

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X

In re:

QUEEN ELIZABETH REALTY CORP.,

Debtor.

Chapter 11

Case No. 13-12335 (SMB)

-----X

MODIFIED FOURTH AMENDED CHAPTER 11 PLAN OF REORGANIZATION

Dated: January 13, 2016

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INTRODUCTION

Queen Elizabeth Realty Corp. (the “**Debtor**”) hereby proposes this Fourth Amended Chapter 11 Plan (the “**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.

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 **“9019 Order”** shall mean the Order Pursuant to Bankruptcy Rule 9019 Authorizing and Approving Settlement Between the Debtor, the Jeffrey Wu Parties and the Receiver [Docket No. 288] entered by the Court on December 2, 2015.

1.3 **“Administrative Claim”** shall mean a Claim under section 503(b) (including, without limitation, all administrative claims under sections 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 expense of administration of the Chapter 11 Case including, without limitation, any actual and necessary expenses of operating the business 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.

1.4 **“Administrative Claims Bar Date”** shall have the meaning ascribed to such term in Section 2.3 of this Plan.

1.5 **“Administrative Claims Reserve”** shall have the meaning ascribed to such term in Section 7.3 of this Plan.

1.6 **“Allowed Claim”** or **“Allowed Administrative Claim”** shall mean: (a) any Claim, proof of which is/was filed with the Bankruptcy Court on or before the date designated by the Bankruptcy Court as the last date(s) for filing proofs of claim with respect to such Claim, or which has been or hereafter is scheduled by 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. Except as otherwise specified in this Plan or a Final Order, the amount of an Allowed Claim shall not include interest on such Claim after the filing of the Chapter 11 Case.

1.7 “**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.

1.8 “**Bankruptcy Code**” shall mean title 11 of the United States Code, as amended from time to time.

1.9 “**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.

1.10 “**Bankruptcy Rules**” shall mean the Federal Rules of Bankruptcy Procedure, as amended from time to time.

1.11 “**Bar Date**” shall mean October 28, 2013, the date set by the Bankruptcy Court as the last day to file proofs of Claim.

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

1.13 “**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.

1.14 “**Cash Collateral Order**” shall mean, collectively, the Stipulation and Order Authorizing Debtor’s Interim Use of Cash Collateral [Docket No. 30] entered on September 23, 2013, and any subsequent orders or written consents from SCB extending the Debtor’s use of cash collateral on substantially the same terms.

1.15 “**Chapter 11 Case**” shall mean the above-captioned chapter 11 case pending for the Debtor.

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

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

1.18 “**Confirmation**” shall mean the entry of the Confirmation Order on the docket of the Bankruptcy Court.

1.19 “**Confirmation Date**” shall mean the date of entry of an order of the Bankruptcy Court confirming the Plan in accordance with the provisions of the Bankruptcy Code.

1.20 “**Confirmation Hearing**” shall mean the hearing to confirm the Plan.

1.21 “**Confirmation Order**” shall mean the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

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

1.23 “**Debtor**” shall mean Queen Elizabeth Realty Corp.

1.24 “**Disclosure Statement**” shall mean the third amended disclosure statement respecting the Plan, all exhibits and annexes thereto, and any amendments or modifications thereof.

1.25 “**Disputed Claim**” shall mean any Claim: (a) listed on the Schedules as unliquidated, disputed or contingent; or (b) as to which the Debtor or any party in interest have interposed a timely objection or request for estimation in accordance with the Bankruptcy Code and the Bankruptcy Rules or is otherwise disputed by the Debtor, which objection, request for estimation or dispute has not been withdrawn or determined by a Final Order.

1.26 “**Distribution(s)**” shall mean a payment of Cash and/or any other distributions of property made to holders of Allowed Claims or Equity Investments pursuant to this Plan and the Cash Collateral Order.

1.27 “**Effective Date**” shall mean the first Business Day following the date on which each of the conditions set forth in Section 9.1 of the Plan have been satisfied; 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.

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

1.29 “**Equity Interest**” shall mean the legal, equitable, contractual or other rights of any Person with respect to any capital stock, membership interest or other ownership interest in the Debtor, whether or not transferable, and any option, warrant or right to purchase, sell, subscribe for, or otherwise acquire or receive an ownership interest or other equity security in the Debtor. Phillip Wu, Jeffrey Wu, and Lewis Wu each hold a one-third Equity Interest in the Debtor.

1.30 “**Estate**” shall mean the estate of the Debtor created pursuant to section 541 of the Bankruptcy Code upon the commencement of the Chapter 11 Case.

1.31 “**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 property transmitted to the Clerk of the Bankruptcy Court.

1.32 “**Final Order**” shall mean an order or judgment of the Bankruptcy 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 stayed, reversed, or amended, and as to which order or judgment (or any revision, modification, or amendment thereof) the time to appeal or seek review or rehearing or leave to appeal has expired and as to which no appeal or petition for review or rehearing was filed or, if filed, no appeal or petition for review or rehearing remains pending; provided, however, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, may be filed with respect to such order or judgment shall not cause such order or judgment not to be a Final Order.

