's interest in the Hotel from and after the Conveyance Date, respectively. No member of the Venture Group (other than the Lender or Property Owner Company, as applicable) shall have any liability under this Agreement except and to the extent of in its direct or indirect interest in the foregoing. The Eastgate Parties may not enforce the liability and obligation of Lender or Property Owner Company to perform and observe its respective obligations under this Agreement or any Restructuring Document executed and/ delivered by Lender or Property Owner Company, respectively, pursuant to the terms hereof by any action or proceeding wherein a money judgment or any deficiency judgment or other judgment establishing personal liability shall be sought against any current or former member of the Venture Group (other than Lender and/or Property Owner Company subject to the foregoing limitation on recourse).

15. Independent Obligations. The obligations, covenants and agreements of the Eastgate Parties hereunder, on the one hand, and those of the Lender hereunder, on the other hand, are, to the maximum extend permitted by applicable law, separate and independent covenants and agreements accordingly, the Parties hereby agree that no default, failure, or breach by the Lender hereunder shall excuse, forgive, modify or waive the obligations, covenants and agreements of the Eastgate Parties hereunder.

16. Counterparts. This Agreement may be executed in any number of counterparts each of which when so executed and delivered shall be deemed to be an original, but all such counterparts shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or electronic format shall be equally as effective as delivery of a manually executed counterpart of this Agreement.

17. Governing Law; Waiver of Jury Trial; Jurisdiction. The Parties waive all right to trial by jury in any jurisdiction in any action, suit, or proceeding brought to resolve any dispute between them, whether sounding in contract, tort or otherwise, arising under this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to the principles of conflict of laws that would require the application of the law of any other jurisdiction. Each Party hereby irrevocably submits to the jurisdiction of any New York state court sitting in the Borough of Manhattan in the City of New

York or any federal court sitting in the Borough of Manhattan in the City of New York in respect of any suit, action or proceeding arising out of or relating to this Agreement, and irrevocably accepts for itself and in respect of its property, generally and unconditionally, jurisdiction of the aforesaid courts. Each Party irrevocably waives, to the fullest extent it may effectively do so under applicable law, any objection that it may now or hereafter have to the laying of venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Nothing herein shall affect the right of any Party to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against any other party in any other jurisdiction.

18. Headings. The headings of the paragraphs and subparagraphs of this Agreement are inserted for convenience only and shall not affect the interpretation hereof.

19. No Waiver of Defaults. Nothing set forth herein is intended, nor may it e deemed to constitute a waiver or cure of the Acknowledged Event of Default or any other default under the Loan Documents. Except and to the extent that Lender has expressly agreed herein to forbear from exercising certain right under the Loan Agreement, Lender has not waived and expressly reserves any and all right and remedies available to it under the Loan Documents, at law and/or in equity.

20. No Admissions. Except as expressly set forth in Section 7 of this Agreement, this Agreement shall in no event be construed as, or deemed to be evidence of, an admission or concession on the part of any Party of any claim or fault or liability or damages whatsoever. Each of the Parties denies any and all wrongdoing or liability of any kind and does not concede any infirmity in the claims and defenses which it has asserted or could assert. No Party shall have, solely by reason of this Agreement, a fiduciary relationship in respect of any other Party or any person or entity, or the Debtor; and nothing in this Agreement, expressed or implied, is intended to, or shall be so construed as to, impose upon any Party any obligations in respect of this Agreement except as expressly set forth herein.

21. Acknowledgement. This Agreement is not and shall not be deemed to be a solicitation of consents to the Approved Plan. Lender's approval and acceptance of the proposed

Approved Plan will not be solicited by Debtor until the Lender has received the Disclosure Statement related to the proposed plan and related ballot.

22. Modification of Agreement. No amendment, modification, waiver or other supplement of the terms of this Agreement shall be valid unless such amendment, modification, waiver or other supplement is in writing and has been signed by each of the Parties hereto.

23. Specific Performance. It is understood and agreed by the parties that money damages would not be a sufficient remedy for any breach of this Agreement by any party and each non-breaching party shall be entitled to seek specific performance and injunctive or other equitable relief, including attorneys' fees and costs, as a remedy of any such breach, and each party agrees to waive any requirement for the securing or posting of a bond in connection with such remedy.

24. Entire Agreement. As of the date of this Agreement, this Agreement, the Transfer Documents, the Venture LLC Agreement and the Loan Documents, including the schedules and attachments hereto and thereto, constitute the entire agreement between the Parties hereto with respect to the subject matter hereof and supersedes all other prior agreements and understandings, both written and oral, between the Parties with respect to the subject matter hereof.

25. Prior Negotiations. This Agreement supersedes all prior negotiations with respect to the subject matter hereof.

26. Third-Party Beneficiaries. The Class A Limited Partner, the Class B Limited Partners, Fund General Partner and the Investment Committee are and shall be third-party beneficiaries of and under Section 11 of this Agreement and the Mutual Release contemplated by and provided for in this Agreement, entitled to receive and enforce the benefits afforded the Class A Limited Partner, Class B Limited Partners, Fund General Partner and the Investment Committee under Section 11 of this Agreement and the Mutual Release. Other than the Investment Committee, Fund General Partner, the Class A Limited Partner and the Class B Limited Partners to the extent set forth in this Section 26, no other person or entity shall be a third party beneficiary hereof.

27. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

28. Rights and Remedies. The rights and remedies provided pursuant to this Agreement are cumulative and are not exclusive of any rights or remedies which any party otherwise may have at law or in equity.

29. Successors and Assigns. This Agreement is intended to bind and inure to the benefit of the RPAP Parties and their respective successors, permitted assigns, heirs, executors, administrators, and representatives. The Eastgate Parties may not assign or transfer any or all of their rights and obligations under this Agreement and any purported assignment or transfer shall be ineffective, null and *void ab initio*.

30. Notices. All notices and other communications in connection with this Agreement shall be in writing and shall be deemed given (and shall be deemed to have been duly given upon receipt) if delivered personally, sent via electronic facsimile (with confirmation), mailed by registered or certified mail (return receipt requested) or delivered by an express courier (with confirmation) to the Parties at the following addresses:

(a) If to any RPAP Party, to:

c/o Rockpoint Group, O.K.
500 Boylston Street, Suite 1880
Boston, Massachusetts 02116
Attention: Mr. Paisley Boney
Tel: 212-554-2260
Fax: 212-554-2263

c/o Atlas Capital Group
505 Fifth Avenue
28th Floor
New York, New York 10017
Attention: Mr. Andrew B. Cohen
Tel: 212-554-2260
Fax: 212-554-2263

With a copy to:

Greenberg Traurig, LLP
MetLife Building
200 Park Avenue
New York, New York 10166
Attention: John Bae, Esq.
David Bolen, Esq.
Tel: 212-801-6774
Fax: 212-801-6400

Gibson, Dunn & Crutcher LLP
200 Park Avenue
New York, NY 10166
Attention: Andrew A Lance, Esq.
Tel: 212-351-3871
Fax: 212-351-5348

(b) If to any Eastgate Party, to:

c/o PREFNY GP, LLC
The Procaccianti Group
1140 Reservoir Avenue
Cranston, RI 02920
Attention: Gregory D. Vickowski
Tel: (401) 946-4600
Fax: (401) 943-6320

With a copy to:

c/o Akin Gump Strauss Hauer & Feld LLP
One Bryant Park
New York, New York 10036-6745
Attention: Patrick Dooley, Esq.
Tel: (212) 872-1000
Fax: (212) 872-1002

31. Representation by Counsel. Each Party acknowledges that it has been represented by counsel in connection with this Agreement and the transactions contemplated by this Agreement. Accordingly, any rule of law or any legal decision that would provide any Party with a defense to the enforcement of the terms of this Agreement against such Party based upon lack of legal counsel shall have no application and is expressly waived.

32. Fiduciary Out. Notwithstanding any provision of this Agreement to the contrary, nothing set forth herein shall require the Eastgate Parties to breach their fiduciary duties, if any, to third party creditors of Debtor in connection with the Chapter 11 Case.

33. Attorney' Fees. In the event that any dispute between the parties hereto results in litigation, the prevailing party in such litigation shall be entitled to recovery of all of its fees and expenses (including, without limitation, reasonable out-of-pocket attorneys' fees, disbursements and court costs) incurred in such action.

[signature page follows]

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed and delivered by its duly authorized officer as of the date first above written.

PENINSULA:

PENINSULA REAL ESTATE FUND I, LP, a Delaware limited partnership

By: PREFNY GP, LLC, its general partner

By: _____
Name:
Title:

DEBTOR:

EASTGATE TOWER HOTEL ASSOCIATES, L.P., a Delaware limited partnership

By: Eastgate Tower Hotel Associates GP, LLC, a Delaware limited liability company, its general partner

By: Peninsula Real Estate Fund I, LP, a Delaware limited partnership, its sole member

By: PREFNY GP, LLC, a Delaware limited liability company, its general partner

By: _____
Name:
Title:

[Signature Pages to Follow]

EASTGATE GP:

EASTGATE TOWER HOTEL ASSOCIATES GP, LLC, a Delaware limited liability company

By: _____
Name:
Title:

LENDER:

HOTEL DEBT (EASTGATE) LLC,
a Delaware limited liability company

By: _____
Name: Andrew B. Cohen
Title: Authorized Signatory

By: _____
Name: Jeffrey Goldberger
Title: Authorized Signatory

PROPERTY OWNER:

EASTGATE OWNER LLC,
a Delaware limited liability company

By: _____
Name: Andrew B. Cohen
Title: Authorized Signatory

By: _____
Name: Jeffrey Goldberger
Title: Authorized Signatory

[Signature Pages to Follow]

EASTGATE GP:

EASTGATE TOWER HOTEL ASSOCIATES GP, LLC, a Delaware limited liability company

By: _____
Name:
Title:

LENDER:

HOTEL DEBT (EASTGATE) LLC,
a Delaware limited liability company

By: _____
Name: Andrew B. Cohen
Title: Authorized Signatory

By: _____
Name: Jeffrey Goldberger
Title: Authorized Signatory

PROPERTY OWNER:

EASTGATE OWNER LLC,
a Delaware limited liability company

By: _____
Name: Andrew B. Cohen
Title: Authorized Signatory

By: _____
Name: Jeffrey Goldberger
Title: Authorized Signatory

[Signature Pages to Follow]

EASTGATE GP:

EASTGATE TOWER HOTEL ASSOCIATES GP, LLC, a Delaware limited liability company

By: _____
Name:
Title:

LENDER:

HOTEL DEBT (EASTGATE) LLC,
a Delaware limited liability company

By: _____
Name: Andrew B. Cohen
Title: Authorized Signatory

By: _____
Name: Jeffrey Goldberger
Title: Authorized Signatory

PROPERTY OWNER:

EASTGATE OWNER LLC,
a Delaware limited liability company

By: _____
Name: Andrew B. Cohen
Title: Authorized Signatory

By: _____
Name: Jeffrey Goldberger
Title: Authorized Signatory

[Signature Pages to Follow]

RPAP EASTGATE:

RPAP EASTGATE LLC,
a Delaware limited liability company

By:_____
Name: Andrew B. Cohen
Title: Authorized Signatory

By:_____
Name: Jeffrey Goldberger
Title: Authorized Signatory

VENTURE:

RPAP EASTGATE MESNE HOLDINGS LLC,
a Delaware limited liability company

By:_____
Name: Andrew B. Cohen
Title: Authorized Signatory

By:_____
Name: Jeffrey Goldberger
Title: Authorized Signatory

RPAP EASTGATE:

RPAP EASTGATE LLC,
a Delaware limited liability company

By:_____
Name: Andrew B. Cohen
Title: Authorized Signatory

By:_____
Name: Jeffrey Goldberger
Title: Authorized Signatory

VENTURE:

RPAP EASTGATE MESNE HOLDINGS LLC,
a Delaware limited liability company

By:_____
Name: Andrew B. Cohen
Title: Authorized Signatory

By:_____
Name: Jeffrey Goldberger
Title: Authorized Signatory

Schedule 1	The Loan Documents.
Schedule 2	The Transfer Documents
Exhibit A	Form of Venture LLC Agreement
Exhibit B	Form of Deed.
Exhibit C	Form of Assignment and Assumptionof Leases
Exhibit D	Form of Bill of Sale.
Exhibit E	Form of Assignment & Assumption of Intangibles.
Exhibit F	Mutual Release
Exhibit G	Conditional Release
Exhibit G	CRO Engagement Letter
Appendix I	Qualified Plan Term Sheet

Schedule 1

(Loan Documents)[1]

1. Building Loan Agreement between Anglo Irish Corporation, PLC ("Original Lender") and Eastgate Tower Associates, L.P. ("Borrower")
2. Authorization Letter by Borrower
3. Acquisition Loan Note made by Borrower
4. Acquisition Loan Mortgage and Security Agreement made by Borrower
5. Renovation Costs Note made by Borrower
6. Renovation Costs Mortgage and Security Agreement made by Borrower
7. Related Costs Loan Agreement between Original Lender and Borrower
8. Related Costs Note made by Borrower
9. Related Costs Mortgage and Security Agreement made by Borrower
10. Collateral Assignment of Leases and Rents made by Borrower
11. Section 255 Affidavit (Collateral Assignment of Leases and Rents) made by Borrower
12. Collateral Assignment of Contracts, Licenses and Permits made by Borrower
13. Guaranty of Non-Recourse Carveout Obligations jointly and severally made by Peninsula Real Estate Fund I, LP and Peninsula Real Estate Fund I GP, LLC
14. Guaranty of Completion jointly and severally made by Peninsula Real Estate Fund I, LP and Peninsula Real Estate Fund I GP, LLC
15. Interest Rate Agreement Pledge and Security Agreement between Original Lender and Borrower
16. Environmental Indemnity Agreement made by Borrower jointly and severally made by Peninsula Real Estate Fund I, LP and Peninsula Real Estate Fund I GP, LLC
17. Section 255 Affidavit (Collateral Mortgage and Security Agreement) made by Borrower
18. UCC-1 Financing Statements

[1] All documents dated October 25, 2006

19. Letter Agreement Re: Subordination of Interim Management Agreement between Original Lender, Borrower and DHG Management LLC

20. Zoning Disclosure Letter between Original Lender and Borrower

21. ISDA Swap Agreement between Original Lender and Borrower

Schedule 2

(Transfer Documents)

1. A bargain and sale deed with covenants against grantor's acts in the form of Exhibit B attached hereto, duly executed and acknowledged by Debtor, so as to convey fee title to the Hotel;

2. A Combined Real Estate Transfer Tax Return and Credit Line Mortgage Certificate, Form TP-584 for the Hotel (the "State Transfer Tax Return"), executed by Debtor.

3. A New York City Department of Finance Real Property Transfer Tax Return for the Hotel (the "City Transfer Tax Return"), executed and acknowledged by Debtor.

4. A New York State Real Property Transfer Report, Form RP-5217NYC (the "Transfer Report") for the Hotel, duly executed by Debtor.

5. An assignment of all of Debtor's right, title and interest as landlord under the Leases, in the form of Exhibit C attached hereto duly executed and acknowledged by Debtor (the "Assignment and Assumption of Leases"), in recordable form, and all originals of the Lease and amendments thereto.

6. A bill of sale, conveying and transferring to Debtor all right, title and interest of Debtor in and to the personal property, in the form of Exhibit D attached hereto executed by Debtor (the "Bill of Sale").

7. An assignment of all of Debtor's right, title and interest in and to all intangible property and rights duly in the form of Exhibit E attached hereto executed and acknowledged by Debtor (the "Assignment and Assumption of Intangibles").

8. A termination agreement duly executed by Manager and Debtor terminating the Hotel Management Agreement with respect to the Lender or such other documents or instruments as Lender may reasonably require to evidence the termination of the Hotel Management Agreement.

9. A certificate of non-foreign status in accordance with Section 1445 of the Code, executed by Debtor.

10. A title affidavit in the standard form required by the Title Company, with such changes that are reasonably requested by Debtor and accepted by the Title Company.

11. Consents & Resolution & such evidence as the Title Company may reasonably require as to the authority of the person or persons executing documents on behalf of Debtor.

Schedule 5

(Distribution of Current Excess Cash)

See Attached

Cash Summary - July 13, 2012

Peninsula JV cash balance - 7/13/12	2,879,465.86
Eastgate cash balance - 7/13/12	1,004,880.00
Beekman cash balance - 7/13/12	72,547.00
Subtotal	3,956,892.86
Closing escrow for Eastgate Local Law 11 job	(850,000.00)
Projected payment to Loanstar	(500,000.00)
Projected legal fees	(660,000.00)
Projected Eastgate prorations at 7/12/12 - amt due purchaser	(131,287.00)
Beekman Cooperation Agreement Escrow	(1,000,000.00)
Projected Beekman NOI cash flow sweep (April - June, 2012)	(263,874.00)
Foreign tax withholding	(380,000.00)
Partnership expense reserve escrow (legal, tax, audit, prof fees)	(171,731.86)
Current Excess Cash	0.00

EXHIBIT A

Form of Venture LLC Agreement

- To Follow -

LIMITED LIABILITY COMPANY AGREEMENT

OF

RPAP EASTGATE MESNE HOLDINGS LLC

This Limited Liability Company Agreement (this "**Agreement**") of RPAP EASTGATE MESNE HOLDINGS LLC (the "**Company**") is entered into as of July 13, 2012 (the "**Effective Date**"), by and between RPAP EASTGATE LLC, a Delaware limited liability company (the "**Class A Member**"), and PENINSULA REAL ESTATE FUND I, L.P. a Delaware limited partnership (the "**Class B Member**").

WITNESSETH:

WHEREAS, the Company was formed pursuant to the provisions of the Delaware Limited Liability Company Act, 6 Del. C. §18-101 et seq., as amended (the **Act** by the Class A Member's causing the filing of a Certificate of Formation with respect thereto with the Office of the Secretary of State of the State of Delaware on June 25, 2012 (the "**Certificate**"); and

WHEREAS, the parties hereto desire to set forth their respective rights, duties, responsibilities, agreements and understandings with respect thereto.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, conditions, obligations, and agreements, herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the undersigned parties agree as follows:

ARTICLE I
DEFINED TERMS

The following capitalized terms shall have the meaning specified in this Article I. Other terms are defined in the text of this Agreement and, throughout this Agreement, those terms shall have the meanings respectively ascribed to them.

"**AAA**" shall have the meaning set forth in Section 2.7(b).

"**Accountant**" means a reputable accounting firm selected for the Company by the Class A Member.

"**Acquisition Event**" shall mean any acquisition by the Company, whether directly or indirectly through the Property Owner Company and/or one or more Project Companies, of title to the Hotel Property, whether by foreclosure or deed in lieu thereof, as provided and more particularly described in the Plan Support Agreement or otherwise.

"**Adverse Change**" shall have the meaning set forth in Section 2.7(a).

"**Act**" shall have the meaning set forth in the recitals to this Agreement.

"**ACI II**" means Atlas Capital Investors II, a Delaware limited liability company.

"**Adjusted Capital Account Balance**" means, with respect to Class B Member as of the end of any taxable year of the Company, the balance in Class B Member's Capital Account as of the beginning of the such taxable year, after giving effect to the following adjustments but before taking into account any allocations pursuant to Section 4.5(e):

(i) the Capital Account balance shall be decreased by the amounts which the Member is obligated to restore or is deemed obligated to restore pursuant to Regulation Section 1.704-1(b)(2)(ii)(c); and

(ii) the Capital Account balance shall be increased by the items described in Regulation Sections 1.704-1(b)(2)(ii)(d)(4), (5), and (6).

"**Adjusted Capital Account Deficit**" means, with respect to any Member, the deficit balance, if any, in the Member's Capital Account as of the end of the relevant taxable year, after giving effect to the following adjustments:

(i) the deficit shall be decreased by the amounts which the Member is obligated to restore or is deemed obligated to restore pursuant to Regulation Section 1.704-1(b)(2)(ii)(*c*); and

(ii) the deficit shall be increased by the items described in Regulation Sections 1.704-1(b)(2)(ii)(*d*)(4), (5), and (6).

