

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF PUERTO RICO**

IN RE:

**MIRAMAR REAL ESTATE
MANAGEMENT, INC**

Debtor

CASE NO. 11-01786 (BKT)

JUDGE: Hon. BRIAN K. TESTER

CHAPTER 11

**DEBTOR'S DISCLOSURE STATEMENT
WITH THE CONSENT OF BANCO POPULAR DE PUERTO RICO**

I. INTRODUCTION

A. Purpose of this Disclosure Statement

Miramar Real Estate Management, Inc., ("DEBTOR"), provides this Disclosure Statement so as to enable each creditor that is so entitled, to make an informed judgment in exercising the right to vote on the Debtor's Plan of Liquidation (the "Plan"). The material in this Disclosure Statement is intended solely for that purpose and solely for the use of Debtor's creditors. This Disclosure Statement may not be relied upon for any other purpose. Nothing contained in this Disclosure Statement constitutes an admission of any fact or liability by any party. The information contained in this Disclosure Statement has been submitted by DEBTOR'S management.

NO REPRESENTATION CONCERNING THESE DISCLOSURES OR THE PLAN IS AUTHORIZED BY DEBTOR OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS MADE BY ANY PERSON TO SECURE YOUR VOTE OTHER THAN THOSE CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON. ANY PERSON MAKING REPRESENTATIONS OR INDUCEMENTS CONCERNING ACCEPTANCE OR REJECTION OF THE PLAN SHOULD BE REPORTED TO THE BANKRUPTCY COURT.

Debtor believes, but does not warrant, that the contents of this Disclosure Statement are complete and accurate. This Disclosure Statement and its exhibits should be read in its entirety. A copy of the Plan is presented with this Disclosure Statement. The financial information contained in this Disclosure Statement has not been subject to audit, but DEBTOR has made every reasonable effort to provide accurate financial information.

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B. MANNER OF VOTING ON THE PLAN

DEBTOR, WITH THE CONSENT OF BPPR, IS SEEKING CONDITIONAL APPROVAL OF THIS DISCLOSURE STATEMENT, SO THAT APPROVAL OF THE DISCLOSURE STATEMENT AND CONFIRMATION OF THE PLAN WILL BE HEARD BY THE COURT AT THE SAME HEARING. Each creditor entitled to vote on the Plan may cast a vote by completing the ballot that will be sent by mail to all creditors entitled to vote AT THIS TIME. A self-addressed envelope will be enclosed for this purpose.

ALL BALLOTS MUST BE RECEIVED ON OR BEFORE A DATE THAT WILL BE SET BY THE COURT. NO BALLOTS RECEIVED AFTER THAT TIME AND DATE WILL BE COUNTED IN DETERMINING WHETHER THE PLAN SHOULD BE CONFIRMED. DO NOT ATTEMPT TO FILE YOUR BALLOT WITH THE COURT, THE U.S. TRUSTEE, OR AT ANY OTHER PLACE OTHER THAN WITH: F. DAVID GODREAU ZAYAS, ESQ., LATIMER BIAGGI RACHID & GODREAU, LLC LAW FIRM. OUR ADDRESS IS P.O. BOX 9022512, SAN JUAN, PUERTO RICO, 00902-2512.

C. CREDITORS ENTITLED TO VOTE ON THE PLAN

Each creditor with an impaired claim, that is, each creditor that will receive less than full cash payment for the allowed amount of its claim on the "Effective Date" (as defined in the Plan), is entitled to vote on the Plan. In this case creditors that have impaired claims are creditors whose claims fall within Classes 3 and 4, as set forth in Article II of the Plan.

Even though a creditor may choose not to vote or may vote against the Plan, the creditor will be bounded by the terms and treatment set forth in the Plan, if the Plan is accepted by the requisite majorities and is confirmed by the Court. Only those votes that actually accept, or reject the plan, will be counted for the purpose of determining whether the plan has been approved by the creditors. Allowance of a claim for voting purposes does not necessarily mean that the claim will be allowed for purposes of distribution under the terms of the Plan.

II. SOLICITATION OF VOTES

1. History of the Debtor:

Debtor, Miramar Real Estate Management, Inc., files this Disclosure Statement and Plan in compliance with the requirements of the Bankruptcy Code. Debtor believes that this

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Disclosure Statement and the Plan, IS IN THE BEST INTERESTS OF CREDITORS. ALL CREDITORS ARE URGED TO VOTE IN FAVOR OF THE PLAN. BPPR, THE LARGEST SECURED AND UNSECURED CREDITOR OF THE DEBTOR, SUPPORTS THE PLAN. VOTING INSTRUCTIONS ARE CONTAINED ON PAGES 8-11 OF THIS DISCLOSURE STATEMENT. TO BE COUNTED, YOUR BALLOT MUST BE DULY COMPLETED, EXECUTED, AND RECEIVED BY _____, 2012 (THE "VOTING DEADLINE")

ALL CREDITORS ARE ENCOURAGED TO READ AND CONSIDER CAREFULLY THIS ENTIRE DISCLOSURE STATEMENT, INCLUDING THE PLAN ATTACHED AS **EXHIBIT 1**, PRIOR TO SUBMITTING BALLOTS PURSUANT TO THIS SOLICITATION. THIS DISCLOSURE STATEMENT CONTAINS ONLY A SUMMARY OF THE PLAN, AND IS NOT INTENDED TO REPLACE CAREFUL AND DETAILED REVIEW AND ANALYSIS OF THE PLAN.

ALL CAPITALIZED TERMS IN THIS DISCLOSURE STATEMENT NOT OTHERWISE DEFINED HEREIN HAVE THE MEANINGS GIVEN TO THEM IN THE PLAN. THE SUMMARIES OF THE PLAN AND THE OTHER DOCUMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE QUALIFIED BY REFERENCE TO THE PLAN AND SUCH OTHER DOCUMENTS THEMSELVES.

2. The Debtor, Miramar Real Estate Management, Inc.

Miramar Real Estate Management, Inc. ("Miramar") is a private corporation organized under the laws of the Commonwealth of Puerto Rico. Incorporated in 1990, Miramar began its business providing administration services to the private sector and government agencies.

The principal of the Corporation is Mr. Carlos Lopez de Azúa, an attorney at law with extensive experience in development, management and operation of housing projects. Since 1979, Mr. Lopez de Azúa has developed and/or participated in the development and management of more than 2,000 housing units in Puerto Rico, through Miramar and other corporate entities.

During the last decade Miramar grew into a multi-propose company expanding its operation and work force. In addition to providing management services, it has participated in different facets of rehabilitation and development such as: preparation of diverse proposals, drafting of specifications and cost estimates, participation in designs and subcontracting qualified professionals. These activities were all performed in an open and competitive manner to assure cost and quality effectiveness, on site supervision and inspection prior to certifications, and directing rehabilitation and/or construction management for various significant projects. The renovation involved in these projects has consisted of supervising general construction from site work, electrical, plumbing, structural reinforcement, masonry, floor installation, rooftop asphalt and elevators system, among others.

The experience of Miramar's development team has included the upgrading of deteriorated or substandard units, as well as rescuing abandoned/ vacant units in buildings located in highly

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distressed areas. In addition, Miramar has experience in the preparation of completing a Major Improvement Operating Plan (MIO) for HUD Section 8 housing projects and USDA Rural Development. Full compliance of all Federal Rules, regulations including specifications related to these improvements was successful.

Miramar believes in bolstering its own internal structures by establishing long term business relationship with independent experts. Thus, for example, Miramar has utilized the service of Mr. Luis Resto an expert in accountancy, to oversee the accounting functions of Miramar's own staff, to assure its reliability, as well as compliance with all applicable laws, norms and regulations.

Other consultants that have participated in similar projects are Mr. Brian Hogan, Esq. of Prime Consulting Services, and PFV Galindez, CPA & Consultants.

Miramar Real Estate Management Inc. has experience in managing and developing subsidized housing projects. In the past these included:

1	Cruz 107 Apartments	28 units
2	San Idelfonso Apartments	39 units
3	San Judas Tadeo Apartment	56 units
4	San José Apartments	140 units
5	Arecibo Marina Rental Housing	19 units
6	University Court Apartments	32 units
7	San Justo 151 Apartments	19 units
8	Puerto Rico Historic Zone	67 units
9	San Juan Park I	250 units
10	Paseo de Monteflores	200 units
11	Jardines de Country Club	105 units
12	Vistamar Plaza	144 units
13	Bayamón Housing	272 units
14	Plaza Universidad 2000	414 units

For the development/construction or rehabilitation of the following projects Miramar Real Estate Management, Inc. contracted experienced, qualified personnel, to assure quality in the performance of the final product.

1	Casablanca Apartments	9 units
2	Laguna Apartments	10 units
3	Reina Carolina	22 units
4	Parque Centro	45 units
5	Paseo de Monte Flores	200 units

In addition, debtor is currently overseeing and providing management services during the construction and development of high rise buildings, commercial areas and parking of La

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Ciudadela de Santurce, Inc. (“Ciudadela”) consisting of more than 500 housing units. Miramar is the principal stockholder of this entity. Miramar guaranteed to Banco Popular de Puerto Rico (“BPPR”) the construction loan of Ciudadela and therefore BPPR became debtor’s biggest unsecured creditor. Ciudadela and Miramar, jointly and severally, owe BPPR an amount in excess of \$184,049,237.72 plus accrued daily interests upon said amount.