1.33 “**General Unsecured Claim**” shall mean any unsecured, non-priority Claim that is not an Administrative Claim, Priority Tax Claim, Other Priority Claim, Professional Fee Claim, or Secured Claim.

1.34 “**Impaired**” shall have the meaning ascribed to such term in section 1124 of the Bankruptcy Code.

1.35 “**Liens**” shall mean valid and enforceable liens, mortgages, security interests, pledges, charges, encumbrances, or other legally cognizable security devices of any kind.

1.36 “**Madison**” shall mean MRC RE Holdings II LLC, the proposed assignee of SCB’s rights under the SCB Loan Documents.

1.37 “**Madison Term Sheet**” shall mean the Term Sheet between Madison and [], annexed hereto as Exhibit B.

1.38 “**Matrimonial Court**” shall mean the New York County Supreme Court overseeing the matrimonial action between Margaret Wu and Phillip Wu.

1.39 “**October 6th Matrimonial Court Order**” shall mean the order dated October 6, 2015, entered by the Matrimonial Court that provides, among other things, “the Receiver is not enjoined, in any respect, from ... (ii) executing, delivering, or participating in any stipulation, negotiations or other proceedings involving the matrimonial parties, or the properties of the matrimonial parties, in the [Chapter 11 Case]; or (iii) submitting either an affirmative or negative vote in connection with any proposed plan of reorganization in the QERC bankruptcy.”

1.40 “**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, Professional Fee Claim or Priority Tax Claim.

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

1.42 “**Petition Date**” shall mean July 17, 2013.

1.43 “**Plan**” shall mean this Fourth Amended Chapter 11 Plan of Reorganization, all exhibits hereto and any further amendments or modifications hereof made in accordance with the terms hereof, the Bankruptcy Code and the Bankruptcy Rules.

1.44 “**Plan Funding**” shall mean the funding obtained by Jeffrey Wu and Lewis Wu pursuant to the Madison Term Sheet, which funding will be used, *inter alia*, for the assignment of the SCB Loan Documents and to provide for payment of the SCB Secured Claim, Allowed Administrative and Priority Claims, all Allowed General Unsecured, the estimated Allowed Professional Fee Claims, and the Administrative Claims Reserve. The Plan Funding shall occur [] days after entry of the Confirmation Order.

1.45 “**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.

1.46 “**Professional(s)**” shall mean a Person employed pursuant to an order of the Bankruptcy Court in accordance with sections 327, 328, or 1103 of the Bankruptcy Code or otherwise and to be compensated for services rendered prior to the Effective Date pursuant to sections 327, 328, 329, 330 and/or 331 of the Bankruptcy Code.

1.47 “**Professional Fee Claim**” shall mean those fees and expenses claimed by a Professional Person pursuant to sections 330, 331 or 503 of the Bankruptcy Code, and unpaid as of the Effective Date, but not including any subrogation or contribution Claim arising from any Person’s payment of any fees and expenses to a Professional Person.

1.48 “**Professional Fee Claims Bar Date**” shall have the meaning ascribed to such term in Section 2.4 herein.

1.49 “**Property**” shall mean the premises located at 66/82 Elizabeth Street, Commercial Unit, New York, New York 10013.

1.50 “**Pro Rata**” or “**Pro Rata Share**” shall mean the proportion that the amount of an Allowed Claim in a particular Class bears to the aggregate amount of all Claims in such Class, including Disputed Claims, but not including Disallowed Claims, as calculated by the Debtor prior to the Effective Date.

1.51 “**Receiver**” shall mean Dean K. Fong, as receiver of the property of Phillip Wu.

1.52 “**Released Parties**” shall mean Jeffrey Wu, Lewis Wu, Margaret Wu, the Receiver, and SCB.

1.53 “**SCB**” shall mean Shanghai Commercial Bank Ltd., New York Branch.

1.54 “**SCB Loan Documents**” shall mean those documents entered into by the Debtor and SCB as described in the Cash Collateral Order.

1.55 “**SCB Secured Claim**” shall mean the Secured Claim of SCB under the SCB Loan Documents in an amount no less than \$14,449,816.40 as of June 23, 2015, which is deemed allowed in such amount pursuant to the Plan.

1.56 “**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.

1.57 “**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 or as otherwise agreed to by the Debtor and such holder of a Secured Claim.

1.58 “**Statutory Fees**” shall mean all fees payable with respect to the Chapter 11 Case pursuant to section 1930 of title 28 of the United States Code and interest thereon pursuant to section 3717 of title 31 of the United States Code.

1.59 “**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.