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Regulation Section 1.704-1(b)(2)(ii)(*d*) and shall be interpreted consistently therewith.

"**Affiliate** Agreements" shall have the meaning set forth in Section 5.1(b)(i).

"**Affiliated**" or "**Affiliate**" means, with respect to any Person, (a) any other Person directly or indirectly controlling, controlled by, or under common control with such Person, or (b) any other Person owning or controlling ten percent (10%) or more of the outstanding voting interests of such Person, or (c) any officer, director, general partner or managing member of such Person, or (d) any other Person which is an officer, director, general partner, managing member or holder of ten percent (10%) or more of the voting interests of any other Person described in clauses (a) through (c) of this definition. The term "**control**" as used herein (including the terms "controlling", "controlled by" and "under common control with") means the possession, direct or indirect, of the power (i) to vote ten percent (10%) or more of the outstanding voting securities of such person or entity; or (ii) to otherwise direct management policies of such person or entity by contract or otherwise.

"**Affiliate Hotel Manager**" means TPG Hospitality, Inc or any Affiliate thereof.

"**Affiliate Property Manager**" shall mean ACG Property Management LLC or any Affiliate thereof.

"**Aggregate Invested Capital**" means, as to the Class A Member, the total of all Capital Contributions made or deemed made by the Class A Member to the Company pursuant to the terms of this Agreement, including, without limitation, the Initial Capital Contribution by the

Class A Member. In the event that the Class A Member transfers all or any portion of its Membership Interest in accordance with the terms of this Agreement, the transferee of such Membership Interest shall be deemed to have Aggregate Invested Capital equal to that of the transferor in proportion to the Membership Interest transferred (and shall be treated as having funded such amounts, proportionately, at the same time or times as such amounts were funded or deemed funded by the transferor).

"**Agreement**" shall have the meaning set forth in the preamble to this Agreement.

"**Agreement Regarding Debtor/Creditor Relationship**" means the Agreement Regarding Debtor/Creditor Relationship between the Fund Member and the Company in the form of Exhibit H attached hereto.

"**Alternative Consideration**" shall have the meaning set forth in Section 5.8(a).

"**Alternative Consideration Notice**" shall have the meaning set forth in Section 5.8(a).

"**Asset Management Agreement**" shall mean the Asset Management Agreement between the Company and the Affiliate Asset Manager in the form attached as Exhibit E hereto.

"**Asset Management Fee**" means the fee payable to the Asset Manager under the Asset Management Agreement.

"**Asset Manager**" means, collectively, Atlas Capital Group, LLC and TPG Asset Management LLC.

"**Assumed Income Tax Rate**" means, the highest effective marginal combined Federal, state and local income tax rate for a fiscal year prescribed for either (i) an individual residing in New York City, New York or (ii) a domestic corporation doing business in New York City, New York, whichever is higher, (taking into account (a) the deductibility of state and local income taxes for Federal income tax purposes and (b) the character (e.g., long-term or short-term capital gain or ordinary or exempt) of the applicable income) as determined by Manager in its sole but reasonable discretion.

"**Business Day**" means any day that is not a Saturday, Sunday or a day on which commercial banks are required to be closed in the State of New York.

"**Capital Account**" means an account to be maintained by the Company for each Member in accordance with the provisions of Regulation Section 1.704-1(b).

"**Capital Contribution**" means the total amount of cash, as determined under this Agreement, contributed or deemed contributed to the Company by each Member.

"**Certificate**" shall have the meaning set forth in the recitals to this Agreement.

"**Class A Member**" shall have the meaning set forth in the introductory paragraph to this Agreement.

"**Class A Plan Support Default**" shall have the meaning ascribed thereto in the Plan Support Agreement.

"**Class B Member**" shall have the meaning set forth in the introductory paragraph to this Agreement.

"**Code**" means the Internal Revenue Code of 1986, as amended, or any corresponding provision of any succeeding law.

"**Company**" shall have the meaning set forth in the preamble to this Agreement.

"**Company Assets**" means all of the assets, interests and property owned by the Company from time to time, including without limitation, the Property.

"**Economic Interest**" shall have the meaning set forth in Section 6.3.

"**Effective Date**" shall have the meaning set forth in the preamble to this Agreement.

"**Final Asset Sale**" shall have the meaning set forth in Section 5.8(a).

"**Final Class B Distribution**" shall have the meaning set forth in Section 5.8(d).

"**FMV Value**" shall have the meaning set forth in Section 5.8(a).

"**FMV Valuation Agent**" shall have the meaning set forth in Section 5.8(c).

"**ERISA**" shall have the meaning set forth in Section 10.1.

"**Event of Bankruptcy**" means the filing by a Person in any court pursuant to any statute of the United States or of any state a petition in bankruptcy or insolvency, or a filing for reorganization or for the appointment of a receiver or a trustee of all or a material portion of such Person's property, or an assignment for the benefit of creditors, or an admission in writing of an inability to pay its debts as they fall due or the appointment of a trustee, receiver or liquidator of any material portion of such Person's property.

"**Fractions Rule**" means the requirements of Section 514(c)(9)(E) of the Code and the Regulations thereunder, assuming for purposes of this Agreement that the Class A Member is a Qualified Organization.

"**Fractions Rule Percentage**" means the Percentage Interest of the Class A Member, it being understood that the interest of Class B Member is an interest only in profits of the Company, and that therefore the Fractions Rule Percentage of the Class A Member shall be 100%.

"**Fund Member**" means RP Eastgate Member, L.L.C., a Delaware limited liability company.

"**GAAP**" means generally accepted accounting principles.

"**Gross Asset Value**" means with respect to any asset of (or treated for federal income tax purposes as an asset of) the Company, the asset's adjusted basis for federal income tax purposes, except as follows:

(a) The initial Gross Asset Value of any asset contributed by a Member shall be the gross fair market value of such asset at the time of such contribution, as reasonably determined by the Class A Member.

(b) The Gross Asset Value of any asset distributed to a Member shall be the gross fair market value of such asset on the date of distribution as reasonably determined by the Class A Member.

(c) The Gross Asset Values of all assets shall be adjusted to equal their respective gross fair market values, as reasonably determined by the Class A Member using such reasonable method of valuation as it may adopt, which shall not require an appraisal, as of the times listed below:

(i) immediately prior to the acquisition of an additional interest in the Company by a new or existing Member in exchange for more than a *de minimis* Capital Contribution, if it is determined by the Class A Member that such adjustment is necessary or appropriate to reflect the relative economic interests of the Members in the Company;

(ii) immediately prior to the distribution by the Company to a Member of more than a *de minimis* amount of the Company property as consideration for an interest in the Company if it is determined by the Class A Member that such adjustment is necessary or appropriate to reflect the relative economic interests of the Members in the Company;

(iii) immediately prior to the liquidation of the Company within the meaning of Treasury Regulation § 1.704-1(b)(2)(ii)(g) (other than by operation of Code Section 708(b)(1)(B)); and

(iv) immediately prior to such other times as the Class A Member shall reasonably determine necessary or advisable in order to comply with Treasury Regulation § 1.704-1(b) and 1.704-2, including upon the transfer or vesting of a compensatory interest in the Company as provided in the Treasury Regulations;

(d) The Gross Asset Values shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Treas. Reg. § 1.704-1(b)(2)(iv)(m); provided, however, that Gross Asset Values shall not be adjusted pursuant to this subparagraph (d) to the extent that the Class A Member determines that an adjustment pursuant to subparagraph (b) or (c) is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subparagraph (d).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to subparagraph (a), (c) or (d), such Gross Asset Value shall thereafter be adjusted by the

depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

"**Hotel Management Agreement**" means a hotel management agreement executed, or at the election of the Class A Member, to be executed, by and between Property Owner Company or any other Project Company, on the one hand, and the Affiliate Hotel Manager, on the other hand, substantially in the form of Exhibit C attached hereto.

"**Hotel Property**" shall have the meaning set forth in Section 2.3.

"**Initial Capital Contribution**" shall have the meaning set forth in Section 3.1(a).

"**Indemnitee**" shall have the meaning set forth in Section 5.5(a).

"**Internal Rate of Return**" or "**IRR**" means the annual discount rate, compounded quarterly, that results in a net present value equal to zero (0) when the discount rate is applied to (a) the Aggregate Invested Capital invested by the Class A Member, less (b) all Level 1 Distributions made by the Company to the Class A Member in accordance with Section 4.1. The Internal Rate of Return shall be calculated by taking into account the date on which any contributions and Level 1 Distributions have been made and consistent with the Microsoft Excel Software calculation of internal rate of return. For purposes of calculating the Internal Rate of Return, all contributions and Level 1 Distributions during any applicable month shall be deemed to have been made as of the first day of the month closest in time to the actual date the contribution or Level 1 Distribution is made. If no single date is closest in time, then such contribution or Level 1 Distribution shall be deemed made as of the first day of the month in which the actual date of the contribution or Level 1 Distribution occurs. For avoidance of doubt, Level 2 Distributions to the Class A Member shall be disregarded in calculating the Class A Member's IRR.

"**Involuntary Withdrawal**" means, with respect to the Class A Member, the occurrence of any of the following events:

(i) the Class A Member makes an assignment for the benefit of creditors;

(ii) the Class A Member files a voluntary petition of bankruptcy;

(iii) the Class A Member is adjudged bankrupt or insolvent or there is entered against the Class A Member an order for relief in any bankruptcy or insolvency proceeding;

(iv) the Class A Member files a petition seeking for the Class A Member any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any statute, law, or regulation;

(v) the Class A Member seeks, consents to, or acquiesces in the appointment of a trustee for, receiver for, or liquidation of the Class A Member or of all or any substantial part of the Class A Member's properties;

(vi) the Class A Member files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the Class A Member in any proceeding described in Subsections (i) through (v);

(vii) any proceeding against the Class A Member seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any statute, law, or regulation, continues for ninety (90) days after the commencement thereof, or the appointment of a trustee, receiver, or liquidator for the Class A Member or all or any substantial part of the Class A Member's properties without the Class A Member's agreement or acquiescence, which appointment is not vacated or stayed for ninety (90) days (if the appointment is stayed within such ninety (90) day period, the ninety (90) day period shall be tolled and shall resume if the stay is subsequently vacated or expires);

(viii) if the Class A Member is a partnership, the dissolution or commencement of winding up of the partnership; and

(ix) if the Class A Member is a corporation or a limited liability company, the dissolution or commencement of winding up of the Member or the revocation of its charter.

"**Level 1 Distributions**" means, collectively, (i) all distributions to the Class A Member under Section 4.1(a) and Section 4.1(c); and (ii) all distributions to the Class A Member under Sections 4.1(d), 4.1(e), 4.1(f) that, in accordance with such Sections, are designated as being a "Level 1 Distribution."

"**Level 2 Distributions**" means, collectively, all distributions to the Class A Member under Section 4.1 other than Level 1 Distributions.

"**Liquidation Amount**" shall have the meaning set forth in Section 5.8(d).

"**Liquidation Election**" shall have the meaning set forth in Section 5.8(b).

"**Liquidation Election Notice**" shall have the meaning set forth in Section 5.8(a).

"**Lists**" shall have the meaning set forth in Section 3.7(f).

"**Loan**" means that certain loan evidenced and/or secured by, among other things the Loan Documents.

"**Loan Document**" or "**Loan Documents**" means, individually and/or collectively, as the context may require, the promissory note, the mortgage, and each of the documents listed on Exhibit D attached hereto and any and all other documents now or hereafter evidencing, securing or otherwise executed in connection with the Loan.

"**Loan Owner Company**" means Hotel Debt (Eastgate) LLC, a Delaware limited liability company.

"**Major Decision**" shall have the meaning set forth in Section 5.1(b).

"**Management Agreement**" means the Hotel Management Agreement and/or the Property Management Agreement, as applicable.

"**Manager**" shall have the meaning set forth in Section 5.1(a).

"**Member**" means each Person signing this Agreement as a member and any Person who subsequently is admitted as a member of the Company in accordance with the terms hereof.

"**Membership Interest**" means all of the rights of a Member in the Company, including a Member's: (i) share of the Profits and Losses of, and the right to receive distributions from, the Company; (ii) right to inspect the Company's books and records; (iii) to the extent provided in the Certificate or this Agreement, right to participate in the management of and vote on matters coming before the Company; and (iv) to the extent provided in the Certificate or this Agreement, right to act as an agent of the Company.

"**Modified Capital Account**" shall be equal to such Member's Capital Account increased by the sum of such Member's share of Company minimum gain (as described in Regulations Section 1.704-2(g)(1)) and such Member's share of Member nonrecourse debt minimum gain (as described in Regulations Section 1.704-2(i)(3)).

"**Negative Capital Account**" means a Capital Account with a balance of less than zero.

"**Net Profits**" means, for any period, all cash revenue actually received by the Company from all sources, including as a result of distributions from Property Owner Company or any other Project Company, less the amounts thereof used to pay the expenses of the Company (including, without limitation, payments by the Company on account of the Asset Management Fee and/or the RP Bridge Loan) or reserved by the Company, in its sole and absolute discretion, subject to Section 5.1(b) hereof.

"**Nonrecourse Deductions**" shall have the meaning set forth in Regulations Section 1.704-2(b)(1).

"**OFAC**" shall have the meaning set forth in Section 3.7(h).

"**Order**" shall have the meaning set forth in Section 3.7(h).

"**Percentage Interest**" of a Member means: (i) 100%, as to the Class A Member; and (ii) 0.00%, as to the Class B Member.

"**Person**" means and includes an individual, corporation, partnership, association, limited liability company, trust, estate, or other entity.

"**Plan Support Agreement**" means that certain Plan Support and Cooperation Agreement dated as of July 13, 2012 by and among Hotel Debt (Eastgate) LLC, Property Owner Company, the Class A Member, the Company, the Class B Member, Eastgate Tower Hotel Associates GP, LLC, a Delaware limited liability company, and Eastgate Tower Hotel

Associates, L.P., a Delaware limited partnership, as the same may be amended, modified and/or supplemented from time to time.

"**Pre-Approved Affiliate Agreements**" means, collectively, the RP Note, the Asset Management Agreement, the Hotel Management Agreement, the Property Management Agreement, the Agreement Regarding Debtor/Creditor Relationships, and the REOC Agreements.

"**Profits**" and "**Losses**" mean, for each taxable year of the Company (or other period for which Profit or Loss must be computed), the Company's taxable income or loss determined in accordance with Code Section 703(a), with the following adjustments:

(i) all items of income, gain, loss, deduction, or credit required to be stated separately pursuant to Code Section 703(a)(1) shall be included in computing taxable income or loss; and

(ii) any tax-exempt income of the Company, not otherwise taken into account in computing Profit or Loss, shall be included in computing taxable income or loss; and

(iii) any expenditures of the Company described in Code Section 705(a)(2)(B) (or treated as such pursuant to Regulation Section 1.704-1(b)(2)(iv)(*i*)) and not otherwise taken into account in computing Profit or Loss, shall be subtracted from taxable income or loss; and

(iv) gain or loss resulting from any taxable disposition of Company property shall be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding the fact that the adjusted book value differs from the adjusted basis of the property for federal income tax purposes; and

(v) in lieu of the depreciation, amortization, or cost recovery deductions allowable in computing taxable income or loss, there shall be taken into account the depreciation computed based upon the Gross Asset Value of the asset, in accordance with Regulation Section 1.704-1(b)(2)(iv)(g)(3); and

(vi) notwithstanding any other provision of this definition, any items which are specially allocated pursuant to Section 4.5 hereof shall not be taken into account in computing Profit or Loss.

"**Project Company**" has the meaning set forth in Section 2.7(a).

"**Project Company Loan Documents**" means any and all documents evidencing and/or securing a loan from a third party to a Project Company.

"**Project Company Guaranty**" means any guaranty or indemnity, including, without limitation, a payment guaranty, environmental indemnity, completion guaranty, provided by the Class A Member, the Venture Member, the Fund Member or an Affiliate of any of the foregoing (an "**RPAP Affiliate Guarantor**"), in connection with a loan by a third party to any Project Company, a franchise agreement between a third party and a Project Company and/or any other

obligation of a Project Company to a third party, provided, that, in each such instance, the Class A Member has approved, subject to Section 5.4(d), the Project Company entering into such loan, franchise agreement or other obligation.

"**Property**" shall mean the Company's indirect interests (through its ownership of one or more Property Companies, including, without limitation, Property Owner Company) in the Hotel Property.

"**Property Management Agreement**" means a property management agreement executed, or at the election of the Class A Member, to be executed, by and between Property Owner Company or any other Project Company, on the one hand, and the Affiliate Property Manager, on the other hand, substantially in the form of Exhibit E attached hereto.

"**Property Owner Company**" means Eastgate Owner LLC, a Delaware limited liability company.

"**Qualified Organization**" has the meaning set forth in Section 514(e)(9)(C) of the Code.

"**REOC Agreements**" means, collectively, (i) an agreement among the Class A Member, the Company, Property Owner Company, Affiliate Property Manager, Affiliate Hotel Manager and Asset Manager, substantially in the form of **Exhibit I-1** attached hereto and (ii) an agreement between the Company and RP Fund, substantially in the form of **Exhibit I-2** attached hereto.

"**Regulations**" means the income tax regulations, including any temporary regulations, from time to time promulgated under the Code.

"**RP Bridge Loan**" means the loan from the Fund Member to the Company evidenced by the RP Note.

"**RP Fund**" means Rockpoint Real Estate Fund IV, L.P. , a Delaware limited partnership.

"**RP Note**" means the promissory note in the form of Exhibit F attached hereto made by the Company and payable to the Fund Member.

"**Structural Change**" has the meaning set forth in Section 2.7(a).

"**Target Capital Account**" means, with respect to Class B Member as of the end of any taxable period, an amount (which may be either a positive or negative balance) equal to the hypothetical distribution (or, in negative, contribution) Class B Member would receive (or, if negative, be deemed required to contribute) if all of the property of the Company were sold for cash equal to the Gross Asset Value of such property for income tax purposes (taking into account any depreciation allowable for such period), all liabilities of the Company were satisfied in cash according to their terms (limited, with respect to each nonrecourse liability of each entity, to the Gross Asset Value of the assets securing such liability), and the net proceeds of such hypothetical transactions and all cash otherwise available (after satisfaction of such liabilities) were distributed in full pursuant to Section 4.1 hereof, minus (b) the amount of partnership minimum gain (as defined in Regulations Section 1.704-2(b)(2) and (d)(1)) and partner nonrecourse debt minimum gain (as defined in Regulations Section 1.704-2(i)(2)) that would be

charged back to Class B Member as determined pursuant to Treasury Regulation Section 1.704-2 immediately prior to such sale.

"**Tax Matters Member**" shall mean the Class A Member.

"**TPG Principals**" means Robert Leven and James A. Procaccianti.

"**Transfer**" means, when used as a noun, any direct or indirect sale, hypothecation, pledge, assignment, attachment, or other transfer (including any transfer of an economic interest) or agreement to do any of the foregoing and, when used as a verb, to directly or indirectly sell, hypothecate, pledge, assign, or otherwise transfer or agree to do any of the foregoing.

"**UBIT**" shall have the meaning set forth in Section 5.6

"**Valuation Agent**" shall have the meaning set forth in Section 2.7(b).

"**Venture Member**" means PGAC Eastgage LLC, a Delaware limited liability company.

"**Venture Member Funds**" shall mean Atlas Capital Investors II, LLC and/or the TPG Principals.

"**Venture Member Principals**" shall mean Andrew B. Cohen, Jeffrey A. Goldberger, Robert Leven and James A. Procaccianti.

"**Voluntary Withdrawal**" means a Member's disassociation from the Company by means other than a Transfer in accordance with the terms of this Agreement or an Involuntary Withdrawal.

