

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X

In re:

97 GRAND AVENUE, LLC,

Debtor.

-----X

Case No. 15-13367 (SHL)

Chapter 11

**DEBORAH J. PIAZZA, AS CHAPTER 11 TRUSTEE OF 97 GRAND AVENUE,
LLC DISCLOSURE STATEMENT TO ACCOMPANY HER PLAN OF
LIQUIDATION FOR 97 GRAND AVENUE, LLC DATED APRIL 12, 2017**

**THIS IS NOT A SOLICITATION OF ACCEPTANCES OR REJECTIONS OF THE
PLAN. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED TO THE
BANKRUPTCY COURT FOR APPROVAL BUT HAS NOT BEEN APPROVED BY
THE BANKRUPTCY COURT.**

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Deborah J. Piazza, as Chapter 11 trustee (the “Trustee” or “Plan Proponent”) for 97 Grand Avenue, LLC (the “Debtor”), has filed her *Plan of Liquidation for 97 Grand Avenue, LLC*, dated April 12, 2017 (the “Plan”), with the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”). This *Disclosure Statement of the Plan of Liquidation of Deborah J. Piazza, as Chapter 11 Trustee for 97 Grand Avenue, LLC* (the “Disclosure Statement”) is being submitted for the approval by the Bankruptcy Court for use in connection with the Plan (which provides for the sale of the Debtor’s primary asset), pursuant to § 1125 of Title 11 of the United States Code (the “Bankruptcy Code”).

A copy of the Plan accompanies this Disclosure Statement. Unless otherwise defined herein, the meaning of all capitalized terms used in the Disclosure Statement shall have the meaning ascribed to them in the terms defined in Article 1 of the Plan.

INTRODUCTION

The Trustee provides this Disclosure Statement to all of the Debtor’s known creditors, Interest Holders, and other parties in interest in order to provide adequate information to enable them to make an informed decision as to whether to accept or reject the Plan. All holders of Claims and Interest Holders are hereby advised and encouraged to read this Disclosure Statement and the Plan in their entirety before voting to accept or reject the Plan.

The Plan summary and statements made in this Disclosure Statement are qualified in their entirety by reference to the Plan (a copy of which accompanies this Disclosure Statement as **Exhibit "A"**).¹

By Order dated May___, 2017, the Bankruptcy Court (i) approved this Disclosure Statement as containing adequate information of a kind and in sufficient detail to enable creditors of the Debtor to make an informed judgment about the Plan, and (ii) scheduled a hearing to confirm the Plan.

The Court's approval of this Disclosure Statement does not constitute a recommendation by the Court either for or against the Plan. No statements or information concerning the Plan and the transactions contemplated thereby have been authorized, other than the statements and information set forth in this Disclosure Statement. All other statements regarding the Plan and the transactions contemplated, whether written or oral, are unauthorized.

The Bankruptcy Court has scheduled a hearing to consider Confirmation of the Plan for **June___, 2017 at _____ a.m.** at the United States Bankruptcy Court located at One Bowling Green, New York, New York 10004. This hearing may be adjourned from time to time without further notice other than by announcement in Court on the scheduled date of such hearing. At that hearing, the Court will consider whether the Plan satisfies the various requirements of the

¹ Capitalized terms not otherwise defined in this Disclosure Statement have the meanings assigned to them in the Plan.

Bankruptcy Code. The Court will then also receive and consider a ballot report prepared by the Trustee concerning the votes for acceptance or rejection of the Plan by the parties entitled to vote.

No representations concerning the Debtor, the estimated value of the Debtor's property and/or the estimated assets to be generated from the liquidation of the Debtor's assets are authorized by the Trustee or the Debtor other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance which are other than as contained in this Disclosure Statement, should not be relied upon by you in casting your vote with respect to the proposed Plan.

THE TRUSTEE BELIEVES THE PLAN PROVIDES THE GREATEST AND EARLIEST POSSIBLE RECOVERIES TO ALL CREDITORS UNDER THE CIRCUMSTANCES. THE TRUSTEE BELIEVES THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTEREST OF EACH AND EVERY CLASS OF CREDITORS AND RECOMMENDS THAT YOU VOTE TO ACCEPT THE PLAN.

This Disclosure Statement is based upon information available to the Trustee as of the date of this Disclosure Statement unless another time is specified and does not reflect events that may occur subsequent to that date, which may have a material impact on the information contained in this Disclosure Statement. The Trustee will not make any effort to supplement or amend this Disclosure Statement to reflect changes subsequent to the date hereof.

THIS DOCUMENT WAS COMPILED FROM INFORMATION OBTAINED BY THE TRUSTEE FROM NUMEROUS SOURCES BELIEVED TO BE ACCURATE TO THE BEST OF THE TRUSTEE'S KNOWLEDGE, INFORMATION AND BELIEF.

ALTHOUGH THE TRUSTEE'S PROFESSIONAL ADVISORS HAVE ASSISTED IN THE PREPARATION OF THIS DISCLOSURE STATEMENT BASED UPON THE FACTUAL INFORMATION AND ASSUMPTIONS RESPECTING THE FINANCIAL, BUSINESS AND ACCOUNTING DATA PROVIDED BY THE TRUSTEE, THE TRUSTEE'S PROFESSIONAL ADVISORS HAVE NOT INDEPENDENTLY VERIFIED THE INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT AND MAKE NO REPRESENTATIONS OR WARRANTIES AS TO SUCH INFORMATION. SUCH PROFESSIONAL ADVISORS DO NOT REPRESENT OR WARRANT THAT THIS DISCLOSURE STATEMENT IS COMPLETE OR IS FREE FROM ANY INACCURACY OR OMISSION.

HOLDERS OF CLAIMS SHOULD CAREFULLY READ AND CONSIDER THE PLAN AND DISCLOSURE STATEMENT.

CAUTIONARY STATEMENT

CERTAIN INFORMATION INCLUDED IN THIS DISCLOSURE STATEMENT CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF THE

SECURITIES ACT OF 1933, AS AMENDED, THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AND THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995, AS AMENDED. SUCH FORWARD-LOOKING INFORMATION IS BASED ON INFORMATION AVAILABLE WHEN SUCH STATEMENTS ARE MADE AND IS SUBJECT TO RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE EXPRESSED IN THIS DISCLOSURE STATEMENT.

PLAN SYNOPSIS

The Plan provides for 97 Grand Avenue Brooklyn First LLC (“97 Grand”), the Successful Buyer or its designee, to purchase the real property and improvements thereon known as and located at 97 Grand Avenue and 96 Steuben Street, Brooklyn, New York (Block 1893; Lot 4) (the “Property”) from the Trustee on behalf of the Debtor’s bankruptcy estate in accordance with the provisions of the Bankruptcy Code, through a sale (the “Sale”) pursuant to 11 U.S.C. § 363 and Federal Rule of Bankruptcy Procedure 6004(f), with a closing of such Sale immediately following Confirmation of the Plan.

Proceeds generated from the Sale, in addition to the Cash being held by the Trustee, will be utilized by the Trustee to fund distributions under the Plan. 97 Grand or its nominee has agreed to purchase the Property at the Sale by (i) credit bidding its Secured Claim as of the date of the Auction (in the estimated amount of \$34,056,274.00, which amount shall continue to accrue interest at the per diem amount of \$7,937 through the Closing of the Sale); and (ii) cash for a total consideration of \$35,250,000 at the closing of the Sale. The Cash proceeds from the Sale plus Cash on hand shall be utilized to fund the Plan. The Sale shall take place via an auction if a qualified bidder other than 97 Grand timely submits a qualified bid.

Through the Sale, 97 Grand, the Successful Buyer, or its designee, shall take title to the Property free and clear of all liens, claims and encumbrances on confirmation, except that, in the event that 97 Grand is the Successful Buyer, at 97 Grand’s election, the Mortgage shall be assigned to Lender (defined below).

SUMMARY OF CLASSIFICATION AND TREATMENT

Detailed elsewhere in this Disclosure Statement is a description of the technical aspects of the classification of Claims and Interests, the relative allocations of property to holders of such Claims and Interests, the methodology as to how such property is to be distributed, the risks inherent in the proposed Plan, and the applicable bankruptcy and tax consequences of the proposed liquidation. However, the Trustee believes that a broad overview of what, in the opinion of the Trustee, Creditors are likely to receive under the Plan, will be helpful for your consideration of whether you wish to accept or reject the Plan.

The following is a summary of the classification of all Claims under the Plan and the proposed treatment of each such Class under the Plan. This summary is qualified in its entirety by reference to provisions set forth in the Plan, the terms of which are controlling.

CLASS	DESCRIPTION	KIND OF PROPERTY DISTRIBUTED TO CLASS	PROJECTED ULTIMATE DISTRIBUTION AS PERCENTAGE OF ALLOWED CLAIM
Unclassified Claims	a. Professional Fees and Expenses	Cash	100% as allowed by Court or such lesser amount as agreed between the holder of such claim and the Trustee.
	b. Accounts payable and other obligations which arose post-petition	Cash	100% on the Effective Date or such lesser amount as agreed between the holder of such claim and the Trustee.
	c. Priority Tax Claims	Cash	100% of such Allowed Priority Tax Claim on the Effective Date or such lesser amount as agreed between the holder of such claim and the Trustee.
Class 1	97 Grand Secured Claim	Property or Cash ²	100% of Allowed Secured Claim as a component of the purchase price for the Property.
Class 2	Other Secured Claims (if any)	Cash	100% of Allowed Claim on the Effective Date.
Class 3	Priority Claims	Cash	100% of Allowed Claim on the Effective Date.

² \$31,174,000.64 is the amount set forth in 97 Grand's proof of claim filed on June 23, 2016, as Claim Number 9-1 and does not include any post-petition amounts which have accrued since the Petition Date, which will be added to this sum and are all a part of 97 Grand's Allowed Secured Claim (estimated to be \$34,056,274.37 as of the date of the Auction plus continued accrued interest in the per diem amount of \$7,937 through the Closing Date) and will be included as a component of the credit bid portion of the purchase price paid by 97 Grand. In the event 97 Grand is not the Successful Buyer, its Allowed Claim shall be paid in full on the Effective Date.

CLASS	DESCRIPTION	KIND OF PROPERTY DISTRIBUTED TO CLASS	PROJECTED ULTIMATE DISTRIBUTION AS PERCENTAGE OF ALLOWED CLAIM
Class 4	General Unsecured Claims	Cash	<i>Pro Rata</i> distribution of Excess Available Cash after taking into account payments to all Secured Claims, Administrative Claims and Priority Claims. The Trustee estimates the amount available to Class 4 Unsecured Claim holders will be approximately sixty (60%) percent of Allowed Class 4 Claims.
Class 5	Interest Holders	None	N/A

As of the Effective Date, all holders of Claims or Interests will be precluded from asserting any Claim against 97 Grand, the Debtor, or the Debtor's assets or Property or other interests in the Debtor based on any transaction or other activity of any kind that occurred before the Confirmation Date except as otherwise provided in the Plan.