All terms not expressly defined herein shall have the respective meaning 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 the Plan and supplements to the 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 prior to the Confirmation Hearing. 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

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 Professional Fee Claims.** Administrative Claims, Priority Tax Claims, and Professional 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 Professional Fee Claims) must be filed and served on counsel for the Debtor no later than the Confirmation Hearing (the “**Administrative Claims Bar Date**”). Any Person that is required to file and serve a request for payment of an Administrative Claim and fails to timely file and serve such request, shall be forever barred, estopped and enjoined from asserting such Claim or participating in distributions under the Plan on account thereof. Objections to requests for payment of Administrative Claims (except for Professional Fee Claims and Administrative Claims incurred in the ordinary course of the Debtor’s business) must be filed and served on counsel for the Debtor and the party requesting payment of an Administrative Claim within thirty (30) days after the filing of such request for payment.

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

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

- (a) Class 1 Claims consists of all Other Priority Claims.
- (b) Class 2 Claims consists of the SCB Secured Claim.
- (c) Class 3 Claims consists of all General Unsecured Claims.
- (d) Class 4 consists of all 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 upon by the holder of such Allowed Administrative Claim, or (b) such lesser amount as the holder of such Allowed Administrative Claim and the Debtor might otherwise agree; provided, however, that all Administrative Claims incurred in the ordinary course of the Debtor’s business during the Chapter 11 Case shall be paid in the ordinary course of the Debtor’s business. Notwithstanding

the foregoing, the Statutory Fees shall be paid in Cash as soon as practicable after the Effective Date.

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 (a) the full amount thereof, without post-petition Date interest or penalty, in Cash, as soon as practicable after the later of (i) the Effective Date and (ii) the date on which such Claim becomes an Allowed Priority Tax Claim; or (b) upon such other terms as may be agreed upon by the holder of such Allowed Claim and the Debtor.

3.3 **Professional Fee Claims.** Each holder of an Allowed Professional Fee Claim shall receive 100% of the unpaid amount of such Allowed Professional Fee Claim in Cash after such Professional Fee Claim becomes an Allowed Professional Fee Claim. The payment of Allowed Professional Fee Claims shall reduce the amount otherwise distributed to holders of Equity Interest on account of such interest.

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 and the Debtor, or (b) such lesser amount as the holder of such Allowed Other Priority Claim and the Debtor might otherwise agree. This Class is not impaired and, therefore, the holders of Claims in this Class are not entitled to vote and are conclusively presumed to accept this Plan.

4.2 **Class 2 - SCB Secured Claim.** SCB shall have the SCB Secured Claim in an amount no less than \$14,449,816.40 as of June 23, 2015. Having received adequate protection payments under the Cash Collateral Order and its receipt on the Effective Date of an additional \$306,000.00 assignment fee, SCB shall waive its right to late charges and default interest under the SCB Loan Documents provided that SCB shall be indefeasibly paid in full on or before the earlier of the Effective Date or March 31, 2016, and shall assign to Madison all of its rights

under the SCB Loan Documents, including the notes and mortgages. This Class is impaired and, therefore, SCB is entitled to vote on this Plan.¹

4.3 **Class 3 - General Unsecured Claims.** Each holder of an Allowed General Unsecured Claim shall be paid in respect of such Allowed General Unsecured Claim (a) the full amount thereof, together with postpetition interest calculated at the Federal judgment rate, in Cash, as soon as practicable after the later of (i) the Effective Date and (ii) the date on which such Claim becomes an Allowed General Unsecured Claim, or upon such other terms as may be agreed upon by the holder of such Allowed General Unsecured Claim and the Debtor, or (b) such lesser amount as the holder of such Allowed General Unsecured Claim and the Debtor might otherwise agree. This Class is not impaired and, therefore, the holders of Claims in this Class are not entitled to vote and are conclusively presumed to accept this Plan. The Debtor has not listed any General Unsecured Claims in its Schedules. The only parties that have timely filed proofs of claim asserting General Unsecured Claims are the Receiver and his attorneys, in the total amount of \$176,360.41. Pursuant to the order approving the 9019 settlement between the Debtor and the Receiver, the General Unsecured Claims of the Receiver and his attorneys are deemed withdrawn.

4.4 **Class 4 - Equity Interests.** Jeffrey Wu, Lewis Wu and Phillip Wu each own one-third of the issued and outstanding Equity Interests in the Debtor. On the Effective Date, the Debtor shall cancel the pre-petition Equity Interests and issue new Equity Interests in the amount of one-third to Jeffrey Wu, one-third to Lewis Wu, and one-third to the Receiver in respect of the Equity Interests owned by Phillip Wu. This Class is unimpaired and is deemed to have accepted the Plan.

4.5 **Reservation of Rights.** Nothing contained herein shall be deemed to limit the right of the Debtor, creditors, or the United States Trustee to object to any Administrative Claims, Priority Claims, Other Priority Claims, General Unsecured Claims and Secured Claims, provided, however, that the SCB Allowed Claim shall not be subject to any objection, shall be allowed for all purposes, and the SCB Loan Documents are hereby ratified and the liens arising from the SCB Loan Documents shall remain in full force and effect. 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 **Plan Funding.** Jeffrey and Lewis Wu shall obtain the Plan Funding pursuant to the Madison Term Sheet, [] days after entry of the Confirmation Order.