"**Withdrawn Member**" means, Class A Member in the event that it withdraws from the Company as a result of an Involuntary Withdrawal.

"**Withholding Tax Act**" shall have the meaning set forth in Section 4.12.

ARTICLE II
FORMATION AND NAME: OFFICE; PURPOSE; TERM

2.1 Organization. The Class A Member organized a limited liability company pursuant to the Act and the provisions of this Agreement and, for that purpose, have caused the Certificate to be prepared, executed, and filed with the Secretary of State of the State of Delaware on June 25, 2012. To the extent not prohibited by the Act, the express provisions of this Agreement shall control in the event of any conflict with the provisions of the Act. This Agreement is intended to expressly exclude any matters covered by the Act that are not specified herein. The Manager shall cause the Company to be qualified to do business in the State of New York to the extent the Class A Member determines the same is required by New York law.

2.2 Company Name and Place of Business. The name of the Company is and shall be "RPAP EASTGATE MESNE HOLDINGS LLC." The Company may do business under that name and under any other name or names that the Class A Member selects. If the Company does business under a name other than that set forth in its Certificate, then the Company shall file a

certificate as required by Act. The principal place of business of the Company, where the books and records of the Company shall be kept, shall c/o Atlas Capital Group, LLC, 505 Fifth Avenue, 28th Floor, New York, New York 10017. The Class A Member, after giving notice to the Class B Member, may at any time change the location of the principal office of the Company and establish additional offices. The name of the Company's registered agent in Delaware shall be as set forth in the Certificate.

2.3 Purpose. The Company is organized to (1) prior to an Acquisition Event, to acquire, own, service, administer, enforce, hypothecate, sell, participate, assign, transfer and/or otherwise deal with and dispose of the Loan and Loan Documents, including, without limitation, through its ownership of the limited liability company interest in Loan Owner Company; and (2) if determined by the Class A Member, to proceed with an Acquisition Event and, when applicable, following an Acquisition Event to own direct or indirect interests in one or more Project Companies, including, without limitation, through its ownership of the limited liability company interest in Property Owner Company, and to (A) cause the Property Owner Company and other Property Companies to acquire, operate, manage, improve, lease, finance, sell and otherwise hold for investment purposes, certain real property and improvements currently known as "The Eastgate Hotel", located in New York, New York, as more particularly described in Exhibit A attached hereto and all other personal and intangible property owned by the Company in connection with the use, ownership and operation thereof (collectively, the "**Hotel Property**"); (B) flag, deflag, and/or reflag the Hotel Property; (C) if determined by the Class A Member, cause the Property Owner Company and the other Project Companies to convert the use of the Hotel Property, or any portion thereof, for residential use and/or extended stay hospitality use, with ancillary facilities, services and retail; (D) at any time, either itself or through the Property Owner Company and/or one or more other Project Companies purchase, borrow funds and grant collateral security for such borrowing in any and all Company Assets and the Property and the Hotel Property, as applicable; and (E) to do any and all things necessary, convenient, or incidental to any of the purposes set forth above. Notwithstanding anything contained herein to the contrary, the Company shall not engage in any business, and it shall have no purpose, unrelated to the above and shall not acquire any other real property or assets or enter into any loan documents other than as related to the Property.

2.4 Duration. The duration of the Company began upon the filing of the Certificate and shall continue until its existence is terminated pursuant to Article VII of this Agreement.

2.5 Members. The name and present mailing address of each of the Members are set forth on Exhibit B attached hereto.

2.6 [Intentionally Omitted.]

2.7 Modification to Structure.

(a) In the event that the Class A Member determines, in good faith in furtherance of the business of the Company and subject Section 5.4(d), that: (i) in order to qualify and/or preserve the status of the Class A Member, the Company, the Property Owner Company, or any entity in which the Company owns a direct or indirect interest and which owns any portion of Company Assets as an "operating company" under the plan asset rules of ERISA at 29 C.F.R. 2510.3-101; (ii) to avoid the imposition of a corporate tax on any income of the Company, or to minimize the effects of any UBIT on the Class A Member and its respective partners, members and shareholders; (iii) to facilitate a financing or refinancing of the Hotel

Property, including, without limitation, any so-called "mezzanine financing"; or (iv) for any other reason in furtherance of the business of the Company that if not undertaken would have an adverse effect on the Class A Member, the Fund Member, the RP Fund, the Venture Member or the Venture Member Funds (or their direct or indirect owners), the Class A Member shall have the authority to cause such modifications to the structure of the Company and/or the Company's investments in and ownership of Company Assets and/or to the terms of this Agreement including, without limitation, the introduction of an operating lease structure, the creation of one or more subsidiaries of the Company (in addition to Property Owner Company) to serve as the borrower under a mezzanine loan or take title to all or any portion of the Hotel Property (each, a "**Project Company**"), all as the Class A Member reasonably determines is necessary or desirable (a "**Structural Change**"), subject to the conditions set forth in this Section 2.7, provided, however, no Structural Change that results in the Class A Member's (or the Class A Member's direct or indirect beneficial owners') interest being structurally senior to the Class B Member's interest, shall be permitted without the consent of the Class B Member in its sole discretion. The Class A Member, acting alone, shall have the authority to cause the Company to implement such Structural Change, unless the Structural Change will result in any of the following: (each of which, individually, is an "**Adverse Change**"), (i) subject the Class B Member and/or its Affiliates to greater liability or exposure or any other new obligation whether to the Company, the Class A Member and/or its successors or any third party; (ii) decrease the rights or increase the obligations hereunder of the Class B Member and/or its Affiliates, other than in ways that do not have a negative or adverse effect on the Class B Member or its Affiliates; (iii) adversely affect the liquidity or the value of the Class B Member's interest (compared to its liquidity and value immediately prior to, but without giving effect to the proposed Structural Change); or (iv) adversely affect the economic entitlements to the Class B Member pursuant to this Agreement, including, without limitation, distributions of Net Profits, tax distributions and liquidation proceeds or the aggregate allocations of Profits and Losses, or result in any increased tax liability to the Class B Member; provided, however, that if the Structural Changes do result in an Adverse Change, the provisions of Section 2.7(b) shall apply. Subject to and specifically limited by the foregoing with respect to any Adverse Change to the Class B Member, any such Structural Changes may include, without limitation, the formation by the Class A Member of Project Companies other than Property Owner Company (including, without limitation, corporations and trusts that qualify as real estate investment trusts under Section 856 of the Code) to be owned by the Company and which will own, directly or indirectly, all or a portion of the Company Assets. In any such event, the fees payable, the amounts distributable, the Profits and Losses allocable, the Capital Contributions required to be contributed, and the maintenance of Capital Accounts pursuant to this Agreement and the organic documents governing such other entities shall be calculated, determined and applied on an aggregate basis as if the entire Company Assets were owned by the Company pursuant to this Agreement as in effect on the date hereof, unless the Class A Member reasonably determines that such provisions must be calculated, determined and applied on an entity by entity basis and not on an aggregate basis in order to serve the purpose of such change. If the Class A Member reasonably determines that such provisions must be calculated, determined and applied on an entity by entity basis and not an aggregate basis, the Members agree to negotiate in good faith modifications to the terms of this Agreement and to the organic documents governing such other entities so as to preserve without any Adverse Change to the Class B Member the same overall economic benefits and burdens relating to the entire Company Assets as exist under this Agreement as in effect on the date hereof; provided, however, that if the modifications do cause an Adverse Change, the provisions of Section 2.7(b) shall apply. The Class B Member agrees to

reasonably cooperate with the Class A Member at no out-of-pocket cost or expense to the Class B Member and to execute, acknowledge, deliver, file, record and publish all such documents, agreements and instruments and to do all such other acts and things as Class A Member determines are reasonably necessary to implement any such Structural Changes at no out-of-pocket cost or expense to the Class B Member, subject to the limitations set forth in this Section 2.7(a). Notwithstanding anything to the contrary set forth above, all reasonable out of pocket, third party fees (including reasonable attorneys' fees), costs and expenses incurred by the Company or any Member and/or any of its Affiliates in connection with any such modification or other action taken pursuant to the provisions of this Section 2.7 shall be borne by the Class A Member, including, without limitation, any transfers of Company Assets or the formation of any additional entities to own any portion of Company Assets.

(b) The Class A Member shall provide the Class B Member written notice (a "**Structural Change Notice**") at least twenty (20) Business Days prior of any proposed Structural Change; provided, that in the event any proposed Structural Change pursuant to this Section 2.7 could reasonably be expected to cause or does cause an Adverse Change, the Class A Member shall include in such notice an estimate of the economic value of the Adverse Change to be incurred by the Class B Member. The Class A Member shall reimburse the Class B Member's reasonable and actual out of pocket costs and expenses incurred in reviewing such estimate. If, within ten (10) Business Days after receipt of a Structural Change Notice, the Class B Member does not dispute the Class A Member's determination that such Structural Change is not an Adverse Change or the Class A Member's estimate of the economic value of an Adverse Change to the Class B Member, the Class B Member shall be deemed to have accepted such determination or estimate as applicable and the Class A Member shall pay an amount equal to the reasonable and actual out-of-pocket costs and expenses incurred in reviewing such estimate, and, in the case of an Adverse Change, the economic value of such Adverse Change, in cash or immediately available funds to the Class B Member promptly upon the expiration of such ten (10) Business Day period. If the Members disagree on whether a proposed Structural Change is an Adverse Change or on the Class A Member's estimate of the economic value of any Adverse Change, the Members will attempt in good faith to resolve such dispute as promptly as practicable, and if they are unable to mutually agree on a resolution of such dispute within thirty (30) calendar day, after the delivery of the applicable Structural Change Notice, then such dispute shall be resolved in the following manner: The Class A Member and the Class B Member shall, within ten (10) days after the expiration of the foregoing thirty (30) day period, mutually agree on an independent third party (the "**Valuation Agent**") to determine whether a Structural Change is an Adverse Change and the economic value to the Class B Member arising from such Adverse Change described in Section 2.7(a). If the parties are unable to agree on a Valuation Agent within such ten (10) day period, the Valuation Agent shall be appointed by a retired judge selected by the Members from a panel presented by the New York City office of the American Arbitration Association ("**AAA**"). If the Members are unable to agree, AAA will provide a list of three (3) available retired judges, and each of the Class B Member and the Class A Member may strike one (1) of the available retired judges. The remaining retired judge shall select the Valuation Agent. If the Class A Member and the Class B Member strike the same retired judge and two (2) remain, the Class A Member shall flip a coin to determine which of the two (2) remaining retired judges shall select the Valuation Agent. Any Valuation Agent selected shall be independent and shall not have performed or been engaged to perform any appraisal or valuation services for the Company, the Class A Member or the Class B Member or of their Affiliates, at any time during the two (2) year period prior to its selection. Within sixty (60) days of the

Members' selection of the Valuation Agent, the Valuation Agent shall deliver to the Members a written report of the foregoing valuation, and the determination of the Valuation Agent thereon shall be conclusive and binding upon the Members. Within thirty (30) days of the receipt of such report, Class A Member shall pay to the Class B Member the amount of the economic value of the Adverse Change determined by the Valuation Agent together with all reasonable and actual out of pocket costs and expenses incurred by the Class B Member in connection with such valuation determination. If the Valuation Agent is unable to reasonably assign a dollar value to the Adverse Change, then the Class A Member shall not be entitled to make such Adverse Change without the consent of the Class B Member, which consent may be withheld in the Class B Member's sole discretion. Notwithstanding anything to the contrary contained herein, if the Valuation Agent is employed pursuant to the terms of this Section 2.7(b), the Class A Member shall bear the costs thereof. In the event of any conflict or inconsistency between the terms of this Section 2.7 and any other provision of this Agreement, the terms of this Section 2.7 shall control. Notwithstanding the foregoing, any amendments or changes to this Section 2.7 or to Section 5.4(d), shall require the consent of all Members, which consent may be withheld in their sole discretion.

2.8 Project Companies. The Class A Member has previously caused the Company to form the Property Owner Company to take title to all the Hotel Property. It is expressly understood that: (A) prior to an Acquisition Event, the Company shall conduct its business through the Loan Owner Company; and (B) from and after an Acquisition Event, the Company shall conduct its business through the Property Owner Company and/or, subject to Section 2.7, one or more other Project Companies, provided that it is the intent of the Members that the organizational documents relating to the formation of the Property Owner Company and such other Project Companies shall be interpreted together with the provisions of this Agreement to have substantially the same effect to the Members as would be the case if all the interests therein were held or all such business were conducted by the Company pursuant to the terms of this Agreement. The Manager shall perform, with no additional compensation, substantially identical services for the Property Owner Company and each such other Property Companies as Manager performs for the Company, subject to the terms, conditions, limitations and restrictions set forth in this Agreement. The Manager agrees to perform such duties, and in such circumstances and with regard to such duties, Manager shall be subject to the same standards of conduct and shall have the same rights and obligations with regard to such duties performed or to be performed on behalf of the Property Owner Company and each such other Property Companies as are set forth in this Agreement with regard to substantially identical services to be performed for or on behalf of the Company. The Members agree that the Class A Member, acting alone, may make such non-substantive/non-economic changes as any lender(s) may require to this Agreement and to the organizational documents of the Property Owner Company and each other Property Companies, including, without limitation, the addition of a non-member manager and/or independent director to the structure of any Property Owner Company and each such other Property Companies; provided that such changes do not result in an Adverse Change to the Class B Member.

ARTICLE III
CAPITAL; LOANS; CAPITAL ACCOUNTS; REPRESENTATIONS

3.1 Initial Capital Contributions.

(a) Generally. On or prior to the date hereof, the Class A Member has contributed cash to the Company in the amounts and as of the dates set forth on Exhibit B attached hereto and made a part hereof (the "**Initial Capital Contributions**"). Except as shall be expressly set forth in this Agreement, no Member shall be required or permitted to (i) make any additional Capital Contributions, (ii) make any loan to the Company; or (iii) cause to be loaned any money or other assets to the Company.

(b) Additional Capital Contributions by the Members. Subject to Section 5.4(d) hereof, the Class A Member shall have the sole and exclusive right to contribute additional Capital Contributions to the Company provided that (i) the same are in furtherance of the purpose of the Company as set forth in Section 2.3 hereof; and (ii) any additional Capital Contributions consist solely of cash. Under no circumstances will the Class B Member have either the right, or the obligation, to make any Capital Contributions to the Company. Except as provided in this Article III, no Member shall be required or permitted to make any Capital Contributions or to make a loan (other than the RP Bridge Loan) to the Company.

3.2 No Interest on Capital Contributions. Except as otherwise expressly set forth in this Agreement, no interest shall be paid on the Capital Contributions of Members.

3.3 Form of Return of Capital. If a Member is entitled to receive a return of a Capital Contribution, the Company shall distribute to the Member in return of same cash or cash equivalents.

3.4 Capital Accounts. A separate Capital Account shall be maintained for each Member. The initial Capital Account balance of the Class B Member following the Initial Capital Contributions shall be $0.00.

3.5 Limited Liability of Members. No Member shall have any personal liability to a third party for any obligation of the Company by reason of this Agreement.

3.6 Project Company Guaranties. If an RPAP Affiliate Guarantor makes a payment to a third party pursuant to any Project Company Guaranty, or incurs any costs or expenses in satisfying its obligations under any such Project Company Guaranty or defending any claim made against it thereunder, and such payment, cost or expense is not the result of the gross negligence, fraud or intentional misconduct of such RPAP Affiliate Guarantor and/or its Affiliates or an intentional breach by such RPAP Affiliate Guarantor of its obligations under such Project Company Guaranty, such amounts shall be deemed and treated as a Capital Contribution to the Company by the Class A Member for all purposes of this Agreement.

3.7 Representations and Warranties of Class A Member. To induce the Class B Member to enter into this Agreement and to consummate the transactions contemplated hereunder, Class A Member represents and warrants to the Class B Member as of the date of this Agreement and agrees with the Class B Member as follows:

(a) The Class A Member is a duly formed and validly existing limited liability company organized and in good standing under the laws of the State of Delaware. Each person executing this Agreement on behalf of Class A Member has been duly authorized to execute this Agreement and to bind Class A Member to enter into and to perform this Agreement. This Agreement has been duly authorized, executed and delivered by Class A Member and is a legal,

valid and binding obligation of Class A Member and does not violate the provisions of any other agreement to which Class A Member or any Affiliate thereof is a party.

(b) No Event of Bankruptcy or event that would constitute an Involuntary Withdrawal is now pending with respect to the Class A Member.

(c) Neither the Class A Member nor any of its Affiliates is presently under any commitment to any real estate broker, rental agent, finder, syndicator or other intermediary with respect to the Property.

(d) The Class A Member has acquired its Membership Interest in the Company for investment for its own account and not with a view to distribution or resale and has no present intention to sell or otherwise transfer its Membership Interest or any portion thereof. The Class A Member is an "Accredited Investor" as such term is defined by Rule 501(a) of the Securities Act of 1933, as amended.

(e) Neither the Class A Member nor any of its Affiliates has received, or will receive, any fee or payment from the Company's ownership of the Property, except as a Member of the Company or as a service provider in accordance with Section 5.1(d) hereof.

(f) The Class A Member will not fund any amount to the Company with "plan assets" of any "employee benefit plan" within the meaning of Section 3(3)of ERISA or of any "plan" within the meaning of Section 4975(e)(1) of the Code.

(g) Neither the Class A Member or the Company is a party to any Affiliate Agreements, other than the Pre-Approved Affiliate Agreements.

(h) The Class A Member is in compliance with the requirements of Executive Order No. 13224, 66 Fed. Reg. 49079 (Sept. 23, 2001) (the "**Order**") and other similar requirements contained in the rules and regulations of the Office of Foreign Assets Control, Department of the Treasury ("**OFAC**") and in any enabling legislation or other Executive Orders or regulations in respect thereof (the Order and such other rules, regulations, legislation, or orders are collectively called the "**Orders**"). The Class A Member is not:

- is listed on the Specially Designated Nationals and Blocked Persons List maintained by OFAC pursuant to the Order and/or on any other list of terrorists or terrorist organizations maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Orders (such lists are collectively referred to as the "**Lists**");

- is a person who has been determined by competent authority to be subject to the prohibitions contained in the Orders; or

- is owned or controlled by, or acts for or on behalf of, any person on the Lists or any other person who has been determined by competent authority to be subject to the prohibitions contained in the Orders.

3.8 Representations and Warranties of the Class B Member. To induce the Class A Member to enter into this Agreement and to consummate the transactions contemplated

hereunder, the Class B Member represents and warrants to the Class A Member as of the date of this Agreement and agrees with the Class A Member as follows:

(a) The Class B Member is a duly formed and validly existing limited partnership organized and in good standing under the laws of the State of Delaware. Each person executing this Agreement on behalf of the Class B Member has been duly authorized to execute this Agreement and to bind the Class B Member to enter into and to perform this Agreement. This Agreement has been duly authorized, executed and delivered by the Class B Member and is a legal, valid and binding obligation of the Class B Member and does not violate the provisions of any other agreement to which the Class B Member or any Affiliate thereof is a party.

(b) No Event of Bankruptcy or event that would constitute an Involuntary Withdrawal is now pending with respect to the Class B Member.

(c) The Class B Member is not presently under any commitment to any real estate broker, rental agent, finder, syndicator or other intermediary with respect to the Property.

(d) The Class B Member is acquiring its Membership Interest in the Company for investment for its own account and not with a view to distribution or resale and has no present intention to sell or otherwise transfer its Membership Interest or any portion thereof. The Class B Member is an "Accredited Investor" as such term is defined by Rule 501(a) of the Securities Act of 1933, as amended.

(e) Neither the Class B Member nor any of its Affiliates has received, or will receive, any fee or payment from the Company's ownership of the Property, except as a Member of the Company.