3. The Debtor Services

During the last decade Miramar grew into a multi-propose company expanding its operation and work force. In addition to providing management services it has participated in different facets of rehabilitation and development such as: preparation of diverse proposals, drafting of specifications and cost estimates, participation in designs, subcontracting qualified professionals. These activities were all performed in an open and competitive manner to assure cost and quality effectiveness, on site supervision and inspection prior to certifications, and directing rehabilitation and/or construction management for various significant projects. The renovation involved in these projects has consisted of supervising general construction from site work, electrical, plumbing, structural reinforcement, masonry, floor installation, rooftop asphalt and elevators system, among others.

4. Governance

The Corporation’s management team as of the date hereof, consists of the following:

Board of Directors:

- 1- Mr. Carlos López de Azúa President and Treasurer , Executive Director
- 2- María Mulero Secretary of the Board and Director

The Officers of the Corporation are:

- 1- Mr. Carlos López de Azúa President and Treasurer
- 2- María Mulero Secretary

Mr. Rafael López de Azúa has been appointed Executive Director to the Board and Vice-President of the Corporation.

5. Personnel

Surname	Name	Position	Assigned Project
SANTOS GARCIA	AIDA L	Sales	CARIBE RUM
MEDINA COUVERTIER	JONATHAN D	Maintenance	CIUADELA
MENDEZ MENDEZ	MANUEL G	Project Engineer	MIRAMAR REAL ESTATE
CALDERON PUJOLS	SONIA	Maintenance	EDIFICIO CARIBE

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GONZALEZ RODRIGUEZ	HAROB	Concierge	EDIFICIO CARIBE
MARTINEZ RODRIGUEZ	CARMEN	Maintenance	EDIFICIO CARIBE
RIVERA ALVAREZ	VICTOR E	Maintenance	EDIFICIO CARIBE
TULIER RODRIGUEZ	JONATHAN	Security Supervisor	MIRAMAR REAL ESTATE
CINTRON ROSARIO	ZORAIDA	Adm. Assistance	JARDINES DE COUNTRY CLUB
COLLAZO DIAZ	MICHELLE	Administrator	JARDINES DE COUNTRY CLUB
CRUZ VALENTIN	NELSON	Handyman	JARDINES DE COUNTRY CLUB
GARCIA WALKER	JOSE A	Maintenance	JARDINES DE COUNTRY CLUB
PENA	MIGUEL A	Handyman	JARDINES DE COUNTRY CLUB
ACOSTA APONTE	EDWIN	Maintenance	MIRAMAR REAL ESTATE
HERNANDEZ SALAMAN	YASHIRA	Receptionist	MIRAMAR REAL ESTATE
LEBRON GARCIA	LUZ G	Human Resources Assist.	MIRAMAR REAL ESTATE
LOPEZ DE AZUA	CARLOS	President	MIRAMAR REAL ESTATE
MULERO RODRIGUEZ	MARIA M	Director	MIRAMAR REAL ESTATE
POLANCO GARCIA	SANTA	Maintenance	MIRAMAR REAL ESTATE
ALEMAN SERRANO	PEDRO	Handyman	SAN JUAN PARK 1
BARZEY CHRISTOPHER	DARON A	Handyman	SAN JUAN PARK 1
CARRASQUILLO CARRASQUILLO	MARIA D	Social Worker	SAN JUAN PARK 1
LUCIANO DOMENECH	JOSE E	Handyman	SAN JUAN PARK 1
MORALES DE JESUS	SANDRA	Interim Administrator	SAN JUAN PARK 1
ORTIZ PEREZ	NIDZA R	Adm. Assistant	SAN JUAN PARK 1
RIOS PEREZ	BRAULIO	Handyman	SAN JUAN PARK 1
RIVERA CARRASQUILLO	NELIDA	Adm. Assistant	SAN JUAN PARK 1

6. Debtor's Financial Situation

For years the operation of Miramar Real Estate Management, Inc. carried substantial losses and even though several persons overtook the responsibility related to Debtor's finances the reality was that none were able to turn around debtor's ability to operate. See **EXHIBIT 1** which includes the latest audited financial statements of Miramar.

7. Debtor As Owner Of The Stock Of La Ciudadela De Santurce, Inc.

Debtor owns 100% of the voting stock, and substantially all the common stock, of La Ciudadela de Santurce, Inc. ("Ciudadela"), a Puerto Rico corporation. Ciudadela is a large development of residential and commercial areas located in Santurce, Puerto Rico. The development is approximately 2/3 finished and has encountered problems in the sale of the residential units. Ciudadela owes Banco Popular de Puerto Rico ("Banco Popular" or "BPPR") approximately \$200,000,000, and substantially all of the assets of Ciudadela are pledged to BPPR to secure such debt. Debtor jointly and severally guarantees the payment of the aforesaid \$200,000,000 to Banco Popular. In consideration of the aforesaid, debtor is presenting this liquidation Plan with the consent of Banco Popular de Puerto Rico.

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IV. MATTERS OF INTEREST IN THE CASE.

1. The Caribe Building Rent

At the time of the filing of this bankruptcy case debtor had a sublease agreement for the Caribe Building from JRJ, Inc. Upon an order entered by the Bankruptcy Court on July 15, 2011 the lease agreement for the building was to be surrendered, subject to certain terms and conditions, to Banco Popular, as no agreement was reached between the Debtor and its landlord to pay the arrears to the rent of the building. In agreement with BPPR and to effectuate this Court's prior orders, debtor will sign a deed transferring possession of the building to Banco Popular's or its designee, BP El Caribe Building SPV, LLC.

2. Adversary Proceedings

Debtor filed on December 16, 2011 Adversary Proceeding 11-0269 against Ms. Gloribel Vega Delgado to recover possession of a motor vehicle that belonged to debtor and that was being used by defendant. Ms. Vega Delgado returned the vehicle to debtor and the voluntary dismissal of the Adversary was filed and granted.

3. Cash Collateral Motions

Debtor and BPPR filed the following motions for the use of cash collateral:

- a. Stipulation for the Use of Cash Collateral was filed on March 29, 2011. An order was entered on April 1, 2011 approving the aforesaid motion.
- b. Motion Requesting Order Extending Stipulation for the Use of Cash Collateral was filed on September 30th 2011. An Order was entered on October 4, 2011 approving the aforesaid use of cash collateral.
- c. Joint Motion Requesting Order Amending Stipulation for the Use of Cash Collateral, and an Order was entered granting said motion on November 21st 2011.
- d. Joint Urgent Motion for the entry of an Order Amending Stipulation for the Use of Cash Collateral was filed on May 11, 2012, and an Order was entered granting said motion on May 18, 2012.
- e. Urgent Motion to Supplement Joint Urgent Motion for the Use of Cash Collateral was filed on June 14, 2011, and an Order was entered approving said motion on June 14, 2012

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V. THE PLAN CONFIRMATION PROCESS.

1. Approval of the Disclosure Statement

On _____, 2012, after notice and a hearing held on _____, 2012, the Bankruptcy Court approved this Disclosure Statement as containing information of a kind and in sufficient detail, adequate to enable a hypothetical, reasonable investor to form an opinion as to the convenience or not to vote for the Reorganization Plan. Approval of this Disclosure Statement does not, however, constitute a determination by the Bankruptcy Court as to the fairness or merits of the Plan.

Each Creditor should read this Disclosure Statement and the Plan in their entirety before voting on the Plan.

2. Voting on the Plan

a. Who may vote

Pursuant to the provisions of the Bankruptcy Code, only classes of claims or equity interests which are “impaired” under the terms and provisions of a Plan other than those which are fully impaired and therefore deemed to reject the Plan are entitled to vote to accept or reject such Plan. Holders of Claims in the following Classes are entitled to vote to accept or reject the Plan. In the instant case, the following classes are impaired and are entitled to vote:

1. Class 3: BPPR Pre-Petition Secured Claim (Impaired)
2. Class 4: Allowed General Unsecured Claims (Impaired)

Only persons who hold Claims in these impaired Classes are entitled to vote whether to accept or not reject the Plan. Holders of Claims which are to be paid in full under the Plan are not impaired under the Plan, are deemed to have accepted the Plan and are not entitled to vote.

DEBTOR BELIEVES THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF CREDITORS.

b. Deadline for Voting

The Court has fixed _____ p.m. (Eastern Standard Time) on _____, 2012 as the “Voting Deadline”. Only Persons who hold Claims as of _____, 2012 (the “Voting Record Date”) are entitled to vote to accept or reject the Plan. Ballots must be completed and received, as set forth below, prior, to the voting deadline.

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c. Voting Procedures

(i) Holders of Claims entitled to vote under the Plan.