VOTING INSTRUCTIONS AND CONFIRMATION OF PLAN

A. Manner of Voting on Plan

Before voting, this Disclosure Statement as well as the Plan, should be read in its entirety. You should only use the Ballot sent to you with this Disclosure Statement to cast your vote for or against the Plan.

If you hold a Claim in Class 4, included in the package of materials forwarded to you along with this Disclosure Statement and the Plan is a ballot for your acceptance or rejection of the Plan. You should complete, date and sign your ballot and return it to Tarter Krinsky & Drogin LLP, 1350 Broadway, 11th Floor, New York, New York 10018, Attn: Scott S. Markowitz, Esq., attorneys for Trustee. All ballots must be **received** prior to **5:00 P.M. on June __, 2017.**

B. Claim Holders Entitled To Vote

Under the Bankruptcy Code, any holders of Claims in Classes that are "impaired" under the Plan are entitled to vote to accept or reject the Plan, unless such Class neither receives nor retains any property under the Plan (in which case such Class is deemed to have rejected the Plan). Bankruptcy Code §1124 provides generally that a Class is impaired if the legal, equitable or contractual rights of the Claims or interests in that Class are altered.

Subject to the exceptions provided below, any holder whose Claim is impaired under the Plan is entitled to vote if either (i) its Claim has been scheduled by the Debtor and such Claim is not scheduled as disputed, contingent or unliquidated; or (ii) such Claim holder has filed a proof of Claim which is not otherwise a Disputed Claim.

A holder of a Disputed Claim is not entitled to vote on the Plan unless such Claim is temporarily allowed by the Trustee or by an order of the Bankruptcy Court in an estimated amount which it deems proper for the purpose of voting to accept or reject the Plan. In other words, only holders of Allowed Claims in impaired classes may vote to accept or reject the Plan. A Claim to which an objection has been filed by the Trustee or a Claim (i) which is listed on the Debtor's Schedules or Amended Schedules as disputed, unliquidated or contingent; and (ii) with respect to which a superseding proof of Claim has not been filed, is not an Allowed Claim for voting purposes, unless the Claim is settled by agreement or the Court allows the Claim (in whole or in part) by Final Order. Upon request of a party-in-interest, the Court may temporarily allow or estimate a Disputed Claim for the purpose of voting on the Plan. Ballots cast in respect of claims other than Allowed Claims will not be counted. In addition, a vote may be disregarded if the Bankruptcy Court determines that the acceptance or rejection of the Plan by the creditor is not solicited or procured in good faith, or in accordance with the provisions of the Bankruptcy Code.

C. Classes Not Impaired Under the Plan

Claims by Holders in Class 1 (97 Grand Secured Claim), Class 2 (Other Secured Claims) and Class 3 (Priority Claims) pursuant to § 1124 of the Bankruptcy Code are unimpaired under the Plan and therefore not entitled to vote on the Plan. The Interest Holders in Class 5 shall retain their Interests as they existed on the Petition Date, are deemed unimpaired and deemed to have accepted the Plan.

D. Classes Impaired Under the Plan

Claims by Holders in Class 4 are impaired under the Plan and are eligible, subject to the limitations set forth above, to vote to accept or reject the Plan.

Any controversy as to whether any Claim or Class of Claims is impaired under the Plan shall, after notice of any hearing, be determined by the Bankruptcy Court.

E. Vote Required For Class Acceptance

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a Class of impaired Claims as acceptance by at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of holders of Allowed Claims in that Class who cast ballots.

Section 1126(d) of the Bankruptcy Code defines acceptance of a plan by a class of Interest holders as acceptance by holders of at least two-thirds (2/3) in amount of the allowed interests of such class who cast ballots.

NOTICE TO HOLDERS OF CLAIMS AND INTERESTS

This Disclosure Statement is being furnished by the Plan Proponent to the Debtor's known creditors pursuant to § 1125(b) of the Bankruptcy Code. The Plan has been filed with the Bankruptcy Court and is incorporated herein by reference. Parties in interest may view the Plan on the internet at <http://www.nysb.uscourts.gov>.³

The purpose of this Disclosure Statement is to enable you, as a Creditor to make an informed decision in exercising your right to consider whether to object to the Plan.

The historical information concerning the Debtor has been prepared using certain filings made with the Bankruptcy Court as well as certain information which the Trustee and/or her professionals have been able to ascertain. The estimates of Claims set forth herein may vary from the final amounts of Claims allowed by the Bankruptcy Court.

Notwithstanding any provision of the Plan to the contrary, definitions and descriptions contained herein respecting pre-Petition documents, agreements, or claims are provided solely for the purpose of identification and classification thereof and do not constitute an admission by the Plan Proponent of the existence, validity, allowance, or amount of any such claim, document or agreement. The Plan Proponent expressly reserves the right to challenge the existence, validity, allowance, or amount of any such claim, document or agreement.

This Disclosure Statement contains a summary of certain provisions of the Plan and the transactions contemplated thereunder, as well as descriptions of certain other related documents. While the Plan Proponent believes that these summaries are fair and accurate, such summaries are qualified to the extent that they do not set forth the entire text of such documents. Reference is made to the Plan and the documents referred to herein and therein for a complete statement of the terms and provisions thereof. In the event of any inconsistency between the terms of the Plan and this Disclosure Statement, the terms of the Plan shall be controlling. In reviewing the Plan and this Disclosure Statement, the reader should give special attention to "RISK FACTORS." No statements or information concerning the Debtor or its assets, results of business operations or financial condition are authorized by the Plan Proponent, other than as set forth in this Disclosure Statement, its exhibit(s) and the Plan.

The statements contained in this Disclosure Statement are made as of the date hereof unless another time is specified herein. The delivery of this Disclosure Statement shall not create, under any circumstances, an implication that there has been no change in the facts set forth herein since the date hereof.

This Disclosure Statement is intended for the sole use of Creditors and Interest Holders to be informed about the Plan. Each holder of a Claim or Interest should review this Disclosure

³ A password is necessary for access to view documents on the Internet.

Statement, its exhibit(s) and the Plan. Holders of Claims or Interests are urged to consult with their own legal and financial advisors.

Solicitations of votes to accept or reject the Plan will not be made by the Plan Proponents in accordance with this Disclosure Statement and § 1125 of the Bankruptcy Code as pursuant to § 1126(f) of the Bankruptcy Code, all classes of claims are conclusively presumed to have accepted the Plan. No Person has been authorized to use or promulgate any information concerning the Debtor or its business or the Plan, other than the information contained in this Disclosure Statement and the exhibits hereto. You should not rely on any information relating to the Debtor or its business or the Plan other than that contained in this Disclosure Statement and the exhibits hereto.

BACKGROUND

A. The Debtor

97 Grand Avenue LLC is a limited liability company organized in 2013 under the laws of the State of Delaware. The Debtor's sole assets consist of (a) a fee interest in real property located at 97 Grand Avenue and 96 Steuben Street in the Clinton Hill section of Brooklyn, New York (Block 1893, Lot 4) (the "Property"); (b) cash derived from rents generated by the Property; and (c) real estate tax refund as a result of the 421-A real estate tax abatement. The Property consists of two connected multi-residential elevator buildings including 62 residential units and 31 indoor parking spaces. Constructed in 2012, the Property appears to enjoy the benefits of a 421-A tax abatement through June 30, 2027.⁴ The Debtor's sole member, 97 Grand Member LLC, managed the Property until the Trustee was appointed on January 12, 2017. Upon information and belief, Sam Sprei and Harry Miller a/k/a Chaim Miller were the individual members of 97 Grand Member LLC and controlled all aspects of the Debtor's operations prior to the Trustee's appointment.

B. Rental Income

The Property contains 62 residential units and 31 indoor parking spaces. All of the apartments consist of 1 studio, 46 one bedrooms, 14 two bedrooms and 1 three bedroom. Current aggregate monthly rent for the occupied units is approximately \$177,000 and \$3,525 for the parking spaces (see attached rent roll analysis as **Exhibit "B"**).

Current estimated operating expenses of approximately \$25,000 per month as follows:

EXPENSES	AMOUNT
Cleaning and Maintenance	\$1,850.00
Commissions	\$5,300.00

⁴ The NYC Department of Housing Preservation & Development issued a preliminary certificate of eligibility providing for 421-A tax abatement. The Trustee makes no representations as to whether a permanent certificate of eligibility will be issued.

Insurance	\$3,465.00
Management Fees	\$6,000.00
Repairs/Maintenance	\$3,494.00
Utilities	\$3,789.00
Other	\$533.00

In addition, Real Estate Taxes (2016) total approximately \$30,000 for the year as a result of the 421-A tax abatement which gradually phases out over the next ten years.

C. 97 Grand (current mortgage)

On or about October 15, 2013, Commercial Mortgage LLC (“Berkadia”) loaned the Debtor the sum of \$20,577,491.00 (the “First Loan”), evidenced by an Amended, Restated and Consolidated Acquisition Loan Promissory Note in the amount of \$20,577,491.00, dated October 15, 2013 (the “First Loan Note”) and secured by an Amended, Restated and Consolidated Acquisition Loan Mortgage and Security Agreement dated as of October 15, 2013 (the “First Loan Mortgage” and together with the First Loan Note, the “First Loan Documents”) and other documents, including Assignments of Leases and Rents, each of which are dated October 15, 2013, except for the Assignment of Leases and Rents dated May 8, 2015, and each of which is included in the defined term “First Loan Documents”.

On December 20, 2013, Berkadia assigned the First Loan and First Loan Documents to AB Commercial Real Estate Debt-B S.A’ R.L. pursuant to an Assignment of Mortgage (the “1st Berkadia Assignment”). The 1st Berkadia Assignment was recorded with the Kings Register’s Office on December 27, 2013 as CRFN: 2013000528833.

On May 8, 2015, AB Commercial Real Estate Debt-BS.A’ R.L. assigned the First Loan and First Loan Documents to Lender pursuant to an Assignment of Mortgage (the “1st 97 Grand Ave Brooklyn Assignment”). The 1st 97 Grand Ave Brooklyn Assignment was recorded with the Kings Register’s Office on June 5, 2015 as CRFN: 2015000190773.

On or about October 15, 2013, Berkadia loaned Debtor the sum of \$2,603,608.00 (the “Second Loan”), which was evidenced by a Building Loan Promissory Note in the amount of \$2,603,608.00 dated October 15, 2013 (the “Second Loan Note”) and secured by a Building Loan Mortgage and Security Agreement dated as of October 15, 2013 (the “Second Loan Mortgage” and together with the Second Loan Note, the “Second Loan Documents”) (which Second Loan Mortgage encumbrances the Property) and further secured by, among other documents, (i) a Building Loan Agreement; (ii) a Limited Recourse Guaranty given by the Guarantor (the “Second Loan Guarantee”), (iii) an Assignment of Leases and Rents, each of which are dated October 15, 2013, except for the Assignment of Leases and Rents dated May 8, 2015, and each of which is included in the defined term “Second Loan Documents”.

