THIS DISCLOSURE STATEMENT IS SUBJECT TO THE APPROVAL OF THE BANKRUPTCY COURT AND IS NOT A SOLICITATION OF ACCEPTANCES OR REJECTIONS OF THE PLAN. ACCEPTANCES OR REJECTIONS OF THE PLAN MAY NOT BE SOLICITED UNTIL THIS DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	:	Chapter 11
	:	
Doral Financial Corporation, *et al.*,[1]	:	Case No. 15-10573 (SCC)
	:	
Debtors.	:	(Jointly Administered)

DISCLOSURE STATEMENT FOR THE CHAPTER 11 PLAN OF LIQUIDATION FOR DORAL PROPERTIES, INC.

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Dated: May 25, 2016

[1] The last four digits of the taxpayer identification number of the Debtors are: Doral Financial Corporation (2162); Doral Properties, Inc. (2283).

TABLE OF CONTENTS

Page

GENERAL BACKGROUND....1

COMPANY INFORMATION....4

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS....5

SUMMARY OF THE PLAN....6

I. VOTING PROCEDURES AND REQUIREMENTS....10
- A. *Ballots*....10
  - 1. General Provisions....10
  - 2. Special Instructions for Nominees....10
- B. *Procedures for Casting Votes and Deadlines for Voting on the Plan*....11

II. RISK FACTORS....12
- A. *Risks Relating to the Chapter 11 Case*....12
  - 1. Administrative Claims....12
  - 2. Classification and Treatment of Claims and Equity Interests....12
  - 3. Requirement of Impaired Accepting Class....13
  - 4. Certain Risks of Nonconfirmation or Delay of Confirmation....13
  - 5. Risk of Nonoccurrence of the Effective Date....14
  - 6. Alternatives to Confirmation and Consummation of the Plan....14

III. BACKGROUND AND EVENTS LEADING UP TO THE CHAPTER 11 CASE....14
- A. *The Debtor's Primary Assets*....14
- B. *Capital Structure*....15
  - 1. Secured 1999 AFICA Bonds....15
  - 2. Unsecured 2002 AFICA Bonds....15
- C. *Employees*....15
- D. *Directors and Officers*....15
- E. *Receivership of Doral Bank*....15
- F. *Banco Popular Leases*....16
- G. *Marketing of the Buildings*....16

IV. SIGNIFICANT EVENTS DURING THE CHAPTER 11 CASE....16

A. *Sale of the Buildings* 17
B. *Chapter 11 Case Administration* 17
1. Retention of Professionals....17
2. Filing the Schedules 17
3. Bar Date 18
V. UNLIQUIDATED NON-CASH ASSETS....18
A. *Claims Against Doral Bank* 18
B. *Other Litigation Claims* 18
VI. THE PLAN – CLASSIFICATIONS, DISTRIBUTIONS, AND IMPLEMENTATION .19
A. *Overview of Chapter 11* 19
B. *Administrative Claims, Priority Tax Claims, and Other Unclassified Claims* 19
1. Administrative Claims 19
2. Professional Fees....19
3. Priority Tax Claims 19
4. Other Priority Claims 20
C. *Classification of Claims and Interests* 20
D. *Treatment of Claims and Interests*....21
1. Treatment of Claims and Equity Interests....21
2. Confirmation Pursuant to 1129(b) of the Bankruptcy Code 22
E. *Means of Implementation of Plan*....22
1. Corporate Action....22
2. Vesting of Assets 22
3. Dissolution of the Debtor....22
4. Continuation of Stays....23
5. Cancellation and Surrender of Instruments, Securities, and Existing Agreements 23
6. Liquidating Trust....23
7. Settlement Regarding Indenture Trustee's Superpriority Claim....24
8. Bar Date for Administrative Claims 25
VII. LIQUIDATION ANALYSIS 25
VIII. THE PLAN – OTHER PROVISIONS....26
A. *Treatment of Executory Contracts and Unexpired Leases* 26

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1. Rejection of Executory Contracts and Unexpired Leases 26

2. Claims Based on Rejection of Executory Contracts and Unexpired Leases 26

B. *Provisions Governing Distributions* 27

1. Manner of Payments Under Plan of Liquidation 27

2. Delivery of Distributions and Undeliverable or Unclaimed Distributions 27

3. Setoff and Recoupment 28

4. Compliance with Tax Requirements 28

C. *Provisions for Treatment of Subsequent Plan Distributions* 28

1. Objections to and Estimation of Claims 28

2. Plan Reserves 29

3. Subsequently Allowed Claims or Interests 29

4. Payments and Distributions on Disputed Claims 29

D. *Conditions Precedent to Confirmation and Effective Date of the Plan* 29

1. Conditions to Confirmation 29

2. Conditions to Effectiveness 30

3. Waiver of Conditions to Confirmation or the Effective Date 30

4. Revocation of the Plan 30

E. *Effect of Plan Confirmation* 30

1. Binding Effect 30

2. Exculpation. 30

3. Injunction Against Asserting Claims of the Debtor and Against Interference with the Plan 31

4. Releases by the Debtor. 31

5. Term of Bankruptcy Injunction or Stays 32

F. *Retention of Jurisdiction* 32

G. *Miscellaneous Provisions* 32

1. Governing Law 32

2. Severability 32

H. *Notices* 33

I. *Exemption from Transfer Taxes* 34

IX. CERTAIN FEDERAL INCOME TAX CONSIDERATIONS 34

A. *U.S. Federal Income Tax Consequences of the Plan to Holders of Allowed AFICA Secured Claims* 35
1. In General 35
2. U.S. Federal Income Tax Consequences of the Plan to U.S. Holders 36
3. U.S. Federal Income Tax Consequences of Sale, Exchange or Other Taxable Disposition of Interests in Liquidating Trust to U.S. Holders 37
4. U.S. Federal Income Tax Consequences of the Plan to Non-U.S. Holders 37
5. U.S. Federal Income Tax Consequences to Non-U.S. Holders of Sale, Exchange or Other Taxable Disposition of Interests in the Liquidating Trust 38
6. Information Reporting and Backup Withholding 39
B. *Importance of Obtaining Professional Tax Assistance* 39

X. CONFIRMATION 40
A. *Confirmation Hearing* 40
B. *Requirements for Confirmation* 40
C. *Class Acceptance of the Plan* 40
D. *Cram Down* 41
E. *Plan Meets Requirements for Confirmation* 41
1. Best Interests of Creditors—Liquidation Analysis 41
2. Feasibility of the Plan 42
F. *Alternatives to Confirmation and Consummation of the Plan* 42
1. Alternative Plans of Liquidation 42
2. Dismissal of the Debtor’s Chapter 11 Case 43
3. Liquidation Under Chapter 7 43

RECOMMENDATION AND CONCLUSION 43

ANNEX I

EXHIBITS

A. Chapter 11 Plan of Liquidation for Doral Properties, Inc.

GENERAL BACKGROUND

The Debtor seeks to confirm the Chapter 11 Plan of Liquidation for Doral Properties, Inc., filed on May 25, 2016 (the "Plan"), filed contemporaneously herewith.[1] The confirmation of the Plan is subject to, among other things, judicial approval of this Disclosure Statement and the Plan. If the Plan is confirmed by the Bankruptcy Court and the Effective Date occurs, all of the Debtor's creditors will be bound by the Plan and the transactions contemplated thereby.

Among other things, the Plan provides for the Debtor to establish a liquidating trust and liquidate its remaining assets. The Plan provides for each holder of an Allowed AFICA Secured Claim to receive, via distribution to the Indenture Trustee and in full satisfaction and discharge of its Claim against the Debtor, a *pro rata* share of the Debtor's cash available for distribution and interests in the Liquidating Trust. The Indenture Trustee will receive these distributions for the benefit of the holders of the 1999 AFICA Bonds (CUSIPs 74527BLC6 and 74527BLD4). The Plan further provides for no distributions to holders of General Unsecured Claims or Equity Interests.

The Debtor believes that confirmation of the Plan is in the best interests of creditors and other parties in interest and, therefore, that the Plan should be confirmed. The Plan is supported by the Indenture Trustee and holders of approximately 65% of the AFICA Secured Claims. The holders of the 1999 AFICA Bonds, as the economic beneficiaries of the AFICA Secured Claims, are the only creditors permitted to vote on the Plan. **The Debtor and the Indenture Trustee recommend that all holders of 1999 AFICA Bonds vote to accept the Plan.**

The Voting Agent for the Plan is Garden City Group, LLC They can be contacted at:

Overnight and hand delivery
Garden City Group, LLC
551 Blazer Parkway, Suite A
Dublin, OH 43017
Attn: Doral Balloting Center

Standard mail
Garden City Group, LLC
P.O. Box 9852
Dublin, OH 43017-5752
Attn: Doral Balloting Center

Telephone: (855) 382-6443

[1] The Plan is attached hereto as **Exhibit A** and incorporated into this Disclosure Statement by reference. Capitalized terms used but not otherwise defined in this Disclosure Statement have the meanings ascribed to such terms in the Plan.

The Debtor's legal advisor is Ropes & Gray LLP. They can be contacted at:

Ropes & Gray LLP
1211 Avenue of the Americas
New York, NY 10036
Attn: Mark I. Bane
Email: mark.bane@ropesgray.com

Ropes & Gray LLP
Prudential Tower
800 Boylston Street
Boston, MA 02199
Attn: James A. Wright III
Email: james.wright@ropesgray.com

Counsel to the Indenture Trustee can be contacted at:

Eckert Seamans Cherin & Mellott, LLC
10 Bank Street, Suite 700
White Plains, NY 10606
Attn: Christopher F. Graham
Email: cgraham@eckertseamans.com

THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE LEGAL, BUSINESS, FINANCIAL, OR TAX ADVICE. ANY PARTY DESIRING ANY SUCH ADVICE SHOULD CONSULT WITH ITS OWN ADVISORS.

EACH HOLDER OF 1999 AFICA BONDS (CUSIPS 74527BLC6 AND 74527BLD4) SHOULD REVIEW THIS DISCLOSURE STATEMENT AND THE PLAN AND ALL EXHIBITS HERETO AND THERETO BEFORE CASTING A BALLOT. THIS DISCLOSURE STATEMENT CONTAINS A SUMMARY OF CERTAIN PROVISIONS OF THE PLAN AND CERTAIN OTHER DOCUMENTS AND FINANCIAL INFORMATION. THE DEBTOR BELIEVES THAT THESE SUMMARIES ARE FAIR AND ACCURATE AS OF THE DATE HEREOF AND PROVIDE ADEQUATE INFORMATION WITH RESPECT TO THE DOCUMENTS SUMMARIZED. HOWEVER, SUCH SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF THOSE DOCUMENTS AND AS OTHERWISE PROVIDED HEREIN.

THIS DISCLOSURE STATEMENT CONTAINS CERTAIN FORWARD-LOOKING STATEMENTS WHICH ARE BASED ON VARIOUS ESTIMATES AND ASSUMPTIONS. SUCH STATEMENTS ARE SUBJECT TO INHERENT UNCERTAINTIES AND A VARIETY OF RISKS, INCLUDING THOSE SUMMARIZED HEREIN.

NEITHER INDEPENDENT AUDITORS NOR ANY OTHER INDEPENDENT ACCOUNTANTS HAVE COMPILED, EXAMINED, OR PERFORMED ANY

PROCEDURES WITH RESPECT TO THE LIQUIDATION ANALYSIS CONTAINED HEREIN, NOR HAS ANY SUCH PARTY EXPRESSED ANY OPINION OR ANY OTHER FORM OF ASSURANCE AS TO SUCH INFORMATION OR ITS ACHIEVABILITY, NOR DOES ANY SUCH PARTY ASSUME ANY RESPONSIBILITY FOR OR CLAIM ANY ASSOCIATION WITH THE LIQUIDATION ANALYSIS.

SEE THE SECTION ENTITLED "RISK FACTORS" OF THIS DISCLOSURE STATEMENT FOR A DISCUSSION OF CERTAIN RISK FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH THE PLAN.

All exhibits to this Disclosure Statement are incorporated into and are a part of this Disclosure Statement as if fully set forth herein.

No person has been authorized to provide any information or make any representation on our behalf not contained, or incorporated by reference, in this Disclosure Statement or the Plan and, if provided or made, such information or representation must not be relied upon as having been authorized.

The delivery of this Disclosure Statement will not, under any circumstances, create any implication that the information it contains (or incorporates by reference from other documents or reports) is correct as of any time subsequent to the date hereof (or the date of a document or report incorporated by reference), or that there has been no change in the information set forth herein (or in a document or report incorporated by reference) or in our affairs since the date hereof (or thereof). All statements contained in this Disclosure Statement are made as of the date hereof unless otherwise specified.