Holders of all other Claims entitled to vote should cast their ballots directly. Such Creditors should complete and sign the enclosed Ballot and mail it to:

**David Godreau Esq.
Latimer Biaggi Rachid & Godreau
PO Box 9022512
San Juan, PR, 00902-2512**

TO BE COUNTED, YOUR BALLOT MUST BE RECEIVED BY THE VOTING DEADLINE OF 4:30 P.M. EASTERN STANDARD TIME ON _____, 2012. You must ensure the receipt of the ballot before the Voting Deadline. Facsimiles will not be accepted. Ballots received after the Voting Deadline will not be counted.

3. Significance of Voting

The vote of each holder of an impaired Claim entitled to vote is important. Acceptance by each impaired class of claims is a condition to confirmation of the Plan on a consensual basis. The Bankruptcy Code defines "acceptance" of a Plan by a class of creditors as acceptance by holders of two-thirds in dollar amount and more than one-half in number of the claims of that class that actually cast ballots for acceptance or rejection of the Plan. If a class or classes of impaired Claims does not accept the Plan, the Debtor will request confirmation of the Plan under the "cram down" provisions of Section 1129 (b) of the Bankruptcy Code, which permits confirmation, notwithstanding non-acceptance by one or more impaired classes, if the Plan does not discriminate unfairly and is "fair and equitable" with respect to each non-accepting class, as long as at least one class of impaired creditors votes to accept the Plan. See "The Plan Confirmation Process," below. **THESE CALCULATIONS ARE BASED ONLY ON THE CLAIM AMOUNTS AND NUMBER OF CREDITORS WHO ACTUALLY VOTE. ANY BALLOT THAT IS VALIDLY EXECUTED THAT DOES NOT CLEARLY INDICATE REJECTION OF THE PLAN SHALL BE DEEMED TO CONSTITUTE A VOTE FOR ACCEPTANCE OF THE PLAN. THE VOTE OF EACH CREDITOR IS IMPORTANT.**

The Debtor's Counsel will prepare and file with the Court a certification of the results of the balloting with respect to the Plan. **ANY BALLOTS RECEIVED AFTER THE VOTING DEADLINE WILL NOT BE COUNTED, NOR WILL ANY BALLOTS RECEIVED BY FACSIMILE BE ACCEPTED.**

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4. Confirmation Hearing

Pursuant to Section 1128 of the Bankruptcy Code, the Bankruptcy Court has scheduled a hearing to consider confirmation of the Plan commencing at _____ a.m. (Eastern Standard Time), on _____, 2012, at the United States Bankruptcy Court, Jose V. Toledo, US Post Office and Courthouse Building, 300 Recinto Sur Street, Room 109, San Juan, Puerto Rico, before the Honorable Brian K. Tester, United States Bankruptcy Judge. The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan be served and filed with the Bankruptcy Court no later than _____, 2012 in the manner described below.

The Confirmation hearing may be adjourned from time to time without further notice except for the announcement of the adjourned date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing.

At the Confirmation Hearing, the Court will (i) determine whether the requisite votes have been obtained for each Class, (ii) hear and determine objections, if any, to the Plan and to confirmation of the Plan that have not been previously disposed of, (iii) determine whether the Plan meets the confirmation requirements of the Bankruptcy Code, and (iv) determine whether to confirm the Plan.

Any objection to confirmation of the Plan must be in writing and filed and served as required by the Bankruptcy Court pursuant to the order approving the Disclosure Statement, a copy of which accompanies this Disclosure Statement. **Specifically, all objections to the confirmation of the Plan must be served in a manner so as to be received on or before _____, 2012 at 4:30 p.m. (Eastern Standard Time) by:**

- (i) Clerk of the Court United States Bankruptcy Court
US Post Office and Courthouse Building
300 Recinto Sur
San Juan, Puerto Rico 00901
- (ii) Counsel for the Debtor
Mr. F. David Godreau Zayas, Esq.
Latimer, Biaggi, Rachid & Godreau,
P.O. Box 9022512
San Juan, Puerto Rico 00902-2512
- (iii) Counsel for Banco Popular de Puerto Rico
Mr. Luis Marini, Esq.
O'Neill & Borges, LLC
250 Muñoz Rivera Avenue, Suite 800
San Juan, PR, 00918-1813
- (iv) Counsel for the Purchaser
Mr. John J. Rapisardi, Esq.

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Mr. Zachary Smith, Esq.
Cadwalader Wickersham & Taft LLP
One World Financial Center
New York, New York 10281

- (v) Counsel for the Purchaser
Roberto Abesada-Aguet, Esq
Centro Internacional de Mercadeo
Torre II - Suite 407, #90 Carr. 165
Guaynabo, P.R. 00968
- (vi) Counsel for JRJ, Inc.
Mr. Gerardo Carlo Artieri, Esq.
PO Box 9023888
San Juan, Puerto Rico 00902-3888
- (vii) The Office of the United States Trustee
Office of the US Trustee,
Edificio Ochoa, 500 Tanca Street, Suite 301,
San Juan, PR 00901-1922
Attention: Ms. Monsita Lecaroz Arribas, Esq.,
Assistant, U.S. Trustee

VI. FINANCIAL INFORMATION

As of the Petition Date, the Debtor owned assets and had liabilities as more particularly described in their respective schedules and statement of financial affairs, which the Debtor filed with the Bankruptcy Court on March 21, 2011. Said schedules and statements were amended on April 8, 2011, and on May 11, 2011. In addition, the Debtor prepared and filed with the Bankruptcy Court Monthly Operating Reports summarizing Miramar Real Estate Management, Inc., post-petition financial performance. The Debtor's Monthly Operating Reports and respective Schedules and Statement of Financial Affairs are available for public inspection in the Office of the Clerk of the United States Bankruptcy Court, during regular business hours. The information contained in the Debtor's Schedules and Statements of Financial Affairs is summarized as follows:

A. ASSETS

1. Real Property

As of the Petition Date, March 2, 2011 the above captioned debtor was the fee simple owner of the real properties herein after described:

- (a) Parcel of land at #6 Rodriguez Serra Street at San Juan, Puerto Rico. The property was scheduled with a value of \$1,800,000.00 and has a secured claim of \$1,440,000.00 in favor of Doral Bank.

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- (b) Residential structure and lot of land at #2 Rodriguez Serra Street, San Juan, Puerto Rico. Said property was scheduled with the value of \$4,440,000.00 and is encumbered with a \$4,270,672.34 mortgage in favor of Banco Popular de Puerto Rico.
- (c) Parcel of Land lot (A) Hato Tejas, Bayamon, Puerto Rico which is encumbered to Banco Popular through mortgages that exceed \$18,550,000 and has an appraised liquidation value of \$160,000.
- (d) Residential Building of 105 Apartments with number 100 of 8th Street at Carolina, Puerto Rico. Said property has a mortgage of \$2,700,000 in favor of Banco Popular of Puerto Rico and has an appraised liquidation value of \$2,100,000.00.
- (e) Residential Structure and Land having lot 6 & 7 of Seascape Peninsula at Palmas del Mar, Humacao, Puerto Rico. Said property is fully encumbered to Banco Popular through mortgages that exceed \$2,500,000 and has an appraised liquidation value of \$1,500,000.
- (f) The other real property scheduled was the El Caribe Building sub-lease which by Order of this Court is to be surrendered to the an entity designated by BPPR, BP El Caribe Building SPV, LLC., as debtor could not assume the Executory Contract.

2. Personal Property:

As of the petition date March 2, 2011, debtor schedules listed personal property assets of approximately \$24,544,110.78. Said amount consisted mostly of a valuation of the Ciudadela Stock as \$20,000,000.00, Accounts Receivables in the amount of \$2,302,021.23 and a Certificate of Deposit in the amount of \$2,100,000. Pursuant to and upon consummation of the Sale, the assets of Ciudadela will be transferred to the Purchaser as the stock has no value given Ciudadela's insolvency. As explained in the Sub-section 4 herein under, \$2,080,438.51 of the account receivables are from insolvent related/affiliated corporation and are uncollectible. Finally, a substantial part of the \$2,100,000.00 Certificate of Deposit has been used during the pendency of the Bankruptcy with the authorization of the Bankruptcy Court and has current balance of approximately \$280,000.00.

3. Debtor's Stocks

As of the Petition Date, the debtor, Miramar Real Estate Management, Inc., listed in its Schedules (a) 100% ownership by Mr. Carlos López de Azúa. It is a for-profit organization.

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4. Account receivables and Liquidated Debts

As of the Petition Date, according to its Schedules, Debtor held accounts receivable with a reported book value of \$2,302,021.23, which form part of BPPR's collateral. Of the \$2,302,021.23 in scheduled accounts receivables, \$2,080,438.51 is owed from related/affiliated corporations, which are transferring their real property assets to BPPR as part of the Sale and the Transfer of Assets as further described in Sec. XIV.(C) of this Disclosure Statement. Thus, the related/affiliated corporations are no longer operating and the account receivables are uncollectible.

5. Other Contingent and Unliquidated Claims

As of the petition date, Debtor had no other contingent and or unliquidated claims reported as an asset.

