UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
MIAMI DIVISION

In re:	Case No. 10-20733-BKC-AJC
HARBOUR EAST DEVELOPMENT, LTD	Chapter 11
Debtor.	

_____/

DISCLOSURE STATEMENT RELATING TO DEBTOR'S THIRD AMENDED PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

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

Dated: August 18, 2011

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I.
INTRODUCTION

Harbour East Development, Ltd. ("HED" or the "Debtor"), as the debtor and debtor-in-possession, is soliciting acceptances of a chapter 11 plan of reorganization (the "Plan of Reorganization" or "Plan") attached as Exhibit 1 to this Disclosure Statement. This solicitation is being conducted at this time to obtain sufficient votes to enable the Plan of Reorganization to be confirmed by the Bankruptcy Court. Capitalized terms used in this Disclosure Statement but not defined herein have the meanings ascribed to such terms in the Plan.

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

The Third Amended Plan of Reorganization (Exhibit 1);

Historical Financial Information (Exhibit 2);

Liquidation Analysis (Exhibit 3);

Projections and Assumptions (Exhibit 4);

Claims Analysis (Exhibit 5);

Marketing Plan and Studies (Exhibit 6);

CBRE COM (Exhibit 7)

WHO IS ENTITLED TO VOTE: Pursuant to the Disclosure Statement Order, the holders of Real Estate Tax Secured Claims (Class 2), Northern Trust/NBV Secured Construction Loan Claims (Class 3), Egozi Secured Subrogation Claim (Class 4), Whirlpool Secured Claim (Class 5), [Intentionally Deleted] (Class 6), Purchaser Deposit Secured Claims (Class 7), Association Secured Claim (Class 8), Purchaser Contract Litigation Attorney Secured Claim (Class 9), Northern Trust/NBV Unsecured Claim (Class 10), General Unsecured Claims (Class 11), and Egozi Unsecured Claim (Class 12) are entitled to vote on the Plan. A ballot for the acceptance or rejection of the Plan is enclosed with the Disclosure Statement submitted to the holders of claims in these classes that are entitled to vote. Holders of Old Limited Partnership Equity Interests (Class 13) Old General Partnership Equity Interests (Class 14) are deemed to reject the Plan and are not entitled to vote.

THE DEBTOR RECOMMENDS THAT CREDITORS ENTITLED TO VOTE CLAIMS IN CLASS 2, CLASS 3, CLASS 4 CLASS 5, CLASS 7, CLASS 8, CLASS 9, CLASS 10, CLASS 11, AND CLASS 12, VOTE TO ACCEPT THE PLAN. The Debtor's legal advisors are BAUCH & MICHAELS, LLC and GENOVESE JOBLOVE & BATTISTA, P.A. They may be reached at:

Paul M. Bauch, Esq.
BAUCH & MICHAELS, LLC
53 W. Jackson Boulevard, Suite 1115
Chicago, Illinois 60604
Tel: (312) 588-5000
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- and -

Michael L. Schuster, Esq.
GENOVESE JOBLOVE & BATTISTA, P.A.
100 Southeast Second Street, Suite 4400
Miami, Florida 33131
Telephone: (305) 349-2300
Facsimile : (305) 349-2310
Florida Bar No. 57119

The following table summarizes the treatment of Claims and Equity Interests under the Plan. For a complete explanation, please refer to the discussion in section VI below, entitled "THE PLAN OF REORGANIZATION" and to the Plan itself.

IRS CIRCULAR 230 NOTICE: TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, HOLDERS OF CLAIMS AND EQUITY INTERESTS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY HOLDERS OF CLAIMS OR EQUITY INTERESTS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING BY THE DEBTOR OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

II.
SUMMARY OF CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS UNDER THE PLAN[1]

Class	Type of Claim or Equity Interest	Treatment	Estimated Allowed Amount[2]	Approximate Percentage Recovery
--	Administrative Expense Claims	Except to the extent that a holder of an Allowed Administrative Expense Claim agrees to less favorable treatment, the Reorganized Debtors shall pay Allowed Administrative Expense Claims in full in Cash on or as soon as reasonably practicable after the later of the Effective Date, the date allowed or the date due in the ordinary course.	$500,000	100%
1	Priority Non-Tax Claims	Not impaired; except to the extent that a holder of an Allowed Priority Non-Tax Claim agrees to less favorable treatment, such Allowed Claims shall be paid in full in Cash on or as soon as reasonably practicable after the later of the Effective Date, the date allowed or the date due in the ordinary course, provided however that to the extent that a Holder's Allowed Priority Non-Tax Claim is comprised of a Purchaser Deposit Secured Claim (Class 7), the Allowed Priority Non-Tax Claim shall be paid and deemed satisfied from the Holder's Escrow Deposit.	$4-$21,000	100%

[1] This table is only a summary of the classification and treatment of claims and equity interests under the Plan and all conditions thereto. Reference should be made to the entire Disclosure Statement and the Plan for a complete description of the classification and treatment of claims and equity interests.

[2] The amounts set forth herein are the Debtor's estimates; the actual amounts will depend upon the final reconciliation and resolution of all Administrative Expenses and Claims.

Class	Type of Claim or Equity Interest	Treatment	Estimated Allowed Amount[2]	Approximate Percentage Recovery
2	Real Estate Tax Secured Claims	Impaired; except to the extent that a holder of an Allowed Real Estate Tax Secured Claim agrees to less favorable treatment, the Debtor shall pay the Holder of the Allowed Real Estate Tax Secured Claim 100% of the principal amount, together with interest at the statutory rate, with respect to all Condominium Units owned by the Debtor as of January 1, 2010, with the exception of any unit or units sold during 2010 for which the purchaser assumed responsibility for paying 2010 taxes, when such Claims become due and payable as follows: (1) to the extent of available cash contained in any Real Estate Tax Escrow authorized under this Plan or any Cash Collateral Order; (2) to the extent of any deficiency in the Real Estate Tax Escrow, then all of the Net Sale Proceeds of each Condominium Unit of the first, and successive if necessary, closing of sales of each Condominium Unit following the date when such Claims become due and payable, the balance due the Holder with respect to such Claim, then due and owing. The tax liens securing payment of the Allowed Real Estate Tax Secured Claims shall remain in effect until such tax obligations are satisfied. The treatment above is not applicable to ad valorem taxes owed from 2011 forward, said taxes which are administrative expenses to be paid in the ordinary course. The Class 2 Claimant shall issue refunds to the Debtor in the event that challenges to the Miami-Dade County Property Appraiser's assessments result in valuation reductions, subject to the Property Appraiser's right to challenge such reductions pursuant to Florida law.	$340,000-442,000	100%

Class	Type of Claim or Equity Interest	Treatment	Estimated Allowed Amount[2]	Approximate Percentage Recovery
3	Northern Trust/NBV Secured Construction Loan Claims	Impaired; except to the extent that a holder of an Allowed Northern Trust/NBV Secured Construction Loan Claim agrees to a less favorable treatment or that such Claim is determined subordinate to the Egozi Secured Subrogation Claim (Claim 4), the holder of the Allowed Secured Construction Loan Claim will receive quarterly payments equal to the interest that that would otherwise be payable on the actual secured amount of its claim at the Secured Claim Cram Down Rate and will receive payments of 60% of the net proceeds of each sale of a Condominium Unit during the first year of the Plan and 90% of the net proceeds of each sale of Condominium Units until its Allowed Class 3 Claim is paid in full, approximately $8 million. Depending upon the ultimate determination of the amount of the secured claim and unsecured claims, and the determination of the priority of the subordinated portion of the claims, NBV may be elect to waive its unsecured claim and treat its claim as fully secured pursuant to Section 1111(b) of the Bankruptcy Code. If NBV makes such election, it would be entitled to receive payment in the aggregate total of the Allowed Amount of its secured and unsecured claims, approximately $15 million, but it would only be entitled to interest on the actual secured amount of its claim. NBV objects to the Debtor's continuing designation of the Claim as Northern Trust/NBV, because NBV claims to be the sole owner of the Claim. Debtor contends that the designation is appropriate because NBV is bound by Northern Trust's inequitable conduct, NBV has agreed not to settle the claim unless it secures a general release for Northern Trust from the Debtor and Egozi and the NBV and the Debtor have mutual indemnification obligations.	$5 - $8 million (NBV estimates that the amount of the actual secured claim is approximately $11,100,000.) If the Bankruptcy Court determines that NBV's claim is of a higher value, the Debtor would be obligated to pay interest on the higher amount. This could reduce the amount of distributions to other creditors.	100%

Class	Type of Claim or Equity Interest	Treatment	Estimated Allowed Amount[2]	Approximate Percentage Recovery
4	Egozi Secured Subrogation Claim	Impaired; except to the extent that a holder of the Egozi Secured Subrogation Claim agrees to a less favorable treatment or that such Claim is determined subordinate and not subrogated to NBV's Secured Construction Loan Claim (Claim 3), the holder of the Egozi Secured Subrogation Claim will receive payments on the balance of outstanding principal of its Allowed Secured Claim at the Secured Claim Cram Down Rate (as defined in the Plan at ¶ 1.75) and will receive a pro rata share of payments from the proceeds of each sale of a Condominium Unit with the Holder of the Class 3 Claim until its claim has been paid in full.	$0-$3 million	0-100%
5	Whirlpool Secured Claim	Impaired; to the extent that the Bankruptcy Court determines the Class 5 Claim has priority over the Class 3 and 4 Claims with respect to the Holder's Collateral, the Debtor shall pay the Holder of the Class 5 claim 100% of principal, as determined in accordance with Section 506(a), and accrued interest thereon at the Secured Claim Cram Down Rate, in deferred cash payments as follows: (1) interest shall be payable from the Net Proceeds of Sale of Condominium Units, that include a sale of Holder's Collateral; (2) upon each sale of a Condominium Unit that includes a sale of Holder's Collateral, the Debtor shall pay the Holder (a) accrued interest to the date of the closing; and (b) principal, both to the extent of the allocation of the purchase price assigned to Holder's Collateral. The Holder shall retain its lien on its Collateral until such time as each item of its Collateral is sold and title is transferred to the purchasers. Upon the sale of Holder's Collateral, the Holder's lien shall attach to the all cash proceeds of sale and the sale of such Collateral shall	$0	0%

Class	Type of Claim or Equity Interest	Treatment	Estimated Allowed Amount[2]	Approximate Percentage Recovery
		be free and clear of the Holder's liens, provided that the Holder shall retain its lien on its remaining Collateral until the Holder has received 100% of the principal amount of its claim together with accrued interest on the outstanding principal balance. To the extent that the Class 5 Claim is determined by the Bankruptcy Court not to have priority over the Class 3 claim and Class 4 claim and the Claim is otherwise determined not to be an Allowed Secured Claim, then the Class 5 Claim shall be treated for all purposes as Class 11 General Unsecured Claim. Debtor has obtained a judgment avoiding Whirlpool's security interest and preserving such interest for the benefit of the estate. Therefore, the Class 5 Claim will be treated as a Class 11 Claim for purposes of distributions under the Plan.		
6	Revuelta Vega Leon Secured Claim	Impaired; to the extent that the Bankruptcy Court determines the Class 6 Claim has priority over the Class 3 and 4 Claims, the Debtor shall pay the Holder of the Class 6 claim 100% of principal, as determined in accordance with Section 506(a), and accrued interest thereon at the Secured Claim Cram Down Rate, in deferred cash payments as follows: (1) interest shall be payable from the Net Proceeds of Sale of Condominium Units; (2) upon each sale of a Condominium Unit, the Debtor shall pay the Holder (a) accrued interest to the date of the closing and (b) principal, to the extent cash remains available up to an amount equal to the Wholesale Value of the Condominium Unit. The Holder shall retain its lien on each individual Condominium Unit until such time as each of the Condominium Units is sold and title is transferred to the purchasers. Upon the sale of any particular	$0-	0%

Class	Type of Claim or Equity Interest	Treatment	Estimated Allowed Amount[2]	Approximate Percentage Recovery
		Condominium Unit, the Holder's lien shall attach to all cash and other proceeds, and sale of such Condominium Unit shall be free and clear of the Holder's liens, provided that the Holder shall retain its lien on the remaining unsold Condominium Units until the Holder has received 100% of the principal amount of its claim together with accrued interest on the outstanding principal balance. To the extent that the Class 6 Claim is determined by the Bankruptcy Court not to have priority over the Class 3 and 4 claims and the Claim is otherwise determined not to be an Allowed Secured Claim, then the Class 6 shall be treated for all purposes as Class 11 General Unsecured Claim. NBV obtained a judgment avoiding the Holder of the Class 6 Claim's lien pursuant to Section 506(a) and disallowing the Class 6 Claim on account the Holder's failure to file a timely proof of claim against the estate. Therefore, the Holder of the Class 6 claim shall be entitled to vote or to distributions under the Plan.		
7	Purchaser Deposit Secured Claims	Impaired; as soon as reasonably practicable on the later of the Effective Date or the entry of a Final Order allowing such Claim, the Debtor shall pay to each Holder of an Allowed Purchaser Deposit Secured Claim:(a) cash in the amount of the principal balance and accrued interest thereon of the Escrow Funds of the Holder on deposit with the Escrow Agent and (b) to the extent the Bankruptcy Court determines any lien arising under Section 365 of the Bankruptcy Code securing such a Class 7 Claim has priority over the other Allowed Secured Claims against the Condominium Unit that was the subject of the Holder's Purchase and Sale Agreement, or is	$320,00–$550,000	0-100%

Class	Type of Claim or Equity Interest	Treatment	Estimated Allowed Amount[2]	Approximate Percentage Recovery
		otherwise an Allowed Secured Claim, the Debtor shall pay the Holder of the Class 7 Claim all principal, as determined in accordance with Section 506(a), and accrued interest thereon at the Secured Claim Cram Down Rate, in deferred cash payments as follows: (1) interest shall be payable from the Net Proceeds of Sale of the Condominium Unit securing such Claim; (2) upon the sale of the Condominium Unit securing such Claim, the Debtor shall pay the Holder (a) accrued interest to the date of the closing and (b) principal, to the extent cash remains available. The Holder shall retain its lien on the Condominium Unit until such time as the Condominium Unit is sold and title is transferred to individual purchasers. Upon the sale of the Condominium Unit, the Holder's lien shall attach to all cash and other proceeds, including Purchase Money Mortgages and all future payments due thereunder, and sale of such Condominium Unit shall be free and clear of the Holder's lien. To the extent that the Class 7 Claim is determined by the Bankruptcy Court not to have priority over the Class 3 and 4 claims with respect to the Condominium Unit that was the subject of the Holder's Purchase and Sale Agreement and the Claim is otherwise determined not to be an Allowed Secured Claim, then the Class 7 Claim shall be treated for all purposes as Class 11 General Unsecured Claim.		

Class	Type of Claim or Equity Interest	Treatment	Estimated Allowed Amount[2]	Approximate Percentage Recovery
8	Association Secured Claim	Impaired; to the extent the Bankruptcy Court determines the Class 8 Claim has priority over the Class 3 and 4 Claims with respect to the Net Proceeds of Sale of Condominium Units with respect to a particular Condominium Unit, then to the extent of such priority, the Debtor shall pay the Holder of the Class 8 Claim all principal, as determined in accordance with Section 506(a), and accrued interest thereon at the Secured Claim Cram Down Rate, in deferred cash payments as follows: upon each sale of a Condominium Unit, (a) accrued interest to the date of the closing and (b) principal, to the extent of the priority. The Holder shall retain its lien on each Condominium Unit until such time as each of the Condominium Units is sold and title is transferred to purchasers. Upon the sale of any Condominium Units, the Holder's lien shall attach to all cash and other proceeds, including Purchase Money Mortgages and all future payments due thereunder, and sale of such Condominium Unit shall be free and clear of the Holder's lien. The Holder shall retain its separate liens on all remaining unsold Condominium Units until the Holder has received 100% of the principal amount of its claim together with accrued interest on the outstanding principal balance. To the extent that the Class 8 Claim is determined by the Bankruptcy Court not to have priority over the Class 3 and 4 claims and the Claim is otherwise determined not to be an Allowed Secured Claim, then the Class 8 Claim shall be treated for all purposes as Class 11 General Unsecured Claim.	$10,000 – $314,188	100%

Class	Type of Claim or Equity Interest	Treatment	Estimated Allowed Amount[2]	Approximate Percentage Recovery
9	Purchaser Contract Litigation Attorney Secured Claim	Impaired; to the extent the Bankruptcy Court determines the Class 9 Claim has priority over the Class 3 and 4 Claims with respect to Escrow Funds or judgment or settlement recoveries that are the subject of a Purchase and Sale Agreement in connection with which the Holder provided legal services to the Debtor, the Debtor shall pay the Holder of the Class 9 Claim 100% of the principal, as determined in accordance with Section 506(a), and accrued interest thereon at the Secured Claim Cram Down Rate, in deferred cash payments as follows: upon the entry of Final Order determining that the Debtor is entitled to particular Escrow Funds or judgment or settlement recoveries, cash in the amount of the principal balance of the Class 9 Claim and accrued interest thereon. To the extent that the Class 9 Claim is determined by the Bankruptcy Court not to have priority over the Class 3 and 4 claims and the Claim is otherwise determined not to be an Allowed Secured Claim, then the Class 9 Claim shall be treated for all purposes as Class 11 General Unsecured Claim.	$20-40,000	50-100%
10	Northern Trust/NBV Unsecured Claim	Impaired; to the extent that Holder of the Class 10 claim is determined by Final Order to hold an Allowed Unsecured Claim that the Holder has not waived, been subordinated by Final Order of the Bankruptcy Court pursuant to Section 510, or otherwise limited to the actual amount paid for the Claim by the Holder, then the Class 10 Claim shall be treated for all purposes as Class 11 General Unsecured Claim.	$0-$7 million	50-100%

Class	Type of Claim or Equity Interest	Treatment	Estimated Allowed Amount[2]	Approximate Percentage Recovery
11	General Unsecured Claims	Impaired; on or as soon as reasonably practicable after the Effective Date, or the date that is ten (10) days after the date such claim is Allowed (whichever is later), each Holder of an Allowed General Unsecured Claim, shall receive the Holders of Allowed Class 11 Claims up to 100% of the principal amount and accrued interest thereon at the Unsecured Cram Down Rate from the General Unsecured Claim Distribution Reserve.	$485,000-4,000,000	20-100%
12	Egozi Unsecured Claim	Impaired; on the Effective Date, the Debtor shall issue and deliver the New General Partnership Interest and New Limited Partnership Interest to the Holder or his nominees in full satisfaction of his Class 12 Claim.	$660,000	100%
13	Old Limited Partnership Equity Interests	Impaired; on the Effective Date the Old Limited Partnership Equity Interests will be cancelled; no distribution.	N/A	N/A
14	Old General Partnership Equity Interests	Impaired; on the Effective Date the Old General Partnership Equity Interests will be cancelled; no distribution.	N/A	N/A

A. Summary of Voting Procedures

If you are entitled to vote to accept or reject the Plan, a ballot is enclosed for voting purposes. If you hold claims in more than one class and you are entitled to vote claims in more than one class, you will receive separate ballots, which must be used for each separate class of claims. Please vote and return your ballot(s) in accordance with the instructions set forth herein.

TO BE COUNTED, YOUR VOTE INDICATING ACCEPTANCE OR REJECTION OF THE PLAN MUST BE PROPERLY COMPLETED IN ACCORDANCE WITH THE INSTRUCTIONS ON THE BALLOT, AND MUST BE **ACTUALLY RECEIVED** BY THE DEBTOR'S VOTING AGENT, **NO LATER THAN 4:00 P.M., PREVAILING EASTERN TIME, ON [_____], 2011 (THE "VOTING DEADLINE")**. PLEASE RETURN YOUR PROPERLY COMPLETED BALLOT TO THE VOTING AGENT VIA FACSIMILE, EMAIL, FIRST CLASS MAIL OR OTHER REPUTABLE COURIER SERVICE AT THE FOLLOWING ADDRESS:

GENOVESE JOBLOVE & BATTISTA, P.A.
Attn: Michael Schuster
100 Southeast Second Street, Suite 4400
Miami, Florida 33131
Telephone: (305) 349-2300
Facsimile : (305) 349-2310
Email: mschuster@gjb-law.com

BALLOTS RECEIVED AFTER THE VOTING DEADLINE WILL **NOT** BE COUNTED.