On December 20, 2013, Berkadia assigned the Second Loan and Second Loan Documents to AB Commercial Real Estate Debt-BS.A’ R.L. pursuant to an Assignment of

Mortgage (the "2nd Berkadia Assignment"). The 2nd Berkadia Assignment was recorded with the Kings Register's Office on December 27, 2013 as CRFN: 2013000528837.

On May 8, 2015, AB Commercial Real Estate Debt- B S.A' R.L. assigned the Building Mortgage to Lender pursuant to an Assignment of Mortgage (the "2nd 97 Grand Ave Brooklyn Assignment"). The 2nd 97 Grand Ave Brooklyn Assignment was recorded with the Kings Register's Office on June 5, 2015 as CRFN: 2015000190779.

On or about October 15, 2013, Berkadia loaned Debtor the sum of \$1,818,901.00 (the "Third Loan"), evidenced by a Project Loan Promissory Note in the amount of \$1,818,901.00 dated October 15, 2013 given by Debtor to Lender (the "Third Loan Note") and secured by a Project Loan Mortgage and Security Agreement dated as of October 15, 2013 (the "Third Loan Mortgage") and together with the Third Loan Note, the "Third Loan Documents") (which Second Loan Mortgage encumbrances the Property) and further secured by, among other documents, (i) a Project Loan Agreement; and (ii) an Assignment of Leases and Rents dated May 8, 2015, and each of which is included in the defined term "Third Loan Documents," and together with the First Loan Documents and the Second Loan Documents the, the "Loan Documents".

On December 20, 2013, Berkadia assigned the Third Loan and Second Loan Documents to AB Commercial Real Estate Debt- BS.A' R.L. pursuant to an Assignment of Mortgage (the "3rd Berkadia Assignment"). The 3rd Berkadia Assignment was recorded with the Kings Register's Office on December 27, 2013 as CRFN: 2013000528835.

On May 6, 2015, AB Commercial Real Estate Debt- BS.A' R.L. assigned the Building Mortgage to 97 Grand Ave Brooklyn LLC (the "3rd 97 Grand Ave Brooklyn Assignment"). The 3rd 97 Grand Ave Brooklyn Assignment was recorded with the Kings Register's Office on June 5, 2015 as CRFN: 2015000190776.

97 Grand is the current owner and holder of the First Loan Note and First Loan Mortgage, Second Loan Note and Second Loan Mortgage, and the Third Loan Note and Third Loan Mortgage, respectively.

97 Grand is presently the Debtor's sole mortgagee, holding a secured pre-petition claim in the amount of \$31,174,000.64, which claim is secured against the Property and the Debtor's estate, based on the notes and mortgages described in detail above. 97 Grand's claim was filed in the Court's Claims Register on June 23, 2016 as Claim No. 9-1. As of April 1, 2017, 97 Grand's secured claim is \$34,056,274.37 plus continuing accrued interest in the per diem amount of \$7,937.

The Debtor thereafter defaulted under the terms of the Note and Mortgage by failing to make the required payments due (the "Default"), resulting in the commencement by 97 Grand on August 16, 2015, of a foreclosure action in the Supreme Court of the State of New York, Kings County under index number 509707/2015 (the "Foreclosure Action"). The Debtor and 97 Grand thereafter entered into a forbearance agreement under which 97 Grand agreed to forbear from continuing the Foreclosure Action.

In or about September 2014, an affiliate of 97 Grand entered into a contract to purchase the Property by satisfying the mortgage held by Berkadia Commercial Mortgage LLC plus \$5,000,000.00 in cash. In addition, an affiliate of 97 Grand made a mezzanine loan to various entities owned and/or controlled by Sam Sprei and Harry Miller a/k/a Chaim Miller which was secured by the membership interest in the Debtor. This mezzanine loan, as a matter of law, is subordinate to all Allowed Claims against the Debtor. The contract between the Debtor and the affiliate of 97 Grand has been terminated.

POST-PETITION EVENTS IN THIS CHAPTER 11 CASE

A. General

On December 28, 2015 (the “Petition Date”), an involuntary petition under Chapter 7 (the “Involuntary Case”) of the Bankruptcy Code was filed against the Debtor in the Bankruptcy Court. On April 13, 2016, the Bankruptcy Court granted the Debtor’s motion converting the Involuntary Case to a voluntary Chapter 11 proceeding (the “Chapter 11 Case”). Subsequent to the conversion of the Involuntary Case to a Chapter 11 Case, the Debtor remained in possession of its assets and property and continued to operate its business as debtor-in-possession pursuant to §§ 1107 and 1108 of the Bankruptcy Code through January 10, 2017 (see B. Trustee below). The Debtor’s Involuntary Case and Chapter 11 Case were assigned to the Honorable Sean H. Lane, United States Bankruptcy Judge. The Bankruptcy Court has entered several orders in the Involuntary Case and the Chapter 11 case, each of which are available from the Clerk of the Bankruptcy Court or may be viewed at the Bankruptcy Court’s website: www.nysb.uscourts.gov.

B. Trustee

On December 19, 2016, 97 Grand filed a motion seeking the appointment of Chapter 11 trustee [Docket No. 95]. On January 10, 2017 the Bankruptcy Court entered an Order [Docket No. 104] directing the appointment of a Chapter 11 trustee, and on January 12, 2017 entered an Order [Docket No. 107] confirming the appointment of Deborah J. Piazza as the Chapter 11 trustee for the Debtor. The Trustee was appointed because, among other things, the Debtor’s principals had utilized the rents generated from the Property for purposes unrelated to maintaining and/or operating the Property or making debt service. According to operating reports filed by the Debtor, the Debtor’s principals improperly took \$449,000 in rents. Since her appointment, the Trustee has recovered \$305,000 leaving an amount still due from the Debtor’s principals in the amount of \$144,000.

C. Cash Collateral

On September 27, 2016, the Debtor filed a motion seeking authority to utilize the cash collateral of 97 Grand. On October 14, 2016, the Court entered a Stipulation and Order authorizing the Debtor’s use of Cash Collateral pursuant to 11 U.S.C. § 363 and Providing Adequate Protection Therefore Pursuant to §§ 361 and 362 (the “Cash Collateral Stipulation”). Pursuant to the Cash Collateral Stipulation, the Debtor (and the Trustee) has been authorized to

use cash collateral to pay ordinary and customary operating expenses associated with the Property as well as Professional fees.

D. Retention of Professionals

The Bankruptcy Court authorized the Trustee to retain certain professionals to represent and assist her in connection with the Chapter 11 Case. Specifically, the Trustee retained, and the Bankruptcy Court has approved the retention of Tarter Krinsky & Drogin LLP (“TKD”) as Trustee’s counsel, *nunc pro tunc* to January 12, 2017.

Prior to the Trustee’s appointment, the Bankruptcy Court authorized the Debtor to retain the following professionals: (a) DelBello Donnellan Weingarten Wise & Wiederkehr, LLP, as Bankruptcy Counsel; and (b) Besen & Associates, Inc. as real estate advisors to the Debtor (which engagement has expired by its terms).

THE PETITION AND SCHEDULES

On April 15, 2016 (subsequent to conversion of the Involuntary Case to a Chapter 11 case), the Debtor filed its voluntary Chapter 11 petition. On May 11, 2016, the Debtor filed its schedules of assets and liabilities (the “Schedules”). The Debtor scheduled unsecured claims totaling approximately \$1,200,000. The Debtor scheduled secured claims totaling approximately \$43,334,339.70, including the 97 Grand Secured Claim, judgments and various mechanic’s liens.

OPERATING REPORTS

Pursuant to the requirements of the Office of the United States Trustee for the Southern District of New York, the Debtor (and thereafter the Trustee) has filed monthly operating reports with the Bankruptcy Court for the periods from the Petition Date through March 2017. Copies of the monthly reports which the Debtor (or the Trustee) has filed may be obtained from the Bankruptcy Court during normal business hours, or may be obtained upon written request made to counsel for the Trustee.

BAR DATE AND OBJECTION TO CLAIMS

In accordance with the requirements of § 521 of the Bankruptcy Code and Bankruptcy Rule 1007, the Debtor filed its Schedules of Assets and Liabilities, including schedules of all of its known creditors and the amounts and priorities of the Claims the Debtor believes are owed to such creditors. Pursuant to § 501 of the Bankruptcy Code any Creditor or Interest holder may file a Proof of Claim or Interest and, unless disputed, such filed Proof of Claim or Interest supersedes the amount and priority set forth in the Debtor’s schedules. On June 3, 2016, the Bankruptcy Court entered an Order [Docket No. 54] fixing June 27, 2016 as the last date for filing Proofs of Claim in the Debtor’s case (the “Bar Date”).⁵

⁵ On June 28, 2016 the Bankruptcy Court entered a Stipulation extending to July 27, 2016 the last day for filing

The Plan provides that the Trustee has thirty (30) days from the Effective Date to file objections to filed Claims, unless further extended by court order. If the Trustee does not file an objection to a properly filed proof of claim on or before thirty (30) days from the Effective Date (or as extended by the Bankruptcy Court) then such Claim will be deemed Allowed and will be entitled to the Distribution under the Plan on account of its Allowed Claim.

LITIGATION/CLAIMS

A. Sy Grand Steuben, LLC

On or about March 4, 2015, Moshe Oratz, purporting to be a “member” of the Debtor, executed a Bargain and Sale Deed with Covenant Against Grantor’s Acts (the “Deed”) transferring 48% of the Debtor’s fee ownership in the Property to Sy Grand Steuben, LLC (“Sy Grand”). On June 17, 2016, the Deed was recorded in the Office of the City Register of the City of New York.

On February 2, 2017, the Trustee commenced an adversary proceeding in the Bankruptcy Court (Adv. Pro. No.17-01017) seeking to avoid this transfer inasmuch as it was without authority or consideration. The Trustee and counsel for Sy Grand are in the process of submitting a stipulation re-conveying the aforementioned 48% interest in the Property back to the Debtor.

B. Aaron Drazin

On April 14, 2016, the Debtor filed a Motion to approve a Settlement Agreement and Releases between the Debtor, Aaron Drazin and various other parties. On May 17, 2016 the Bankruptcy Court approved the Settlement Agreement and Releases Among, Inter Alia, the Debtor and Aaron Drazin (Docket No. 50). The Settlement Agreement provided, in part, to the discontinuation of various State Court actions (the “State Court Actions”) pending between the parties in New York State Supreme Court including (i) enforcement of a judgment allowed by Aaron Drazin in the amount of \$1,469,147.28 against Sam Sprei a/k/a Shima Sprei (“Sprei”); and (ii) Turnover Order and Judgment in favor of Drazin against various defendants, including the Debtor, in the amount of \$1,566,172.55. As part of Drazin’s collection efforts, the Turnover Order and Judgment was filed against the Property.

