UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK
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In re: Chapter 11

EAST VILLAGE PROPERTIES LLC, *et al*[1]., Case No. 17-22453 (RDD)

(Jointly Administered)

Debtors.

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FIRST AMENDED DISCLOSURE STATEMENT FOR JOINT PLAN OF REORGANIZATION OF EAST VILLAGE PROPERTIES LLC AND ITS AFFILIATED DEBTORS

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New York, New York
June 23, 2017

[1] The Debtors in these chapter 11 cases and the last four digits of each Debtors' taxpayer identification number are as follows: East Village Properties LLC (1437); 223 East 5th Street LLC (8999); 229 East 5th Street LLC (8348); 231 East 5th Street LLC (4013); 233 East 5th Street LLC (8999); 235 East 5th Street LLC (1702); 228 East 6th Street LLC (2965); 66 East 7th Street LLC (1812); 27 St Marks Place LLC (1789); 334 East 9th Street LLC (7903); 253 East 10th Street LLC (4317); 325 East 12th Street LLC (0625); 327 East 12th Street LLC (7195); 329 East 12th Street LLC (0475); 510 East 12th Street LLC (1469); and 514 East 12th Street LLC (7232).

DISCLAIMER

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT (THE "DISCLOSURE STATEMENT") IS INCLUDED HEREIN FOR THE PURPOSES OF SOLICITING ACCEPTANCES OF THE CHAPTER 11 PLANS OF REORGANIZATION OF EAST VILLAGE PROPERTIES LLC, EAST VILLAGE PROPERTIES LLC; 223 EAST 5TH STREET LLC; 229 EAST 5TH STREET LLC; 231 EAST 5TH STREET LLC; 233 EAST 5TH STREET LLC; 235 EAST 5TH STREET LLC; 228 EAST 6TH STREET LLC; 66 EAST 7TH STREET LLC; 27 ST MARKS PLACE LLC; 334 EAST 9TH STREET LLC; 253 EAST 10TH STREET LLC; 325 EAST 12TH STREET LLC; 327 EAST 12TH STREET LLC; 329 EAST 12TH STREET LLC; 510 EAST 12TH STREET LLC; AND 514 EAST 12TH STREET LLC, DATED MAY 30, 2017 (AS MAY BE AMENDED, MODIFIED, OR SUPPLEMENTED FROM TIME TO TIME, THE "PLAN"), AND MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN.[2] A COPY OF THE PLAN IS ANNEXED HERETO AS EXHIBIT A. NO SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN MAY BE MADE EXCEPT PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE.

ALL HOLDERS OF CLAIMS ARE ADVISED AND ENCOURAGED TO READ THE DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. IN PARTICULAR, ALL HOLDERS OF CLAIMS SHOULD CAREFULLY READ AND CONSIDER FULLY THE RISK FACTORS SET FORTH IN SECTION VI (CERTAIN OTHER FACTORS) OF THIS DISCLOSURE STATEMENT BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. THE PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN AND THE EXHIBITS ANNEXED TO THE PLAN AND THIS DISCLOSURE STATEMENT. IN THE EVENT OF ANY CONFLICTS BETWEEN THE DESCRIPTIONS SET FORTH IN THIS DISCLOSURE STATEMENT AND THE TERMS OF THE PLAN, THE TERMS OF THE PLAN GOVERN.

THE DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 3016(b) AND NOT NECESSARILY IN ACCORDANCE WITH OTHER NON-BANKRUPTCY LAW.

CERTAIN STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT, INCLUDING WITH RESPECT TO PROJECTED CREDITOR RECOVERIES AND OTHER FORWARD-LOOKING STATEMENTS, ARE BASED ON ESTIMATES AND ASSUMPTIONS. THERE CAN BE NO ASSURANCE THAT SUCH STATEMENTS WILL BE REFLECTIVE OF ACTUAL OUTCOMES. FORWARD-LOOKING

[2] Unless otherwise expressly set forth herein, capitalized terms used but not otherwise herein defined have the same meanings ascribed to such terms in the Plan.

STATEMENTS ARE PROVIDED IN THIS DISCLOSURE STATEMENT PURSUANT TO THE SAFE HARBOR ESTABLISHED UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 AND SHOULD BE EVALUATED IN THE CONTEXT OF THE ESTIMATES, ASSUMPTIONS, UNCERTAINTIES, AND RISKS DESCRIBE HEREIN.

AS TO CONTESTED MATTERS AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT WILL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THIS DISCLOSURE STATEMENT ALSO WILL NOT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES, OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, THE DEBTORS AND DEBTOR IN POSSESSION IN THE DEBTORS' CHAPTER 11 CASES. THE DEBTORS URGE EACH HOLDER OF A CLAIM OR INTEREST TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO ANY TAX, SECURITIES, OR OTHER LEGAL EFFECTS OF THE PLAN ON SUCH HOLDER'S CLAIM OR INTEREST.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN, AND THE DELIVERY OF THIS DISCLOSURE STATEMENT WILL NOT CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION STATED SINCE THE DATE HEREOF.

I.

INTRODUCTION

On March 28, 2017 (the "Commencement Date"), East Village Properties LLC; 223 East 5th Street LLC; 229 East 5th Street LLC; 231 East 5th Street LLC; 233 East 5th Street LLC; 235 East 5th Street LLC; 228 East 6th Street LLC; 66 East 7th Street LLC; 27 St Marks Place LLC; 334 East 9th Street LLC; 253 East 10th Street LLC; 325 East 12th Street LLC; 327 East 12th Street LLC; 329 East 12th Street LLC; 510 East 12th Street LLC; and 514 East 12th Street LLC (the "Debtors") commenced with the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") voluntary cases pursuant to chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). The Debtors' chapter 11 cases (the "Chapter 11 Cases") are being administered under the caption In re East Village Properties LLC, et al, Case No. 17-22453 (RDD).

On _____, 2017, the Bankruptcy Court approved this Disclosure Statement as containing adequate information of a kind and in sufficient detail to enable a hypothetical holder of an Allowed Claim to make an informed judgment whether to accept or reject the Plan. APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT, HOWEVER, CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT AS TO THE FAIRNESS OR MERITS OF THE PLAN.

The purpose of this Disclosure Statement is to provide holders of Claims entitled to vote to accept or reject the Plan with adequate information about (i) the Debtors' business and certain historical events, (ii) the Chapter 11 Cases, (iii) the Plan, (iv) the rights of holders of Claims and Interests under the Plan, and (v) other information necessary to enable each Holder of a Claim entitled to vote on the Plan to make an informed judgment as to whether to vote to accept or reject the Plan. Holders of Interests are not entitled to vote on the Plan (see discussion at Section V of the Disclosure statement).

Pursuant to section 1125 of the Bankruptcy Code, the Debtors submit this Disclosure Statement to all holders of Claims against the Debtors entitled to vote on the Plan to provide information in connection with the solicitation of votes to accept or reject the Plan. The Disclosure Statement is also available to all holders of Claims against and Interests in the Debtors for informational purposes, including detailing the impact the Plan will have on such holders' Claims and Interests. The Disclosure Statement is organized as follows:

- Section I includes certain general information.
- Section II provides an overview of the Debtors' business.
- Section III sets forth key events leading to the Chapter 11 Case.
- Section IV discusses the Chapter 11 Case.
- Section V contains a summary of the Plan.
- Section VI describes certain factors affecting the Debtors.
- Section VII discusses certain U.S. federal income tax consequences of the Plan.
- Section VIII addresses confirmation of the Plan.
- Section IX concludes this Disclosure Statement and recommends that eligible creditors vote to accept the Plan.

A. VOTING PROCEDURES

As set forth in more detail in Section V.B. of this Disclosure Statement, certain holders of Claims are entitled to vote to accept or reject the Plan. For each holder of a Claim entitled to vote, the Debtors have enclosed, along with a copy of the Disclosure Statement, among other things, a ballot and voting instructions regarding how to properly complete the ballot and submit a vote with respect to the Plan. Holders of more than one Claim will receive an individual ballot for each Claim. The individual ballots must be used to vote each individual Claim. For detailed voting instructions, please refer to the specific voting instructions and the ballot enclosed with this Disclosure Statement.

All completed ballots must be actually received by the ballot collector at the following address no later than 5:00 p.m. (Eastern Time) on _____, 2017 (the "Voting Deadline").

Via Regular Mail, Overnight Couriers, or Hand Delivery:

East Village Properties LLC Balloting
c/o Robinson Brog Leinwand Greene Genovese & Gluck P.C.
875 Third Avenue, 9th Floor
New York, NY 10022
ATTN: Steven B. Eichel

If you are holder of a Claim that is entitled to vote on the Plan and you did not receive a ballot, received a damaged ballot or lost your ballot, or if you have any questions concerning the Disclosure Statement, the Plan, or the procedures for voting with respect to the Plan, please contact Steven Eichel at (212)-603-6345 or email (se@robinsonbrog.com).

THE BALLOT COLLECTOR WILL NOT COUNT ANY BALLOTS RECEIVED AFTER THE VOTING DEADLINE.

B. DISCLOSURE STATEMENT EXHIBITS

The following are exhibits to this Disclosure Statement. Exhibits A and B are annexed to the Disclosure Statement. Exhibit C , D and E are located in the Plan Supplement and will be filed by the Plan Supplement Filing Deadline:

- EXHIBIT A – Joint Plan of Reorganization of East Village Properties and its affiliated debtors
- EXHIBIT B – Bidding Procedures
- EXHIBIT C – Schedule of Cure Costs
- EXHIBIT D – Form of Purchase Agreement
- EXHIBIT E – Amended Bylaws and other Corporate Documents

C. THE DEBTOR'S PROFESSIONALS

The Debtors have retained the following professionals: (i) Robinson Brog Leinwand Greene Genovese & Gluck P.C. ("RBL"), as Reorganization Counsel to the Debtor (ii) Goldberg Weprin Finkel Goldstein "(GWFG"), as Special Counsel to the Debtor.[3] In addition Silverstone Property Group ("SPG") is the Debtors' property manager.

D. IMPORTANT DATES

Please take note of the following important dates and deadlines with respect to the Debtors' Plan:

Deadline to file and serve any objection or response to the Plan **(the "Plan Objection Deadline")**	_____, 2017 at 5:00 p.m. (prevailing Eastern Time)
Deadline for completed ballots to be received by the Ballot Collector **(the "Voting Deadline")**	_____, 2017 at 5:00 p.m. (prevailing Eastern Time)
Scheduled date and time for the commencement of the hearing to consider confirmation of the Plan **(the "Confirmation Hearing")**	_____, 2017 at 10:00 a.m. (prevailing Eastern Time)

E. BRIEF OVERVIEW OF THE PLAN [4]

The Plan described in this Disclosure Statement provides the Allowed Claims of creditors will be paid according to their respective Class. The Plan will be funded by EVF1 LLC ("EVF1" or "Secured Creditor") up to the amount of $13,500,000 (subject to the terms of the Interim and Final Cash Collateral Stipulation and Order) which will: (i) pay, as provided for in accordance with the terms and conditions set forth in the Plan, the Allowed Claims in Classes 1, 3, 4, and 5 and Administrative Claims, Priority Tax Claims and Fee Claims; (ii) fund the payment of Disputed Claims (once the claims become Allowed Claims); (iii) fund payment of the Carve-Out including U.S. Trustee Fees, Legal Fees and GC Realty Advisors; and (iv) fund reserves for Plan Administrator fees and expenses subsequent to the Effective Date (collectively, the "Plan Fund"). EVF1 may pay protective advances to fund any shortfalls. In addition, EVF1 will receive any of the Debtors Cash Collateral as of the Effective Date of the Plan to be applied in accordance with the terms of the Final Cash Collateral Stipulation and Order. To the extent not otherwise repaid prior to the Effective Date, the amount of EVF1's protective advances will be added to the EVF1 Secured Claim as a super-priority administrative expense claim under Bankruptcy Code §364(c)(1). The unpaid advances that are not repaid prior to the Effective Date of the Plan may also diminish

[3] RBL was retained by court order dated April 21, 2017, effective as of March 28, 2017. GWFG's retention order was entered on May 26, 2017.

[4] This summary is qualified in its entirety by reference to the Plan. Statements as to the rationale underlying the treatment of Claims and Equity Interests under the Plan are not intended to, and will not, waive, compromise or limit any rights, claims, defenses, or causes of action in the event that the Plan is not confirmed. You should read the Plan in its entirety before voting to accept or reject the Plan.

the purchase price for the Properties to be paid by EVF1 under the Plan. If the aggregate amount of the Property Related Obligations exceed $4 million, the shortfall will be paid from the $8.5 million allocated to pay All Other Debts and paid before All Other Debts. Protective advances made by EVF1 in accordance with the Interim Cash Collateral Stipulation and the Final Cash Collateral Stipulation and Order, to the extent not otherwise re-paid prior to the Effective Date of the Debtors' Plan, will be added to EVF1's Secured Claims against the Debtors' estates, and such advances will first diminish the $4 million allocated for the payment of Property Related Obligations, and if the protective advances exceed $ 4 million, it will reduce the $8.5 million payment to be made by EVF1 to the Debtors' Estates for All Other Debts. Protective advances will not reduce the Carve-Out, which is a $1 million fund to pay (a) U.S. Trustee Fees, (b) Professional Fees and (c) GC Realty Advisors. If Property Related Obligations are less than $4 million, then the difference between $4 million and the Property Related Obligations shall be allocated to pay All Other Debts. Under the Plan, all creditors holding Allowed Claims except for the claims held by EVF1 and General Unsecured Insider Claims will have been paid in full on the Effective Date or their claims will have been reserved for in the Disputed Claims Reserve.

Second, the Plan provides for the sale of Properties to the highest bidder at an auction pursuant to the bidding procedures ("Bidding Procedures") attached as Exhibit B to this Disclosure Statement (the "Sale Transaction"). The Properties and any Available Cash in the Debtors' estates as of the Effective Date are the only distribution to EVF1 on account of the EVF1 Secured Claim.

Significantly, the Plan has been structured so that all creditors holding Allowed Claims[5] on the Effective Date will not have to wait for the closing of the sale of the Properties to be paid under the Plan, but will be paid from the Plan Fund immediately after the Effective Date, unless the Plan provides for payment on a later date.

F. SUMMARY OF DISTRIBUTIONS AND VOTING ELIGIBILITY

The following table designates the Classes of Claims against and Interests in each Debtors and specifies which of those Classes are (a) Impaired or Unimpaired by the Plan, (b) entitled to vote to accept or reject the Plan in accordance with section 1126 of the Bankruptcy Code and (c) deemed to reject the Plan. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims have not been classified and, thus, are excluded from the classes of Claims and Interests. All of the potential Classes for each Debtor are set forth herein. The Debtors' Chapter 11 Cases are jointly administered and, on the Effective Date, will be deemed substantively consolidated in accordance with the terms of this Plan. As a result, these six classes of Claims and Interest are classes that pertain to each of the Debtors. The Debtors may not have holders of Claims or Interests in a particular Class or Classes.

[5] Except for EVF1 who is providing the Plan Fund.

Class	Designation	Treatment	Approx. Allowed Amount[6]	Approximate Percentage Recovery[7]	Entitled to Vote
1	Other Priority Claims	Unimpaired	$0.00[8]	100%	No (presumed to accept)
2	EVF1 Secured Claim	Impaired	$145,428,538.38	90%	Yes
3	Other Secured Claims	Unimpaired	$0.00[9]	100%	No (presumed to accept)
4	General Unsecured Claims[10]	Unimpaired	$1,900,000	100%	No (presumed to accept)
5	General Unsecured Insider Claims	Impaired	$6,550,000[11]	90%	Yes
6	Existing Equity Interests	Impaired	n/a	unknown[12]	Yes

Section V.B. of this Disclosure Statement provides a more detailed description of the treatment of Claims and Interests under the Plan.