ANY PROPERLY EXECUTED, TIMELY RECEIVED BALLOT THAT DOES NOT INDICATE EITHER ACCEPTANCE OR REJECTION OF THE PLAN WILL BE COUNTED AS A VOTE TO ACCEPT THE PLAN. ANY PROPERLY EXECUTED, TIMELY RECEIVED BALLOT THAT INDICATES BOTH ACCEPTANCE AND REJECTION OF THE PLAN WILL BE COUNTED AS A VOTE TO ACCEPT THE PLAN. **BALLOTS SHOULD NOT BE DELIVERED DIRECTLY TO THE DEBTOR, THE COURT, THE COMMITTEE, THE PREPETITION AGENT, OR ANY OTHER PLAN PROPONENT.**

If you are a holder of a Claim entitled to vote on the Plan and did not receive a ballot, received a damaged ballot, or lost your ballot, or if you have any questions concerning the procedures for voting on the Plan, please contact:

GENOVESE JOBLOVE & BATTISTA, P.A.
Attn: Michael Schuster
100 Southeast Second Street, Suite 4400
Miami, Florida 33131
Telephone: (305) 349-2300
Facsimile : (305) 349-2310
Email: mschuster@gjb-law.com

SUMMARIES OF CERTAIN PROVISIONS OF DOCUMENTS REFERRED TO IN THIS DISCLOSURE STATEMENT DO NOT PURPORT TO BE COMPLETE AND ARE SUBJECT TO, AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO, THE FULL TEXT OF THE APPLICABLE DOCUMENT, INCLUDING THE DEFINITIONS OF TERMS CONTAINED IN SUCH DOCUMENT.

IF YOU HAVE THE FULL POWER TO VOTE AND DISPOSE OF ANY OF THE FOURTEEN CLASSES OF CLAIMS DESCRIBED ABOVE:

Please complete the information requested on the Ballot, sign, date, and indicate your vote on the Ballot, and return your completed Ballot in the enclosed pre-addressed envelope so that it is actually received before the Voting Deadline by the Debtor's counsel:

GENOVESE JOBLOVE & BATTISTA, P.A.
Attn: Michael Schuster
100 Southeast Second Street, Suite 4400
Miami, Florida 33131
Telephone: (305) 349-2300
Facsimile : (305) 349-2310

Any voter that has delivered a valid ballot may withdraw its vote by delivering a written notice of withdrawal to the Debtor's counsel before the Voting Deadline.

Any holder that has delivered a valid ballot may change its vote by delivering to the Debtor's counsel a properly completed subsequent ballot so as to be received before the Voting Deadline.

For detailed voting instructions, see the instructions on your ballot. For a further discussion of voting on the Plan, see Article VIII below, entitled "VOTING PROCEDURES AND REQUIREMENTS."

B. Overview of Chapter 11 Process

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11 of the Bankruptcy Code, a debtor is authorized to reorganize its business for the benefit of itself and all economic parties in interest. In addition to permitting rehabilitation of a debtor, chapter 11 promotes equality of treatment of similarly situated claims and similarly situated equity interests with respect to the distribution of a debtor's assets.

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

The consummation of a plan of reorganization is the principal objective of a chapter 11 reorganization case. A plan of reorganization sets forth the means for satisfying claims against and interests in a debtor. Confirmation of a plan of reorganization by the bankruptcy court makes the plan binding upon a debtor, any issuer of securities under the plan, any person acquiring property under the plan, and any creditor of, or holder of an equity interest in, a debtor. Subject to certain limited exceptions, the confirmation order discharges a debtor from any debt that arose prior to the date of confirmation of the plan and substitutes therefore the obligations specified under the confirmed plan.

To solicit acceptances of a proposed plan, however, section 1126 of the Bankruptcy Code requires a debtor and any other plan proponents to conduct such solicitation, pursuant to a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment about the plan. The Debtor is submitting this Disclosure Statement in accordance with the Disclosure Statement Order and the requirements of sections 1125 and 1126 of the Bankruptcy Code.

III.
DESCRIPTION OF THE BUSINESS

A. Partnership Structure

The Debtor is a limited partnership organized and existing under the laws of the State of Florida. The general partner of the Debtor is Harbour Development, LC, a Florida limited liability company. The manager/member of the general partner is Mario Egozi ("Egozi"). The Debtor has 15 limited partners. The limited partners contributed $3,500,000 in capital to the Debtor, which the Debtor used to pay expenses in connection with the operation of its business and the construction of the Property.

B. Description of the CIELO Project

The Debtor is the developer and owner of the luxury residential condominium development known as CIELO on the Bay ("CIELO" or the "Property") located at 7935 East Drive, North Bay Village, Florida. CIELO contains 35 residential condominium units (the "Condominium Units"). Condominium Units range in size from 1,840 square feet to 1,900 square feet and are configured as two-bedroom, three-bedroom, and penthouse units.[3] The Condominium Units are either designer ready unfinished, or developer finished for rental or sale and feature expansive views of the Miami Beach skyline and Biscayne Bay. As of the Petition Date, the Debtor owned 32 of the Condominium Units. (Unless otherwise provided, "Condominium Units" refers to the condominium units owned by the Debtor.)

CIELO includes a fitness center, a swimming pool, a community room, and other similar upscale amenities. The building also offers computerized security and safety systems and an indoor parking garage. CIELO is a true condominium as opposed to a rental style building. It has private elevators, unit size and floor plans that are suitable for "home replacement," and the Property otherwise has the characteristic of a condominium as opposed to a built for rental project.

C. Status of the CIELO Project

As of the Petition Date, the Debtor had closed on the sale of 3 condominium units in CIELO. Since the Petition Date, the Debtor closed on the sale of one additional condominium unit and has been working towards closing on the sale of an additional Condominium Unit and continues to actively market the remaining Condominium Units. Because of the artificially depressed values in the condominium market and the inability of purchasers to obtain financing to close, the Debtor has leased and is seeking to lease additional Condominium Units to well-qualified lessees to generate cash flow to cover operating expenses, Association assessments and real estate taxes. The Debtor currently has 20 of the Condominium Units leased and is seeking to lease an additional 8-11 Condominium Units. Debtor believes that the leasing and controlled sale of Condominium Units over a 10-year period is the best plan for maximizing the value of the estate.

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[3] CIELO contains one 4-bedroom unit of 3,704 square feet, which is combination of 2 units.

D. Prepetition Indebtedness[4]

1. Priority Non-Tax Claims (Class 1)

Certain of the contract purchasers may assert priority claims pursuant to Section 507 of the Bankruptcy Code. The priority portion of these claims is limited to $2,600 per purchaser. A more complete discussion of contract purchaser claims is set forth below.

2. Real Estate Taxing Authority's Secured Claim (Class 2)

The Miami-Dade Tax Collector ("Taxing Authority") has filed a claim against the estate for 2010 real estate taxes in the amount of $442,203.79. Under applicable nonbankruptcy law, the real estate tax claim became a lien upon the Condominium Units on January 1, 2010. The real estate taxes first become payable on September 1, 2010, and may be paid without penalty until April 30, 2011. The lien securing the Taxing Authority claim generally has priority over all other encumbrances against the Property. The Debtor is currently challenging the Taxing Authority's assessed value of the Project before the Value Adjustment Board. In November 2010, Debtor made a good faith payment of approximately $360,000, as authorized under the Cash Collateral Orders, to the Taxing Authority. The Debtor's challenge to the assessed value remains pending. The Debtor does not estimate that the ultimate liability to the Taxing Authority will exceed the good faith payment. To the extent that the liability exceeds the good faith payment, the Debtor will pay the Class 2 with statutory interest from the Net Proceeds of Sales of Condominium Units.

3. Construction Mortgage Debt to Northern Trust/7935 NBV Secured Claim (Class 3) and Unsecured Claim (Class 10)

On or about December 28, 2005, Northern Trust Bank of Florida, N.A. ("Northern Trust") made a commitment to loan (the "Construction Loan" or "Construction Loan Agreement") to the Debtor in the principal amount of $16,900,000. To secure the Construction Loan, the Debtor executed a mortgage (the "Mortgage"), dated December 28, 2005, in favor of Northern Trust in the principal amount of $16,900,000, evidenced by a promissory note (the "Note") of the same date. Notwithstanding that the Construction Loan Agreement and the Mortgage granted Northern Trust security interests in the Debtor's personal property and other assets, Northern Trust failed to perfect its security interests in the Debtor's personal property, including the Condominium Purchase and Sale Agreements and the Escrow Deposits related thereto. Egozi executed a personal guaranty of the Construction Loan. Northern Trust sold a 50% participation in the Construction Loan to an Illinois based affiliate bank.

Northern Trust had for many years served as a trustee and financial advisor to Egozi and his family. Egozi confided in and regularly sought Northern Trust's advice on financial decisions for the Debtor and himself, including the viability of the CIELO development. Before the Construction Loan closed in December 2005, Northern Trust's staff economist was expressing concerns regarding a potential collapse of the United States housing market. In addition, an intramural dispute arose

[4] The foregoing summary of the Debtor's prepetition indebtedness is provided for information purposes only and shall not constitute an admission, waiver or estoppel concerning the extent, validity and/or priority of any Claims, or otherwise; the Debtor reserves and retains any and all rights and remedies held in that regard. Furthermore, all figures are rounded and approximated. Unless indicated otherwise, all figures are based upon estimates of indebtedness owed as of the Petition Date.

between various factions in Northern Trust regarding the risk status of the Construction Loan. Northern Trust expressed concern that Egozi's personal assets, many of which were held in trusts administered by Northern Trust, were not available to pay Northern Trust's claim. In an effort to enhance its position, and in violation of its fiduciary duty to Egozi, Northern Trust devised a plan and scheme to encourage Egozi to pledge his personal assets to secure additional loans to the Debtor to complete the Project thereby enhancing the value of Northern Trust's collateral at the expense of Egozi. In connection with this scheme, Northern Trust representatives regularly invited Egozi to lunch in its private dining room and represented to Egozi that "we are partners in this project." Northern Trust did not disclose its internal conclusions with respect to the housing market, that it was downgrading the Construction Loan, that Egozi should not have pledged his personal assets to enhance Northern Trust's collateral position, and that Northern Trust was advancing its own interests at the expense of Egozi and the Debtor. Pursuant to Northern Trust's recommendation, the Debtor subsequently obtained from Northern Trust additional advances ("Additional Advances") under a Line of Credit Agreement in the aggregate principal amount of $2,100,000, increasing the total aggregate amount of indebtedness to $19,000,000, and Egozi pledged various investment accounts managed by Northern Trust to secure these additional loans.

The Construction Loan, Mortgage, and related documents (collectively "Construction Loan Documents") were amended by execution of the following amendments and modifications:

(a) Amended Construction Loan Agreement on March 14, 2007;

(b) Second Amendment to Construction Loan Agreement on August 5, 2008;

(c) Third Amendment to Construction Loan Agreement on December 28, 2008; and,

(d) Fourth Amendment to Construction Loan Agreement on February 27, 2009.

Northern Trust also violated its duties to the Debtor and Egozi by assigning an inexperienced bank officer to administer the Construction Loan, delaying payouts on draw requests and insisting on amendments to the Condominium Declaration that it had previously approved, all of which led to increased costs and the loss of sales and closings at the Property.

In April 2009, the Construction Loan matured. Thereafter, the Debtor and Northern Trust negotiated the terms of a forbearance agreement. Simultaneously, Northern Trust commissioned several appraisals of the Property and explored various options for the Construction Loan and the Property, including the sale of the Construction Loan, the interim leasing and sellout of the Condominium Units over a 3-year period. Northern Trust retained CBRE Advisors, a national real estate advisory and brokerage firm to market the Construction Loan. CBRE prepared a Confidential Offering Memorandum ("COM") which contained a detailed analysis of the Property and its prospects.

Negotiations between Northern Trust and the Debtor and Egozi regarding a forbearance agreement terminated when Northern Trust refused to consent to a long-term forbearance and demanded a release and waiver of the Debtor and Egozi's claims and defenses. Thereafter, Northern Trust decided to sell the Construction Loan and distance itself from the Debtor, Egozi and the Property.

CBRE's COM recommended, *inter alia*, that the owner of the project lease all of the unsold Condominium Units in the Property during 2010 and began a controlled sell out of the Unsold Condominium Units over the following 3 years. CBRE concluded that such a plan could generate upward of $23 million in gross proceeds.

During the course of its marketing efforts, Northern Trust repeatedly violated its duties to the Debtor and Egozi by, *inter alia*, disclosing confidential financial information, restricting the Debtor's access to cash needed to complete and maintain the Property, objecting to the ongoing leasing of Condominium Units in the Property and otherwise breaching its obligations to place the interests of its beneficiaries ahead of its own interests.

In November 2009, Northern Trust offset approximately $3,000,000 in Egozi's investment accounts under its management, and applied the same to pay the Additional Advances in full and reduce the balance of the Construction Loan.

On or about December 30, 2009, Northern Trust assigned to NBV all of Northern Trust's right, title, interest and benefit to, in and under the Construction Loan Documents. NBV's claim is subject to all claims and defenses of the Debtor and Egozi, including claims for equitable subordination and limitation of the claim to the amount paid because it was acquired in a transaction with a defalcating fiduciary.

In consideration of the assignment of the Construction loan, NBV paid Northern Trust $8,750,000. NBV also agreed that it would not enter into any settlement agreement with the Debtor and Egozi, under which NBV did not receive 100% payment of principal and default interest, unless it procured a general release from the Debtor and Egozi in favor of Northern Trust. NBV also obtained a limited indemnification agreement from Northern Trust with respect to claims that might be asserted against it as a result of Northern Trust's conduct. Similar to Northern Trust, NBV failed to perfect its security interests in the Debtor's personal property, including the appliances at the Property, the Condominium Purchase Agreement and the Escrow Deposits.

NBV has filed a claim in the amount of $15,598,530.54 relating to the Construction Loan. As of the Petition Date, and through the date of the hearing on NBV's motion to dismiss on August 18, 2010, described hereafter, NBV maintained that the Property had a fair market value of $8,000,000. In connection with its objection to a prior Disclosure Statement filed on October 28, 2010, NBV asserted that the value of the property securing its claims is $11,100,000.[5] Therefore, pursuant to Section 506(a) of the Bankruptcy Code, only approximately $8,000,000-11,100,000 of NBV's claim could be secured by a first priority Mortgage lien on the Property and the remaining balance of NBV's claim is unsecured. The secured portion of the claim is subject to increase or decrease depending upon the Bankruptcy Court's determination of the value of the Property at the time of the Confirmation hearing, including whether the value of the Property should be reduced by construction completion costs, the value of personal property in which NBV failed to perfect a security interest and Section 506(c) surcharge claims. The amount of the secured claim will also vary depending upon the outcome of the Debtor's objection to NBV's claim and the subordination adversary proceeding. If the Bankruptcy Court fixes a higher valuation for NBV's claim, the Debtor

[5] The Debtor cannot determine whether NBV's new valuation of the property includes property with respect to which it failed to perfect a security interest or Unit 501, which closed on October 15, 2010.

would be obligated to pay interest on the higher amount under the Plan. This could reduce the distribution otherwise available to other creditors under the Plan.

NBV objects to the Debtor's continuing designation of the Claim as Northern Trust/NBV, because NBV claims to be the sole owner of the Claim. Debtor contends that the designation is appropriate because NBV is bound by Northern Trust's inequitable conduct; NBV has agreed not to settle the claim unless it secures a general release for Northern Trust from the Debtor and Egozi , and the NBV and Northern Trust have mutual indemnification obligations with respect to the Debtor and Egozi's claims. NBV further disputes the Debtor's characterization in this section and will contest the Debtor's efforts to limit the amount of its claim.

To the extent that NBV is determined to hold an Allowed Claim the amount of which exceeds the value of the property in which it holds a valid and perfected interest, NBV will hold a Class 10 unsecured claim. NBV may be entitled to waive its unsecured claim and treat its entire claim as being fully secured if it satisfies the requirements of Section 111(b) of the Bankruptcy Code and implementing rules. In such case, it would be entitled to receive aggregate payments under the Plan equal to the amount of its claim, approximately $15,000,000, but would only be entitled to interest on the actual secured portion of the claim. Such an election could reduce the amount of assets available for distribution to other creditors.

4. Egozi's Secured Subrogation Claim (Class 4) and Unsecured Claim (Class 12)

Egozi has filed two claims against the estate: (1) a secured claim in the amount of $3,041,884.80, relating to the Northern Trust's setoff and application of his investment accounts to the Construction Loan, which is potentially secured by the Property because Egozi is subrogated to Northern Trust's Mortgage and the Debtor and Egozi intend to seek the equitable subordination of NBV's Mortgage claim; and (2) an unsecured claim for loans made to the Debtor primarily to pay operating expenses and construction costs in the amount of $660,090. As discussed above, Northern Trust served as a financial advisor for Egozi and his family for over 25 years prior to making the Construction Loan to the Debtor. In violation of its fiduciary duty and in furtherance of its own interest at the direct expense of Egozi, Northern Trust advised Egozi to pledge his personal exempt investment funds and trust assets to Northern Trust in exchange for Northern Trust's lending the Debtor the Additional Advances that the Debtor needed to complete the construction of the Property. Prior to selling and assigning the Construction Loan Documents to NBV, Northern Trust seized $3,000,000 of Egozi's investment funds and trust assets and applied them to pay the Additional Advance and reduce the balance of the Construction Loan. Egozi's claim against the Debtor is subrogated to Northern Trust/NBV's secured claim.[6] Furthermore, to the extent that Egozi was damaged by Northern Trust's breach of its fiduciary duty (approximately $3,000,000), Northern Trust/NBV's claims may be determined to be subordinate to Egozi's Secured Subrogation Claim. Consequently, $3,000,000 of Egozi's $3,660,000 claim against the Debtor may be secured by the Property. The remaining $660,000 of Egozi's claim, which relate to general loans to the Debtor is likely unsecured. NBV disputes the characterization in this Section. NBV contends that the Debtor has no standing to assert a claim for equitable subordination and Egozi cannot state a claim for equitable subrogation under controlling Eleventh Circuit precedent. NBV has objected to

[6] The Debtor has filed an adversary complaint seeking a determination of the amount validity and priority of NBV's claim vis-a-vis Egozi's claim. Egozi has sought to assert a cross-claim for equitable subordination of NBV's claims in this proceeding and has filed a separate adversary proceeding seeking equitable subordination of NBV's claims.

Egozi's alleged subrogation claim and unsecured claim on the grounds that such claims are disguised equity contributions and should be subordinated to all debts on such basis.

5. Whirlpool Claim (Class 5)

Whirlpool Corporation has filed a claim for $27,521.70 and asserts a security interest in certain appliances delivered to the Property and installed in certain Condominium Units. NBV and the Debtor believe that Whirlpool Corporation's perfected security interest may have lapsed or been otherwise released. On December 3, 2010, the Bankruptcy Court entered an agreed judgment avoiding Whirlpool's security interest and preserving the same for the benefit of the estate; therefore, Whirlpool's claim will be treated as a Class 10 General Unsecured Claim for purposes of distribution under the Plan.

6. The Architect's Claim (Class 6)

As of the Petition Date, Revuelta Vega Leon, the Debtor's architect, asserted a claim of $106,000, which it contended was secured by a mechanic's lien recorded against the Property. Pursuant to applicable non-bankruptcy law, NBV's Mortgage lien may be superior in priority to this mechanic's lien. In addition, the architect failed to file a claim against the bankruptcy estate by the bar date, and therefore may have no claim in the event that the Bankruptcy Court determines that its mechanic's lien claim is not actually secured by the Property. NBV contends that the Class 6 Claim must be disallowed because the value of the Property is less than senior interests in the Property and the Class 6 claimant failed to file a proof of claim by the bar date. On June 27, 2011, the Bankruptcy Court entered a default judgment avoiding Revuelta Vega Leon's mechanic's lien and disallowing its claim. Therefore, Revuelta Vega Leon shall not be considered a creditor for purposes of distribution and voting under the Plan.

7. Purchaser Deposit Claims (Class 7)

Prior to and during construction of CIELO, the Debtor entered into contracts with purchasers on 14 Condominium Units. Pursuant to those contracts, each purchaser deposited 20% of the applicable purchase price with the Debtor. The Debtor used fifty percent (50%) of each deposit to pay hard costs of construction of the Property and held the remaining deposit in escrow to be disbursed at closing. As of the Petition Date, the Debtor had received a total of $2,600,000 in deposits from purchasers. The Debtor has declared a number of these purchasers to be in default. The Bankruptcy Court has authorized the Escrow Agent to turn over the deposits of a number of purchasers to the Debtor because the purchasers were in default and had forfeited their deposits or the Debtor settled and compromised with the Purchasers. The Bankruptcy Court's order also effectively disallowed Purchaser Deposit Claims relating to the defaulted purchasers and settling purchasers. The Bankruptcy Court has effectively allowed purchaser deposit claims in favor of Traverso pursuant to a settlement and in favor of Cuellar and Milano pursuant to a summary judgment allowing them to rescind their purchase agreements in the amount of approximately $320,000. Presently, the Debtor still holds approximately $150,000 of deposits for 2 purchasers (each, hereinafter referred to as a "Purchaser") based upon their respective purchase deposits. Because half of each Purchaser's deposit was used to construct CIELO and the other half was maintained in escrow, each Purchaser's claim is split equally between two distinct categories: unsecured deposit claims and secured deposit claims. NBV contends that, to the extent unsecured, the Purchaser Deposit claims are priority claims pursuant to section 507(a)(7) to the extent of $2,600

and otherwise Class 11 general unsecured claims. NBV contends that, to the extent secured, the Purchaser Deposit claims are secured by property that is not property of the estate and therefore should not be administered under the Plan, or alternatively, that such claims are not impaired.