6. Machinery, Fixtures, Equipment and Supplies

As of the Petition Date, and in accordance to Debtor's Schedules, Debtor had machinery, fixtures, equipment and supplies worth \$38,426.50. As of the petition date, also in accordance with Debtor's schedule, Debtor had office equipment furnishing and supplies for \$73,475.05.

B. Liabilities

1. Claims

As of the petition date, the Debtor had secured debt, priority unsecured debt and non priority unsecured debt as more particularly described below.

A. Administrative Claims entitled to Priority Under Section 507(a)(2) of the Bankruptcy Code.

At confirmation Debtor estimates that the aggregate professional administrative expenses related to their bankruptcy will total approximately \$383,692.34. In addition, the aggregate administrative expenses related to the operation of Debtor are estimated to total \$150,000.00.

B. Secured Claims.

All secured claims have been previously identified while describing Debtor's Real Property Assets.

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C. Priority Tax Claims and other Priority Claims

As per Debtor’s schedules there are priority claims for the amount of \$113,341.88.

D. General Unsecured Claims

As per Debtor’s schedules there are general unsecured claims for the amount of \$7,907,376.40. In addition, to the aforesaid, debtor owes Banco Popular approximately \$200,000.000.00 for its corporate guarantee related to the La Ciudadela de Santurce development project.

3. Pending Litigation and Other Liabilities

As of the petition date March 2, 2011, Debtor was a party defendant to the following causes of action:

Plaintiff	Defendant	Puerto Rico First Instance Court	Status
Edwin A Cordero	Debtor	San Juan Part	DACO Claim-Stayed
Omar Vázquez; Sheriff Nieves Vázquez	Debtor	San Juan Part	DACO Claim-Stayed
Daniel Becerra Vicente	Debtor	San Juan Part	DACO Claim
Twin Interior, Inc.	Debtor	San Juan Part	Collection of Money - Stayed
Karland Group, Corp.	Debtor	San Juan Part	Bridge of Contract -Stayed

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Vanessa Cruz	Debtor	San Juan Part	DACO Claim - Stayed
Asociación de Condómines Park East	Debtor	San Juan Part	Breach of Contract - Stayed
MRQ Services and Maintenance	Debtor	San Juan Part	Collection of Money
Elliot Vélez Vélez; Consejo de Titulares Paseo Monteflores	Debtor	San Juan Part	Breach of Contract - Stayed
Guardsmark Puerto Rico, Inc.	Debtor	US District Court of Tennessee	Judgment entered - Stayed
Asociación de Titulares Park West	Debtor	San Juan	Breach of Contract
Vanessa Sol Zahir	Debtor	San Juan	Labor - Stayed
Moca Concrete Poles, Inc.	Debtor	San Juan	Collection of Money
Edwin G. Aragonés Sánchez	Debtor	San Juan	Judgment entered

4. Leases and Contracts.

As of the Petition Date, Debtor was a party to the executory contracts shown in **Exhibit II.**

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VII. EXPIRATION OF BANKRUPTCY CODE 1121 EXCLUSIVITY PERIOD.

The Debtor exclusive period of 120 days from the Petition date in which to file a plan of reorganization, pursuant to Section 1121 of the Bankruptcy Code, expired without any plan being filed by the Debtor and without any motion by the Debtor to extend the period of exclusivity. Thereafter, any party in interest had the right to file a plan.

VIII. EMPLOYMENT OF PROFESSIONALS.

Pursuant to various applications filed by the Debtors shortly after the Petition Date, and as reflected on the official Bankruptcy Court Docket, the Bankruptcy Court approved the Debtor's employment of: Latimer, Biaggi, Rachid & Godreau LLP, as bankruptcy counsel; and Mr. Galindez as Certified Public Accountant.

IX. FIRST MEETING OF CREDITORS.

The United States Trustee convened a First Meeting of Creditors pursuant to section 341 of the Bankruptcy Code on April 11, 2011.

X. APPOINTMENT OF OFFICIAL CREDITORS COMMITTEE.

No Official Creditors Committee has been appointed.

XI. SOURCE OF FACTS PRESENTED HEREIN.

Except as otherwise expressly indicated, the portions of this Disclosure Statement describing the Debtor, their businesses, properties and management, and the Debtor's Plan have been prepared from information filed and/or furnished by the Debtor, the schedules and statements filed in court and reports made by external CPA's and appraisers. Each Creditor and holder of a Claim or interest is urged to independently investigate any such matters prior to reliance on the information contained herein.

The information contained herein has not been subjected to recent certified audit and is based, in part, upon information prepared by the Debtor and/or its professional CPA's and appraiser offices.

Certain of the materials contained in this Disclosure Statement are taken directly from other readily accessible documents or are digests of other documents. While Debtor has made every effort to retain the meaning of such other documents or portions that have been summarized, Debtor urges that any reliance on the contents of such other documents should

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depend on a thorough review of the documents themselves. In the event of a discrepancy between this Disclosure Statement and the actual terms of a document, the actual terms of such document will apply.

The statements contained in this Disclosure Statement are made as of the date hereof, and neither the delivery of this Disclosure Statement nor any exchange of existing securities made pursuant to the Plan will, under any circumstance, create any implication that (i) the information contained herein is correct or (ii) there has been no change in the facts set forth herein at any time subsequent to the date hereof. Any estimates of Claims and interests set forth in this Disclosure Statement may vary from the amounts of claims or interests ultimately allowed by the Bankruptcy Court.

XII. COMPLIANCE WITH STATE AND FEDERAL LAWS.

Debtor shall comply with all Federal and State Law pertaining to notice of dismissal of any employee or employees which might in fact be dismissed.

XIII. PREFERENCES.

Debtor hereby preserves for the benefit of the estate all preferences actions. Debtor shall file and prosecute any cause of action related to preferences.

XIV. THE DEBTOR'S PLAN

NOTE: The following is a summary of the Plan. Read the Plan itself for a full disclosure of its contents. The following summary is provided for convenience only; it is not intended as a complete statement of the terms of the Plan. If the summary conflicts in any way with the Plan, the terms of the Plan control. **REFERENCE TO THE PLAN IS NECESSARY FOR A FULL UNDERSTANDING OF ITS TERMS.**

A. Introduction and Summary.

In summary, Debtor presents and proposes the following liquidation plan for the resolution of the outstanding claims against and interests in the above-captioned case.

Together with this Disclosure Statement and Plan debtor is filing a motion pursuant to Section 105, 363, 365, 541 (A) (7), and 1146 (A) of the bankruptcy Code, Bankruptcy Rule 2002, 6004, 6006 and 9019 and Local Bankruptcy Rule 6004-1 requesting authorization and approval of a settlement among the debtor, its direct subsidiary La Ciudadela de Santurce Inc., Banco Popular de Puerto Rico as agent and lender and Banco Popular de Puerto Rico's co-lenders. As per the settlement, all of the assets of La Ciudadela de Santurce, Inc. will be

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transferred to debtor and debtor will in turn sell, free and clear of liens, the aforesaid assets to PBF-TEP Acquisitions, Inc. (and/or Putman Bridge Funding III, LLC or any direct or indirect affiliate of the foregoing by assignment) (herein after the "Purchaser") pursuant to the terms and conditions established in the Purchase Agreement and subject to Bankruptcy Court approval. The settlement agreement and the Purchase Agreement will be filed on this same date. All other assets of the debtor already listed in this disclosure statement will be transferred to BPPR. In consideration of the aforesaid Purchaser shall pay BPPR the amount of approximately \$60,000,000, subject to certain adjustments as contemplated in the Asset Purchase Agreement, (the "BPPR Payment" as further defined in the Asset Purchase Agreement) to reduce the existing claim of Banco Popular and the participating banks and to obtain the release by BPPR of its liens over the Purchased Assets (the "BPPR Release", as defined in the Asset Purchase Agreement). BPPR will agree subject to the receipt of the BPPR Payment to forego distributions from the Debtor's estate through the Plan on account of its unsecured deficiency claim. The Purchaser shall also make an additional payment of \$150,000.00 to the Debtor, which funds, as a result of the agreement by BPPR to forebear from distributions on its unsecured claim, shall be distributed in accordance with the confirmed Plan or further order of the Court.

Latimer, Biaggi, Rachid & Godreau will continue to represent Debtor for the Duration of the Bankruptcy proceedings.

The following summary is for convenience only. **CLAIMANTS VOTING ON THE PLAN MUST READ THE PLAN CAREFULLY.** Without limitation, the definitions set forth in Section I of the Plan are critical to understanding the Plan.

B. Treatment of Claims and Interests Under the Plan.

1. Treatment of Unclassified Claims:

Unclassified Claims (Administrative Claims).

1.1.1 General.

Each holder of an Allowed Administrative Claim, if such claim is filed before the Administrative Claims Bar Date, on account of the Administrative Claim and in full satisfaction thereof, shall receive Cash from the Debtor equal to the allowed amount of such Administrative Claim, on the Effective Date (or as soon thereafter as such Claims are allowed by a Final Order), except to the extent that the Holder of such Allowed Administrative Claim elects, at or before the Confirmation Hearing, to accept a different treatment.