(f) The Class B Member is in compliance with the requirements the order (the "**Order**") and other similar requirements contained in the rules and regulations of the OFAC and in any enabling legislation or other Executive Orders or regulations in respect thereof. The Class B Member is not:

- listed on the Specially Designated Nationals and Blocked Persons List maintained by OFAC pursuant to the Order and/or on any other list of terrorists or terrorist organizations maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Orders (such lists are collectively referred to as the "**Lists**");

- a person who has been determined by competent authority to be subject to the prohibitions contained in the Orders; or

- owned or controlled by, or acts for or on behalf of, any person on the Lists or any other person who has been determined by competent authority to be subject to the prohibitions contained in the Orders.

(g) The Class B Member is not a Qualified Organization, and the Class B Member is not aware of (having made no investigation) any Qualified Organization that owns a direct or indirect in Class B Member (other than a Qualified Organization that holds any such interest through an entity that is classified as a C corporation for federal income tax purposes).

3.9 Survival of Representations and Warranties; Indemnifications. The Members agree that the representations and warranties set forth herein shall survive the execution and delivery of this Agreement and the consummation of the transactions contemplated hereunder. In addition to the other remedies which may be available, each Member hereby agrees to indemnify, hold harmless and protect the other from and against any and all damages, costs, expenses, claims, liabilities and obligations (including reasonable professional fees and other reasonable costs) attributable to or resulting from a breach of any representation or warranty made by such Member herein.

ARTICLE IV
PROFIT, LOSS AND DISTRIBUTIONS

4.1 Distributions of Net Profits. Subject to Section 4.11, Net Profits shall be distributed by the Company to the Members, in the following order of priority:

(a) first, to the Class A Member as a "Level 1 Distribution", until the Class A Member has received aggregate Level 1 Distributions pursuant to this Section 4.1 sufficient to provide it with a 9% IRR with respect to its Aggregate Invested Capital;

(b) second, to the Class B Member, until the Class B Member has received aggregate distributions pursuant to this Section 4.1(b) in an amount equal to $1,000,000.00;

(c) third, to the Class A Member as a "Level 1 Distribution", until the Class A Member has received aggregate Level 1 Distributions pursuant to this Section 4.1 sufficient to provide it with a 12% IRR with respect to its Aggregate Invested Capital;

(d) fourth, seventy-five percent (75%) to the Class A Member as a "Level 1 Distribution" and twenty-five percent (25%) to the Class A Member as a "Level 2 Distribution" until such time as the Class A Member has received aggregate Level 1 Distributions under this Section 4.1 in an amount sufficient to provide it with a 17% IRR with respect to its Aggregate Invested Capital;

(e) fifth, sixty-five percent (65%) to the Class A Member as a "Level 1 Distribution" and thirty-five percent (35%) to the Class A Member as a "Level 2 Distribution" until such time as the Class A Member has received aggregate Level 1 Distributions under Section 4.1 in an amount sufficient to provide it with a 20% IRR with respect to all of its Aggregate Invested Capital; and

(f) thereafter, (i) twenty-five percent (25%) to the Class B Member, and (ii) seventy-five percent (75%) to the Class A Member, of which sixty-five percent (65%) will be treated as a "Level 1 Distribution" and thirty-five percent (35%) will be treated as a "Level 2 Distribution".

4.2 Timing of Distributions. Distributions of Net Profits shall be made by the Class A Member when, subject to Section 5.4(d), the Class A Member determines is appropriate.

4.3 Intentionally Omitted.

4.4 Allocation of Profits and Losses.

(a) Allocation of Profits. For any taxable year or portion thereof, after giving effect to any special allocations pursuant to Section 4.5 hereof, Profits shall be allocated to the Class A Member.

(b) Allocation of Losses. For any taxable year or portion thereof, after giving effect to any special allocations pursuant to Section 4.5 hereof, Losses will be allocated to the Class A Member.

4.5 Special Allocations.

(a) Minimum Gain Chargebacks. Notwithstanding any other provision of this Agreement, if there is a net decrease in Company minimum gain (as defined in Regulations Section 1.704-2(b)(2) and (d)(1)), items of income and gain shall be allocated to all Members in accordance with Regulations Section 1.704-2(f) and the exceptions thereunder (as determined in good faith by the Manager), and such allocations are intended to comply with the minimum gain chargeback requirements of Regulations Section 1.704-2 and shall be interpreted consistently therewith. Notwithstanding any other provision of this Agreement, if there is a net decrease in Member nonrecourse debt minimum gain (as defined in Regulations Section 1.704-2(i)(2)), items of income and gain shall be allocated to all Members in accordance with Regulations Section 1.704-2(i)(4) and the exceptions thereunder (as determined in good faith by the Manager), and such allocations are intended to comply with the minimum gain chargeback requirements of Regulations Section 1.704-2 and shall be interpreted consistently therewith.

(b) Risk of Loss Allocation. Any item of Member Nonrecourse Deduction (as defined in Regulation Section 1.704-2(i)(2)) with respect to a Member Nonrecourse Debt (as defined in Regulation Section 1.704-2(b)(4)) shall be allocated to the Member or Members who bear the economic risk of loss for such Member Nonrecourse Debt in accordance with Regulations Section 1.704-2(i)(1).

(c) Allocation of Excess Nonrecourse Liabilities. All Nonrecourse Deductions shall be allocated to the Class A Member. For the purpose of determining each Member's share of Company nonrecourse liabilities pursuant to Regulations Section 1.752-3(a)(3), and solely for such purpose, each Member's interest in Company profits is hereby specified to be such Member's Percentage Interest.

(d) Unexpected Allocations and Distributions. No allocation may be made to a Member to the extent such allocation causes or increases an Adjusted Capital Account Deficit for any Member. Notwithstanding any other provision of this Agreement except Section 4.9 and Section 4.10 hereof, in the event that a Member unexpectedly receives an adjustment, allocation or distribution described in Regulations Section 1.704(b)(2)(ii)(d)(4), (5) or (6) which results in such Member having an Adjusted Capital Account Deficit, then such Member shall be allocated items of income and gain in an amount and manner sufficient to eliminate, to the extent required by the Regulations, such Member's Adjusted Capital Account Deficit as quickly as possible. This provision is intended to satisfy the "qualified income offset" items of the Regulations.

(e) Allocations to Class B Member.

(i) With respect to each taxable year, the Class B Member shall be specially allocated items of Company income or gain (if the Class B Member's Adjusted Capital Account Balance is less than its Target Capital Account), or

items of loss or deduction (if the Class B Member's Adjusted Capital Account Balance is greater than its Target Capital Account) until the aggregate amount of such items allocated to Class B Member pursuant to this Section 4.5(e) causes the Adjusted Capital Account Balance of the Class B Member at the end of such taxable year, after such allocation, to equal such Target Capital Account; provided that allocations of loss or deduction shall only be made pursuant to this Section 4.5(e) to the extent the resulting reduction in "overall partnership loss" (as defined in Regulations Section 1.514(c)-2(c)(1)) allocated to the Class A Member would be disregarded under Regulations Section 1.514(c)-2(e)(1)(i) and otherwise would not cause the allocations hereunder to violate the Fractions Rule.

(ii) Notwithstanding anything else in this Agreement, the Members agree that this Section 4.5(e) be applied in a manner such that the Class B Member will receive the same aggregate amount of net distributions under this Agreement that the Class B Member would have received if this Agreement did not contain Section 4.10.

(f) Tax Allocations; Section 704(c) Allocation.

(i) Except as otherwise provided for in this Section 4.5(f), for federal income tax purposes, each item of income, gain, loss and deduction shall be allocated among the Members in the same manner as its correlative item of "book" income, gain, loss or deduction pursuant to Section 4.4 or and the remaining provisions of this Section 4.5. Allocations pursuant to this Section 4.5(f) in any fiscal year will be made such that the character of any items of income and gain allocated to such Member reasonably corresponds to the overall character of the aggregate income and gains earned by the Company for such fiscal year.

(ii) Solely for Federal, state, and local income tax purposes and not for book or Capital Account purposes, depreciation, amortization, gain, or loss with respect to property that is properly reflected on the Company's books at a value that differs from its adjusted basis for federal income tax purposes shall be allocated in accordance with the principles and requirements of Code Section 704(c) and the Regulations promulgated thereunder, and in accordance with the requirements of the relevant provisions of the Regulations issued under Code Section 704(b), as determined by the Manager. For Capital Account purposes, depreciation, amortization, gain, or loss with respect to property that is properly reflected on the Company's books at a value that differs from its adjusted basis for tax purposes shall be determined in accordance with the rules of Regulations Section 1.704-1(b)(2)(iv)(g).

4.6 Capital Accounts of Transferred Membership Interest. Upon the transfer of all or any part of a Membership Interest as permitted by this Agreement, the Capital Account (or portion thereof) of the transferor that is attributable to the transferred interest (or portion thereof) shall carry over to the transferee, as prescribed by Regulations Section 1.704-1(b)(2)(iv)(l).

4.7 Transfers During Taxable Year. All income, gain, loss and deductions allocable pursuant to Section 4.4 hereof for a taxable year with respect to any Membership Interest which may have been transferred during such year shall be allocable between the transferor and transferee based upon the number of days that each was recognized by the Company as the owner of such Membership Interest, without regard to the results of Company operations during the particular days of such taxable year and without regard to which cash distributions were made to the transferor or transferee; provided, however, that all income, gain, loss and deductions so allocated as the result of a Capital Event shall be allocated to the recognized owner of the Membership Interest for the day on which the Capital Event giving rise to such gain occurred.

4.8 Time of Allocation. The allocations set forth above shall be made as of the end of each taxable year.

4.9 Tax Distributions. Class B Member shall, only if and to the extent Net Profits are available, receive a cash advance against distributions to be made to the Class B Member pursuant to Section 4.1 to the extent that cumulative distributions made by the Company to the Class B Member are less than the amount equal to the income tax imposed on the Class B Member as a result of taxable income of the Company allocated to it, assuming that the Class B Member is a U.S. taxable person subject to tax at the Assumed Income Tax Rate and taking into account any tax losses of the Company previously allocated to Class B Member, as determined by the Manager. Amounts otherwise distributable to the Class B Member pursuant to Section 4.1 or Section 4.11 (including distributions in kind) shall be reduced by the amount of any prior advances made to the Class B Member pursuant to this Section 4.9 until all such advances are restored to the Company in full. Under no circumstances shall the Class A Member be required to make a Capital Contribution or loan to fund a cash advance to the Class B Member under this Section 4.9. No advances shall be made pursuant to this Section 4.9 following an event that reasonably could be expected to result in the application of Section 7.1.

4.10 Interpretation. Subject to Section 4.5(e)(ii), it is the intent of the Members that the provisions hereof relating to each Member's Capital Accounts and distributive share of income, gain, loss, deduction, or credit (or item thereof) shall comply with the provisions of Section 704(b) of the Code and the applicable Treasury Regulations and that the Company shall at all times meet the requirements of Section 514(c)(9)(E) of the Code and the applicable Treasury Regulations (applied as if the Class A Member were a Qualified Organization and the Class B Member were not a Qualified Organization) unless otherwise elected by the Class A Member in its sole and absolute discretion. In furtherance of the foregoing, the Members agree, notwithstanding anything else in this Article IV to the contrary, (a) to resolve any ambiguity in the provisions of this Agreement in a manner that will preserve, protect and further the intention of the Members to cause this Agreement to comply with the aforesaid Code provisions for federal income tax purposes and to adopt such curative provisions to this Article IV as any Member may deem necessary, and (b) at the election of the Class A Member, the Company shall have the right to use a different method of allocating Company income and loss if it is advised by the Company accountant or tax counsel selected by the Class A Member that the method of allocation provided herein violates the Fractions Rule provided the same does not result in an Adverse Change to the Class B Member, provided, further, that if an Adverse Change results from the application of this clause (b), Section 2.7(b) shall apply.

4.11 Liquidation and Dissolution.

(a) If the Company is liquidated pursuant to Section 7.2, the assets of the Company shall be distributed to the Members in accordance with their respective positive Capital Account balances (after the allocation of all items of income, gain, loss and deduction of the Company). Immediately before such distribution, allocations of Profit and Losses and items thereof shall be made so as to produce to the maximum extent possible, but consistent with and subject to Section 4.10, distributions in accordance with positive Capital Account balances that conform with the amounts and priorities set forth in Section 4.1. Such liquidating distributions shall be made not later than the latest time specified for such distributions pursuant to Treasury Regulation Section 1.704-1(b)(2)(ii)(*b*)(*2*).

(b) No Member shall under any circumstance be obligated to restore a Negative Capital Account.

4.12 Taxes Withheld. Unless treated as a Tax Payment Loan, any amount paid by the Company for or with respect to any Member on account of any withholding tax or other tax payable with respect to the income, profits or distributions of the Company allocated or distributed to such Member pursuant to the Code, the Regulations, or any state or local statute, regulation or ordinance requiring such payment (a "**Withholding Tax Act**") shall be treated as a distribution to such Member for all purposes of this Agreement, consistently with the character or source of the income, profits or distributions which gave rise to such payment or withholding obligation. To the extent that the amount required to be remitted by the Company under the applicable Withholding Tax Act exceeds the amount then otherwise distributable to such Member, the excess shall constitute a loan from the Company to such Member (a "**Tax Payment Loan**") which shall be payable upon demand (which demand may be made by the Member not obligated under such Tax Payment Loan) and shall bear interest, from the date that the Company makes the payment to the relevant taxing authority, at the prime lending rate as announced from time to time by Well Fargo Bank, National Association, plus two (2) percentage points, compounded quarterly. So long as any Tax Payment Loan or the interest thereon remains unpaid, the Company shall make future distributions due to such Member under this Agreement by applying the amount of any such distribution first to the payment of any unpaid interest on all Tax Payment Loans of such Member and then to the repayment of the principal of all Tax Payment Loans of such Member.

The Manager shall have the authority to take all actions necessary to enable the Company to comply with the provisions of any Withholding Tax Act applicable to the Company and to carry out the provisions of this Section 4.12. Other than the obligation to repay Tax Payment Loans, nothing in this Section 4.12 shall impose any obligation on the Members to advance funds to the Company or for the Company to obtain funds from third parties in order to make any payments on account of any liability of the Company under a Withholding Tax Act.

4.13 Deficit Restoration. Notwithstanding any other provision of this Agreement to the contrary, upon liquidation of a Member's interest in the Company (whether or not in connection with a liquidation of the Company), no Member shall have any liability to restore any deficit that may exist or continue in its Capital Account. In addition, no allocation or distribution to any Member shall create any asset of or obligation to the Company, even if such allocation or distribution reduces a Member's Capital Account or creates or increases a deficit in such

Member's Capital Account. No Member shall be obligated to pay any such amount to or for the account of the Company or any creditor of the Company.

ARTICLE V
MANAGEMENT: RIGHTS, POWERS, AND DUTIES

5.1 Management.

(a) General Authority. The Class A Member shall act as the managing member of the Company (the "**Manager**"). Except as may be expressly provided to the contrary in this Agreement, the Manager shall have sole and the exclusive authority to direct or cause the direction of the management and policies of the Company and each Property Company and shall have the authority, on behalf of the Company, to do or cause to be done all things deemed by the Class A Member to be reasonably necessary or appropriate to the accomplishment of the business of the Company and each Property Company. The Class A Member shall devote such time and attention to Company affairs as the Class A Member may determine, in the Class A Member's sole discretion, for the management and supervision of the Company's business and the discharge of its duties under this Agreement. Notwithstanding anything to the contrary in this Agreement, the Class A Member's obligations hereunder shall be limited to the extent that funds are available to the Company in an amount sufficient to permit the performance of its duties hereunder. To the fullest extent permitted by law, subject to Section 5.4(d),Class A Member shall not be liable for any error in judgment or for any action taken or omitted to be taken by it hereunder, except for its fraud, gross negligence or willful misconduct.

(b) Major Decisions. Provided that no Class A Plan Support Default shall have occurred, the prior written approval of the Class B Member shall be necessary for all Major Decisions (herein defined), it being understood that no Member may cause the Company (or any Project Company) to take any action in furtherance of a Major Decision without the consent of the Class B Member. A Major Decision may only be proposed by the Class A Member. As used herein, a "**Major Decision**" shall mean any of the following actions:

(i) causing the Company or any Project Company to enter into an agreement with the Class A Member, any member of the Class A Member or any Affiliate of the Class A Member or any of its members (each, an "**Affiliate Agreement**") other than: (a) the Pre-Approved Affiliate Agreements; and (b) agreements entered into on commercially reasonable, arms length terms or terms that are more favorable to the Company and/or such applicable Project Company in furtherance of the purpose of the Company as set forth in Section 2.3 hereof, provided that such agreements are not entered into in violation of Section 5.4(D); provided, further, that for all such Affiliate Agreements, the Company shall provide notice and a description of the material terms of such Affiliate Agreements to the Class B Member, and such other information as the Class B Member shall reasonably request;

(ii) adding any additional Members or issuing any additional Membership Interests to any Person; and

(iii) except in connection with a Structural Change effected in compliance with Section 2.7 hereof, the sale, pledge or issuance of any direct beneficial interest in any Project Company (a) to an Affiliate of the Class A Member, Venture Member and/or Fund Member or (b) except for a Final Asset Sale, subject to Section 5.8, for consideration other than cash. For the avoidance of doubt, subject to Section 5.4(d) hereof, the sale, pledge, or transfer of any direct beneficial interest in a Project Company to a third party for cash shall not be a Major Decision and shall not require the consent of any Member.

5.2 No Participation In Management. The Class B Member acknowledges and agrees that subject to the express terms and conditions of this Agreement with respect to Major Decisions, the Class A Member shall have the sole, exclusive and absolute authority to make any and all decisions regarding the Loan Owner Company, Project Companies and the Hotel Property and in no event shall the Class B Member's consent be required in connection with the use, operation, maintenance, management, repair, renovation, sale, lease, or alteration of the Hotel Property; the incurrence or payment of any expense or debt; any sale, lease, transfer, conveyance, hypothecation, mortgage or other encumbrance of all or any portion of the Hotel Property or any direct or indirect interest therein, or any other matter or thing concerning the Hotel Property and/or the Project Companies.

5.3 Personal Service. No Member shall be required to perform services for the Company solely by virtue of being a Member.

5.4 Duties and Relationship of Parties.

(a) The Members shall devote such time to the business and affairs of the Company as is necessary to carry out the Members' duties set forth in this Agreement.

(b) The rights, powers and remedies of the Class A Member pursuant to this Article 5 shall be in addition to all rights, powers and remedies given to the Class A Member by virtue of any statute, rule of law, or other agreement, and shall be cumulative, and may be exercised successively or concurrently.

(c) Subject to the terms of Sections 5.4(b) hereof: (i) nothing in this Agreement shall be deemed to restrict in any way the rights of any Member, or of any Affiliate of any Member, to conduct any other business or activity whatsoever, and no Member or Affiliate thereof shall be accountable to the Company or to any other Member with respect to that business or activity even if the business or activity competes with the Company's business, (ii) the organization of the Company shall be without prejudice to the Members' respective rights (or the rights of their respective Affiliates) to maintain, expand, or diversify such other interests and activities and to receive and enjoy profits or compensation therefrom, and (iii) each Member waives any rights the Member might otherwise have to share or participate in such other interests or activities of any other Member or the Member's Affiliates (except as may be subject to prior agreement among each Member's Affiliates).

(d) No Member shall have any fiduciary duty to the Company or any other Member, or the direct or indirect holders of beneficial interest in any Member, provided, however, in exercising its rights, powers and discretionary authority under this Agreement, the

Class A Member shall not act in bad faith with the intent or purpose of: (i) causing an Adverse Change on the Class B Member; (ii) depriving the Class B Member of its rights under this Agreement; or (iii) diluting the economic value of the Class B Member's Membership Interest. So long as the Class A Member complies with the foregoing, the Class B Member acknowledges that the Class A Member, in the exercise of its business judgment, may take into account the Class A Member's rights and interests hereunder in taking or making any decision, election or action and the same shall not give rise to a violation of this Section 5.4(d) by the Class A Member, notwithstanding any adverse economic consequences to the Class B Member that may result from such decision, election or action.