COMPANY INFORMATION

The bankruptcy case website for the Debtor and DFC, the parent company of the Debtor, is http://cases.gcginc.com/dor/info.php. The Debtor and DFC are in separate bankruptcy cases and are subject to different chapter 11 plans. Neither the information in the disclosure statement for DFC nor the information on the Debtor's case administration website is a part of this Disclosure Statement, except to the extent that any such information expressly is incorporated herein.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Disclosure Statement contains statements relating to future results of the Debtor that are "forward-looking statements" as defined by the SEC in its rules, regulations, and releases. Any statements set forth in this Disclosure Statement with regard to our expectations as to results and other events in the future may constitute forward-looking statements. These statements relate to the Debtor's future plans, objectives, expectations, and intentions and may be identified by words like "believe," "expect," "may," "will," "should," "seek," "anticipate," and similar expressions. The Debtor cautions readers that any such forward-looking statements are based on assumptions that the Debtor believes are reasonable, but are subject to a wide range of risks including, but not limited to, risks associated with, (i) the confirmation and consummation of the Plan, and (ii) the other risks identified in Article II "RISK FACTORS." Due to these uncertainties, the Debtor cannot assure you that any forward-looking statements will prove to be correct. The Debtor is not under any obligation to (and expressly disclaims any obligation to) update or alter any forward-looking statements whether as a result of new information, future events, or otherwise; *provided*, *however*, that the Debtor may be required to update or otherwise modify the information contained herein in order to comply with certain provisions of the Bankruptcy Code governing the solicitation of votes for acceptance of the Plan.

There may be events in the future that the Debtor is not able to predict accurately or over which the Debtor has no control. The risk factors listed in this Disclosure Statement under "Risk Factors," as well as any cautionary language contained in this Disclosure Statement, provide examples of risks, uncertainties, and events that may cause actual results to differ materially from the expectations the Debtor describes in our forward-looking statements. Creditors should be aware that the occurrence of the events described in these risk factors and elsewhere in this Disclosure Statement could have a material adverse effect on creditor recoveries under the Plan.

SUMMARY OF THE PLAN

This summary does not contain all of the information that is important to you and is qualified in its entirety by the more detailed information included elsewhere in this Disclosure Statement and in the accompanying Plan.

Background Information:	The Bankruptcy Code requires acceptance by creditors in Class 1 that hold at least two-thirds in dollar amount and a majority in number of allowed claims in Class 1, counting only those claims actually voting to accept or reject the Plan.
Voting Record Date:	Only holders of 1999 AFICA Bonds (or their legal representatives or nominees) as of the Voting Record Date, which has been set as June 17, 2016, are entitled to vote on the Plan. The Debtor reserves the right to establish a later Voting Record Date if the Debtor decides to extend the Voting Deadline.
Voting Deadline; Extension; Termination; Amendments:	The Voting Deadline is July 27, 2016. If the Debtor extends the Voting Deadline, the term Voting Deadline will mean the latest time and date as to which the solicitation of votes on the Plan is extended. Any extension of the Voting Deadline will be followed as promptly as practicable by notice of the extension.
Voting Procedures:	If you are a beneficial owner of one or more 1999 AFICA Bonds as of the Voting Record Date, you should deliver a properly completed Ballot to your Nominee. Your Nominee will be required to complete and submit a Master Ballot to the Voting Agent for the Ballots it receives on or before the Voting Deadline.
Revocation or Withdrawal of Ballots:	Nominees may withdraw their Master Ballots up until the Voting Deadline. Following the Voting Deadline, Master Ballots may not be withdrawn.
Voting Agent:	Garden City Group, LLC.
The Plan:	As a general matter, for the Plan to become effective and for the Debtor to make any distributions thereunder, the Bankruptcy Court must confirm the Plan. For the Bankruptcy Court to confirm the Plan by consent of an Impaired Class, the Debtor must receive votes to approve the Plan prior to the Voting Deadline from holders of Impaired Claims that constitute (i) at least two-thirds in amount of the Claims of the holders in such Impaired Class of Claims who actually cast votes in respect of the Plan and (ii) more than one-half in number of the holders of such Impaired Class of Claims who actually cast votes with respect to the Plan. The Bankruptcy Court may confirm the Plan so long as one Impaired Class of Claims votes to accept the Plan and the Plan satisfies the requirements of section 1129(b) of the Bankruptcy Code. The Classes of Claims Impaired under the Plan are Class 1 – AFICA Secured Claims, Class 2 – General

Unsecured Claims, and Class 3 – Equity Interests. Holders of Class 2 – General Unsecured Claims and Class 3 – Equity Interests are not entitled to receive any distributions under the Plan and, as a result, are deemed to have rejected the Plan and are not entitled to vote to accept or reject the Plan. If the Plan is confirmed by the Bankruptcy Court, each holder of an AFICA Secured Claim will receive, via distribution to the Indenture Trustee and in full satisfaction and discharge of its Claim against the Debtor, a *pro rata* share of the Debtor's cash available for distribution and interests in the Liquidating Trust. Holders of General Unsecured Claims and Equity Interests will not receive any distributions and such Claims and Equity Interests will be extinguished.

Effectiveness of the Plan: The Effective Date will not occur and distributions will not be made under the Plan unless the Debtor has received the requisite votes to accept the Plan under the Bankruptcy Code, the Bankruptcy Court has confirmed the Plan as satisfying the requirements set forth in section 1129 of the Bankruptcy Code, and the other conditions to effectiveness set forth in Article 7 of the Plan have been satisfied. The Debtor cannot assure you that it will receive the requisite votes to accept the Plan under the Bankruptcy Code, that the Bankruptcy Court will confirm the Plan, or that the other conditions to effectiveness of the Plan will be satisfied.

If the Bankruptcy Court confirms the Plan and it becomes effective, the terms of the Plan will bind every holder of a Claim against or Equity Interest in the Debtor, whether or not such holder voted to accept the Plan.

Treatment of Claims and Equity Interests: The table below summarizes each Class of Claims and Equity Interests in the Plan, the projected aggregate amount of Claims or Equity Interests comprising each Class, the treatment of each Class and the projected recoveries of each Class.

Class/Type of Claim or Equity Interest	**Projected Claims**	**Plan Treatment of Allowed Claims in Class**	**Status/ Voting Right**
Unclassified – Administrative Claims	The Debtor estimates the amount of unpaid Administrative Claims as of April 30, 2016 is approximately $750,000 to $850,000[2]	Paid in full in Cash	N/A
Unclassified – Priority Tax Claims	The Debtor currently estimates the amount of Claims in this Class to be $0	Paid in accordance with Bankruptcy Code section 1129(a)(9)(C)	N/A
Unclassified – Other Priority Claims	The Debtor currently estimates the amount of Claims in this Class to be $0	Paid in full in Cash	N/A
Class 1 – AFICA Secured Claims	The amount of Claims in this Class is $1,602,030. This amount reflects a reduction for $20.5 million already paid on the AFICA Secured Claims.	Each holder shall receive, via distribution to the Indenture Trustee, a *pro rata* share of (i) Available Cash, and (ii) the Liquidating Trust Interests	Impaired / Entitled to Vote
Class 2 – General Unsecured Claims	The Debtor currently estimates the amount of Claims in this Class to be $18.2 million	No recovery	Impaired/ Deemed to Reject/Not Entitled to Vote
Class 3 – Equity Interests	$0	No recovery	Impaired/ Deemed to Reject/Not Entitled to Vote

[2] This amount includes approximately $330,000 due to the broker for the sale of the Buildings, which amount is expected to be paid prior to the Effective Date.

Distribution Date:	Distributions to be made under the Plan generally will be made on the Distribution Dates. The initial Distribution Date will be as soon as practicable after the Effective Date, but no earlier than ten (10) Business Days after the Effective Date of the Plan.
Plan Supplement:	The Debtor will file the Plan Supplement not later than seven days before the earlier of the (i) deadline for voting on the Plan and (ii) deadline for objections to Confirmation of the Plan (or such later date as may be approved by the Bankruptcy Court). It is anticipated that the Plan Supplement will include, among other things, the form of Liquidating Trust Agreement and the amount of the initial Reserve Fund to be established by the Liquidating Trustee.
Exculpations and Releases:	**IN CONSIDERATION FOR THE CONTRIBUTIONS OF CERTAIN PARTIES TO THE DEBTOR'S CHAPTER 11 CASE, THE PLAN PROVIDES FOR CERTAIN EXCULPATIONS AND RELEASES BY THE DEBTOR. THESE EXCULPATIONS AND RELEASES ARE DETAILED IN ARTICLE VIII OF THIS DISCLOSURE STATEMENT.**
Certain U.S. Federal Income Tax Consequences:	For a summary of certain U.S. federal income tax consequences of the Plan to holders, see Article IX hereof.
Risk Factors:	Prior to deciding whether and how to vote on the Plan, each holder of 1999 AFICA Bonds should consider carefully all of the information in this Disclosure Statement, especially the "Risk Factors" described in Article II hereof.

The foregoing is only a brief summary of certain provisions of the Plan. You should read the full text of the Plan and the more detailed information and financial statements contained elsewhere in this Disclosure Statement.

I. VOTING PROCEDURES AND REQUIREMENTS

The following instructions for voting to accept or reject the Plan, together with the instructions contained in the Ballot and Master Ballot, constitute the Voting Instructions. To vote on the Plan, you must be the holder of 1999 AFICA Bonds as of the Voting Record Date. To vote, you must fill out and sign a Ballot (if you are not a Nominee) or Master Ballot (if you are a Nominee). If you hold one or more 1999 AFICA Bonds, a Ballot or Master Ballot was included in the distribution of this Disclosure Statement to you.

A. *Ballots*

1. General Provisions

After carefully reviewing this Disclosure Statement and its exhibits, including the Plan, please indicate your acceptance or rejection of the Plan by completing the enclosed Ballot. Beneficial holders of 1999 AFICA Bonds should return their Ballots to their Nominee(s) as directed below.

If you do not receive a Ballot for any 1999 AFICA Bonds that you believe you hold, or if a Ballot is damaged or lost or if you have any questions regarding the procedures for voting on the Plan, you should contact the Voting Agent, Garden City Group, LLC, as follows:

Overnight and hand delivery
Garden City Group, LLC
551 Blazer Parkway, Suite A
Dublin, OH 43017
Attn: Doral Balloting Center

Standard mail
Garden City Group, LLC
P.O. Box 9852
Dublin, OH 43017-5752
Attn: Doral Balloting Center

Telephone: (855) 382-6443

2. Special Instructions for Nominees

A Nominee should transmit a Ballot with a copy of this Disclosure Statement and the Plan to each beneficial owner of 1999 AFICA Bonds held in the name of such Nominee as of the Voting Record Date. Each such beneficial owner should return its Ballot to its Nominee(s), and each Nominee should complete and submit a Master Ballot in accordance with the instructions in this Article I.A. and on the Master Ballot. All Ballots must be retained by the Nominee for inspection for at least one year after the Voting Deadline. If a Nominee requires additional copies of this Disclosure Statement or Ballots, it should contact:

Overnight and hand delivery
Garden City Group, LLC
551 Blazer Parkway, Suite A
Dublin, OH 43017
Attn: Doral Balloting Center

Standard mail
Garden City Group, LLC
P.O. Box 9852
Dublin, OH 43017-5752
Attn: Doral Balloting Center

Telephone: (855) 382-6443

B. *Procedures for Casting Votes and Deadlines for Voting on the Plan*

If you are a Nominee completing a Master Ballot, please complete the information requested on the Master Ballot, sign and date the Master Ballot, and return the Master Ballot in the enclosed return envelope, by first class mail, courier, or hand delivery, to the Voting Agent as follows:

Overnight and hand delivery
Garden City Group, LLC
551 Blazer Parkway, Suite A
Dublin, OH 43017
Attn: Doral Balloting Center

Standard mail
Garden City Group, LLC
P.O. Box 9852
Dublin, OH 43017-5752
Attn: Doral Balloting Center

If you are the beneficial holder of one or more 1999 AFICA Bonds, please complete the information requested on the Ballot and return the Ballot to your Nominee in sufficient time for your Nominee to then forward your vote to the Voting Agent so that it is actually received by the Voting Agent before the Voting Deadline. To ensure your Nominee has sufficient time to cast your vote on your behalf, it is important that your Ballot be mailed or delivered to your Nominee well in advance of the Voting Deadline. Any Master Ballot received after the Voting Deadline may not be included in any calculation to determine whether the parties entitled to vote on the Plan have voted to accept or reject the Plan.

When a Ballot or Master Ballot is returned indicating acceptance or rejection of the Plan, but is unsigned, illegible, or incomplete, the unsigned, illegible, or incomplete Ballot or Master Ballot may not be included in any calculation to determine whether the requisite parties entitled to vote on the Plan have voted to accept the Plan.