Pursuant to the provisions of the Bankruptcy Code, only those holders of Claims or Interests in Classes that are impaired under a plan of reorganization and that are not deemed to have rejected the plan are entitled to vote to accept or reject such proposed plan. Classes of Claims or Interests in which the holders of Claims are unimpaired under a proposed plan are deemed

[6] The amounts set forth herein are estimates based upon the Debtors' books and records as of the Commencement Date, the proofs of claim filed in these Chapter 11 Cases and the anticipated objections to these claims. Actual allowed amounts will depend on, among other things, final reconciliation and resolution of all Claims, and the negotiation of cure amounts. Consequently, the actual allowed amounts may vary from the approximate amounts set forth herein. Secured Claims do **NOT** include post-petition interest and other amount allowable under section 506.

[7] The approximate percentage recovery for each Class set forth in this Disclosure Statement is based upon certain assumptions that are set forth in the Liquidation Analysis section of this Disclosure Statement.

[8] The Debtors expect that the security deposit will be replenished from the sale proceeds.

[9] Unless the sale proceeds from the sales of all Properties exceed $181,000,000, all creditors that filed secured claims are holders of unsecured claims. The Debtors do not believes there are any holders of Other Secured Claims; however, to the extent that there are secured creditors they will be paid 100% of their allowed claims.

[10] Certain creditors have filed claims against more than one Debtor. Under the Plan, a Creditor's claim is counted only once.

[11] The holders of the General Unsecured Insider Claims and the amount of their respective claims are as follows: (i) GC Realty Advisors ($1,150,000), (ii) Yonah Halton ($4,700,000), (iii) Ralph Hertz ($200,000) and (iv) JMVD Realty Partners LLC ($500,000).

[12] The approximate percentage recovery of Class 6 Interests is unknown as the holders of Allowed Class 6 Interests will receive the residual Plan Fund, if any, and the value of the interests which Class 6 may receive is unknown.

to have accepted such proposed plan and are not entitled to vote to accept or reject the Plan. Classes of Claims or Interests in which the holders of Claims receive no distribution under a proposed plan are deemed to have rejected such proposed plan and are not entitled to vote to accept or reject the Plan.

G. CONFIRMATION UNDER SECTION 1129(B)

If a Class of Claims entitled to vote on the Plan rejects the Plan, the Debtors reserve the right to amend the Plan or request confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code or both. In addition, with respect to the Classes that are deemed to have rejected the Plan, the Debtors intend to request confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code.

Section 1129(b) permits the confirmation of a chapter 11 plan notwithstanding the rejection of such plan by one or more impaired classes of claims or interests. Under section 1129(b), a plan may be confirmed by a bankruptcy court if it does not "discriminate unfairly" and is "fair and reasonable" with respect to each rejecting class. A more detailed description of the requirements for confirmation of a nonconsensual plan is set forth in SectionVIII of this Disclosure Statement.

H. CONFIRMATION HEARING

Pursuant to section 1128 of the Bankruptcy Code, the Confirmation Hearing will be held on _____, 2017 at 10:00 a.m. (Eastern Time) before the Honorable Robert D. Drain at the United States Bankruptcy Court for the Southern District of New York, 300 Quarropas Street, White Plains, New York 10601. Objections and responses to confirmation of the Plan, if any, must be served and filed as to be received on or before the Plan Objection Deadline _____, 2017 at 5:00 p.m. (prevailing Eastern Time), in the manner described in the order approving this Disclosure Statement (the "Disclosure Statement Order") and Section VIII.B. of this Disclosure Statement. The Confirmation Hearing may be adjourned from time to time without further notice except for the announcement of the adjournment date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing.

II.

OVERVIEW OF THE DEBTORS' OPERATIONS

A. THE DEBTORS' BUSINESS

The Debtors own fifteen residential apartment building located in the East Village area of New York City located at 27 St. Marks Place, 514 East 12th Street, 223 East 5th Street, 229 East 5th Street, 231 East 5th Street, 233 East 5th Street, 235 East 5th Street, 66 East 7th Street, 253 East 10th Street, 510 East 12th Street, 228 East 6th Street, 325 East 12th Street, 327 East 12th Street, 329 East 12th Street and 334 East 9th Street (collectively, the "Properties").

B. PREPETITION CAPITAL STRUCTURE

The Debtors' Properties are encumbered by five mortgages granted to the Secured Creditor. As of the Petition Date, the Debtors are in default under each of the five notes and mortgages and owe the Secured Creditor as of the Petition Date the sum of $145,428,538.38. The following paragraphs set forth the capital structure of the Debtors in more detail.

The First Loan:

On or about September 10, 2015, the Debtors duly executed and delivered to the Secured Creditor, among other things, that certain Mortgage Note (the "First Note") dated September 10, 2015, evidencing a loan (the "First Loan") in the principal amount of $89,667,660.00. As security for the First Note, the Debtors duly executed and delivered that certain Mortgage and Security Agreement (the "First Mortgage", and together with the First Note, the "First Loan Documents") in favor of the Secured Creditor encumbering the Properties.

The Debtors failed to comply with the terms and provisions of the First Loan Documents by failing to pay the monthly interest payments which came due on July 1, 2016, and August 1, 2016 (the "First Loan Default"), the Secured Creditor accelerated the First Loan.

The Second Loan:

On or about September 10, 2015, the Debtors duly executed and delivered to the Secured Creditor, among other things, a second Mortgage Note (the "Second Note") dated September 10, 2015, evidencing a loan (the "Second Loan") in the principal amount of $20,000,000.00. As security for the Second Note, the Debtors executed a second Mortgage and Security Agreement (the "Second Mortgage", and together with the Second Note, the "Second Loan Documents") in favor of the Secured Creditor encumbering the Properties.

The Debtors failed to comply with the cross-default terms and provisions of the Second Loan Documents by failing to pay the monthly interest payments for July 1, 2016 and August 1, 2016 on the other loans set forth herein (the "Second Loan Default").

As a result of the Second Loan Default, the Secured Creditor accelerated the Second Loan.

The Third Loan:

On or about September 10, 2015, the Debtors duly executed and delivered to the Secured Creditor, among other things, that certain Building Loan Note (the "Third Note") dated September 10, 2015, evidencing a loan (the "Third Loan") in the principal amount of $10,068,000.00. As security for the Third Note, the Debtors further duly executed and delivered that certain Building Mortgage and Security Agreement (the "Third Mortgage", and together with the Third Note, the "Third Loan Documents") in favor of the Secured Creditor, further encumbering the Properties.

The Debtors failed to comply with the terms and provisions of the Third Loan Documents, by failing to pay the monthly interest payments for July 1, 2016, and August 1, 2016 (the "Third Loan Default").

As a result of the Third Loan Default, the Secured Creditor accelerated the Third Loan.

The Fourth Loan:

On or about September 10, 2015, the Debtors duly executed and delivered to the Secured Creditor, among other things, that certain Project Loan Note (the "Fourth Note") dated September 10, 2015, evidencing a loan (the "Fourth Loan") in the principal amount of $4,249,340.00. As security for the Fourth Note, the Debtors further executed and delivered to the Secured Creditor that certain Project Mortgage and Security Agreement (the "Fourth Mortgage", and together with the Fourth Note, the '"Fourth Loan Documents") in favor of the Secured Creditor, further encumbering the Properties.

The Debtors failed to comply with the terms and provisions of the Fourth Loan Documents by failing to pay the monthly interest payments for July 1, 2016 and August 1, 2016 (the "Fourth Loan Default").

As a result of the Fourth Loan Default, the Secured Creditor accelerated the Fourth Loan by letter.

The Fifth Loan:

On or about June 24, 2016, the Debtors duly executed and delivered to the Secured Creditor, among other things, that certain Mortgage Note (the "Fifth Note" and together with the First Note, the Second Note, the Third Note and the Fourth Note, collectively, the "Notes") dated June 24, 2016, evidencing a loan (the "Fifth Loan" and together with the First Loan, the Second Loan, the Third Loan and the Fourth Loan, collectively, the "Loans") in the principal amount of $1,100,000.00. As security for the Fifth Note, the Debtors further executed and delivered to the Secured Creditor that certain Mortgage and Security Agreement (the "Fifth Mortgage", and together with the First Mortgage, the Second Mortgage, the Third Mortgage and the Fourth Mortgage, collectively. the "Mortgages") in favor of the Secured Creditor, with the Fifth Mortgage (the Fifth Mortgage together with the Fifth Note, the "Fifth Loan Documents"), further encumbering the Properties.

The Debtors failed to comply with the cross-default terms and provisions of the Fifth Loan Documents by failing to pay the monthly interest payments for July 1, 2016 and August 1, 2016, on the other loans set forth herein (the "Fifth Loan Default" and together with all aforementioned defaults, the "Defaults").

As a result of the Fifth Loan Default, the Secured Creditor accelerated the Fifth Loan by letter.

C. PENDING LITIGATION

The Foreclosure Action

As a result of the aforementioned defaults, the Secured Creditor commenced an action to foreclose the Mortgages in the Supreme Court, State of New York, County of New York under Index No. 850052/2107 (the "Foreclosure Action"). In connection with the Foreclosure Action, an Ex-Parte Order Appointing a Temporary Receiver in a Foreclosure Action was entered on or about March 2, 2017, appointing Hon. Melvin L. Schweitzer as receiver (the "Receiver") over the Properties in the Foreclosure Action.

Prior to the Receiver's motion to appoint a property manager and in anticipation of filing for chapter 11 protection, the Debtors' prior management – Brookhill Management and Raphael Toledano –were removed from all managerial authority of the Debtors and over the Properties by their Board including their Independent Director.

III.

KEY EVENTS LEADING TO THE COMMENCEMENT OF THE CHAPTER 11 CASES

The Debtors fell behind on their debt service to EVF1 and to avoid the possible loss of the Properties to a foreclosure, filed the Chapter 11 Cases to obtain breathing space to allow the Debtors to resolve their issues with EVF1 and to reach a global resolution of these issues.

IV.

THE CHAPTER 11 CASES

A. INITIAL PLEADINGS

Shortly after the chapter 11 case was filed, the Debtor filed the following initial motions or pleadings:

(i) Application Pursuant To Section 105 Of The Bankruptcy Code And Rule 1015(b) Of The Federal Rules Of Bankruptcy Procedure For Order Directing Joint Administration [ECF Doc No. 10];

(ii) Debtors' Motion (I) Approving Debtors' Proposed Form Of Adequate Assurance Of Payment, (II) Establishing Procedures For Resolving Objections By Utility Companies And (III) Prohibiting Utility Companies From Altering, Refusing or Discontinuing Service [ECF Doc No. 12];

(iii) Application Pursuant To Bankruptcy Rule 1007 For An Order Granting Extension Of Time To File Statement Of Financial Affairs And Schedules [ECF Doc No. 18];

(iv) Motion To Schedule An Emergency Hearing On Debtors' Motion For Entry Of An Order Approving The Interim Stipulation And Order (A) Authorizing

And Directing Use of Cash Collateral, (B) Granting Adequate Protection, and (C) Granting Related Relief [ECF Doc No. 20];

(v) Debtors' Application For Authorization To Retain Counsel [ECF Doc No. 31]; and

(vi) Application For Ordered Directing The Filing Of Proofs Of Claims Against And Interests In The Debtor And Approving Form And Manner Of Notice Thereof [ECF Doc No. 33].

By filing these initial pleadings, the Debtors were able to stabilize their operations in the Chapter 11 Cases, arrange for, among other things, the use of Cash Collateral to operate the Debtors' properties and provide for the retention of reorganization counsel for their Chapter 11 Case.

B. CASH COLLATERAL

Since the Petition Date, the Debtors and the Secured Creditor have negotiated (i) a term sheet for a global resolution with respect to the Secured Creditor's claims and the terms and conditions under a plan of reorganization to be proposed by the Debtors and (ii) the Interim Cash Collateral Stipulation allowing the Debtors to use cash collateral.

Some of the key terms of the Interim Cash Collateral Stipulation include, among other things:

a. The Debtors and the Secured Creditor agree that as of Petition Date, the amount of the Secured Creditor's claims against the estates of the Debtors on account of the Loans (before applicable legal fees and costs, unless already included in the payoff statements attached hereto) is a sum not less than $145,428,538.38 (the "Secured Claim"), which sum shall continue to accrue pursuant to and in accordance with the terms of the Loan Documents.

b. The Debtors have agreed, and have executed a new management agreement with Silverstone Property Group, LLC ("SPG"), an affiliate of the Secured Creditor, which is annexed to the Interim Cash Collateral Stipulation, whereby SPG will immediately manage the Properties and collect all Cash Collateral and start making disbursements with the approval of GC Realty Advisors LLC ("GCRE"), the Debtors' manager;

c. all Cash Collateral collected by SPG from Properties shall be deposited into bank accounts established by SPG which will be deemed debtor-in-possession bank accounts;

d. upon approval of the Stipulation, the Secured Creditor is entitled, in its sole discretion, to make protective advances and pay outstanding pre and post-petition real estate taxes due with respect to the Properties; and

e. granting adequate protection to the Secured Creditor as set forth in the Interim Cash Collateral Stipulation.

The Debtors have acknowledged that EVF1 has duly perfected, valid, non-avoidable, first priority liens on and security interests in the Properties (collectively, the "Pre-Petition Liens") to secure the obligations under the Notes (collectively, the "Pre-Petition Obligations"); and the Pre-Petition Obligations, Pre-Petition Liens, and EVF1 Mortgages are not subject to any counterclaim, right of offset, claim, or other defense of the Debtor of any kind.

Prior to executing the Interim Cash Collateral Stipulation, The Debtors and their counsel reviewed potential claims against EVF1 and determined that, to the extent any such alleged claims existed, which claims the Debtors were not aware of, such claims are more than offset by the approximately $15,000,000 being advanced by EVF1 to fund the Debtors Plan. Other parties in interest have until August 20, 2017 to investigate alleged claims against EVF1's secured claim.

The Interim Cash Collateral Stipulation was approved on an interim basis on April 27, 2017 [ECF Doc. No. 45]. The Final Cash Collateral Stipulation and Order was approved on a final basis by order of the Bankruptcy Court dated May 22, 2017 [ECF No. 85] (the "Final Cash Collateral Stipulation and Order") and provides the Debtor with the use of Cash Collateral necessary to maintain and operate their Properties during the Chapter 11 Cases.

C. CLAIM OBJECTIONS

The Plan Administrator will review the claims and file objections to claims, as appropriate. On June 14, 2017 the Debtor filed an objection to several proofs of claim filed by Abraham Lokshin, Naum Lokshin and A&N Funding Co LLC (the "Lokshin Claims") against each of the Debtor entities on several bases including that the claims lacked documentation, that the alleged claims were not substantiated and that the claims being asserted were not claims against the Debtors but were against Raphael Toledano. In addition, the claim objection asserted that the alleged creditors failed to credit a $3.9 million repayment made against the alleged obligation. A hearing has been scheduled with respect to the claim on August 11, 2017.

The Debtors reserve the right to review and further object to any claims filed against the Debtors' estates as the Debtors deem appropriate.

V.

THE PLAN

A. INTRODUCTION

This section of the Disclosure Statement summarizes the Plan, a copy of which is annexed as Exhibit A hereto. This summary is qualified in its entirety by reference to the provisions of the Plan, which provisions shall control in the event of any discrepancy with the descriptions contained in the Disclosure Statement.