¹ At the time the SCB Loan Documents are assigned to Madison, the Debtor will enter into a consolidation, modification and extension agreement with Madison consistent with the terms of the Madison Term Sheet, and the Debtor will pay to Madison, as assignee of the SCB Loan Documents, in accordance with the Madison Term Sheet (one year loan for up to \$15 million, with options to extend, at an interest rate of prime plus 5.25%, with a floor of 8.5%).

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

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

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

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

ARTICLE VI

RELEASES

6.1 **Releases by the Debtor.** Pursuant to section 1123(b) of the Bankruptcy Code, and except for such liabilities and obligations otherwise assumed or provided hereunder, for good and valuable consideration provided by Jeffrey Wu, Lewis Wu, Margaret Wu, the Receiver, and SCB (the "Released Parties"), and effective as of the Confirmation Date, the Released Parties are deemed released and discharged by the Debtor and its Estate from any and all direct, indirect or derivative claims, obligations, rights, suits, judgments, indemnification, and all other claims, causes of action, controversies of every type, kind, nature, description or character whatsoever, including any derivative claims asserted on behalf of the Estate, whether known or unknown, foreseen or unforeseen, liquidated or unliquidated, contingent or fixed, currently existing or hereafter arising, in law, at equity, whether for tort, fraud, contract or otherwise, that the Debtor would have been legally entitled to assert, including, but not limited to, any claim or cause of action arising from or relating to the Debtor, the Chapter 11 Case, the Plan, the subject matter of, or the transactions or events giving rise to, any Claim or Equity Interest of the Released Parties that is treated in the Plan, the business or contractual arrangements between the Debtor, on the one hand, and any Released Party, on the other hand, the negotiation, formulation, or preparation of the Plan and the Disclosure Statement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place, in each case to the extent incurred on or prior to the Confirmation Date; provided, however, that nothing in this section or in the Plan shall be deemed to release any Released Party from liability for acts or omissions that are the result of breach of fiduciary duty, if any, actual fraud, gross negligence, willful misconduct, ultra vires acts, criminal conduct, disclosure of confidential information that causes damages, or willful violation of the securities laws or

the Internal Revenue Code, or, in the case of an attorney professional and as required under Rule 1.8(h)(1) of the New York State Rules of Professional Conduct, malpractice.

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

6.3 **Third Party Releases.** On the Confirmation Date, other than such liabilities and obligations otherwise assumed or provided hereunder, including, but not limited to, the assumption of the SCB Loan Documents, (a) the Debtor, and (b) the Released Parties, shall be deemed to release each of the other in such capacities, and except as provided for in the Plan, the Released Parties shall be deemed released by all consenting holders of Claims and Equity Interests of and from any claims, obligations, rights, causes of action and liabilities for any act or omission occurring through the date immediately preceding the Confirmation Date, 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 breach of fiduciary duty, if any, fraud, willful misconduct, gross negligence, ultra vires acts, criminal conduct, disclosure of confidential information that causes damages, or willful violation of the securities laws or the Internal Revenue Code, or, in the case of an attorney professional and as required under Rule 1.8(h)(1) of the New York State Rules of Professional Conduct, malpractice, and all such Persons, in all respects, shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan and under the Bankruptcy Code.

All Creditors and Equity Interest Holders will separately vote in the Ballot to consent or not consent to the Third Party Releases described in this section.

6.4 **Confirmation Injunction.** Other than such liabilities and obligations otherwise assumed or provided hereunder (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, including any interest accrued on Claims from and after the Petition Date, against the Debtor or any of its assets and properties, (b) on the Effective Date, all such Claims against the Debtor shall 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, based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Confirmation Date.

6.5 **Discharge.** On the Confirmation Date, except as otherwise expressly provided in this Plan or the Confirmation Order, the Confirmation of this Plan shall as of the Confirmation

Date: (i) discharge the Debtor, the reorganized Debtor and any of their assets from all Claims, demands, liabilities and other debts that arose on or before the Confirmation Date, including, without limitation, all debts of the kind specified in section 502 of the Bankruptcy Code, whether or not (A) a proof of claim based on such debt is Filed or deemed Filed pursuant to section 501 of the Bankruptcy Code, (B) a Claim based on such debt is Allowed pursuant to section 502 of the Bankruptcy Code, (C) a Claim based on such debt is or has been disallowed by order of the Bankruptcy Court, or (D) the holder of a Claim based on such debt has accepted this Plan; and (ii) preclude all Entities from asserting against the Debtor, the reorganized Debtor or any of their assets any other or further Claims based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Confirmation Date, all pursuant to sections 524 and 1141 of the Bankruptcy Code. The discharge provided in this provision shall void any judgment obtained against the Debtor at any time, to the extent that such judgment relates to a discharged Claim. The Debtor is discharged from any Claims and agreements related to debts that arose on or before the Confirmation Date and such debts, Claims and agreements are deemed restructured and new as set forth in 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, but not more than five (5) days after the Effective Date. 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.

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 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.