MASTER BALLOTS MAY NOT BE COUNTED IF THEY ARE RECEIVED BY THE VOTING AGENT AFTER THE VOTING DEADLINE OR ARE ILLEGIBLE, INCOMPLETE, OR UNSIGNED.

The Debtor reserves the right to extend the Voting Deadline. Any such extension will be communicated by filing a notice on the docket of the Debtor's chapter 11 case and posting a notice on the Debtor's bankruptcy case website, www.gardencitygroup.com/cases/dor. If the Debtor extends the Voting Deadline, the Debtor reserves the right to establish a later Voting Record Date.

A Nominee may withdraw its Master Ballot up until the Voting Deadline. Any such withdrawal will not be effective unless and until such withdrawal is actually received in writing by the Voting Agent at the addresses set forth above. Following the Voting Deadline, Master Ballots may not be withdrawn.

AT THIS TIME, THE DEBTOR IS NOT REQUESTING THE DELIVERY OF, AND NEITHER THE DEBTOR NOR THE VOTING AGENT WILL ACCEPT, CERTIFICATES REPRESENTING ANY 1999 AFICA BONDS OR EQUITY INTERESTS.

II. RISK FACTORS

A. *Risks Relating to the Chapter 11 Case*

1. Administrative Claims

A protracted bankruptcy case in which the Plan is not timely confirmed and consummated as expected may result in increased professional expenses for resolving priority claims and distributing the Debtor's remaining assets to creditors. The payment of significant Administrative or Priority Claims may dilute the recoveries available to creditors under the Plan.

2. Classification and Treatment of Claims and Equity Interests

Section 1122 of the Bankruptcy Code requires that the Plan classify Claims against, and Equity Interests in, the Debtor. The Bankruptcy Code also provides that the Plan may place a Claim or Equity Interest in a particular Class only if such Claim or Equity Interest is substantially similar to the other Claims or Equity Interests of such Class. The Debtor believes that all Claims and Equity Interests have been appropriately classified in the Plan.

The Bankruptcy Code also requires that the Plan provide the same treatment for each Claim or Equity Interest of a particular Class unless the holder of a particular Claim or Equity Interest agrees to a less favorable treatment of its Claim or Equity Interest. The Debtor believes that they have complied with the requirement of equal treatment. If the Bankruptcy Court finds that the Plan does not satisfy such requirement, the Bankruptcy Court could deny confirmation of the Plan.

Issues or disputes relating to classification and/or treatment could result in a delay in the confirmation and consummation of the Plan and could increase the risk that the Plan will not be confirmed or consummated.

3. Requirement of Impaired Accepting Class

If all Classes of Claims that are entitled to vote on the Plan vote to accept the Plan, the Debtor intends to seek confirmation and consummation of the Plan as promptly as practicable. If sufficient votes are not received, the Debtor may propose an alternative chapter 11 plan. The terms of an alternative chapter 11 plan may not be as favorable to the holders of Allowed Claims as those proposed in the Plan.

4. Certain Risks of Nonconfirmation or Delay of Confirmation

Regardless of whether all Classes of Claims that are entitled to vote on the Plan accept the Plan, the Bankruptcy Court may still refuse to confirm the Plan. The Bankruptcy Court sits as a court of equity and exercises substantial discretion. A non-accepting creditor might challenge the solicitation results or the terms of the Plan as failing to comply with the Bankruptcy Code. In such event, the Debtor may seek to re-solicit acceptances. Nonetheless, this could delay or possibly jeopardize confirmation of the Plan. Additionally, the Debtor cannot assure you that the Plan will not require significant modifications for confirmation, or that such modifications would not require a re-solicitation of acceptances.

Even if the Bankruptcy Court determines that the voting results were accurate and appropriate, the Bankruptcy Court could nevertheless decline to confirm the Plan if the Bankruptcy Court finds that any statutory conditions to confirmation have not been met, including that the terms of the Plan are fair and equitable to non-accepting Classes. Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation. Section 1129 requires, among other things, a finding by the Bankruptcy Court that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to any non-accepting Classes, and that the value of distributions to non-accepting holders of Impaired Claims and Impaired Equity Interests will not be less than the value of distributions such holders would receive if the Debtor were liquidated under chapter 7 of the Bankruptcy Code. Although the Debtor believes that the Plan meets such tests, there can be no assurance that the Bankruptcy Court would reach the same conclusion.

The confirmation and consummation of the Plan also are subject to certain other conditions. No assurance can be given that these conditions will be satisfied or, if not satisfied, that the Debtor could or would waive such conditions, or that any required consent to such waiver would be obtained.

If the Plan is not confirmed, it is unclear whether the transactions contemplated thereby could be implemented and what holders of Claims would ultimately receive in respect of their Claims. If an alternative chapter 11 plan can not be agreed to, it is possible that the Debtor would have to liquidate its assets through a conversion to chapter 7, in which case it is likely that holders of Claims and Equity Interests would receive less than they would have received pursuant to the Plan.

5. Risk of Nonoccurrence of the Effective Date

Although the Debtor believes that the Effective Date will occur soon after the Confirmation Date, there can be no assurance as to such timing. The effectiveness of the Plan is subject to a number of conditions precedent, as outlined in Article 7 of the Plan, including a requirement that the aggregate asserted Administrative Claims (excluding Professional Administrative Claims), Priority Tax Claims, and Other Priority Claims not exceed $100,000. The conditions to the Effective Date are discussed in further detail in Article VIII.D.2. While the Debtor believes the conditions to the Effective Date will be satisfied or waived and the Plan will become effective, there can be no assurance that all such conditions will occur (or be waived in accordance with the terms of the Plan).

6. Alternatives to Confirmation and Consummation of the Plan

There can be no assurance that the Plan will be confirmed or consummated. If the Plan is not confirmed by the Bankruptcy Court and consummated, the alternatives include (i) confirmation of an alternative plan of liquidation under chapter 11 of the Bankruptcy Code, (ii) liquidation of the Debtor under chapter 7 of the Bankruptcy Code, and (iii) dismissal of the Chapter 11 Case. The Debtor believes the Plan is significantly more attractive than these alternatives because, among other things, the Plan will minimize the expenses of the case and ultimately result in a larger distribution to creditors than would other types of liquidations under chapter 11 of the Bankruptcy Code or liquidation under chapter 7 of the Bankruptcy Code.

III. BACKGROUND AND EVENTS LEADING UP TO THE CHAPTER 11 CASE

A. *The Debtor's Primary Assets*

The Debtor is a wholly-owned subsidiary of DFC. Prior to filing for bankruptcy, the Debtor's primary assets were: (i) an office building, parking deck, related land, and other related assets located at 1451 Franklin D. Roosevelt Avenue in San Juan, Puerto Rico and recorded in the Registry of Property of Puerto Rico, Third Section of San Juan (the "Registry") at volume ("tomo móvil") 17 of Monacillos, property number 26,053 ("1451 FDR Avenue"); and (ii) adjacent but independent warehouse buildings, related land and other related assets located in the Desarrollo Industrial Constitución, San Patricio Ward, San Juan, Puerto Rico and recorded, respectively, in the Registry at page 22 of volume 914 of Monacillos, property number 16,696 and at page 6, overleaf, of volume 466 of Monacillos, property number 17,301 (collectively with 1451 FDR Avenue, the "Buildings"). As discussed below in Article IV, the Debtor sold the Buildings to Banco Popular de Puerto Rico ("Banco Popular") on February 3, 2016.

Prior to its sale, 1451 FDR Avenue was the former corporate headquarters of DFC and its subsidiaries. The majority of 1451 FDR Avenue was occupied by Doral Bank Puerto Rico ("Doral Bank") pursuant to a lease with the Debtor.

B. *Capital Structure*

1. Secured 1999 AFICA Bonds

In 1999, the Debtor arranged financing through the issuance of tax-preferred bonds by AFICA, structured as follows. AFICA issued $44,765,000 in 1999 AFICA Bonds. AFICA then lent the proceeds from the issuance of the 1999 AFICA Bonds to the Debtor to finance the acquisition, development, and construction of 1451 FDR Avenue pursuant to the 1999 Loan and Guaranty Agreement. The 1999 Loan and Guaranty Agreement was secured by a lien on 1451 FDR Avenue, pursuant to a Pledge and Security Agreement between AFICA and the Debtor, dated as of November 3, 1999. Under the Loan and Guaranty Agreement, DFC guaranteed the Debtor's obligations to AFICA. DFC's guarantee is an unsecured obligation of DFC (and is not an obligation of the Debtor) and will be dealt with in DFC's bankruptcy case.

2. Unsecured 2002 AFICA Bonds

In 2002, AFICA issued an additional $7.6 million in bonds. AFICA then lent the proceeds of the 2002 AFICA Bonds to the Debtor to finance improvements to 1451 FDR Avenue pursuant to the 2002 Loan and Guaranty Agreement. Under the 2002 Loan and Guaranty Agreement, DFC guaranteed the Debtor's obligations to AFICA. The 2002 AFICA Bonds are unsecured obligations of the Debtor, and DFC's guarantee is also an unsecured obligation.

C. *Employees*

As of the date of this Disclosure Statement, the Debtor has no employees.

D. *Directors and Officers*

The Debtor's directors and officers are as follows:

Name	Position(s) Held
Scott Martinez	Director / Chief Restructuring Officer
Carol Flaton	Director / Chief Restructuring Officer of DFC
Enrique Ubarri	Director / Executive Officer

E. *Receivership of Doral Bank*

DFC is the 100% parent of the Debtor. Prior to February 27, 2015, DFC was also the parent bank holding company of Doral Bank, a state non-member bank chartered by the Puerto Rico Office of the Commissioner of Financial Institutions ("OCIF") and subject to regulation and oversight by OCIF and the Federal Deposit Insurance Corporation ("FDIC"). Doral Bank and certain of its subsidiaries occupied the majority of the space in the Buildings under leases with the Debtor at the time of the receivership.

On February 27, 2015, OCIF appointed the FDIC as the receiver for Doral Bank (the "Receivership," and the FDIC acting in its capacity as receiver for Doral Bank, the "FDIC-R").

The FDIC-R subsequently repudiated Doral Bank's lease with the Debtor under 18 U.S.C. § 1821(e) on August 6, 2015.

F. *Banco Popular Leases*

Following the receivership of Doral Bank, FDIC-R continued to occupy 1451 FDR Avenue. Banco Popular, the purchaser of a substantial portion of Doral Bank's assets from FDIC-R, also occupied some parts of 1451 FDR Avenue. On July 31, 2015, the Debtor and Banco Popular entered into several agreements to lease certain space at 1451 FDR Avenue to Banco Popular, including space needed by the FDIC-R (the leases, collectively, the "Banco Popular Leases"). The Banco Popular Leases resolved the issue of the FDIC-R's and Banco Popular's continued presence at 1451 FDR Avenue, clearing the way for a potential sale of the Buildings. Under the Banco Popular Leases, FDIC-R continued to occupy certain portions of 1451 FDR Avenue through September 2015, at which point the FDIC-R vacated. Banco Popular continued to occupy certain space at 1451 FDR Avenue under one of the Banco Popular Leases up through the closing of the sale of the Buildings.

G. *Marketing of the Buildings*

Following the receivership of Doral Bank and DFC's chapter 11 filing, the Debtor and DFC began to explore transactions to sell or lease the Buildings. The Debtor retained Caribbean Real Estate Services LLC d/b/a Newmark Grubb Caribbean ("Newmark Grubb") and Commercial Centers Management Realty, S. en C., an affiliate of Newmark Grubb ("CCM" and together with Newmark Grubb, "Newmark") to market it for potential sale or lease and manage the Buildings (a function formerly performed by Doral Bank). After filing for bankruptcy, the Debtor filed applications to employ Newmark to continue providing these services, and the applications were approved by the Bankruptcy Court on January 12, 2016.

Newmark conducted an extensive marketing effort for a sale of the Buildings, including the preparation of a confidential investment memorandum. Newmark coordinated with 40 parties to gauge their interest in possibly leasing space or making an offer to purchase the Buildings. Of the 40 parties approached, 22 signed confidentiality agreements. Many of those parties performed due diligence by using a virtual data room and by doing on-site visits.

From May to August 2015, Newmark continued to follow up and answer questions from interested parties and advised them that letters of intent ("LOI") to purchase the Buildings were due on August 24, 2015. Newmark received requests from several parties asking for additional time to submit an LOI. After receiving the various LOIs, it was determined that a bid from Banco Popular provided the highest and best offer for the Buildings.

IV. SIGNIFICANT EVENTS DURING THE CHAPTER 11 CASE

On November 25, 2015, the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtor continues to operate its business and manage its properties as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No request for the appointment of a trustee or examiner has been made in this chapter 11 case.