In general, a chapter 11 plan divides claims and equity interests into separate classes, specifies the property that each class is to receive under the Plan, and contains other

provisions necessary to implement the Plan.

Under the Bankruptcy Code, "claims" and "equity interests," rather than "creditors" and "equity holders," are classified because creditors and equity holders may hold claims and equity interests in more than one class.

Statements as to the rationale underlying the treatment of claims and equity interests under the Plan are not intended to, and will not, waive, compromise or limit any rights, claims or causes of action in the event the Plan is not confirmed.

THE DEBTOR URGES YOU TO READ THE PLAN IN ITS ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

B. CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN

One of the key concepts under the Bankruptcy Code is that only claims that are "allowed" may receive distributions under a chapter 11 plan. This term is used throughout the Plan and the descriptions below.

In general, an "allowed" claim or an "allowed" equity interest simply means that the debtor agrees, or in the event of a dispute, that the Bankruptcy Court determines, that the claim or equity interest, and the amount thereof, is in fact a valid obligation of the debtor. Section 502(a) of the Bankruptcy Code provides that a timely filed claim or equity interest is automatically "allowed" unless the debtor or other party in interest objects. However, section 502(b) of the Bankruptcy Code specifies certain claims that may not be "allowed" in bankruptcy even if a proof of claim is filed. These include, but are not limited to, claims that are unenforceable under the governing agreement between a debtor and the claimant or under applicable non-bankruptcy law, claims for unmatured interest, property tax claims in excess of the debtor's equity in the property, claims for services that exceed their reasonable value, real property lease and employment contract rejection damages in excess of specified amounts, late-filed claims, and contingent claims for contribution and reimbursement. In addition, Bankruptcy Rule 3003(c)(2) prohibits the allowance of any claim or equity interest that either is not listed on the debtor's schedules or is listed as disputed, contingent or unliquidated, if the holder has not filed a proof of claim or equity interest before the established deadline.

The Bankruptcy Code requires, for purposes of treatment and voting, that a chapter 11 plan divides the different claims against, and equity interests in, the debtor into separate classes based upon their legal nature. Claims of a substantially similar legal nature are not necessarily classified together, nor are equity interests of a substantially similar legal nature necessarily classified together. Because an entity may hold multiple claims and/or equity interests which give rise to different legal rights, the "claims" and "equity interests" themselves, rather than their holders, are classified.

Under a chapter 11 plan, the separate classes of claims and equity interests must be

designated either as "impaired" (affected by the Plan) or "unimpaired" (unaffected by the Plan). If a class of claims is "impaired," the Bankruptcy Code affords certain rights to the holders of such claims, such as the right to vote on the Plan, and the right to receive, under the chapter 11 plan, no less value than the holder would receive if the debtor were liquidated in a case under chapter 7 of the Bankruptcy Code.

Under section 1124 of the Bankruptcy Code, a class of claims or interests is "impaired" unless the Plan (i) does not alter the legal, equitable and contractual rights of the holders, or (ii) irrespective of the holders' acceleration rights, cures all defaults (other than those arising from the debtor's insolvency, the commencement of the case or nonperformance of a nonmonetary obligation), reinstates the maturity of the claims or interests in the class, compensates the holders for actual damages incurred as a result of their reasonable reliance upon any acceleration rights, and does not otherwise alter their legal, equitable, and contractual rights.

Pursuant to section 1126(f) of the Bankruptcy Code, holders of unimpaired claims or interests are "conclusively presumed" to have accepted the Plan. Accordingly, their votes are not solicited. Under the Plan, the following classes are unimpaired, and therefore, the holders of such Claims are "conclusively presumed" to have voted to accept the Plan: Class 1 (Other Priority Claims), Class 3 (Other Secured claims), and Class 4 (General Unsecured Claims).

Under certain circumstances, a class of claims or equity interests may be deemed to reject a plan. For example, a class is deemed to reject a plan under section 1126(g) of the Bankruptcy Code if the holders of claims or equity interests in such class do not receive or retain property under the Plan on account of their claims or equity interests. In this plan, no class is conclusively presumed to have rejected the Plan.

C. UNCLASSIFIED CLAIMS

1. Administrative Claims

Except to the extent that a holder of an Allowed Administrative Expense Claim and the Debtors or the Plan Administrator agree to different treatment, the Debtors (or the Plan Administrator, as the case may be) shall pay to each holder of an Allowed Administrative Expense Claim, Cash in an amount equal to such Claim (plus statutory interest on such claim, if applicable), on or as soon thereafter as is reasonably practicable, the later of (a) the Effective Date and (b) the first Business Day after the date that is thirty (30) calendar days after the date such Administrative Expense Claim becomes an Allowed Administrative Expense Claim; provided that Fee Claims shall receive the treatment in Section 2 below and the Protective Advance Claim shall receive the treatment provided in Section 4 below; provided, further, that Allowed Administrative Expense Claims representing liabilities incurred in the ordinary course of business by the Debtors shall be paid by the Debtors in the ordinary course of business, consistent with past practice and in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing or other documents relating to such transactions.

Except as otherwise provided by a Final Order previously entered by the Bankruptcy

Court (including the Bar Date Order), requests for payment of Administrative Expense Claims, other than requests for payment of Fee Claims and requests for payment of the Protective Advance Claim, must be filed and served on the Debtors no later than the Administrative Expense Claims Bar Date pursuant to the procedures specified in the Confirmation Order and the notice of entry of the Confirmation Order.

Holders of Administrative Expense Claims that are required to file and serve a request for payment of such Administrative Expense Claims and that do not file and serve such a request by the Administrative Expense Claims Bar Date shall be forever barred, estopped, and enjoined from asserting such Administrative Expense Claims against the Debtors or their property, and Administrative Expense Claims shall be deemed compromised, settled, and released as of the Effective Date. The Plan Administrator must file and serve objections to Administrative Expense Claims on or before the Administrative Expense Claims Objection Bar Date. For the avoidance of doubt, the Administrative Expense Claims Bar Date shall not apply to the Protective Advance Claim.

2. Fee Claims

All entities seeking an award by the Bankruptcy Court of Fee Claims shall file their respective final applications for allowance of compensation for services rendered and reimbursement of expenses incurred by the date that is sixty (60) days after the Effective Date. No later than ten (10) days prior to the Effective Date, all entities holding claims for Fee Claims shall serve upon EVF1, the Debtors and the Plan Administrator, a notice of the estimated amount of their unpaid Fee. The Plan Administrator is authorized to pay compensation for services rendered or reimbursement of expenses incurred after the Effective Date in the ordinary course and without the need for Bankruptcy Court approval.

3. Priority Tax Claims

Except to the extent that a holder of an Allowed Priority Tax Claim agrees to a different treatment, each holder of an Allowed Priority Tax Claim shall receive Cash in an amount equal to such Allowed Priority Tax Claim on, or as soon thereafter as is reasonably practicable, the later of the Effective Date, the first Business Day after the date that is thirty (30) calendar days after the date such Priority Tax Claim becomes an Allowed Priority Tax Claim, and the date such Allowed Priority Tax Claim is due and payable in the ordinary course.

4. Protective Advance Claim

The Protective Advance Claim shall be allowed in the full amount due and owing under the Interim Cash Collateral Stipulation and the Final Cash Collateral Stipulation and Order, including any and all expenditures related to the Properties made by EVF1 as provided for in the Interim Cash Collateral Stipulation and the Final Cash Collateral Stipulation and Order to pay pre and post-petition real estate taxes due at the Properties or any other pre and post-petition expenses including, without limitation, maintenance and other capital advances. Except to the extent that the holder of a Protective Advance Claim agrees in writing to a different treatment, to the extent not otherwise repaid prior to the Effective

Date, the amount of EVF1's advances will be added to the EVF1 Secured Claim as a super-priority administrative expense claim under Bankruptcy Code § 364(c)(1). The unpaid advances that are not repaid prior to the Effective Date of the Plan may also diminish the purchase price for the Properties to be paid by EVF1 under the Plan (up to $12,500,000); however, such protective advances shall not reduce the $1,000,000 payment to be made by EVF1 to the Debtors' Estates to fund and the Carve-Out under the Plan.[13]

D. CLASSIFICATION OF CLAIMS AND INTERESTS

1. *Classification in General.*

A Claim or Interest is placed in a particular Class for all purposes, including voting, confirmation, and distribution under this Plan and under sections 1122 and 1123(a)(1) of the Bankruptcy Code; provided that a Claim or Interest is placed in a particular Class for the purpose of receiving distributions pursuant to this Plan only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and such Claim or Interest has not been satisfied, released, or otherwise settled prior to the Effective Date.

2. *Summary of Classification.*

The following table designates the Classes of Claims against and Interests in each Debtors and specifies which of those Classes are (a) Impaired or Unimpaired by the Plan, (b) entitled to vote to accept or reject the Plan in accordance with section 1126 of the Bankruptcy Code and (c) deemed to reject the Plan. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims have not been classified and, thus, are excluded from the classes of Claims and Interests set forth in this Section D. All of the potential Classes for each Debtor are set forth herein. The Debtors' Chapter 11 Cases are jointly administered and, on the Effective Date, will be substantively consolidated in accordance with the terms of the Plan. As a result, these six classes of Claims and interest are for all classes that pertain to each of the Debtors. The Debtors may not have holders of Claims or Interests in a particular Class or Classes, and such Classes shall be treated as set forth in Section 4 below.

Class	Designation	Treatment	Entitled to Vote
1	Other Priority Claims	Unimpaired	No (presumed to accept)
2	EVF1 Secured Claim	Impaired	Yes

[13] The Carve-Out is a $1,000,000 fund established by EVF1 to pay (i) U.S. Trustee Fees, (ii) Professional Fees, (iii) and GC Realty Advisors.

3	Other Secured Claims	Unimpaired	No (presumed to accept)
4	General Unsecured Claims	Unimpaired	No (presumed to accept)
5	General Unsecured Insider Claims	Impaired	Yes
6	Existing Equity Interests	Impaired	Yes

3. *Special Provision Governing Unimpaired Claims.*

Except as otherwise provided in the Plan, nothing under the Plan shall affect the rights of the Debtors or the Plan Administrator, as applicable, in respect of any Unimpaired Claims, including all rights in respect of legal and equitable defenses to, or setoffs or recoupments against, any such Unimpaired Claims.

4. *Elimination of Vacant Classes.*

Any Class of Claims or Interests that, as of the commencement of the Confirmation Hearing, does not have at least one holder of a Claim or Interest that is Allowed in an amount greater than zero for voting purposes shall be considered vacant, deemed eliminated from the Plan for purposes of voting to accept or reject the Plan, and disregarded for purposes of determining whether the Plan satisfies section 1129(a)(8) of the Bankruptcy Code with respect to that Class.

5. *Voting Classes; Presumed Acceptance by Non-Voting Classes*

If a Class contains Claims or Interests eligible to vote and no holders of Claims or Interests eligible to vote in such Class vote to accept or reject the Plan, the Debtors shall request the Bankruptcy Court at the Confirmation Hearing to deem the Plan accepted by the holders of such Claims or Interests in such Class.

6. *Confirmation Pursuant to Sections 1129(a)(10) and 1129(b) of the Bankruptcy Code*

The Debtors shall seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class of Claims or Interests. The Debtors reserve the right to modify the Plan, in accordance with Article XI hereof to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification, including by modifying the treatment applicable to a Class of Claims or Interests to render such Class of Claims or Interests Unimpaired to the extent permitted by the Bankruptcy Code and the Bankruptcy Rules.

E. TREATMENT OF CLAIMS AND INTERESTS

All of the potential classes for the Debtor are set forth in the Plan.

1. *Class 1 – Other Priority Claims*

Class 1 is Unimpaired by the Plan. Each holder of an Other Priority Claim is conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code, and is, therefore, not entitled to vote to accept or reject the Plan.

Except to the extent that a holder of an Allowed Other Priority Claim against the Debtors that has agreed to less favorable treatment of such Claim, each such holder shall receive, in full and final satisfaction of such Claim, Cash from the Plan Fund in an amount equal to such Claim, payable on the later of the Effective Date, the date on which such Other Priority Claim becomes an Allowed Other Priority Claim, and the date such Allowed Other Priority Claim is due and payable in the ordinary course or as soon as reasonably practical thereafter.

2. *Class 2 – EVF1 Secured Claim*

Class 2 is Impaired by the Plan. The holder of the EVF1 Secured Claim is entitled to vote to accept or reject the Plan.

The holder of the EVF1 Secured Claim shall fund up to $13,500,000 to pay obligations under the Plan, and it or its nominee will receive the Properties and any remaining Available Cash as of the Effective Date. However, if the Properties are sold to a higher bidder at an auction, EVF1 shall receive the proceeds from the sale of the Properties. Pending the Closing of the Sale of the Properties, the holder of the Class 2 Claim shall retain its Liens on the Properties.

3. *Class 3 – Other Secured Claims*

Class 3 is Unimpaired by the Plan. Each holder of an Other Secured Claim is conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code, and is, therefore, not entitled to vote to accept or reject the Plan.

Except to the extent that a holder of an Allowed Other Secured Claim against the Debtors has agreed to less favorable treatment of such Claim, each holder of an Allowed Other Secured Claim shall receive, at the option of the Plan Administrator, (i) payment in full and final satisfaction of such Allowed Class 3 Claim, Cash from the Plan Fund in the amount of such Allowed Claim payable on the later of the Effective Date and the date on which such Other Secured Claim becomes an Allowed Claim, or as soon as reasonably practical thereafter, (ii) delivery of the collateral securing such Allowed Other Secured Claim and payment of any interest required under section 506(b) of the Bankruptcy Code, or (iii) such other treatment necessary to satisfy section 1129 of the Bankruptcy Code.

The Debtors do not believe that there are any holders of valid Class 3 other secured claims.

4. *Class 4 – General Unsecured Claims*

Class 4 is Unimpaired and holders of General Unsecured Claims in Class 4 are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, holders of General Unsecured Claims are not entitled to vote to accept or reject the Plan.

On the Effective Date, or as soon thereafter as is reasonably practicable, except to the extent that a holder of an Allowed General Unsecured Claim agrees to less favorable treatment of such Allowed General Unsecured Claim or has been paid before the Effective Date, each holder of an Allowed General Unsecured Claim shall receive on the Effective Date, in full and final satisfaction of such Claim, Cash from the Plan Fund equal to the Allowed amount of such Claim

5. *Class 5 – General Unsecured Insider Claims*

Class 5 is Impaired by the Plan. The holders of the General Unsecured Insider Claims are entitled to vote to accept or reject the Plan.

On the Effective Date, or as soon thereafter as is reasonably practicable, except to the extent that a holder of an Allowed General Unsecured Insider Claim agrees to less favorable treatment of such Allowed General Unsecured Claim or has been paid before the Effective Date, each holder of an Allowed General Unsecured Insider Claim shall receive on the Effective Date, in full and final satisfaction of such Claim, Cash from the Plan Fund equal to its pro rata share of the funds available to the holders of the Allowed Class 5 Claims.

General Unsecured Insider Claims are based upon monies loaned or services rendered to the Debtors.

6. *Class6 –Existing Equity Interests*

Class 6 is Impaired by the Plan, and the holders of the Allowed Existing Equity Interests are entitled to vote to accept or reject the Plan.

In the event that the Property Related Obligations, All Other Debts and Professional Fees are less than $13,500,000, then any sums remaining after payment of all Claims shall be distributed pro-rata to holders of the Class 6 Existing Equity Interests. The holders of the Existing Equity Interests shall transfer their interests to Raphael Toledano unless there are no remaining funds available in the Plan Fund to distribute to Class 6, in which case the membership interests in Class 6 shall be cancelled.