7a. Unsecured Purchaser Deposit Claims (Class 11)

Pursuant to the purchase contracts, the Debtor used 50% of each Purchaser deposit to construct CIELO. Therefore, Purchasers may potentially have unsecured claims against the Debtor based upon the portion of the deposit that the Debtor spent to construct CIELO.

7b. Purchaser Deposit Claims Potentially Secured by the Escrowed Deposits (Class 7)

Pursuant to the purchase contracts, the Debtor has maintained 50% (the "Escrowed Deposits") of the deposits in escrow. Therefore, the Purchasers' claims against the Debtor based upon unreturned deposits may be secured, in whole or in part, by the Escrowed Deposits.

8. Condominium Association Secured Claim $100,000-314,188 (Class 8)

Cielo on the Bay Condominium Association (the "Condo Association") has filed a claim for $314,188, which is comprised of unpaid assessments accrued and due as of the Petition Date. The Debtor believes that upon final reconciliation that the Association's claim may be substantially reduced. The Association has also filed an unliquidated claim relating to construction defects and warranty, and claims related to the Debtor's management of the Association prior to turnover with respect to the Project. These later claims will be treated as Class 11 general unsecured claims for purposes of the Plan. NBV contends that the Condo Association claim is unsecured and should be classified as a Class 11 claim, because (a) the Condo Association did not file a claim of lien and (b) the mortgage was recorded prior to the Declaration of Condominium. NBV also contends that the Condo Association's priority is limited to 6 months of assessments or 1% of the mortgage debt pursuant to Florida Statute Section 718.116 and that the Plan should be amended to provide for the payment of such amount from the closing of each sale of a Condominium Unit. Debtor contends that the Condo Association's priority now extends to one year's assessments and that Plan provides for payment of such amounts to the extent of their priority from each closing of a Condominium Unit. In addition, the Debtor may surcharge any unpaid assessments against the Property pursuant to Section 506(c) based upon a recent decision of the Bankruptcy Court. *In re Spa at Sunset Isles Condominium Association, Inc.*, 2011 WL 3290239 (Bank. S.D. Fla. 2011)

9. Purchaser Contract Litigation Attorneys' Fees (Class 9)

The Debtor owes attorneys' fees of $40,000 to its attorneys who represented it in connection with the Deposit Litigation Cases (defined below in section E). The attorneys may be entitled to assert a retaining lien against the Debtor's books and files and a charging lien against the proceeds of the Deposit Litigation Cases, including without limitation the Escrowed Deposits. NBV contends that the Purchaser Contract Litigation Attorney's are unsecured creditors and should be classified in Class 11.

10. General Unsecured Claims (Class 11)

In addition to the claims that are ultimately determined to be unsecured claims described above, the Debtor owes $3,000 in unsecured claims to an accounting firm.

E. Pre-Petition Contract and Foreclosure Litigation

As of the Petition Date, the Debtor was a party to 3 pending cases involving Purchasers seeking return of escrowed deposits based upon alleged defaults by the Debtor (the "Deposit Litigation Cases"), filed in the Circuit Court of the 11th Judicial Circuit in and for Miami-Dade County Florida (the "State Court"). These actions were stayed by the commencement of the bankruptcy case.

NBV filed a foreclosure proceeding in the State Court, Case No. 2010-02180-CA-25 (the "Foreclosure Action"). The Debtor and Egozi filed an answer asserting defenses based upon Northern Trust's breach of fiduciary duty and unreasonable failure to consent to sales and leasing of condominium units in the project. Whirlpool Corporation filed a counterclaim seeking to collect on its claim secured by the appliances that it installed at the Property. This action was stayed by the commencement of the bankruptcy case. The Bankruptcy Court entered an agreed order modifying the automatic stay to permit the Foreclosure Action to proceed to judgment, but not to sale. The State Court entered a summary final judgment of foreclosure in favor of NBV in the amount of $14,997,290.96. The State Court found that Northern Trust fiduciary duties owed to Egozi did not extent to the Debtor and otherwise rejected the Debtor's additional defenses relating to damages incurred as a result of Northern Trust's failure to consent to the leasing of Condominium Units and the sale of Condominium Units at less than the release prices contained in the Construction Loan Agreement. The Debtor filed a timely appeal of the final summary final judgment of foreclosure. The Debtor's initial brief in due in early September 2011. If the Debtor is successful on its appeal, it may result in the reduction of the amount otherwise due to NBV and increase distributions to other creditors. The Debtor does not believe that the affirmance of the summary judgment will materially affect its ability to perform under the Plan.

The plaintiff in one of the Deposit Litigation Cases (*Reza Rahimzadegan v. Harbour East Development, Ltd., et al.*, Case No 09-6319) obtained an order from the bankruptcy court lifting the automatic stay with respect to his particular Deposit Litigation Case pending in the State Court. The order lifting the stay permits Reza Rahimzadegan to prosecute such case while the bankruptcy is pending. On October 1, 2010, the Bankruptcy Court approved the Debtor and Rahimzadegan settlement of this claim. The Rahimzadegan Deposit Litigation Case was mooted as a result of the settlement

F. Post-Petition Litigation

On September 10, 2010 the Debtor filed an adversary to determine the amount, validity, and priority of any security interest that NBV may have in the Escrowed Deposits. The Debtor contends that Northern Trust and NBV failed to perfect their security interest in the Escrowed Deposits by failing to file a UCC-1 financing statement and failing to obtain control over the deposit account holding the Escrowed Deposits, and because certain amounts due under the purchase and sale agreement are not proceeds of the Property. This adversary also seeks to determine the amount, validity and priority of any lien that NBV and Whirlpool Corporation may have on the appliances

and other personal property installed at the Property. The Debtor believes that the Bankruptcy Court will determine that the estate has a prior interest in all of these assets that will be available for payment of administrative expenses and the claims of general creditors. On December 3, 2010, the Bankruptcy Court entered an Agreed Judgment avoiding Whirlpool's security interest and preserving such interest for the estate. On July 22, 2011, the Bankruptcy Court entered an order granting summary judgment in favor of NBV on the question of the perfection of its security interest in the Escrowed Deposits. Debtor has reviewed the Bankruptcy Court's order with a Uniform Commercial Code expert and believes that there are substantial grounds for a difference of opinion regarding the Bankruptcy Court's interpretation of the law.

On August 15, 2011, the Debtor filed a motion for summary judgment with respect to the perfection of NBV's security interest in the Debtor's personal property. The Debtor is seeking a determination that it has priority over NBV with respect to all of the Property's building components and equipment, because the Mortgage provides that such property was to retain its character as personal property and the security interest created therein would be subject to the Uniform Commercial Code. If the Debtor is successful in avoiding NBV's security interest in personal property, the amount of NBV's actual secured claim could be substantially reduced. Upon the conclusion of this adversary, the Debtor will make a business judgment whether to seek review of the Bankruptcy Court's summary judgment order relating to the Escrowed Deposits. A copy of this Adversary complaint and the relevant motions and orders are available upon request to the Debtor's counsel and is generally available on the Bankruptcy Court's website.

On October 25, 2010, two Purchasers, Cuellar and Milano, filed an adversary proceeding seeking a determination that they were entitled to rescind their purchase agreements and obtain a refund of their earnest money deposits. The Bankruptcy Court entered summary judgment in favor of Cuellar and Milano regarding the enforceability of the Purchase Agreement. The Debtor filed a timely appeal of the summary judgment in favor of Milano. The issue upon which the Bankruptcy Court granted summary judgment in favor of Milano is currently under advisement by the Florida Court of Appeals. The Debtor has requested an extension of the briefing schedule on the Milano appeal pending the decision by the Florida Court of Appeals. A copy of this Adversary complaint and the relevant motions and orders are available upon request to the Debtor's counsel and is generally available on the Bankruptcy Court's website.

The Debtor filed an objection to the claim of Purchaser Traverso and a counterclaim seeking a declaration that the purchase agreement is enforceable, that the purchasers are in default and that the deposits be turned over to the Debtor. The Debtor and Traverso entered into a stipulation for settlement under which the Debtor would retain 25% of the remaining deposit and Traverso would receive the balance of the deposit and be allowed a purchaser deposit claim of $182,950. The Bankruptcy Court entered an order approving a compromise between Traverso and the Debtor.

On December 14, 2010 the Debtor filed an adversary proceeding (the "Subordination Action") seeking to disallow a substantial portion of NBV's Claim and subordinate $3,000,000 of NBV's Claim to Egozi's Claim. The Debtor is also seeking to limit NBV's claim to the $8,750,000 it paid to Northern Trust, reduce the claim by all interest and other fees paid to Northern Trust, approximately $2,000,000 and reduce the claim for damages incurred on account of Northern Trust and NBV's breach of the Loan Agreements, including in particular the interference with the Debtor's leasing efforts (approximately $2,000,000) and its interference with the closing of the sale of a Condominium Unit to Garcia. The Debtor is also separately challenging NBV's standing in

these proceedings based on its parent entities' activities in supporting the Castro government by engaging in significant development and ownership of resort properties in Cuba in the late 1990s through at least 2005. The Debtor contents that NBV and its principals are not authorized to do business in the United States and that the Northern Trust's assignment of the Construction Loan to NBV is invalid based upon NBV and its affiliates association and support for Cuban government agencies, which have designated as "terrorist organizations" by the United States Department of Treasury Office of Foreign Asset Control.

On December 14, 2010, NBV filed a declaratory judgment action against Egozi alleging that Egozi had not rights of subrogation with respect to the Northern Trust/NBV claims and that Egozi's claims should be reclassified as equity interests (the "Recharacterization Action").

Egozi filed an answer to the Subordination Action and Recharacterization Action. NBV filed a motion to dismiss the Subordination Action, which motion remains pending before the Bankruptcy Court. Egozi filed a motion seeking leave to assert an equitable subordination claim against NBV in the Subordination Action and the Recharacterization Action. Egozi also filed a separate adversary proceeding against NBV seeking to subordinate NBV's claim. NBV has opposed Egozi's motion for leave to assert his claims for equitable subordination and has moved to dismiss his adversary complaint for subordination.

The Debtor believes it will ultimately prevail in the Subordination Action, if litigated to final judgment. If the Debtor is successful in reducing the amount of NBV's claim based primarily upon Northern Trust's misconduct, distribution to other creditors may be substantially enhanced. A copy of this Adversary complaint is available upon request to the Debtor's counsel and is generally available on the Bankruptcy Court's website.

IV.
KEY EVENTS LEADING TO THE COMMENCEMENT OF THE REORGANIZATION CASE

A. The Decline in the Real Estate Market

The Debtor filed Chapter 11 because of (a) the declining real estate market, (b) its inability to reduce condominium prices in response to these changing market conditions, and (c) its inability, due to circumstances beyond its control, to renew, repay, or refinance its secured mortgage debt owed on the Construction Loan (Northern Trust, predecessor in interest to NBV), which matured in April 2009. The Debtor believes that the current impaired real estate market actually dates back to 2005. The decline was exacerbated by both government policies and market mortgage products that created easy money and an artificial demand for residential real estate by encouraging speculative purchases which in turn lead to more speculative developments. The acute collapse occurred in the summer of 2007 with the subprime meltdown and spread to the general market with the financial crisis and the onset of the "Great Recession" in the Fall of 2008. In the past 2 years, potential purchasers of condominiums at CIELO have sought significant purchase price reductions due to market conditions. Because Northern Trust and NBV refused to grant the Debtor relief from minimum lien release price covenants in the Construction Loan Agreement, the Debtor has been stymied from generating significantly more closings at realistic market levels. Consequently, many of the purchasers that paid 20% pre-construction deposits have cancelled their purchase agreements rather than pay the prices demanded by Northern Trust and NBV. Had the Debtor been able to

reduce purchase prices as market conditions deteriorated, the Debtor believes that it would have been able to repay all or a substantial portion of the Construction Loan.

V.
THE REORGANIZATION CASE

A. The Post-Petition Sale of Condominium Units

On April 22, 2010, the Debtor filed its *Debtor's Motion For Order (I) Authorizing The Sale Of Pending Sale Condominium Units Pursuant To 11 U.S.C. § 363 Free And Clear Of All Liens, Claims, And Encumbrances, And (II) Establishing Procedures For Future Sales Of Condominium Units* [Docket No. 9], seeking authority to close on the sale of two Condominium Units, as well as seeking authority to continue to actively market the remaining Condominium Units. On May 17, 2010, NBV filed a Preliminary Objection to the Motion. [Docket No. 48]. On May 20, 2010, the bankruptcy court conducted a hearing on the Motion and the Objection pursuant to which the Court authorized the closing of the sale of Unit 501, but denied the Debtor's remaining requests for relief without prejudice.

On June 24, 2010, the Debtor filed an amended Motion to Establish Procedures for the Offering for Sale of Condominium Units, the Offering of Seller Financing with Respect to Such Sales, Granting Adequate Protection with Respect to the Interest of Holders of Secured Claims and Providing Certain Bid Protection and Break-Up Fees in the Event of a Credit Bid by Secured Parties. [Docket No. 85]. On June 29, 2010, NBV filed its response in opposition to the motion. On July 20, 2010, the Court entered an order granting in part and denying in part the Debtor's motion, ruling that it would consider each proposed sale independently when presented by the Debtor for court approval.

On July 30, 2010, NBV filed a motion [Docket No. 151] to reconsider the July 20, 2010 order. On August 6, 2010, the Debtor filed its response [Docket No. 156] in opposition to the motion to reconsider. On September 16, 2010, the Court entered an order providing that the Condominium Units can be sold for less than minimum lien release price covenants in the Construction Loan Agreement only with the consent of parties in interest asserting an interest in the specific Condominium Unit and that the Debtor may accept Purchase Money Mortgages only with the consent of parties in interest asserting an interest in the specific Condominium Unit. Debtor contends that Sections 363(f) and 1129 authorize the sale of the Condominium Units free and clear of all interests even over the objection of parties with interests therein. Debtor will also contend that its dispute relating to the validity, priority and extent of NBV's liens on the Condominium Units provides an alternative basis for the Bankruptcy Court to authorize the sales free and clear of its mortgage lien. The Debtor will seek the Bankruptcy Court's determination of this issue at the confirmation hearing.

On August 31, 2010, the Debtor filed a motion to approve the sale of Unit 802 for $650,000. This motion sought authority to sell the Unit 802, free and clear of liens and to extend purchase money financing to the purchaser. The Debtor withdrew this Motion without prejudice because NBV refused to consent to the sale with purchase money financing. The prospective purchaser remains interested in purchasing Unit 802, provided that the Debtor provides purchase money financing and the Debtor may seek authority to sell it at a later date. If NBV continues to refuse to consent to this sale and depending on the outcome of the separate deposit account litigation, this

purchaser may assert a right to rescission and may seek to cancel his contract and recover his deposit.

On October 15, 2010, the sale of Unit 501 closed. The Debtor made a provisional payment of approximately $530,000 to NBV from the proceeds of the sale.

B. The Debtor's Use of Cash Collateral

On May 11, 2010, the Debtor filed its first Motion for order authorizing the use of cash collateral pursuant to 11 U.S.C. § 363(c)(2), and (2) authorizing the recovery of maintenance and preservation expenses from property securing allowed claims pursuant to 11 U.S.C. § 506(c). [Docket No. 33] (the "First Cash Collateral Motion"). In the First Cash Collateral Motion, the Debtor sought to use cash collateral to make Condominium Units occupancy ready for purposes of leasing them to generate income to pay the operating expenses of the Project and to preserve and enhance the value of NBV's collateral. The Debtor budgeted $162,500 to complete Condominium Units for occupancy during a six-month period. *Id.* The Debtor budgeted total rental revenue of $196,400 for the same period based upon an estimated doubling of the gross monthly rent by the end of the period. *Id.* On May 17, 2010, NBV filed its Objection to the Debtor's proposed use of cash collateral to, *inter alia*, make Condominium Units occupancy ready and to the rental program in general. [Docket No. 47]. NBV objected to the use of cash collateral primarily on the grounds that leasing would devalue the Condominium Units and that the Debtor was proposing to spend too much to improve the Condominium Units to become occupancy ready. *Id.* NBV's objections to the Debtor's use of cash collateral to make Condominium Units occupancy ready has injured the estate to the extent of approximately $400,000 in lost revenue.

As a result of NBV's objections, the Debtor and NBV negotiated a series of "bare bones" cash collateral orders that provided for the operation of the Property, but made no provision for capital improvements or the improvement of Condominium Units to occupancy ready condition. [Docket Nos. 373, 117 and 141]. After efforts at negotiating a comprehensive cash collateral order failed, on August 18, 2010, the Debtor sought to present the First Cash Collateral Motion for evidentiary hearing. In connection with this hearing, the Debtor and NBV negotiated a more comprehensive Fourth Interim Cash Collateral Order [Docket No. 244]. This order authorized the Debtor to proceed with a number of capital projects that have significantly enhanced the value of the Property: (1) dock renovation; (2) exterior deck waterproofing; (3) gym, lobby and community room furnishings; (3) Ready/Model Unit build-out. *Id.* The Debtor has completed all of these projects within budget. Since the Court had not yet ruled on the Leasing Motion, NBV continued to object to the Debtor's use of cash collateral to implement a leasing program.

On January 6, 2011, the Court entered the Leasing Order. Notwithstanding, NBV continued to object to the Debtor's use of cash collateral to implement the leasing program. On February 18, 2011, the Debtor filed its Second Motion for Order (I) Authorizing the Use of Cash Collateral Pursuant to 11 U.S.C. § 363(c)(2) and authorizing the recovery of maintenance and preservation expenses from property securing allowed claims pursuant to 11 U.S.C. § 506(c) [Docket No. 368]. On March 3, 2011, the Bankruptcy Court entered an Agreed Order authorizing use of Cash Collateral for, *inter alia*, improvement of Condominium Units into an occupancy ready condition. [Docket No. 384]. Pursuant to the authority granted to it under this Order, the Debtor completed additional Condominium Units, which it promptly leased, and which are generating substantial revenue for the estate.

C. The NBV Motions to Dismiss and for Stay Relief

On June 18, 2010, NBV filed a Motion to Dismiss (the "Motion to Dismiss") [Docket No. 80], seeking, among other things, the entry of an order (i) dismissing the Debtor's Chapter 11 Case pursuant to section 1112(b) of the Bankruptcy Code for cause, alleging that the Case was filed in bad faith or (ii) in the alternative, seeking (a) relief from the automatic stay under section 362(d) of the Bankruptcy Code to permit NBV to pursue the Foreclosure Action, and (b) adequate protection to NBV.

On August 6, 2010, the Debtor filed its response to the Motion to Dismiss, respectively [Docket No. 156]. On August 20, 2010, the Court entered an agreed order granting, in part, the Motion to Dismiss [Docket No. 165], which provided for relief from the automatic stay for NBV to continue to prosecute its foreclosure action against the Property through a foreclosure judgment, and authorized NBV to seek further stay relief to proceed to a foreclosure sale.

On November 11, 2010, NBV filed a second Motion to Dismiss arguing that the Plan is not confirmable. The Debtor filed a response opposing the second Motion to Dismiss because NBV has failed to demonstrate "cause" for dismissal. Debtor will argue that the Plan will provide a greater return to creditors particularly given the avoidance and subordination powers available to the Debtor under the Bankruptcy Code.

On June 13, 2011, NBV filed a Renewed Motion for Stay Relief. On June 30, 2011, the Debtor filed its response. On July 5, 2011, the parties appeared for a preliminary hearing before the Bankruptcy Court. On July 22, 2011, the Debtor filed its Motion to strike certain exhibits tendered by NBV at the hearing and for an order setting an evidence hearing on the Motion.

D. The Brokerage Agreements and Marketing Plans

On July 22, 2010, the Court entered an order authorizing the employment and retention of EWM (Esslinger Wooton Maxwell Realtors, Inc.) as the Debtor's exclusive sales and marketing agent and real estate broker. The Debtor and EWM developed a marketing plan. The Debtor and EWM staged a major promotional event at the Property which coincided with the annual Art Basel show. The Debtor completed and furnished two new model units and EWM launched an aggressive internet and print marketing campaign for the Property.

Despite the foregoing efforts and their generation of substantial traffic at the Property, sales of "comparable" condominium units in the "cash" and "distressed" markets prevented the Debtor from selling the Condominium Units at fair market value. The Debtor did not believe it was in the best interest of the estate to sacrifice Condominium Units in the cash market for purposes of showing sales when to do so would seriously undermine the value of the remaining Condominium Units.

Debtor terminated the EWM agreement and is seeking authority to list the Condominium Units for sale through Trust Group Realty, LLC, a North Bay Village based real estate broker.