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1.1.2 Payment of Statutory Fees.

On the Effective Date, all fees payable pursuant to 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the Confirmation Hearing (to the extent appropriate or necessary), shall be paid in Cash by the Debtor in an amount equal to the amount of such Administrative Claim.

1.1.3 Treatment and Payment of Other Administrative Claims.

(a) Professionals.

All Professional or other Entities requesting compensation or reimbursement of expenses pursuant to Bankruptcy Code sections 327, 328, 330, 503(b) and 1103 for services rendered before the Effective Date (including any compensation requested by any professional or any other Entity for making a substantial contribution in the Bankruptcy Case) shall File and serve on the Debtor and the United States Trustee an application for final allowance of compensation and reimbursement of expenses no later than thirty (30) days after the Effective Date. No fee or expense application shall be paid to any Entity with respect to fees and expenses incurred after the Effective Date.

Objections to applications of professionals for compensation or reimbursement of expenses must be Filed and served on the Debtor and the professional applicant in accordance with the Bankruptcy Code, the Bankruptcy Rules, and any applicable order of the Bankruptcy Court.

Fees and expenses of professionals shall be paid in Cash by the Debtor in full (a) on the Effective Date, to the extent then-allowed by the Court pursuant to a Final Order prior to the Effective Date or (b) on or before the tenth (10th) day after entry of an order allowing any such fees and expenses becomes a Final Order, to the extent such fees and expenses were not yet allowed as of the Effective Date (except to the extent that the Holder of such Allowed Administrative Claim elects, at or before the Confirmation Hearing, to accept a different treatment).

2. Treatment of Classified Claims and Interests:

2.1. Class 1: Holders of Priority Claims.

Except as otherwise provided in the Plan and subject to compliance with the terms of the Plan, to the extent not previously paid, each holder of an Allowed Priority Claim entitled to priority under sections 507(a)(3), 507(a)(4), 507(a)(5), 507(a)(6), 507(a)(7), or 507(a)(8) of the Bankruptcy Code shall be paid by the Debtor the full amount of its Allowed Priority Claim in Cash through equal monthly payments over a five year period that shall commence to count on the Petition Date, with the first such monthly payment commencing on the first day of the month following the Effective Date and, thereafter, on

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the first day of each following month until the sixtieth (60th) month following the Petition Date.

2.2 Class 2: CRIM Secured Claim (Unimpaired).

To the extent any Claim of a taxing authority is not a Priority Claim nor an Allowed Administrative Claim but qualifies and as an Allowed Secured Claim, then each such holder of an Allowed Secured Claim shall be paid by the Debtor the full amount of its Allowed Secured Claim in Cash in full on or before the Effective Date.

2.3 Class 3: BPPR Pre-Petition Secured Claim (Impaired).

Class 3 consists of the BPPR Pre-Petition Secured Claim, which shall be entitled to vote on the Plan. The Class 3 Claim will be treated as follows under the Plan. All of the Assets, at BPPR's discretion, shall be transferred to BPPR or its designee on the Effective Date of the Plan through the Transfer Documents. Debtor and/or any of its Affiliates shall have no legal, equitable, or other interest, right, claim, or participation in the Assets. The transfer of the Assets to BPPR or its designee, pursuant to the terms described herein, shall be deemed solely in satisfaction of the BPPR Pre-Petition Secured Claim. As described in detail in the Plan, the transfer of the Assets to BPPR shall be free and clear of all Claims, Liens, and Interests. The Assets shall be administered, operated, leased, sold, or disposed exclusively for the benefit of, and controlled by, BPPR or its designee, to satisfy the BPPR Pre-Petition Secured Claim.

2.4 Class 4: Allowed General Unsecured Claims (Impaired).

Class 4 Claims consist of Allowed General Unsecured Claims, which shall include also: the Allowed rejection claims of the holder of any lease or executory contract with the Debtor, and the Banco Popular Unsecured Deficiency Claim. Each Allowed Class 4 Claim other than BPPR will receive on its Claim its Pro Rata Share (calculated by excluding therefrom the Banco Popular Unsecured Claim) from the Unsecured Claims Fund on the later of the (a) Effective Date, or (b) tenth Business Day after disposition of their Claim, up to an amount not to exceed the amount of their Allowed Claim. While the Banco Popular Unsecured Deficiency Claim will not receive distributions from the Unsecured Claim Fund, the Banco Popular Unsecured Deficiency Claim shall be entitled to vote on the Plan.

2.5 Class 5: Interests (Impaired).

The Class 5 Interest consists of the Interests in the Debtor. Upon Confirmation, the rights and interests of the Interest Holders shall be cancelled. Class 5 is deemed to have rejected the Plan and, thus, is not entitled to vote on the Plan.

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3. Treatment of Nonconsenting Classes:

If all of the applicable requirements of Bankruptcy Code section 1129(a), other than section 1129(a)(8), are met with respect to the Plan, the Debtor requests that the Bankruptcy Court confirm the Plan under section 1129(b) of the Bankruptcy Code, with respect to each Impaired Class of Claims or Interests that has not accepted the Plan.

C. Execution and Implementation of the Plan.

1. Transfer of Assets to BPPR or its Designee. As described above, all of the Assets shall be transferred from the Debtor to BPPR, or its designee, free and clear of all Claims, Liens, and Interests, as detailed in the Plan. Upon entry of the Confirmation Order, all of the Interests shall be cancelled. The transfer of the Assets to BPPR will allow the Debtor to satisfy, through such transfer, the Allowed BPPR Pre-Petition Secured Claim. For the avoidance of doubt, to the extent the Purchased Assets have already been sold or otherwise transferred to the Purchaser prior to the Effective Date pursuant to and in accordance with the Sale Order, the Assets transferred pursuant to this Section 4.1 of the Plan shall not include the Purchased Assets.

2. Sale. As described in the Sale Motion, the implementation of the Plan is also premised on the approval of the Sale and the Debtor's receipt of the Unsecured Claims Fund Carve-Out as provided therein in the Sale Order. The Sale is an integral component of the Plan, and part of the means to implement the same, as it (i) allows the Debtor to forgo distributions to BPPR on account of the Allowed BPPR Pre-Petition Unsecured Claim and (ii) together with the distribution contemplated by section 3.4 of the Plan, resolves the BPPR Pre-Petition Secured Claim, among other benefits as detailed in the Sale Motion.

Notwithstanding anything in this Disclosure Statement or the Plan to the contrary, the Sale shall not be subject to approval of the Disclosure Statement, confirmation of the Plan, or to the completion, amendment, approval, non-approval, or withdrawal of the Disclosure Statement or the Plan. No amendment, approval, non-approval, or withdrawal to of the Disclosure Statement or the Plan shall amend, modify, impair, or prejudice the Sale. The Sale is independent of the Disclosure Statement and the Plan. In the event of any conflict between the Sale, on the one hand, and the Disclosure Statement or the Plan, on the other hand, the provisions of the Sale shall prevail.

3. Exemptions from Taxes. Pursuant to section 1146(a) of the Bankruptcy Code, (a) the issuance, transfer, cancellation or exchange of any security under the Plan, including the Sale, or the making or delivery of any instrument of transfer or cancellation pursuant to, in implementation of, or as contemplated by the Plan, including the Sale, including any deeds, bills of sale or assignments executed in connection with any of the transactions contemplated under the Plan, including the Sale, or the re-vesting, transfer or sale of any real or personal property of the Debtor pursuant to, in implementation of, or as contemplated by the Plan, including the

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Sale, (b) the making, delivery, creation, assignment, cancellation, amendment or recording of any note or other obligation for the payment of money or any mortgage, or other security interest under, in furtherance of, or in connection with the Plan, including the Sale, (c) the making, delivery, cancellation or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan and the Sale, including, without limitation, the Confirmation Order and the Sale Order, shall not be subject to any document recording tax, stamp tax (including without limitation, internal revenue and legal aid stamps), conveyance fee or other similar tax, mortgage tax, real estate transfer tax, mortgage recording tax or other similar tax or governmental assessment.

Consistent with the foregoing, public officials in charge of inspecting public deeds for compliance of payment of any stamp taxes (such as inspectors of protocols) or officials of any governmental unit in which any instrument hereunder is to be recorded, (including without limitation, property registrars, recorders of deeds, etc.) shall, pursuant to the Confirmation Order, be ordered and directed to accept such instrument, including any and all instruments wherein BPPR, the Debtor, or to the Purchaser appears including, without limitation, any deed of transfer from the Debtor to BPPR or the Purchaser or corrective deed related thereto executed by the Debtor, BPPR, or the Purchaser, without requiring the payment of any documentary recording tax, stamp tax, deed stamps, transfer tax, intangible tax or similar tax.