(e) Each Member hereby further acknowledges and agrees that, whenever in this Agreement a Member (including the Class A Member in its capacity as Manager) is permitted to take any action, make any decision or determination or otherwise vote on or give its consent to any action, such Member shall be entitled to exercise its sole and absolute discretion in connection therewith after considering only such interests and factors as it desires and, without limiting the generality of the foregoing, it is specifically agreed and acknowledged that such Member in taking any action hereunder may consider exclusively the interests of the Member that appointed such Manager or the interests of any Affiliate of such Member and shall have no duty or obligation to give any consideration to the interests of or factors affecting the Company or any other Member.

(f) In accordance with Section 18-1101(c) of the Delaware Act, the Members hereby acknowledge and agree that the provisions of this Agreement, including the provisions of this Section 5.4, to the extent they restrict or eliminate the duties (including fiduciary duties) and liabilities relating thereto otherwise existing at law or in equity replace completely and absolutely such other duties (including fiduciary duties) and liabilities relating thereto and further acknowledge and agree that this Section 5.4 are fundamental elements to the agreement of the Members to enter into this Agreement and without such provisions the Members would not have entered into this Agreement.

5.5 Liability and Indemnification.

(a) Except as specifically set forth otherwise in this Agreement or in any other agreement entered into between the Members, the Company and/or their Affiliates to the contrary, or as otherwise required by law, no Member, nor any of its direct or indirect owners or Affiliates, nor any of the investment managers, sponsors, officers, directors, employees, advisors or agents of a Member or its direct and indirect owners (each of whom is an "**Indemnitee**") shall be liable, responsible or accountable in damages or otherwise to any of the other Members or the Company for any act performed by Indemnitee which Indemnitee reasonably believed in good faith to be within the scope of the authority conferred upon him or it by this Agreement, or for any failure or refusal by Indemnitee to perform any act, except to the extent that such act or failure or refusal to act constitutes willful misconduct, gross negligence, violation of a law, or a breach of this Agreement in the performance of Indemnitee's obligations to the Company or the Members.

(b) To the full extent permitted by law, and except as covered by any other obligation of a Member hereunder or in any other agreement entered into between the Members, the Company and/or their Affiliates to the contrary, including the Management Agreement and

the Fund Guaranty, the Company shall indemnify, defend and hold harmless each Indemnitee from and against any direct claim, action, suit or proceeding brought or threatened against such Indemnitee by a third party as a result of any act performed, or failure or refusal to act, by him or it for and on behalf of the Company within the scope of his or its authority under this Agreement or any other agreement by the Company or for any act which is later ratified by the Company, provided that such Indemnitee acted, or failed or refused to act, in good faith and reasonably believed that such act or inaction was in the best interests of the Company, and, in the case of a criminal proceeding, provided that in each case the act or failure or refusal to act did not constitute willful misconduct, gross negligence, violation of a law, or breach of this Agreement. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the Person did not act in good faith and in a manner which he or it reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or its conduct was unlawful. Expenses (including reasonable out-of-pocket attorneys' fees and direct expenses) incurred by an Indemnitee in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Company in advance of the final disposition of such action, suit or proceeding upon receipt of an agreement satisfactory to the Members requiring such Indemnitee to repay such amount if it shall ultimately be determined that he or it is not entitled to be indemnified by the Company as authorized in this Section.

(c) The Class B Member shall, to the full extent permitted by law, indemnify, defend and hold harmless the Company and the Class A Member from and against any direct claim, action, suit or proceeding brought or threatened against either of them, and from and against any direct loss or damage incurred by either of them by reason of any act or omission constituting (i) any material breach or default by the Class B Member under this Agreement, or (ii) fraud, willful misconduct, gross negligence, or violation of law.

(d) Class A Member shall, to the full extent permitted by law, indemnify, defend and hold harmless the Company and the Class B Member from and against any direct claim, action, suit or proceeding brought or threatened against either of them, and from and against any direct loss or damage incurred by either of them by reason of any act or omission constituting (i) any material breach or default by the Class A Member under this Agreement, or (ii) fraud, willful misconduct, gross negligence, violation of law, intentional misappropriation or misapplication of Company funds by the Class A Member.

5.6 Certain Restrictions on Management. The Members acknowledge that one or more direct or indirect owners of the Class A Member may be exempt from federal income tax with respect to its investment activities except to the extent such activities generate income subject to the unrelated business income tax ("**UBIT**") provisions of the Code. The Class B Member acknowledges and agrees that, in managing and administering the affairs of the Company, the Class A Member shall conduct the affairs thereof in a manner that, treating the Class A Member as if it were exempt, would avoid the realization of income subject to UBIT, and the Class B Member shall comply with all instructions given by the Class A Member for the avoidance of income subject to UBIT.

5.7 Class A Plan Support Default. In the event that a Class A Plan Support Default shall occur, then the Class B Member shall automatically be deemed to have withdrawn as a

member, will have no further rights, privileges and benefits hereunder, including, without limitation, the right to receive any distributions of Net Profits or liquidation proceeds; the Class B Member's consent shall no longer be required for any Major Decision or any Transfer; the Class B Member shall not longer be entitled to any reports or other information hereunder and the Class A Member shall thereafter be the sole member of the Company. The Manager shall be entitled to adjust the Capital Account of the Class B Member to zero following such an event (to the extent it determines such adjustment is permissible under the Fractions Rule).

5.8 Alternative Consideration.

(a) As used in this Section 5.8: (i) a "**Final Asset Sale**" means the sale, conveyance or other disposal of all of the assets of the Company, except for de minimis amounts of assets,; (ii) "**Alternative Consideration**" means consideration for a Final Asset Sale in a form other than cash or a promissory note payable to the Company or a Project Company; and (iii) "**FMV Value**" means the fair market value of any Alternative Consideration determined in accordance with this Section 5.8.

(b) The Class B Member acknowledges and agrees that, subject to Section 5.4(d) and Section 5.1(b)(i), the Class A Member shall have the authority to cause a Final Asset Sale at such time, upon such terms and conditions and for such consideration as the Class A Member shall determine. In the event that the Class A Member causes the Company or any Project Company, as applicable, to enter into an agreement for a Final Asset Sale that provides that all or any portion of the consideration for such Final Asset Sale will be n the form of Alternative Consideration, the Class A Member shall provide the Class B Member with a notice thereof (an "**Alternative Consideration Notice**") promptly after the execution of the definitive agreement for such Final Asset Sale, which Alternative Consideration Notice shall: (x) set forth in reasonable detail the nature and terms of the Alternative Consideration; and (y) the Class A Member's good faith estimate of the fair market value of the Alternative Consideration. Within twenty (20) Business Days after receipt of an Alternative Consideration Notice, the Class B Member may elect, by written notice (a "**Liquidation Election**") to the Class A Member, to liquidate its interest in the Company upon the closing of the Final Asset Sale (a "**Liquidation Election Notice**") in accordance with the terms of this Section 5.8. The Class B Member shall indicate in its Liquidation Election Notice if it accepts or disputes the Class A Member's estimate of the fair market value of the Alternative Consideration, failing which, the Class B Member shall be deemed to have accepted such estimate. In the event that the Class B Member fails to make a Liquidation Election within such twenty (20) Business Day period, it shall be deemed to have irrevocably waived its right to make a Liquidation Election and, upon the closing of such Final Asset Sale, shall remain a member of the Company and the Company shall accept ownership or title, as the case may be, of such Alternative Consideration upon the closing of such Final Asset Sale.

(c) If, pursuant to Section 5.8(b), the Class B Member has accepted, or is deemed to have accepted, the Class A Member's estimate of the fair market value of the Alternative Consideration, such estimate shall be the FMV Value. If the Class B Member disputes the Class A Member's estimate of the fair market value of the Alternative Consideration, the Members will attempt in good faith to resolve such dispute as promptly as practicable, and if they are unable to mutually agree on a resolution of such dispute within thirty (30) calendar days after the Liquidation Election Notice, then such dispute shall be resolved in

the following manner. The Class A Member and the Class B Member shall, within ten (10) days after the expiration of the foregoing thirty (30) day period, mutually agree on an independent third party (the "**FMV Valuation Agent**") to determine the FMV Value If the parties are unable to agree on a FMV Valuation Agent within such ten (10) day period, the FMV Valuation Agent shall be appointed by a retired judge selected by the Members from a panel presented by the New York City office of the AAA If the Members are unable to agree, AAA will provide a list of three (3) available retired judges, and each of the Class B Member and the Class A Member may strike one (1) of the available retired judges. The remaining retired judge shall select the FMV Valuation Agent. If the Class A Member and the Class B Member strike the same retired judge and two (2) remain, the Class A Member shall flip a coin to determine which of the two (2) remaining retired judges shall select the FMV Valuation Agent. Any FMV Valuation Agent selected shall be independent and shall not have performed or been engaged to perform any appraisal or valuation services for the Company, the Class A Member or the Class B Member or of their Affiliates, at any time during the two (2) year period prior to its selection. Within sixty (60) days of the Members' selection of the FMV Valuation Agent, the FMV Valuation Agent shall deliver to the Members a written report of the foregoing valuation, and the determination of the FMV Valuation Agent thereon shall be conclusive and binding upon the Members. Notwithstanding anything to the contrary contained herein, if the FMV Valuation Agent is employed pursuant to the terms of this Section 5.8(c), the Class A Member shall bear the costs thereof.

(d) If the Class B Member makes a Liquidation Election, upon the closing of a Final Asset Sale, the Class A Member shall pay to the Class B Member an amount (the "**Liquidation Amount**") equal to: (X) the amount that would have been distributed to the Class B Member pursuant to Section 4.1 hereof had such Final Asset Sale been an all cash sale for a price equal to the FMV Value plus the amount, if any, cash consideration actually paid by the purchaser in connection with such Final Asset Sale, minus (Y) the amount, if any, actually distributed to the Class B Member (the "**Final Class B Distribution**") pursuant to Section 4.1 hereof with respect to the cash consideration actually paid by the purchaser in connection with such Final Asset Sale. To the extent a Liquidation Election is made and a portion of the consideration in a Final Asset Sale includes both Alternative Consideration and a promissory note, then such promissory note shall be valued as if it were Alternative Consideration. Upon the payment of the Liquidation Amount and the Final Class B Distribution, the Class B Member shall automatically be deemed to have withdrawn as a Member, will have no further rights, privileges and benefits hereunder or with respect to the Alternative Consideration, including, without limitation, the right to receive any distributions of Net Profits or liquidation proceeds and the Class A Member shall thereafter be the sole member of the Company.

(e) It is expected that the distribution of any Final Class B Distribution be treated as a liquidation of the Company for income tax purposes (by reason of the Company having only one owner for such purposes). The Members intend that the Gross Asset Values of the Company's assets be adjusted to equal their fair market values in connection with such liquidation, that the Capital Account of the Class B Member, immediately prior to such liquidation, be adjusted in accordance with Article IV hereof in connection with any liquidation to equal the Final Class B Distribution to which it is entitled, and that the Capital Account of the Class A Member, immediately prior to such liquidation, be adjusted to equal the amount it will be deemed to receive in such liquidation. If for any reason the Capital Accounts of the Members are not capable of being adjusted accordingly (based on the advice of the Company's tax

advisors), the Company shall not engage in the sale that triggered the Alternative Consideration Notice in a manner that results in the receipt of Alternative Consideration; provided that nothing in this Section 5.8(e) shall prevent the Company from again applying the provisions of this Section 5.8.

ARTICLE VI
TRANSFER OF INTERESTS, WITHDRAWAL OF MEMBERS

6.1 Transfers.

(a) Except as otherwise provided in this Agreement, no Member may (i) Transfer all, or any portion of, or any interest or rights in, the Membership Interest owned by the Member or (ii) permit a direct or indirect Transfer of all of, or any portion of, the ownership interest in such Member, without the prior written consent of the other Members in their respective sole discretion. Each Member hereby acknowledges the reasonableness of this prohibition in view of the purposes of the Company and the relationship of the Members. The Transfer of any Membership Interests in violation of the prohibition contained in this Section shall be a default under this Agreement but also shall be deemed invalid, null and void, and of no force or effect. Any Person to whom Membership Interests are attempted to be transferred in violation of this Section shall not be entitled to vote on matters coming before the Members, participate in the management of the Company, act as an agent of the Company, receive distributions from the Company, or have any other rights in or with respect to the Membership Interests.

(b) Notwithstanding the foregoing: (i) Transfer of interest in the Class A Member from the Venture Member to the Fund Member (and vise versa,) shall be permitted at any time; (ii) the direct and indirect ownership interests in the RP Fund shall be permitted to be transferred at any time; (iii) the RP Fund may transfer its interest in the Fund Member to any Affiliate (provided that such Affiliate is at least 50% owned [beneficially and economically] directly or indirectly by the RP Fund), but not otherwise; (iv) the Fund Member may transfer its membership interest in the Class A Member to any Affiliate of the RP Fund (provided that such Affiliate is at least 50% owned [beneficially and economically] directly or indirectly by the RP Fund); (v) Venture Member may transfer its membership interest in the Class A Member to family members or family trusts for estate planning purposes or to employees of the Venture Member or an Affiliate of the Venture Member as long, in any such instance, as the Venture Member Funds continue to have the sole and exclusive legal and beneficial control of the Venture Member; (vi) Transfer of ownership interests in the Venture Member or in the direct or indirect partners, members or shareholders thereof, to the Fund Member or a partner, member or shareholder or Affiliate of the Venture Member or a Venture Member Principal shall be permitted as long as the Venture Member Funds continue to have the sole and exclusive legal and beneficial control of the Venture Member and own, directly or indirectly, (beneficially and economically) more than fifty percent (50%) of Venture Member; (vii) if the proposed transferee is a direct or indirect member of a Venture Member Fund such transfer shall be permitted as long as the Venture Member Principals continue to have the sole and exclusive legal and beneficial control of the Venture Member and the Venture Member Fund, provided, however, that (y) in each case the foregoing Transfers are permitted by any franchise agreement and Project Company Loan Documents; and (viii) Transfers of the "Class B" limited partnership interests in the Class B Member (but not the "Class A" limited partnership interest or the general partnership

interest in the Class B Member) shall be permitted if and to the extent that such transfers are permitted as-of-right under the limited partnership agreement of the Class B Member as it exists on the date hereof. The term "control" as used in this Section 6.1 means the possession, direct or indirect, of the power (i) to vote fifty percent (50%) or more of the outstanding voting securities of such person or entity; or (ii) to otherwise direct management policies of such person or entity by contract or otherwise. No Transfer that takes place pursuant to the provisions of this Section 6.1 shall operate to release the Members from their obligations pursuant to the provisions hereof.

(c) ACI II shall have the right, without the consent of any Member, to permit the holders of a direct or indirect interests in ACI II to Transfer direct or indirect interests in ACI II (but not direct interests in the Venture Member), or any portion thereof or any direct or indirect interest therein, to any other Person, as long as the Venture Member Principals continue to have the sole and exclusive legal and beneficial control of ACI II and own at least five percent (5%) of Act II; provided, however, that in each case the foregoing Transfers are permitted by the Project Company Loan Documents.

(d) Notwithstanding the foregoing, no transaction otherwise permitted under this Section 6.1, other than pursuant to Section 6.1(b)(viii), shall be permitted if the effect would be to cause a Qualified Organization to be treated as owning a direct or indirect interest in Class B Member's Membership Interest. As a condition to any Transfer, other than pursuant to Section 6.1(b)(viii), any transferee of Class B Member's (or its successor's) Membership Interest shall make the representation to the Company set forth in Section 3.8(g) as if such transferee were Class B Member).

6.2 Voluntary Withdrawal. No Member shall have the right or power to make a Voluntary Withdrawal from the Company. Any withdrawal or disassociation in violation of this Agreement shall entitle the Company to damages for breach, which may be offset against the amounts otherwise distributable to such Member.

6.3 Involuntary Withdrawal. The Involuntary Withdrawal of the Class A Member shall be effective upon, and shall be deemed to occur simultaneously with, the occurrence of any of the events enumerated in the definition of "Involuntary Withdrawal" in Article I of this Agreement. Upon the occurrence of an Involuntary Withdrawal, the successor of the Withdrawn Member, if any, shall not become a Member, but such successor shall be entitled to the Withdrawn Member's share of the Profits and Losses of, and the right to receive distributions from, the Company ("**Economic Interest**"). If the Company is continued as provided in Section 7.1(c), the successor of the Withdrawn Member shall have all the rights of a holder of an Economic Interest, but shall not be entitled to receive in liquidation of the Economic Interest, the fair market value of (or other consideration for) the Withdrawn Member's Economic Interest as of the date the Member involuntarily withdrew from the Company.

6.4 New Members. No additional members not a party to this Agreement shall be admitted to the Company except as provided in this Article VI.

ARTICLE VII
DISSOLUTION; LIQUIDATION; TERMINATION OF THE COMPANY

7.1 Events of Dissolution. The Company shall be dissolved upon the happening of any of the following events:

(a) the Transfer of all or substantially all of the Property and/or the Property, other than the granting of a lien on all or any portion of the Property and/or the Property approved by the Members;

(b) the written agreement of all of the Members; or

(c) the occurrence of an Involuntary Withdrawal, unless the remaining Member (if the remaining Member is not affiliated with the Withdrawn Member) within ninety (90) days after the occurrence of the Involuntary Withdrawal, elects to continue the business of the Company pursuant to the terms of this Agreement.

7.2 Procedure for Winding Up and Distribution. If the Company is dissolved, the remaining Members shall wind up its affairs. On winding up of the Company, the assets of the Company shall be distributed, first, to creditors of the Company, including holders of Economic Interests who are creditors, in satisfaction of the liabilities of the Company, and then to the Members in accordance with Section 4.11 of this Agreement.

7.3 Filing of Certificate of Cancellation. If the Company is dissolved, the Members shall promptly file a Certificate of Cancellation with the Delaware Secretary of State. If there are no remaining Members, the Certificate of Cancellation shall be filed by the last Person to be a Member.

ARTICLE VIII
BOOKS, RECORDS, ACCOUNTING, AND TAX ELECTIONS

8.1 Bank Accounts. All funds of the Company shall be deposited in a bank account or accounts opened in the Company's name. The Manager shall determine the institution or institutions at which the accounts will be opened and maintained, the types of accounts, and the Persons who will have authority with respect to the accounts and the funds therein.

8.2 Books and Records. The Manager shall keep or cause to be kept complete and accurate books and records of the Company as required under the Act as well as supporting documentation of transactions with respect to the conduct of the Company's business. The books and records shall be maintained on an accrual basis in accordance with generally accepted accounting principles. The books, records and all supporting documentation shall be available at the Company's principal office for examination by the Members or Members' duly authorized representative at any and all reasonable times during normal business hours.

8.3 Annual Accounting Period. The fiscal year and annual accounting period of the Company shall be its taxable year. The Company's taxable year shall be selected by the Members, subject to the requirements and limitations of the Code.

8.4 Reports.

(a) The Class A Member will prepare, or cause to be prepared, at the expense of the Company, and furnish to each Member (provided that the Class A Member shall, for so long as it diligently performs its obligations hereunder, not be responsible for the delays of any other non-Affiliated Member or reputable accountants or auditors retained by the Class A Member or on behalf of the Company) (i) within twenty-one (21) calendar days after the end of each fiscal quarter of the Company, unless such fiscal quarter is the last fiscal quarter of any fiscal year of the Company, (A) an unaudited balance sheet of the Company dated as of the end of such fiscal quarter, (B) an unaudited related income statement of the Company for such fiscal quarter, (C) an unaudited statement of each Member's Capital Account for such fiscal quarter, and (D) an unaudited statement of cash flows of the Company for such fiscal quarter, and (ii) within fifteen (15) calendar days after the end of each calendar month, a market report on sales and leasing activity in the vicinity of the Property generally, and a status report of the Company's activities during such calendar month, including descriptions of additions to, dispositions of and leasing and occupancy of any portion of the Property and any material legal issues such as material claims filed or threatened against the Company, the arising of material claims by the Company against other parties and developments in any then pending material legal actions affecting the Company during such fiscal quarter.