E. The Leasing Motions

Consistent with market realities and the plan proposed in the CBRE COM, the Debtor sought to lease Condominium Units in the Property and to use cash collateral for purposes of

completing capital projects and making additional Condominium Units ready for Occupancy. On May 27, 2010, the Debtor entered a lease for Unit 1104. On June 2, 2010, NBV filed a Motion to Annul the lease. On June 8, 2010, the Debtor filed its response. On June 8, 2010, the Motion was argued before the Court. On June 25, 2010, NBV withdrew its Motion. The Debtor has continued to collect rent from the Unit 1104 tenant.

On August 18, 2010, the Debtor filed a Motion to authorize two additional leases. NBV consented to one of the lease but objected to the second lease and the Debtor's general plan to lease Condominium Units in the Project pending sale. On September 24, 2010, the Debtor and NBV presented evidence to the Bankruptcy Court. NBV failed to present any credible evidence that the leasing program would diminish the value of the Property or that it was otherwise not an appropriate exercise of the Debtor's business judgment. Debtor and the estate suffered damages in the form of lost rental income as a result of NBV's refusal to consent to the leasing of Condominium Units. Debtor contends that NBV has continued to object to the Debtor's leasing of Condominium Units as part of its effort to defeat the Plan.

On January 6, 2011, the Bankruptcy Court entered it Order approving the Debtor's leasing of Condominium Units [Docket No. 338]. On January 20, 2011, 2011, NBV filed a Motion seeking to "clarify" the order to limit the Debtor to leasing no more than 22 Condominium Units in the Property [Docket No. 348]. On February 25, 2011, the parties agreed to continue the hearing on NBV's motion. The Debtor has now sought a hearing on the Motion.

On February 10, 2011, NBV filed a motion to invalid a short-term lease and for sanctions. The Court did not invalid the lease, the Debtor received the rental revenue due under the lease, and NBV has failed to pursue its motion for sanctions.

F. Bar Date

The Court set August 23, 2010 as the deadline to file proofs of claim in this Case. As of the bar date 18 claims had been filed in the aggregate sum of $21,794,886.88. The Debtor estimated that the final Allowed Amount of claims against the estate will be less than the filed amounts.

G. The Debtor's Reorganization Business Plan

The Debtor is optimistic about its long-term economic prospects. The Debtor's principal asset consists of the 31 unsold Condominium Units in CIELO. The Condominium Units are aesthetically and functionally superior to the competitive properties in the North Bay Village submarket. NBV contends that the value of the Property is approximately $8-11.1 million, based upon an $8 million bulk sale appraisal obtained by NBV in April 2010 and apparently an internal analysis conducted in October 2010. NBV paid Northern Trust $8,750,000 for what it believed as a loan secured by the Condominium Units and over a $1 million of Earnest Money Deposits. In December of 2009, NBV's consultant estimated that the value of the Northern Trust claim was in excess of $10 million and that under a worst case scenario the sale of the Condominium Units would generate in excess of $20 million in proceeds over a shorter time frame than that projected by CBRE. The Debtor believes that traditional appraisals are a less than reliable method of determining value in the current market, because none of the traditional assumptions underlying traditional appraisal methodology are present in the current market.

The Debtor has performed its own valuation of its assets and believes that the leasing and sale of the assets under its plan will generate gross proceeds of approximately $26 million. The Debtor based its determination of future cash flows on historical information regarding recoveries from real estate market collapses, its experiences with renting the Condominium Units, the CBRE COM analysis, the Integra appraisal, current market surveys and market experience, and general review of economic forecasts and real estate market analysis. The Debtor believes that most of the mainstream real estate analyses were overly optimistic in their opinion regarding the market recovery. The Debtor believes that the excess inventory of comparable higher end waterfront condominium units has been substantially reduced but that the stilted economic recovery and the general unavailability of conventional mortgage financing in the market place will continue to assert negative influence on achievable sales prices. Conversely, the Federal Reserve's decision to maintain interest rates at historically low levels for the foreseeable future substantially reduces the cost to carry the Property and supports the Debtor's decision to hold the Property as a rental, pending a market recovery. The Debtor has prepared a marketing plan formulated to maximize the value of the Property. The Debtor proposes to continue to lease Condominium Units to qualified tenants while simultaneously marketing and selling the Condominium Units. The Debtor has abandoned its offer purchaser money and financing the sale of such Condominium Units because of objection from NBV and the Bankruptcy Court's unwillingness to authorize the offering of such financing over NBV's objections. Therefore, until such time as third party financing becomes more readily available to purchasers, the Debtor believes that it is in the best interests of the estate to continue to lease the Condominium Units. Debtor is assuming that third party financing will not be available for purposes of the early years of its projections. Debtor has, however, working with several mortgage brokers and banks regarding arranging financing for prospective purchasers. Thus, the Debtor anticipates that most of the earlier sales of the Condominium Units will be for cash, without financing provided by third party sources and will therefore be at lower prices than those that may be achieved in the future when financing is available.

VI.
THE PLAN OF REORGANIZATION

A. Introduction

The Plan provides for a restructuring of the Debtor's financial obligations. The Debtor believes that the proposed restructuring will provide the Debtor with the necessary liquidity to compete effectively in today's business environment.

The Debtor also believes, and will demonstrate to the Bankruptcy Court, that under the Plan, creditors will receive substantially more value than they would receive in a liquidation of the Debtor under chapter 7 of the Bankruptcy Code.

The following is a general discussion of the provisions of the Plan. The Plan is attached as Exhibit 1 to this Disclosure Statement. In the event of any discrepancies, the terms of the Plan will govern.

B. Plan Funding

The Plan will be funded by the Debtor forfeited Purchaser Escrow Deposits, income from rental of Condominium Units, net proceeds from sales of Condominium Units, and the conversion of the Egozi unsecured claim into equity interests in the Reorganized Debtor.

C. Classification and Treatment of Claims and Equity Interests Under the Plan of Reorganization

One of the key concepts under the Bankruptcy Code is that only claims and equity interests that are "allowed" may receive distributions under a chapter 11 plan. This term is used throughout the Plan and the descriptions below. In general, an "allowed" claim or "allowed" equity interest simply means that the Debtor agrees, or in the event of a dispute, that the Bankruptcy Court determines, that the claim or equity interest, and the amount thereof, is in fact a valid obligation of the Debtor. By operation of sections 1111(a), 501(a) and 502(a) of the Bankruptcy Code, a claim or interest that appears in the schedules filed by the Debtor and is not identified as disputed, contingent, or unliquidated, is deemed "allowed" unless a party in interest objects. Additionally, section 502(a) of the Bankruptcy Code provides that a timely filed proof of claim or equity interest is deemed "allowed" (regardless of the Debtor's schedules) unless the debtor or other party in interest objects. Section 502(b) of the Bankruptcy Code specifies certain claims that may not be "allowed" in bankruptcy even if a proof of claim is filed. These include, but are not limited to, claims that are unenforceable under the governing agreement between a debtor and the claimant or applicable non-bankruptcy law, claims for unmatured interest, property tax claims in excess of the debtor's equity in the property, claims for services that exceed their reasonable value, real property lease and employment contract rejection damage claims in excess of specified amounts, late filed claims, and contingent claims for contribution and reimbursement.

The Bankruptcy Code requires that, for purposes of treatment and voting, a chapter 11 plan divides the different claims against, and equity interests in, a debtor into separate classes based upon their legal nature. Claims of a substantially similar legal nature are usually classified together, as are equity interests of a substantially similar legal nature. Because an entity may hold multiple claims and/or equity interests which give rise to different legal rights, the "claims" and "equity interests" themselves, rather than their holders, are classified.

Under a chapter 11 plan, the separate classes of claims and equity interests must be designated either as "impaired" (affected by the plan) or "unimpaired" (unaffected by the plan). If a class of claims is "impaired," the Bankruptcy Code affords certain rights to the holders of such claims, such as the right to vote on the plan, and the right to receive, under the chapter 11 plan, no less value than the holder would receive if the debtor were liquidated in a case under chapter 7 of the Bankruptcy Code. Under section 1124 of the Bankruptcy Code, a class of claims or interests is "impaired" unless the plan (i) does not alter the legal, equitable and contractual rights of the holders or (ii) irrespective of the holders' acceleration rights, cures all defaults (other than those arising from the debtor's insolvency, the commencement of the case or nonperformance of a nonmonetary obligation), reinstates the maturity of the claims or interests in the class, compensates the holders for actual damages incurred as a result of their reasonable reliance upon any acceleration rights, and does not otherwise alter their legal, equitable and contractual rights. In most cases, this means that the holder of an unimpaired claim will receive on the later of the consummation date or the date on which amounts owing are actually due and payable, payment in full, in Cash, with post petition

interest to the extent appropriate and provided for under the governing agreement (or if there is no agreement, under applicable nonbankruptcy law), and the remainder of the debtor's obligations, if any, will be performed as they come due in accordance with their terms. Thus, other than its right to accelerate the debtor's obligations, the holder of an unimpaired claim will be placed in the position it would have been in had the debtor's case not been commenced. Pursuant to section 1126(f) of the Bankruptcy Code, holders of unimpaired claims or interests are "conclusively presumed" to have accepted the plan. Accordingly, their votes are not solicited. Under the Plan, the Holders of Class 1 (Priority Non-Tax Claims) are unimpaired and conclusively presumed to accept the Plan.

Under certain circumstances, a class of claims or equity interests may be deemed to reject a plan of reorganization. For example, a class is deemed to reject a plan of reorganization under section 1126(g) of the Bankruptcy Code if the holders of claims or interests in such class do not receive or retain property under the plan on account of their claims or equity interests. Under this provision of the Bankruptcy Code, the holders of equity interests in Class 13 (Old Limited Partnership Equity Interests) and Class 14 (Old General Partnership Equity Interests) are deemed to reject the Plan because they receive no distribution and retain no property interest under the Plan. Because Class 13 (Old Limited Partnership Equity Interests) and Class 14 (Old General Partnership Equity Interests) are deemed to reject the Plan, the Debtor is required to demonstrate that the Plan satisfies the requirements of section 1129(b) of the Bankruptcy Code with respect to such classes. Among these are the requirements that the plan be "fair and equitable" with respect to, and not "discriminate unfairly" against, the claims and equity interests in such class. For a more detailed description of the requirements for confirmation, see section IX.B below, entitled "CONFIRMATION OF THE PLAN OF REORGANIZATION -- Requirements for Confirmation of the Plan of Reorganization."

Consistent with these requirements, the Plan divides the Allowed Claims against, and Allowed Equity Interests in the Debtor into the following classes:

Class	**Designation**	**Impairment**	**Entitled to Vote**
Class 1	Priority Non-Tax Claims	Unimpaired	No
Class 2	Real Estate Tax Secured Claims	Impaired	Yes
Class 3	Northern Trust/NBV Secured Construction Loan Claims	Impaired	Yes
Class 4	Egozi Secured Subrogation Claim	Impaired	Yes
Class 5	Whirlpool Secured Claim	Impaired	Yes
Class 6	Revuelta Vega Leon Secured Claim	Impaired	No, claim disallowed
Class 7	Purchaser Deposit Secured Claims	Impaired	Yes
Class 8	Association Secured Claim	Impaired	Yes
Class 9	Purchaser Contract Litigation Attorney Secured Claim	Impaired	Yes
Class 10	Northern Trust/NBV Unsecured Claim	Impaired	Yes
Class 11	General Unsecured Claims	Impaired	Yes
Class 12	Egozi Unsecured Claim	Impaired	Yes
Class 13	Old Limited Partnership Equity Interests	Impaired	No, deemed to reject
Class 14	Old General Partnership Equity Interests	Impaired	No, deemed to reject

1. Unclassified

a. Administrative Expense Claims

Administrative Expenses are the actual and necessary costs and expenses of the Debtor's Case that are allowed under sections 503(b), 507(a)(1) and 507(b) of the Bankruptcy Code. Such expenses will include, but are not limited to, amounts owed to vendors providing goods and services to the Debtor during the chapter 11 cases and tax obligations incurred after the Petition Date. Other Administrative Expenses include the actual, reasonable, and necessary professional fees and expenses of the Debtor and incurred during the pendency of the Case. The Debtor estimates that total administrative expenses relating to professionals will not exceed $500,000, which expense will be paid as provided in the projections.

Except to the extent that a Holder of an Allowed Administrative Expense agrees to a less favorable treatment, and except as provided in this section, as soon as reasonably practicable on or after the Effective Date, the Reorganized Debtor shall pay Cash in an amount equal to such Allowed Administrative Expense to each Holder of an Allowed Administrative Expense; *provided, however,* that Allowed Administrative Expenses representing liabilities incurred in the ordinary course of business by the Debtor, shall be assumed and paid by the Reorganized Debtor in the ordinary course of business, consistent with past practice and in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents relating to such transactions.

All Persons seeking awards by the Bankruptcy Court of compensation for services rendered or reimbursement of expenses incurred through and including the Effective Date under sections 503(b)(2), 503(b)(3), 503(b)(4), or 503(b)(5) of the Bankruptcy Code shall (i) file, on or before the deadline specified in Local Rule 2016-1(c)(1), their respective applications for final allowances of compensation for services rendered and reimbursement of expenses incurred and (ii) be paid in full, in Cash, in such amounts as are Allowed by the Bankruptcy Court (A) upon the later of (l) the Effective Date and (2) the date on which the order that deemed such Administrative Expense Allowed becomes a Final Order or (B) upon such other terms as may be mutually agreed upon by such Holder and the Reorganized Debtor. The Reorganized Debtor is authorized to pay compensation for professional services rendered and reimbursement of expenses incurred after the Effective Date in the ordinary course without the need for Bankruptcy Court approval.

b. Priority Tax Claims

Priority Tax Claims essentially consist of unsecured claims of federal and state governmental authorities for the kinds of taxes specified in section 507(a)(8) of the Bankruptcy Code, such as certain income taxes, property taxes, excise taxes, and employment and withholding taxes. These unsecured claims are given a statutory priority in right of payment. The Debtor estimates that on the Effective Date, the Allowed amounts of such claims will aggregate approximately $0.

With respect to any Priority Tax Claims not paid pursuant to prior Bankruptcy Court order, except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, each Holder of an Allowed Priority Tax Claim shall receive, commencing on as soon as reasonably practicable on or after the Effective Date, and continuing over a period not exceeding five (5) years after the Petition Date, Cash payments in an aggregate amount equal to such Allowed

Priority Tax Claim, together with simple interest at the Applicable Rate, subject to the sole option of the Debtor or Reorganized Debtor to prepay the entire amount of the Allowed Priority Tax Claim at any time without penalty. All Allowed Priority Tax Claims that are not due and payable on or before the Effective Date shall be paid in the ordinary course of business as such obligations become due.

2. Classified

The Plan provides for the treatment of each class of claims or interests as outlined below.

Class 1 – Priority Non-Tax Claims - (*Not Impaired; Not Entitled to Vote*.)

Priority Non-Tax Claims include certain claims that are granted priority in payment under section 507(a) of the Bankruptcy Code, including certain wage, salary and other compensation obligations to employees of the Debtor up to a statutory cap of $10,950 per employee, and Purchasers with unsecured claims based upon deposits paid to the Debtor pre-petition up to a statutory cap of $2,600 pursuant to Section 507(a)(7). The Debtor estimates that on the Effective Date, the allowed amount of such claims will aggregate between $7,000 and $20,800.

Except to the extent that a holder of an Allowed Priority Non-Tax Claim agrees to less favorable treatment, such Allowed Claims shall be paid in full in Cash on or as soon as reasonably practicable after the later of the Effective Date, the date allowed or the date due in the ordinary course, provided, however, that to the extent that a Holder's Allowed Priority Non-Tax Claim is comprised of a Purchaser Deposit Secured Claim (Class 7), the Allowed Priority Non-Tax Claim shall be paid and deemed satisfied from the Holder's Escrow Deposit.

Class 2 – Real Estate Tax Secured Claims - (*Impaired; Entitled to Vote*.)

Class 2 consists of Allowed Real Estate Tax Secured Claims, which are claims of the local property Taxing Authority (Miami-Dade Tax Collector). The Debtor estimates that on the Effective Date, the Allowed amount of Allowed Real Estate Tax Secured Claims will aggregate approximately $340,000.

Except to the extent that a holder of an Allowed Real Estate Tax Secured Claim agrees to less favorable treatment, the Debtor shall pay the Holder of the Allowed Real Estate Tax Secured Claims 100% of the principal amount, together with interest at the statutory rate, with respect to all Condominium Units owned by the Debtor as of January 1, 2010, with the exception of any units sold during 2010 for which the purchaser assumed responsibility for paying 2010 taxes, when such Claims become due and payable as follows: (1) to the extent of available cash contained in any Real Estate Tax Escrow authorized under this Plan or any Cash Collateral Order; (2) to the extent of any deficiency in the Real Estate Tax Escrow, then from the Net Sale Proceeds of each Condominium Unit of the first, and successive if necessary, closing of sales of each Condominium Unit following the date when such Claims become due and payable, the balance due the Holder with respect to such Claim, then due and owing. The tax liens securing payment of the Allowed Real Estate Tax Secured Claims shall remain in effect until such tax obligations are satisfied. The treatment above is not applicable to ad valorem taxes owed from 2011 forward, said taxes which are administrative expenses to be paid in the ordinary course. The Debtor's challenge to the assessed amount of 2010 real estate taxes is presently pending before the Value Adjustment Board.

The Class 2 Claimant shall issue refunds to the Debtor in the event that challenges to the Miami-Dade County Property Appraiser's assessments result in valuation reductions, subject to the Property Appraiser's right to challenge such reductions pursuant to Florida law. Pursuant to the Fourth Interim Cash Collateral Order, the Debtor made a good faith payment of approximately $340,000 toward the Class 2 claim in November 2010.

The Miami-Dade County Property Appraiser reserves his right to seek review pursuant to Florida law of Value Adjustment Board reductions of 2009 and subsequent years' assessments of the taxed real or personal property, and the Debtor and the Transferee (as the proposed subsequent owner of Condominium Units) acknowledge that should the Property Appraiser seek to exercise this right, that the owner of the subject taxed property at the time of the final resolution of the challenge shall be responsible for any taxes owed as a result, and that the payment of said taxes shall be secured by statutory liens attaching to said property pursuant to Florida law. Likewise, individual purchasers of Condominium Units, as well as NBV, shall be on notice that there may be a dispute regarding the 2009 or subsequent year's assessment of the property, and such purchaser shall bear the responsibility of providing for payment of any taxes ultimately owed. Further, all Condominium Units sold or transferred pursuant to this Plan shall be sold or transferred subject to ad valorem tax liens and any sale proceedings under the jurisdiction of the Bankruptcy Court or in accordance with this Plan shall so specify.

Class 3 – Northern Trust/NBV Secured Construction Loan Claim - (*Impaired; Entitled to Vote*.)

Class 3 consists of the Allowed Northern Trust/NBV Secured Construction Loan Claim. The Debtor estimates that on the Effective Date, the Allowed amount of such claim will aggregate approximately $8 million based on NBV's appraisal and the positions it asserted in connection with its Motion to Dismiss and its opposition to the Leasing Motion. NBV now contends that the value of the property securing its claim is approximately $11,100,000.) NBV may elect to waive its Class 10 unsecured claim and have its entire claim amount treated as secured pursuant to Section 1111(b). In such case, NBV would be entitled to receive aggregate payments equal to the full Allowed Amount of its claim under the Plan, approximately $15 million. NBV's ability to make the election and the impact of the election upon the rights of other creditors will be dependent upon the ultimate Allowed Amount of its claims, whether a portion of its otherwise Allowed Secured Claim is bifurcated and subordinated, thereby making it ineligible to elect fully secured treatment.