F. MEANS FOR IMPLEMENTATION

1. *Substantive Consolidation.*

The Plan provides for the substantive consolidation of the Debtors and their estates. Substantive consolidation is a process by which the assets and liabilities of different debtor entities are consolidated and the various debtor entities are treated as a single entity. The

consolidated assets create a single fund from which all of the claims against the consolidated debtors are satisfied. Creditors of single entities before consolidation become creditors of the consolidated debtors, sharing in the assets of the consolidated estate. Substantive consolidation also eliminates intercompany claims of the debtor companies and duplicate claims against the related debtors. In addition, creditors of the consolidated entities are combined for purposes of voting on a plan of reorganization for the consolidated entity.

If the Bankruptcy Court approves the Plan: (1) each of the Debtors and their respective estates shall be substantively consolidated for purposes of classification and distribution under the Plan, pursuant to Section 1123(a)(5)(C) of the Bankruptcy Code, and (2) all Allowed Claims in a particular Class shall be treated on a *pari passu* basis. As a result of such consolidation, the Existing Equity Interests in the Debtors shall be deemed cancelled and surrendered, and all Claims of any of the Debtors against another Debtor shall be deemed cancelled.

The Debtors believe the following facts support their consolidation and the consolidation of their respective estates. First, the Debtors operated their business through one main operating entity, East Village Properties LLC. There was one operating account for all the Debtors. Second, the Debtors generally kept consolidated books and financial records, although the rent and expenses were allocated separately by Debtor entity. Third, the Debtors shared the same officers and members. All Debtors were owned by East Village Properties LLC. Fourth, the payroll of management was for multiple properties. Fifth, the service contracts with vendors were for more than one entity. Sixth, the Debtors have many of the same creditors. Sixth, the loans were cross-collaterized on all of the Properties.

All of the collections on accounts receivable made during the case, as well as before the filing of the petitions, were used by the various Debtors' estates to support the operations of the Debtors as a whole and to pay the expenses of the operating entities on an as needed basis. Virtually all expenses paid by the estates, before and after the filing, were paid by East Village Properties LLC and not by other entities. Although the Debtors have kept separate books and accounts with respect to intercompany transactions, the unwinding of such transactions now would be impracticable and constitute an enormous expense to these estates.

For the reasons set forth below, the Debtors believe that distributions to holders of Allowed Claims under the Plan providing for substantive consolidation will not be materially different than distributions under the Plan if it did not provide for substantive consolidation. At the outset of the cases, each of the Debtors' estates was encumbered by the joint and several liability for the $145,428,538.38 secured claim held by EVF1 as of the Petition Date. It is EVF1 that is providing the Plan Fund that will be used to make distributions to holders of Allowed Claims. By consolidating the Debtors' estates and creating a single fund to be distributed pursuant to the Plan, the Creditors of all Debtors benefit from the cost savings of the lower costs of drafting and solicitation of a single Plan, as opposed to administering different plans for each Debtor, and the lower costs of administrating any litigation to recover on estate claims.

While substantive consolidation is sought, the Debtors can provide no assurances, however, that the Bankruptcy Court will approve the consolidation of the Debtors, whether or not the Plan is accepted by holders of Claims entitled to vote on the Plan. In the event that the Bankruptcy Court does not approve such consolidation, the Debtors will comply (or attempt to comply) with any order requiring separation of each estate of the Debtors under the Plan.

2. *Cancellation of Intercompany Claims.*

On the Effective date, all claims by any Debtor against any other Debtor shall be extinguished.

3. *Purchase Agreement.*

The Confirmation Order shall authorize the Sale of the Properties under sections 363, 365, 1123(b)(4), 1129(b)(2)(A)(iii) and 1146(a) of the Bankruptcy Code in accordance with the Purchase Agreement. The form of Purchase Agreement shall be included in the Plan Supplement.

4. *Plan Fund.*

The Plan Fund is the money provided by EVF1 to fund the Debtors' Plan. The Plan Fund is comprised of (i) $4,500,000 for Property Related Obligations, (ii) $8,500,000 for All Other Debts, and (iii) $1,000,000 for the Carve Out (which includes the Professional Fees).

5. *Payment of Property Related Obligations; Adjustments to Plan Fund; Protective Advances by EVF1.*

The Property Related Obligations must be paid in full in the final amounts allowed by the Bankruptcy Court upon the closing without any outstanding disputes related thereto unless the Bankruptcy Court approves reserves for such disputed claims. The Property Related Obligations includes the following: (i) tenant buy out agreements in an amount not to exceed $1,650,000; (ii) contractor expenses in the amount of $1,800,000; (iii) HPD Liens not to exceed $250,000; (iv) rent overcharge claims not to exceed $250,000; (v) prepaid rent claims not to exceed $380,000; and (vi) security deposits not to exceed $200,000. The Debtors reserve the right to dispute the Property Related Obligations.

If the aggregate amounts of the Property Related Obligations exceed $4 million, the shortfall will be paid from the $8.5 million allocated to pay All Other Debts and paid before All Other Debts. Protective advances made by EVF1 in accordance with the Interim Cash Collateral Stipulation and the Final Cash Collateral Stipulation and Order, to the extent not otherwise re-paid prior to the Effective Date of the Debtors' Plan, will be added to EVF1's Secured Claims against the Debtors' estates, and such advances will first diminish the $4 million allocated for the payment of Property Related Obligations, and if the protective advances exceed $4 million, it will reduce the $8.5 million payment to be made by EVF1 to the Debtors' Estates for All Other Debts. Protective advances will not reduce the Carve-Out, which is a $1 million fund to pay (a) U.S. Trustee Fees, (b) Professional Fees and (c) GC Realty Advisors. If Property Related Obligations are less than $4 million, then the difference

between $4 million and the Property Related Obligations shall be allocated to pay All Other Debts (see Section 6 below).

6. *All Other Debts.*

Subject to the allocations provided for in section 5.4 of this Plan, the sum of $8,500,000 from the cash proceeds paid by EVF1 to purchase the Debtors Properties shall be utilized by the Debtors to pay all other claims and expenses under the Plan other than (i) the Property Related Obligations and (ii) the Carve-Out. After payment of all such claims against the estates, any remaining surplus is to be paid to Class 6 Existing Equity Interests.

7. *Plan Administrator.*

(a) *Appointment*. Kevin J. Nash shall serve as Plan Administrator for the Debtors.

(b) *Authority*. Subject to Section 6.2 of the Plan, the Plan Administrator shall have the authority and right on behalf of the Debtors, without the need for Bankruptcy Court approval (unless otherwise indicated), to carry out and implement all provisions of the Plan, including, without limitation, to:

(i) except to the extent Claims have been previously Allowed, to control and implement a Claims reconciliation process, including to object to, seek to subordinate, compromise or settle any and all Claims against the Debtors;

(ii) to advise the Debtors to make Distributions to holders of Allowed Claims in accordance with the Plan and the Claims reconciliation process;

(iii) exercise its reasonable business judgment to direct and control the Sale of the Properties to the extent not already completed; to direct the wind down, liquidation, sale and/or abandoning of the remaining assets, if any, of the Debtors under the Plan and in accordance with applicable law;

(iv) prosecute all Causes of Action on behalf of the Debtors, elect not to pursue any Causes of Action, and determine whether and when to compromise, settle, abandon, dismiss, or otherwise dispose of any such Causes of Action, as the Plan Administrator may determine is in the best interests of the Debtors;

(v) make payments to existing professionals who will continue to perform in their current capacities;

(vi) retain professionals to assist in performing its duties under the Plan;

(vii) maintain the books and records and accounts of the Debtors;

(viii) invest Cash of the Debtors, including any Cash proceeds realized from the liquidation of any assets of the Debtors, including any Causes of Action, and any income earned thereon;

(ix) incur and pay reasonable and necessary expenses in connection with the performance of duties under the Plan, including the reasonable fees and expenses of professionals retained by the Plan Administrator;

(x) administer the Debtors' tax obligations, including (i) filing tax returns and paying tax obligations, (ii) requesting, if necessary, an expedited determination of any unpaid tax liability of the Debtors or its estate under Bankruptcy Code section 505(b) for all taxable periods of the Debtors ending after the Commencement Date through the liquidation of the Debtors as determined under applicable tax laws, and (iii) representing the interest and account of the Debtors or its estate before any taxing authority in all matters including, without limitation, any action, suit, proceeding or audit;

(xi) prepare and file any and all informational returns, reports, statements, returns or disclosures relating to the Debtors that are required hereunder, by any Governmental Unit or applicable law;

(xii) pay statutory fees in accordance with Section 14.1 of the Plan; and

(xiii) perform other duties and functions that are consistent with the implementation of the Plan.

8. *Other Transactions.*

In the discretion of the Debtors, after the Effective Date, the Debtors may engage in any other transaction in furtherance of the Plan. Any such transactions may be effective as of the Effective Date pursuant to the Confirmation Order without any further action by the members of the Debtors.

9. *Withholding and Reporting Requirements.*

(a) *Withholding Rights*. In connection with the Plan, any party issuing any instrument or making any distribution described in the Plan shall comply with all applicable withholding and reporting requirements imposed by any federal, state, or local taxing authority, and all distributions pursuant to the Plan and all related agreements shall be subject to any such withholding or reporting requirements. Notwithstanding the foregoing, each holder of an Allowed Claim or any other Person that receives a distribution pursuant to the Plan shall have responsibility for any taxes imposed by any Governmental Unit, including, without limitation, income, withholding, and other taxes, on account of such distribution. Any party issuing any instrument or making any distribution pursuant to the Plan has the right, but not the obligation, to not make a distribution until such holder has made arrangements satisfactory to such issuing or disbursing party for payment of any such tax obligations.

(b) *Forms*. Any party *entitled* to receive any property as an issuance or distribution under the Plan shall, upon request, deliver to the Plan Administrator or such other Person designated by the Plan Administrator (which entity shall subsequently deliver

to the Plan Administrator any applicable IRS Form W-8 or Form W-9 received) an appropriate Form W-9 or (if the payee is a foreign Person) Form W-8, unless such Person is exempt under the tax Code and so notifies the Plan Administrator. If such request is made by the Plan Administrator or such other Person designated by the Plan Administrator and the holder fails to comply before the date that is 180 days after the request is made, the amount of such distribution shall irrevocably revert to the Debtors and any Claim in respect of such distribution shall be discharged and forever barred from assertion against any Debtors and its respective properties.

10. *Exemption From Certain Transfer Taxes.*

To the maximum extent provided by section 1146(a) of the Bankruptcy Code, the issuance, transfer, or exchange of any security and the making or delivery of any instrument of transfer under this Plan as confirmed by the Court, (including an instrument of transfer executed in furtherance of the sale contemplated by the Plan), shall not be subject to tax under any law imposing a stamp tax, real estate transfer tax, mortgage recording tax or similar tax due on the sale of the Properties in connection with or in furtherance of the Plan as confirmed by the Court and the funding requirements contained herein and shall not be subject to any state, local or federal law imposing such tax and the appropriate state or local government officials or agents shall forego collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

11. *Effectuating Documents; Further Transactions.*

On and after the Effective Date, the Plan Administrator is authorized to and may issue, execute, deliver, file or record such contracts, securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement and further evidence the terms and conditions of the Plan in the name of and on behalf of the Debtors, without the need for any approvals, authorization, or consents except for those expressly required pursuant to the Plan.

12. *Preservation of Rights of Action.*

Other than Causes of Action against an Entity that are waived, relinquished, exculpated, released, compromised, or settled in the Plan or by a Bankruptcy Court order, the Debtors reserve any and all Causes of Action. On and after the Effective Date, the Plan Administrator may pursue such Causes of Action in its sole discretion. No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against them as any indication that the Debtors or the Plan Administrator will not pursue any and all available Causes of Action against them. No preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation. Prior to the Effective Date, the Debtors, and on and after the Effective Date, the Plan Administrator, shall retain and shall have, including through its authorized agents or

representatives, the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Causes of Action and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Bankruptcy Court. Notwithstanding anything contained herein to the contrary, the settlement of any Claims and Causes of Action which are expressly to be settled by Confirmation of the Plan itself shall be resolved only by Confirmation of the Plan itself.

13. *Cancellation of Notes, Instruments, Debentures and Equity securities.*

On the Effective Date, all notes, instruments, debentures, certificates and other documents evidencing Claims and all Interests in any of the Debtors shall be canceled and deemed terminated and surrendered (regardless of whether such notes, instruments, debentures, certificates or other documents are in fact surrendered for a cancellation to the appropriate indenture trustee or other such person), except for purposes of distribution in accordance with the terms of this Plan, *provided however*, that at its election, EVF1 or its nominees, may elect to take title of the Properties subject to the existing EVF1 Mortgages.[14]

14. *Reserves.*

Any reserves maintained by the Debtors or the Plan Administrator, as the case may be, in connection with the distribution of funds on account of Allowed Claims, may be maintained by bookkeeping entries alone; the Debtors or the Plan Administrator, as the case may be, need not (but may) establish separate bank accounts for such purposes.

15. *Termination of Plan Administrator.*

The duties, responsibilities and powers of the Plan Administrator shall terminate upon the closing of the Chapter 11 Cases.

16. *Closing of the Chapter 11 Case.*

After the Chapter 11 Cases of the Debtors have been fully administered, the Plan Administrator shall seek authority from the Bankruptcy Court to file a final decree and close such Debtors' Chapter 11 Cases in accordance with the Bankruptcy Code and the Bankruptcy Rules.

G. GOVERNANCE

1. *Managing Member.*

The Managing Member of the Debtors, who held such position on the Commencement Date, shall continue to serve as the Managing Member of the Debtors until the next annual meeting or upon the removal or resignation of such individual.

2. *Limited Liability Company Existence.*

[14] See Plan at Section 12.1.

After the Effective Date, the Managing Member may decide to (a) maintain the Debtors as limited liability companies in good standing until such time as all aspects of the Plan pertaining to the Debtors have been completed, or (b) at such time as the Managing Member considers appropriate and consistent with the implementation of the Plan pertaining to the Debtors, dissolve the Debtors and complete the winding up of such Debtors without the necessity for any other or further actions to be taken by or on behalf of the Debtors or their members or any payments to be made in connection therewith subject to the filing of a certificate of dissolution with the appropriate governmental authorities; provided, however, that the foregoing does not limit the Plan Administrator's ability to otherwise abandon an interest in one or more of the Debtors.

3. *Wind Down*

After the Effective Date, pursuant to the Plan, the Plan Administrator shall wind-down, sell and otherwise liquidate assets of the Debtors in accordance with Section 5.3(b)(iii) of the Plan. The wind-down, sale and liquidation of the Debtors' assets (as determined for federal income tax purposes) shall occur over a period not to exceed twelve (12) months after the closing of the Sale of the Properties.

4. *Certificate of Organization and By-Laws*.

As of the Effective Date, the certificate of organization and by-laws of the Debtors shall be amended to the extent necessary to carry out the provisions of the Plan. The amended certificate and by-laws of the Debtors (if any) shall be contained in the Plan Supplement.

H. DISTRIBUTIONS.

1. *Distribution Record Date.*

As of the close of business on the Distribution Record Date, the transfer register for each of the Classes of Claims or Interests as maintained by the Debtors shall be deemed closed, and there shall be no further changes in the record of holders of any of the Claims or Interests. The Debtors or the Plan Administrator shall have no obligation to recognize any transfer of the Claims or Interests occurring on or after the Distribution Record Date.