As part of the Settlement Agreement, Drazin was paid \$1,235,000 by a third party and was authorized to retain funds recovered by Drazin in connection with the enforcement of the aforementioned judgments. The parties further released the respective parties in connection with the State Court Actions and Aaron Drazin agreed not to file a proof of claim in the Chapter 11 Case and waived any claims against or interest in the Debtor.

proofs of claim by Moshe Oratz, Sy Grand Steuben LLC and Shema Yisrod Sullivan, LLC.

C. Real Estate Tax Refund

As set forth above, the Property has obtained a preliminary certificate of eligibility to receive 421-A real estate tax abatement (the “Abatement”). As a result of the Abatement, the Debtor is entitled to obtain a refund of certain taxes paid for the 2013/2014 and 2014/2015 tax years. Grand Avenue Building Corp, the Entity which sold the Property to the Debtor filed a lawsuit in State Court asserting inter alia that pursuant to May 2013 contract of sale it was entitled to a one half interest in the Abatement in return for reduction of the cash tendered at closing. Grand Avenue Building Corp also named in the lawsuit the prior holder of the mortgage of the Property. After extensive negotiations both prior to and after the Trustee’s appointment, the parties were able to reach a settlement agreement which provides that \$345,000 of the Abatement currently held by the City of New York shall be paid to Grand Avenue Building Corp and \$345,000 shall be paid to the Trustee. The Trustee intends to promptly file a motion for approval of the settlement agreement and expects these funds to be available for Distributions under the Plan.

D. Proofs of Claim

The Bankruptcy Court established June 27, 2016 as the last date for non-governmental entities and governmental entities to file proofs of claim for amounts owed by the Debtor as of the Petition Date (the “Bar Date”). The following claims have been filed:

Claim No.	Claimant	Amount	Type
1-1	J-J Plumbing Corporation	\$118,000.00	Secured
2-1	Abraham Leser	\$10,571,367.24	Secured
3-1	Department of Treasury	\$7,800.00	Unsecured
4-2	NYS Department of Taxation & Finance	\$1000.00	Unsecured
5-1	Reliable Abstract Co. LLC & Jacob Deckelbaum	\$357,836.54	Unsecured
6-1	David Deutsch & Jacob Deutsch	\$425,000.00	Unsecured
7-1	Lew Bar Investor, LLC	\$203,016.51	Unsecured
8-1	Chun Peter Dong	\$1,300,000.00	Unsecured
9-1	97 Grand Ave Brooklyn First LLC	\$31,174,000.64	Secured
10-1	97 Grand Ave BK LLC	\$12,000,000.00 \$50,000.00	Unsecured Secured
11-1	Top Shelf Electric Corp.	\$72,859.05	Secured
12-1	Grand Avenue Building Corp. LLC	\$360,608.89	Secured
13-1	South Shore Drywall, Inc.	\$29,110.00	Secured
14-1	New York Water Management Inc.	\$18,623.00	Unsecured

1. J-J Plumbing Corporation [Claim No. 1-1]

J-J Plumbing Corporation filed a secured mechanic's lien with the Kings County Clerk's Office in the amount of \$118,000.00. The Trustee is in the process of verifying the validity of this claim.

2. Abraham Leser [Claim No. 2-1]

Abraham Leser ("Leser") filed a secured claim in the amount \$10,751,367.00 based upon a judgment pursuant to an affidavit of confession entered in the Supreme Court of the State of New York, Kings County on November 13, 2013. A motion objecting to the proof of claim has been filed with the Bankruptcy Court by another creditor. Leser has acknowledged by letter dated March 22, 2016, that his claim will be subordinated to 97 Grand's secured claim up to the amount of \$37,500,000.00, Chun Peter Dong's claim of \$1,200,000.00 and all legal fees and expenses in connection with the sale of the Property. The Trustee anticipates that a stipulation of settlement shall be entered between the respective parties reclassifying the claim to an unsecured claim and subordinating such claim until such time as the aforementioned claims have been paid the amounts set forth in March 22, 2016 subordination letter. The Trustee does not anticipate that Leser will receive a Distribution on account of this claim from the Bankruptcy Estate.

3. Department of Treasury [Claim No. 3-1]

The Internal Revenue Service filed an unsecured claim in the amount of \$7,800.00. The Trustee does not believe this claim is valid as the Debtor is not a tax paying entity.

4. NYS Department of Taxation & Finance [Claim No. 4-2]

NYS Department of Taxation & Finance filed an amended unsecured claim for corporate taxes due for periods ending December 31, 2014, and December 31 2015, in the aggregate amount of \$1,000.

5. Reliable Abstract Co. LLC & Jacob Decklelbaum [Claim No. 5-1]

Reliable Abstract Co. LLC & Jacob Deckelbaum's proof of claim in the unsecured amount of \$357,836.54 is based upon title fees and expenses relating to the purchase of the Property on or about October 16, 2013. The claim includes \$58,836.54 in interest which Trustee disputes. The Trustee further retains the right to assert the monies allegedly advanced by Reliable Abstract were with respect to properties other than the Property.

6. David Deutsch & Jacob Deutsch [Claim No. 6-1]

The proof of claim in the unsecured amount of \$425,000.00 was withdrawn pursuant to Stipulation and Order so ordered by the Court on December 15, 2016 (**Dkt. No. 93**).

7. Lew Bar Investor, LLC [Claim No. 7-1]

Lew Bar Investor, LLC's unsecured claim asserts \$203,016.51 for out of pocket expenses incurred in connection with a May 27, 2015 agreement of purchase of sale between Debtor and Lew Bar Investors LLC. The Trustee is not yet determined the validity of this claim.

8. Chun Peter Dong [Claim No. 8-1]

The claim of Chun Peter Dong in the amount of \$1,300,000.00 is based upon a settlement agreement, promissory note and money loaned to the Debtor. The Trustee has been advised there is an agreement between Chun Peter Dong and 97 Grand which provides this claim is either subordinate to 97 Grand's right to receive \$38,500,000.00 or this claimant must pay whatever Distribution he receives on account of this claim to 97 Grand.

9. 97 Grand Ave Brooklyn First LLC [Claim No. 9-1]

The Secured Claim in the amount \$31,174,000.64 of 97 Grand Brooklyn First LLC as of the Petition Date is based upon money loan and secured by Note and Mortgage. This claim will either be paid from the Sale Proceeds or satisfied if 97 Grand is a successful purchaser.

10. 97 Grand Ave BK LLC [Claim No. 10-1]

The claim of 97 Grand Ave BK LLC in the amount of \$50,000 (secured) and \$11,950,000 (unsecured) is based upon asserted damages for breach of contract on a purchase and sale agreement, and/or alternatively causes of actions as permitted by law and under the aforementioned purchase and sale agreement. The Trustee expects that this claim shall be withdrawn upon payment in full of 97 Grand's Secured Claim. The Trustee believes the \$50,000 which was a contract deposit has already been returned.

11. Top Shelf Electric Corp [Claim No. 11-1]

Top Shelf Electric Corp filed a secured mechanic's lien with the Kings County Clerk's Office in the amount of \$72,859.05. The Trustee is in the process of determining the validity of this claim.

12. Grand Avenue Building Corp, LLC [Claim No. 12-1]

The claim of Grand Avenue Building Corp, LLC in the secured amount of \$306,608.89 is based upon the claimant asserting ownership interest in a tax refund described above. The Trustee expects that this claim shall be withdrawn after approval of the settlement with regard to the Abatement refund.

13. South Shore Drywall, Inc. [Claim No. 13-1]

South Shore Drywall filed a secured mechanic's lien with the Kings County Clerk's Office in the amount of \$29,110.00. The Trustee is in the process of determining the validity of this claim.

14. New York Water Management Inc. [Claim No.14-1]

The New York Water Management Inc., filed an unsecured claim in the amount of \$18,623.29.

ADDITIONAL MECHANIC'S LIEN

SNL Construction Services Corp ("SNL") filed a mechanic's lien against the Property with the Kings County Clerk's Office in the amount of \$536,703.85 (of which \$321,558 has been released) leaving an asserted balance due of \$215,145.85. The Debtor's Schedules have listed SNL's scheduled claim as unliquidated and disputed. SNL has not filed a proof of claim. As such the Trustee does not believe SNL is entitled to a Distribution under the Plan.

SALE OF THE DEBTOR'S PROPERTY

On March 31, 2017, the Trustee, on behalf of the Debtor, and 97 Grand executed the purchase and sale agreement ("PSA") for the sale of the Debtor's Property.

On April 4, 2017, the Trustee filed a motion for authority to sell the Debtor's Property under Section 363 of the Bankruptcy Code and to establish procedures for the sale of the Property to 97 Grand as the stalking horse purchaser or another party submitting a higher and better bid. The Sale motion included the terms of the PSA between the Trustee and 97 Grand in which 97 Grand is to purchase the Property for \$35,250,000 by (i) credit bidding its Secured Claim as of the date of the Auction (approximately \$34,056,274.00); and (ii) cash in the approximate amount of \$1,073,726.⁶

The Trustee has requested that the sale process take place over a period of approximately 7 weeks to give interested parties an opportunity to submit bids, reasoning that due to the Debtor's prepetition marketing efforts, additional time was not necessary. Indeed, prior to and after the Petition Date, the Debtor, its real estate advisor and the Trustee have all reached out to potential purchasers in the real estate field and Property has been aggressively marketed since the summer of 2016.

The Trustee anticipates that the Court shall enter an order approving the bidding procedures for the Trustee's proposed sale, establishing a bidding deadline of June 1, 2017, scheduling an auction for June 6, 2017, in the event of the receipt of Qualified Bids, and schedule a sale hearing for shortly thereafter.

It is anticipated the Sale, pursuant to 11 U.S.C. §§ 363(b), (f) and (m), shall occur within fifteen (15) days after the later of approval by the Bankruptcy Court of the Sale to 97 Grand or the Successful Buyer and entry of the Confirmation Order. Proceeds generated from the Sale, in addition to Cash on hand, will be utilized by the Trustee to fund Distributions under the Plan.

⁶ In the event 97 Grand purchases the Property, the credit bid will continue to accrue interest in the per diem amount of \$7,937 through the Closing Date.

Through the Sale, 97 Grand, or the Successful Buyer, shall take title to the Property free and clear of all liens, claims and encumbrances pursuant to §§ 363(f) and 1123(a)(5) of the Bankruptcy Code.

Upon closing of the Sale, 97 Grand or its designee, shall take title to the Property free and clear of all liens, claims and encumbrances, except that at 97 Grand's election, the Mortgage shall be assigned to its Lender.⁷ All proceeds received from the Sale of the Property and cash on hand shall be used to fund the Plan. 97 Grand's authority to purchase the Property by credit bidding the amount of its secured claim and cash is subject to approval of this Court, which shall be deemed granted upon entry of the Confirmation Order and the Sale Order.