Subject to any later reduction in amount of the claim or the priority of the lien or other interest securing such claim by Final Order of the Bankruptcy Court, the Debtor shall pay the Holder of the Class 3 Claim 100% of the actual secured amount, as determined in accordance with Section 506(a)-estimated to be $8,000,000, and accrued interest thereon at the Secured Claim Cram Down Rate, or if the Holder elects Section 1111(b) treatment of such claim and such election is approved by Final Order of the Bankruptcy Court, the Allowed amount of the claim-estimated to be $15,000,000, in deferred cash payments as follows: (1) an amount equal to the interest that would otherwise accrue at the Secured Claim Cram Down Rate on the actual secured amount—estimated to be $18,000 per month, as determined in accordance with Section 506(a), shall be payable not less than quarterly, if not earlier paid from the Interest Reserve, Net Proceeds of Sale of Condominium Units, or Net Rental Income; (2) upon each sale of a Condominium Unit, the Debtor shall pay the Holder (a) the balance of any payment due under Subsection (1) to the date of the closing; (b) 60% of the Net Proceeds of Sale of the Condominium Unit in year one of the Plan and 90% of the Net

Proceeds of Sale of the Condominium Unit in years 2-10 of the Plan. The Holder shall retain its lien on each individual Condominium Unit until such time as a particular Condominium Unit is sold and title is transferred to the purchasers, or the Holder has received the full amount of its Allowed claim and accrued interest thereon. If the Holder objects to the proposed sale price of any particular Condominium Unit, the Holder must assert its right to credit bid pursuant to Section 363(k), if so entitled, and the debtor shall transfer such Condominium Unit to the Holder in satisfaction of a portion of the actual secured claim of the Holder. Upon the sale of any particular Condominium Unit, the Holder's lien shall attach to all proceeds of sale and the sale of each such Condominium Unit shall be free and clear of the Holder's liens, provided that the Holder shall retain its lien on the remaining unsold Condominium Units until the Holder has received 100% of the amount of its Allowed claim together with accrued interest, or the amount of its Allowed Claim if the Holder has elected treatment under Section 1111(b)(2) on the outstanding principal balance. If the Class 3 Claim is subordinated by Final Order of the Bankruptcy Court to the Class 4 Claim, the Debtor shall pay the Class 4 Claim its Ratable Proportion of the periodic payments that the Holder would have been entitled without regard to the Section 1111(b) election.(For example, if the Bankruptcy Court subordinates the Class 3 Claim to $3,000,000 of the Class 4 Claim, the Class 3 Claim would receive 62.5 % of the distributions that would have otherwise been payable on the Class 3 Claim without regarding to any Section 1111(b) election and the Class 4 Claim shall be paid 33.5% of such distributions) the distributions that would otherwise have been payable on account of such Claim because the Holder of the subordinated portion of the Class 3 claim shall not be entitled to elect Section 1111(b)(2) treatment pursuant to Section 1111(b)(1)(B)(i). Any remaining amount due the Holder shall be finally due and payable on the Final Maturity Date. To the extent not inconsistent with this Plan, and to the extent that they remain applicable, the covenants contained in the Mortgage shall remain in full force and effect.

Class 4 – Egozi Secured Subrogation Claim - (*Impaired; Entitled to Vote*.)

Class 4 consists of the Allowed Egozi Secured Subrogation Claim. The Debtor estimates that on the Effective Date, the Allowed amount of such claim will be approximately $3 million.

Subject to any later reduction in amount of the claim or the priority of the lien or other interest securing such claim by Final Order of the Bankruptcy Court, to the extent the Bankruptcy Court determines the Class 4 Claim has priority over the Class 3 Claim or that it is otherwise determined to be an Allowed Secured Claim, the Debtor shall pay the Holder of the Class 4 Claim 100% of the actual secured amount, as determined in accordance with Section 506(a)—estimated to be $3,000,000, and accrued interest thereon at the Secured Claim Cram Down Rate, in deferred cash payments as follows: (1) interest shall be payable not less than quarterly if not earlier paid from the Interest Reserve, Net Proceeds of Sale of Condominium Units, or Net Rental Income; (2) upon each sale of a Condominium Unit, the Debtor shall pay the Holder (a) accrued interest to the date of the closing (b) 60% of the Net Proceeds of Sale of the Condominium Unit in year one of the Plan and 90% of the Net Proceeds of Sale of the Condominium Unit in years 2-10 of the Plan. The Holder shall retain its lien on each individual Condominium Unit until such time as a particular Condominium Unit is sold and title is transferred to individual purchasers. Upon the sale of any Condominium Unit, the Holder's lien shall attach to the all cash and other proceeds, including Purchase Money Mortgages and all future payments due thereunder, and sale of such Condominium Unit shall be free and clear of the Holder's liens, provide that the Holder shall retain its lien on the remaining unsold Condominium Units. The Holder shall retain its lien on all remaining unsold Condominium Units until the Holder has received 100% of the principal amount of its claim

together with accrued interest on the outstanding principal balance. To the extent that the Class 4 Claim is determined by the Bankruptcy Court not to have priority over the Class 3 Claim and the Claim is otherwise determined not to be an Allowed Secured Claim, then the Class 4 shall be treated for all purposes as a Class 11 General Unsecured Claim.

Class 5 – Whirlpool Secured Claim (*Impaired; Entitled to Vote*.)

Class 5 consists of the Allowed Whirlpool Secured Claim, which arose pursuant to Whirlpool Corporation supplying appliances to certain Condominium Units. The Debtor estimates that on the Effective Date, the Allowed amount of such claim will be approximately $27,000.

Except to the extent that a holder of the Allowed Whirlpool Secured Claim agrees to a less favorable treatment and to the extent the Bankruptcy Court determines the Class 5 Claim has priority over the Class 3 and 4 Claims with respect to the Holder's Collateral, the Debtor shall pay the Holder of the Class 5 claim 100% of principal, as determined in accordance with section 506(a), and accrued interest thereon at the Secured Claim Cram Down Rate, in deferred cash payments as follows: (1) interest shall be payable from the Net Proceeds of Sale of Condominium Units, that include a sale of the Holder's Collateral; (2) upon each sale of a Condominium Unit that includes a sale of the Holder's Collateral, the Debtor shall pay the Holder (a) accrued interest to the date of the closing; and (b) principal, both to the extent of the allocation of the purchase price assigned to the Holder's Collateral. The Holder shall retain its lien on its Collateral until such time as each item of its Collateral is sold and title is transferred to the purchasers. Upon the sale of Holder's Collateral, the Holder's lien shall attach to the all cash proceeds of sale and the sale of such Collateral shall be free and clear of the Holder's liens, provided that the Holder shall retain its lien on its remaining Collateral until the Holder has received 100% of the principal amount of its claim together with accrued interest on the outstanding principal balance. To the extent that the Class 5 Claim is determined by the Bankruptcy Court not to have priority over the Class 3 claim and Class 4 claim and the Claim is otherwise determined not to be an Allowed Secured Claim, then the Class 5 shall be treated for all purposes as Class 11 General Unsecured Claim. Subject to the Holder's rights to alter or amend the Final Order of the Bankruptcy Court avoiding its security interest, the Class 5 Claim shall be treated for all purposes as Class 11 General Unsecured Claim.

Class 6 – Revuelta Vega Leon Secured Claim - (Disallowed*; Not Entitled to Vote or to Distributions*.)

Class 6 consists of the Allowed Revuelta Vega Leon Secured Claim. Revuelta Vega Leon was the Debtor's architect and the claim arises from architectural services that Revuelta Vega Leon provided to the Debtor pre-petition. The Debtor estimates that on the Effective Date, the Allowed amount of such claim will aggregate approximately $106,000.

Except to the extent that a holder of the Allowed Revuelta Vega Leon Secured Claim agrees to a less favorable treatment and to the extent the Bankruptcy Court determines the Class 6 Claim has priority over the Class 3 and 4 Claims, the Debtor shall pay the Holder of the Class 6 claim 100% of principal, as determined in accordance with section 506(a), and accrued interest thereon at the Secured Claim Cram Down Rate, in deferred cash payments as follows: (1) interest shall be payable from the Net Proceeds of Sale of Condominium Units; (2) upon each sale of a Condominium Unit, the Debtor shall pay the Holder (a) accrued interest to the date of the closing (b) principal, to the extent cash remains available up to an amount equal to the Wholesale Value of

the Condominium Unit. The Holder shall retain its lien on each individual Condominium Unit until such time as each of the Condominium Units is sold and title is transferred to the purchasers. Upon the sale of any particular Condominium Unit, the Holder's lien shall attach to all cash and other proceeds, including Purchase Money Mortgages and all future payments due thereunder, and sale of such Condominium Unit shall be free and clear of the Holder's liens, provided that the Holder shall retain its lien on the remaining unsold Condominium Units until the Holder has received 100% of the principal amount of its claim together with accrued interest on the outstanding principal balance. To the extent that the Class 6 Claim is determined by the Bankruptcy Court not to have priority over the Class 3 and 4 claims and the Claim is otherwise determined not to be an Allowed Secured Claim, then the Class 6 shall be treated for all purposes as Class 11 General Unsecured Claim. Subject to the Holder's rights to alter or amend the Final Order of the Bankruptcy Court avoiding its lien and disallowing its claim, the Class 5 Claim shall be not be entitled to vote or to distributions under the Plan.

Class 7 – Secured Purchaser Deposit Claims - (*Impaired; Entitled to Vote*.)

Class 7 consists of Allowed Secured Purchaser Deposit Claims, which are based on claims of Purchasers who deposited funds with the Debtor to be held in an escrow account pending closing. The Debtor estimates that on the Effective Date, the amount of Allowed Class 7 Claims will aggregate between $320,000 and $550,000.

Except to the extent that a holder of the Secured Purchaser Deposit Claim agrees to a less favorable treatment, as soon as reasonably practicable on the later of the Effective Date or the entry of a Final Order allowing such Claim, the Debtor shall pay to each Holder of an Allowed Secured Purchaser Deposit Claim:(a) cash in the amount of the principal balance and accrued interest thereon of the Escrow Funds of the Holder on deposit with the Escrow Agent and (b) to the extent the Bankruptcy Court determines any lien arising under section 365 of the Bankruptcy Code securing such a Class 7 Claim has priority over the other Allowed Secured Claims against the Condominium Unit that was the subject of the Holder's Purchase and Sale Agreement, or is otherwise an Allowed Secured Claim, the Debtor shall pay the Holder of the Class 7 claim all principal, as determined in accordance with section 506(a), and accrued interest thereon at the Secured Claim Cram Down Rate, in deferred cash payments as follows: (1) interest shall be payable from the Net Proceeds of Sale of the Condominium Unit securing such Claim; (2) upon the sale of the Condominium Unit securing such Claim, the Debtor shall pay the Holder (a) accrued interest to the date of the closing and (b) principal, to the extent cash remains available. The Holder shall retain its lien on the Condominium Unit until such time as the Condominium Unit is sold and title is transferred to individual purchasers. Upon the sale of the Condominium Unit, the Holder's lien shall attach to all cash and other proceeds, including Purchase Money Mortgages and all future payments due thereunder, and sale of such Condominium Unit shall be free and clear of the Holder's lien. To the extent that the Class 7 Claim is determined by the Bankruptcy Court not to have priority over the Class 3 and 4 claims with respect to the Condominium Unit that was the subject of the Holder's Purchase and Sale Agreement and the Claim is otherwise determined not to be an Allowed Secured Claim, then the Class 7 Claim shall be treated for all purposes as Class 11 General Unsecured Claim.

Class 8 – Association Secured Claim - (*Impaired; Entitled to Vote*.)

Class 8 consists of the Association Secured Claim, which consists of the Cielo on the Bay Condominium Association's claim for unpaid assessments owed to it by the Debtor based upon the

Debtor's ownership of the unsold Condominium Units. The Debtor estimates that on the Effective Date, the amount of Allowed Class 8 Claims will aggregate approximately $10,000 to $314,188.

Except to the extent that a holder of the Association Secured Claim agrees to a less favorable treatment and to the extent the Bankruptcy Court determines the Class 8 Claim has priority over the Class 3 and 4 Claims with respect to the Net Proceeds of Sale of Condominium Units with respect to a particular Condominium Unit, then to the extent of such priority, the Debtor shall pay the Holder of the Class 8 Claim all principal, as determined in accordance with section 506(a), and accrued interest thereon at the Secured Claim Cram Down Rate, in deferred cash payments as follows: upon each sale of a Condominium Unit, (a) accrued interest to the date of the closing and (b) principal, to the extent of the priority. The Holder shall retain its lien on each Condominium Unit until such time as each of the Condominium Units is sold and title is transferred to purchasers. Upon the sale of any Condominium Units, the Holder's lien shall attach to all cash and other proceeds, including Purchase Money Mortgages and all future payments due thereunder, and sale of such Condominium Unit shall be free and clear of the Holder's lien. The Holder shall retain its separate liens on all remaining unsold Condominium Units until the Holder has received 100% of the principal amount of its claim together with accrued interest on the outstanding principal balance. To the extent that the Class 8 Claim is determined by the Bankruptcy Court not to have priority over the Class 3 and 4 claims and the Claim is otherwise determined not to be an Allowed Secured Claim, then the Class 8 Claim shall be treated for all purposes as Class 11 General Unsecured Claim.

Class 9 – Purchaser Contract Litigation Attorney Secured Claim - (*Impaired; Entitled to Vote.*)

Class 9 consists of the Purchaser Contract Litigation Attorney Secured Claim, which consists of the claims of the Debtor's attorneys who represented the Debtor in the Deposit Litigation Cases pre-petition. The attorneys may be entitled to a retaining lien on the Debtor's books and records involved in the Deposit Litigation Cases and a charging lien on any proceeds of the Deposit Litigation Cases, including, without limitation, distributions of the Escrowed Deposits. The amount, priority and validity of the attorneys' lien are matters to be determined by the Bankruptcy Court. The Debtor estimates that on the Effective Date, the amount of Allowed Class 9 Claims will aggregate approximately $40,000.

Except to the extent that a holder of the Purchaser Contract Litigation Attorney Secured Claim agrees to a less favorable treatment and to the extent the Bankruptcy Court determines the Class 9 Claim has priority over the Class 3 and 4 Claims with respect to Escrow Funds or judgment or settlement recoveries that are the subject of a Purchase and Sale Agreement in connection with which the Holder provided legal services to the Debtor, the Debtor shall pay the Holder of the Class 9 Claim 100% of the principal, as determined in accordance with section 506(a), and accrued interest thereon at the Secured Claim Cram Down Rate, in deferred cash payments as follows: upon the entry of Final Order determining that the Debtor is entitled to particular Escrow Funds or judgment or settlement recoveries, cash in the amount of the principal balance of the Class 9 Claim and accrued interest thereon. To the extent that the Class 9 Claim is determined by the Bankruptcy Court not to have priority over the Class 3 and 4 claims and the Claim is otherwise determined not to be an Allowed Secured Claim, then the Class 9 Claim shall be treated for all purposes as Class 11 General Unsecured Claim.

Class 10 – Northern Trust/NBV Unsecured Claim - (*Impaired; Entitled to Vote*.)

Class 10 consists of the Northern Trust/NBV Unsecured Claim, which consists of any portion of NBV's Allowed Claim that may exceeds the value of the Property, as determined by the Bankruptcy Court, as of the Effective Date. The Debtor estimates that on the Effective Date, the amount of Allowed Class 10 Claims will aggregate between $0 and $7,000,000.

To the extent that Holder of the Class 10 claim is determined by Final Order to hold an Allowed Unsecured Claim that the Holder has not waived, been subordinated by Final Order of the Bankruptcy Court pursuant to section 510, or otherwise limited to the actual amount paid for the Claim by the Holder, then the Class 10 Claim shall be treated for all purposes as Class 11 General Unsecured Claim.

Class 11 – General Unsecured Claims - (*Impaired; Entitled to Vote*.)

Class 11 consists of the General Unsecured Claim, which consists of debts that the Debtor owes to its accountants and Purchasers who deposited funds with the Debtor. The Debtor estimates that on the Effective Date, the amount of Allowed Class 11 Claims will aggregate approximately $485,000 to $4,000,000.

Class 12 – Egozi Unsecured Claims - (*Impaired; Entitled to Vote*.)

Class 12 consists of the Egozi Unsecured Claim in the amount of $660,000, which consists of debts that the Debtor owes to Egozi arising from loans that Egozi made to the Debtor and other funds that Egozi advanced on behalf of the Debtor. On the Effective Date, the Debtor shall issue and deliver the New General Partnership Interest and New Limited Partnership Interest to the Class 12 Holder or his nominees in full satisfaction of his Class 12 Claim.

Class 13 – Old Limited Partnership Equity Interests - (*Impaired; Not Entitled to Vote*.)

Class 13 consists of the Limited Partnership Equity Interests held by the Debtor's limited partners. On the Effective Date, the Old Limited Partnership Equity Interests shall be cancelled and the Holders of Old Limited Partnership Equity Interests shall not be entitled to, and shall not receive or retain, any property or interest in the Debtor on account of such Old Limited Partnership Equity Interests. On the Effective Date, all obligations of the Debtor to Holders of Old Limited Partnership Equity Interests shall be completely discharged.

Class 14 – Old General Partnership Equity Interest - (*Impaired; Not Entitled to Vote*.)

Class 14 consists of the General Partnership Equity Interests held by the Debtor's general partners. On the Effective Date, the Old General Partnership Equity Interest shall be cancelled and the Holders of Old General Partnership Equity Interest shall not be entitled to, and shall not receive or retain, any property or interest in the Debtor on account of such Old General Partnership Equity Interest. On the Effective Date, all obligations of the Debtor to Holders of Old General Partnership Equity Interests shall be completely discharged.

D. Means of Implementing the Plan

1. Operation of Rental Units at the Property

The Debtor shall continue to operate certain of the Condominium Units as a rental pool for purposes of generating Net Rental Income to pay the operating expenses of the Debtor, fund distributions to Holders and create a Real Estate Tax Escrow authorized under this Plan, until such time as the Debtor closes on the sale of all of the Condominium Units. NBV has objected to the Debtor's leasing program. Debtor will seek to reduce NBV's claim to the extent of the damages caused the Debtor and the estate by NBV and Northern Trust's unreasonable failure to consent and interference with the leasing program. Debtor estimates that this amount ranges between $300,000 and $2 million.

2. Sale of Condominium Units.

Except to the extent inconsistent with the Plan, the Reorganized Debtor shall continue to market and sell Condominium Units at the Property, for the purpose of generating Net Proceeds of Sale of Condominium Units to pay operating expenses of the Debtor and to fund distributions to Holders, until such time as the Debtor closes on the sale of all of the Condominium Units. NBV objects to the Debtor's sale of Condominium Units at below the release prices set forth in the Construction Loan Agreement. Debtor contends that the Bankruptcy Court may authorize such sales and will seek authority to complete such sales in connection with confirmation.

3. General Unsecured Creditor Reserve.

After payment of operating expenses, Administrative Expenses, Allowed Priority and Allowed Secured Claims in accordance with this Plan, the Reorganized Debtor shall deposit all remaining Net Rental Income, and Net Proceeds of Sale of Condominium Units into an Unsecured Creditor Distribution Reserve at least annually. Upon each General Unsecured Claim Distribution Date, as determined by the Reorganized Debtor, but not less than 30 days after each anniversary of the Confirmation Date, or the date that is ten (10) days after the date such claim is Allowed by Final Order, Debtor shall pay Holders of an Allowed General Unsecured Claim, their Ratable Proportion of the General Unsecured Claim Cash Distribution. NBV contends that no payments may be made to Unsecured Creditors until its Allowed Secured Claim is paid in full.

4. Conversion of Claims to New Partnership Units and Gift Distribution to Holders of Old Limited Partnership Equity Interests.

This Plan will be further implemented by exchange of Egozi's Class 12 Unsecured Claim for the new General Partnership Interest and New Limited Partnership Interest, without the need for any further partnership action, and without any further action by Holders of the Old General Partnership Equity Interests and the Old Limited Partnership Equity Interests. Egozi shall gift the New General Partnership Interest to the General Partner and shall gift a Ratable Proportion of the New Limited Partnership Interest to the Holders of the Old Limited Partnership Equity Interests. NBV contends that this provision violates the absolute priority rule by providing for distribution to holders of interests prior to the payment in full of all senior claims.

5 Cancellation of Existing Securities and Agreements.

On the Effective Date, all agreements, documents and instruments relating to the Allowed Secured Claims, Old General Partnership Equity Interests, and all Old Limited Partnership Equity Interests shall be cancelled; *provided, however,* that the Mortgage shall continue in effect and shall secure the Reorganized Debtor's obligation to the Holders of the Class 3 Claim and Class 4 Claim pursuant to the Plan.

6 Legal Form and Governance.

(a) New Organizational Documents. The Debtor shall be deemed to have adopted its respective New Organizational Documents effective as of the Effective Date. On the Effective Date, or as soon thereafter as practicable, the Debtor shall file the applicable New Organizational Documents as required or deemed appropriate, with the appropriate Persons in the applicable jurisdiction of organization. The New Organizational Documents shall provide for the New General Partnership Units and Limited Partnership, among other things as deemed necessary, advisable or appropriate by the Debtor. Except to the extent amended or restated by applicable New Organizational Documents, the Debtor's Existing Organizational Documents will remain in full force and effect after the Effective Date.

(b) Manager of the General Partner of the Reorganized Debtor. On the Effective Date, the operation of the Reorganized Debtor shall become the general responsibility of its General Partner, subject to, and in accordance with, its New Organizational Documents or Existing Organizational Documents. The initial Manager of the General Partner of the Reorganized Debtor is Mario Egozi.

(c) Authorization. On the Effective Date, the adoption of the New Organizational Documents shall be authorized and approved in all respects, to be effective as of the Effective Date, without further action under applicable law, regulation, order, or rule, including without limitation, any action by the partners of the Debtor or the partners of the Reorganized Debtor. On the Effective Date, the cancellation and termination of all Old General Partnership Equity Interest and Old Limited Partnership Equity Interest, the authorization and issuance of the New General Partnership Equity Interest and the New Limited Partnership Interests, and all other matters provided in this Plan involving the legal structure or governance of the Reorganized Debtor shall be deemed to have occurred, been authorized, and be in effect from and after the Effective Date, without further action under applicable law, regulation, order, or rule, including, without limitation, any action by the partners of the Debtor or the Reorganized Debtor.