Preservation of BPPR's Liens, Loan Documents, and Security Interests. Except as expressly modified by the Sale Order as to the Purchased Assets, all terms and conditions in any prepetition agreements and/or contracts between the Debtor, any other co-debtor, Affiliate(s), or guarantor, and BPPR shall remain in full force and effect, and shall not be modified by the Plan and, thus, the obligations and liabilities therein of any other co-debtor, Affiliate(s), or guarantor shall remain unaltered except as described in the next sentence. Nothing in this Plan or the Disclosure Statement shall affect, impair, modify or limit any obligor, borrower, Affiliates, or guarantor's obligations and liability to Banco Popular on the BPPR Unsecured Deficiency Claim; except, solely, as to Carlos Lopez de Azua who will receive a full release of his obligations under the BPPR Unsecured Deficiency Claim as follows: (a) as to the Ciudadela related obligations, upon (i) the indefeasible payment to BPPR of the BPPR Payment at Closing pursuant to the terms of the Sale, Letter Agreement, and Purchase Agreement, or (ii) the terms and timing contemplated in those certain consent judgments and settlement agreements that are being executed among BPPR, the borrowers and guarantors (collectively, the "Ciudadela Release"); and (b) as to the obligations secured by the Properties and Edificio Caribe, effective upon and subject to the transfer of each such property to BPPR. Furthermore, BPPR, including any and all of its subsidiaries, assignees, designees and/or successors, will release, effective on the date of the Ciudadela Release, any security interest and/or assignment over Carlos Lopez de Azua's personal life insurance policy as contemplated in, and pursuant to the terms of, those certain consent judgments and settlement documents that are being executed among BPPR, the borrowers and guarantors.

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D. Treatment of Executory Contracts.

1. Generally. Unless previously assumed by order of the Bankruptcy Court pursuant to section 365 of the Bankruptcy Code, on the Effective Date, all agreements, contracts and leases of the Debtor shall be rejected pursuant to Bankruptcy Code section 365. The Confirmation Order shall constitute an order of the Bankruptcy Court approving all such rejections, pursuant to Bankruptcy Code section 365, as of the Effective Date.

2. Executory Contract Claims. Each Claim arising from the rejection of an Executory Contract for which a Proof of Claim is not filed with the Bankruptcy Court on or before the earlier of: (x) the 30th day after the Confirmation; (y) the thirtieth day after the date of such rejection shall not be an Allowed Claim. A Claim arising from the rejection of an Executory Contract shall not become an Allowed Claim (provided that it is otherwise within the definition of "Allowed Claim") until thirty (30) days after it is filed and shall be paid from the BPPR Unsecured Claims Fund.

E. Claims and Distributions.

1. Satisfaction of Claims and Release. Upon Confirmation of the Plan, all Claims and Interests against the Debtor shall be released except as provided in the Plan, including, without limitation, the exception provided in Section 4.4 of the Plan.

2. Contested Claims. Notwithstanding any other provision of this Plan, no cash or property shall be distributed under the Plan on account of any Contested Claim until the Claim is allowed. The Debtor shall establish a reserve with respect to Contested Claims from the respective fund applicable to such claims. Cash and property to be distributed on account of the Contested Claims shall be held until such Claims are allowed or disallowed by Final Order. Within thirty (30) days of the date when a Contested Claim becomes allowed, the Holder shall receive a pro-rata distribution from the applicable fund in the allowed amount of the Claim, plus a proportionate amount of any interest earned on any cash, and, thereafter, shall participate in any further distributions under the Plan as the Holder of an Allowed Claim.

3. Estimation. In order to effectuate distributions pursuant to the Plan and to avoid undue delay in the administration of the Bankruptcy Case, the Debtor and/or BPPR shall have the right to seek an order of the Bankruptcy Court, pursuant to Bankruptcy Code section 502(c), after notice and a hearing (which notice may be limited to the Holder of a Contested Claim and which hearing may be held on an expedited basis), estimating or limiting the amount of property that must be withheld from distributions on account of Contested Claims.

4. Objection to Claims. After entry of the Confirmation Order, only the Debtor and/or BPPR shall have the authority to file, settle, compromise, withdraw or litigate to judgment objections to Claims. Unless otherwise provided herein or ordered by the Bankruptcy Court, all objections to Claims shall be served and filed on the later of (a) thirty (30) days after the

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Effective Date, or (b) thirty (30) days from the operative deadline within which the Claim was timely filed.

5. Contingent and Unliquidated Claims. Any Claims which (a) are not listed as an Allowed Claim on the Debtor' Schedules, as amended, (b) are not evidenced by a valid, timely Proof of Claim, or (c) are not listed in the exhibits to the Plan as an Allowed Claim, shall not receive any distribution of cash or property under the Plan until the same becomes an Allowed Claim, and shall be disallowed and discharged if the Claim is not Allowed by Order of the Court within sixty (60) days after the Effective Date.

6. Procedures Regarding Distributions under the Plan. The distributions required by the Plan will be made in the following manner:

- a. Delivery. All distributions and other payments provided for in the Plan will be made by the Debtor. All distributions will be made at the addresses set forth on the Proofs of Claim filed with the Court, the Schedules, if no Proof of Claim has been filed by a Claimant, or at the last known address of the Claimant filed of record in the Bankruptcy Case. In the event that any distribution is returned as undeliverable, the Debtor shall hold such distribution for a period of sixty (60) days after the date on which such distribution was first attempted. If the Debtor receives notice within the 60-day period of the Claimant's current address, the Debtor shall deliver the previously-attempted distribution to the Creditor address. If the Debtor does not receive notice within the 60-day period of the Claimant's current address, then, at the end of the 60-day period, such Claimant's distribution shall be retained by the Debtor and any Claim held by the Claimant shall be barred and disallowed.
- b. Cash Payments and Time Bar. Cash distributions made by the Debtor shall be checks drawn on a domestic bank, and promptly mailed, postage prepaid, or by wire transfer from a domestic bank. Any check issued to pay an Allowed Claim will be null and void if such check is not negotiated within ninety (90) days of its issuance. All Claims resulting from a void check will be barred and discharged. The Debtor shall retain the funds resulting from such voided checks.
- c. Withholding Taxes on Distribution. The Debtor shall withhold, from any cash or property distributed in connection with the Plan, such amounts as which must be withheld for income taxes to the extent required by law.

F. Vesting of Property

Except as otherwise provided for in the Plan, all Assets of La Ciudadela de Santurce shall be transferred to Purchaser upon the Order approving the sale of said assets, free and clear of liens becoming firm and final. All other real property of debtor, except as otherwise provided in the Plan, shall be transferred on the Effective Date to Banco Popular de Puerto Rico.

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Pursuant to section 1146 (c) of the Bankruptcy Code, the transfer of the Debtor's Assets or any other such transactions contemplated under the Plan shall not be subject to any stamp, real estate, transfer, mortgage recording or other similar tax.

G. Sources of Cash for Plan Distributions and Implementation

Except as otherwise provided for in the Plan or the Confirmation Order, all Cash necessary for payments to be made pursuant to the Plan, shall be obtained from the collection of the accounts receivables and the 150,000.00 to be paid by Purchaser to debtor as part of the sale of the assets of La Ciudadela de Santurce, Inc.

H. Discharge

This is a liquidating Plan. Accordingly, Confirmation of the Plan shall not operate as a discharge, pursuant to Bankruptcy Code section 1141(d), of any and all debts of or Claims against the Debtor that arose at any time prior to Confirmation.

I. No Assumption of Liabilities / Free and Clear Transfer.

Neither BPPR nor any of its designee, assignee or transferee (as a successor entity, successor employer or otherwise) has acquired, and such entities will not acquire or assume, or be deemed to have acquired or assumed, any obligations or liabilities of the Debtor, asserted or unasserted, known or unknown, including employee related claims, payroll taxes, employee contracts, employee seniority accrued by the employees while employed by the Debtor, pension plan contribution and successor liability, and all persons and/or entities are hereby permanently enjoined and restrained from asserting or prosecuting any claim against BPPR or its affiliates or designees or agents, to recover on any such claim such person has or may have against the Debtor, its estate, and/or the Assets and Properties, relating to the ownership, use and/or operation of the Assets and Properties including, without limitation, any present or future right of first refusal or right of set-off or recoupment or under or on account of any theory of successor liability.

Neither BPPR nor its affiliates or designees, nor its successors, assigns or transferees, shall be obligated or liable, either directly or indirectly, as successor, transferee or otherwise, for any liabilities or interests of the Debtor, or any of its affiliates or Affiliates (whether under federal or state law or the laws of the Commonwealth of Puerto Rico or otherwise) as a result of the transfer of the Assets and Properties or employment of any former employee of Debtor including, without limitation, any retention agreements entered into by the Debtor prepetition or postpetition or assumed postpetition by order of this Court or otherwise. Neither BPPR nor its affiliates or designees, or its successors, assigns or transferees, nor the Assets and Properties, shall be or be deemed to be a successor or successor in interest or responsible person or potentially responsible

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person to the Debtor or any current or former creditor, employee, equity holder or other party in interest with respect to any liability or interest, and none shall have any liability (whether under federal or state law or the laws of the Commonwealth of Puerto Rico or otherwise) for successor liability, including, without limitation, with respect to any liabilities or interests arising from or under products liability, tax, environmental, employment or other laws other laws and statutes of the United States, and any of its states, territories and possessions, including the Commonwealth of Puerto Rico.