2. *Date of Distributions*

Except as otherwise provided herein, the Debtors shall make the Initial Distribution to holders of Allowed Claims no later than the Initial Distribution Date and, thereafter, the Debtors shall from time to time determine the subsequent Distribution Dates, if any. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on or as soon as reasonably practicable after the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

The Plan Administrator shall reserve an amount sufficient to pay holders of Disputed Claims the amount such holders would be entitled to receive under the Plan if such Claims

were to become Allowed Claims. In the event the holders of Allowed Claims have not received payment in full on account of their Claims after the resolution of all Disputed Claims, then the Plan Administrator shall make a final distribution to all holders of Allowed Claims.

Notwithstanding anything to the contrary in the Plan, no holder of an Allowed Claim shall, on account of such Allowed Claim, receive a distribution in excess of the Allowed amount of such Claim plus any interest accruing on such Claim that is actually payable in accordance with the Plan.

3. *Delivery of Distributions.*

In the event that any distribution to any holder is returned as undeliverable, no distribution to such holder shall be made unless and until the Debtors or the Plan Administrator, as applicable, have determined the then current address of such holder, at which time such distribution shall be made to such holder without Interest; provided, however, such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of six months from the date the Initial Distribution is made. After such date, all unclaimed property or interests in property shall revert (notwithstanding any applicable federal or state escheat, abandoned, or unclaimed property laws to the contrary) to the Debtors automatically and without need for a further order by the Bankruptcy Court for distribution in accordance with the Plan and the Claim of any such holder to such property or interest in property shall be released, settled, compromised, and forever barred. The Plan Administrator shall have no obligation to locate the current address for a returned distribution.

4. *Manner of Payment Under Plan.*

At the option of the Debtors or the Plan Administrator, any Cash payment to be made hereunder may be made by a check or wire transfer.

5. *Minimum Cash Distributions.*

The Plan Administrator shall not be required to make any payment to any holder of an Allowed Claim on any Distribution Date of Cash less than $100; provided, however, that if any distribution is not made pursuant to this Section 7.5 of the Plan, such distribution shall be added to any subsequent distribution to be made on behalf of the holder's Allowed Claim. The Plan Administrator shall not be required to make any final distributions of Cash less than $50 to any holder of an Allowed Claim. If either (a) all Allowed Claims (other than those whose distributions are deemed undeliverable hereunder) have been paid in full or (b) the amount of any final distributions to holders of Allowed Claims would be $50 or less and the aggregate amount of Cash available for distributions to holders of Allowed General Unsecured Claims is less than $2,500, then no further distribution shall be made by the Plan Administrator and any surplus Cash shall be donated and distributed to an I.R.C. § 501(c)(3) tax-exempt organization selected by the Plan Administrator.

6. *Setoffs*.

The Debtors and the Plan Administrator may, but shall not be required to, set off against any Claim, any Claims of any nature whatsoever that the Debtors or the Plan Administrator may have against the holder of such Claim; provided that neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors or the Plan Administrator of any such Claim the Debtors or the Plan Administrator may have against the holder of such Claim.

7. *Distributions After Effective Date.*

Distributions made after the Effective Date to holders of Disputed Claims that are not Allowed Claims as of the Effective Date but which later become Allowed Claims shall be deemed to have been made on the Effective Date.

8. *Allocation of Distributions Between Principal and Interest.*

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

9. *Payment of Disputed Claims*

As Disputed Claims are resolved pursuant to Section 8 of the Plan, the Plan Administrator shall advise the Debtors to make distributions on account of such Disputed Claims as if such Disputed Claims were Allowed Claims as of the Effective Date. Such distributions shall be made on the first Distribution Date that is at least forty-five (45) days after the date on which a Disputed Claim becomes an Allowed Claim, or on an earlier date selected by the Plan Administrator in the Plan Administrator's sole discretion.

I. PROCEDURES FOR DISPUTED CLAIMS.

1. *Allowance of Claims.*

After the Effective Date, the Debtors or the Plan Administrator shall have and shall retain any and all rights and defenses that the Debtors had with respect to any Claim, except with respect to any Claim deemed Allowed under this Plan. Except as expressly provided in this Plan or in any order entered in the Chapter 11 Case prior to the Effective Date (including, without limitation, the Confirmation Order), no Claim shall become an Allowed Claim unless and until such Claim is deemed under this Plan or the Bankruptcy Code or the Bankruptcy Court has entered a Final Order, including, without limitation, the Confirmation Order, in the Chapter 11 Cases allowing such Claim.

2. *Objections to Claims.*

As of the Effective Date, objections to and requests for estimation of, Claims against the Debtors may be interposed and prosecuted only by the Plan Administrator. Such objections and requests for estimation shall be served and filed (a) on or before the 60th day

following the later of (i) the Effective Date and (ii) the date that a proof of Claim is filed or amended or a Claim is otherwise asserted or amended in writing by or on behalf of a holder of such Claim, or (b) such later date as ordered by the Bankruptcy Court upon motion filed by the Plan Administrator.

3. *Estimation of Claims.*

The Plan Administrator may at any time request that the Bankruptcy Court estimate any contingent, unliquidated, or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether the Debtors or Plan Administrator previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including, without limitation, during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any contingent, unliquidated, or Disputed Claim, the amount so estimated shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on the amount of such Claim, the Debtors or Plan Administrator, as applicable, may pursue supplementary proceedings to object to the allowance of such Claim. All of the aforementioned objection, estimation and resolution procedures are intended to be cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

4. *No Distributions Pending Allowance*.

If an objection to a Claim is filed as set forth in Section 8 of the Plan, no payment or distribution provided under the Plan shall be made on account of such Claim unless and until such Disputed Claim becomes an Allowed Claim.

5. *Resolution of Claims*.

Except as otherwise provided herein, or in any contract, instrument, release, indenture, or other agreement or document entered into in connection with this Plan, in accordance with section 1123(b) of the Bankruptcy Code, the Plan Administrator shall retain and may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all Claims, Disputed Claims, rights, Causes of Action, suits and proceedings, whether in law or in equity, whether known or unknown, that the Debtors or their estates may hold against any Person, without the approval of the Bankruptcy Court, the Confirmation Order, and any contract, instrument, release, indenture, or other agreement entered into in connection herewith. The Plan Administrator or its successor may pursue such retained Claims, rights, Causes of Action, suits or proceedings, as appropriate, in accordance with the best interests of the Debtors.

6. *Disallowed Claims.*

All Claims held by persons or entities against whom or which any of the Debtors or

the Plan Administrator has commenced a proceeding asserting a Cause of Action under sections 542, 543, 544, 545, 547, 548, 549 and/or 550 of the Bankruptcy Code shall be deemed "disallowed" Claims pursuant to section 502(d) of the Bankruptcy Code and holders of such Claims shall not be entitled to vote to accept or reject the Plan. Claims that are deemed disallowed pursuant to this section shall continue to be disallowed for all purposes until the Avoidance Action against such party has been settled or resolved by Final Order and any sums due to the Debtors or the Plan Administrator from such party have been paid.

J. EXECUTORY CONTRACTS AND UNEXPIRED LEASES.

1. *Assumption and Assignment of Executory Contracts and Unexpired Leases*

On the Effective Date, except as otherwise provided in the Plan, each Executory Contract and Unexpired Lease not previously rejected, assumed, or assumed and assigned shall be deemed automatically assumed pursuant to sections 365 and 1123 of the Bankruptcy Code, and assigned to the Purchaser of the Properties unless such Executory Contract or Unexpired Lease: (1) is specifically described in the Purchase Agreement as being rejected in connection with Confirmation of the Plan or under the Purchase Agreement; (2) as of the Effective Date is subject to a pending motion to reject such Unexpired Lease or Executory Contract; (3) was previously assumed or assumed and assigned to a third party during the pendency of the Chapter 11 Cases; or (4) is a contract, instrument, release, indenture, or other agreement or document entered into in connection with the Plan.

2. *Cure of Defaults for Assumed Executory Contracts and Unexpired Leases*

Any Cure Obligation due under each Executory Contract and Unexpired Lease to be assumed pursuant to the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment in Cash on the Effective Date, subject to the limitation described below, by the Debtors as an Administrative Claim or by the Purchaser, as applicable, or on such other terms as the parties to such Executory Contracts or Unexpired Leases may otherwise agree.

In the event of a dispute regarding (1) the amount of the Cure Obligation, (2) the ability of the Debtors' Estates or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed, or (3) any other matter pertaining to assumption, the Cure Obligations required by section 365(b)(1) of the Bankruptcy Code shall be satisfied following the entry of a Final Order or orders resolving the dispute and approving the assumption; provided that, depending on whether the Plan Administrator or the Purchaser has the obligation to pay the Cure Obligation, such party may settle any dispute regarding the amount of any Cure Obligation without any further notice to any party or any action, order, or approval of the Bankruptcy Court.

At least fourteen (14) days before the Confirmation Hearing, the Debtors shall cause notice of proposed Cure Obligations to be sent to applicable counterparties to the Executory Contracts and Unexpired Leases. Any objection by such counterparty must be filed, served, and actually received by the Debtors not later than ten (10) days after service of notice of the

Debtors' proposed assumption and associated Cure Obligation. Any counterparty to an Executory Contract or Unexpired Lease that fails to object timely to the proposed cure amount will be deemed to have assented to such Cure Obligation.

Assumption of any Executory Contract or Unexpired Lease pursuant to the Plan, or otherwise, shall result in the full release and satisfaction of any Claims or defaults, subject to satisfaction of the Cure Obligations, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time before the Effective Date of assumption and/or assignment. **Any prepetition default amount set forth in the Schedules and/or any Proofs of Claim filed with respect to an Executory Contract or Unexpired Lease that has been assumed and assigned shall be deemed disallowed and expunged, without further notice to or action, order, or approval of the Bankruptcy Court or any other Entity**.

3. *Claims Based on Rejection of Executory Contracts and Unexpired Leases*

Unless otherwise provided by an order of the Bankruptcy Court, any Proofs of Claim based on the rejection of the Debtors' Executory Contracts or Unexpired Leases pursuant to the Plan or otherwise, must be filed with Bankruptcy Court and served on the Plan Administrator no later than fourteen (14) days after the earlier of the Effective Date or the effective date of rejection of such Executory Contract or Unexpired Lease. In addition, any objection to the rejection of an Executory Contract or Unexpired Lease must be filed with the Bankruptcy Court and served on the Debtors no later than fourteen (14) days after service of the Debtors' proposed rejection of such Executory Contract or Unexpired Lease.

Any holders of Claims arising from the rejection of an Executory Contract or Unexpired Lease for which Proofs of Claims were not timely filed as set forth in the paragraph above shall not (1) be treated as a creditor with respect to such Claim, (2) be permitted to vote to accept or reject the Plan on account of any Claim arising from such rejection, or (3) participate in any distribution in the Chapter 11 Cases on account of such Claim, and any Claims arising from the rejection of an Executory Contract or Unexpired Lease not filed with the Bankruptcy Court within such time will be automatically disallowed, forever barred from assertion, and shall not be enforceable against the Debtors, the Plan Administrator, the Debtors' Estates, or the property for any of the foregoing without the need for any objection by the Plan Administrator or further notice to, or action, order, or approval of the Bankruptcy Court or any other Entity, and any Claim arising out of the rejection of the Executory Contract or Unexpired Lease shall be deemed fully compromised, settled, and released, notwithstanding anything in the Schedules or a Proof of Claim to the contrary. All Allowed Claims arising from the rejection of the Debtors' prepetition Executory Contracts or prepetition Unexpired Leases shall be classified as General Unsecured Claims, except as otherwise provided by order of the Bankruptcy Court.

4. *Purchase Agreement*

The Debtors' assumption or rejection of any Executory Contract or Unexpired Lease pursuant to the Plan shall be subject in all respects to EVF1's rights and obligations, including any Cure Obligations assumed by it in accordance with the Purchase Agreement, with respect to any such Executory Contracts or Unexpired Leases assigned to EVF1 pursuant to the terms of the Purchase Agreement.

5. *Modifications, Amendments, Supplements, Restatements, or Other Agreements*

Unless otherwise provided in the Plan, each assumed Executory Contract or Unexpired Lease shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated or is rejected or repudiated under the Plan.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

6. *Reservation of Rights*

Neither the exclusion nor inclusion of any contract or lease in the Plan Supplement, nor anything contained in the Plan, shall constitute an admission by the Debtors that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that the Debtors' Estates have any liability thereunder. In the event of a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtors or the Plan Administrator, as applicable, shall have 60 days following entry of a Final Order resolving such dispute to alter the treatment of such contract or lease as otherwise provided in the Plan.

K. CONDITIONS PRECEDENT TO THE CONFIRMATION HEARING AND THE EFFECTIVE DATE.

1. *Condition to the Confirmation Hearing.*

A condition to confirmation is that the Plan is confirmed on or before September 15, 2017. This provision may be waived in writing by EVF1

2. *Conditions Precedent to the Effective Date.*

The occurrence of the Effective Date of the Plan is subject to the following conditions precedent:

(a) the Bankruptcy Court shall have entered the Confirmation Order, the Confirmation Date shall have occurred and the Confirmation Order shall not be subject to any stay;

(b) Funds from the EVF1 necessary to fund the Plan pursuant to the terms of this Plan have been transferred to the Plan Administrator;

(c) all actions, documents and agreements necessary to implement and consummate the Plan, including, without limitation, entry into the documents contained in the Plan Supplement required to be executed prior to the Confirmation Date, each in form and substance reasonably satisfactory to the Debtors and EVF1, and the transactions and other matters contemplated thereby, shall have been effected or executed;

(d) all governmental and third party approvals and consents, including Bankruptcy Court approval, necessary in connection with the transactions contemplated by the Plan, if any, shall be in full force and effect, and all applicable waiting periods shall have expired without any action being taken or threatened by any competent authority that would restrain, prevent or otherwise impose materially adverse conditions on such transactions; and

(e) all documents and agreements necessary to implement the Plan shall have (i) been tendered for delivery and (ii) been effected or executed by all Entities party thereto, and all conditions precedent to the effectiveness of such documents and agreements shall have been satisfied or waived pursuant to the terms of such documents or agreements.

3. *Waiver of Conditions Precedent.*

Each of the conditions precedent to the Effective Date in Section 11.2 of the Plan other than the condition set forth in section 11.2(a) may be waived in writing by the Debtors.

4. *Effect of Failure of Conditions to Effective Date*.

If the Confirmation Order is vacated due to a failure of a condition to the Effective Date to occur, (i) no distributions under the Plan shall be made; (ii) the Debtors and all holders of Claims and Interests shall be restored to the *status quo ante* as of the day immediately preceding the Confirmation Date as though the Confirmation Date ever occurred; and (iii) all monies transferred to the Plan Administrator for confirmation shall be held in escrow within three (3) business days of the Confirmation Order being vacated.

L. EFFECT OF CONFIRMATION

1. *Vesting of Assets*

On the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all property of the Debtors' Estates shall vest in the Debtors free and clear of all Liens, Claims, encumbrances, charges and other interests, except as provided pursuant to this Plan and the Confirmation Order. To the extent the Properties are transferred to EVF1 or its nominee, EVF1 Liens shall remain on the Properties.

2. *Release of Liens*

Except as otherwise provided in the Plan or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates shall be fully released, settled, and compromised and all rights, titles, and interests of any holder of such mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates shall revert to the Debtors, unless sold to EVF1 pursuant to the Sale Transaction, provided however, that the Lien securing EVF1 Secured Class 2 Claim shall not be deemed released until the EVF1 Class 2 Secured Claim and the Protective Advance Claim has been paid in full by transfer of the Properties to EVF1 in accordance with the terms of this Plan.