E. Securities Law and Tax Matters

1. Exemption from Securities Laws.

The issuance of the New General Partnership Interest and New Limited Partnership Interests (to the extent such interests constitute "securities" pursuant to this Plan shall be exempt from any securities laws registration requirements pursuant to section 1145 of the Bankruptcy Code.

The Debtor makes no representations concerning the right of any person to transfer any securities to be distributed pursuant to the Plan.

2. Exemption from Transfer Taxes.

Pursuant to section 1146(a) of the Bankruptcy Code, the issuance, transfer, or exchange of equity securities under or in connection with this Plan, the creation of any mortgage, deed of trust, or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with this Plan, including, without limitation, the New General Partnership Interests, New Limited Partnership Interests, and any deeds, bills of sale, or assignments executed in connection with the sale of any Condominium Unit pursuant to this Plan shall not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax.

3. Expedited Tax Determination.

The Debtor and the Reorganized Debtor may request an expedited determination of taxes under section 505(b) of the Bankruptcy Code for any or all returns filed for, or on behalf of, the Debtor for any and all taxable periods (or portions thereof) ending before or after the Petition Date through, and including, the Effective Date.

F. Plan Provisions Governing Distribution

1. Date of Distributions

Unless otherwise provided herein, any distributions to be made hereunder shall be made on the Effective Date, the General Unsecured Claim Distribution Date, or as soon as practicable thereafter and deemed made on the Effective Date. In the event that any payment or act under this 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.

2. Distributions Concerning Disputed Unsecured Claims

(a) **Disputed Secured Claim Reserve.** From and after the Effective Date, all Cash to be distributed on account of any Disputed Secured Claims, when and if such Disputed Secured Claims become Allowed, (a) will be maintained by and in the name of the Disbursing Agent in the Disputed Secured Claim Reserve, and will be held in trust pending distribution by the Disbursing Agent for the benefit of the Holders of such Claims and, to the extent that all Disputed Secured Claims are not Allowed in full, such Cash shall be returned to the Reorganized Debtor for distribution in accordance with this Plan, (b) will be accounted for separately and (c) will not constitute property of the Reorganized Debtor except as provided in this Plan.

(b) **Reserved Amount.** The amount of Cash to be deposited in the Disputed Secured Claim Reserve shall be calculated as if each Disputed Secured Claim were an Allowed Claim in its Face Amount, such that the Reserved amount shall include the Cash that such Holder of such Disputed Secured Claim would have received if such Claim were Allowed at its Face Amount.

(c) **Recourse.** Each Holder of a Disputed Secured Claim will have recourse only to the undistributed Cash held in the Disputed Secured Claim Reserve for satisfaction of the distributions to which Holders of Disputed Secured Claims are entitled under this Plan, and not to the

Reorganized Debtor, its property or any assets previously distributed on account of any Allowed Claim.

3. Distributions Concerning Disputed General Unsecured Claims.

(a) **Disputed General Unsecured Claims Reserve.** From and after the Effective Date, all Cash to be distributed on account of any Disputed General Unsecured Claims, when and if such Disputed General Unsecured Claims become Allowed, (a) will be maintained by and in the name of the Disbursing Agent in the Disputed General Unsecured Claim Reserve, and will be held in trust pending distribution by the Disbursing Agent for the benefit of the Holders of such Claims and, to the extent that all Disputed General Unsecured Claims are not Allowed in full, for the benefit of Holders of Allowed General Unsecured Claims in accordance with Article VI of this Plan, (b) will be accounted for separately and (c) will not constitute property of the Reorganized Debtor except as provided in Article VI of this Plan.

(b) **Reserved Amount.** The amount of Cash to be deposited in the Disputed General Unsecured Claim Reserve shall be calculated as if each Disputed General Unsecured Claim were an Allowed Claim in its Face Amount, such that the Reserved amount shall include the aggregate Ratable Proportion of Cash that such Disputed General Unsecured Claims would receive if they were Allowed in their Face Amount.

(c) **Recourse.** Each Holder of a Disputed General Unsecured Claim will have recourse only to the undistributed Cash held in the Disputed General Unsecured Claim Reserve for satisfaction of the distributions to which Holders of Disputed General Unsecured Claims are entitled under this Plan, and not to the Reorganized Debtor, its property or any assets previously distributed on account of any Allowed Claim.

4. Disbursing Agent

All distributions under this Plan shall be made by the Debtor as Disbursing Agent or such other entity designated by the Debtor as a Disbursing Agent on the Effective Date, which Disbursing Agent shall not be required to give any bond or surety or other security for the performance of its duties.

5. Rights and Powers of Disbursing Agent

(a) **Powers of the Disbursing Agent.** The Disbursing Agent shall be empowered to (i) effect all actions and execute all agreements, instruments and other documents necessary to perform its duties under this Plan, (ii) make all distributions contemplated hereby, (iii) employ professionals to represent it with respect to its responsibilities, and (iv) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to this Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions hereof.

(b) **Expenses Incurred on or After the Effective Date**. Except as otherwise ordered by the Bankruptcy Court, the amount of any reasonable fees and expenses incurred by the Disbursing Agent on or after the Effective Date (including, without limitation, taxes) and any reasonable compensation and expense reimbursement claims (including, without limitation, reasonable attorney fees and expenses) made by the Disbursing Agent shall be paid in Cash by the Reorganized Debtor.

6. Delivery of Distributions

Subject to Bankruptcy Rule 9010, all distributions to any Holder of an Allowed Claim shall be made at the address of such Holder as set forth on the Schedules filed with the Bankruptcy Court or on the books and records of the Debtor or its agents, as applicable, unless the Debtor or Reorganized Debtor has been notified in writing of a change of address, including, without limitation, by the filing of a proof of Claim or interest by such Holder that contains an address for such Holder different from the address reflected for such Holder on the Schedules. In the event that any distribution to any Holder is returned as undeliverable, the Disbursing Agent shall use commercially reasonable efforts to determine the current address of such Holder, but no distribution to such Holder shall be made unless and until the Disbursing Agent has determined the then-current address of such Holder, at which time such distribution shall be made to such Holder without interest; provided that such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of the later of one year from the Effective Date or 6 months after such Claim is Allowed. After such date, all unclaimed property or interest in property shall revert to the Reorganized Debtor, and the Claim of any other Holder to such property or interest in property shall be discharged and forever barred.

7. Manner of Payment

At the option of the Disbursing Agent, any Cash payment to be made hereunder may be made by a check or wire transfer or as otherwise required or provided in applicable agreements. All distributions of Cash or the New Limited Partnership and New General Partnership Interests to the creditors of the Debtor under this Plan shall be made by, or on behalf of, the Debtor.

8. Setoffs and Recoupment

The Debtor may, but shall not be required to, set off against, or recoup from, any Claim and the payments to be made pursuant to this Plan in respect of such Claim, any claims of any nature whatsoever that the Debtor may have against the claimant, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtor or Reorganized Debtor of any such claim it may have against such claimant.

9. Allocation of Plan Distributions Between Principal and Interest

Except as otherwise provided herein, to the extent that any Allowed Claim entitled to a distribution under this Plan consists of indebtedness and accrued but unpaid interest thereon, such distribution shall be allocated first to the principal amount of the Claim (as determined for federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest.

10. De Minimis Distributions and Donation of Remaining General Unsecured Claim Cash Distribution Less Than $1,000.00

No distribution of less than One Thousand Dollars ($1,000.00) shall be made to any Holder of an Allowed Claim. Such undistributed amount will be retained by the Disbursing Agent to be distributed pro rata at the time of final distributions to Holders of Claims in accordance with the Plan.

11. Withholding and Reporting Requirements

In connection with the Plan and all distributions hereunder, the Disbursing Agent shall, to the extent applicable, comply with all tax withholding and reporting requirements imposed by any federal, state, provincial, local, or foreign taxing authority and all distributions hereunder shall be subject to any such withholding and reporting requirements. The Disbursing Agent shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements. Notwithstanding any other provision of the Plan, (a) each Holder of an Allowed Claim that is to receive a distribution pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding, and other tax obligations, on account of such distribution, and (b) no distribution shall be made to or on behalf of such Holder pursuant to the Plan unless and until such Holder has made arrangements satisfactory to the Disbursing Agent for the payment and satisfaction of such withholding tax obligations. Any property to be distributed pursuant to the Plan shall, pending the implementation of such arrangements, be treated as an undeliverable distribution pursuant to Article VI(f) of the Plan.

G. Procedures for Treating Disputed Claims

1. Objections

Except as otherwise provided herein, as of the Effective Date, objections to, and requests for estimation of, Claims may be filed and prosecuted by the Reorganized Debtor, or such parties in interest as may be authorized by the Bankruptcy Court. Such objections and requests for estimation shall be served on the respective claimant and filed with the Bankruptcy Court on or before the latest of (a) the deadline established under Local Rule 3007-I(B)(I), (b) one-hundred twenty (120) days after a proof of Claim has been filed with the Bankruptcy Court, (c) sixty (60) days after an application for allowance of an Administrative Expense has been filed with the Bankruptcy Court in the Case, or (d) with respect to certain Claims identified prior to the Confirmation Date by the Debtor, such other date as may be fixed by the Bankruptcy Court.

2. No Distributions Pending Allowance

Notwithstanding any other provision hereof, if any portion of a Claim is disputed, no payment or distribution provided hereunder shall be made on account of the disputed portion of such Claim unless and until such Disputed Claim becomes Allowed. In lieu of distributions under this Plan to Holders of Disputed Secured Claims and Disputed General Unsecured Claims, the Disputed Claim Reserves will be established on the Effective Date to hold property for the benefit of these Claim Holders.

3. Distributions After Allowance

To the extent that a Disputed Claim ultimately becomes an Allowed Claim, distributions (if any) shall be made to the Holder of such Allowed Claim in accordance with the provisions of this Plan. As soon as practicable after the date of a Final Order allowing any Disputed Claim, the Disbursing Agent shall provide to the Holder of such Claim the distribution (if any) to which such Holder is entitled under this Plan. Any amounts that remain in any the Disputed General Unsecured Claim Reserve following resolution and payment of all Disputed General Unsecured Claims shall be

distributed to the Holders of Allowed General Unsecured Claims in their respective Ratable Proportions.

H. Provisions Governing Executory Contracts and Unexpired Leases

1. Treatment

Except as otherwise provided herein, including in Article VI(H)(2) (Purchase and Sale Agreements) and Article VI(K)(5) (Indemnification Obligations), in the Confirmation Order or in any contract, instrument, release, indenture, or other agreement, or document entered into in connection with this Plan, as of the Effective Date the Debtor shall be deemed to have rejected each pre-petition executory contract and unexpired lease to which it is a party, unless such contract or lease (a) was previously assumed or rejected by the Debtor, (b) previously expired or terminated pursuant to its own terms, (c) is the subject of a motion to assume filed on or before the Confirmation Date, or (d) is described in the Plan Addendum, as an executory contract or unexpired lease to be assumed. The Confirmation Order shall constitute an order of the Bankruptcy Court under sections 365 and 1123(b) of the Bankruptcy Code approving the contract and lease assumptions or rejections described above, as of the Effective Date.

Each executory contract and unexpired lease that is assumed and relates to the use, ability to acquire, or occupancy of real property shall include (a) all modifications, amendments, supplements, restatements, or other agreements made directly or indirectly by any agreement, instrument, or other document that in any manner affect such executory contract or unexpired lease and (b) all executory contracts or unexpired leases appurtenant to the premises, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, usufructs, reciprocal easement agreements, vaults, tunnel or bridge agreements or franchises, and any other interests in real estate or rights *in rem* related to such premises, unless any of the foregoing agreements has been rejected pursuant to an order of the Bankruptcy Court.

2. Purchase and Sale Agreements

Except and to the extent previously assumed pursuant to an order of the Bankruptcy Court entered on or before the Confirmation Date, all Purchase and Sale Agreements deemed executory contracts assumable by the Debtor pursuant to section 365(a) of the Bankruptcy Code, shall be deemed assumed pursuant to the Confirmation Order and shall be enforceable by the Debtor according to their terms.

3. Cure Payments

Any monetary amounts by which any executory contract or unexpired lease to be assumed hereunder is in default shall be satisfied, under section 365(b)(1) of the Bankruptcy Code, by the Debtor. If there is a dispute regarding (i) the nature or amount of any Cure, (ii) the ability of the Debtor or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed, or (iii) any other matter pertaining to assumption, Cure shall occur following the entry of a Final Order resolving the dispute and approving the assumption or assumption and assignment, as the case may be.

4. Rejection Damage Claims

Proofs of all Claims arising out of the rejection of executory contracts and unexpired leases pursuant to this Plan shall be filed with the Bankruptcy Court claim and served upon the Debtor and its counsel not later than thirty (30) days after the earlier of (a) the date on which notice of the occurrence of the Effective Date has been served and (b) the date of entry of an order of the Bankruptcy Court approving such rejection. Any Claims not filed within such time shall be forever barred from being asserted against the Debtor, its Estate, the Reorganized Debtor, and their respective properties and interests.

I. Conditions Precedent to Confirmation

The Plan shall not be confirmed unless and until the following conditions have been satisfied or waived: (a) The Confirmation Order has been entered on the docket by the Clerk of the Bankruptcy Court; and (b) the form of the Plan, Plan Addendum, and the Confirmation Order have been approved by the Debtor.

J. Conditions Precedent to Effectiveness

The Effective Date shall not occur and this Plan shall not become effective unless and until the following conditions are satisfied in full or waived in accordance with Article IX of this Plan:

(a) The Confirmation Order becomes a Final Order.

(b) The New General Partnership Equity Interest has been distributed to Egozi and transferred to the General Partner (NBV will object to this distribution as previously discussed);

(c) All actions and all agreements, instruments, or other documents necessary to implement the terms and provisions of this Plan, including those actions identified in Article V of this Plan, are effected or executed and delivered, as applicable; and

(d) All authorizations, consents, and regulatory approvals, if any, required by the Debtor in connection with the consummation of this Plan are obtained and not revoked.

1. Waiver of Conditions.

Each of the conditions precedent in Article VI(I) and (J) hereof may be waived, in whole or in part by the Debtor. Any such waivers may be effected at any time, without notice, without leave or order of the Bankruptcy Court, and without any formal action.

2. Satisfaction or Failure of Conditions.

Any actions required to be taken on the Effective Date shall take place and shall be deemed to have occurred simultaneously, and no such action shall be deemed to have occurred prior to the taking of any other such action. If the Debtor determines that one of the conditions precedent set forth in Article VI(I) and (J) hereof cannot be satisfied and the occurrence of such condition is not waived or cannot be waived, then the Debtor shall file a notice that the Plan has not become effective with the Bankruptcy Court and the Confirmation Order may be vacated by the Bankruptcy Court. If the Confirmation Order is vacated pursuant to this Section, this Plan shall be null and void

in all respects, and nothing contained in this Plan shall constitute a waiver or release of any Claims against the Debtor or the allowance of any Claim as an Allowed Claim.

K. Effect of Confirmation

1. Revesting of Assets

On the Effective Date, the Debtor, its properties and interests in property, and its operations shall vest in the Reorganized Debtor. From and after the Effective Date, the Reorganized Debtor may operate its business and may use, acquire and dispose of property, subject to the terms and conditions of this Plan. As provided in Article VI(K)(8) hereof, the Reorganized Debtor shall retain Estate Causes of Action, other than those released in Article VI(K)(8) hereof.

2. Binding Effect

Subject to the occurrence of the Effective Date, on and after the Confirmation Date, the provisions of this Plan shall bind any Holder of a Claim against, or Equity Interest in, the Debtor and such Holder's respective successors and assigns, whether or not the Claim or Equity Interest of such Holder is impaired under this Plan, whether or not such Holder has accepted this Plan, and whether or not such Holder is entitled to a distribution under this Plan.

3. Discharge of the Debtor

Except to the extent otherwise provided herein or in the Confirmation Order, the rights afforded in this Plan and the treatment of all Claims against or Equity Interests in the Debtor hereunder shall be in exchange for and in complete satisfaction, discharge, and release of all debts of, Claims against, and Equity Interests in, the Debtor of any nature whatsoever, known or unknown, including, without limitation, any interest accrued or expenses incurred thereon from and after the Petition Date, or against its Estate, the Reorganized Debtor, or its properties or interests in property.

Except as otherwise provided herein or in the Confirmation Order, upon the Effective Date, all Claims against and Equity Interests in the Debtor shall be satisfied, discharged and released in full exchange for the consideration, if any, provided hereunder. Except as otherwise provided herein or in the Confirmation Order, all Persons shall be precluded from asserting against the Debtor or the Reorganized Debtor or its properties or interests in property including the Property, any other Claims based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date.

4. Term of Injunctions or Stays

(a) Except as otherwise expressly provided herein or in the Confirmation Order, all Persons who have held, hold or may hold Claims or Equity Interests will be permanently enjoined, from and after the Effective Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind on any such Claim or Equity Interest against the Debtor or Reorganized Debtor, or its Affiliates or Representatives, (ii) the enforcement, attachment, collection, or recovery by any manner or means of any judgment, award, decree, or order against the Debtor or Reorganized Debtor, or their respective Affiliates or Representatives, with respect to such Claim or Equity Interest, (iii) creating,

perfecting, or enforcing any encumbrance of any kind against the Debtor or Reorganized Debtor, or their respective Affiliates or Representatives, or against the property or interests in property of the Debtor or Reorganized Debtor, including the Property, or their respective Affiliates or Representatives, with respect to such Claim or Equity Interest, and (iv) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due to the Debtor or Reorganized Debtor, or their respective Affiliates or Representatives, or against the property or interests in property of the Debtor or Reorganized Debtor, or their respective Affiliates or Representatives, with respect to such Claim or Equity Interest.

(b) Unless otherwise provided in the Confirmation Order, all injunctions or stays arising under or entered during the Cases under section 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until and after the Effective Date. NBV objects to the injunctive provisions because it contends that neither Egozi nor any other entity has made a "substantial contribution" as required applicable law.

5. Indemnification Obligations

The Debtor's obligations under the Partnership Indemnities to indemnify any Indemnified Person with respect to Claims arising prior to the Effective Date will be deemed and treated as executory contracts that are assumed by the Reorganized Debtor pursuant to this Plan and sections 365 and 1123(b) of the Bankruptcy Code as of the Effective Date and the occurrence of the Effective Date shall be the only condition necessary to such assumption and all requirements for Cure and/or adequate assurance of future performance under section 365 for such assumption shall be deemed satisfied (the "Assumed Partnership Indemnities").

6. Exculpation

As of the Confirmation Date, the Debtor and its Affiliates and Representatives shall be deemed to have solicited acceptances of this Plan of Reorganization in good faith and in compliance with the applicable provisions of the Bankruptcy Code and the Bankruptcy Rules. The Debtor, the Reorganized Debtor, and the Disbursing Agent, and each of their respective Affiliates and Representatives shall have no liability to any Holder of any Claim or Equity Interest or any other Person for any act or omission taken or not taken in good faith in connection with, or arising out of, the Case, the Disclosure Statement, this Plan, the solicitation of votes for and the pursuit of confirmation of this Plan, the offer and issuance of any securities under this Plan, the consummation of this Plan, or the administration of this Plan or the property to be distributed under this Plan, except for willful misconduct or gross negligence as determined by a Final Order and, in all respects, shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under this Plan.

7. Releases

For good and valuable consideration, including, but not limited to, the distributions to be made under the Plan and the acceptance of the terms hereof effective as of the Effective Date, each Releasee is hereby released by the Debtor, the Estate, and the Reorganized Debtor from any and all claims, debts, obligations, rights, suits, damages, actions, causes of action, remedies, and liabilities whatsoever, whether known or unknown,

foreseen or unforeseen, directly or indirectly arising from or related to the Debtor, existing as of the Effective Date or thereafter arising, in law, at equity, or otherwise, that any of the creditors of the Debtor, any Persons who have held, hold or may hold any Claim or Equity Interest, any other Persons, the Debtor, the Estate or the Reorganized Debtor would have been legally entitled to assert in its own right (whether individually or collectively) or that any creditors of the Debtor, any Persons who have held, hold or may hold any Claim or Equity Interest, or any other Person would have been legally entitled to assert on behalf of the Debtor or the Estate or the Reorganized Debtor, based in whole or in part upon any act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date, including without limitation, claims, actions, and causes of action arising from actions taken or not taken in good faith in connection with the Case, the Plan, the Construction Loan Agreement, Mortgage, all agreements, documents and instruments relating to the Old General Partnership Interests, all Old Limited Partnership Interests, and the restructuring of the Debtor and other transaction contemplated by this Plan; *provided, however,* that nothing herein shall be deemed to release any rights, claims, or interests that any such party may be receiving or retaining pursuant to the Plan on or after the Effective Date. All Persons shall be precluded and permanently enjoined from asserting against the Releasees, and their respective assets and properties, any and all claims, debts, obligations, rights, suits, damages, actions, causes of action, remedies, and liabilities whatsoever which are released under this Article VI(K)(7). Any Person injured by any willful violation of such injunction shall recover actual damages, including costs and attorneys' fees, and, in appropriate circumstances, may recover punitive damages, from the willful violator.