Under no circumstances shall BPPR or its designee(s) be deemed a successor of or to the Debtor for any Interest against or in the Debtor or the Assets and Properties, of any kind or nature whatsoever. The sale, transfer, assignment and delivery of the Assets and Properties shall not be subject to any Interests, and all Interests of any kind or nature. All persons holding Interests against or in the Debtor or the Assets or Properties of any kind or nature whatsoever shall be, and hereby are, forever barred, estopped, and permanently enjoined from asserting, prosecuting, or otherwise pursuing such Interests of any kind or nature whatsoever against BPPR and its designee(s), their respective property, their respective successors, assigns and transferees, or the Assets with respect to any Interest of any kind or nature whatsoever such person or entity had, has, or may have against or in the Debtor, their estates, officers, directors, shareholders, or the Assets. Following the transfer of the Assets to BPPR or its designee(s), no holder of an Interest in the Debtor shall interfere with BPPR's or its designee(s) title to or use and enjoyment of the Assets and Properties based on or related to such Interest, or any actions that the Debtor may take in the Bankruptcy Case.

The transfer of the Properties and Assets to BPPR or its designee(s) will not subject BPPR or its designee(s) to any liability whatsoever with respect to the operation of the Properties and Assets or employment of the Debtor's current or former employees prior to the transfer to BPPR or its designee(s) by reason of such transfer under the laws of the United States or any state, territory, or possession thereof including the Commonwealth of Puerto Rico, based, in whole or in part, directly or indirectly, on any theory of law or equity, including, without limitation, any theory of equity or law, including, without limitation, any theory of antitrust or successor or transferee liability with regard to severance obligations that may be due and owing by the Debtor.

The transfer of the Properties and Assets to BPPR or its designee(s) will be a legal and effective conveyance of the Assets. Any and all parties are enjoined and restrained from taking any action, including without limitation, the assertion or exercise of any alleged rights, including any right of first refusal, offset, recoupment, or the assertion of any Claim, Interest, and/or Lien against any of the Assets transferred to the BPPR, its affiliates, agents, successors, designees or assigns, or against any of the property of the foregoing, including, without limitation, against any real or personal property transferred to BPPR or its designee(s) through the Plan.

THE FOREGOING SUMMARY IS NOT A COMPLETE DESCRIPTION OF THE PLAN OR A FULL STATEMENT OF ITS TERMS. THE PLAN CONTAINS ADDITIONAL TERMS AND CONDITIONS NOT HERE DISCUSSED AND MAY HAVE ADDITIONAL

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PROVISIONS TREATED FULLY ONLY IN THE PLAN. THE PLAN CONTROLS THIS SUMMARY, WHICH IS PROVIDED FOR CONVENIENCE ONLY. READ THE PLAN FOR AN UNDERSTANDING OF ITS TERMS.

XV. THE PLAN CONFIRMATION PROCESS

Acceptance and Confirmation

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all the requirements of section 1129 of the Bankruptcy Code are met. Among the requirements for confirmation of the Plan are that the Plan is (i) accepted by the impaired class of claims or, if rejected by the impaired class that the plan “does not discriminate unfairly” and is “fair and equitable” as to the Class, (ii) feasible, and (iii) in the best interests of creditors whose claims are impaired under the Plan.

Acceptance of the Plan

For the Plan to be accepted by any class, it must be accepted by creditors who hold at least two thirds in dollar amount of the Claims in such impaired class as to which votes are cast, and who comprise more than one half of the voting creditors holding claims in such class. A Class is impaired if the legal, equitable, or contractual rights attaching to the Claims in that class are modified, other than by curing defaults, reinstating maturity, and compensating the holder for certain kinds of reliance damages. Creditors whose claims are not impaired by the Plan may not vote and are conclusively presumed, pursuant to the Bankruptcy Code, to have accepted the Plan.

If any impaired Class does not accept the Plan, the Debtor can nevertheless seek confirmation of the Plan. As set forth by section 1129 (b) of the Bankruptcy Code, to obtain such confirmation and “cram-down” on the dissenting class or classes, the Debtor must demonstrate to the Bankruptcy Court that the Plan “does not discriminate unfairly” and is “fair and equitable” with respect to each dissenting class. A Plan does not discriminate unfairly if, among other things, the dissenting class is treated substantially equally with respect to other classes of equal rank. The debtor will satisfy the fair and equitable’ test if it can demonstrate to the Bankruptcy Court that either: (a) each holder of a claim or interest in the dissenting classes received or retains, under the Plan, property of a value equal to the allowed amount of its claim or interest; or (b) the holders of Interests that are junior to the Interests of the holders of such dissenting class will not receive or retain any property under the Plan.

Feasibility

As a condition to Confirmation of a Plan, section 1129 (a) of the Bankruptcy Code requires that the confirmation of the Plan is not likely to be followed by the liquidation of the Debtor or the need for further financial reorganization unless such liquidation or reorganization

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is proposed in the Plan. Liquidation is proposed in the Plan in the event of the Sale Transaction. Thus the Plan meets the feasibility requirement in that it will be able to make all payments required by the Plan without the necessity for further financial reorganization.

Best Interest Test

Confirmation of the Plan also requires that each claimant either (a) accept the Plan or (b) receive or retain under the Plan property of a value, as of the Effective Date of the Plan, that is not less than the value such claimant would receive or retain if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code.

To determine what Creditors and holders of Interest would receive if the Debtor was liquidated, the Bankruptcy Court must determine the dollar amount that would be generated from the liquidation of the Debtor's assets and properties in the context of a Chapter 7 liquidation case.

If a Chapter 7 liquidation were pursued for the Debtor, the amount of liquidation value available to Unsecured Creditors would be reduced, first, by the claims of secured creditors to the extent of the value of their collateral, and second, by the costs and expenses of liquidation, as well as by other administrative expenses and costs of both the Chapter 7 and the Chapter 11 cases. Cost of liquidation under chapter 7 of the Bankruptcy Code would include the compensation of a Trustee, as well as counsel and other professionals retained by the Trustee, asset disposition expenses, all unpaid expenses incurred by the Chapter 11 case (such as compensation of attorneys, financial advisors and accountants) that are allowed in the Chapter 7 case litigation costs, and claims, arising from the operations of the debtor during the pendency of the Chapter 11 case. The liquidation itself would trigger certain priority payments that otherwise would be due in the ordinary course of business. Those priority claims would be paid in full from the liquidation proceeds before that balance would be made available to pay general unsecured claims or to make any distribution with respect of equity interests.

Once the Bankruptcy Court ascertains the recoveries in liquidation of secured creditors and priority claimants, it must determine the probable distribution to general unsecured creditors from the remaining available proceeds in liquidation. If such probable distribution has a value greater than the distributions to be received by such creditors under the Plan, then the Plan is not in the best interest of creditors. The Debtor believes that the members of each Class of Impaired Claims will receive at least as much under the Plan than they would receive if the Debtor were liquidated under Chapter 7.

Thus, the Debtor believes that the Plan meets the "best interest of creditor's test" of section 1129 (a) (7) of the Bankruptcy Code with respect to the Debtor. The liquidation analysis for the Debtor is annexed hereto as **Exhibit 6** to this Disclosure Statement. As indicated in **Exhibit 6**, Unsecured Creditors would receive a smaller distribution in the event of a Chapter 7 liquidation.

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**CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN
RELATING TO HOLDERS OF CLAIMS**

THE FOLLOWING DISCUSSION SUMMARIZES CERTAIN ANTICIPATED FEDERAL INCOME TAX CONSEQUENCES OF THE TRANSACTIONS PROPOSED BY THE PLAN TO CERTAIN HOLDERS OF CLAIMS THAT ARE IMPAIRED UNDER THE PLAN. THIS SUMMARY IS PROVIDED FOR INFORMATIONAL PURPOSES ONLY AND IS BASED ON THE INTERNAL REVENUE CODE OF 1986, AS AMENDED ("THE CODE"), TREASURY REGULATIONS PROMULGATED THEREUNDER, JUDICIAL AUTHORITIES, AND CURRENT ADMINISTRATIVE RULINGS AND PRACTICE, ALL IN EFFECT AS OF THE DATE HEREOF AND ALL OF WHICH ARE SUBJECT TO CHANGE, POSSIBLY WITH RETROACTIVE EFFECTS THAT COULD ADVERSELY AFFECT THE FEDERAL INCOME TAX CONSEQUENCES DESCRIBED BELOW.