7.3 **Reserves for Administrative, Priority Tax, and Statutory Fees.** On the Effective Date, or as soon as practicable thereafter, the Debtor shall establish and maintain a reserve (to the extent necessary) in an amount equal to the sum of (i) all Disputed Administrative Claims, Disputed Cure Amounts, Disputed Priority Tax Claims and Disputed Other Priority Claims, if any, in an amount equal to what would be distributed to holders of Disputed Administrative Claims, Disputed Priority Tax Claims, Disputed Other Priority Claims, and Disputed Cure Amounts if their Disputed Claims had been deemed Allowed Claims on the Effective Date or on the Administrative Claims Bar Date or such other amount as may be approved by the Bankruptcy Court upon motion of the Debtor, (ii) an estimated amount for unpaid Professional Fee Claims and any other Administrative Claims that have not been filed as of the Effective Date, and (iii) an estimated amount for unpaid Statutory Fees and Statutory Fees that may become due until the entry of a final decree closing the Chapter 11 Case (together, the

“**Administrative Claim Reserve**”). Any such funds shall be maintained by the Debtor in an account at an authorized bank depository in the Southern District of New York. With respect to such Disputed Claims, if, when, and to the extent any such Disputed Claim becomes an Allowed Claim by Final Order, the relevant portion of the Cash held in reserve therefore shall be distributed by the 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 Professional Fee Claims, Disputed Administrative Claims, Disputed Cure Amounts, Disputed Priority Tax Claims, and Disputed Other Priority Claims, have been resolved and distributions made in accordance with the Plan, shall be released and distributed promptly to the 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.

7.4 **Unclaimed Property.** If any Distribution remains unclaimed for a period of one hundred and twenty (120) days after it has been delivered (or attempted to be delivered) in accordance with the Plan to the holder of such Allowed Claim, such unclaimed property shall be forfeited by such holder, whereupon all right, title and interest in and to the unclaimed property shall be vested in the Debtor.

7.5 **Fractional Cents.** Any other provisions 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.

7.6 **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 and Rejection of Agreements.**

(a) Any and all pre-petition leases or executory contracts (i) not previously assumed or the subject of a motion to assume pending on the Confirmation Date, or (ii) not designated prior to the Confirmation Date as pre-petition leases or executory contracts to be assumed by the Debtor, shall be deemed rejected by the Debtor. The Debtor has scheduled only its lease of the Property to New Enterprise Realty, LLC and the SCB Loan Documents, and has no other unexpired leases or executory contracts.

(b) The pre-petition leases and executory contracts set forth on Exhibit A to the Plan (the “**Exhibit A Agreements**”), if any, shall be deemed assumed by the Debtor as of the Confirmation Date; subject, however to the payment of amounts necessary to cure the monetary defaults under such leases or executory contracts (as to each agreement the “**Cure Amount**”).

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

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

ARTICLE IX

CONDITIONS TO EFFECTIVE DATE

9.1 **Conditions to Effectiveness of the Plan.** The Plan shall not become effective unless the Confirmation Order is a Final Order and is not subject to any stay or injunction.

9.2 **Notice of the Effective Date; Actions Taken on Effective Date.** The Debtor shall file and serve upon all creditors a notice of the occurrence of the Effective Date within two (2) Business Days thereafter. 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.

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, 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.

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

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

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

(f) 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.

(g) 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.

(h) 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.

(i) 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.

(j) 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.

(k) 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, the Plan may be altered, amended or modified by the Debtor before the Confirmation Date as provided in section 1127 of the Bankruptcy Code.

11.2 **Post-Confirmation Immaterial Modification.** The Debtor, insofar as it does not materially and adversely affect the interests of holders of Claims, may correct any defect, omission or inconsistency in the Plan in such manner and to such extent as may be necessary to expedite consummation of this Plan.

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

11.4 **Withdrawal or Revocation of the Plan.** If the Debtor revokes or withdraws the Plan, or if confirmation or consummation of the Plan does not occur, then (a) the Plan shall be null and void in all respects, (b) any settlement or compromise embodied in the Plan (including the allowance, fixing or limiting to an amount certain any Claim or Equity Interest or Class of Claims or Equity Interests) and any assumption or rejection of executory contracts or leases affected by the Plan shall terminate and be of no further force or effect, and any document or agreement executed pursuant to the Plan shall be deemed null and void, and (c) nothing contained in the Plan shall constitute a waiver or release of any Claims by or against, or any Equity Interests in, the Debtor or any other Person, or prejudice in any manner the rights of any other Person.

11.5 **Payment of Statutory Fees.** The Debtor shall pay from Cash in the Estate all fees payable due as of the Effective Date pursuant to section 1930 of title 28 of the United States Code. Thereafter, the Debtor shall pay from Cash in the Estate all United States Trustee quarterly fees under 28 U.S.C. § 1930(a)(6), plus interest due under 31 U.S.C. § 3717, on all disbursements, including plan payments and disbursements in and outside of the ordinary course of business, until the earliest of the entry of a final decree closing the Chapter 11 Case, dismissal of the Chapter 11 Case, or conversion of the Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code.