(b) The Class A Member will prepare, or cause to be prepared, on an accrual basis in accordance with GAAP and on a tax basis, at the expense of the Company, and furnish to each Member (provided that the Class A Member shall, for so long as it diligently performs its obligations hereunder, not be responsible for the delays of any other non-Affiliated Member or reputable accountants or auditors retained by the Class A Member or behalf of the Company) no later than January 15 after the end of each fiscal year of the Company (i) an unaudited balance sheet of the Company dated as of the end of such fiscal year, (ii) an unaudited related income statement of the Company for such fiscal year, (iii) an unaudited statement of each Member's Capital Account for such fiscal year, (iv) an unaudited statement of cash flows of the Company as of the end of the fiscal year, and (v) such other supporting schedules, reports and backup information as are reasonably requested by a Member, all of which shall be certified by the Class A Member as being, to the best of its knowledge, true and correct. In addition, if requested by a Member, the Class A Member will prepare, at the expense of the Company, and furnish to each Member within forty-five (45) calendar days after the end of each fiscal year of the Company (provided that the Class A Member shall, for so long as it diligently performs its obligations hereunder, not be responsible for the delays of any other non-Affiliated Member or reputable accountants or auditors retained by the Class A Member or on behalf of the Company), the final audited amount of net income of the Company for such fiscal year and, within sixty (60) calendar days after the end of such fiscal year, (i) an audited balance sheet of the Company dated as of the end of such fiscal year, (ii) an audited related income statement of the Company for such fiscal year, (iii) an audited statement of cash flows for such fiscal year, and (iv) an audited statement of each Member's Capital Account for such fiscal year, all of which shall be certified by the Class A Member as being, to the best of its knowledge, true and correct and all of which shall be certified in the customary manner by the Accountant (which firm shall provide such balance sheet, income statement and statement of Capital Account in draft form to the Members for review prior to finalization and certification thereof).

(c) The Class A Member will furnish to each Member, at the expense of the Company, copies of all reports required to be furnished to any lender of the Company or any Project Company.

(d) The Class A Member will prepare, or cause to be prepared, at the expense of the Company, and furnish to each Member (provided that the Class A Member shall, for so long as it diligently performs its obligations hereunder, not be responsible for the delays of any other non-Affiliated Member or reputable accountants or auditors retained by the Class A Member or on behalf of the Company) (i) not later than each March 15 a schedule of estimated taxable income of the Company for the year ending on the following December 31, (ii) not later than each April 30 a schedule of estimated taxable income of the Company for the nine (9) months ending on the following December 31, (iii) not later than each July 30 a schedule of estimated taxable income of the Company for the six (6) months ending on the following December 31 and (iv) not later than each October 30 a schedule of estimated taxable income of the Company for the three (3) months ending on the following December 31. In addition, the Class A Member will prepare, at the expense of the Company, and furnish to each Member (provided that the Class A Member shall, for so long as it diligently performs its obligations hereunder, not be responsible for the delays of any other non-Affiliated Member or reputable accountants or auditors retained by the Class A Member or on behalf of the Company) (i) not later than each April 21 a schedule of actual taxable income and book income of the Company for the three (3) months ending on the preceding March 31, (ii) not later than each July 21 a schedule of actual taxable income and book income of the Company for the six (6) months ending on the preceding June 30, (iii) not later than each October 21 a schedule of actual taxable income and book income of the Company for the nine (9) months ending on the preceding September 30 and (iv) not later than each December 21 a schedule of actual book income of the Company for the eleven (11) months ending on the preceding November 30 and of estimated book income of the Company for the one (1) month ending on the following December 31 (including all estimated accruals as of such December 31). All schedules of book income shall be prepared on a GAAP basis. Promptly after the end of each fiscal year (provided that the Class A Member shall, for so long as it diligently performs its obligations hereunder, not be responsible for the delays of any other non-Affiliated Member or reputable accountants or auditors retained by the Class A Member or behalf of the Company), the Class A Member will cause the Accountant to prepare and deliver to each Member a report setting forth in sufficient detail all such additional information and data with respect to business transactions effected by or involving the Company during the fiscal year as will enable the Company and each Member to timely prepare its federal, state and local income tax returns with respect to the Company in accordance with applicable laws, rules and regulations.

(e) Audit Right. The Class B Member shall have the right, at its own expense, to cause an independent certified public accountant reasonably acceptable to the Class A Member, to inspect the books and records of the Company and any Project Company related to the Hotel Property (an "**Audit**"), provided, however, no more than one (1) such Audit shall be permitted within any twelve (12) month period. In the event that an Audit reveals underpayment of $100,000.00 or more by the Company of its obligations to the Class B Member, the Class B Member shall be entitled to payment of its reasonable and actual legal and audit expenses incurred by Class B Member in connection with such Audit.

(f) All decisions as to accounting principles shall be made by the Class A Member, subject to the provisions of this Agreement.

(g) Notwithstanding anything to the foregoing, the Class A Member may satisfy the requirements of this Section 8.4 as to the Company by delivering reports as to the audits, financial condition and results of the Class A Member instead of the Company.

8.5 Tax Matters Member. The Members designate the Class A Member to be the Company's tax matters partner ("**Tax Matters Member**"). The Tax Matters Member shall have all powers and responsibilities provided for a "tax matters partner" in Code Section 6221, *et seq.* The Tax Matters Member shall keep all Members informed of all notices from government taxing authorities which may come to the attention of the Tax Matters Member. The Company shall pay and be responsible for all reasonable third-party costs and expenses incurred by the Tax Matters Member in performing those duties. A Member shall be responsible for any costs incurred by the Member with respect to any tax audit or tax-related administrative or judicial proceeding against any Member, even though it relates to the Company. The Tax Matters Member shall have the power (a) to direct and approve the preparation of the Company's tax returns, (b) extend the statute of limitations for the Members with respect to Company tax items, and (c) compromise or settle any dispute with the Internal Revenue Service or any state taxing authority, in each case without the approval of the Members being required

ARTICLE IX
SEPARATENESS

The Company shall at all times observe the applicable legal requirements for the recognition of the Company as a legal entity separate from any Affiliates, including, without limitation, the following:

9.1 The Company shall maintain its records, books, including bank accounts, and payroll accounts separate from those of any Affiliate or any other Person.

9.2 The Company shall hold itself out to the public (including any Affiliate's creditors) under the Company's own name and as a separate and distinct entity and not as a department, division or other affiliate of any Affiliate.

9.3 The Company shall act solely in its own name and through the Members, the officers of the Company, if any, or any agent of the Company duly appointed hereunder.

9.4 Investments shall be made in the name of the Company directly by the Company or on its behalf by brokers engaged and paid by the Company or its agents.

9.5 The Company shall not guarantee or assume or hold itself out or permit itself to be held out as having guaranteed or assumed any liabilities or obligations of any Affiliate, nor shall it make any loan to any Affiliate.

9.6 Assets of the Company shall be separately identified, maintained and segregated. The Company's assets shall at all times be held by or on behalf of the Company and if held on behalf of the Company by another Person, shall at all times be kept identifiable (in accordance with customary usages) as assets owned by the Company. This restriction requires, among other things, that Company funds shall not be commingled with those of any Affiliate, and the Company shall maintain all accounts in its own name and with its own tax identification number, separate from those of any Affiliate.

9.7 The Company shall not take any action if, as a result of such action, the Company would be required to register as an investment company under the Investment Company Act of 1940, as amended.

9.8 None of the Company's funds shall be invested in securities issued by any Affiliate (provided the foregoing shall not prohibit the ownership of limited liability company interests in any Property Company as provided in this Agreement, including Section 2.8 hereof).

ARTICLE X
GENERAL PROVISIONS

10.1 ERISA Matters. The Class B Member acknowledges that the Class A Member is intended to qualify as a "real estate operating company" and that the Class A Member may transfer its interest to an Affiliate intending to qualify (or that is a subsidiary of an entity intending to qualify) as a "real estate operating company" as defined in the regulations promulgated under the Employee Retirement Income Security Act of 1974 ("**ERISA**"), as amended from time to time, at 29 C.F.R. 2510.3-101. The Members and Manager agree to perform their obligations and exercise their authority hereunder in a manner consistent with such qualification. The Manager shall, if requested by the Class A Member, exercise diligent efforts to obtain from any lender, tenant or other party with which the Company does business such certificate or other evidence as the Class A Member may request in order to determine that the transaction with such party does not constitute a non-exempt prohibited transaction for purposes of ERISA.

10.2 Assurances. Each Member shall execute all certificates and other documents and shall do all such filing, recording, publishing, and other acts as the Members deem appropriate to comply with the requirements of law for the formation and operation of the Company and to comply with any laws, rules, and regulations relating to the acquisition, operation, or holding of the property of the Company.

10.3 Notifications. Any notice, demand, consent, election, offer, approval, request, or other communication (collectively a "**Notice**") required or permitted under this Agreement must be in writing and either delivered personally or sent by certified or registered mail, postage prepaid, return receipt requested or by a recognized national overnight delivery service that provides receipts. A Notice must be addressed to a Member as set forth on Exhibit B, provided that any Member may designate, by notice to all of the other Members, substitute addresses or addressees for notices; and, thereafter, notices are to be directed to those substitute addresses or addressees. A Notice to the Company must be addressed to the Company's principal office and to each of the Members. A Notice shall be deemed given only when actually delivered or when delivery is attempted during normal business hours in accordance with the requirements of this Section 10.3.

10.4 Specific Performance. The parties recognize that irreparable injury will result from a breach of any provision of this Agreement and that money damages will be inadequate to fully remedy the injury. Accordingly, in the event of a breach or threatened breach of one or more of the provisions of this Agreement, any party who may be injured shall, in addition to and not in limitation of any and all other remedies otherwise available at law and/or in equity, be entitled to one or more preliminary or permanent orders (i) restraining and enjoining any act

which would constitute a breach or (ii) compelling the performance of any obligation which, if not performed, would constitute a breach.

10.5 Complete Agreement; Amendment; Power of Attorney. This Agreement constitutes the complete and exclusive statement of the agreement among the Members with respect to the subject matter thereof. It supersedes all prior written and oral statements, including any prior representation, statement, condition, or warranty. This Agreement may not be amended except by a written agreement signed by all of the Members or, to affect a Structural Change or an Adverse Change in accordance with Section 2.7 or where otherwise expressly authorized by this Agreement by the Class A Member alone.

10.6 Applicable Law. All questions concerning the construction, validity, and interpretation of this Agreement and the performance of the obligations imposed by this Agreement shall be governed by the internal law, not the law of conflicts, of the State of Delaware.

10.7 Article and Section Titles. The headings herein are inserted as a matter of convenience only and do not define, limit, or describe the scope of this Agreement or the intent of the provisions hereof.

10.8 Binding Provisions. This Agreement is binding upon, and inures to the benefit of, the parties hereto and their respective heirs, executors, administrators, personal and legal representatives, successors, and permitted assigns.

10.9 Terms. Common nouns and pronouns shall be deemed to refer to the masculine, feminine, neuter, singular, and plural, as the identity of the Person may in the context require.

10.10 Separability of Provisions. The invalidity of any provision of this Agreement, or any word, phrase, clause, sentence or other portion thereof, shall not affect the validity of any other provision thereof. In the event that any provision of this Agreement or any word, phrase, clause, sentence or other portion thereof should be held to be unenforceable or invalid for any reason, such provision or portion thereof shall be modified or deleted in such a manner as is required to make the Agreement as modified legal and enforceable to the fullest extent permitted under applicable laws.

10.11 Waiver of Partition. Unless otherwise specifically provided in this Agreement, no Member shall, and each Member hereby irrevocably waives the right to, either directly or indirectly, take any action to require partition or appraisement of the Company or the Property or any part thereof, and notwithstanding any provision of applicable law to the contrary, each Member hereby irrevocably waives any and all rights to maintain any action for partition, or for judicial dissolution of the Company, or to compel any sale with respect to its Membership Interest or with respect to the assets of the Company, the Property or any part thereof.

10.12 Counterparts This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original and all of which, when taken together, constitute one and the same document. The signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.

10.13 Third Party Reliance. This Agreement is entered into by and between the Members hereunder, and is intended solely for the benefit of such Members and any subsequently admitted member. This Agreement is not being entered for the benefit of any third party, including any third party creditor of the Company, and shall not be relied upon to create any right in such person.

10.14 No Brokers. Each of the Members hereby represents and warrants to the other that neither such Member nor any of its Affiliates has taken any action that would entitle any real estate agent or broker to any fee in respect of the consummation of the transactions contemplated hereby or the purchase of the Property by the Company, and that such Member knows of no real estate agent or broker involved in such transactions.

10.15 Confidentiality. The Members hereby covenant and agree that the terms of and existence of this Agreement and the economic arrangement between the Members with respect to the Property shall remain confidential in all respects and shall not be disclosed by either party until such time, and in such manner, as the Members shall unanimously agree, other than any disclosure to the Members' attorneys, accountants and financial advisors on a 'need to know' basis or that may be required under applicable law or court order, as to which disclosure the Members agree to consult with one another in good faith. Notwithstanding the foregoing, either Member may disclose all information concerning this Agreement and the Property to the direct and indirect owners of such Member and their lenders, Affiliates and professional consultants. Neither Member nor any of its Affiliates shall issue any press release, advertisement or other public communication regarding the formation of the Company or the acquisition of the Property without the approval of both Members, such approval not to be unreasonably withheld, conditioned or delayed.

10.16 Liability. Notwithstanding anything to the contrary in this Agreement, each Member's recourse against the other Member under this Agreement or any agreement delivered by either Member hereunder shall be limited to each Member's respective interests in the Company and the Property (and the proceeds of any of the foregoing). Except as expressly set forth in the attached guaranty, no direct or indirect owner of any Member, and no officer, director, manager, employee or agent of any Member or any such owner shall have any liability under this Agreement or in connection with the transactions contemplated by this Agreement.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed, or caused this Amended and Restated Limited Liability Company Agreement of RPAP EASTGATE MESNE HOLDINGS LLC to be executed, as of the date set forth hereinabove.

MEMBERS:

RPAP EASTGATE LLC,
a Delaware limited liability company

By:_____
Name: Andrew B. Cohen
Title: Authorized Signatory

By:_____
Name: Jeffrey Goldberger
Title: Authorized Signatory

PENINSULA REAL ESTATE FUND I, L.P.,
a Delaware limited partnership

By: PREFNY GP, LLC, a Delaware limited liability company, its general partner

By:_____
Name:
Title:

EXHIBIT B

Form of Deed

BARGAIN AND SALE DEED

THIS INDENTURE, made as of the ____ day of _____, 2012, by EASTGATE TOWER HOTEL ASSOCIATES, L.P., a Delaware limited partnership having an address at c/o Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New York 10036-6745, Attention: Patrick Dooley, Esq., (hereinafter referred to as "Grantor"), to EASTGATE OWNER, LLC, a Delaware limited liability company, having an address at c/o Atlas Capital LLC, 505 Fifth Avenue, 28th Floor, , New York, New York, 10017 (hereinafter referred to as "Grantee").

WITNESSETH, that Grantor, in consideration of Ten Dollars ($10.00), lawful money of the United States, paid by Grantee, does hereby grant and release unto Grantee, the heirs or successors and assigns of Grantee forever:

ALL that certain plot, piece or parcel of land with the building and improvements thereon erected, situate, lying and being, more particularly described on Exhibit A attached hereto and made a part hereof (the "Premises");

TOGETHER WITH all right, title and interest, if any, of Grantor in and to any streets and roads abutting the Premises to the center lines thereof; and

TOGETHER WITH the appurtenances and all the estate and rights of Grantor in and to the Premises.

TO HAVE AND TO HOLD the Premises unto Grantee, the heirs or successors and assigns of Grantee forever.

AND Grantor covenants that Grantor has not done or suffered anything whereby the Premises have been encumbered in any way whatever, except as aforesaid.

AND Grantor, in compliance with Section 13 of the Lien Law, covenants that Grantor will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund to be applied first for the purpose of paying the cost of the

improvements at the Premises and will apply the same first to the payment of the cost of the improvements before using any part of the total of the same for any other purpose.

[No further text on this page; signature page follows]

IN WITNESS WHEREOF, Grantor has duly executed this deed the day and year first above written

GRANTOR:

EASTGATE TOWER HOTEL ASSOCIATES, L.P.,
a Delaware partnership

By: Eastgate Tower Hotel Associates, GP, LLC,
its general partner

By: _____
Name:
Title:

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the ____ day of _____ in the year 2012 before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person or entity upon behalf of which the individual acted, executed the instrument.

_____
Signature and Office of individual
taking acknowledgment

Bargain and Sale Deed
With Covenant Against Grantor's Acts

SECTION: ____
BLOCK: ____
LOT: ____
COUNTY: _____

EASTGATE TOWER HOTEL ASSOCIATES, L.P.

STREET ADDRESS: _____

TO

EASTGATE OWNER, LLC,
a Delaware limited liability company

RETURN BY MAIL TO:

[_____]
[_____]
[_____]
Attention: [_____], Esq.

Exhibit A to Deed

Legal Description

EXHIBIT C

Form of Assignment and Assumption of Leases

ASSIGNMENT AND ASSUMPTION OF LEASES

KNOW ALL MEN BY THESE PRESENTS, that EASTGATE TOWER HOTEL ASSOCIATES, L.P., a Delaware limited partnership having an address at Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New York 10036-6745, Attention: Patrick Dooley, Esq., ("Assignor"), for and in consideration of TEN ($10.00) DOLLARS and other good and valuable consideration paid by EASTGATE OWNER, LLC, a Delaware limited liability company, having an address c/o Atlas Capital LLC, 505 Fifth Avenue, 28th Floor, New York, New York, 10017 ("Assignee"), the receipt and sufficiency of which are hereby acknowledged, hereby assigns, transfers and sets over unto Assignee, its successors and assigns, from and after the date hereof, without representation or warranty by or recourse to Assignor, express or implied, by operation of law or otherwise (except as expressly set forth in the Plan Support and Cooperation Agreement dated as of July 13, 2012, between Assignor and Assignee (the "Agreement")), all of Assignor's right, title and interest as landlord in, to and under Leases, as defined in the Agreement, together with all rents, guarantees, if any, of the obligations of the tenants thereunder and all security deposits, if any, presently held by Assignor, subject to the terms and conditions of the Leases.

TO HAVE AND TO HOLD unto Assignee, its successors and assigns.

Assignee for itself, its successors and assigns, hereby accepts and assumes all of the rights, duties and obligations of the landlord under the Leases accruing on and after the date hereof and hereby defends, indemnifies and holds harmless Assignor from and against any and all loss, liability, damage, cost or expense (including, without limitation, attorneys' fees and disbursements) incurred or sustained by Assignor as a result of Assignee's failure to perform any obligations of the landlord under the Leases accruing on and after the date hereof.

This Assignment may be executed in multiple counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

[THE NEXT PAGE IS THE SIGNATURE PAGE]

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment and Assumption of Leases as of _____ ___, 2012.