A. *Sale of the Buildings*

Following extensive arm's-length negotiations, on November 25, 2015, the Debtor and Banco Popular, as a "stalking horse" bidder, entered into an Asset Purchase and Sale Agreement for the sale of the Buildings for $20.3 million, subject to Bankruptcy Court approval and higher and better offers (the "Building APA"). On December 4, 2015, the Bankruptcy Court approved the Debtor's entry into the Building APA, authorized the Debtor to consummate an expedited auction sale process, and approved bidding procedures.

Notwithstanding the Debtor's further marketing efforts during the chapter 11 case, the sale process did not produce any qualified counteroffer. Although one counteroffer was received for the Buildings, the bid was withdrawn shortly before the auction because of the bidder's inability to resolve a pre-condition to its bid, which needed to be satisfied prior to the auction. Accordingly, the auction was cancelled and Banco Popular was declared the successful bidder.

On January 15, 2016, the Bankruptcy Court entered an order approving the Building APA and the sale of the Buildings in all respects. The sale of the Buildings was consummated on February 3, 2016. On that date, Banco Popular, as purchaser, paid cash, net of certain credits and deductions, of $19,382,001.94 to the Debtor. Following the closing of the sale of the Buildings, the Debtor held $1,334,077.66 in a reserve fund. Subsequently, and consistent with the Sale Order, the Debtor paid $20.5 million to the AFICA Secured Claims.

All amounts held in the reserve fund remain subject to the liens of the Indenture Trustee and the Bankruptcy Court's order approving the Debtor's use of cash collateral, entered on December 4, 2015 (the "Cash Collateral Order"). The Indenture Trustee has consented to the Debtor's use of the reserve fund to pay (i) the allowed fees and expenses provided for by the Carve Out (as defined in the Cash Collateral Order), (ii) the fees and expenses of the Indenture Trustee and certain of the holders of the AFICA Secured Claims (as provided in the Cash Collateral Order) incurred after the effective date of the sale of the Buildings, and (iii) allowed administrative expenses incurred by the Debtor, including, without limitation, administrative expenses incurred on or after the effective date for the sale of the Buildings in connection with a chapter 11 plan for the Debtor's estate.

B. *Chapter 11 Case Administration*

1. Retention of Professionals

On December 4, 2015, the Bankruptcy Court authorized the Debtor to retain Ropes & Gray LLP as bankruptcy counsel to assist the Debtor with its opportunities and obligations while operating in bankruptcy, Zolfo Cooper Management LLC to provide management services to the Debtor during its Chapter 11 Case, and Garden City Group, LLC as the claims and noticing agent for the Debtor.

2. Filing the Schedules

The Debtor filed its Schedules of Assets and Liabilities and Statement of Financial Affairs on December 29, 2015.

3. Bar Date

On December 30, 2015, the Debtor sought approval of the establishment of deadlines to file proofs of claim (the "Bar Dates"). The Bankruptcy Court approved the establishment of the Bar Dates on January 12, 2016, and set a general Bar Date of February 24, 2016 at 5:00 p.m. (prevailing Eastern Time) and a governmental Bar Date of May 23, 2016 at 5:00 p.m. (prevailing Eastern Time). The Debtor's claims reconciliation process is ongoing.

V. UNLIQUIDATED NON-CASH ASSETS

A. *Claims Against Doral Bank*

The Debtor has potential claims against Doral Bank, which are subject to the FDIC claims resolution process due to the Receivership. These claims relate to disputes about rent under Doral Bank's prior lease with the Debtor. As required by the FDIC-R, the Debtor, along with DFC and DFC's other wholly-owned subsidiaries, Doral Insurance and Doral Recovery, Inc., timely submitted claims against Doral Bank to the FDIC-R on June 4, 2015. On February 25, 2016, FDIC-R provided the Debtor with a Notice of Disallowance of Claim, indicating FDIC-R had determined the Debtor's claims against the Doral Bank estate were invalid. The Debtor had until April 25, 2016 to file a lawsuit to contest this determination.

The Doral Bank estate is subject to the claims-resolution process under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (as amended, "FIRREA"). Under FIRREA, unsecured non-depositor claims against a receivership estate, such as the Debtor's claims, are not entitled to a recovery until the FDIC (in its corporate capacity) has been repaid in full for its claims against the receivership estate. It is currently uncertain whether there will be assets for distribution to claims from Doral Bank's estate.

On April 25, 2016, the Debtor filed a complaint in the United States District Court for the District of Columbia with respect to the Debtor's lease-related claims against FDIC-R. Among other things, the Debtor alleges a claim for rent due from the FDIC-R for periods after FDIC-R's receivership of Doral Bank. No answer or responsive pleading has yet come due, or been filed, by FDIC-R in this action.

B. *Other Litigation Claims*

The Debtor may have potential causes of action under Chapter 5 of the Bankruptcy Code against various prepetition creditors and other third parties, as well as other potential causes of action on behalf of the Debtor. The Plan will vest the Liquidating Trust with these litigation assets, and the Liquidating Trust will determine which litigations to pursue and how best to pursue them.

VI. THE PLAN – CLASSIFICATIONS, DISTRIBUTIONS, AND IMPLEMENTATION

A. *Overview of Chapter 11*

Chapter 11 is the business reorganization chapter of the Bankruptcy Code. In addition to permitting debtor rehabilitation, chapter 11 promotes fair and equitable treatment for similarly-situated creditors and similarly-situated equity interest holders, subject to the priority of distributions prescribed by the Bankruptcy Code.

The Plan is a liquidating plan. The Plan provides for the termination of the Debtor's business operations and the liquidation of the Debtor's remaining assets, which principally consist of cash. Except with respect to the Indenture Trustee's Superpriority Claim, the Plan provides for the payment in full to holders of Allowed Administrative Claims, Allowed Priority Claims, and Allowed Priority Tax Claims. The Plan further provides for a recovery to holders of AFICA Secured Claims. Confirmation and consummation of the Plan are contingent upon the satisfaction of all of the conditions precedent set forth in Sections 7.01 and 7.02 of the Plan, respectively, unless waived pursuant to Section 7.03 of the Plan.

The following summary is a brief overview of the Plan and is qualified in its entirety by reference to the full text of the Plan, itself, and the more detailed information and financial statements contained elsewhere in this Disclosure Statement.

B. *Administrative Claims, Priority Tax Claims, and Other Unclassified Claims*

1. Administrative Claims

Pursuant to Section 2.01 of the Plan, each holder of an Allowed Administrative Claim will receive, in full and final satisfaction and discharge thereof, Cash equal to the unpaid portion of such Allowed Administrative Claim (except to the extent such holder agrees to less favorable treatment thereof) on, or as soon as reasonably practicable after, the later of (i) the first Distribution Date, or (ii) the date such Administrative Claim becomes an Allowed Administrative Claim.

2. Professional Fees

Pursuant to Section 2.03 of the Plan, each Professional employed at the expense of the estate of the Debtor and entities which may be entitled to an allowance of fees and expenses from the estate of the Debtor incurred prior to the Effective Date will be paid by the Liquidating Trust, in Cash, as soon as practicable after the order approving such allowance of compensation or reimbursement of expenses becomes a Final Order.

3. Priority Tax Claims

Pursuant to Section 2.04 of the Plan, on, or as soon as reasonably practicable after, the later of (a) the first Distribution Date or (b) the date on which a Priority Tax Claim becomes an Allowed Priority Tax Claim, each holder of an Allowed Priority Tax Claim will receive, in full and final satisfaction and discharge thereof, (i) payment in accordance with section

1129(a)(9)(C) of the Bankruptcy Code, or (ii) payment as agreed between the holder of the Allowed Priority Tax Claim and the Debtor or the Liquidating Trust.

4. Other Priority Claims

Pursuant to Section 2.05 of the Plan, on, or as soon as reasonably practicable after, the later of (i) the first Distribution Date or (ii) the date on which a Priority Claim becomes an Allowed Priority Claim, each holder of an Allowed Priority Claim shall receive, in full and final satisfaction and discharge thereof, Cash equal to the unpaid portion of such Allowed Priority Claim or payment as agreed between the holder of the Allowed Priority Claim and the Debtor or the Liquidating Trust.

C. *Classification of Claims and Interests*

Section 1123(a)(1) of the Bankruptcy Code requires a chapter 11 plan to designate classes of claims and classes of interests. The Plan segregates the various Claims against the Debtor into various classes. The Bankruptcy Code also provides that, except for certain Claims classified for administrative convenience, the Plan may place a Claim or Equity Interest in a particular Class only if such Claim or Equity Interest is substantially similar to the other Claims or Equity Interests of such Class. The Debtor believes that all Claims and Equity Interests have been appropriately classified in the Plan. To the extent that the Bankruptcy Court determines that such classification is incorrect, however, the Bankruptcy Court could deny confirmation of the Plan.

If the Bankruptcy Court finds that a different classification is required for confirmation of the Plan, the Debtor may seek to (i) modify the Plan to provide for whatever reasonable classification might be required for confirmation and (ii) use the acceptances received from any holder of Claims pursuant to this Disclosure Statement for the purpose of obtaining the approval of the Class or Classes of which such holder ultimately is deemed to be a member. Any such reclassification of Claims, although subject to the notice and hearing requirements of the Bankruptcy Code, could adversely affect the Class in which the holder of such Claim was initially a member, or any other Class under the Plan, by changing the composition of such Class and the vote required for approval of the Plan. There can be no assurance that the Bankruptcy Court, after finding that a classification was inappropriate and required a reclassification, would approve the Plan based upon such reclassification. Except to the extent that modification of classification in the Plan adversely affects the treatment of a holder of Claims in a manner that requires re-solicitation, the Debtor likely will, in accordance with the Bankruptcy Code and the Bankruptcy Rules, seek a determination by the Bankruptcy Court that acceptance of the Plan by any holder of Claims pursuant to this Disclosure Statement will constitute a consent to the Plan's treatment of such holder regardless of the Class to which such holder is ultimately deemed to be a member.

The Bankruptcy Code also requires that a chapter 11 plan provide for the same treatment for each Claim or Equity Interest within a particular Class unless the holder of a particular Claim or Equity Interest agrees to a less favorable treatment of its Claim or Equity Interest. The Debtor believes the Plan complies with the requirement of equal treatment for each Claim or Equity Interest of a particular Class.

Only Classes that are "impaired" (pursuant to section 1124 of the Bankruptcy Code) under a chapter 11 plan are entitled to vote to accept or reject the Plan, unless the Class is deemed to have rejected the Plan. As a general matter, a class of claims or equity interests is considered to be "unimpaired" under a chapter 11 plan if the plan does not alter the legal, equitable, and contractual rights of the holders of such claims or equity interests. Under the Bankruptcy Code, holders of unimpaired claims are conclusively presumed to have accepted a proposed chapter 11 plan. Holders of Claims or Equity Interests that do not receive or retain anything under a proposed chapter 11 plan are deemed to have rejected such plan.

The categories of Claims and Equity Interests outlined in the Plan and listed below classify Claims and Equity Interests for all purposes, including for purposes of voting, confirmation, and distribution pursuant to the Plan and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. Pursuant to Article 3 of the Plan, a Claim or Equity Interest will be deemed classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Equity Interest qualifies within the description of such other Classes. A Claim or Equity Interest is in a particular Class only to the extent that such Claim or Equity Interest has not been paid or otherwise settled prior to the Effective Date.

The classification of Claims and Equity Interests pursuant to the Plan is as follows:

Class 1—AFICA Secured Claims

Class 2—General Unsecured Claims

Class 3—Equity Interests

D. *Treatment of Claims and Interests*

The treatment of Claims and Equity Interests pursuant to Article 3 of the Plan is as follows:

1. Treatment of Claims and Equity Interests

(a) Class 1—AFICA Secured Claims

Class 1 consists of the AFICA Secured Claims. Class 1 is Impaired and holders of Class 1 Claims are entitled to vote to accept or reject the Plan. The AFICA Secured Claims are Allowed as Secured Claims against the Debtor in the amount of $1,602,030. Each holder of an Allowed AFICA Secured Claim shall receive, via distribution to the Indenture Trustee a Pro Rata share of (i) the Available Cash and (ii) the Liquidating Trust Interests.

(b) Class 2—General Unsecured Claims

Class 2 consists of General Unsecured Claims. Class 2 is Impaired and holders of Class 2 Claims are deemed to reject the Plan. Holders of General Unsecured Claims shall not receive any distribution or retain any property or interest under the Plan.

(c) Class 3—Equity Interests

Class 3 consists of Equity Interests. The Equity Interests in the Debtor are held by DFC, the Debtor's corporate parent. Class 3 is Impaired and DFC is deemed to reject the Plan. DFC will not receive any distribution or retain any property or interest under the Plan.

2. Confirmation Pursuant to 1129(b) of the Bankruptcy Code

With respect to any Class of Claims or Equity Interests that is deemed to reject the Plan, the Debtor will request that the Bankruptcy Court confirm the Plan pursuant to section 1129(b) of the Bankruptcy Code.