11.6 **Exemption From Certain Transfer Taxes.** Pursuant to section 1146(a) of the Bankruptcy Code, under the Plan, (i) the issuance, distribution, transfer or exchange of any debt, equity security or other interest in the Debtor; (ii) the creation, modification, consolidation or recording of any mortgage, deed of trust, or other security interest, or the securing of additional indebtedness by such or other means; (iii) the making, assignment or recording of any lease or sublease or (iv) the making, delivery or recording of any deed or other instrument of transfer under, in furtherance of or in connection with, the Plan, including any deeds, bills of sale, assignments or other instrument of transfer executed in connection with any transaction arising out of, contemplated by or in any way related to the Plan shall not be subject to any document recording tax, mortgage recording tax, stamp tax or similar government assessment, and the

appropriate state or local government official or agent shall forego the collection of any such tax or government assessment and accept for filing and recording any of the foregoing instruments or other documents without the payment of any such tax or government assessment. Because the Plan contemplates, among other things, the assignment of the SCB Loan Documents, section 1146 of the Bankruptcy Code applies.

11.7 **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.

11.8 **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 for (a) the Debtor and its Estate, including, without limitation any Person or Entity seeking to exercise a right in a derivative capacity on behalf of the Estate, and (b) the Released Parties, and the Bankruptcy Court's finding that such compromise or settlement is in the best interests of the Debtor, its Estates, its properties and Claim holders and Equity Interest holders, and is fair, equitable and reasonable. For the avoidance of doubt, the compromise and settlement of all claims and causes of action of the Debtor and its Estates as set forth herein shall include any potential avoidance actions accruing to the Debtor or its Estates, which shall not be pursued.

11.9 **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 members, managers or officers) or any other persons or entity. Likewise, the Plan and Confirmation Order shall not impair any insurance carrier's rights, claims, defenses or disputes under any policy and shall not act to increase or extend any rights of the Debtor or the carries.

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

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

11.12 **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 the Debtor: Queen Elizabeth Realty Corp.
157 Hester Street
New York, New York 10013

With a copy to: Robert L. Rattet, Esq.
Herrick, Feinstein LLP
2 Park Avenue
New York, New York 10016
Email: rrattet@herrick.com

Jeffrey Wu
157 Hester Street
New York, New York 10013

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 **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 Debtor, remain in full force and effect and not be deemed affected. However, the Debtor 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.

11.16 **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.

11.17 **Extinguishment of Causes of Action Under the Avoiding Power Provisions.** On the Effective Date, all rights, claims, causes of action, avoiding powers, suits and proceedings arising under sections 506(c), 544, 545, 547, 548, 549 and 553 of the Bankruptcy Code shall be extinguished unless then pending; provided however, such rights and claims are preserved by the Debtor if asserted defensively or for purposes of offset. The Debtor has conducted an investigation of claims under sections 506(c), 544, 545, 547, 548, 549 and 553 of the Bankruptcy Code that could be asserted against parties, including such potential claims against the Released Parties, and has determined that there is no basis to support such claims, or

that there are meritorious defenses to such claims. The Debtor has also conducted an investigation of other claims of the Debtor or third parties against the Released Parties that are being released under the Plan, and has not identified any claims that could be asserted against them.

CONFIRMATION REQUEST

The Debtor hereby requests confirmation of the Plan pursuant to sections 1129(a) and (b) of the Bankruptcy Code.

Dated: January 13, 2016

DEBTOR

QUEEN ELIZABETH REALTY CORP.

By: /s/ Jeffrey Wu

Name: Jeffrey Wu

Title: President

EXHIBIT A
(ASSUMED CONTRACTS & LEASES)

EXHIBIT B
(MADISON TERM SHEET)



825 Third Avenue, 37th Floor
New York, NY 10022
P (888) 261-6234 F (646) 219-5643
www.madisonrealtycapital.com

COMMITMENT LETTER

December 24, 2015

Queen Elizabeth Realty Corp.

Gentlemen:

Following are proposed terms pursuant to which MRC RE Holdings II LLC ("Madison" or "Lender") is willing to enter into a loan transaction(s) with Borrower (collectively, the "Loan") which offer is expressly subject to the terms and conditions set forth in this Loan Commitment. This Loan Commitment and any and all obligations of Lender herein shall expire on January 31, 2016.

Borrower: A single asset bankruptcy remote entity(s) with independent director(s) acceptable to Madison.

Lender: MRC RE Holdings II LLC and/or its affiliates.

Property: 68 Elizabeth Street, New York, New York (the "Property").

Loan Amount: Fifteen Million Five Hundred Thousand and 00/100 Dollars (\$15,500,000.00).

Security: A first mortgage or mortgages and security agreement which shall encumber and be cross collateralized against the Property. In addition, an assignment of, and security interest in, all current and future leases, rents and income for the Property and a UCC-1 fixture filing perfecting the pledge of all furniture, fixtures and equipment and all other personal property of Borrower. The mortgage and security interest shall constitute valid first liens, subject to no other liens or encumbrances. Additionally, Borrower, Guarantor and any owner of the equity interest in Borrower shall pledge to Lender a senior security interest in 100% of the ownership of such entity. No additional senior or secondary financing shall be permitted during the term of the Loan, either secured or unsecured. Lender reserves the right to split the Loan into multiple loans or tranches.