ASSIGNOR:

EASTGATE TOWER HOTEL ASSOCIATES, L.P., a Delaware limited partnership

By: Eastgate Tower Hotel Associates GP, LLC, its general partner

By: _____
Name: _____
Title: _____

ASSIGNEE:

EASTGATE OWNER, LLC, a Delaware limited liability company

By: _____
Name: _____
Title: _____

EXHIBIT D

Form of Bill of Sale

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS, that EASTGATE TOWER HOTEL ASSOCIATES, L.P., a Delaware limited partnership having an address at Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New York 10036-6745, Attention: Patrick Dooley, Esq., Facsimile: 212-872-1002, Phone: 212-872-1000, ("Assignor"), for and in consideration of TEN ($10.00) DOLLARS and other good and valuable consideration paid by EASTGATE OWNER, LLC, a Delaware limited liability company, having an address c/o Atlas Capital LLC, 505 Fifth Avenue, 28th Floor, , New York, New York, 10017 ("Assignee"), the receipt and sufficiency of which is hereby acknowledged, hereby assigns, transfers and sets over unto Assignee, its successors and assigns, from and after the date hereof, all of Assignor's right, title and interest in and to the Personal Property, as defined in the that certain Plan Support and Cooperation Agreement, dated as of July 13, 2012.

TO HAVE AND TO HOLD THE SAME unto Assignee, its successors and assigns, forever.

[THE NEXT PAGE IS THE SIGNATURE PAGE]

IN WITNESS WHEREOF, Assignor and Assignee have executed this Bill of Sale as of _____ ___, 2012.

ASSIGNOR:

EASTGATE TOWER HOTEL ASSOCIATES, L.P., a Delaware limited partnership

By: Eastgate Tower Hotel Associates GP, LLC, its general partner

By: _____
Name: _____
Title: _____

ASSIGNEE:

EASTGATE OWNER, LLC, a Delaware limited liability company

By: _____
Name: _____
Title: _____

EXHIBIT E

Form of Assignment and Assumption of Intangibles

ASSIGNMENT AND ASSUMPTION OF INTANGIBLES

KNOW ALL MEN BY THESE PRESENTS, that EASTGATE TOWER HOTEL ASSOCIATES, L.P., a Delaware limited partnership having an address at Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New York 10036-6745, Attention: Patrick Dooley, Esq., Facsimile: 212-872-1002, Phone: 212-872-1000, ("Assignor"), for and in consideration of TEN ($10.00) DOLLARS and other good and valuable consideration paid by EASTGATE OWNER, LLC, a Delaware limited liability company, having an address c/o Atlas Capital LLC, 505 Fifth Avenue, 28th Floor, , New York, New York, 10017 ("Assignee"), the receipt and sufficiency of which are hereby acknowledged, hereby assigns, transfers and sets over unto Assignee, its successors and assigns, from and after the date hereof, without representation or warranty by or recourse to Assignor, express or implied, by operation of law or otherwise (except as expressly set forth in the Plan Support and Cooperation Agreement dated July 13, 2012, between Assignor and Assignee (the "Agreement")), all of Assignor's right, title and interest in and to the Intangibles, as defined in the Agreement.

TO HAVE AND TO HOLD unto Assignee, its successors and assigns.

Assignee for itself, its successors and assigns, hereby accepts and assumes all of the rights, duties and obligations of Assignor under the Intangibles accruing on and after the date hereof and hereby defends, indemnifies and holds harmless Assignor from and against any and all loss, liability, damage, cost or expense (including, without limitation, attorneys' fees and disbursements) incurred or sustained by Assignor as a result of Assignee's failure to perform any obligations of Assignor under the Intangibles accruing on and after the date hereof.

This Assignment may be executed in multiple counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

[THE NEXT PAGE IS THE SIGNATURE PAGE]

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment and Assumption of Intangibles as of _____ ___, 2012.

ASSIGNOR:

EASTGATE TOWER HOTEL ASSOCIATES, L.P., a Delaware limited partnership

By: Eastgate Tower Hotel Associates GP, LLC, its general partner

By: _____
Name: _____
Title: _____

ASSIGNEE:

EASTGATE OWNER, LLC, a Delaware limited liability company

By: _____
Name: _____
Title: _____

EXHIBIT F

(Mutual Release)

MUTUAL RELEASE

This MUTUAL RELEASE (this "Release"), dated as of June __, 2012, is made by (a) Peninsula Real Estate Fund, I, L.P., a Delaware limited partnership ("Peninsula"), Eastgate Tower Hotel Associates GP, LLC, a Delaware limited liability company ("Eastgate GP"), and Eastgate Tower Hotel Associates, L.P., a Delaware limited partnership ("Debtor", and together with Peninsula and Eastgate GP, collectively, the "Eastgate Parties") and (b) Hotel Debt (Eastgate) LLC, a Delaware limited liability company (the "Lender"), Eastgate Owner LLC, a Delaware limited liability company (the "Property Owner Company"), RPAP Eastgate LLC, a Delaware limited liability company ("RPAP Eastgate"), and RPAP Eastgate LP, LLC, a Delaware limited liability company (the "Venture", together with the Lender, the Property Owner Company and RPAP Eastgate, the "RPAP Parties"). Each of the Eastgate Parties and the RPAP Parties is individually referred to herein as a "Party" and all of the foregoing parties are collectively referred to herein as the "Parties."

RECITALS:

WHEREAS, the Lender has acquired from LSREF2 Clover, LLC (the "Prior Lender") those certain mortgage loans (collectively, the "Mortgage Loan") in the aggregate maximum stated principal amount of $71,060,932.87 secured by, among other things, a perfected first priority security interest in that certain real property and improvements now or hereafter thereon commonly known as The Eastgate Hotel and located at 222 East 39th Street, New York, New York (the "Hotel") and Lender confirms that any and all claims, counterclaims, offsets, demands and causes of action that Prior Lender now has or now may have against any member of the Peninsula Group arising from or relating to the Hotel and/or the Mortgage Loan and the Prior Lender has not retained or otherwise transferred to any party other than Lender any such claims against any member of the Peninsula Group;

WHEREAS, on June __, 2012, Lender, Property Owner Company, RPAP Eastgate, the Venture, Peninsula, Eastgate GP and Debtor entered into that certain Plan Support and Cooperation Agreement ("Plan Support Agreement") with respect to, among other things, the transfer of the Hotel to the Property Owner Company;

WHEREAS, on the date hereof, the Eastgate Parties and Lender caused the Hotel to be conveyed to Eastgate Owner LLC, a Delaware limited liability company, a wholly-owned subsidiary of the Venture (the "Transfer");

WHEREAS, on the date hereof, the Parties in connection with the Transfer, desire to release each other from certain claims as more particularly described in this Release;

IN CONSIDERATION of Ten Dollars ($10.00), the promises and mutual agreements contained herein and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the Parties agree as follows:

1. Defined Terms. Any capitalized terms used in this Release and not otherwise defined shall have the meanings ascribed to them in the Plan Support Agreement.

2. Release.

a) The Eastgate Parties, each on behalf of itself and the other members of the Peninsula Group (to the extent such other members of the Peninsula Group can be bound by an Eastgate Party) (collectively, the "Eastgate Releasor Parties"), hereby release, acquit and forever discharge the Venture Group and the CRO (the CRO and each member of the Venture Group, each individually, an "Eastgate Releasee Party", and collectively, the "Eastgate Releasee Parties") from any and all obligations, liabilities, claims, counterclaims, crossclaims, offsets, demands, and causes of action, whether known or unknown, direct or derivative, contingent or absolute, whether on behalf of the Eastgate Releasor Parties, or any of them, which against the Eastgate Releasee Parties ever jointly or individually had, now or hereafter can, shall or may have for, upon, or by reason of any matter, cause or thing whatsoever from the beginning of time to the date of this Release in or in connection with or arising out of or relating to (i) the Transfer, (ii) the Restructuring and related transactions, (iii) the Hotel and (iv) the Mortgage Loan from the beginning of the world to the date hereof, but expressly excluding any of the RPAP Parties' obligations and/or liabilities under the Plan Support Agreement (including the Lender's obligations to fund any and all Shortfalls and the Lender Indemnification) and the Amended Venture LLC Agreement.

b) The RPAP Parties, each on behalf of itself and the other members of the Venture Group (to the extent such other members of the Venture Group can be bound by an RPAP Party) (collectively, the "Venture Releasor Parties") hereby release the Peninsula Group (each member of the Peninsula Group, individually, a "Venture Releasee Party", and collectively, the "Venture Releasee Parties") from any and all obligations, liabilities, claims, counterclaims, crossclaims, offsets, demands, and causes of action, whether known or unknown, direct or derivative, contingent or absolute, whether on behalf of the Venture Releasor Parties, or any of them, which against the Venture Releasee Parties ever jointly or individually had, now or hereafter can, shall or may have for, upon, or by reason of any matter, cause or thing whatsoever from the beginning of time to the date of this Release in or in connection with or arising out of or relating to (i) the Transfer, (ii) payment of the Approved Hotel and Plan Costs, (iii) the Restructuring and related transactions, (iv) the Hotel and (v) the Mortgage Loan from the beginning of the world to the date hereof, but expressly excluding Peninsula's obligations (if any) under the Amended Venture LLC Agreement and any obligations and/or liabilities of TPG to the Venture Group arising from matters not related to TPG's position as general partner of Peninsula.

3. Entire Agreement; Amendment. This Release constitutes the entire agreement of the Parties with respect to the subject matter hereof, incorporates all prior negotiations and understandings with respect to such subject matter and may be amended solely by an instrument in writing executed by all Parties.

4. Effectiveness. This Release shall not be effective until duly executed by all Parties.

5. Counterparts. This Release may be executed in multiple counterparts, each of which shall be an original but all of which together shall constitute but one and the same agreement.

6. Governing Law. This Release shall be governed by and construed in accordance with the laws of the State of New York, without regard to conflict of laws principles.

7. Counsel; Representations and Warranties. The Parties are represented by counsel. The Parties warrant and represent having a full opportunity to read, negotiate and receive counsel regarding this Release. The Parties further represent and warrant that the Parties have the authority and the legal capacity to enter into this Release and that they freely and voluntarily accept the terms of this Release.

8. Further Assurances. The Parties hereby agree to do, execute, acknowledge and deliver all further acts, documentation, and assurances as any other Party shall, from time to time, reasonably require for carrying out the intention or facilitating the performance of the terms of this Release.

[NO FURTHER TEXT ON THIS PAGE]

IN WITNESS WHEREOF, the undersigned have duly executed this Release as of the date first set forth above.

EASTGATE PARTIES:

PENINSULA REAL ESTATE FUND I, LP, a Delaware limited partnership

By: PREFNY GP, LLC, its general partner

By: _____
Name:
Title:

EASTGATE TOWER HOTEL ASSOCIATES GP, LLC

By: _____
Name:
Title:

EASTGATE TOWER HOTEL ASSOCIATES, L.P., a Delaware limited partnership

By: Eastgate Tower Hotel Associates GP, LLC, a Delaware limited liability company, its general partner

By: Peninsula Real Estate Fund I, LP, a Delaware limited partnership, its sole member

By: PREFNY GP, LLC, a Delaware limited liability company, its general partner

By:_____
Name:
Title:

RPAP PARTIES:

HOTEL DEBT (EASTGATE) LLC, a Delaware limited liability company

By:_____
Name: Andrew B. Cohen
Title: Authorized Signatory

By:_____
Name: Jeffrey Goldberger
Title: Authorized Signatory

RPAP EASTGATE LLC, a Delaware limited liability company

By:_____
Name: Andrew B. Cohen
Title: Authorized Signatory

By:_____
Name: Jeffrey Goldberger
Title: Authorized Signatory

EASTGATE OWNER LLC, a Delaware limited liability company

By:_____
Name: Andrew B. Cohen
Title: Authorized Signatory

By:_____
Name: Jeffrey Goldberger
Title: Authorized Signatory

RPAP EASTGATE LP, LLC, a Delaware limited liability company

By: _____
Name:
Title:

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[SIGNATURES CONTINUE ON NEXT PAGE]

ACKNOWLEDGED AND AGREED BY:

Steven A. Carlson

By:_____
Name:
Title:

EXHIBIT G

(Conditional Release)

CONDITIONAL RELEASE

This CONDITIONAL RELEASE (this "Release"), dated as of June __, 2012, is made by Hotel Debt (Eastgate) LLC, a Delaware limited liability company (the "Lender"), in favor of Peninsula Real Estate Fund, I, L.P., a Delaware limited partnership ("Peninsula"), Peninsula Real Estate Fund I, GP LLC, a Delaware limited liability company ("Peninsula GP", and together with Peninsula, collectively, the "Guarantors"), Mainland Ventures Corp., a Delaware corporation (the "Class A Limited Partner"), the Class B Limited Partners (as defined in the Plan Support Agreement described below), TPG Companies, Inc. and all affiliates thereof (including PREFNY GP, LLC, a Delaware limited liability company) (collectively, "TPG"), and the investment committee of Peninsula and each member thereof (collectively, the "Investment Committee"; the Investment Committee, together with TPG, the Guarantors, Class A Limited Partner and Class B Limited Partners, collectively, the "Peninsula Parties", and each individually, a "Peninsula Party"). The Lender and the Peninsula Parties are each a "Party" and are collectively referred to herein as the "Parties."

RECITALS:

WHEREAS, the Lender has acquired from LSREF2 Clover, LLC (the "Prior Lender") certain mortgage loans (collectively, the "Mortgage Loan") in the aggregate maximum stated principal amount of $71,060,932.87 secured by, among other things, a perfected first priority security interest in the that certain real property and improvements now or hereafter thereon commonly known as The Eastgate Hotel and located at 222 East 39th Street, New York, New York (the "Hotel") and Lender confirms that any and all claims, counterclaims, offsets, demands and causes of action that Prior Lender now has or now may have against any member of the Peninsula Group arising from or relating to the Hotel and/or the Mortgage Loan and the Prior Lender has not retained or otherwise transferred to any party other than Lender any such claims against any member of the Peninsula Group; and

WHEREAS, Eastgate Tower Hotel Associates, L.P., a Delaware limited partnership ("Debtor"), is the borrower under the Mortgage Loan and is the owner of the Hotel;

WHEREAS, the Guarantors guaranteed certain obligations of Debtor with respect to the Mortgage Loan pursuant to the Loan Documents (as defined in the Plan Support Agreement);

WHEREAS, certain material events of default have occurred and are continuing under the Mortgage Loan as a result of, inter alia, Debtor's failure to repay the Mortgage Loan on its maturity date; and

WHEREAS, the Lender, Eastgate Owner LLC, a Delaware limited liability company, RPAP Eastgate LLC, a Delaware limited liability company, RPAP Eastgate LP, LLC, a Delaware limited liability company, Peninsula, Eastgate Tower Hotel Associates GP, LLC, a Delaware limited liability company, and Debtor have agreed to enter into certain Plan Support and Cooperation Agreement, dated as of the date hereof (the "Plan Support Agreement").

IN CONSIDERATION of Ten Dollars ($10.00) and the promises and mutual agreements contained herein, and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the Lender agrees as follows:

1. Defined Terms. Any capitalized terms used in this Release and not otherwise defined shall have the meanings ascribed to them in the Plan Support Agreement

2. Release. Subject to Paragraph 3 of this Release, the Lender hereby releases, acquits and forever discharges the Peninsula Parties and all members, partners, principals, shareholders, managers, directors, officers, investors, financial advisors, accountants, investment bankers, consultants, representatives, employers and employees of any of the foregoing (collectively, the "Lender Releasee Parties", and individually, each a "Lender Releasee Party") from any and all obligations, liabilities, claims, counterclaims, crossclaims, offsets, demands, and causes of action, whether known or unknown, direct or derivative, contingent or absolute, which against the Peninsula Parties and/or the Lender Releasee Parties which the Lender ever had, now or hereafter can, shall or may have for, upon, or by reason of any matter, cause or thing whatsoever from the beginning of time to the date of this Release in connection with, or arising out of, under or pursuant to, or otherwise relating to (i) the Mortgage Loan or (ii) the Loan Documents, but expressly excluding Peninsula's obligations (if any) under the Amended Venture LLC Agreement and any obligations and/or liabilities of TPG to the Venture Group arising from matters not related to TPG's position as general partner of Peninsula.

3. Void. This Release shall be automatically rescinded and deemed null and *void ab initio* upon the occurrence a Plan Support Default at any time during the period of time commencing on the date hereof and terminating on the Conveyance Date, provided, however, that such Release shall only be rescinded and deemed null and *void ab initio* with respect to the Peninsula Party or Peninsula Parties that caused or consented to a Plan Support Default and shall remain in full force and effect with respect to any other Peninsula Party and the Lender Releasee Party.

4. Entire Agreement; Amendment. This Release constitutes the entire agreement of the Parties with respect to the subject matter hereof, incorporates all prior negotiations and understandings with respect to such subject matter and may be amended solely by an instrument in writing executed by all Parties.

5. Governing Law. This Release shall be governed by and construed in accordance with the laws of the State of New York, without regard to conflict of laws principles.

6. Successors and Assigns. This Release shall be binding upon and inure to the benefit of each of the Parties and their respective successors and assigns.

7. Counsel; Representations and Warranties. The Lender is represented by counsel. The Lender warrants and represents having a full opportunity to read, negotiate and receive counsel regarding this Release. The Lender further warrants that it has the authority and the legal capacity to enter into this Release and that it freely and voluntarily accepts the terms of this Release.

[NO FURTHER TEXT ON THIS PAGE]

IN WITNESS WHEREOF, the undersigned has duly executed this Conditional Release as of the date first set forth above.

LENDER:

HOTEL DEBT (EASTGATE) LLC, a Delaware limited liability company

By:_____
Name: Andrew B. Cohen
Title: Authorized Signatory

By:_____
Name: Jeffrey Goldberger
Title: Authorized Signatory

EXHIBIT H

(CRO Engagement Letter)

STEVEN A. CARLSON EMPLOYMENT AGREEMENT

This Agreement, dated as of July 13, 2012 (the "Agreement"), is made by and between Eastgate Tower Hotel Associates, L.P. (the "Company"), a Delaware limited partnership, PREFNY GP, LLC, a Delaware limited liability company, as general partner (the "General Partner") of Peninsula Real Estate Fund I, LP, a Delaware limited partnership that wholly owns the Company, and Steven A. Carlson (referred to herein as "CRO" or "Mr.Carlson"), to serve as the Chief Restructuring Officer of the Company in connection with the Company's restructuring efforts as more fully set forth herein. Mr. Carlson's employment as CRO of the Company shall be solely as an independent contractor of the Company and shall not entitle Mr. Carlson to any benefits or privileges other than those specifically set forth in this Agreement.

1. Description of Engagement.

a. Background. The Company is retaining a CRO in connection with the Company's restructuring efforts, including a possible restructuring of the Company's liabilities under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). The CRO will have no interest in or affiliation with either the Company's or the General Partner's owners, members, or affiliates and shall serve as an independent representative of the Company in all of its restructuring efforts.

b. Duties. The CRO shall report directly to the General Partner, and shall assist the Company and have primary responsibility and oversight regarding all matters related to the restructuring of the Company, including all operational and financial activities related thereto, including, but not limited to, the following:

(i) Acting on behalf of the Company in connection with the Company's restructuring efforts and actively participating in the negotiation of a global settlement of the Company's liabilities;

(ii) Defining attainable financial and operational goals for the Company, providing a concise plan to achieve those goals to the General Partner; communicating with all of the Company's constituencies, professionals, and employees on issues critical to the Company's restructuring efforts;

(iii) In the event the Company's restructuring efforts involve filing for relief under chapter 11 of the Bankruptcy Code, the CRO will be a representative of the Company throughout the chapter 11 restructuring efforts, including, but not limited to:

a) Assisting the Company in its preparation for a potential chapter 11 proceeding, including assisting in compiling all information necessary to finalize relevant pleadings to be filed with the court;

b) Negotiating and assisting in the prosecution of a chapter 11 plan of liquidation;

c) Serving as a representative of the Company, including, where necessary or appropriate, testifying on behalf of the Company, in connection with any judicial or similar proceedings;

d) Performing such other tasks as may be required in connection with the Company's restructuring and successful prosecution of a chapter 11 case and liquidating plan;

e) Making recommendations to the General Partner regarding the Company's operations and finances during the bankruptcy or restructuring proceeding;

f) Informing the Company and the General Partner of all orders and/or resolutions of any bankruptcy court (or federal court exercising bankruptcy jurisdiction over the Company and/or the General Partner as applicable) (the "Bankruptcy Court") regarding the restructuring of the Company and requesting that they be carried into effect in accordance with any such order or resolutions and that certain Plan Support Agreement, dated as of July 13, 2012, between and among Hotel Debt (Eastgate) LLC (the "Lender"), Eastgate Owner LLC, RPAP Eastgate LLC, RPAP Eastgate LP, LLC, Peninsula Real Estate Fund, I, L.P., the General Partner and the Company and resulting plan of liquidation and disclosure statement in support thereof, if applicable; and

g) Executing, delivering and acknowledging (if applicable) any and all petitions, affidavits, motions, documents, disclosures, mortgages, and other contracts, in connection with the filing of any bankruptcy or restructuring proceedings brought by or on behalf of the Company.