8. Causes of Action

Effective as of the Effective Date, Estate Causes of Action, including all preference or other avoidance action claims and actions of the Debtor, including, but not limited to, those arising under chapter 5 of the Bankruptcy Code, and all claims arising under the Purchase Agreements and the Construction Loan Agreement shall be retained by the Reorganized Debtor.

L. Retention of Jurisdiction

The Bankruptcy Court shall have exclusive jurisdiction of all matters, except as expressly noted herein, arising out of, or related to, the Case and this Plan pursuant to, and for the purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

(a) To hear and determine applications for the assumption or rejection of executory contracts or unexpired leases and the allowance of Claims including any Administrative Expenses resulting therefrom;

(b) To determine any and all adversary proceedings, applications, and contested matters that are pending on the Effective Date;

(c) To ensure that distributions to Holders of Allowed Administrative Expenses and Allowed Claims are accomplished as provided herein;

(d) To hear and determine any timely objections to, or requests for estimation of, Administrative Expenses or proofs of claims, including, without limitation, any objections to the

classification of any Administrative Expense, Claim or Equity Interest, and to allow or disallow any Disputed Administrative Expense or Disputed Claim, in whole or in part;

(e) To resolve disputes as to the ownership of any Administrative Expense, Claim or Equity Interest;

(f) 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;

(g) To issue such orders in aid of execution of this Plan, to the extent authorized by section 1142 of the Bankruptcy Code;

(h) To consider any amendments to or modifications of this Plan, or to cure any defect or omission, or reconcile any inconsistency, in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

(i) To hear and determine all applications of retained professionals under sections 330, 331, and 503(b) of the Bankruptcy Code for awards of compensation for services rendered and reimbursement of expenses incurred prior to the Effective Date;

(j) To hear and determine disputes or issues arising in connection with the interpretation, implementation, or enforcement of this Plan, the Confirmation Order, any transactions or payments contemplated hereby, any agreement, instrument, or other document governing or relating to any of the foregoing, or any settlement approved by the Bankruptcy Court;

(k) To hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code (including, without limitation, any request by the Debtor prior to the Effective Date, or request by the Reorganized Debtor after the Effective Date, for an expedited determination of tax under section 505(b) of the Bankruptcy Code);

(l) To hear any other matter not inconsistent with the Bankruptcy Code;

(m) To hear and determine all disputes involving the existence, scope, and nature of the discharges, releases and injunctions granted under this Plan, the Confirmation Order, or the Bankruptcy Code;

(n) To issue injunctions and effect any other actions that may be necessary or desirable to restrain interference by any Person with the consummation or implementation of this Plan;

(o) To enter a final decree closing the Case; and

(p) To hear any claim, matter or chose in action, whether or not it has been commenced prior to the Effective Date, that the Debtor or Reorganized Debtor may prosecute, including any Estate Causes of Action which has not been liquidated prior to the Effective Date, including, without limitation, an action to foreclose any Purchase Money Mortgage held by the Reorganized Debtor.

M. Miscellaneous Provisions

1. Payment of Statutory Fees

All fees payable under section 1930, chapter 123, title 28, United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid on the Effective Date. All such

fees that arise after the Effective Date shall be paid by the Reorganized Debtor. The Debtor shall pay the United States Trustee the appropriate sum required pursuant to 28 U.S.C. § 1930(a)(6), through Confirmation, within ten (10) business days of entry of the Confirmation Order. The Reorganized Debtor shall file with the Court post-confirmation Quarterly Operating Reports and pay the United States Trustee the appropriate sum required pursuant to 28 U.S.C. § 1930(a)(6) for post-confirmation periods within the time period set forth in 28 U.S.C. § 1930(a)(6), based upon all post-confirmation disbursements, until the earlier of the closing of this case by the issuance of a Final Decree by the Bankruptcy Court, or upon the entry of an Order by the Bankruptcy Court dismissing this case or converting this case to another chapter under the United States Bankruptcy Code.

2. Modification of Plan

The Plan may be modified by the Debtor, in accordance with section 1127 of the Bankruptcy Code.

3. Revocation of Plan

The Debtor reserves the right, at any time prior to the entry of the Confirmation Order, to revoke and withdraw the Plan.

4. Severability of Plan Provisions

In the event that prior to the Confirmation Date, any term or provision of this Plan is held by the Bankruptcy Court 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 altered or interpreted.

Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of this Plan shall remain in full force and effect and shall in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of this Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable in accordance with its terms.

5. Governing Law

Except to the extent that the Bankruptcy Code or other federal law is applicable, or to the extent an exhibit to this Plan or Plan Supplement provides otherwise (in which case the governing law specified therein shall be applicable to such exhibit), the rights, duties, and obligations arising under this Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Florida without giving effect to the principles of conflict of laws.

6. Compliance with Tax Requirements

In connection with the consummation of this Plan, any party issuing any instrument or making any distribution under this Plan, including any party described in Article VI(F) above, shall comply with all applicable withholding and reporting requirements imposed by any federal, state, or

local taxing authority, and all distributions under this Plan shall be subject to any such withholding or reporting requirements. Notwithstanding the above, each Holder of an Allowed Claim that is to receive a distribution under this Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding, and other tax obligations, on account of such distribution. Any party issuing any instrument or making any distribution under this Plan has the right, but not the obligation, to not make a distribution until such Holder has made arrangements satisfactory to such issuing or disbursing party for payment of any such tax obligations.

7. Computation of Time.

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

8. Notices.

All notices, requests, and demands to or upon the Debtor to be effective shall be in writing (including by facsimile transmission) and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

Harbour East Development, Ltd.
c/o Mario Egozi
7935 East Drive
North Bay Village, FL 33141

- and-

Paul M. Bauch, Esq.
BAUCH & MICHAELS, LLC
53 W. Jackson Boulevard, Suite 1115
Chicago, Illinois 60604
Telephone: (312) 588-5000
Facsimile: (312) 427-5709
Florida Bar No. 363677

- and-

Michael L. Schuster, Esq.
GENOVESE JOBLOVE & BATTISTA, P.A.
100 Southeast Second Street, Suite 4400
Miami, Florida 33131
Telephone: (305) 349-2300
Facsimile : (305) 349-2310
Florida Bar No. 57119

9. Filing or Execution of Additional Documents.

On or before the Effective Date, and without the need for any further order or authority, the Debtor or Reorganized Debtor shall file with the Bankruptcy Court or execute, as appropriate, such agreements and other documents that are in form and substance satisfactory to the Debtor or Reorganized Debtor as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan.

VII.
CERTAIN FACTORS AFFECTING THE DEBTOR

A. Certain Bankruptcy Law Considerations

1. Risk of Non-Confirmation of the Plan of Reorganization

Although the Debtor believes that the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will reach the same conclusion or that modifications of the Plan will not be required for confirmation or that such modifications would not necessitate resolicitation of votes.

2. Non-Consensual Confirmation

In the event any impaired class of claims or equity interests does not accept a plan of reorganization, a bankruptcy court may nevertheless confirm such plan at the proponent's request if at least one impaired class has accepted the Plan (with such acceptance being determined without including the vote of any "insider" in such class), and as to each impaired class that has not accepted the Plan, the bankruptcy court determines that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting impaired classes. Because Class 13 (Old Limited Partnership Equity Interests) and Class 14 (Old General Partnership Equity Interests) are deemed to have rejected the Plan, these requirements must be satisfied with respect to Class 6. The Debtor believes that the Plan satisfies these requirements; however, there can be no guarantee that the Bankruptcy Court will make such a finding.

3. Risk of Non-Occurrence of the Effective Date

Although the Debtor believes that the Effective Date will occur soon after the Confirmation Date, there can be no assurance as to such timing.

4. Risk Relating to NBV Election and Valuation of Allowed Secured Claim

To the exent that NBV is entitled to elect to waive its unsecured claim and treat its claim as fully secured, NBV would be entitled to receive aggregate payments under the Plan equal to the allowed amount of its claim. Depending upon the Bankruptcy Court's determination of the allowed amount of the NBV claim, such an election could adversely impact distributions that other creditors are likely to receive under the Plan. The Bankruptcy Court's determination of the value of the Allowed Amount of NBV's Secured Claim could also adversely impact distributions that other creditors are likely to receive under the Plan, because it could increase the Debtor's interest expense under the Plan.

B. Additional Factors to Be Considered

1. The Debtor Has No Duty to Update

The statements contained in this Disclosure Statement are made by the Debtor as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has been no change in the information set forth herein since that date. The Debtor has no duty to update this Disclosure Statement unless otherwise ordered to do so by the Bankruptcy Court.

2. No Representations Outside of This Disclosure Statement Are Authorized

No representations concerning or related to the Debtor, the Reorganization Case, or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance, or rejection, of the Plan that are other than as contained in, or included with, this Disclosure Statement should not be relied upon by you in arriving at your decision.

3. Projections and Other Forward Looking Statements Are Not Assured, and Actual Results Will Vary

Certain of the information contained in this Disclosure Statement is, by nature, forward looking, and contains estimates and assumptions which might ultimately prove to be incorrect, and contains projections which may be materially different from actual future experiences. There are uncertainties associated with any projections and estimates, and they should not be considered assurances or guarantees of the amount of funds or the amount of Claims in the various classes that might be allowed.

4. Claims Could Be More Than Projected

The Allowed amount of Claims in each class could be significantly more than projected, which, in turn, could cause the value of distributions to be reduced substantially. If Administrative Expenses, Priority Non-Tax Claims, Real Estate Tax Secured Claims, Northern Trust/NBV Secured Construction Loan Claims, Egozi Secured Subrogation Claim, Whirlpool Secured Claim, Revuelta Vega Leon Secured Claim, Purchaser Deposit Secured Claims, Association Secured Claim, and/or Purchaser Contract Litigation Attorney Secured Claim exceed projections, it may impair the value of the General Unsecured Claim Cash Distribution to be made to the holders of Allowed Class 11 General Unsecured Claims.

5. No Legal or Tax Advice Is Provided to You by This Disclosure Statement

The contents of this Disclosure Statement should not be construed as legal, business or tax advice. Each creditor or Equity Interest holder should consult his, her, or its own legal counsel and accountant as to legal, tax and other matters concerning his, her, or its Claim or Equity Interest.

This Disclosure Statement is not legal advice to you. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan or object to confirmation of the Plan.

6. No Admissions Made

Nothing contained herein shall constitute an admission of, or be deemed evidence of, the tax or other legal effects of the Plan on the Debtor or on holders of Claims or Equity Interests.

7. Business Factors and Competitive Conditions

a. General Economic Conditions

The Debtor believes that the general economic conditions of the United States economy will be stable and most likely improve over the next several years. The stability and improvement of economic conditions is subject to many factors outside the Debtor's control, including interest rates, inflation, unemployment rates, consumer spending, war, terrorism and other such factors. Any one of these or other economic factors could have a significant impact on the operating performance of the Reorganized Debtor.

b. Business Factors

The Debtor believes that it will succeed in implementing and executing its business plan and operational restructuring for benefits of all constituencies. However, there are risks that the goals of the Debtor's going-forward business plan and operational restructuring strategy will not be achieved. In such event, the Debtor may be forced to sell all or parts of its assets, develop and implement further restructuring plans not contemplated herein or become subject to further insolvency proceedings.

c. Competitive Conditions

In addition to uncertain economic and business conditions, the Reorganized Debtor will likely face competitive pressures. The Reorganized Debtor's anticipated operating performance may be impacted by these and other unpredictable activities by competitors.

d. Other Factors

Other factors that holders of Claims should consider are potential regulatory and legal developments that may impact the Reorganized Debtor. Although these and other such factors are beyond the Debtor's control and cannot be determined in advance, they could have a significant impact on the Reorganized Debtor's operating performance.

8. Lack of Trading Market

It is not contemplated that the New Limited Partnership Interests and the New General Partnership Interest (the "1145 Securities') will be registered under the Securities Act or the Securities Exchange Act of 1934 as of the Effective Date nor is it contemplated that the 1145 Securities will be listed on a national securities exchange or the NASDAQ market system. Accordingly, it is not contemplated that there will be any trading market for such 1145 Securities and there can be no assurance that a holder of any of the 1145 Securities will be able to sell such interests in the future or as to the price at which any such sale may occur.

9. Restrictions on Transfer

Holders of 1145 Securities issued under the Plan will be unable freely to transfer or to sell their securities except pursuant to (i) an effective registration of such securities under the Securities Act and under equivalent state securities or "blue sky" laws or (ii) pursuant to an available exemption from registration requirements.

C. Certain Tax Matters

For a summary of certain federal income tax consequences of the Plan to holders of claims and equity interests and to the Debtor, see Article XII below, entitled "CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN."

VIII.
VOTING PROCEDURES AND REQUIREMENTS

A. Voting Deadline

IT IS IMPORTANT THAT THE HOLDERS OF CLAIMS IN CLASS 1 (PRIORITY NON-TAX CLAIMS), CLASS 2 (REAL ESTATE TAX SECURED CLAIMS), CLASS 3 (NORTHERN TRUST/NBV SECURED CONSTRUCTION LOAN CLAIMS), CLASS 4 (EGOZI SECURED SUBROGATION CLAIM), CLASS 5 (WHIRLPOOL SECURED CLAIM), CLASS 7 (PURCHASER DEPOSIT SECURED CLAIMS), CLASS 8 (ASSOCIATION SECURED CLAIM), CLASS 9 (PURCHASER CONTRACT LITIGATION ATTORNEY SECURED CLAIM), CLASS 10 (NORTHERN TRUST/NBV UNSECURED CLAIM), CLASS 11 (GENERAL UNSECURED CLAIMS), AND CLASS 12 (EGOZI UNSECURED CLAIM), TIMELY EXERCISE THEIR RIGHT TO VOTE TO ACCEPT OR REJECT THE PLAN OF REORGANIZATION. ALL KNOWN HOLDERS ENTITLED TO VOTE ON THE PLAN HAVE BEEN SENT A BALLOT TOGETHER WITH THIS DISCLOSURE STATEMENT. SUCH HOLDERS SHOULD READ THE BALLOT CAREFULLY AND FOLLOW THE INSTRUCTIONS CONTAINED THEREIN. PLEASE USE ONLY THE BALLOT THAT ACCOMPANIES THIS DISCLOSURE STATEMENT.

IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR VOTE MUST BE RECEIVED BY THE VOTING AGENT AT THE ADDRESS SET FORTH BELOW BEFORE THE VOTING DEADLINE OF 4:00 P.M., EASTERN TIME, ON _____, 2011.

IF A BALLOT IS DAMAGED OR LOST, YOU MAY CONTACT THE DEBTOR'S VOTING AGENT AT THE NUMBER SET FORTH BELOW.

ANY PROPERLY EXECUTED, TIMELY RECEIVED BALLOT THAT DOES NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN WILL BE COUNTED AS A VOTE TO ACCEPT THE PLAN.

ANY PROPERLY EXECUTED, TIMELY RECEIVED BALLOT THAT INDICATES BOTH AN ACCEPTANCE AND A REJECTION OF THE PLAN WILL BE COUNTED AS A VOTE TO ACCEPT THE PLAN.

FAXED COPIES OF BALLOTS WILL NOT BE ACCEPTED.

IF YOU HAVE ANY QUESTIONS CONCERNING VOTING PROCEDURES, YOU MAY CONTACT DEBTOR'S COUNSEL AT:

Michael L. Schuster, Esq.
GENOVESE JOBLOVE & BATTISTA, P.A.
100 Southeast Second Street, Suite 4400
Miami, Florida 33131
Telephone: (305) 349-2300
Facsimile : (305) 349-2310

Additional copies of this Disclosure Statement are available upon request made to the Debtor's counsel, at the address set forth immediately above.

B. Holders of Claims Entitled to Vote

Class 2 Real Estate Tax Secured Claims, Class 3 Northern Trust/NBV Secured Construction Loan Claims, Class 4 Egozi Secured Subrogation Claim, Class 5 Whirlpool Secured Claim, Class 7 Purchaser Deposit Secured Claims, Class 8 Association Secured Claim, Class 9 Purchaser Contract Litigation Attorney Secured Claim, Class 10 Northern Trust/NBV Unsecured Claim, Class 11 General Unsecured Claims, and Class 12 Egozi Unsecured Claim are the only classes of Claims under the Plan that are impaired and entitled to vote to accept or reject the Plan.

Each holder of an Allowed Claim in Class 2 Real Estate Tax Secured Claims, Class 3 Northern Trust/NBV Secured Construction Loan Claims, Class 4 Egozi Secured Subrogation Claim, Class 5 Whirlpool Secured Claim, Class 7 Purchaser Deposit Secured Claims, Class 8 Association Secured Claim, Class 9 Purchaser Contract Litigation Attorney Secured Claim, Class 10 Northern Trust/NBV Unsecured Claim, Class 11 General Unsecured Claims, and Class 12 Egozi unsecured Claim, entitled to vote, may vote to accept or reject the Plan.

C. Vote Required for Acceptance by a Class

Under the Bankruptcy Code, acceptance of a plan of reorganization by a class of claims occurs when holders of at least two-thirds in dollar amount and more than one half in number of the allowed claims of that class that cast ballots for acceptance or rejection of the Plan of reorganization vote to accept the Plan. Thus, acceptance of Class 2 Real Estate Tax Secured Claims, Class 3 Northern Trust/NBV Secured Construction Loan Claims, Class 4 Egozi Secured Subrogation Claim, Class 5 Whirlpool Secured Claim, Class 7 Purchaser Deposit Secured Claims, Class 8 Association Secured Claim, Class 9 Purchaser Contract Litigation Attorney Secured Claim, Class 10 Northern Trust/NBV Unsecured Claim, Class 11 General Unsecured Claims, and Class 12 Egozi Unsecured Claim will occur only if at least two-thirds in dollar amount and a majority in number of the holders of the Claims in the respective class that cast their ballots vote in favor of acceptance.

A vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that such acceptance or rejection was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

D. Voting Procedures

1. Holders of Class 1 Priority Non-Tax Claims

Holders of Allowed Priority Non-Tax Claims as of the Record Date are unimpaired and not permitted to vote.

2. Holder of Class 2 Real Estate Tax Secured Claims

The holder of the Allowed Real Estate Tax Secured Claims as of the Record Date should complete the enclosed ballot. To be counted, properly executed ballots must be returned to the Debtor's Counsel so that they are received by the Debtor's Counsel before the Voting Deadline.

3. Holder of Class 3 Northern Trust/NBV Secured Construction Loan Claims

The holder of the Allowed Northern Trust/NBV Secured Construction Loan Claims as of the Record Date should complete the enclosed ballot. To be counted, properly executed ballots must be returned to the Debtor's Counsel so that they are received by the Debtor's Counsel before the Voting Deadline.

4. Holder of Class 4 Egozi Secured Subrogation Claim

The holder of the Allowed Egozi Secured Subrogation Claim as of the Record Date should complete the enclosed ballot. To be counted, properly executed ballots must be returned to the Debtor's Counsel so that they are received by the Debtor's Counsel before the Voting Deadline.

5. Holder of Class 5 Whirlpool Secured Claim

The holder of the Allowed Whirlpool Secured Claim as of the Record Date should complete the enclosed ballot. To be counted, properly executed ballots must be returned to the Debtor's Counsel so that they are received by the Debtor's Counsel before the Voting Deadline.

6. Holder of Class 6 Revuelta Vega Leon Secured Claim

[*Intentionally Deleted*].

7. Holder of Class 7 Purchaser Deposit Secured Claims

The holder of the Allowed Purchaser Deposit Secured Claims as of the Record Date should complete the enclosed ballot. To be counted, properly executed ballots must be returned to the Debtor's Counsel so that they are received by the Debtor's Counsel before the Voting Deadline.

8. Holder of Class 8 Association Secured Claim

The holder of the Allowed Association Secured Claim as of the Record Date should complete the enclosed ballot. To be counted, properly executed ballots must be returned to the Debtor's Counsel so that they are received by the Debtor's Counsel before the Voting Deadline.

9. Holder of Class 9 Purchaser Contract Litigation Attorney Secured Claim

The holder of the Allowed Purchaser Contract Litigation Attorney Secured Claim as of the Record Date should complete the enclosed ballot. To be counted, properly executed ballots must be returned to the Debtor's Counsel so that they are received by the Debtor's Counsel before the Voting Deadline.

10. Holder of Class 10 Northern Trust/NBV Unsecured Claim

The holder of the Allowed Northern Trust/NBV Unsecured Claims as of the Record Date should complete the enclosed ballot. To be counted, properly executed ballots must be returned to the Debtor's Counsel so that they are received by the Debtor's Counsel before the Voting Deadline.