Term: Twelve (12) months.

Option to Extend: Provided (i) no event of default exists under the Loan and the Loan Documents (as defined hereunder); (ii) all payments are made on time; (iii) there are no prior defaults under the Loan Documents; and (iv) upon a satisfactory credit check, Borrower may extend the loan for two (2) consecutive 6 month periods (each an "Extension Period"). In consideration for each extension of the Loan, Borrower shall (i) pay to Lender a one percent (1.0%) extension fee, on the remaining balance of the principal sum of the Loan, whether advanced or yet to

be advanced and (ii) replenish the Interest Reserve (as defined hereunder) or fund a new interest reserve by depositing with Lender an amount equal to all interest which will be due and payable during each Extension Period of the Loan.

- Interest Rate:** The Loan shall bear interest at an adjustable rate (adjusted as and when the Prime Rate changes) of WSJ Prime + Five and Three Quarters Percent (5.75%) per annum (or the 30 day LIBOR equivalent), with a floor of Nine and 00/100 Percent (9.00%) per annum.
- Amortization:** Interest only. Interest for the period from and including the date of Closing through the end of the month shall be paid at Closing.
- Prepayment:** No prepayment of the Loan shall be permitted without the Lender, or its assigns, having received twelve (12) full months of interest on the Loan Amount. During each Extension Period, no prepayment of the Loan shall be permitted without the Lender, or its assigns, having received six (6) full months of interest on the Loan Amount.
- Origination Fee:** Borrower shall pay a fee of One Percent (1.0%) of the Loan Amount to Madison or its affiliate at closing.
- Exit Fee:** Upon the earlier of the (i) repayment of the Loan, (ii) maturity of the Loan; and (ii) an event of default under the Loan, Borrower shall pay Lender an exit fee equal to One Percent (1.0%) of the Loan Amount.
- Broker Fee:** Borrower shall indemnify, defend and hold Lender harmless for any claims for Broker's commissions in connection with the Loan.
- Commitment Fee:** Upon the execution hereof, Borrower shall pay Lender a commitment fee in the amount of \$15,000.00 (the "Commitment Fee"). The Commitment Fee shall be non-refundable.
- Conditions:** In addition to the conditions otherwise set forth herein, the closing of the Loan by Madison is subject to review and approval by Lender and Lender's counsel, in their sole and absolute discretion, of all legal matters regarding the Property, the Borrower and the Guarantor (as hereinafter defined).
- Interest Reserve:** Upon the closing, Borrower shall prepay or fund an interest reserve (the "Interest Reserve") in an amount equal to six (6) months of interest due and owing under the Loan.
- Other Escrows:** To be determined by Lender at closing of the Loan. Any escrows held by Lender shall constitute additional collateral security for the Loan and in the event of a default, Lender shall be permitted to apply same to the Loan in such order as Lender shall determine.

Insurance: Borrower shall provide Lender with certificates of insurance evidencing that all insurance required under the Mortgage ("Insurance Policies") is in full force and effect and in form acceptable to Lender in its sole discretion. Borrower shall covenant that the Insurance Policies shall remain in full force and effect throughout the Loan Term. The Borrower shall maintain at all times, at the Borrower's sole cost and expense, policies of liability and property (including business income and terrorism coverage) insurance, builder's risk, law and ordinance insurance and other insurance coverage required by the Lender according to the Loan Documents. The Insurance Policies must be paid for the term of the Loan at closing. Lender, its successors and/or assigns must be listed as mortgagee, loss payee, and additional insured. All Insurance Policies shall be issued by insurance companies satisfactory to Lender having an A.M. Best Key Rating of at least A/IX.

Title & Searches: Borrower must provide the Lender with such searches and title commitments with respect to the title to the Property, the Collateral, ownership of the Mortgage and Borrower, its principals and the Guarantors, as Lender may require. At the Closing the Borrower shall deliver to the Lender, at the Borrower's cost, an ALTA policy of title insurance for the Loan, issued by a national title insurance company or an abstract company utilizing a national title company, as selected by Lender in the principal amount of the Loan, with such reinsurance or co-insurance as the Lender may require, showing good and marketable fee simple title to the Property in the Borrower and insuring the Lender that the Mortgage is a first and prior lien for the full amount of the Loan, subject only to such exceptions as shall be approved by the Lender's counsel. Borrower shall pay the entire cost of said examination, policy, survey, recording fees, filing fees, mortgage recording taxes, municipal and departmental searches and all additional expenses and disbursements incidental to the making of the Loan and paid or incurred by the Lender or its counsel. The Title Policy shall include such endorsements as shall be required by the Lender's counsel in its sole discretion. Prior to the Closing the Borrower shall deliver to the Lender an ALTA, ASCM survey of the Property by a licensed engineer or surveyor, dated or re-dated not more than thirty (30) days prior to the Closing, which shall be certified to the Lender and the Title Company and which shall indicate the dimensions of the Collateral, the dimensions and locations of the improvements on the Collateral and of the easements, if any, the location of adjacent streets, and such other details as may be requested by the Lender or its counsel. The title company shall be Kensington Vanguard Title Insurance Company. In addition thereto, Borrower shall provide lender with a UCC Policy with respect to the equity pledge.