E. *Means of Implementation of Plan*

1. Corporate Action

Pursuant to Section 5.01 of the Plan, confirmation of the Plan shall constitute authorization for the Debtor and the Liquidating Trust, and their respective trustees, officers, board of directors, and agents, to effectuate the Plan and to execute, issue, deliver, file, or record all contracts, instruments and other agreements or documents, and to take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan without further notice to or action, order or approval of the Bankruptcy Court or any other entity except for those expressly required pursuant to the Plan. All matters provided for in the Plan involving any corporate action to be taken by or required of the Debtor or the Liquidating Trust in connection with the Plan shall be deemed to have occurred, and be effective as provided herein, and shall be authorized, approved and, to the extent taken prior to the Effective Date, ratified in all respects, without any requirement of further action by the Debtor, the Liquidating Trust, or their agents, representatives, trustees, stockholders, members, managers, officers, or directors.

2. Vesting of Assets

Pursuant to Section 5.02 of the Plan, except as otherwise provided in the Plan, including with respect to the distribution of the Available Cash on the Effective Date pursuant to Section 4.01(c) of the Plan, on the Effective Date, the assets of the Debtor's bankruptcy estate, including the Reserve Fund and Causes of Action not released by the Plan, shall vest in the Liquidating Trust (such assets transferred to the Liquidating Trust, the "Liquidating Trust Assets"), free and clear of all liens and other encumbrances (other than the liens of the Indenture Trustee).

3. Dissolution of the Debtor

Pursuant to Section 5.03 of the Plan, the Debtor shall be dissolved after the Effective Date upon its completion of its duties and obligations under the Plan and all corporate approvals necessary for such action shall be deemed satisfied. Upon the Effective Date, any of the Debtor's remaining officers and members of its board of directors shall be deemed to have resigned, if they have not already done so, without the necessity of any further action or writing, and they

shall be released from any responsibilities, duties, and obligations that arise after the Effective Date to the Debtor or its creditors under the Plan or applicable law.

4. Continuation of Stays

Pursuant to Section 5.04 of the Plan, unless otherwise provided in the Plan or the Confirmation Order, all injunctions or stays in effect pursuant to sections 105 or 362 of the Bankruptcy Code or otherwise and in effect on the Confirmation Date shall remain in full force and effect until the Effective Date.

5. Cancellation and Surrender of Instruments, Securities, and Existing Agreements

Pursuant to Section 5.05(a) of the Plan, except with respect to the 1999 Trust Agreement and the 1999 Loan and Guaranty Agreement, on the Effective Date and concurrently with the applicable distributions made pursuant to Articles 2 and 4 of the Plan, all notes, instruments, certificates, and other documents evidencing Claims or interests against the Debtor shall be deemed cancelled and of no further force and effect against the Debtor, without any further action on the part of any Debtor. From and after the making of the applicable distributions pursuant to the Plan, the holders of such notes, instruments, certificates, and other documents shall have no rights against the Debtor or the Liquidating Trust arising from or relating to such notes, instruments, certificates, and other documents or the cancellation thereof, except the rights provided pursuant to the Plan.

Pursuant to Section 5.05(b) of the Plan, in connection with distributions under the Plan, the Indenture Trustee shall have the right to establish one or more payment dates and may require the surrender of 1999 AFICA Bonds in order to receive distributions in accordance with the 1999 Trust Agreement.

6. Liquidating Trust

Pursuant to Section 5.06 of the Plan:

(a) Vesting of Assets. On the Effective Date, (i) the Debtor shall transfer the Reserve Fund and the Liquidating Trust Assets to the Liquidating Trust, and (ii) the Liquidating Trust Agreement shall be deemed to be valid, binding, and enforceable in accordance with its terms and provisions. After the Effective Date, the Liquidating Trust Agreement may be amended in accordance with its terms without further order of the Court.

(b) Establishment of Liquidating Trust. The transfer of the Liquidating Trust Assets to the Liquidating Trust shall be made for the benefit and on behalf of the holders of the Liquidating Trust Interests. The assets comprising the Liquidating Trust Assets will be treated for tax purposes as being transferred by the Debtor to the holders of the Liquidating Trust Interests pursuant to the Plan as a distribution on their Allowed AFICA Secured Claims and then by the holders of the Liquidating Trust Interests to the Liquidating Trust in exchange for the Liquidating Trust Interests. The Liquidating Trust shall be treated as a grantor trust for federal income tax purposes, and the holders of the Liquidating Trust Interests shall be treated as the grantors and initial owners of the Liquidating Trust. Upon the transfer of the Liquidating Trust

Assets, the Liquidating Trust shall succeed to all of the Debtor's rights, title and interest in the Liquidating Trust Assets.

(c) Liquidating Trustee. The Liquidating Trust will be managed by the Liquidating Trustee. The initial Liquidating Trustee shall be Scott Martinez of Zolfo Cooper, LLC. Except as otherwise ordered by the Court, the expenses incurred by the Liquidating Trust on or after the Effective Date may be paid by the Liquidating Trust in accordance with the Liquidating Trust Agreement, without further order of the Bankruptcy Court.

(d) Liquidating Trust Interests. The Liquidating Trust Interests shall be evidenced by book entries and shall not be certificated. The Liquidating Trust Interests shall not be transferable by a beneficiary except in accordance with the Liquidating Trust Agreement.

7. Settlement Regarding Indenture Trustee's Superpriority Claim.

As a settlement under Bankruptcy Rule 9019, and conditioned on the occurrence of the Effective Date, Section 5.07 of the Plan provides for a settlement between the Indenture Trustee and the Debtor regarding the Indenture Trustee's Superpriority Claim.

Under the Cash Collateral Order, the Indenture Trustee holds, on behalf of the AFICA Secured Claims, an Administrative Claim against the Debtor for any diminution of cash collateral during the Debtor's chapter 11 case. This claim, the Superpriority Claim, has priority over all other Administrative Claims (or any other unsecured claim) in the Debtor's chapter 11 case.

Section 1129 of the Bankruptcy Code requires a chapter 11 plan to provide for the payment in full of all claims entitled to priority under section 507 of the Bankruptcy Code, absent agreement by the claimant to other treatment. Due to the anticipated size of the Administrative Claims, the Debtor anticipates that it will not have sufficient funds on the Effective Date to pay all administrative and other priority Claims in full. To have a confirmable chapter 11 plan, the Debtor and the Indenture Trustee have negotiated the settlement set forth in Section 5.07 of the Plan, under which the Indenture Trustee agrees to subordinate the Superpriority Claim in certain instances and to accept less than full payment of the Superpriority Claim if, as anticipated, funds prove insufficient to pay the Superpriority Claim in full.

Specifically, the settlement set forth in Section 5.07 of the Plan provides as follows:

- The Superpriority Claim will be Allowed in the amount of $1,530,000 against the Debtor;

- The Superpriority Claim will be subordinated to (i) the Professional Administrative Claims and (ii) a maximum of $100,000 in Allowed Administrative Claims (excluding Professional Administrative Claims), Priority Tax Claims, and Other Priority Claims;

- The Superpriority Claim will be subordinated in the amount of $100,000 to the AFICA Secured Claims; and

- The Indenture Trustee accepts, as less favorable treatment, for the Superpriority Claim to receive the lesser of (i) payment in full or (ii) payment of the assets remaining in the Liquidating Trust following distributions on the claims to which the Superpriority Claim is subordinated pursuant to the settlement and the payment of the expenses of the Liquidating Trust.

The settlement also provides for the Superpriority Claim, despite its allowance in the Plan, to wait for payment until the Claims to which the Superiority Claim is subordinated have been paid by the Liquidating Trust.

As discussed in Article VIII.D.2., the conditions to the occurrence of the Effective Date require the aggregate amount of the asserted Administrative Claims (excluding Professional Administrative Claims), Priority Tax Claims, and Other Priority Claims to be less than or equal to $100,000. If such Claims were to exceed the $100,000 cap, the Debtor would need to waive this condition to consummate the Plan. Such a waiver would require the consent of the Indenture Trustee pursuant to Section 7.03 of the Plan.

8. Bar Date for Administrative Claims

Pursuant to Section 2.06 of the Plan, except as otherwise provided in the Plan, requests for payment of Administrative Claims (other than Professional Fee Claims) must be filed and served on the Liquidating Trust pursuant to the procedures specified in the Confirmation Order and the notice of entry of the Confirmation Order no later than the Administrative Claims Bar Date. The Administrative Claims Bar date is the date that is thirty (30) days after entry of the Confirmation Order. Holders of Administrative Claims that are required to, but do not, file and serve a request for payment of such Administrative Claims by the Administrative Claims Bar Date shall be forever barred, estopped, and enjoined from asserting such Administrative Claims against the Debtor or its property or the Liquidating Trust and such Administrative Claims shall be deemed discharged as of the Effective Date. Objections to such requests, if any, must be filed and served on the Liquidating Trust and the requesting party no later than the Administrative Claims Objection Deadline, which is the date that is sixty (60) days after the Effective Date.

All requests for Professional Fee Claims must be filed and served on the Liquidating Trustee and the United States Trustee pursuant to the procedures specified in the Confirmation Order no later than forty-five (45) days after the Effective Date, unless otherwise ordered by the Bankruptcy Court. Objections to such requests, if any, must be filed and served on the Liquidating Trustee, the United States Trustee, and the requesting party no later than twenty (20) days (or such longer period as may be allowed by order of the Bankruptcy Court or agreed upon between the requesting party and the United States Trustee) after the date on which the applicable request for payment was served.

VII. LIQUIDATION ANALYSIS

Section 1129(a)(7) of the Bankruptcy Code requires that each holder of an Impaired Claim or Impaired Equity Interest that has not voted to accept the Plan must receive or retain 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 (sometimes called the "Best Interests Test," which is described in greater detail in Article X.E.1 hereof). If all members of an impaired class of claims or interests have accepted the Plan, the "best interests test" does not apply with respect to that class.

The Debtor has already liquidated substantially all of its assets through the sale of the Buildings. The Debtor currently holds cash and potential causes of action (which the Debtor believes have little to no value). In the Plan, except with respect to the Indenture Trustee's Superpriority Claim, Administrative and Priority Claims will be paid in full, as required by Bankruptcy Code section 1129, and the remaining funds will be disbursed to the holders of the AFICA Secured Claims via distribution to the Indenture Trustee. The Debtor believes the Plan is the simplest and least expensive mechanism to distribute the Debtor's remaining assets.

The Debtor believes the Plan is superior to a chapter 7 liquidation for the AFICA Secured Claims. The Debtor believes a chapter 7 liquidation would take longer to resolve Administrative and Priority Claims than the Plan, delaying distributions to AFICA Secured Claims, and would incur more costs than the Plan. In a chapter 7, it is likely that a chapter 7 trustee with no prior knowledge or experience with the Debtor or its operations would be appointed, increasing the time to resolve Administrative and Priority Claims. A chapter 7 trustee would incur expenses in distributing the assets, which would likely include a percentage fee on assets distributed. This percentage fee, which could be significant in a chapter 7 case, will be avoided by the Plan.

General Unsecured Claims and Equity Interests will receive no recovery in either scenario, due to the AFICA Secured Claims and the Indenture Trustee's Superpriority Claim. General Unsecured Claims and Equity Interests are therefore no better off in a chapter 7 liquidation than they are treated under the Plan.

VIII. THE PLAN – OTHER PROVISIONS

A. *Treatment of Executory Contracts and Unexpired Leases*

1. Rejection of Executory Contracts and Unexpired Leases

Section 8.01 of the Plan provides that, pursuant to sections 1123(b)(2) and 365(a) of the Bankruptcy Code, any executory contract or unexpired lease (excluding insurance policies) that (i) has not expired by its own terms on or prior to the Confirmation Date, (ii) has not been assumed, assumed and assigned, or rejected with the approval of the Bankruptcy Court on or prior to the Confirmation Date, or (iii) is not the subject of a motion to assume or reject which is pending at the time of the Confirmation Date, shall be deemed rejected on the Effective Date. The entry of the Confirmation Order by the Bankruptcy Court shall constitute the approval of the rejection of executory contracts and unexpired leases pursuant to Section 8.01 of the Plan and sections 365(a) and 1123(b)(2) of the Bankruptcy Code.