3. *Subordinated Claims*

The allowance, classification, and treatment of all Allowed Claims and Interests and the respective distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, the Debtors reserve the right for the Plan Administrator to re-classify any Allowed Claim or Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

4. *Binding Effect.*

Except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code and subject to the occurrence of the Effective Date, on and after the Effective Date, the provisions of the Plan shall bind any holder of a Claim against, or Interest in, the Debtors, and such holder's respective successors and assigns, whether or not the Claim or Interest of such holder is Impaired under the Plan and whether or not such holder has accepted the Plan

5. *Discharge of Claims and Termination of Interests.*

Except as otherwise provided in the Plan, effective as of the Effective Date: (a) the rights afforded in the Plan and the treatment of all Claims and Interests shall be in exchange for and in complete satisfaction, discharge and release of all Claims and Interests of any nature whatsoever, including any interest accrued on such Claims from and after the Petition Date, against the Debtors or any of their assets, property or Estates; (b) all Claims and Interests shall be satisfied, discharged and released in full, and the Debtors' liability with respect thereto shall be extinguished completely, including any liability of the kind specified under section 502(g) of the Bankruptcy Code; and (c) all Entities shall be precluded from asserting against the Debtors, the Debtors' Estates, the Plan Administrator, EVF1, their successors and assigns and their assets and properties any other Claims or Interests based upon any documents, instruments or any act or omission, transaction or other activity of any kind or nature that occurred before the Effective Date.

6. *Term of Injunctions or Stays.*

Unless otherwise provided, all injunctions or stays arising under or entered during the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the later of the Effective Date and the date indicated in the order providing for such injunction or stay.

7. *Plan Injunction.*

Except (i) as otherwise provided under Final Order entered by the Bankruptcy Court or (ii) with respect to the Debtors' obligations under the Plan, the entry of the Confirmation Order shall forever stay, restrain and permanently enjoin with respect to any Claim held against the Debtors as of the date of entry of the Confirmation Order (i) the commencement or continuation of any action, the employment of process, or any act to collect, enforce, attach, recover or offset from the Debtors, from the Properties, or from properties of the Estates that has been or is to be distributed under the Plan, and (ii) the creation, perfection or enforcement of any lien or encumbrance against the Properties and any property of the Estates that has been or is to be, distributed under the Plan. Except as otherwise provided in the Confirmation Order, the entry of the Confirmation Order shall constitute an injunction against the commencement or continuation of any action, the employment of process, or any act to collect, recover or offset from the Debtors, from the Properties, or from property of the Estates, any claim, any obligation or debt that was held against the Debtors by any person or entity as of the Confirmation Date except pursuant to the terms of this Plan. The entry of the Confirmation Order shall permanently enjoin all Creditors, their successors and assigns, from enforcing or seeking to enforce any such Claims.

8. *Limitation of Liability*

To the extent permitted under Section 1125(e) of the Bankruptcy Code, neither the Exculpated Parties nor any of their respective officers, directors, 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, the Plan Supplement or any contract, instrument, release or other agreement or document created or entered into, or any other action taken or omitted to be taken in connection with the Plan, provided that each Exculpated Party shall be entitled to rely upon the advice of counsel concerning his, her, or its duties pursuant to, or in connection with, the Plan or any other related document, instrument, or agreement, 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 in this Section 12.8 shall limit the liability of the Debtors' professionals pursuant to Rule 1.8 (h)(1) of the New York State Rules of Professional Conduct. Nothing in the Plan or the confirmation order shall effect a release of any claim by the United States Government or any of its agencies or any state and local authority whatsoever, including, without limitation, any claim arising under the Internal Revenue Code, the environmental

laws or any criminal laws of the United States or any state and local authority against the Debtors or any of its respective members, shareholders, officers, directors, employees, attorneys, advisors, agents, representatives and assigns, nor shall anything in the Plan enjoin the United States or any state or local authority from bringing any claim, suit, action or other proceedings against the Debtors or any of their respective members, officers, directors, employees, attorneys, advisors, agents, representatives and assigns for any liability whatever, including without limitation, any claim, suit or action arising under the Internal Revenue Code, the environmental laws or any criminal laws of the United States or any state or local authority, nor shall anything in this Plan exculpate Debtors or any of their respective members, officers, directors, employees, attorneys, advisors, agents, representatives and assigns from any liability to the United States Government or any of its agencies or any state and local authority whatsoever, including liabilities arising under the Internal Revenue Code, the environmental laws or any criminal laws of the United States or any state and local authority**.**

9. *Release*

Except as otherwise provided in the Plan, upon the Effective Date, in consideration of the Cash and other property to be distributed to or on behalf of the holders of Claims and Interests under the Plan, the Plan shall be deemed to resolve all disputes and constitute a settlement and release, between and among the Debtors, on the one hand, and each Creditor and Interest Holder, on the other, from any claim or liability, whether legal, equitable, contractual, secured, unsecured, liquidated, unliquidated, disputed, undisputed, matured, unmatured, fixed or contingent, known or unknown, that the Debtors, their Creditors or Interest Holder ever had or now have through the Effective Date in connection with their Claim or Interest (including, without limitation, any claims the Debtors may assert on their own behalf or on behalf of Creditors or Interest Holders pursuant to sections 510 and 542 through 553 of the Bankruptcy Code, any claims Creditors or Interest Holders may have asserted derivatively on behalf of the Debtors absent bankruptcy, any claims based on the conduct of the Debtors' business affairs prior or subsequent to the commencement of the Case or any claims based on the negotiation, submission and confirmation of the Plan)

10. *Solicitation of the Plan.*

As of and subject to the occurrence of the Confirmation Date: (a) the Debtors shall be deemed to have solicited acceptances of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code, including without limitation, sections 1125(a) and (e) of the Bankruptcy Code, and any applicable non-bankruptcy law, rule or regulation governing the adequacy of disclosure in connection with such solicitation.

11. *Plan Supplement*

The Plan Supplement shall be filed with the Clerk of the Bankruptcy Court by no later than seven (7) business days prior to the Confirmation Hearing. Upon its filing with the Bankruptcy Court, the Plan Supplement may be inspected in the office of the Clerk of the Bankruptcy Court during normal court hours.

M. RETENTION OF JURISDICTION.

On and after the Effective Date, the Bankruptcy Court shall retain jurisdiction over all matters arising in, arising under, and related to the Chapter 11 Cases for, among other things, the following purposes:

(a) to hear and determine motions and/or applications for the assumption or rejection of Executory Contracts or Unexpired Leases and the allowance, classification, priority, compromise, estimation or payment of Claims resulting there from;

(b) to determine any motion, adversary proceeding, application, contested matter, or other litigated matter pending on or commenced after the Confirmation Date;

(c) to insure that distributions to holders of Allowed Claims are accomplished as provided herein;

(d) to consider Claims or the allowance, classification, priority, compromise, estimation or payment of any Claim;

(e) to enter, implement or enforce such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified or vacated;

(f) to enter the Sale Order and adjudicate any dispute related to such order, or the Sale Transaction;

(g) to issue injunctions, enter and implement other orders, and take such other actions as may be necessary or appropriate to restrain interference by any Person with the Consummation, implementation or enforcement of the Plan, including the Confirmation Order, or any other order of the Bankruptcy Court;

(h) to hear and determine any application to modify the Plan in accordance with section 1127 of the Bankruptcy Code, to remedy any defect or omission or reconcile any inconsistency in the Plan, or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;

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

(j) to hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, the Purchase Agreement, or the Confirmation Order or any agreement, instrument, or other document governing or relating to any of the foregoing;

(k) to take any action and issue such orders as may be necessary to construe, interpret, enforce, implement, execute, and consummate the Plan or to maintain the integrity of the Plan following Consummation;

(l) to determine such other matters and for such other purposes as may be provided in the Confirmation Order;

(m) to hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code (including any requests for expedited determinations of the Debtors' tax liability under section 505(b) of the Bankruptcy Code);

(n) to adjudicate, decide or resolve any and all matters related to section 1141 of the Bankruptcy Code;

(o) to adjudicate any and all disputes arising from or relating to distributions under the Plan;

(p) to hear and determine any other matters related hereto and not inconsistent with the Bankruptcy Code and title 28 of the United States Code;

(q) to enter a final decree closing the Chapter 11 Cases;

(r) to enforce all orders previously entered by the Bankruptcy Court;

(s) to recover all assets of the Debtors and property of the Debtors' Estate, wherever located; and

(t) to hear and determine any rights, Claims or Causes of Action held by or accruing to the Debtors pursuant to the Bankruptcy Code or pursuant to any federal statute or legal theory.

N. MISCELLANEOUS PROVISIONS.

1. *Payment of Statutory Fees.*

On the Effective Date and thereafter as may be required, the Debtors or the Plan Administrator shall pay all fees incurred pursuant to § 1930 of title 28 of the United States Code, together with interest, if any, pursuant to § 3717 of title 31 of the United States Code for the Debtors' cases; provided, however, that after the Effective Date such fees shall only be payable with respect to the Debtors' Cases until such time as a final decree is entered closing the Debtors' Cases, a Final Order converting such cases to cases under chapter 7 of the Bankruptcy Code is entered or a Final Order dismissing the Debtors' Cases is entered.

2. *Substantial Consummation*.

On the Effective Date, the Plan shall be deemed to be substantially consummated under sections 1101 and 1127(b) of the Bankruptcy Code.

3. *Amendments.*

(a) *Plan Modifications*. The Plan may be amended, modified or supplemented by the Debtors in the manner provided for by section 1127 of the Bankruptcy Code or as otherwise permitted by law without additional disclosure pursuant to section 1125 of the Bankruptcy Code; provided that such amendments, modifications, or supplements shall be satisfactory in all respects to the Debtors and EVF1. In addition, after the Confirmation Date, the Debtors may institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan or the Confirmation Order, with respect to such matters as may be necessary to carry out the purposes and effects of the Plan.

(b) *Other Amendments.* Before the Effective Date, the Debtors may make appropriate technical adjustments and modifications to the Plan and the documents contained in the Plan Supplement without further order or approval of the Bankruptcy Court.

4. *Revocation or Withdrawal of the Plan.*

The Debtors reserve the right, after good-faith consultation with EVF1, to revoke or withdraw the Plan, prior to the Confirmation Date. If the Debtors, in good-faith, in consultation with EVF1, revoke or withdraw the Plan, or if Confirmation or Consummation does not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Interest or Class of Claims or Interests), assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan, and any document or executed pursuant to the Plan, shall be deemed null and void; and (3) nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims or Interests; (b) prejudice in any manner the rights of the Debtors, the Debtors' Estates, or any other Entity; or (c) constitute an admission, acknowledgement, offer, or undertaking of any sort by the Debtors, the Debtors' Estates, or any other Entity.

If the Plan is revoked, the Debtors will not object to a plan proposed by the Secured Creditor, and any revocation shall be subject to the terms and conditions contained in the Final Cash Collateral Stipulation and Order.

5. *Severability of Plan Provisions upon Confirmation*.

If, before the entry of the Confirmation Order, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court, at the request of the Debtors, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is (1) valid and enforceable pursuant to its terms; (2) integral to the Plan and may not be deleted or modified without the consent of the Debtors or the Plan Administrator (as the case may be); and (3) nonseverable and mutually dependent.

6. *Governing Law.*

Except to the extent that the Bankruptcy Code or other federal law is applicable, or to the extent an exhibit hereto or a schedule in the Plan Supplement provides otherwise, the rights, duties and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without giving effect to the principles of conflict of laws thereof

7. *Time.*

In computing any period of time prescribed or allowed by the Plan, unless otherwise set forth herein or determined by the Bankruptcy Court, the provisions of Bankruptcy Rule 9006 shall apply.

8. *Additional Documents*

On or before the Effective Date, the Debtors may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The Debtors and all holders of Claims or Interests receiving distributions pursuant to the Plan and all other parties in interest shall, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

9. *Immediate Binding Effect.*

Notwithstanding Bankruptcy Rules 3020(e), 6004(h), or 7062 or otherwise, upon the occurrence of the Effective Date, the terms of the Plan and Plan Supplement shall be

immediately effective and enforceable and deemed binding upon and inure to the benefit of the Debtors, EVF1, the holders of Claims and Interests, the Released Parties, the Exculpated Parties, and each of their respective successors and assigns, including, without limitation, the Plan Administrator.

10. *Successor and Assigns*.

The rights, benefits and obligations of any Person named or referred to in the Plan shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor or permitted assign, if any, of each Entity.

11. *Entire Agreement*.

On the Effective Date, the Plan, the Plan Supplement, the Purchase Agreement, and the Confirmation Order shall supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understandings and representations on such subjects, all of which have become merged and integrated into the Plan.

12. *Notices.*

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

(i) if to the Debtors:

c/o FIA Capital Partners LLC
7280 West Palmetto Park Road
Suite 203-N
Boca Raton, Florida 33433
Facsimile: (866)353-6360
Attention: David Goldwasser

- and –

Robinson Brog Leinwand Greene Genovese & Gluck P.C.
875 Third Avenue, 9th Floor
New York, New York 10022
Telephone: (212) 603-6300
Facsimile: (212) 956-2164
Attention: Fred B. Ringel, Esq and Steven B. Eichel, Esq.

(ii) if to the Plan Administrator:

Goldberg Weprin Finkel Goldstein
1501 Broadway, 22nd Floor
New York, NY 10036
Telephone: (212) 221-5700

Facsimile: (212) 730-4518
Attention: Kevin J. Nash, Esq.

After the Effective Date, the Debtors shall have the authority to send a notice to Entities that to continue to receive documents pursuant to Bankruptcy Rule 2002, that they must file a renewed request to receive documents pursuant to Bankruptcy Rule 2002. After the Effective Date, the Debtors are authorized to limit the list of Entities receiving documents pursuant to Bankruptcy Rule 2002 to those Entities who have filed such renewed requests.

VI.

CERTAIN RISK FACTORS AFFECTING THE DEBTOR

A. CERTAIN BANKRUPTCY LAW CONSIDERATIONS

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

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

2. *Non-Consensual Confirmation*

In the event any impaired class of claims or interests entitled to vote on a plan of reorganization does not accept a plan of reorganization, a bankruptcy court may nevertheless confirm such plan at the proponent's request if at least one impaired class has accepted the plan (with such acceptance being determined without including the vote of any "insider" in such class), and as to each impaired class that has not accepted the plan, the bankruptcy court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting impaired classes.

3. *Risk Related to Interim and Final Cash Collateral Stipulation*

In the event of a breach of one of the milestones or another event of default under the Interim Cash Collateral Stipulation or the Final Cash Collateral Stipulation and Order, EVF1 may seek, among other things, to exercise certain remedies under the stipulations or take certain other actions against the Debtors.

B. ADDITIONAL FACTORS TO BE CONSIDERED

1. *The Debtor Has No Duty to Update*

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

2. *No Representation Outside This Disclosure Statement Are Authorized*

No representations concerning or related to the Debtors, the Chapter 11 Cases, or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance or rejection of the Plan that are other than as contained in, or included with, this Disclosure Statement should not be relied upon by you in arriving at your decision.

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

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

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

4. *No Admission Made*

Nothing contained in the Plan will constitute an admission of, or be deemed evidence of, the tax or other legal effects of the Plan on the Debtors or on holders of Claims or Interests.