The closing of the Sale will take place within fifteen (15) days after the later of entry of the Confirmation Order and the Sale Order. The Trustee shall be required to execute any and all documents necessary to effectuate the conveyance of the Property to 97 Grand or the Successful Buyer in accordance with the terms of the Plan, including without limitation a Bargain and Sale Deed with Covenants, a Bill of Sale and all required transfer tax returns and ACRIS documents. Upon the Sale, the Trustee (to the extent the Trustee is in possession of same) and/or the Debtor shall turn over all leases and security deposits to 97 Grand or the Successful Buyer. Furthermore, on the Effective Date, the Trustee will provide 97 Grand or the Successful Buyer, or its designee, an assignment and assumption of all residential and/or commercial leases at the Property and the right to collect any and all rent arrears from such tenants.

POST-PETITION OPERATIONS AND SELECT FINANCIAL INFORMATION

The Trustee continues to operate and manage the Property in the ordinary course.

From the Petition Date through February 28, 2017, the Debtor and the Trustee had gross rent receipts of approximately \$1,650,000. The Debtor currently has no employees on its payroll. Soft Stone Development and Management Group (Soft Stone) has been managing the Property, including marketing and renting apartments. Set forth below is a summary of the Debtor's material assets and liabilities.

A. Cash on Hand

As of April 12, 2017, the Trustee had \$691,676.77 cash on hand in her trustee account to fund the Plan and provide Distributions to Creditors. The Trustee expects additional net rent receipts through the date of the Closing plus a real estate tax refund of approximately \$345,000.00.

⁷ In the event that the Successful Buyer is someone other than 97 Grand or its nominee, the Mortgage shall be paid in full at Closing.

B. Liabilities

The Trustee believes the Secured Claims consist of (i) 97 Grand's Secured Claim of approximately \$34,175,000 as of the Closing Date; and (ii) valid mechanic liens totaling approximately \$250,000.00. In addition, the Trustee believes the estate has post-petition liabilities consisting of the professional fees of: (i) TKD in the approximate amount of \$200,000.00; (ii) DelBello in the approximate amount of \$60,000.00; (iii) management and brokerage fees due Soft Stone in the approximate amount of \$6,000.00; and (iv) United States Trustee quarterly fees. The Trustee believes there are no other administrative expenses in the Debtor's case except perhaps an auctioneer's fee/broker's fee depending upon the outcome of the Auction. The Trustee estimates that Holders of Allowed Unsecured Claims, shall receive Distributions under the Plan equal to approximately sixty (60%) percent of their Allowed Claims.

SUMMARY OF THE PLAN

The Trustee submits that the treatment of Creditors under the Plan is more favorable than the treatment Creditors would receive if the Chapter 11 Case were converted to a Chapter 7. Therefore, the Trustee submits that the Plan is in the best interests of the Creditors and the Trustee recommends acceptance of the Plan by holders of Claims in Class 4.

THE SUMMARY OF THE PLAN SET FORTH BELOW IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PROVISIONS SET FORTH IN THE PLAN, THE TERMS OF WHICH CONTROL

A. General

1. Brief Explanation of Chapter 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under Chapter 11, a debtor is authorized to reorganize its business for the benefit of itself and its creditors and Interest Holders, or as in the present case, to engage in the orderly liquidation of its assets. Upon the filing of a petition for reorganization under Chapter 11 and during the pendency of the case, the Bankruptcy Code imposes an automatic stay of all attempts to collect on Claims against the Debtor and to enforce Liens against the Debtor's property.

Confirmation and consummation of a Chapter 11 plan is the principal objective of a Chapter 11 case. In general, a plan divides the Claims against, and Interests in, a debtor into separate Classes and allocates plan distributions among those Classes. If the legal, equitable and contractual rights of a Class are unaffected by the Plan, such Class is considered "unimpaired." All unimpaired Classes are deemed to have accepted the Plan and, therefore, are not entitled to vote thereon. Bankruptcy Code §1126(g), on the other hand, provides that all Classes of Claims and Interests that do not receive or retain any property under the Plan on account of such Claims and Interests are deemed to have rejected the Plan. All other Classes of Claims and Interests are considered "impaired" and are entitled to vote on the Plan.

Under the Bankruptcy Code, acceptance of the Plan is determined by Class; therefore, it is not required that each holder of a Claim or Interest in an impaired Class vote in favor of the Plan in order for the Bankruptcy Court to confirm the Plan. Generally, each impaired Class must vote to accept the Plan; however, the Bankruptcy Court may confirm the Plan in certain circumstances without the acceptance of all impaired Classes if at least one (1) impaired Class votes to accept the Plan and certain other statutory tests are satisfied. A further explanation of the requirements for Confirmation if an impaired Class rejects the Plan is set forth below in this Disclosure Statement. Many of these tests are designed to protect the interests of Creditors and Interest Holders who either do not vote, or vote to reject the Plan but who will nonetheless be bound by the Plan if it is confirmed by the Bankruptcy Court.

2. Acceptance of the Plan

As a condition to consensual Confirmation, Bankruptcy Code §1129(a) requires that: (a) each impaired Class of Claims or Interests votes to accept the Plan; and (b) the Plan meets the other requirements of §1129(a). As explained above, Classes that are unimpaired are deemed to have accepted the Plan and therefore are not entitled to vote thereon, and Classes that do not receive or retain any property under the Plan are deemed to have rejected the Plan and likewise are not entitled to vote thereon. Accordingly, acceptances of the Plan are being solicited only from those parties who hold Claims or Interests classified in impaired Classes that are to receive Distributions under the Plan.

An impaired Class of Claims will be deemed to have accepted the Plan if holders of at least two-thirds (2/3) in dollar amount and a majority in number of Claims in such Class who cast timely ballots vote to accept the Plan. Holders of Claims who do not timely vote on the Plan are not counted for purposes of determining acceptance or rejection of the Plan by any impaired Class of Claims or Interests.

3. Classification of Claims and Interests Generally

Bankruptcy Code §101(5) defines a Claim as: (a) a "right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured;" or (b) a "right to an equitable remedy for breach or performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured."

Bankruptcy Code §1123 provides that a plan of reorganization shall designate classes of claims against and interests in a debtor. Bankruptcy Code §1122 further requires that each class of claims and interests contain only claims or interests that are "substantially similar" to each other. The Trustee believes that she has classified all Claims and Interests in compliance with the requirements of §§ 1122 and 1123. However, it is possible that a holder of a Claim or Interest may challenge such classification and that the Bankruptcy Court may find that a different classification is required for the Plan to be confirmed. In such event, the Trustee would, to the

extent permitted by the Bankruptcy Court, modify the classifications in the Plan as required and use the acceptances received in this solicitation for the purpose of obtaining the approval of a Class or Classes of which the accepting holder is ultimately deemed to be a member. Any such reclassification could adversely affect the Class of which such holder was initially a member, or any other Class under the Plan, by changing the composition of such Class and the vote required of that Class for approval of the Plan. Furthermore, a reclassification of Claims or Interests could necessitate a resolicitation.

B. Classification and Treatment of Claims and Interests Under the Plan

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

1. Unclassified Claims

The Plan does not classify Administrative Claims, statutory fees due to the United States Trustee, or Priority Tax Claims, but does provide for the following treatment of such Claims.

(a) United States Trustee Fees

All fees payable by the Debtor under §1930 of Title 28 of the United States Code that have not been paid prior to the Effective Date shall be paid by the Trustee on behalf of the Debtor on the Effective Date. In addition, the Debtor, on or after the Effective Date, shall be liable for and the Disbursing Agent shall pay such fees until the entry of a final decree in this case or until the case is converted or dismissed. The Disbursing Agent shall file post-Confirmation operating reports with the Bankruptcy Court and the United States Trustee until final decrees are entered.

(b) Administrative Claims

Administrative Claims are costs and expenses of administration of this Case, allowable under § 503(b) of the Bankruptcy Code, other than Bankruptcy Fees. Administrative Claims include Claims for the provision of goods and service to the Debtor after the Petition Date, the liabilities incurred in the ordinary course of the Debtor's business (other than the claims of governmental units for taxes or interests or penalties related to such taxes) after the Petition Date, Claims of professionals, such as attorneys, brokers, appraisers, and accountants, retained pursuant to an order of the Bankruptcy Court, for compensation and reimbursement of expenses under § 330 of the Bankruptcy Code, and tax claims for the period from the Petition Date to the Effective Date of the Plan.

The Plan provides that each holder of an Allowed Administrative Claim (including, without limitation, the professionals' fees and expenses incurred by the Professional Persons and allowed in a Final Order of the Bankruptcy Court) shall be paid in Cash in full by the Disbursing Agent (a) upon the later of the Effective Date or the date upon which the Court enters a Final Order allowing such Administrative Claim; (b) upon such other terms as may exist in accordance with the ordinary course of business of the Debtor; or (c) upon such less favorable terms as may be agreed between any holder of such Administrative Claim and the Debtor. It is estimated that remaining Administrative Claims shall total no more than \$600,000.00, including Professional Fees and Trustee's Commissions.

The Plan provides that all Professionals holding claims for services rendered during the Chapter 11 Case must file requests for payment within forty five (45) days after the Effective Date. The Trustee estimates the aggregate amounts due to Professionals, after crediting the payments made pursuant to the Monthly Compensation Order, shall total approximately \$250,000.00 and shall consist of the professional fees of Trustee's counsel, TKD, Debtor's counsel, DelBello and the Trustee's auctioneer/broker.

Administrative Claims representing obligations incurred by the Trustee on behalf of the Debtor after the date and time of the entry of the Confirmation Order (including, without limitation, Claims for professionals' fees and expenses) shall not be subject to application to the Bankruptcy Court and may be paid in the ordinary course of business and without Bankruptcy Court approval. After the Effective Date, the Disbursing Agent shall, in the ordinary course of business and without the necessity for any approval by the Court, pay the reasonable fees and expenses of the Professional Persons employed by the Trustee in connection with the implementation and consummation of the Plan, the Claims reconciliation process, and any other matters as to which such Professionals may be engaged. The Plan provides that the fees and expenses of such Professionals shall be submitted monthly to the Trustee and the Debtor by such Professionals in the form of a detailed invoice therefor, and shall be paid by the Disbursing Agent upon such submission. If the Trustee or the Debtor dispute the reasonableness of any such invoice and, if the dispute cannot be resolved by the parties, all unresolved disputes shall be submitted to the Bankruptcy Court on notice to the Trustee and the Debtor for a determination of the reasonableness of such invoice.

(c) Priority Tax Claims

Each holder of a Priority Tax Claim that has not been paid prior to the Effective Date shall be paid in full or such lesser amount as agreed between the holder of such Priority Tax Claim and the Trustee on the later of (i) the Effective Date; or (ii) the date on which such Priority Tax Claim becomes an Allowed Priority Tax Claim, or as soon thereafter as is practicable.