2. Claims Based on Rejection of Executory Contracts and Unexpired Leases

Section 8.02 of the Plan provides that Claims created by the rejection of executory contracts and unexpired leases pursuant to Section 8.01 of the Plan, or the expiration or termination of any executory contract or unexpired lease prior to the Effective Date, must be filed with the Bankruptcy Court and served on the Liquidating Trustee no later than thirty (30)

days after the Effective Date. Any Claims arising from the rejection of an executory contract or unexpired lease pursuant to Section 8.01 of the Plan for which proofs of Claim are not timely filed within that time period will be forever barred from assertion against the Debtor, the Debtor's estate, the Liquidating Trustee, their successors and assigns, and their assets and properties, unless otherwise ordered by the Bankruptcy Court or as otherwise provided herein. Unless otherwise ordered by the Bankruptcy Court, all such Claims that are timely filed as provided herein shall be treated as General Unsecured Claims under the Plan and shall be subject to the provisions of Article 4 of the Plan.

B. *Provisions Governing Distributions*

1. Manner of Payments Under Plan of Liquidation

Pursuant to Section 4.06 of the Plan, unless the person or entity receiving a payment agrees otherwise, any payment of Cash to be made by the Debtor or the Liquidating Trust shall be made, at the election of the Debtor or the Liquidating Trustee, as applicable, by check drawn on a domestic bank or by electronic or wire transfer from a domestic bank; *provided*, *however*, that no Cash payments shall be required to be made to a holder of an Allowed Claim unless the amount payable thereto is equal to or greater than twenty dollars ($20.00).

2. Delivery of Distributions and Undeliverable or Unclaimed Distributions

(a) General. Pursuant to Section 4.07 of the Plan, and subject to the provisions of Section 4.09 of the Plan, distributions and deliveries to each holder of an Allowed Administrative or Priority Claim will be made (i) at the address set forth for such holder in the Debtor's Schedules if no proof of claim has been filed on behalf of such holder, (ii) at the address reflected in the proof of claim filed by such holder, or (iii) at the address set forth in any written notices of address change delivered after the date of any related proof of claim by such holder. If any distribution is returned as undeliverable, no further distributions to the applicable holder will be made unless and until the Liquidating Trust is notified of the holder's then current address, in which case all missed distributions will be made to the holder without interest on the next Distribution Date. Any claim in respect of such an undeliverable distribution must be made on or before the first anniversary of the Effective Date. After such date, all claims in respect of undeliverable distributions shall be discharged and forever barred and the Liquidating Trust shall retain all monies related thereto. The Debtor and the Liquidating Trust, as applicable, shall be entitled to rely upon the register of Claims as of the Distribution Record Date. Notwithstanding anything in the Plan to the contrary, all distributions on account of the AFICA Secured Claims shall be made to the Indenture Trustee (for the benefit of the holders of the 1999 AFICA Bonds), subject to any right of the Indenture Trustee to assert a charging lien against the distributions and make provision for the payment of unpaid fees and expenses of the Indenture Trustee.

(b) Application of Distribution Date. Pursuant to Section 4.08 of the Plan, at the close of business on the first Distribution Record Date, the claims register maintained by the claims agent and the register of the holders of 1999 AFICA Bonds maintained by the Indenture Trustee shall be closed and, notwithstanding the records of any other party, there shall be no further changes in the listed holders of the 1999 AFICA Bonds**.** The Liquidating Trustee, the Indenture Trustee, the claims agent, and each of their respective agents, successors, and assigns

shall have no obligation to recognize any transfer, assignment, or sale of Claims or 1999 AFICA Bonds occurring after the first Distribution Record Date and shall be entitled instead to recognize and deal for all purposes hereunder with only those record holders stated on the claims register as of the close of business on the first Distribution Record Date irrespective of the number of distributions to be made under the Plan to such Persons or the date of such distributions.

(c) Uncashed Checks. Pursuant to Section 4.09 of the Plan, checks issued by the Debtor or the Liquidating Trust on account of Allowed Administrative Claims or Allowed Priority Claims shall be null and void if not negotiated within ninety (90) days from and after the date of issuance thereof. Requests for reissuance of any check shall be made in writing directly to the Liquidating Trust by the holder of the Allowed Administrative Claim or Allowed Priority Claim with respect to which such check originally was issued. Any claim in respect of such a voided check shall be made on or before the later of (i) the first anniversary of the Effective Date or (ii) ninety (90) days after the date of issuance of such check. After such date, all claims in respect of voided checks shall be discharged and forever barred and the Liquidating Trust shall retain all monies related thereto.

3. Setoff and Recoupment

Pursuant to Section 4.05 of the Plan, except to the extent an Administrative Claim or Priority Claim has been previously Allowed or is Allowed by the Plan, the Liquidating Trust may, but shall not be required to, set off or recoup against any Administrative Claim or Priority Claim and the payments or other distributions to be made pursuant to the Plan in respect of such Administrative Claim or Priority Claim, claims of any nature whatsoever which the Debtor may have against the holder of such Administrative Claim or Priority Claim to the extent such claims may be set off or recouped under applicable law, but neither the failure to do so nor the allowance of any Administrative Claim or Priority Claim hereunder shall constitute a waiver or release by the Liquidating Trust of any such claim or counterclaim that it may have against such holder.

4. Compliance with Tax Requirements

Pursuant to Section 4.04 of the Plan, for purposes of distributions on any interest-bearing obligations, distributions under the Plan shall be applied first in payment of the principal portion of such Allowed Claims and, after full payment of such principal portion, then to the portion of such Allowed Claims comprised of any interest accrued but unpaid at the Petition Date. Notwithstanding any other provision of the Plan, each entity receiving a distribution pursuant to the Plan will have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed on it by any governmental unit on account of such distribution, including income, withholding, and other tax obligations.

C. *Provisions for Treatment of Subsequent Plan Distributions*

1. Objections to and Estimation of Claims

Pursuant to Section 6.01 of the Plan, with respect to Administrative and Priority Claims (and to the extent any distributions are made on General Unsecured Claims or Equity Interests, General Unsecured Claims and/or Equity Interests), the Debtor or the Liquidating Trustee shall

object to the allowance of Claims and Equity Interests with respect to which they dispute liability in whole or in part. All objections shall be litigated to a Final Order; *provided*, *however*, that the Debtor or the Liquidating Trustee may compromise and settle, withdraw, or resolve by any other method approved by the Bankruptcy Court, any objections to Claims or Equity Interests. In addition, the Debtor or the Liquidating Trustee may, at any time, request that the Bankruptcy Court estimate any contingent Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether the Debtor or the Liquidating Trustee has previously objected to such Claim. Except as otherwise provided by order of the Bankruptcy Court, the Liquidating Trustee may file an objection to any Claim until 120 days after the Effective Date.

2. Plan Reserves

Pursuant to Section 6.02 of the Plan, with respect to Administrative Claims, Priority Tax Claims, Other Priority Claims, and AFICA Secured Claims (and to the extent any distributions are made on General Unsecured Claims or Equity Interests, General Unsecured Claims and/or Equity Interests), on each Distribution Date, in calculating amounts available for distributions to holders of Claims and Interests under the Plan, the Liquidating Trustee shall retain and set aside an amount in Cash, in one or more accounts maintained by the Liquidating Trust, such that the aggregate balance of such funds (exclusive of any interest earned thereon) shall be sufficient to make all payments and distributions which may be subsequently required by Articles 2 and 4 of the Plan and Section 6.03 of the Plan, or such lesser amount as may be approved by the Bankruptcy Court from time to time.

3. Subsequently Allowed Claims or Interests

Pursuant to Section 6.03 of the Plan, subsequent to the Effective Date, when a Claim shall become an Allowed Claim, the Liquidating Trustee shall, as soon as practicable, pay to the holder of such Allowed Claim Cash in an amount equal to the Cash distributions, if any, which would have previously been made to such holder if such Allowed Claim had been an Allowed Claim eligible for distribution on the Effective Date.

4. Payments and Distributions on Disputed Claims

Pursuant to Section 6.04 of the Plan, no partial payments and no partial distributions shall be made with respect to a disputed Claim until the resolution of such disputes by settlement or Final Order. As soon as practicable after a disputed Claim becomes an Allowed Claim, the holder of such Allowed Claim shall receive all payments and distributions to which such holder is then entitled under the Plan.

D. *Conditions Precedent to Confirmation and Effective Date of the Plan*

1. Conditions to Confirmation

Section 7.01 of the Plan provides that the confirmation of the Plan by the Bankruptcy Court shall be subject to, and conditioned upon, entry of an order by the Bankruptcy Court approving the Disclosure Statement.

2. Conditions to Effectiveness

Section 7.02 of the Plan provides that the effectiveness of the Plan shall be subject to, and conditioned upon, (a) the Confirmation Order becoming a Final Order, (b) the Administrative Claims Bar Date having passed, (c) the aggregate asserted Administrative Claims (excluding Professional Administrative Claims, Priority Tax Claims, and Priority Claims against the Debtor being less than or equal to $100,000, (d) no request for revocation of the Confirmation Order under section 1144 of the Bankruptcy Code having been made or, if made, remaining pending, and (e) all other actions and documents necessary to implement the Plan having been effected or executed.

3. Waiver of Conditions to Confirmation or the Effective Date

Pursuant to Section 7.03 of the Plan, except for the condition requiring the Confirmation Order to have become a Final Order, the conditions to confirmation and the conditions to the Effective Date may be waived in whole or part at any time by the Debtor without an order of the Bankruptcy Court; provided, however, that the Debtor may not waive the condition in Section 7.02(c) of the Plan regarding the cap on the aggregate asserted Administrative, Priority Tax, and Priority Claims without the consent of the Indenture Trustee.

4. Revocation of the Plan

Pursuant to Section 11.04 of the Plan, the Debtor reserves the right to revoke and withdraw the Plan prior to the Confirmation Date. If the Debtor revokes or withdraws the Plan, then the Plan shall be deemed null and void and nothing contained in the Plan shall be deemed to constitute a waiver or release of any claims by or against the Debtor or any other person or to prejudice in any manner the rights of the Debtor or any person in any further proceedings involving the Debtor.

E. *Effect of Plan Confirmation*

1. Binding Effect

Pursuant to Section 11.03 of the Plan, the rights, duties, and obligations of any person named or referred to in the Plan shall be binding upon, and shall inure to the benefit of, the successors, heirs and assigns of such person.

2. Exculpation.

Pursuant to Section 11.07 of the Plan, to the fullest extent permitted by applicable law and approved in the Confirmation Order, none of the Debtor, the Committee, the Indenture Trustee, nor any of their respective former or current directors, officers, employees, advisors, affiliates, attorneys, financial advisors, representatives, or agents shall have or incur any liability to any holder of a Claim or Equity Interest for any act or omission in connection with or arising out of, (i) any act, omission, transaction, or other occurrence taking place on or after the Petition Date and in any way relating to the Debtor or the Bankruptcy Case, (ii) the formulation, negotiation, confirmation, or consummation of the Plan, (iii) the solicitation of acceptances of the Plan, (iv) the administration of the Plan or property to be distributed under the Plan, or (v) the

enforcement of the terms of the Plan and the contracts, instruments, releases, agreements, and documents delivered thereunder, except for acts or omissions that constitute or are the result of fraud, criminal conduct, gross negligence, or willful misconduct. Exculpated parties shall, in all respects, be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan. Section 11.07 of the Plan provides that nothing in such Section abrogates any applicable attorney disciplinary rule.

3. Injunction Against Asserting Claims of the Debtor and Against Interference with the Plan

Pursuant to Section 10.01 of the Plan, on and after the Confirmation Date, subject to the Effective Date, all Persons are permanently enjoined from commencing or continuing in any manner any action or proceeding (whether directly, indirectly, derivatively, or otherwise) on account of or respecting any claim, debt, right, or cause of action of the Debtor for which the Debtor or Liquidating Trust, as the case may be, retains sole and exclusive authority to pursue in accordance with Section 5.02 of the Plan.

Pursuant to Section 10.02 of the Plan, upon the entry of the Confirmation Order, all holders of Claims and Equity Interests and other parties in interest, along with their respective present or former employees, agents, officers, directors, or principals, shall be enjoined from taking any actions to interfere with the implementation or consummation of the Plan.

4. Releases by the Debtor.

ON THE EFFECTIVE DATE AND EFFECTIVE SIMULTANEOUSLY WITH THE EFFECTIVENESS OF THE PLAN, THE DEBTOR ON ITS OWN BEHALF AND AS REPRESENTATIVE OF THE DEBTOR'S ESTATE RELEASES UNCONDITIONALLY AND SHALL BE DEEMED TO RELEASE UNCONDITIONALLY, EACH AND ALL OF THE RELEASED PARTIES OF AND FROM ANY AND ALL CLAIMS, OBLIGATIONS, SUITS, JUDGMENTS, DAMAGES, DEBTS, RIGHTS, REMEDIES, CAUSES OF ACTION, AND LIABILITIES OF ANY NATURE WHATSOEVER, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, LIQUIDATED OR UNLIQUIDATED, MATURED OR UNMATURED, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, THAT ARE OR MAY BE BASED IN WHOLE OR IN PART UPON ANY ACT, OMISSION, TRANSACTION, EVENT, OR OTHER OCCURRENCE TAKING PLACE OR EXISTING ON OR PRIOR TO THE EFFECTIVE DATE THAT ARE IN CONNECTION WITH THE DEBTOR, ITS ASSETS, PROPERTY, OR ESTATE, THE BANKRUPTCY CASE, THE PLAN, OR THE DISCLOSURE STATEMENT; *PROVIDED*, *HOWEVER*, THAT NOTHING IN SECTION 10.03 OF THE PLAN SHALL BE CONSTRUED TO RELEASE ANY PARTY FROM LIABILITY FOR ACTIONS OR OMISSIONS CONSTITUTING WILLFUL MISCONDUCT OR GROSS NEGLIGENCE AS DETERMINED BY A FINAL ORDER.