5. *Failure to Identify Litigation Claims or Projected Objections*

No reliance should be placed on the fact that particular litigation claim or projected objection to a particular Claim or Interest is, or is not, identified in this Disclosure Statement. The Debtors may seek to investigate, file, and prosecute Claims and Interests and may object to Claims or Interests after the Confirmation or Effective Date of the Plan irrespective of whether this Disclosure Statement identifies such Claims or Interests or objections to such Claims or Interests.

6. *No Waiver of Right to Object or Right to Recover Transfers and Assets*

The vote by a holder of a Claim or Interest for or against the Plan does not constitute a waiver or release of any claims, causes of action, or rights of the Debtors (or any entity, as the case may be) to object to that holder's Claim or Interest, or recover any preferential, fraudulent, or other voidable transfer of assets, regardless of whether any claims or causes of action of the Debtors or their Estates are specifically or generally identified in this Disclosure Statement.

7. *Information Was Provided by the Debtors and Was Relied Upon by the Debtors' Counsel*

The Debtors' counsel has relied upon information provided by the Debtors in connection with the preparation of this Disclosure Statement. Although the Debtors' counsel have performed certain limited due diligence in connection with the preparation of this Disclosure Statement, they have not independently verified the information contained in this Disclosure Statement.

VII.

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

The following discussion summarizes certain U.S. federal income tax consequences of the implementation of the Plan to the Debtors and to certain holders of Allowed Claims. This summary does not address the U.S. federal income tax consequences to holders of Claims whose Claims are entitled to payment in full in Cash, holders of Secured Claims or holders of Claims or Interests who are deemed to have rejected the Plan.

This summary is based on the U.S. Internal Revenue Code of 1986, as amended (the "Tax Code"), existing and proposed U.S. Treasury regulations (the "Treasury Regulations"), judicial decisions, and published rules and of the Internal Revenue Service (the "IRS") as in effect on the date hereof, all of which are subject to change, possibly on a retroactive basis. Any such change could significantly affect the U.S. federal income tax consequences described below.

The U.S. federal income tax consequences of the Plan are complex and subject to significant uncertainties. The Debtors have not requested an opinion of counsel or a ruling from the IRS with respect to any of the tax aspects of the Plan. This summary does not address state, local or foreign income or other tax consequences of the Plan, nor does it purport to address the U.S. federal income tax consequences of the Plan to special classes of taxpayers (such as non-U.S. persons, broker-dealers, banks, mutual funds, insurance companies, financial institutions, thrifts, small business investment companies, regulated investment companies, real estate investment trusts, tax-exempt organizations, retirement plans, individual retirement and other tax-deferred accounts, S corporations, partnerships or other pass-through entities for U.S. federal income tax purposes, any other Debtor entity, persons holding securities as part of a hedging, straddle, conversion or constructive sale transaction or other integrated investment, traders in securities that elect to use a mark-to-

market method of accounting for their security holding, dealers in securities or foreign currencies, persons whose functional currency is not the U.S. dollar, certain expatriates or former long term residents of the United States, persons who received their Claim as compensation or who acquired their Claim in the secondary market, and persons subject to the alternative minimum tax or the "Medicare" tax on net investment income). Additionally, this discussion does not address the Foreign Account Tax Compliance Act.

The following discussion generally assumes that, the various debt and other arrangements to which the Debtors are a party will be respected for U.S. federal income tax purposes in accordance with their form, that the Plan will be treated as a plan of liquidation of the Debtors for U.S. federal income tax purposes, and that all distributions to holders of Claims and Interests will be taxed accordingly.

ACCORDINGLY, THE FOLLOWING SUMMARY IS FOR *INFORMATIONAL* PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING OR FOR ADVICE BASED UPON THE PARTICULAR CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM. EACH HOLDER OF A CLAIM OR INTEREST IS URGED TO CONSULT ITS OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES APPLICABLE TO IT UNDER THE PLAN.

A. CONSEQUENCES TO THE DEBTORS

As indicated above, the Debtors intend to treat the Plan as a plan of liquidation for U.S. federal income tax purposes in that the Debtors will remain in existence following the Effective Date solely for the purpose of winding up their affairs including, but not limited to, resolving outstanding Claims, selling their assets and distributing the proceeds and any remaining property to or for the benefit of holders of Allowed Claims and Interests. The U.S. federal income tax impact of the Plan on the NOLs and other tax attributes of the Debtors is further discussed below.

1. *Sale and Other Dispositions of Assets*

The Plan authorizes the Debtors to take any and all actions necessary to consummate the sale of the Property. The Tax Code provides for cancellation of debt income ("CODI"), upon the elimination or reduction of debt for insufficient consideration. The Tax Code provides an exception to such income recognition treatment for any CODI arising in bankruptcy, but generally requires the debtor to reduce certain of its tax attributes – such as current year NOLs, NOL carry-forwards, tax credits, capital losses and tax basis in assets – by the amount of any such CODI that arises by reason of the discharge of the debtor's indebtedness in the bankruptcy case. CODI is generally the amount by which the adjusted issue price of indebtedness discharged exceeds the sum of the amount of cash and the fair market value of any other property given in exchange therefore. Any reduction in tax attributes under the CODI rules does not occur until the end of the tax year after such attributes have been applied to determine the tax in the year of discharge or, in the case of asset basis reduction, the first day of the taxable year following the tax year in which the

CODI occurs. Accordingly, consistent with the intended treatment of the Plan as a plan of liquidation for U.S. federal income tax purposes, the Debtors expect that no CODI should be incurred by a Debtor as a result of the implementation of the Plan prior to the disposition by such Debtor of all or substantially all of its assets. In such case, the reduction of tax attributes resulting from such CODI (which, as indicated above, only occurs as of the end of the tax year in which the CODI occurs) generally should not have a material impact on the Debtors.

The Debtors' ability to utilize its NOL carry-forwards and certain other tax attributes could be subject to limitation if the Debtors underwent or were to undergo an ownership change within the meaning of section 382 of the Tax Code by reason of the implementation of the Plan or otherwise. Nevertheless, there can be no assurance that all or a substantial amount of the CODI will not be incurred prior to the disposition of the Properties, or that an ownership change will not occur upon consummation of the Plan due to, among other things, a lack of authoritative IRS guidance as to when CODI occurs in the context of a liquidating Chapter 11 plan. In such event, the Debtors could incur a material amount of U.S. federal income tax in respect of the sale of the Properties depending, in part, on the amount realized upon the disposition of such assets and the then tax basis of the assets.

2. *Alternative Minimum Tax*

In general, a U.S. federal alternative minimum tax ("AMT") is imposed on a corporation's alternative minimum taxable income at a 20% rate to the extent that such tax exceeds the corporation's regular U.S. federal income tax. For purposes of computing AMT taxable income, certain tax deductions and other beneficial allowances are modified or eliminated. In particular, even though a corporation otherwise might be able to offset all of its taxable income for regular tax purposes by available NOL carryforwards, only 90% of a corporation's taxable income for AMT purposes may be offset by available NOL carry-forwards (as computed for AMT purposes).

B. CONSEQUENCES TO HOLDERS OF ALLOWED GENERAL UNSECURED CLAIMS

1. *Recognition of Gain or Loss*

The U.S. federal income tax consequences of the implementation of the Plan to a holder of a Claim will depend, among other things, upon the origin of the holder's Claim, when the holder receives payment in respect of such Claim, whether the holder reports income using the accrual or cash method of tax accounting, whether the holder acquired its Claim at a discount, whether the holder has taken a bad debt deduction or worthless security deduction with respect to such Claim, and/or whether (as intended and herein assumed) the Plan is treated as a plan of liquidation for U.S. federal income tax purposes. A holder of a Claim should consult its tax advisor regarding the timing and amount of any potential bad debt deduction.

Generally, a holder of an Allowed Claim will recognize gain or loss with respect to its Allowed Claim) in an amount equal to the difference between (i) the sum of the amount of any Cash and the fair market value of any other property received by the holder and (ii) the

adjusted tax basis of the Allowed Claim exchanged therefore (other than basis attributable to accrued but unpaid interest previously included in the holder's taxable income). As discussed below, the amount of Cash or other property received in respect of Claims for accrued but unpaid interest will be taxed as ordinary income, except to the extent previously included in income by a holder under its method of accounting. See Section B.2.— "Allocation of Consideration to Interest."

Consistent with the treatment of the Plan as a plan of liquidation, any loss realized by a holder of a Claim may not be recognizable until all of the distributions to such holder are received.

When gain or loss is recognized, such gain or loss may be long-term capital gain or loss if the Claim disposed of is a capital asset in the hands of the holder and has been held for more than one year. Each holder of an Allowed Claim should consult its tax advisor to determine whether gain or loss recognized by such holder will be long-term capital gain or loss and the specific tax effect thereof on such holder.

2. *Allocation of Consideration to Interest*

Pursuant to section 7.8 of the Plan, all distributions in respect of Allowed Claims will be allocated first to the principal amount of the Allowed Claim (as determined for U.S. federal income tax purposes), with any excess allocated to accrued but unpaid interest. However, there is no assurance that such allocation would be respected by the IRS for U.S. federal income tax purposes. In general, to the extent any amount received (whether stock, cash, or other property) by a holder of a debt instrument is received in satisfaction of accrued interest during its holding period, such amount will be taxable to the holder as ordinary interest income (if not previously included in the holder's gross income under the holder's normal method of accounting). Conversely, a holder generally recognizes a deductible loss to the extent any accrued interest claimed was previously included in its gross income and is not paid in full.

Each holder of an Allowed Claim is urged to consult its own tax advisors regarding the allocation of consideration and the taxation or deductibility of unpaid interest for tax purposes.

C. WITHHOLDING ON DISTRIBUTIONS AND INFORMATION REPORTING

All distributions to holders of Allowed Claims under the Plan are subject to any applicable tax withholding, including employment tax withholding. Under U.S. federal income tax law, interest, dividends, and other reportable payments may, under certain circumstances, be subject to "backup withholding" at the then applicable withholding rate (currently 28%). Backup withholding generally applies if the holder (a) fails to furnish its social security number or other taxpayer identification number, (b) furnishes an incorrect taxpayer identification number, (c) fails properly to report interest or dividends, or (d) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the tax identification number provided is its correct number and that it is not subject to backup withholding. Backup withholding is not an additional tax but merely an advance

payment, which may be refunded to the extent it results in an overpayment of tax. Certain persons are exempt from backup withholding, including, in certain circumstances, corporations and financial institutions. Holders of Allowed Claims are urged to consult their tax advisors regarding the Treasury Regulations governing backup withholding and whether the transactions contemplated by the Plan would be subject to these Treasury Regulations.

In addition, a holder of an Allowed Claim that is a not a U.S. person may be subject to up to 30% withholding, depending on, among other things, the particular type of income and whether the type of income is subject to a lower treaty rate. As to certain Claims, it is possible that withholding may be required with respect to Distributions by the Debtors even if no withholding would have been required if payment was made prior to the Chapter 11 Cases. A non-U.S. holder may also be subject to other adverse consequences in connection with the implementation of the Plan. As discussed above, the foregoing discussion of the U.S. federal income tax consequences of the Plan does not generally address the consequences to non-U.S. holders. Non-U.S. holders are urged to consult their tax advisors regarding potential withholding on Distributions by the Debtors.

In addition, Treasury Regulations generally require disclosure by a taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds. Holders are urged to consult their tax advisors regarding these Treasury Regulations and whether the transactions contemplated by the Plan would be subject to these Treasury Regulations and require disclosure on the holder's tax returns.

VIII.

CONFIRMATION OF THE PLAN

A. CONFIRMATION HEARING

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after appropriate notice, to hold a hearing on confirmation of a Chapter 11 plan. The Bankruptcy Court has scheduled the Confirmation Hearing to commence on _____, 2017 at 10:00 a.m. (Eastern Time). The Confirmation Hearing may be adjourned from time-to-time by the Debtors or the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any subsequent adjourned Confirmation Hearing.

B. OBJECTIONS

Section 1128 of the Bankruptcy Code provides that any party in interest may object to the confirmation of a plan. Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014.

Any objection to confirmation of the Plan must be in writing, must conform to the Bankruptcy Rules and the Local Bankruptcy Rules for the Bankruptcy Court, must set forth

the name of the objector, the nature and amount of Claims or Interests held or asserted by the objector against the Debtors' estates or property, the basis for the objection and the specific grounds therefore, and must be filed with the Bankruptcy Court, with a copy to the chambers of The Honorable Robert D. Drain, United States Bankruptcy Court for the Southern District of New York, 300 Quarropas Street, White Plains, New York, together with proof of service thereof, and served upon the parties listed below so as to be received no later than the Plan Objection Deadline of _____, 2017 at 5:00 p.m. (Eastern Time):

Debtors: c/o FIA Capital Partners LLC 7280 West Palmetto Park Road Suite 203-N Boca Raton, Florida 33433 Attention: David Goldwasser	Counsel to the Debtor: Robinson Brog Leinwand Greene Genovese & Gluck P.C. 875 Third Avenue, 9th Floor New York, New York 10022 Telephone: (212) 603-6300 Facsimile: (212) 956-2164 Attention: Steven B. Eichel
Office of the United States Trustee: 201 Varick Street Suite 1006 New York, NY 10014 Attn: Serene K. Nakano, Esq.	Counsel to EVF1 Kriss & Feuerstein LLP 360 Lexington Avenue, Suite 1200 New York, New York 10017 Attn: Jerold C. Feuerstein, Esq. Jason S. Leibowitz, Esq.

UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

C. REQUIREMENTS FOR CONFIRMATION OF THE PLAN

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

a. General Requirements

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

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

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

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

(iv) Any payment made or promised by the Debtors or by a person issuing securities or acquiring property under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been approved or is subject to the approval of the Bankruptcy Court as reasonable.

(v) The Debtors have disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the Plan, as a director, officer, or voting trustee of the Debtors, an affiliate of the Debtors participating in a plan with the Debtors, or a successor to the Debtors under the Plan, and the appointment to, or continuance in, such office of such individual is with the interests of creditors and equity holders and with public policy.

(vi) With respect to each Class of Claims or Interests, each holder of an Impaired Claim or Impaired Interest either has accepted the Plan or will receive or retain under the Plan on account of such holder's Claim or Interest, property of a value, as of the Effective Date, that is not less than the amount such holder would receive or retain if the Debtor was liquidated on the Effective Date under chapter 7 of the Bankruptcy Code. See discussion of "Best Interests Test" below.

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

(viii) Except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, the Plan provides that administrative and priority claims will be paid in full on the Effective Date.

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

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

(xi) All fees payable under section 1930 of title 28, as determined by the Bankruptcy Court at the hearing on confirmation of the Plan, have been paid or the Plan provides for the payment of all such fees on the Effective Date of the Plan.

b. Best Interests Test

As noted above, the Bankruptcy Code requires that each holder of an Claim or Interest either (i) accepts the Plan or (ii) receives or retains under the Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive or

retain if the Debtor was liquidated under chapter 7 of the Bankruptcy Code on the Effective Date. This requirement is referred to as the "best interests test."

The best interests test requires the Bankruptcy Court to determine what the holders of allowed claims and allowed equity interests in each impaired class would receive from a liquidation of the debtor's assets and properties in the context of a liquidation under chapter 7 of the Bankruptcy Code. To determine if a plan is in the best interests of each impaired class, the value of the distributions from the proceeds of the liquidation of the debtor's assets and properties (after subtracting the amounts attributable to the aforesaid claims) is then compared with the value offered to such classes of claims and equity interests under the plan.

The Debtors believe that under the Plan all holders of impaired Claims and Interests will receive property with a value not less than the value such holder would receive in a liquidation under chapter 7 of the Bankruptcy Code. The Debtors' belief is based primarily on (i) consideration of the effects that a chapter 7 liquidation would have on the ultimate proceeds available for distribution to holders of impaired Claims and Interests and (ii) the Liquidation Analysis set forth in the Plan Supplement.