Guaranty: The Loan shall be full recourse to Jeffery Wu (the "Guarantor") who shall guaranty all obligations of Borrower in connection with the Loan. Guarantor shall also deliver an environmental indemnity agreement.

Lease Approval: Lender shall have the right to approve new leases and amendments to existing leases.

Documentation: Upon acceptance of the fully executed Term Sheet and receipt of the Expense Deposit, Madison shall begin its due diligence. Documentation of the Loan shall be on Lender's standard loan documentation, subject to the terms hereof. Loan documents will include, in addition to the provisions that are summarized herein, provisions that, in the sole discretion of Lender, are customary, typical or appropriate for the Loan (the "Loan Documents").

Closing: On or about January 20, 2016, at the discretion of Lender.

Exclusivity: Borrower and Guarantor hereby expressly agree and acknowledge that (a) Lender is devoting its personnel and financial resources to the consideration of the Loan; (b) in Lender's industry, business opportunities are limited and extremely competitive; (c) compensation to the Lender, in the event Borrower obtains financing from a source other than Lender, would be extremely difficult to calculate; (d) Lender cannot, as a result of this underwriting and analysis, commit its resources to other potential transactions and may be deprived of business opportunities thereby; and (e) Lender may suffer negative impact in the industry in the event the Borrower does not complete this proposed transaction or obtains financing from a competitor of the Lender. Accordingly, Borrower and Guarantor hereby expressly agrees to work solely with Lender to procure the Loan and agrees not to, and will cause their principals and affiliates not to, obtain or attempt to arrange financing in connection with the Property with any party other than Lender. In the event the Borrower, Guarantor or an affiliate or controlled entity of either (a) obtains financing for the Property from a source other than Lender (including joint venture equity), or (b) sells, assigns or otherwise conveys the Property or its contract to acquire the Property, Borrower and Guarantor shall be obligated to pay and Lender shall be deemed to have earned a break-up fee in the amount of \$465,000, which break-up fee constitutes a reasonable estimate of Lender's damages and which break-up fee shall constitute liquidated damages. Borrower and Guarantor shall be responsible for Lender's legal fees and costs in connection with the recovery of the break-up fee. This foregoing exclusivity provision is in consideration for Lender issuing this Term Sheet and shall be binding upon Borrower and Guarantor regardless of Lender making a loan offer. This exclusivity provision shall expire on March 1, 2016.

Additional Conditions: This Loan Commitment and the funding of the Loan is subject to, and conditioned upon, completion of all legal due diligence and execution of legal documentation to the satisfaction of Lender and its counsel in their sole and absolute discretion, including review and approval of all Property and borrower-related documents, including, without limitation, title reports operating agreements and entity organizational documents, insurance policies

and/or certificates, surveys, management agreements, bankruptcy related documentation and lease information. If, prior to the proposed disbursement of the loan proceeds, any fact or circumstance concerning or affecting the Property, the Borrower or any Guarantor varies in the Lender's sole and absolute discretion from information previously submitted to or received by Lender, or if the representations herein prove to be untrue, then Lender shall have the right to refuse to consummate the Loan. Lender shall have no liability to Borrower, its principal, and/or any Guarantor should the Loan fail to close. Handwritten modifications to this Loan Commitment will not be binding upon Lender.

THIS LOAN COMMITMENT AND THE CLOSING AND FUNDING OF THE LOAN ARE EXPRESSLY CONDITIONED UPON AND SUBJECT TO THE APPROVAL BY THE UNITED STATES BANKRUPTCY COURT OF A PLAN OF REORGANIZATION FOR BORROWER WHICH AUTHORIZES THE ORIGINATION OF THE LOAN AND IS NOT SUBJECT TO APPEAL. IT IS AGREED AND UNDERSTOOD THAT NOT EVERY TERM THAT WILL BE CONTAINED IN THE LOAN DOCUMENTS IS SET FORTH IN THIS LOAN COMMITMENT LETTER. ALL ORDERS OF THE BANKRUPTCY COURT ARE SUBJECT TO THE APPROVAL OF LENDER AND ITS COUNSEL IN THEIR SOLE AND ABSOLUTE DISCRETION.

Please acknowledge your acceptance of the terms and conditions described herein by faxing Madison an executed copy of this letter and wiring the Commitment Fee.

[SIGNATURE PAGE FOLLOWS]

Sincerely,

MRC RE HOLDINGS II LLC

By: _____

Joshua Zegen,
Authorized Person

ACCEPTED AND AGREED:

Borrower:

QUEEN ELIZABETH REALTY CORP.

By: _____

Name: _____

Title: _____

JEFFERY WU, as Guarantor