5. Term of Bankruptcy Injunction or Stays.

Pursuant to Section 5.04 of the Plan, unless otherwise provided in the Plan or the Confirmation Order, all injunctions or stays in effect pursuant to sections 105 or 362 of the Bankruptcy Code or otherwise and in effect on the Confirmation Date shall remain in full force and effect until the Effective Date.

F. *Retention of Jurisdiction*

Article 9 of the Plan provides that the Bankruptcy Court shall retain exclusive jurisdiction of these proceedings for the following purposes: (a) to determine any and all applications, adversary proceedings, and contested matters pending as of the Effective Date, if any; (b) to determine any and all objections to the allowance of Claims and Equity Interests, if any; (c) to determine any and all applications for allowance of compensation and reimbursement of expenses; (d) to determine any and all controversies and disputes arising under or in connection with the Plan and such other matters as may be provided for in the Confirmation Order; (e) to effectuate payments under and performance of the provisions of the Plan; (f) to enter such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified, or vacated; (g) to determine the Debtor's motion, if any, to modify the Plan in accordance with section 1127 of the Bankruptcy Code; (h) to issue orders in aid of execution of the Plan, to the extent authorized by section 1142 of the Bankruptcy Code; (i) to consider any modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, in the Confirmation Order; (j) to hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan and any related documents; (k) to hear and determine any issue for which the Plan or any related document requires a Final Order of the Bankruptcy Court; (l) to enter a final decree closing the Bankruptcy Case; and (m) to determine any other matter not inconsistent with Chapter 11 of the Bankruptcy Code.

G. *Miscellaneous Provisions*

1. Governing Law

Section 1.07 of the Plan provides that, except to the extent that the Bankruptcy Code or Bankruptcy Rules are applicable, and subject to the provisions of a contract, instrument, release, or other agreement or document entered into in connection with the Plan, the rights and obligations arising under the Plan shall be governed by, and constructed and enforced in accordance with, the laws of the State of New York, without giving effect to the principles of conflicts of law thereof.

2. Severability

Pursuant to Section 11.02 of the Plan, should any provision in the Plan be determined to be unenforceable following the Effective Date, such determination shall in no way limit or affect the enforceability and operative effect of any and all other provisions of the Plan.

H. *Notices*

Pursuant to Section 11.10 of the Plan, any notice required or permitted to be provided under the Plan shall be in writing and served by: (i) certified mail, return receipt requested, postage prepaid; (ii) hand delivery; or (iii) reputable overnight carrier service, freight prepaid, to be addressed as follows:

If to the Debtor, to:

Doral Properties, Inc.
c/o Zolfo Cooper
Grace Building
1114 Avenue of the Americas, 41st Floor
New York, NY 10036
Attn: Scott Martinez, CRO
Facsimile: (212) 213-1749
smartinez@zolfocooper.com

with copies to:

Ropes & Gray LLP
1211 Avenue of the Americas
New York, NY 10036-8704
Attn: Mark I. Bane
Facsimile: (212) 596-9090
mark.bane@ropesgray.com

Ropes & Gray LLP
Prudential Tower
800 Boylston Street
Boston, MA 02199-3600
Attn: James A. Wright III
Facsimile: (617) 951-7050
james.wright@ropesgray.com

If to the Liquidating Trustee, to:

Zolfo Cooper
1114 Avenue of the Americas
41st Floor
New York, NY 10036
Attn: Scott Martinez
Facsimile: (212) 213-1749
smartinez@zolfocooper.com

with copies to counsel to the Indenture Trustee:

Eckert Seamans Cherin & Mellott, LLC
10 Bank Street, Suite 700
White Plains, NY 10606
Attn: Christopher F. Graham
Facsimile: (914) 949-5424
cgraham@eckertseamans.com

I. *Exemption from Transfer Taxes*

Pursuant to Section 11.06 of the Plan and section 1146(c) of the Bankruptcy Code, none of (i) the issuance transfer or exchange of any security under, in furtherance of, or in connection with, the Plan, (ii) the assignment or surrender of any lease or sublease, or the delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including any deeds, bills of sale or assignments executed in connection with any disposition of assets contemplated by the Plan (including real and personal property), or (iii) the disposition and/or encumbrance of assets in connection with any transactions contemplated hereunder (including any subsequent sale of property pursuant to the Plan), shall be subject to any stamp, real estate transfer, mortgage recording sales, use, or other similar tax.

IX. CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

ALL HOLDERS OF CLAIMS ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS AS TO THE SPECIFIC TAX CONSEQUENCES (FOREIGN, FEDERAL, STATE AND LOCAL) OF THE PLAN TO THEM. THE PLAN PROPONENTS ARE NOT MAKING ANY REPRESENTATIONS REGARDING THE PARTICULAR TAX CONSEQUENCES OF THE CONFIRMATION AND CONSUMMATION OF THE PLAN AS TO ANY SPECIFIC HOLDER OF A CLAIM AGAINST THE DEBTOR, NOR ARE THE PLAN PROPONENTS RENDERING ANY FORM OF LEGAL OPINION AS TO SUCH TAX CONSEQUENCES.

The following discussion summarizes certain material U.S. federal income tax consequences of (i) the implementation of the Plan to holders of AFICA Secured Claims, and (ii) the ownership and sale, exchange or other disposition of the consideration to be received pursuant to the Plan by the holders in exchange for their Allowed AFICA Secured Claims. This summary does not address the U.S. federal income tax consequences to holders of any Claims other than AFICA Secured Claims.

This discussion is based on existing provisions of the Internal Revenue Code of 1986, as amended (the "IRC"), existing and proposed Treasury Regulations promulgated thereunder, and current administrative rulings and court decisions. Legislative, judicial, or administrative changes or interpretations enacted or promulgated after the date hereof could alter or modify the analyses set forth below with respect to the U.S. federal income tax consequences of the Plan. Any such changes or interpretations may be retroactive and could significantly affect the U.S. federal income tax consequences of the Plan.

The U.S. federal income tax consequences of the Plan are complex and are subject to significant uncertainties. No ruling has been (or will be) requested or obtained from the Internal Revenue Service (the "IRS") or any other taxing authority with respect to any tax aspects of the Plan, and no opinion of counsel has been (or will be) sought or obtained with respect thereto. This discussion assumes that the Plan will be consummated in accordance with its terms. Events occurring after the date of the Disclosure Statement, including amendments or modifications to the Plan and changes in law and/or administrative positions, could affect the U.S. federal income tax consequences of the Plan. No representations are being made regarding the particular U.S. federal income tax consequences of the confirmation and consummation of the Plan to the Debtor or any holder. This discussion is not binding on the IRS, and no assurance can be given

that the IRS would not assert, or that a court would not sustain, a different position from any discussed herein.

This summary does not address any estate, gift, Puerto Rico, state, local, or foreign law tax consequences of the Plan. Furthermore, this discussion does not address all tax considerations that might be relevant to particular holders in light of their personal circumstances. In addition, this summary does not address the tax treatment of special classes of holders, such as financial institutions, regulated investment companies, real estate investment trusts, tax-exempt entities, insurance companies, persons holding debt as part of a hedging, integrated or conversion transaction, constructive sale or "straddle," U.S. expatriates, persons subject to the alternative minimum tax, and dealers or traders in securities or currencies.

For purposes of this discussion, a "U.S. Holder" is a holder that is: (1) an individual citizen or resident of the United States for U.S. federal income tax purposes; (2) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof or the District of Columbia; (3) an estate the income of which is subject to U.S. federal income taxation regardless of the source of such income; or (4) a trust (A) if a court within the United States is able to exercise primary jurisdiction over the trust's administration and one or more United States persons have authority to control all substantial decisions of the trust or (B) that has a valid election in effect under applicable Treasury Regulations to be treated as a United States person. For purposes of this discussion, a "Non-U.S. Holder" is any holder that is not a U.S. Holder other than any partnership (or other entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes).

If a partnership (or other entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes) is a holder, the tax treatment of a partner (or other owner) generally will depend upon the status of the partner (or other owner) and the activities of the entity. Partners (or other owners) of partnerships (or other pass-through entities) that are holders should consult their respective tax advisors regarding the U.S. federal income tax consequences of the Plan.

A. *U.S. Federal Income Tax Consequences of the Plan to Holders of Allowed AFICA Secured Claims*

1. In General

As mentioned above, the U.S. federal income tax consequences of the Plan to holders of Allowed AFICA Secured Claims are complex and subject to significant uncertainties. Such consequences may depend, among other things, on (1) the manner in which a holder acquired a Claim; (2) the length of time the Claim has been held; (3) whether the Claim was acquired at a discount; (4) whether the holder has taken a bad debt deduction with respect to the Claim (or any portion thereof); (5) whether the holder has previously included in income accrued but unpaid interest with respect to the Claim; and (6) the holder's method of tax accounting.

EACH HOLDER OF AN ALLOWED AFICA SECURED CLAIM IS STRONGLY URGED TO CONSULT SUCH HOLDER'S OWN TAX ADVISOR REGARDING THE

SPECIFIC TAX CONSEQUENCES TO SUCH HOLDER OF THE TRANSACTIONS DESCRIBED HEREIN AND IN THE PLAN.

2. U.S. Federal Income Tax Consequences of the Plan to U.S. Holders

(a) In General

Pursuant to the Plan, the holders of Allowed AFICA Secured Claims will exchange directly with Debtor their Allowed Claims for the consideration specified in the Plan (the "Exchanges").

The Exchanges should be treated as fully taxable transactions, subject to the discussion below regarding the treatment of accrued but unpaid interest in Article IX.A.2.b. ("—*Accrued but Unpaid Interest*") and the "market discount" rules described in Article IX.A.2.c. ("—*Market Discount*"). A U.S. Holder of Allowed AFICA Secured Claims will recognize gain or loss for U.S. federal income tax purposes on an Exchange equal to the difference between (i) the sum of (A) any cash received in the Exchange and (B) the fair market value of any interests in the Liquidating Trust received in the Exchange, and (ii) such U.S. Holder's adjusted tax basis in the Allowed AFICA Secured Claims surrendered, determined immediately prior to the Effective Date. Such gain or loss should be capital gain or loss if the Allowed AFICA Secured Claims surrendered were capital assets to such U.S. Holder and, if so, should be long-term capital gain or loss, if the Allowed AFICA Secured Claims were held for more than one year by the U.S. Holder on the Effective Date. Currently, long-term capital gains of an individual taxpayer generally are taxed at preferential rates, but the deductibility of capital losses is limited.

Additionally, if the Exchange is treated as a fully taxable transaction, a U.S. Holder's initial tax basis in any interests in the Liquidating Trust received in the Exchange will equal the fair market value of such interests in the Liquidating Trust on the Effective Date.

As mentioned above, this discussion is not binding on the IRS, and no assurance can be given that the IRS would not assert, or that a court would not sustain, a different position from any discussed herein including as to the characterization of an Exchange for U.S. federal income tax purposes. U.S. Holders of Allowed AFICA Secured Claims should consult their respective tax advisors regarding the appropriate treatment of an Exchange for U.S. federal income tax purposes, including whether holders may recognize any gain or loss realized upon the Exchange.

(b) Accrued but Unpaid Interest

A portion of the consideration received by U.S. Holders of Allowed AFICA Secured Claims may be attributable to accrued but unpaid interest with respect to such Allowed AFICA Secured Claims. Such amount should be taxable to a U.S. Holder as ordinary interest income if the accrued interest has not been previously included in the holder's gross income for U.S. federal income tax purposes. Conversely, a U.S. Holder may recognize a loss to the extent that any accrued interest was previously included in income and is not paid in full. Pursuant to Section 4.04 of the Plan, the Debtor will allocate all distributions in respect of any Allowed AFICA Secured Claim first to the principal amount of such Claim, and thereafter to accrued but unpaid interest. However, no assurance can be given that the IRS will respect such allocation. If a distribution with respect to an Allowed AFICA Secured Claim is allocated entirely to the

principal amount of such Claim, a U.S. Holder may be entitled to claim a loss to the extent of any accrued but unpaid interest on such Claim that was previously included in the U.S. Holder's gross income. U.S. Holders of Allowed AFICA Secured Claims should consult their respective tax advisors regarding the proper allocation of the consideration received pursuant to the Plan and the character of any loss claimed with respect to accrued but unpaid interest previously included in gross income.