11. Holder of Class 11 General Unsecured Claims

The holders of the Allowed General Unsecured Claims as of the Record Date should complete the enclosed ballot. To be counted, properly executed ballots must be returned to the Debtor's Counsel so that they are received by the Debtor's Counsel before the Voting Deadline.

12. Holder of Class 12 Egozi Unsecured Claim

The holders of the Allowed Egozi Unsecured Claim as of the Record Date should complete the enclosed ballot. To be counted, properly executed ballots must be returned to the Debtor's Counsel so that they are received by the Debtor's Counsel before the Voting Deadline.

IX.
CONFIRMATION OF THE PLAN OF REORGANIZATION

A. Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after appropriate notice, to hold a hearing on confirmation of a plan of reorganization. As set forth in the Disclosure Statement Order, the Bankruptcy Court has scheduled the confirmation hearing for _____, 2011. The confirmation hearing may be adjourned from time-to-time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the confirmation hearing or any subsequent adjourned confirmation hearing.

Any objection to confirmation of the Plan must be in writing, must conform to the Bankruptcy Rules, must set forth the name of the objector, the nature and amount of claims or interests held or asserted by the objector against the Debtor's estate or property, the basis for the objection and the specific grounds therefore, and must be filed with the Bankruptcy Court, together with proof of service thereof, and served upon: (i) BAUCH & MICHAELS, LLC 53 W. Jackson Boulevard, Suite 1115 Chicago, Illinois 60604 Tel: (312) 588-5000 Fax: (312) 427-5709 (attention Paul M. Bauch, Esq.) (attorneys for the Debtor); (ii) GENOVESE JOBLOVE & BATTISTA, P.A. 100 Southeast Second Street, Suite 4400 Miami, Florida 33131 Telephone: (305) 349-2300 Facsimile : (305) 349-2310 (attention Michael L. Schuster, Esq.) (Attorneys for the Debtor); (iii) the Office of the United States Trustee, Southern District of Florida, 51 S.W. 1st Ave., Suite 1204, Miami, FL 33130 so as to be received no later than 4:00 p.m. (Eastern Time) on _____**2011**

Objections to confirmation of the Plan of Reorganization are governed by Bankruptcy Rule 9014. **UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.**

B. Requirements for Confirmation of the Plan of Reorganization

1. Requirements of Section 1129(a) of the Bankruptcy Code

a. General Requirements

At the confirmation hearing, the Bankruptcy Court will determine whether the following confirmation requirements specified in section 1129 of the Bankruptcy Code have been satisfied:

(1) The Plan complies with the applicable provisions of the Bankruptcy Code.

(2) The Debtor has complied with the applicable provisions of the Bankruptcy Code.

(3) The Plan has been proposed in good faith and not by any means proscribed by law.

(4) Any payment made or promised by the Debtor or by a Person issuing securities or acquiring property under the Plan for services or for costs and expenses in, or in connection with, the Reorganization Case, or in connection with the Plan and incident to the Reorganization Case, has been disclosed to the Bankruptcy Court, and any such payment made before confirmation of the Plan is reasonable, or if such payment is to be fixed after confirmation of the Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable.

(5) The Debtor has disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the Plan, as a director or officer of the Debtor, an affiliate of the Debtor participating in a Plan with the Debtor, or a successor to the Debtor under the Plan of Reorganization, and the appointment to, or continuance in, such office of such individual is consistent with the interests of creditors and equity holders and with public policy, and the Debtor has disclosed the identity of any insider that will be employed or retained by the Debtor, and the nature of any compensation for such insider. With respect to each class of claims or equity interests, each holder of an impaired claim or impaired equity interest either has accepted the Plan or will receive or retain under the Plan on account of such holder's claim or equity interest, property of a value, as of the Effective Date, that is not less than the amount such holder would receive or retain if the Debtor were liquidated on the Effective Date under chapter 7 of the Bankruptcy Code. See discussion of "Best Interests Test" below.

(6) Except to the extent the Plan meets the requirements of section 1129(b) of the Bankruptcy Code (discussed below), each class of claims or equity interests has either accepted the Plan or is not impaired under the Plan.

(7) Except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, the Plan provides that administrative expenses and priority claims other than priority tax claims will be paid in full on the Effective Date and that priority tax claims will receive on account of such claims deferred Cash payments, over a period not exceeding six years

after the date of assessment of such claims, of a value, as of the Effective Date, equal to the allowed amount of such claims.

(8) At least one class of impaired claims has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a claim in such class.

(9) Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor or any successor to the Debtor under the Plan, unless such liquidation or reorganization is proposed in the Plan. See discussion of "Feasibility" below.

b. Best Interests Test

As described above, the Bankruptcy Code requires that each holder of an impaired claim or equity interest either (a) accepts the Plan or (b) receives or retains under the Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive or retain if the Debtor were liquidated under chapter 7 of the Bankruptcy Code on the Effective Date.

The first step in meeting this test is to 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. The gross amount of cash available would be the sum of the proceeds from the disposition of the Debtor's assets and the cash held by the Debtor at the time of the commencement of the chapter 7 case. The next step is to reduce that total by the amount of any claims secured by such assets, the costs and expenses of the liquidation, and such additional administrative expenses and priority claims that may result from the termination of the Debtor's business and the use of chapter 7 for the purposes of liquidation. Any remaining net cash would be allocated to creditors and shareholders in strict priority in accordance with section 726 of the Bankruptcy Code (see discussion below). Finally, taking into account the time necessary to accomplish the liquidation, the present value of such allocations may be compared to the value of the property that is proposed to be distributed under the Plan on the Effective Date.

The Debtor's costs of liquidation under chapter 7 would include the fees payable to a chapter 7 trustee in bankruptcy, as well as those that might be payable to attorneys and other professionals that such a trustee may engage, plus any unpaid expenses incurred by the Debtor during the chapter 11 case and allowed in the chapter 7 case, such as compensation for attorneys, financial advisors, appraisers, accountants and other professionals, and costs and expenses of members of any statutory committee of unsecured creditors appointed by the United States Trustee pursuant to section 1102 of the Bankruptcy Code and any other committee so appointed. Moreover, the deficiency claims of the Secured Lenders, would not be waived in a chapter 7 liquidation, and additional claims would arise by reason of the breach or rejection of obligations incurred and executory contracts or leases entered into by the Debtor both prior to, and during the pendency of, the chapter 11 case.

The foregoing types of claims, costs, expenses, fees and such other claims that may arise in a liquidation case would be paid in full from the liquidation proceeds before the balance of those proceeds would be made available to pay pre-chapter 11 priority and unsecured claims. Under the absolute priority rule, no junior creditor would receive any distribution until all senior creditors are

paid in full, with interest, and no equity holder receives any distribution until all creditors are paid in full, with interest.

The Debtor believes that in a chapter 7 case, holders of Old Limited Partnership Equity Interests and Old General Partnership Equity Interest would receive no distributions of property. Accordingly, the Plan satisfies the rule of absolute priority.

After consideration of the effects that a chapter 7 liquidation would have on the ultimate proceeds available for distribution to creditors in a chapter 11 case, including (i) the increased costs and expenses of a liquidation under chapter 7 arising from fees payable to a trustee in bankruptcy and professional advisors to such trustee, (ii) the erosion in value of assets in a chapter 7 case in the context of the expeditious liquidation required under chapter 7 and the "forced sale" atmosphere that would prevail and (iii) substantial increases in claims which would be satisfied on a priority basis, the Debtor has determined that confirmation of the Plan will provide each creditor and equity holder with a recovery that is not less than it would receive pursuant to a liquidation of the Debtor under chapter 7 of the Bankruptcy Code.

Moreover, the Debtor believes that the value of any distributions from the liquidation proceeds to each class of allowed claims in a chapter 7 case would be the same or less than the value of distributions under the Plan because such distributions in a chapter 7 case may not occur for a substantial period of time. In this regard, it is possible that distribution of the proceeds of the liquidation could be delayed for a year or more after the completion of such liquidation in order to resolve the claims and prepare for distributions. In the event litigation were necessary to resolve claims asserted in the chapter 7 case, the delay could be further prolonged and administrative expenses further increased.

The Debtor's liquidation analysis is an estimate of the proceeds that may be generated as a result of a hypothetical chapter 7 liquidation of the assets of the Debtor. The analysis is based upon a number of significant assumptions which are described. The liquidation analysis does not purport to be a valuation of the Debtor's assets and is not necessarily indicative of the values that may be realized in an actual liquidation.

c. Liquidation Analysis

The Debtor's chapter 7 liquidation analysis and assumptions are set forth in Exhibit 3 to this Disclosure Statement. The Liquidation Analysis demonstrates that under an orderly liquidation, the estimated gross liquidation proceeds would be in the range of approximately $6.7 to $9.2 million. As of September 2, 2010, the secured claims are expected to total approximately $8 to $12.6 million (including principal, interest, and other costs).

Following the payment of between approximately $900,000 and $1,300,000 in liquidation costs, which includes administrative expenses pursuant to 503(b), approximately $5,800,000 to $7,900,000 would remain in assets available for distribution (using the low end and high end of liquidation costs and recovery estimates). Even using the high end of the recovery estimates, liquidation would only recover 60% of the value of secured claims. Under this liquidation scenario, depending on the bankruptcy Court's determination of the priority of the secured claims, only three creditors would receive any proceeds based upon their Allowed Secured Claims: the taxing authority (100%); Cielo on the Bay Condominium Association (100%); and NBV (65%). This analysis

demonstrates that there would be no assets left for any recovery to holders of other Allowed Secured Claims and Allowed Unsecured Claims.

d. Feasibility

The Bankruptcy Code requires a debtor to demonstrate that confirmation of a plan of reorganization is not likely to be followed by the liquidation or the need for further financial reorganization of a debtor unless so provided by the plan of reorganization. For purposes of determining whether the Plan meets this requirement, the Debtor has analyzed its ability to meet its financial obligations as contemplated thereunder. Based upon its analysis, the Debtor believes that it will be able to make all payments required to be made pursuant to the Plan and that it will need no further financial reorganization. The Debtor's projections are set forth in Exhibit 4 to this Disclosure Statement.

2. Requirements of Section 1129(b) of the Bankruptcy Code

The Bankruptcy Court may confirm the Plan over the rejection or deemed rejection of the Plan by a class of claims or equity interests if the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to such class.

a. No Unfair Discrimination

This test applies to classes of claims or equity interests that are of equal priority and are receiving different treatment under a plan of reorganization. The test does not require that the treatment be the same or equivalent, but that such treatment be "fair."

b. Fair and Equitable Test

This test applies to classes of different priority (e.g., unsecured versus secured) and includes the general requirement that no class of claims receive more than 100% of the allowed amount of the claims in such class. As to the dissenting class, the test sets different standards, depending on the type of claims or interests in such class.

c. Secured Claims

Each holder of an impaired secured claim either (i) retains its liens on the property (or if sold, on the proceeds thereof) to the extent of the allowed amount of its secured claim and receives deferred Cash payments having a value, as of the effective date of the Plan, of at least the allowed amount of such claim or (ii) receives the "indubitable equivalent" of its allowed secured claim.

d. Unsecured Claims

Either (i) each holder of an impaired unsecured claim receives or retains under the Plan property of a value equal to the amount of its allowed unsecured claim or (ii) the holders of claims and interests that are junior to the claims of the dissenting class will not receive or retain any property under the Plan of reorganization.

e. Equity Interests

Either (i) each equity interest holder will receive or retain under the Plan of reorganization property of a value equal to the greater of (a) the fixed liquidation preference or redemption price, if any, of such stock and (b) the value of the stock, or (ii) the holders of interests that are junior to the equity interests of the dissenting class will not receive or retain any property under the Plan of reorganization.

The Debtor believes the Plan will satisfy both the "no unfair discrimination" requirement and the "fair and equitable" requirement notwithstanding that Class 13 Old Limited Partnership Equity Interests and Class 14 Old General Partnership Equity Interest are deemed to reject the Plan, because as to Class 13 and Class 14, there is no class of equal priority receiving more favorable treatment and no class that is junior to such a dissenting class will receive or retain any property on account of the claims or equity interests in such class.

X.
FINANCIAL INFORMATION

The consolidated pro forma unaudited balance sheets for each of the two fiscal years ended 2009 and 2010 of the Debtor are contained in Exhibit 2 to this Disclosure Statement, and the full text of which is incorporated herein by reference. This financial information is provided to permit the holders of claims and equity interests to better understand the Debtor's historical business performance and the impact of the Case on the Debtor's business.

XI.
ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN OF REORGANIZATION

If the Plan is not confirmed and consummated, the alternatives to the Plan include (i) liquidation of the Debtor under chapter 7 of the Bankruptcy Code and (ii) an alternative chapter 11 plan of reorganization.

A. Liquidation Under Chapter 7

If no plan can be confirmed, the Debtor's chapter 11 case may be converted to a case under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be appointed to liquidate the assets of the Debtor for distribution in accordance with the priorities established by the Bankruptcy Code. In a chapter 7 liquidation, the Debtor believes that there would be no distribution to the holders of Administrative Expense Claims, General Unsecured Claims, or the holders of Equity Interests.

A discussion of the effects that a chapter 7 liquidation would have on the recovery of holders of claims and equity interests and the Debtor's liquidation analysis are set forth in Article IX(B)(1)(b) above, entitled "CONFIRMATION OF THE PLAN OF REORGANIZATION -- Requirements for Confirmation of the Plan of Reorganization -- Requirements of Section 1129(a) of the Bankruptcy Code -- Best Interests Test." The Debtor believes that liquidation under chapter 7 would result in smaller distributions being made to creditors than those provided for in the Plan – and likely no distributions to any creditors other than the secured creditors – because of (a) the loss of any all going concern value (since the Debtor could not continue to operate), (b) the likelihood

that the assets of the Debtor would have to be sold or otherwise disposed of in a less orderly fashion over a shorter period of time, (c) additional administrative expenses involved in the appointment of a trustee and (d) additional expenses and claims, some of which would be entitled to priority, which would be generated during the liquidation and from the rejection of leases and other executory contracts in connection with a cessation of the Debtor's operations.

B. Alternative Plan of Reorganization

If the Plan is not confirmed the Debtor or any other party in interest could attempt to formulate a different chapter 11 plan of reorganization. Such a plan of reorganization might involve either a reorganization and continuation of the Debtor's business or an orderly liquidation of its assets. With respect to an alternative plan, the Debtor has explored various alternatives in connection with the formulation and development of the Plan. The Debtor believes that the Plan, as described herein, enables creditors and equity holders to realize the most value under the circumstances. In a liquidation after Confirmation, the Debtor's assets might be sold in an orderly fashion over a more extended period than in a liquidation under chapter 7, possibly resulting in somewhat greater (but indeterminate) recoveries than would be obtained in chapter 7. Further, if a trustee were not appointed, because such appointment is not required in a chapter 11 case, the expenses for professional fees would most likely be lower than those incurred in a chapter 7 case; though any savings may be reduced by the costs of professionals such as investment bankers if such were utilized. Although preferable to a chapter 7 liquidation, the Debtor believes that any alternative liquidation under chapter 11 is a much less attractive alternative to creditors and equity holders than the Plan because of the greater return provided by the Plan.

XII.
CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion summarizes certain U.S. federal income tax consequences of the implementation of the Plan to the Debtor and to the holders of Class 11 General Unsecured Claims. The following summary does not address the U.S. federal income tax consequences to holders whose Claims are unimpaired or otherwise may be entitled to payment in full in Cash under the Plan (*e.g.*, Administrative Expense Claims, Priority Non-Tax Claims, and other secured claims), or holders of Old Limited Partnership Equity Interests and the Old General Partnership Equity Interest that are extinguished without a distribution in exchange therefore.

The following summary is based on the Internal Revenue Code of 1986, as amended (the "Tax Code"), Treasury Regulations promulgated thereunder, judicial decisions, and published administrative rules and pronouncements of the Internal Revenue Service (the "IRS"), all as in effect on the date hereof. Changes in such rules or new interpretations thereof may have retroactive effect and could significantly affect the U.S. federal income tax consequences described below.

The U.S. federal income tax consequences of the Plan are complex and are subject to significant uncertainties. The Debtor has not requested a ruling from the IRS or an opinion of counsel with respect to any of the tax aspects of the Plan. Thus, no assurance can be given as to the interpretation that the IRS will adopt. In addition, this summary generally does not address foreign, state or local tax consequences of the Plan, nor does it address the U.S. federal income tax consequences of the Plan to special classes of taxpayers (such as foreign taxpayers, broker-dealers, persons not holding their Claims as capital assets, financial institutions, tax-exempt organizations,

persons holding Claims who are not the original holders of those Claims or who acquired such Claims at an acquisition premium, and persons who have claimed a bad debt deduction in respect of any Claims).

Accordingly, the following summary of certain U.S. federal income tax consequences is for informational purposes only and is not a substitute for careful tax planning and advice based upon the individual circumstances pertaining to a holder of a Claim.

IRS Circular 230 Notice: To ensure compliance with IRS Circular 230, holders of Claims and Equity Interests are hereby notified that: (A) any discussion of federal tax issues contained or referred to in this Disclosure Statement is not intended or written to be used, and cannot be used, by holders of Claims or Equity Interests for the purpose of avoiding penalties that may be imposed on them under the Tax Code; (b) such discussion is written in connection with the promotion or marketing by the Debtor of the transactions or matters addressed herein; and (c) holders of Claims and Equity Interests should seek advice based on their particular circumstances from an independent tax advisor.

A. Consequences to Holders of Class 11 Claims

Pursuant to the Plan, the holders of Allowed General Unsecured Claims (Class 11) will receive a Cash distribution in satisfaction and discharge of their Claims. The following discussion does not necessarily apply to holders who have Claims in more than one class relating to the same underlying obligation. Such holders should consult their tax advisors regarding the effect of such dual status obligations on the federal income tax consequences of the Plan to them.

In general, each holder of an Allowed General Unsecured Claim, should recognize gain or loss in an amount equal to the difference between (1) the amount of Cash received by the holder in satisfaction of its Claim (other than any Claim for accrued but unpaid interest) and (2) the holder's adjusted tax basis in its Claim (other than any basis attributable to accrued but unpaid interest). Pursuant to the Plan, distributions to any holder of an Allowed General Unsecured Claim will be allocated first to the original principal amount of such Claim as determined for federal income tax purposes and then, to the extent the consideration exceeds such amount, to any portion of such Claim representing accrued original issue discount ("OID") or accrued but unpaid interest.

However, there is no assurance that the IRS would respect such allocation for federal income tax purposes. In general, to the extent that an amount received by a holder of debt is received in satisfaction of accrued interest or OID during its holding period, such amount will be taxable to the holder as interest income (if not previously included in the holder's gross income). Conversely, a holder will generally recognize a loss to the extent any accrued interest was previously included in its gross income and is not paid in full. Each holder is urged to consult its tax advisor regarding the allocation of consideration and the deductibility of losses realized in respect of Allowed General Unsecured Claims for federal income tax purposes.

Where gain or loss is recognized by a holder of an Allowed General Unsecured Claim the character of such gain or loss as long-term or short-term capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the holder, whether the Claim constitutes a capital asset in the hands of the holder and how long it has been held, whether the Claim was originally issued at a discount or a premium, whether the Claim was acquired at a

market discount, and whether and to what extent the holder previously had claimed a bad debt deduction in respect of that Claim.

B. Information Reporting and Withholding

All distributions to holders of Claims under the Plan are subject to any applicable tax withholding, including employment tax withholding. Under U.S. federal income tax law, interest, dividends, and other reportable payments may, under certain circumstances, be subject to "backup withholding" at the then applicable withholding rate (currently 28%). Backup withholding generally applies if the holder (a) fails to furnish its social security number or other taxpayer identification number ("TIN"), (b) furnishes an incorrect TIN, (c) fails properly to report interest or dividends, or (d) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is its correct number and that it is a United States person that is not subject to backup withholding. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in an overpayment of tax and the appropriate information is supplied to the IRS. Certain persons are exempt from backup withholding, including, in certain circumstances, corporations and financial institutions.

In addition, from an information reporting perspective, Treasury Regulations generally require disclosure by a taxpayer on its federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, the following: (1) certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds; and (2) certain transactions in which the taxpayer's book-tax differences exceed a specified threshold in any tax year. Holders are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the holders' tax returns.

The foregoing summary has been provided for informational purposes only. All holders of Claims receiving a distribution under the Plan are urged to consult their tax advisors concerning the federal, state, local and foreign tax consequences applicable under the Plan.

XIII. CONCLUSION

The Debtor believes that confirmation and implementation of the Plan is in the best interests of all creditors, and urge holders of impaired Claims in Class 2, Class 3, Class 4, Class 5, Class 7, Class 8, Class 9, Class 10, Class 11, and Class 12 to vote on the Plan to vote to accept the Plan and to evidence such acceptance by returning their ballots so that they will be received no later than 4:00 p.m. (Eastern Time) on the Voting Deadline.

Dated: August 18, 2011

Respectfully submitted,

HARBOUR EAST DEVELOPMENT, LTD.

By:/s/ Paul M. Bauch, Esq.

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