2. Cooperation/ Reliance on Information

a. The Company acknowledges and agrees that the ability of CRO to perform the services set forth above requires the full cooperation and assistance of the Company and its personnel. Accordingly, the Company covenants and agrees to furnish to CRO all information, documents and other materials reasonably requested by CRO and to make available to CRO for meetings, conference calls and otherwise all personnel designated by CRO to enable CRO to receive on a timely basis, in writing and orally, all information requested by CRO, in performance of his duties under this Agreement. The Company acknowledges and agrees that CRO, in performance of his duties under this Agreement, will be relying on the truth, completeness, accuracy and currency of the written documentation delivered and the oral communications made by the Company and its representatives to CRO and its representatives in connection with all matters related to CRO's engagement under this Agreement.

b. The General Partner acknowledges and agrees that the ability of CRO to perform the services set forth above requires the full cooperation and assistance of the Company and its personnel. Accordingly, the General Partner covenants and agrees to furnish to CRO all

information, documents and other materials reasonably requested by CRO and to make available to CRO for meetings, conference calls and otherwise all personnel designated by CRO to enable CRO to receive on a timely basis, in writing and orally, all information requested by CRO, in performance of his duties under this Agreement. The General Partner acknowledges and agrees that CRO, in performance of his duties under this Agreement, will be relying on the truth, completeness, accuracy and currency of the written documentation delivered and the oral communications made by the General Partner and its representatives to CRO and its representatives in connection with all matters related to CRO's engagement under this Agreement.

3. Term.

a. The Term of this Agreement, unless sooner terminated as provided in Section 6 herein, shall be from _____, 2012 through the "Effective Date" of the Company's confirmed chapter 11 plan of liquidation (as defined therein) (the "Term"). The Term may be extended upon written agreement of the CRO, the Company and the General Partner to permit the CRO to assist the Company in obtaining a final decree in the Company's chapter 11 restructuring proceedings.

4. Compensation, Expenses.

a. The CRO will be paid compensation of $15,000 per month for services rendered by the CRO in connection with this Agreement (the "Compensation"); provided, that the minimum amount paid to the CRO in connection with this engagement shall in no event be less than $50,000. The Compensation shall be paid in equal monthly installments, payable in advance on the _____ day, or the first business day as is practicable thereafter, of the month in which such services are to be performed by the CRO. The first payment made pursuant to this Agreement shall be made on _____, 2012, or the first business day as is practicable thereafter.

b. During the Term of this Agreement, the Company shall promptly reimburse the CRO for all reasonable and necessary travel expenses and other disbursements incurred by the CRO on behalf of the Company in performance of the CRO's duties hereunder.

5. Time Requirements for Engagement.

a. It is understood that, during the course of the CRO's engagement, the CRO will devote all necessary attention to issues related to the Company and its restructuring or any other duties as may be agreed to between the parties. While it is anticipated that his responsibilities may require significant time and attention, such engagement shall not preclude Mr. Carlson from taking on consulting or similar responsibilities with entities unrelated to the Company or the General Partner, provided that such engagements do not interfere with Mr. Carlson's duties under this Agreement.

b. While it is not intended that Mr. Carlson's employment as CRO shall be a full time engagement requiring all or substantially all of Mr. Carlson's attention, to the extent that the duties set forth under this Agreement do require such attention thereby precluding Mr.

Carlson from having adequate time to take on other engagements, the Company, the General Partner and Mr. Carlson shall enter into discussions to adjust Mr. Carlson's Compensation accordingly.

6. Termination.

a. This Agreement may be terminated by the CRO upon thirty (30) days written notice to the other parties, which notice shall be delivered in accordance with Section 11(g) of this Agreement.

b. This Agreement may be terminated by the Company or the General Partner solely with the consent of the Lender, which consent shall not be unreasonably withheld, and upon thirty (30) days written notice to the other parties, which notice shall be delivered in accordance with Section 11(g) of this Agreement; provided that the General Partner and the Company shall immediately take steps to appoint a new chief restructuring officer reasonably acceptable to the Lender.

c. If the termination date is later than the date through which the Company has already paid Mr. Carlson (the "Paid-thru Date"), then the Company shall pay Mr. Carlson on a pro rata basis for the days from the Paid-thru date to the termination date.

d. In the event the CRO is no longer willing or able to provide the services set forth in Section 1(b) of this Agreement or this Agreement is terminated for any other reason, then upon such occurrence, this Agreement shall be deemed terminated and the Company and the General Partner shall be released from all obligations to the CRO with respect to this Agreement, except obligations that accrued prior to such termination and as specifically set forth herein.

e. Notwithstanding anything to the contrary in this paragraph 6, Mr. Carlson shall continue his obligations as the CRO until a replacement chief restructuring officer approved by the Lender, and the Bankruptcy Court, if necessary, shall be appointed; provided that Mr. Carlson shall be compensated hereunder until such replacement chief restructuring officer assumes the CRO's duties hereunder.

7. Conflicts.

a. The CRO is not aware of any business relationship he has that creates a potential conflict of interest with the Company, based on his current knowledge of the Company and/or the General Partner. Should any potential conflict pertaining to the CRO's engagement hereunder come to the attention of either party hereto, such party shall immediately advise the other. The CRO reserves the right to terminate this engagement at any time if a conflict arises or becomes known to him that, in his judgment, would impair his ability to perform the services objectively. However, the CRO agrees to accept no engagement after the date hereof that, at the time of such engagement, could reasonably be foreseen to involve such a conflict.

8. Disclosure of Confidential Information.

a. The CRO recognizes that he has had and will continue to have access to non-public and confidential information regarding the Company and/or the General Partner, their owners, members, and affiliates. The CRO acknowledges that such information is of great value to the Company and the General Partner, is the sole property of the Company and the General Partner, and has been and will be acquired by the CRO in confidence in connection with fulfilling its duties under this Agreement. In consideration of the obligations undertaken by the Company and/or the General Partner herein, the CRO will not at any time, during or for ten years after the Term of this Agreement, reveal, divulge, or make known to any person, any information acquired by the CRO which is treated as confidential by the Company and/or the General Partner, unless compelled by law. The provisions of this section shall survive any termination of this Agreement, as well as the Term of this Agreement.

9. Indemnification.

a. The parties agree that the CRO will be entitled to the benefit of the most favorable indemnities provided by the Company to its officers, directors or members, whether under the Company's formation documents or otherwise. This agreement is a supplement to and in furtherance of the indemnification provided to officers, directors and members in the Company's formation documents, including, but not limited to, limited liability company agreements and operating agreements, by contract or otherwise and shall not be deemed a substitute therefore, nor to diminish or abrogate any rights of the CRO thereunder.

b. The Company hereby confirms that the CRO will be entitled to indemnification subject to Section 12.1 of the Agreement of Limited Partnership of Eastgate Tower Hotel Associates, L.P. (the "Company Operating Agreement"). The CRO will promptly notify the Company and the General Partner of any actual or threatened claim arising out of or as a result of the CRO's services to the Company and the General Partner, but failure to do so will in no way invalidate this indemnity, except to the extent the Company and/or the General Partner is prejudiced thereby. The CRO agrees that the Company and the General Partner shall have the right to control and direct, through counsel of its choosing, the defense or settlement of any claim, action, suit or proceeding brought by a person or entity other than the Company or the General Partner. The CRO may participate in such defense, but in such case the expenses of the CRO shall be paid by the CRO, provided that the CRO shall have the right to employ, at the Company's expense, one counsel of his choice to represent the CRO, if, in the written opinion of counsel to the CRO reasonably satisfactory to the Company and the General Partner, there exists any actual or potential conflict of interest between the Company, the General Partner and the CRO. The CRO shall not pay, permit to be paid, or settle any part of any claim unless the Company and the General Partner consent in writing to the same, and the Company shall not settle any claim or any part thereof in such way as to require any payment or action by, or restrictions on, the CRO in his own capacity unless the CRO consents in writing to the same.

10. No Third Party Beneficiary.

a. The Company and the General Partner acknowledge that all advice (written or oral) provided by the CRO to the Company and/or the General Partner in connection with this engagement is intended solely for the benefit and use of the Company and/or the

General Partner in considering the matters to which this engagement related. The Company and the General Partner agree that no such advice shall be used for any other purpose or reproduced, disseminated, quoted or referred to at any time in any manner or for any purpose other than accomplishing the tasks referred to herein without the CRO's prior written approval (which shall not be unreasonably withheld), except as required by law.

11. Miscellaneous.

a. *Severability*. The invalidity or partial invalidity of one or more provisions of this Agreement shall not invalidate any other provision of this Agreement. If any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

b. *Assignments*. Neither the CRO nor the Company nor the General Partner may assign or delegate any of their rights or duties under this Agreement without the express written consent of the others given the personal nature of the services to be carried out under this Agreement.

c. *Entire Agreement; Amendment*. This Agreement constitutes and embodies the full and complete understanding and agreement of the parties with respect to the subject matter hereof, supersedes any prior understandings and agreements, whether oral or written, between the CRO and the Company and the General Partner, and shall not be amended, modified or changed except (i) by an instrument in writing executed by the CRO and an authorized officer of the Company and the General Partner, (ii) with prior written consent of the Lender and (iii) approved by the Bankruptcy Court, if necessary.

d. *Waiver*. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of either party to require the performance of any term or obligation of this Agreement, or the waiver by either party of any breach of this Agreement shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

e. *Binding Effect*. This Agreement shall inure to the benefit of, be binding upon and enforceable against, the parties hereto and their respective successors, heirs, beneficiaries and permitted assignees.

f. *Heading*. The headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

g. *Notices*. Any and all notices, requests, demands and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when personally delivered, sent by registered or certified mail, return receipt requested postage paid, or by private overnight mail service (*e.g.*, Federal Express)

to the party at the address set forth above or to such other address as either party may hereafter give notice of in accordance with the provisions hereof. Notices shall be deemed given on the sooner of the date actually received or the third business day after sending.

h. *Governing Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of New York without giving effect to such State's conflicts of laws principles, except to the extent Delaware law would govern issues arising under the Company Operating Agreement or the General Partner Operating Agreement. Each of the parties hereto irrevocably consents to the jurisdiction and venue of the federal and state courts located in the State of New York, County of New York. The Company, the General Partner and the CRO agree to waive trial by jury in any action, proceeding or counterclaim brought by or on behalf of the parties hereto with respect to any matter relating to or arising out of the performance or non-performance of the Company, the General Partner or the CRO hereunder.

i. *Counterparts.* This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth above.

COMPANY

EASTGATE TOWER HOTEL ASSOCIATES, L.P.,
a Delaware limited partnership

By: Eastgate Tower Hotel Associates GP, LLC,
its general partner

By: _____
Name:
Title:

GENERAL PARTNER

PREFNY GP, LLC,
a Delaware limited liability company

By: _____
Name:
Title:

CRO

_____
Steven A. Carlson

APPENDIX I

(Qualified Plan Term Sheet)

TERM SHEET FOR PROPOSED QUALIFIED PLAN OF EASTGATE TOWER HOTEL ASSOCIATES, L.P.

July 13, 2012

THIS TERM SHEET ("TERM SHEET") DESCRIBES CERTAIN OF THE PRINCIPAL TERMS OF A PROPOSED RESTRUCTURING (THE "RESTRUCTURING") FOR THE EXISTING DEBT AND OTHER OBLIGATIONS OF EASTGATE TOWER HOTEL ASSOCIATES, L.P. ("DEBTOR"). AS DESCRIBED IN GREATER DETAIL HEREIN, THE RESTRUCTURING SHALL BE CONSUMMATED THROUGH A PREPACKAGED PLAN OF LIQUIDATION, AS MORE FULLY DESCRIBED BELOW, UNLESS THE LENDER (AS DEFINED BELOW) IN ACCORDANCE WITH THE AGREEMENT (AS DEFINED BELOW) REQUIRES SUCH PLAN TO BE ABANDONED IN FAVOR OF A FORECLOSURE/DEED-IN-LIEU EVENT (AS DEFINED IN THE AGREEMENT).

THE TRANSACTIONS CONTEMPLATED BY THIS TERM SHEET ARE SUBJECT TO CONDITIONS TO BE SET FORTH IN DEFINITIVE DOCUMENTS. DEBTOR IS PRESENTING THIS TERM SHEET FOR DISCUSSION AND SETTLEMENT PURPOSES ONLY. THE TERM SHEET IS NOT AN OFFER OR SOLICITATION FOR THE PLAN AND IS SUBJECT TO RULE 408 OF THE FEDERAL RULES OF EVIDENCE. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THE TERMS OF THE PLAN AND THIS TERM SHEET, THE TERMS OF THE PLAN SHALL CONTROL.

The following summary of principal terms provides an outline of a proposed chapter 11 liquidation plan of Eastgate Tower Hotel Associates, L.P., a Delaware limited partnership ("Debtor"), which shall be implemented through a pre-packaged chapter 11 plan of liquidation. This Term Sheet is an expression of interest only and is not meant to be binding on the parties and is meant only as a summary of terms to be used by the Debtor, Hotel Debt (Eastgate) LLC, a Delaware limited liability company ("Lender"); Eastgate Owner LLC, a Delaware limited liability company ("Property Owner Company"); RPAP Eastgate LLC, a Delaware limited liability company ("the "Venture"); Peninsula Real Estate Fund, I, L.P., a Delaware limited partnership ("Peninsula"); Eastgate Tower Hotel Associates GP, LLC, a Delaware limited liability company ("Eastgate GP") in negotiating a proposed restructuring.

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in that certain Plan Support and Cooperation Agreement (the "Agreement"), dated as of July 13, 2012, among the Debtor, Lender, Property Owner Company, the Venture, Peninsula, and Eastgate GP, (collectively the "Parties" and each a "Party"). In the event of any conflict between the Agreement and this Term Sheet, the provisions of the Agreement shall control.

Constituents

Debtor Eastgate Tower Hotel Associates, L.P.

Lender Hotel Debt (Eastgate) LLC

Proposed Restructuring

The Plan This Term Sheet describes a Restructuring pursuant to which the Debtor will restructure certain claims through a pre-packaged plan of liquidation (the "Plan") and disclosure statement in support thereof (the "Disclosure Statement"), to be filed on the date a chapter 11 case (the "Chapter 11 Case") for Debtor is commenced in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court").

This Term Sheet outlines the material terms and conditions of the Restructuring but does not include a description of all of the terms, conditions and other provisions that are to be contained in the definitive documentation governing the Restructuring (the "Definitive Documentation"). The Plan and the Definitive Documentation shall be in form and substance reasonably acceptable to the Lender, the Eastgate Parties and the Class A Limited Partner.

CRO A chief restructuring officer, reasonably acceptable to Lender, shall be retained by the Debtor pursuant to the CRO Engagement Letter.

Use of Cash Collateral The Lender will consent to the use of cash collateral during the Chapter 11 Case to pay Approved Hotel and Plan Costs; provided that the Lender shall agree to a customary carve-out from their collateral for (i) payment of all fees and expenses of professionals retained in the Chapter 11 Case that are incurred and remain unpaid upon the termination of the Plan Support Period and (ii) payment, in an amount collectively not to exceed $1,500,000, of (A) all fees and expenses of professionals retained in the Chapter 11 Case that are incurred and remain unpaid after the termination of the Plan Support Period and (B) all fees required to be paid to the clerk of the Bankruptcy Court and to the Office of the United States Trustee under section 1930(a) of title 28 of the United States Code. Cash collateral will be used to pay Approved Hotel and Plan Costs.

Further terms for the consensual use of cash collateral are subject to the mutual agreement of the Debtor and Lender and consistent with transactions of this type, but shall include (among other matters), compliance with a budget, reporting requirements, access rights and other terms substantially consistent with those provided in the Agreement.

Treatment of the Lender

The Lender	On the Plan Effective Date, in full and final settlement satisfaction of any and all claims of the Lender against the Peninsula Group and/or the Debtor (i) the Hotel shall be conveyed from the Debtor to the Property Owner Company, subject to the Mortgage Loan and (ii) in the event that there is any cash remaining in either the Hotel Operating Account or in the Debtor's estate following payment of all Approved Hotel and Plan Costs (including payment of all allowed administrative claim, priority tax claim, other priority claim and general unsecured claim) ("Excess Cash") upon Property Owner Company's acquisition of the Hotel pursuant to the Plan or otherwise, ownership of all such Excess Cash shall be deemed transferred to Property Owner Company, free and clear of any lien, claim or right by any other party, and such amount shall be paid to, or as directed, by Property Owner Company. This class of claims is impaired and entitled to vote on the Plan.

Treatment of Other Claims and Equity Interests

Administrative Claims, Priority Tax Claims and Other Priority Claims	Paid as required by the Bankruptcy Code. These classes of claims are unimpaired.
Unsecured Claims	Holders of general unsecured claims (as such term is defined in Section 101(5) of the Bankruptcy Code, "Claims") shall be paid in cash in full.
General and Limited Partnership Interests	On the Plan Effective Date, all general partnership interests and limited partnership interests in the Debtor shall be cancelled, and holders of general partnership interests and limited partnership interests in the Debtor shall not receive or retain any property from the Debtor's estate on account of such general partnership interests or limited partnership interests.

Conditions to Confirmation

Effective Date	The effective date of the Plan shall be the date on which all conditions to the occurrence of the effective date, as set forth in the Plan, have been satisfied or waived, but not earlier than the date that is fourteen (14) business days following the Plan being confirmed by a final order and the expiration of all appeal periods to such order without the filing of an appeal and no stay of the confirmation order is in effect and on which the Debtor otherwise declares the Plan effective (the "Plan Effective Date"). Such conditions shall include that all exhibits to the Plan and Disclosure Statement and the Confirmation Order are approved by the Lender. On the Plan Effective Date, among other things, title to the Hotel shall vest in Property Owner Company.
Consequences of Non-Occurrence of Effective Date	If the consummation of the Plan does not occur, the Plan shall be null and void in all respects and nothing contained in the Plan or the Disclosure Statement shall: (1) constitute a waiver or release of any claims by or claims against or equity interests in the debtor; (2) prejudice in any manner the rights of the Debtor or any other entity; or (3) constitute an admission, acknowledgment, offer, or undertaking by the debtors or any other entity in any respect.

Other Plan Provisions

Exemptions	Exemption from transfer taxes pursuant to Bankruptcy Code section 1146(a).
Executory Contracts	All executory contracts of Debtor (including, to the extent applicable and capable of assumption and assignment under applicable law, employee benefit plans, supply contracts, etc.) and unexpired leases will be assumed and assigned to Property Owner Company on the Effective Date and the Property Owner Company will pay all cure costs associated with such assumption and assignment as Approved Hotel and Plan Costs, unless expressly rejected under the Plan or through a separate motion.
Releases	The terms of the Mutual Releases contained in the Plan shall be on substantially the terms as are set forth on Exhibit E to the Agreement.
Abandonment of Plan for Deed-in-Lieu Transaction	In the sole discretion of the Lender, the Lender may determine to abandon the Plan and proceed to take title to the Hotel by a Foreclosure/Deed-in-Lieu Event, subject in all respects to the terms of the Agreement.
Governing Law	To the extent the Bankruptcy Code does not apply, New York law shall govern.