The holder of an Allowed Priority Tax Claim shall not be entitled to receive any payment on account of interest, or on account of any penalty arising with respect to or in connection with the Allowed Priority Tax Claim, except to the extent allowed as a part of an

Allowed Priority Tax Claim pursuant to §507(a)(2) of the Bankruptcy Code. The Trustee does not believe that there are any Priority Tax Claims.

2. Class 1 – 97 Grand Secured Claim

Class 1 consists of the 97 Grand Secured Claim. In full satisfaction, release and discharge of the 97 Grand Secured Claim, 97 Grand shall obtain fee title to the Property free and clear of all liens, claims and encumbrances by virtue of its purchase of the Property for \$35,250,000 through a combination of credit bidding up to its Allowed Secured Claim (\$34,056,274.37 through the anticipated Auction plus accrued interest in the per diem amount of \$7,937 through the Closing Date) and Cash. The 97 Grand Secured Claim was \$31,174,000 as of the Petition Date, and shall also include any and all post-petition charges, penalties, attorney's fees, accrued interest, protective advances and all other sums 97 Grand is entitled to pursuant to the Note and Mortgage incurred after the Petition Date. 97 Grand shall only be obligated to pay the balance of the Purchase Price in cash at the Closing of the Sale of the Property. At the Closing, the Property shall be conveyed to 97 Grand or its nominee, subject to, at 97 Grand's option, assignment of the Mortgage to its lender. In the event the Property is sold to a party other than 97 Grand or its nominee, 97 Grand shall be paid in full in Cash on the Effective Date the Allowed Amount of its Allowed Secured Claim. Class 1 is unimpaired under the Plan.

3. Class 2 – Other Secured Claims

Class 2 consists of Secured Claims other than the 97 Grand Secured Claim. To the extent that other Secured Claims do exist, holders of Other Secured Claims shall be paid in full in cash on the Effective Date the Allowed Amount of the Class 2 Claim in full satisfaction and release of such Secured Claim. The Trustee believes that the total amount of Other Secured Claims total approximately \$250,000.00. Class 2 is unimpaired under the Plan.

4. Class 3 – Priority Claims (Non-Tax Claims)

Class 3 consists of Priority Claims. These are Claims entitled to priority under Section 507(a) of the Bankruptcy Code, other than Priority Tax Claims and Administrative Claims. Each holder of a Class 3 Claim, to the extent any exists, shall be paid in full, on the later of (i) the Effective Date; or (ii) the date on which such Claim becomes an Allowed Claim by Final Order of the Bankruptcy Court. The Trustee does not believe there are any Allowed Class 3 Claims. Class 3 is not impaired under the Plan.

5. Class 4 - General Unsecured Claims

Class 4 consists of all Unsecured Claims against the Debtor that are not entitled to priority under Bankruptcy Code §507(a), and that are not classified in any other Class. Class 4 includes any Unsecured Claims arising from the rejection of leases and/or contracts. The Claims in Class 4 are impaired as that term is defined under §1124 of the Bankruptcy Code.

The Plan provides that each Holder of an Allowed Class 4 Claim shall receive its Pro Rata share of Excess Available Cash (but not to exceed 100% of the Face Amount of its Allowed Claim). Payments to holders of Allowed Class 4 Claims shall be made as follows: on the later of (i) fourteen (14) days after the Effective Date; (ii) within fifteen (15) days after the date on which such Claim becomes an Allowed Unsecured Claim; or (iii) such other date as may be determined by the Disbursing Agent. Unless otherwise provided in the Plan, to the extent there is Excess Available Cash subsequent to the Effective Date, the Disbursing Agent shall distribute all such Excess Available Cash to the Holders of Allowed Class 4 Claims in amounts necessary to allow such Holders to have received aggregate distributions of Cash up to the Face Amount of their Allowed Claim.

As explained more fully above, the total Claims scheduled or filed by Class 4 creditors that will receive Distributions under the Plan aggregate approximately \$1,850,000.00. Based upon the Trustee's anticipated Cash position after deducting necessary payments to Secured Claims, Administrative Claims and Priority Tax Claims, the Trustee estimates an approximate distribution of sixty (60%) percent to holders of Class 4 Claims.

6. Class 5 - Interest Holders

Class 5 consists of the Debtor's Interest Holders. On the Effective Date, all Interest Holders of the Debtor, outstanding as of the Effective Date shall retain their Interests as they existed on the Petition Date. Class 5 is unimpaired and deemed to have accepted the Plan.

DISPUTED CLAIMS

Article VII of the Plan contains a mechanism for resolving disputes concerning the amount of certain Claims asserted against the Debtor by any Entity.

Time to Object. Unless otherwise ordered by the Bankruptcy Court, objections to the allowance of any Claim must be filed no later than thirty (30) days after the Effective Date. Until the earlier of (i) the filing of an objection to a Proof of Claim or (ii) the last date to file objections to Claims as established by the Plan or by Final Order, Claims shall be deemed to be Disputed in their entirety if, (i) the amount specified in a Proof of Claim exceeds the amount of any corresponding Claim listed in the Schedules; (ii) any corresponding Claim listed in the Schedules has been scheduled as disputed, contingent or unliquidated; or (iii) no corresponding Claim has been listed in the Schedules.

DISTRIBUTIONS UNDER THE PLAN

Article VIII of the Plan contains provisions governing the making of Distributions on account of Claims and Interests. In general, any payments, Distributions or other performance to be made pursuant to the Plan on account of any Allowed Claim or Allowed Interest shall be deemed to be timely made if made on or within five days following the later of (i) the Effective Date or (ii) the expiration of any applicable objection deadline with respect to such Claim or

Interest or (iii) such other times provided in the Plan. All Cash payments to be made pursuant to the Plan shall be made by check drawn on a domestic bank.

Escrow of Cash Distributions.

(a) Unless otherwise agreed to in writing by the Disbursing Agent and the holder of the any Claim (other than an Unsecured Claim), on the Effective Date the Disbursing Agent shall deposit in one or more segregated accounts, Cash or property equal to 100% of the Cash or property to be distributed under the Plan on account of Disputed Claims (other than the IRS Tax Claim or an Unsecured Claim) that would be Allowed Claims but for the pendency of a dispute with respect thereto, including but not limited to (i) such Disputed Claims entitled to treatment as Administrative Expenses or as Priority Claims pursuant to §§ 503 and 507 of the Bankruptcy Code, (ii) Claims of Governmental Units for any tax, (iii) any disputed cure amount and (iv) any amount due but not payable on the Effective Date on account of Administrative Expenses or Claims entitled to priority pursuant to §§ 503 and 507 of the Bankruptcy Code. The Disbursing Agent shall also segregate any interest, dividends or proceeds of such Cash. Such Cash together with any interest, dividends or proceeds thereof, shall be held in trust for the benefit of the holders of all such Disputed Claims pending determination of their entitlement thereto.

(b) In determining the amount of the Cash or property to be distributed under the Plan on account of Disputed Claims, the calculation of the Distribution to each holder of Allowed Claim in such class shall be made as if all Disputed Claims in the applicable class were Allowed Claims in their respective face amounts.

(c) The Disbursing Agent shall have the right to seek an Order of the Bankruptcy Court, after notice and a hearing, estimating or limiting the amount of Cash property that must be so deposited. Any Creditor whose Claim is so estimated or limited shall have no recourse to any assets therefore distributed on account of Any Claim, or any Entity or property if the Allowed Claim of the Creditor (whose Claim was so estimated or limited) as determined by Final Order exceeds the amount so deposited. Instead, such Creditor shall have recourse only to the undistributed assets in the Disputed Claims reserve that exceed the aggregate amount of all Disputed Claims allowed by Final Order.

Disbursing Agent. Tarter Krinsky & Drogin LLP shall be the Disbursing Agent and shall make Distributions under the Plan for all claims against the Debtor's estate. The Disbursing Agent shall not be compensated for services rendered under the Plan and shall not be required to secure a bond.

Distributions shall be made: (1) at the addresses set forth on the Proofs of Claim or Proofs of Interests filed by such holders; (2) at the addresses set forth in any written notices of address changes delivered to the Disbursing Agent after the date of any related Proof of Claim or Proof of Interest; or (3) at the address reflected in the Schedules if no Proof of Claim or Proof of Interest is filed and the Disbursing Agent has not received a written notice of a change of address. If the Distribution to the holder of any Claim or Interest is returned to the Disbursing Agent as undeliverable, no further Distribution shall be made to such holder unless and until the

Disbursing Agent is notified in writing of such holder's then current address. Neither the Trustee nor the Disbursing Agent shall be required to attempt to locate any holder of an Allowed Claim or an Allowed Interest.

UNCLAIMED DISTRIBUTIONS

Any Cash or other property to be distributed under the Plan shall be retained by the Disbursing Agent and such creditor shall forfeit its right to receive any Distribution(s) under this Plan if such Distribution is not claimed by the entity entitled thereto before the later of (i) 120 days after the Effective Date or (ii) 60 days after an Order allowing the Claim of that Entity becomes a Final Order or are otherwise Allowed and such entity's claim shall be reduced to zero.

DISTRIBUTIONS WITH RESPECT TO DISPUTED CLAIMS

During the pendency of any objection to any Claim, no Distribution under the Plan will be made to the holder of such Claim. However, there will be set aside and reserved on behalf of such disputed Claim such cash or property as the holder thereof would be entitled to receive in the event such Claim was an Allowed Claim on the date of such Distribution. The Debtor may seek an order of the Bankruptcy Court estimating or limiting the amount of Cash or property that must be deposited in respect of any such Disputed Claims. Cash held in reserve for Disputed Claims will be held in trust for the benefit of the holders of such Claims.

Within 15 days after the entry of a Final Order resolving an objection to a Disputed Claim, the Disbursing Agent shall distribute all Cash or other property, including any interest, dividends or proceeds thereof, to which a holder is then entitled with respect to any formerly Disputed Claim that has become an Allowed Claim. To the extent practicable, the Disbursing Agent shall hold such cash in a segregated account in accordance with § 345 of the Bankruptcy Code, and may invest any cash or other property segregated on account of a Disputed Claim, Disputed Interest, undeliverable distribution, or any proceeds thereof; however, the Disbursing Agent shall be under no obligation to so invest such Cash or proceeds and shall have no liability to any party for any investment made or any omission to invest such Cash, other property or proceeds.

SURRENDER OF INSTRUMENTS

No Creditor that holds a note or other instrument of the Debtor evidencing such Creditor's Claim may receive any distribution with respect to such Claim or Interest unless and until the note or other instrument evidencing such Claim is surrendered pursuant to the provisions of the Plan. In the event an instrument evidencing a claim has been lost, stolen or mutilated, the Disbursing Agent may request reasonable affidavits and indemnification by a financially responsible party before making any distribution(s) to such Creditor.