THIS SUMMARY DOES NOT ADDRESS ALL ASPECTS OF FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF A CLAIM IN LIGHT OF ITS PARTICULAR FACTS AND CIRCUMSTANCES OR TO CERTAIN TYPES OF HOLDERS OF CLAIMS SUBJECT TO SPECIAL TREATMENT UNDER THE CODE (FOR EXAMPLE, NON-U.S. TAX PAYERS, FINANCIAL INSTITUTIONS, BROKER-DEALERS, LIFE INSURANCE COMPANIES, TAX-EXEMPT ORGANIZATIONS, AND THOSE HOLDING CLAIMS THROUGH A PARTNERSHIP OR OTHER PASS-THROUGH ENTITY). THIS SUMMARY ASSUMES THAT HOLDERS OF CLAIMS HOLD THEIR CLAIMS AS CAPITAL ASSETS FOR FEDERAL INCOME TAX PURPOSES (GENERALLY, PROPERTY HELD FOR INVESTMENT) AND ALSO DOES NOT DISCUSS ANY ASPECTS OF STATE, LOCAL, OR NON-U.S. TAXATION. A SUBSTANTIAL AMOUNT OF TIME MAY ELAPSE BETWEEN THE DATE OF THIS DISCLOSURE STATEMENT AND THE RECEIPT OF A FINAL DISTRIBUTION UNDER THE PLAN. EVENTS SUBSEQUENT TO THE DATE OF THIS DISCLOSURE STATEMENT, SUCH AS ADDITIONAL TAX LEGISLATION, COURT DECISIONS, OR ADMINISTRATIVE CHANGES, COULD AFFECT THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREUNDER. NO RULING WILL BE SOUGHT FROM THE INTERNAL REVENUE SERVICE (IRS") WITH RESPECT TO ANY OF THE TAX ASPECTS OF THE PLAN AND NO OPINION OF COUNSEL HAS BEEN OR WILL BE OBTAINED BY THE COMPANIES WITH RESPECT THERETO. ACCORDINGLY, EACH HOLDER OF A CLAIM IS STRONGLY URGED TO CONSULT ITS TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL, AND NON-U.S. TAX CONSEQUENCES OF THE PLAN TO SUCH HOLDER.

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Holders of Claim Who Receive Cash

A creditor who received only cash in satisfaction of its debt generally will be required to recognize ordinary income to the extent that any amount received is attributable to interest that has accrued but has not been reported during the holding of the debt. The creditor must also recognize gain or loss equal to the difference between the creditor's basis in the debt and the amount of consideration that is not allocable to interest. The character of any recognized gain or loss will depend upon the status of the creditor, the nature of the debt in its hands and the creditor's holding period in the debt.

All holders of Claims and Interests are urged to consult their own tax advisors with respect to the federal, state, local, and foreign tax consequences of the Plan. THIS DISCLOSURE STATEMENT IS NOT INTENDED, AND SHOULD NOT BE CONSTRUED, AS LEGAL OR TAX ADVICE TO ANY CREDITOR.

Risk Factors

This section summarizes some of the risks associated with the Plan. This analysis, however, is not exhaustive and must be supplemented by an evaluation of the Plan and this Disclosure Statement as whole by each holder of a Claim with such holder's own advisors.

AS SUCH, HOLDERS OF CLAIMS AGAINST THE DEBTOR SHOULD READ AND CONSIDER CAREFULLY THE FACTORS SET FORTH BELOW, AS WELL AS OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT, 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, THEIR IMPLEMENTATION OR THEIR SUCCESS.

Risk Impacting Distributions to Creditors

Amount of Allowed Claims

The Debtor's Projection of Allowed Claims is substantially less than the amount of Claims filed against the Debtor. In the event the amount of Allowed Claims is greater than projected by the Debtor, then holders of Allowed Claims will receive a smaller percentage of recovery, if any, because of the larger amount of Allowed Claims.

Risks Relating to Confirmation

1. Risk of Non-Confirmation of the Plan.

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Although the Debtor believes 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.

Further, for the Plan to be confirmed, each impaired Class of Creditors is given the opportunity to vote to accept or reject the Plan, except for those classes which will receive no distribution under the Plan and are, therefore, presumed to have rejected the Plan. There can be no assurance that the requisite acceptances to confirm the Plan (both in terms of numerosity and claim amount) will be received.

2. Non-Consensual Confirmation or “Cramdown”

In the event that one or more impaired classes votes to reject the Plan, the Debtor may request that the Bankruptcy Court confirm the Plan and effect a “cramdown” on such dissenting class or classes, pursuant to Section 1129 (b) of the Bankruptcy Code there can be no assurance, however, that the Debtor would prevail in its effort to effectuate confirmation of the Plan through the “cramdown” provisions of the Bankruptcy Code.

3. Failure of the Conditions Precedent to the Effective date of the Plan

Certain conditions must be satisfied in order for the Plan to become effective and for the transactions contemplated therein to be consummated. Unless such conditions are fully satisfied, or waived in accordance with the applicable provisions of the Plan and in compliance with the Bankruptcy Code, the transactions contemplated in the Plan will not be consummated and the Plan will not become effective. Although the Debtor believes that each of the conditions precedent to the effective date of the Plan are capable of being satisfied, the ability to satisfy each and every of the conditions is not possible to predict with certainty at this time.

XVI. ALTERNATIVES TO THE PLAN

If the Plan is not confirmed and consummated, the alternatives include (a) proposal of an alternative Plan, (b) liquidation of the Debtor under Chapter 7 of the Bankruptcy Code, or (c) dismissal of the Case.

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XVII. RETENTION OF JURISDICTION BY THE COURT

1. Retention Of Jurisdiction. Notwithstanding the entry of the Confirmation Order or the occurrence of the Effective Date, the Bankruptcy Court shall retain jurisdiction over the Case, including any of the proceedings arising from, or relating to, the Case pursuant to section 1142 of the Bankruptcy Code and 28 U.S.C. § 1334 to the fullest extent permitted by the Bankruptcy Code and other applicable law, and including, without limitation, such jurisdiction as is necessary to ensure that the purpose and intent of the Plan are carried out. Without limiting the generality of the foregoing, the Bankruptcy Court shall retain jurisdiction for the following purposes:

1.1 to hear and determine any and all objections to the allowance, or requests for estimation, of Claims;

1.2 to consider and act on the compromise and settlement of any Claim against, or cause of action on behalf of, the Debtor or its Estate;

1.3 to enter such orders as may be necessary or appropriate in connection with the Assets wherever located;

1.4 to hear and determine any and all applications for allowance of compensation and reimbursement of expenses;

1.5 to hear and determine any and all controversies, suits and disputes arising under or in connection with the interpretation, implementation or enforcement of the Plan and any of the documents intended to implement the provisions of the Plan or any other matters to be resolved by the Bankruptcy Court under the terms of the Plan;

1.6 to hear and determine any and all matters relating to the Sale;

1.7 to hear and determine any motions or contested matters involving taxes, tax refunds, tax attributes and tax benefits and similar and related matters with respect to the Debtor arising prior to the Effective Date or relating to the administration of the Case, including, without limitation, matters involving federal, state and local taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code;

1.8 to hear and determine any and all applications, adversary proceedings and contested matters pending on the Effective Date;

1.9 to hear and determine any and all actions that are commenced in accordance with the Plan after the Effective Date;

1.10 to effectuate distributions under and performance of the provisions of the Plan;

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1.11 to hear and determine any and all actions against or by BPPR or the Debtor that are related in any way to the Plan, the Confirmation Order, or events that preceded the Confirmation Order;

1.12 to hear and determine any applications to modify provisions of the Plan to the full extent permitted by the Plan, Bankruptcy Code and Bankruptcy Rules;

1.13 to correct any defect, cure any omission or reconcile any inconsistency in the Plan, documents entered into in order to implement the Plan, the Exhibits to the Plan and annexes thereto, or any order of the Bankruptcy Court, including the Confirmation Order, as may be necessary to carry out the purposes and intent of the Plan;

1.14 to determine such other matters as may be provided for in the Confirmation Order or as may from time to time be authorized under the provisions of the Bankruptcy Code or any other applicable law;

1.15 to enforce all orders, judgments, injunctions, releases, exculpations, indemnifications and rulings issued or entered in connection with the Case or the Plan;

1.16 to enter such orders as may be necessary or appropriate in aid of confirmation and to facilitate implementation of the Plan, including, without limitation, any stay orders as may be appropriate in the event that the Confirmation Order is for any reason stayed, revoked, modified or vacated;

1.17 to determine any other matter not inconsistent with the Bankruptcy Code or the Plan; and

1.18 to resolve any disputes regarding fees and expenses of professionals employed by the Debtor.

2. Exclusive Jurisdiction. The retention of jurisdiction provided for herein shall be exclusive with respect to all matters set forth in section 9.1 hereof, and shall preserve the Bankruptcy Court's power, subject to court authority under section 305 of the Bankruptcy Code or 28 U.S.C. Section 1334(c) to abstain as to all or part of any proceedings.

3. Effectuating Orders. The Bankruptcy Court shall enter all judgments, partial judgments and Final Orders necessary to effectuate or enforce the Plan, any term therein or as reasonably requested by any party intended as a direct beneficiary of a material provision of the Plan. Such orders and decrees may include, among other relief, a permanent injunction mandating all actions, releases, assignments, transfers and waivers required by the Plan.

XVIII. CONCLUSION

The Debtor believes that the Plan and proposed settlements contained herein are fair and

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reasonable and in the best interest of the Estate and Creditors and offers the best possible recoveries for Creditors under the circumstances.

Dated: August 13, 2012.

MIRAMAR REAL ESTATE MANAGEMENT, INC

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