The Liquidation Analysis is a comparison of (i) the estimated recoveries for creditors and equity holders of the Debtors that may result from the Plan and (ii) an estimate of the recoveries that may result from a hypothetical chapter 7 liquidation. The Liquidation Analysis is based upon a number of significant assumptions which are described therein. The Liquidation Analysis is solely for the purpose of disclosing to holders of Claims and Interests the effects of a hypothetical chapter 7 liquidation of the Debtors, subject to the assumptions set forth therein. There can be no assurance as to values that would actually be realized in a chapter 7 liquidation nor can there be any assurance that the Bankruptcy Court will accept the Debtors' conclusions or concur with such assumptions in making its determinations under section 1129(a)(7) of the Bankruptcy Code.

c. Liquidation Analysis

The Debtors have concluded that the Plan provides to each creditor recovery with a present value at least equal to the present value of the distribution which such person would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. The Plan provides for a sale of the Properties to the highest bidder at an auction. Unless the proceeds exceed $181 million, the sale proceeds are to be distributed to EVF1 on account of its secured claim. The Plan will be funded by EVF1 up to the amount of $13.5 million (subject to the terms of the Interim and Final Cash Collateral Stipulation and Order). The $13.5 million Plan Fund will be distributed to creditors in accordance with the priorities established by the Bankruptcy Code, including what the Debtors believe will be a substantial pro rata distribution to unsecured creditors (estimated at 100% of their Allowed Claims), subject to the final adjudication of claims objections.

The Debtors believe that in the event its assets were sold in a Chapter 7 liquidation, all of the proceeds would go to pay Chapter 7 administrative claims, bankruptcy fees, chapter 11 administrative claims, and the Allowed EVF1 Secured Claim. In such event, no funds would

be remaining for distribution to unsecured creditors. As such, the Debtors believe that no unsecured creditors or interest holders would receive a distribution in a Chapter 7 case which is greater than the one they may be entitled to under the Plan.

The Debtors further believe that the net effect of a conversion of this case to Chapter 7 would be to (i) increase the administrative expenses of the estate (including the additional transfer tax that will need to be paid in the approximate amount of $1,460,000) and (ii) decrease the funds available for non-administrative creditors.

The liquidation values stated herein assume that the Properties would be liquidated in the context of a Chapter 7 case and assumes the present values of such liquidation values as of December 2016. The assumptions utilized in the analysis considered the estimated liquidation value of the Properties and estimated amount of claims that would be allowed, together with an estimate of certain administrative costs and other expenses which would likely result during the liquidation process. While the Debtors believe the assumptions underlying the Liquidation Analysis are reasonable, the validity of such assumptions may be affected by the occurrence of events, and the existence of conditions not now contemplated or by other factors, many of which will be beyond the control of the Bankruptcy Court, the Debtors and any trustee appointed for the Debtors. The actual liquidation value of the Debtors may vary from that considered herein and the variations may be material.

The Debtors have assumed that the Properties would be sold within three months in a Chapter 7 liquidation. It is assumed that cash proceeds of liquidating the Property would total approximately $146,000,000. The basis of this assumption is that after extensive marketing by the Debtors, the Debtors had a contract to sell the Properties for $146,000,000. The Purchaser did not close on the contract.

The Debtors believe that the total cash which would be administered in a hypothetical Chapter 7 case would aggregate approximately $146,000,000 in proceeds from the liquidation sale of the Properties, all of which would be distributed to EVF1 on account of its secured claim. Upon consultation with its advisors, the Debtors assume for the purposes of this analysis that the cash would be distributed as follows:

Available for distribution	$146,000,000
To the payment of:	
New York Transfer Tax	$1,460,000
Chapter 7 Administrative Claims:	
Chapter 7 trustee commissions and expenses (approximately 3% of $150,000,000)	$4,500,000
Chapter 7 trustee broker commissions and expenses (approximately 2% of $150,000,000)	$3,000,000

Chapter 7 trustee's professionals (attorneys, appraisers, auctioneers accountants, etc.)	$250,000
EVFI Secured Claim	$167,120,000
Chapter 11 Administrative Claims	$1,000,000
Remaining Available Cash	$0
General Unsecured Claims	$0

In a chapter 7 liquidation, there would be insufficient funds to satisfy the EVF1 Secured Claim in full, Chapter 11 Administrative Claims in full and no funds available to pay claims of Allowed Unsecured Creditors.

The Plan contemplates an auction which will provide payment to EVF1 on account of its Allowed Secured Claim as well as a substantial pro rata distribution to unsecured creditors because of EVF1's funding of the Plan, subject to the final adjudication of claims objections. In a Chapter 7 liquidation, there would be insufficient funds to satisfy the EVF1 Secured Claim in full, Chapter 11 Administrative Claims in full and no funds available to pay claims of Allowed General unsecured creditors. Accordingly, the Debtors believe that the Plan provides creditors with at least as much as they would be entitled to receive in a Chapter 7 liquidation.

d. Feasibility Analysis

The Bankruptcy Code requires that a debtor demonstrate that confirmation of a plan is not likely to be followed by liquidation or the need for further financial reorganization unless contemplated by the Plan. The Plan provides for the sale of substantially all of the Debtors' assets to EVF1. Accordingly, the Debtors believe that all Plan obligations will be satisfied without the need for further reorganization of the Debtors.

Requirements of Section 1129(b) of the Bankruptcy Code

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

e. No Unfair Discrimination

The "no unfair discrimination" test applies to classes of claims or equity interests that are of equal priority and are receiving different treatment under a plan. A chapter 11 plan of reorganization does not discriminate unfairly, within the meaning of the Bankruptcy Code, if

the legal rights of a dissenting class are treated in a manner consistent with the treatment of other classes whose legal rights are substantially similar to those of the dissenting class and if no class of claims or equity interests receives more than it legally is entitled to receive for its claims or equity interests. This test does not require that the treatment be the same or equivalent, but that such treatment is "fair."

The Debtors believe that, under the Plan, all impaired classes of Claims and Interests are treated in a manner that is fair and consistent with the treatment of other classes of Claims and Interests having the same priority. Accordingly, the Debtors believe the Plan does not discriminate unfairly as to any impaired class of Claims or Interests.

f. Fair and Equitable Test

The "fair and equitable" test applies to classes of different priority and status (e.g., secured versus unsecured) and includes the general requirement that no class of claims receive more than 100% of the allowed amount of the claims in such class. The test sets forth different standards for what is fair and equitable, depending on the type of claims or interests in such class. In order to demonstrate that a plan is "fair and equitable," the plan proponent must demonstrate the following:

Secured Creditors. With respect to a class of impaired secured claims, a proposed plan must provide the following: (a) that the holders of secured claims retain their liens securing such claims, whether the property subject to such liens is retained by the debtor or transferred to another entity, to the extent of the allowed amount of such claims, and receive on account of such claim deferred cash payments totaling at least the allowed amount of such claim, of a value, as of the effective date of the Plan, of at least the value of such holder's interest in the estates' interest in such property, or (b) for the sale, subject to section 363(k) of the Bankruptcy Code, of any property that is subject to the liens securing such claims, free and clear of such liens, with such liens to attach to the proceeds of such sale, and the treatment of such liens on proceeds under clause (a) or (c) of this paragraph, or (c) that the holders of secured claims receive the "indubitable equivalent" of their allowed secured claim. The only secured impaired class of claims is Class 2 containing the claim held by EVF1. The Plan provides for the treatment of EVF1 Secured Claim in accordance with subsection (b) of 1129(b)(2)(A)(ii).

(i) Unsecured Creditors. With respect to a class of impaired unsecured claims, a proposed plan must provide the following: either (a) each holder of an impaired unsecured claim receives or retains under the plan property of a value equal to the amount of its allowed claim or (b) the holders of claims and interests that are junior to the claims of the dissenting class will not receive any property under the plan.

Inasmuch as the Plan provides that holder of Claims in any Class senior in priority to the holders of Existing Equity Interests in Class 6 will be paid in full (or will have accepted the plan), the Plan satisfies the "fair and equitable" test with respect to all Impaired Unsecured Insider Claims.

(ii) Holders of Equity Interests. With respect to a class of equity interests, a

proposed plan must provide the following: (a) that each holder of an equity interest receive or retain on account of such interest property of a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such interest or (b) that the holder of any interest that is junior to the interests of the class of equity interests will not receive or retain under the Plan on account of such junior interest, any property.

Pursuant to the Plan, no claim junior to equity interests will receive or retain any property under the Plan on account of such junior interest. Accordingly, the Plan meets the "fair and equitable" test with respect to all Interests.

g. **Application to the Plan**

As to any Class that may reject the Plan, the Debtors believe the Plan will satisfy both the "no unfair discrimination" requirement and the "fair and equitable" requirements, because, as to any such dissenting Class, there is no Class of equal priority receiving more favorable treatment, and such Class will either be paid in full, or no Class that is junior to such a dissenting Class will receive or retain any property on account of the Claims or Interests in such Class.

2. *Alternative to Confirmation and Consummation of the Plan*

The Debtors have evaluated several alternatives to the Plan. After studying these alternatives, the Debtors have concluded that the Plan is the best option for the Debtors and their estates and will maximize recoveries to parties-in-interest—assuming confirmation and consummation of the Plan. If the Plan is not confirmed and consummated, the alternatives to the Plan include a sale of the Property under section 363 of the Bankruptcy Code or a liquidation of the Debtors under chapter 7 of the Bankruptcy Code.

a. Section 363 Sale

If the Plan is not confirmed, the Debtors could seek from the Bankruptcy Court, after notice and a hearing, authorization to sell the Property and other assets under section 363 of the Bankruptcy Code. Holders of Claims in Classes 2 and 3 would be entitled to credit bid on any property to which their security interests are attached, and to offset their Claims against the purchase price of the property. In addition, the security interests in the Debtors' assets held by holders of Claims in Classes 2 (EVF1 Secured Claim) and 3 (Other Secured Claims), would attach to the proceeds of any sale of the Debtors' assets.

After these Claims are satisfied, any remaining funds could be used to pay holders of Claims in Class 1 (Other Priority Claims), and Claim 4 (General Unsecured Insider Claims), and Claim 5 (General Unsecured Insider Claims). The Debtors would need to file a plan of liquidation or convert the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code in order to distribute any proceeds from a sale. Upon analysis and consideration of this alternative, the Debtors did not believe a sale of their assets under section 363 of the Bankruptcy Code would yield a higher recovery than treatment under the Plan for holders of

Claims and Interests.

b. Liquidation Under Chapter 7

In a chapter 7 case, a trustee is appointed to liquidate a debtor's assets and to make distributions to creditors in accordance with the priorities established in the Bankruptcy Code. Generally, secured creditors are paid first from the proceeds of sales of their collateral. If any assets remain in the bankruptcy estate after satisfaction of secured creditors' claims from their collateral, administrative expenses are next to be paid. Unsecured creditors are paid from any remaining sale proceeds, according to their respective priorities. Unsecured creditors with the same priority share in proportion to the amount of their allowed claims in relationship to the total amount of allowed claims held by all unsecured creditors with the same priority. Finally, interest holders receive the balance that remains, if any, after all creditors are paid.

Substantially all of the Debtors' assets are being sold through the proposed Sale Transaction under the Plan. The Debtors believe that the Plan provides a greater recovery to the Allowed General Unsecured Claims and Allowed General Unsecured Insider Claims than would a chapter 7 liquidation for several reasons. First, after a substantial marketing efforts have been made, the Debtors have not received a better offer than the satisfaction of EVF1's Secured Claim plus EVF1's funding of the Plan. As a result, liquidation under chapter 7 of the Bankruptcy Code would decrease the aggregate proceeds available to holders of Claims and Interests.

Second, and most significantly, in a chapter 7 liquidation, EVF1 would have no incentive to make the Plan Fund available, which is providing a certain and timely availability of funds to pay a 100% distribution to all creditors in classes 3 and 4 as and allowed priority and administrative claims prior to EVF1 receiving the Properties for its secured claim. Claim 5 is also expected to receive a distribution. Were this case to be liquidated in a chapter 7 case, no such Plan Fund would be available and the EVF1 Secured Claim would likely increase substantially due to the accrual of additional interest on its secured debt, making it unlikely that other creditors would receive a distribution approaching the 100% to be paid for under the Plan.

Third, liquidating the Debtors' Estates under the Plan likely provides Holders of Allowed General Unsecured Claims with a larger, more timely recovery because of the fees and expenses that would be incurred in a chapter 7 liquidation, including the potential added time and expense incurred by the chapter 7 trustee and any retained professionals in familiarizing themselves with the Debtor sand the estates. The Debtors believe that in liquidation under chapter 7, before creditors received any distribution, additional administrative expenses involved in the appointment of a chapter 7 trustee and its retained professionals would cause a substantial diminution in the value of the Debtors' assets. The assets available for distribution to creditors would be reduced by such additional expenses and by the Claims, some of which would be entitled to priority, which would arise by reason of the liquidation and from the rejection of leases and other executory contracts.

Based on the Debtors' analysis, it is probable that a liquidation of the Debtors' assets

under a chapter 7 liquidation would result in smaller distributions being made to creditors than those provided for under the Plan because of (i) the likelihood that the assets of the Debtors would have to be sold or otherwise disposed of in a less orderly fashion over a short period of time, (ii) the increased interest on EVF1 Secured Claim, (iii) the loss of the Plan Fund as a resource for the payment to creditors and (iv) additional expenses and claims, some of which would be entitled to priority, which would be generated during the chapter 7 liquidation process. Accordingly, the Debtors believe that the Plan is in the best interests of creditors.

c. Alternative Plans

The Debtors do not believe that there are any alternative plans for the reorganization or liquidation of the Debtors' Estates then would, or indeed could, yield a better result for its creditors that the current proposed plan. The Debtors believe that the Plan, as described herein, enables Holders of Claims and Interests to realize the greatest possible value under the circumstances and that, compared to any alternative plan, the Plan has the greatest chance to be confirmed and consummated.

3. *Nonconsensual Confirmation*

In the unlikely circumstance that any impaired Class of Claims entitled to vote will not accept the Plan by the requisite statutory majority provided in section 1126(c) of the Bankruptcy Code, the Debtors reserve the right to amend the Plan or undertake to have the Bankruptcy Court confirm the Plan under section 1129(b) of the Bankruptcy Code or both. With respect to impaired Classes of Claims that are deemed to reject the Plan, the Debtors would request that the Bankruptcy Court confirm the Plan pursuant to section 1129(b) of the Bankruptcy Code.

IX.
CONCLUSION

The Debtors believe that confirmation and implementation of the Plan is in the best interests of all creditors, and urges holders of impaired Claims to vote to accept the Plan and to evidence such acceptance by returning their ballots so that they will be received no later than the Voting Deadline, _____, 2017 at 5:00 p.m. (prevailing Eastern Time).

Dated: June 23, 2017
New York, New York

East Village Properties LLC, 223 East 5th Street LLC, 229 East 5th Street LLC, 231 East 5th Street LLC, 233 East 5th Street LLC, 235 East 5th Street LLC, 228 East 6th Street LLC, 66 East 7th Street LLC, 27 St Marks Place LLC, 334 East 9th Street LLC, 253 East 10th Street LLC, 325 East 12th Street LLC, 327 East 12th Street LLC, 329 East 12th Street LLC, 510 East 12th Street LLC, and 514 East 12th Street LLC

By: /s/ David Goldwasser
David Goldwasser
Managing Member

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