COMPLIANCE WITH TAX REQUIREMENTS

In connection with the Plan, the Disbursing Agent shall comply with all withholding and reporting requirements imposed by federal, state and local taxing authorities and distributions under the Plan shall be subject to such withholding and reporting requirements.

EFFECTIVE DATE

The Effective Date of the Plan is defined as the Closing Date of the sale of the Property.

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

Effective on and as of the Effective Date, all Executory Contracts and Unexpired Leases to which the Debtor is a party shall be deemed rejected in accordance with § 365 of the Bankruptcy Code, except those pertaining to leases between the Debtor and residential and/or commercial tenants at the Property. The Plan Proponent does not believe that there are any executory contracts and unexpired leases which would be subject to rejection. For avoidance of doubt, only residential and/or commercial leases between the Debtor and tenants at the Property shall remain in full force and effect subject to their terms. In addition, on the Effective Date, the Trustee will provide 97 Grand, the Successful Buyer, or its nominee, an assignment and assumption of all residential and/or commercial leases at the Property and the right to collect any and all rent arrears from such tenants.

Rejection Claims. Allowed Claims arising from the rejection of any Executory Contract or Unexpired Lease of the Debtor pursuant to the Plan shall be treated as Unsecured Claims. A Proof of Claim with respect to any Unsecured Claim for damages arising from the rejection of an Executory Contract or Unexpired Lease pursuant to the Plan shall not be timely filed unless it is filed with the Bankruptcy Court and served so that it is received by the Disbursing Agent within 30 days after the later of (i) the date of entry of a Final Order approving such rejection (unless such Final Order expressly provides a Bar Date with respect to such Claim, in which event no Proof of Claim with respect to such Claim shall be deemed timely unless it is filed with the Bankruptcy Court and served in the manner provided in such Final Order), or (ii) the Effective Date. Any such Claim not timely filed and served shall be forever barred from assertion and may not be enforced against the Trustee, 97 Grand, the Successful Buyer or its nominee, the Debtor, their successors or their respective Property.

TRANSFER OF THE PROPERTY

Except as otherwise provided in the Plan, on the Effective Date the Property of the Estate shall vest in 97 Grand, the Successful Buyer, or its designee, free and clear of all Liens, Claims and encumbrances and the Trustee shall be required to execute any and all documents needed to facilitate the transfer of the Property. On the Effective Date, any and all Liens, Claims and encumbrances that have not been expressly preserved under the Plan shall be deemed extinguished as of such date. Furthermore, on the Effective Date, all rent arrears (other than for

the month that the closing is effectuated), leases, insurance claims and proceeds thereof to which the Debtor was entitled, shall be assigned to 97 Grand, the Successful Buyer or its designee.

FUNDING

Aside from the credit bid, the Trustee anticipates receiving cash in the approximate amount of \$1,100,000 from the sale of the Debtor's Property plus Cash on hand as of the Effective Date, which shall be available to fund the Plan.

NO DISCHARGE

Since the Plan is a liquidating plan, pursuant to § 1141(d)(3) of the Bankruptcy Code, confirmation of the Plan will not discharge the Debtor. However, the Plan is binding on all entities, whether or not such entity voted for or against the Plan, to the fullest extent permitted by § 1141 of Bankruptcy Code.

PRESERVATION OF RIGHTS OF ACTION

The Trustee, on behalf of the Debtor, shall retain, and in accordance with her determination of the best interest of the Estate, may enforce any claims, rights and causes of action (i) arising under §§ 544 through 550 of the Bankruptcy Code or (ii) belonging to the Debtor as of the Petition Date, or the Estate, and arising under any provision of state or federal law, or any theory of statutory or common law or equity.

POST-CONFIRMATION OPERATING REPORTS AND UNITED STATES TRUSTEE'S FEES

The Trustee shall be responsible for the preparation and filing of monthly operating reports and post-confirmation status reports, which post-confirmation status reports shall be filed until the closing of the Debtor's Chapter 11 Case. All outstanding quarterly fees payable to the Office of the United States Trustee shall be paid by the Disbursing Agent until entry of a final decree.

TRANSFER TAXES

Pursuant to § 1146(a) of the Bankruptcy Code, the initial issuance, transfer, or exchange of any security and the making or delivery of any instrument of transfer in connection with or in furtherance of the Plan (including any instrument executed in furtherance of the transactions contemplated by the Plan including but not limited to the sale of the Property to 97 Grand or the Successful Buyer) shall be exempt and shall not be subject to tax under any law imposing a Transfer Tax, mortgage recording tax or similar tax as set forth in the Plan.

REVOCAION OF THE PLAN

The Plan may be altered, amended or modified by the Plan Proponent at any time before the substantial consummation of the Plan, as provided in §§ 1101(a) and 1127 of the Bankruptcy Code and Bankruptcy Rule 3019. § 1127 of the Bankruptcy Code authorizes the proponent of a plan of reorganization to modify such plan at any time prior to confirmation of the plan so long as the plan, as modified, continues to meet certain technical requirements of §§ 1122 and 1123 of the Bankruptcy Code with respect to the classification of Claims and Interests and the contents of a plan. Prior to Confirmation, if a proponent files modifications to a plan, pursuant to § 1127(a) “the plan as modified becomes the plan.” No order of the Court is required to modify the Plan under the terms of § 1127(a); however, the proponent of a modification to a plan must comply with § 1125 of the Bankruptcy Code with respect to the plan as modified.

If the Plan Proponent revokes or withdraws the Plan, or if no Confirmation Order is entered, the Plan shall be null and void, and nothing contained in the Plan shall constitute a waiver or release of any Claims by or against, or any Interest in, the Debtor; or prejudice in any manner the rights of the Debtor in any further proceedings involving the Debtor.

RETENTION OF JURISDICTION

The Plan provides that from and after the Confirmation Date and until such time as all payments and distributions required to be made have been made, the Bankruptcy Court shall retain jurisdiction to:

(a) Ensure that the Plan is consummated, and to enter an Order pursuant to § 1142(b) of the Bankruptcy Code, to compel the Debtor and any other necessary party to take such action and execute such documents to effectuate the Plan;

(b) Allow, disallow, determine, liquidate, classify or establish the priority, secured or unsecured status of any Claim, including, without limitation, the resolution of any request for payment of any Administrative Expense and the resolution of any and all objections to the allowance or priority of Claims;

(c) Grant or deny any and all applications for allowance of compensation or reimbursement of expenses authorized pursuant to the Bankruptcy Code or the Plan, for any period ending on or before the Effective Date;

(d) Resolve any motions pending on the Effective Date to assume, assume and assign, or reject any Executory Contract or Unexpired Lease to which the Debtor is a party or with respect to which the Debtor may be liable and to hear, determine and, if necessary, liquidate, any and all Claims arising therefrom;

(e) Ensure that distributions to holders of Allowed Claims are accomplished pursuant to the provisions of this Plan;

(f) Decide or otherwise resolve any and all applications, motions, adversary proceedings, contested or litigated matters, and any other matters or grant or deny any applications involving the Debtor that may be pending on the Effective Date;

(g) Enter such Orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all contracts, instruments, releases and other agreements or documents created in connection with the Plan or Disclosure Statement or to enforce all orders, judgments, injunctions, and rulings entered in connection with the Case;

(h) Resolve any and all controversies, suits or issues that may arise in connection with the consummation, interpretation or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan;

(i) Modify the Plan before or after the Effective Date pursuant to § 1127 of the Bankruptcy Code, and modify the Disclosure Statement or any contract, instrument, release or other agreement or document created in connection with the Plan or Disclosure Statement;

(j) Cure any defect or omission or reconcile any inconsistency in any Order, the Plan, the Disclosure Statement or any contract, instrument, release or other agreement or document created in connection with the Plan, to the extent authorized herein or in the Bankruptcy Code;

(k) Issue injunctions, enter and implement other Orders or take such other actions as may be necessary or appropriate to restrain interference by any Entity with consummation or enforcement of the Plan;

(l) Enter and implement such Orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated;

(m) Determine any dispute arising under or related to the Plan, including, without limitation, any dispute concerning the scope or effect of any release or discharge provided for by the Plan or the Confirmation Order;

(n) Enter and implement such orders as are necessary or appropriate to implement or consummate the proposed sale of the Property;

(o) Determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release or other agreement or document created in connection with the Plan or Disclosure Statement; and

(p) Enter an Order or Final Decree concluding the Case.

RISK FACTORS

Plan payments are to be made from the Sale proceeds and rent receipts. There can be no assurance that the sale of the Property will occur.

CONFIRMATION OF THE PLAN

All Distributions to holders of Allowed Claims are contingent on the Plan being confirmed by this Court. Otherwise, the Trustee is not obligated to make the payments required hereunder.

CONFIRMATION HEARING

Bankruptcy Code § 1128(a) requires the Bankruptcy Court, after notice, to hold a hearing on confirmation of the Plan (the "Confirmation Hearing") after the period for submission of Ballots has expired. The Confirmation Hearing may be postponed from time to time by the Bankruptcy Court without further notice except for an announcement of the postponement made at the Confirmation Hearing. Bankruptcy Code §1128(b) provides that any party in interest may object to confirmation of the Plan. Objections must be made in writing, specifying in detail the name and address of the person or entity objecting, the grounds for the objection and the nature and amount of the Claim held by the objector, and must otherwise comply with the requirements of the Bankruptcy Rules and the Local Bankruptcy Rules. Objections must be filed with the Clerk of the Bankruptcy Court, with a courtesy copy delivered to the chambers of the Honorable Sean H. Lane, United States Bankruptcy Judge, and served upon the parties so designated in the Order and Notice accompanying this Disclosure Statement on or before the time and date designated in such Order and Notice. **FAILURE TO TIMELY FILE AND SERVE AN OBJECTION TO CONFIRMATION MAY BE DEEMED BY THE BANKRUPTCY COURT TO BE CONSENT TO CONFIRMATION OF THE PLAN.**

At the Confirmation Hearing, the Bankruptcy Court will determine, among other things, whether the following confirmation requirements specified in Bankruptcy Code §1129 have been satisfied:

1. The Plan complies with the applicable provisions of the Bankruptcy Code.
2. The Trustee, on behalf of 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 Trustee on behalf of the Debtor, for services or for costs and expenses in, or in connection with, the Chapter 11 Case, or in connection with the Plan and incident to the Chapter 11 Case, have been approved by, or is subject to approval of, the Bankruptcy Court as reasonable.
5. The Trustee, on behalf of the Debtor, has disclosed the identity and affiliations of all individuals proposed to serve, after confirmation, as directors or officers of the Debtor and the appointment to or continuance in such positions by those individuals is consistent

with the interests of creditors and Interest holders and with public policy; and (b) the Trustee, on behalf of the Debtor, has disclosed the identities of any insider(s) that will be employed or retained by the Reorganized Debtors and the nature of any proposed compensation for such insider(s).

6. Each holder of a Claim in an impaired Class either has accepted the Plan or will receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the amount that such entity would receive or retain if the Debtor were liquidated on such date under Chapter 7 of the Bankruptcy Code. See "Best Interests Test" below.

7. Each Class of Claims and Interests has either accepted the Plan or is not impaired under the Plan.

8. Except to the extent that the holder of a Claim has agreed to different treatment, the Plan provides that: (a) Allowed Administrative Claims will be paid in full on the later of the Effective Date, or the date the Claim is Allowed; (b) other Priority Claims will be paid in full on the Effective Date; and (c) Priority Tax Claims be paid in full on the Effective Date.

9. At least one impaired Class has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim in such Class.

10. Confirmation of the Plan is not likely to be followed by the liquidation of, or the need for, further financial reorganization by the Debtor unless contemplated by the Plan.

REQUIREMENTS FOR CONFIRMATION

Best Interest Test. The so-called "best interest" test requires that each impaired Creditor and impaired Interest Holder either (a) accepts the Plan or (b) receives or retains under the Plan property of a value, as of the Effective Date of the Plan, that is not less than the value such entity would receive or retain if the Debtor was to be liquidated under chapter 7 of the Bankruptcy Code.

To determine what the holders in each Class of Claims or Interest would receive if the Debtor were liquidated under Chapter 7, the Bankruptcy Court must determine the dollar amount that would be generated from the liquidation of the Debtor's assets in a chapter 7 liquidation case. The amount that would be available for satisfaction of Allowed Claims against and Allowed Interests in the Debtor would consist of the proceeds resulting from the disposition of the Debtor's assets, augmented by the Cash held by the Debtor. Such amount would be reduced by the amount of any Claim or Claims secured by the Debtor's assets, the costs and expenses of the liquidation, and such additional Administrative Claims and Priority Claims that may result from the termination of the Debtor's business. Such value is then juxtaposed against the amount creditors are receiving under the Plan to determine if the value each impaired creditor is receiving is the same or more than such creditor would receive from a Chapter 7 liquidation on the Confirmation Date.

The costs of liquidation under Chapter 7 would become Administrative Claims with the highest priority against the proceeds of liquidation. Such costs would include the fees payable to a Chapter 7 trustee, as well as those which might be payable to attorneys, financial advisors, appraisers, accountants and other professionals that such trustee may engage to assist in the liquidation. In addition, Chapter 7 costs would include any liabilities incurred or assumed pursuant to the transactions necessary to effectuate the liquidation. Moreover, claims entitled to administrative priority may arise by reason of any breach or rejection of any executory contracts entered into by the Debtor during the pendency of the Case in chapter 11. Finally, in a Chapter 7 liquidation, section 1146(a) of the Bankruptcy Code would not apply in the Sale of the Property would trigger a New York City transfer tax of approximately \$918,000.00 which would be exempted under the Plan if confirmed

After satisfying Administrative Claims arising in the course of the chapter 7 liquidation, the proceeds of the liquidation would then be payable to satisfy any unpaid expenses incurred during the time this Case was pending under chapter 11, including compensation for attorneys, financial advisors, appraisers, accountants and other professionals retained by the Debtor.

Liquidation Analysis. The Trustee has concluded the Plan provides to each Creditor and Interest Holder a recovery with a *present value* which equals the distribution that such person would receive if the Debtor were to be liquidated under Chapter 7 of the Bankruptcy Code. The Plan provides for the Debtor's liquidation, the payment of all of the Debtor's outstanding secured indebtedness, and a pro rata distribution of excess Available Cash to holders of all other Allowed Claims. Since Creditors would not be entitled to receive more than 100% plus interest in a Chapter 7 liquidation, § 1129(a)(7) of the Bankruptcy Code is satisfied annexed hereto as **Exhibit "C"** as Liquidation Analysis.

Feasibility. For the Plan to be confirmed, it must be demonstrated that consummation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor. This Plan calls for the sale of the Debtor's Property to 97 Grand or the Successful Buyer. Thus the Plan meets the feasibility requirements of the Bankruptcy Code as long as 97 Grand or the Successful Buyer completes the purchase of the Property.

EFFECT OF CONFIRMATION

A. Limitation of Liability

11 U.S.C. § 1125(e) of the Bankruptcy Code, commonly referred to as the "safe harbor," protects persons acting in good faith, from civil claims arising in connection with solicitations of acceptances of plans of reorganization or participating in the offer, issuance, sale or purchase of a security under the Plan. Pursuant to § 1125(e), as set forth in Article IX of the Plan, neither the Trustee, the Debtor, or 97 Grand nor any of their respective officers, directors, members, general partner, managers or employees (acting in such capacity), nor any professional person employed by any of them shall have or incur any liability to any entity for any action taken or omitted to be taken in connection with or related to the formulation, preparation, dissemination, confirmation

or consummation of the Plan, the Disclosure Statement or any other action taken or omitted to be taken in connection with the Plan except in the case of fraud, gross negligence, willful misconduct, malpractice, breach of fiduciary duty, criminal conduct, unauthorized use of confidential information that causes damages, or ultra vires acts. Nothing contained herein shall limit the liability of the Trustee's professionals pursuant to Rule 1.8(h)(1) of the New York State Rules of Professional Conduct. From and after the Effective Date, a copy of the Confirmation Order and the Plan shall constitute, and may be submitted as, a complete defense to any claim or liability released pursuant to Article IX of the Plan.

ALTERNATIVES TO THE PLAN

If the Plan is not confirmed by the Bankruptcy Court the alternatives may include (a) liquidation of the Debtor under chapter 7 of the Bankruptcy Code or (b) the formulation, promulgation and confirmation or an alternative plan of reorganization involving a sale to a different purchaser; or (c) the dismissal of the Debtor's case.

The Plan Proponent believes that the Plan provides a recovery to all Creditors and Interest Holders equal to or greater than would be obtainable in chapter 7 liquidation and believes that the Plan enables Creditors to realize the most value under the circumstances.

The Plan Proponent reserves her right to file an amended plan and/or disclosure statement.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

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 particular circumstances pertaining to each holder of an Allowed Claim. Each holder of an Allowed Claim is urged to consult his own tax advisors. This summary does not cover all potential U.S. federal income tax consequences that could possibly arise under the Plan and does not address the Plan's U.S. federal income tax consequences for any holder of an Allowed Claim that is a partnership (or other pass-through entity) or otherwise subject to special tax rules.

The Plan Proponent has not requested any ruling from the Internal Revenue Service or any other taxing authority with respect to such matters nor will the Plan Proponent, with respect to the federal income tax consequences of the Plan, obtain any opinion of counsel. Consequently, there can be no assurance that the treatment set forth in the following discussion will be accepted by the IRS. The Plan Proponent offers no statements or opinions that are to be relied upon by the creditors as to the treatment of creditors' claims under the Plan. Matters not discussed in this Disclosure Statement may affect the tax consequences of the Plan on any particular holder of a Claim or Interest

This summary is based upon the laws in effect on the date of this Disclosure Statement and existing judicial and administrative interpretations thereof, all of which are subject to change, possibly with retroactive effect. Holders of Allowed Claims should consult their own tax

advisors as to the Plan's specific federal, state, local and foreign income and other tax consequences.

The tax consequences to Creditors and Interest Holders will differ and will depend on factors specific to each Creditor or Interest Holder, including but not limited to: (i) whether the Claim or Interest (or portion thereof) constitutes a claim for principal or interest; (ii) the origin of the Claim or Interest; (iii) the type of consideration received by the Creditor or Interest Holder in exchange for the Claim or Interest; (iv) whether the Creditor or Interest Holder is a United States person or foreign person for tax purposes; (v) whether the Creditor or Interest Holder reports income on the accrual or cash basis method; (vi) whether the Creditor or Interest Holder has taken a bad debt deduction or otherwise recognized loss with respect to a Claim or Interest.

THERE ARE MANY FACTORS WHICH WILL DETERMINE THE TAX CONSEQUENCES TO EACH CREDITOR OR INTEREST HOLDER. FURTHERMORE, THE TAX CONSEQUENCES OF THE PLAN ARE COMPLEX, AND IN SOME CASES, UNCERTAIN. THEREFORE IT IS IMPORTANT THAT EACH CREDITOR OR INTEREST HOLDER OBTAIN HIS, HER OR ITS OWN TAX ADVICE REGARDING THE TAX CONSEQUENCES TO SUCH CREDITOR OR INTEREST HOLDER AS A RESULT OF THE PLAN.

THE DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY CREDITOR OR INTEREST HOLDER FOR THE PURPOSE OF AVOIDING TAX PENALTIES THAT MAY BE IMPOSED ON A TAX PAYER. THE DISCUSSION HEREIN WAS WRITTEN TO SUPPORT THE TRANSACTIONS DESCRIBED IN THIS DISCLOSURE STATEMENT. EACH CREDITOR OR INTEREST HOLDER SHOULD SEEK ADVICE BASED UPON THE CREDITOR'S OR INTEREST HOLDER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

ADDITIONAL INFORMATION

Requests for information and additional copies of this Disclosure Statement and the other materials delivered together herewith and all deliveries, correspondence and questions, as the case may be, relating to the Plan should be directed to (i) Counsel to the Trustee: Tarter Krinsky & Drogin LLP, 1350 Broadway, New York, New York 10018, Attn: Scott S. Markowitz, Esq. and Arthur Goldstein, Esq., or (ii) may be retrieved from the Court's web site at www.nysb.uscourts.gov (provided such party has PACER access).

Copies of all pleadings, orders, lists, schedules, proofs of claims or other documents submitted in these cases are on file in the Office of the Clerk of the United States Bankruptcy Court, Southern District of New York, One Bowling Green, New York, New York 10004, and are available for public inspection Monday through Friday, between the hours of 9:00 a.m. and 5:00 p.m.

VOTING INSTRUCTIONS

Creditors should complete and sign the enclosed ballot and return it to Tarter Krinsky & Drogin LLP, 1350 Broadway, 11th Floor, New York, New York 10018, Attention: Scott S. Markowitz, Esq. and Arthur Goldstein, Esq. A ballot is enclosed with each copy of this Disclosure Statement being sent to all holders of impaired Claims that filed proofs of Claim or were Scheduled by the Debtor. Ballots must be received on or before 5:00 p.m. (Eastern Daylight Time) on June____, 2017.

If a ballot is damaged or lost, or if you have any questions concerning any voting procedures, you may contact Tarter Krinsky & Drogin LLP, 1350 Broadway, 11th Floor, New York, New York 10018, attorneys for the Trustee, Attention: Scott S. Markowitz, Esq. or Arthur Goldstein, Esq. at (212) 216- 8000.

CONCLUSION

The Plan Proponent believes that confirmation of the Plan is in the best interests of all Creditors.

Dated: New York, New York
April 12, 2017

TARTER KRINSKY & DROGIN LLP
Attorneys for Deborah J. Piazza,
as Chapter 11 Trustee

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