(c) Market Discount

The market discount provisions of the IRC may apply to U.S. Holders of Allowed AFICA Secured Claims. In general, a debt obligation acquired by a U.S. Holder in the secondary market is a "market discount bond" as to that U.S. Holder if the debt obligation's stated redemption price at maturity (or, in the case of a debt obligation having original issue discount, its adjusted issue price) exceeds, by more than a statutory *de minimis* amount, the debt obligation's tax basis in the U.S. Holder's hands immediately after its acquisition. A U.S. Holder that realizes gain upon the Exchange may be required to treat such gain as ordinary income to the extent of any accrued market discount with respect to such U.S. Holder's Allowed AFICA Secured Claims.

3. U.S. Federal Income Tax Consequences of Sale, Exchange or Other Taxable Disposition of Interests in Liquidating Trust to U.S. Holders

As a preliminary matter, Section 5.06(d) of the Plan provides that interests in the Liquidating Trust will not be transferable except in accordance with the Liquidating Trust Agreement.

Assuming a transfer is permitted, and unless a nonrecognition provision applies, upon the sale, exchange or other disposition of interests in the Liquidating Trust, a U.S. Holder generally will recognize gain or loss in an amount equal to the difference between (i) the amount of cash and the fair market value of any property received and (ii) such U.S. Holder's adjusted tax basis in the interests in the Liquidating Trust, as the case may be. A U.S. Holder's adjusted tax basis in interests in the Liquidating Trust will, in general, be such U.S. Holder's initial tax basis in such interests, reduced by any distributions paid to such U.S. Holder from the Liquidating Trust. Any gain or loss recognized on the sale, exchange or other disposition of interests in the Liquidating Trust should be capital gain or loss. Such gain or loss will be long-term capital gain or loss if the applicable U.S. Holder has a holding period in the interests in the Liquidating Trust, as the case may be, of more than one year at the time of the sale, exchange or retirement. Currently, long-term capital gains of individual taxpayers generally are taxed at preferential rates, but the deductibility of capital losses is limited.

4. U.S. Federal Income Tax Consequences of the Plan to Non-U.S. Holders

The rules governing the U.S. federal income tax consequences to Non-U.S. Holders are complex. Each Non-U.S. Holder should consult its own tax advisor regarding the U.S. federal, state and local and the foreign tax consequences to such Non-U.S. Holder of the liquidation and transactions proposed in the Plan.

Subject to the discussion below in Article IX.A.6. ("*—Information Reporting and Backup Withholding*"), a Non-U.S. Holder should not be subject to U.S. federal income tax on gain realized in connection with the Plan, unless: (i) the gain is effectively connected with such Non-U.S. Holder's conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment), in which case the gain or loss will be treated in the manner described in Article IX.A.5.b. ("*—Effectively Connected Income and Loss*") (such gain or loss "ECI" and such U.S. federal income tax treatment, "ECI Treatment"), (ii) the Non-U.S. Holder is an individual who is a "non-resident" and who is present in the United States for 183 days or more during the taxable year of the liquidation, and certain other conditions are met (the "183-Day Test"), in which case the gain (as may be reduced by any U.S.-source capital losses) will be subject to 30% tax (or such lower rate as may be provided by an applicable income tax treaty) (the "Exempt Individual Treatment"), or (iii) a portion of the consideration received by such Non-U.S. Holder is attributable to accrued but unpaid interest, in which case such amounts will be subject to the rules governing interest discussed in Article IX.A.2.b. "*—Accrued but Unpaid Interest*").

5. U.S. Federal Income Tax Consequences to Non-U.S. Holders of Sale, Exchange or Other Taxable Disposition of Interests in the Liquidating Trust

(a) U.S. Federal Income Tax Consequences of Sale, Exchange or Other Taxable Disposition of Interests in the Liquidating Trust

As a preliminary matter, Section 5.06(d) of the Plan provides that interests in the Liquidating Trust will not be transferable except in accordance with the Liquidating Trust Agreement.

Assuming a transfer is permitted, and subject to the discussions in Article IX.5.c. ("*—FATCA*") and in Article IX.A.6. "*—Information Reporting and Backup Withholding*"), in general, a Non-U.S. Holder will not be subject to U.S. federal income tax or withholding tax on gain realized upon such Non-U.S. Holder's sale, exchange or other taxable disposition of interests in the Liquidating Trust, unless (i) such gain is ECI, in which case the ECI Treatment will apply; or (ii) such Non-U.S. Holder is an individual who meets the 183-Day Test, in which case the Exempt Individual Treatment will apply.

(b) Effectively Connected Income and Loss

If a Non-U.S. Holder is engaged in a trade or business in the United States, and if gain or loss realized on the disposition of interests in the Liquidating Trust is ECI, any such gain or loss recognized by a Non-U.S. Holder will be subject to taxation in the same manner as if such Non-U.S. Holder were a U.S. Holder. In addition, if the Non-U.S. Holder is a foreign corporation, such Non-U.S. Holder may be subject to a 30% "branch profits tax" on earnings and profits effectively connected with such U.S. trade or business (subject to certain adjustments). Notwithstanding the foregoing, taxation on income that is ECI may be reduced or eliminated by an applicable income tax treaty. Non-U.S. Holders should consult their respective tax advisors regarding the applicability of the ECI rules.

(c) FATCA

Under the Foreign Account Tax Compliance Act ("FATCA"), which was enacted in 2010, foreign financial institutions and certain other foreign entities must report certain information with respect to their U.S. account holders and investors or be subject to withholding on the receipt of "withholdable payments." For this purpose, "withholdable payments" are generally U.S.-source payments of fixed or determinable, annual or periodical income, and also include gross proceeds from the sale of any equity or debt instruments of U.S. issuers. FATCA withholding will apply even if the applicable payment would not otherwise be subject to U.S. federal nonresident withholding tax.

Each Non-U.S. Holder should consult its own tax advisor regarding the possible impact of these rules on such Non-U.S. Holder's ownership of interests in the Liquidating Trust.

6. Information Reporting and Backup Withholding

Unless certain exceptions apply, an issuer must report annually to the IRS and to each applicable holder any interest or dividends paid during the taxable year, and copies of these information returns may be made available pursuant to a treaty or other agreement to the tax authorities of the country in which an applicable Non-U.S. Holder resides.

In addition, U.S. federal backup withholding may apply to such payments unless, in the case of a U.S. Holder, such U.S. Holder provides a properly executed IRS Form W-9 and, in the case of Non-U.S. Holder, such Non-U.S. Holder provides a properly executed applicable IRS Form W-8 (or otherwise establishes such Non-U.S. Holder's eligibility for an exemption). In general, corporations are exempt from these requirements, provided that their exemptions are properly established. The current backup withholding rate is 28%. Backup withholding is not an additional tax. Any amounts withheld from a payment to a holder under the backup withholding rules will be allowed as a credit against such holder's U.S. federal income tax liability and may entitle the holder to a refund, provided that such holder timely furnishes the required information to the IRS.

Each holder should consult its own tax advisor regarding the application of information reporting and backup withholding in such holder's particular situation, the availability of an exemption from backup withholding and the procedures for obtaining any such exemption or for obtaining a refund of any such backup withholding that may be imposed.

B. *Importance of Obtaining Professional Tax Assistance*

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE LIQUIDATION AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES OF THE LIQUIDATION ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A HOLDER'S PARTICULAR CIRCUMSTANCES. ACCORDINGLY, HOLDERS ARE URGED TO CONSULT THEIR RESPECTIVE TAX ADVISORS ABOUT THE U.S. FEDERAL, PUERTO RICO, STATE AND LOCAL AND APPLICABLE FOREIGN AND

OTHER TAX CONSEQUENCES OF THE TRANSACTIONS DESCRIBED HEREIN AND IN THE PLAN.

X. CONFIRMATION

A. *Confirmation Hearing*

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a confirmation hearing to consider confirmation of the Plan. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of a chapter 11 plan.

The Bankruptcy Court has scheduled a Confirmation Hearing for [--], 2016 to consider whether the Plan satisfies the various requirements of the Bankruptcy Code. At that time, the Debtor will submit a report to the Bankruptcy Court concerning the vote for acceptance or rejection of the Plan by the parties entitled to vote thereon. Confirmation Hearing Notices are being provided to all holders of Claims and Equity Interests as required by the Bankruptcy Rules. Objections to confirmation must be filed with the Bankruptcy Court by [--], 2016 and are governed by Bankruptcy Rules 3020(b) and 9014 and the local rules of the Bankruptcy Court. ANY OBJECTION TO CONFIRMATION OF THE PLAN NOT TIMELY SERVED AND FILED IN ACCORDANCE WITH THE CONFIRMATION HEARING NOTICE MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

B. *Requirements for Confirmation*

At the Confirmation Hearing, the Bankruptcy Court will determine whether the provisions of section 1129 of the Bankruptcy Code have been satisfied by the Plan. If all of the provisions of section 1129 of the Bankruptcy Code are found to have been met, the Bankruptcy Court may enter an order confirming the Plan. The Debtor believes that all of the requirements of section 1129 of the Bankruptcy Code will be found to have been satisfied.

C. *Class Acceptance of the Plan*

As a condition to confirmation, the Bankruptcy Code requires that each impaired class of claims or interests accept a plan, subject to the exceptions described in the section entitled “cram down” below. At least one impaired class of claims must accept a plan in order for the plan to be confirmed.

For a class of claims to accept a chapter 11 plan, section 1126 of the Bankruptcy Code requires acceptance by creditors that hold at least two-thirds in dollar amount and a majority in number of the allowed claims of such class, in both cases counting only those claims actually voting to accept or reject the plan. The holders of claims who fail to vote are not counted as either accepting or rejecting a chapter 11 plan.

For a class of interests to accept a chapter 11 plan, section 1126 of the Bankruptcy Code requires acceptance by interest holders that hold at least two-thirds in amount of the allowed interests of such class, counting only those interests actually voting to accept or reject the plan.

The holders of interests who fail to vote are not counted as either accepting or rejecting a chapter 11 plan.

If the Plan is confirmed, the Plan will be binding on all holders of Claims and Equity Interests of each Class, including Classes and members of such Classes that did not vote or that voted to reject the Plan.

The Debtor believes that the Plan satisfies all of the statutory requirements of chapter 11 of the Bankruptcy Code, that the Debtor has complied or will have complied with all of the requirements of chapter 11, and that the Plan has been proposed and made in good faith.

D. *Cram Down*

A court may confirm a chapter 11 plan not accepted by all impaired classes, if the plan has been accepted by at least one impaired class of claims and the plan meets the "cram down" requirements set forth in section 1129(b) of the Bankruptcy Code. Section 1129(b) of the Bankruptcy Code requires the court to find that the plan is "fair and equitable" and does not "discriminate unfairly" against any nonaccepting impaired class of claims or interests. With respect to a dissenting class of claims, the "fair and equitable" standard requires, among other things, that, pursuant to the plan, either (i) each holder of a claim in such dissenting class will receive or retain property having a value, as of the effective date of the Plan, equal to the allowed amount of its claim, or (ii) no holder of allowed claims or interests in any junior class will receive or retain any property on account of such claims or interests. With respect to a dissenting class of interests, the "fair and equitable" standard requires that pursuant to the plan, either (i) each holder of an interest in the dissenting class will receive or retain property having a value, as of the effective date, equal to the greater of the allowed amount of any fixed liquidation preference to which such holder is entitled, or the value of such interests or (ii) no holder of an interest in any junior class will receive or retain any property on account of such interests. The strict requirement of the allocation of full value to dissenting classes before junior classes can receive a distribution is known as the "absolute priority rule."

The Plan has Impaired Classes that are deemed to have rejected the Plan. The Debtor will be requesting that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code. The Debtor believes the Plan satisfies the requirements of section 1129(b) of the Bankruptcy Code with respect to each Impaired Class.

E. *Plan Meets Requirements for Confirmation*

1. Best Interests of Creditors—Liquidation Analysis

To confirm a chapter 11 plan, the Bankruptcy Court must determine that the plan meets the requirements of section 1129(a)(7) of the Bankruptcy Code, that is, that the plan is in the best interests of each holder of a claim or equity interest in an impaired class that has not voted to accept the plan. To satisfy this "best interests" test, the Bankruptcy Court must find that the plan provides each non-consenting holder in such impaired class with a recovery, on account of such holder's claim or equity interest, that has a value at least equal to the value of the distribution that each such holder would receive if the Debtor were liquidated under chapter 7 of the Bankruptcy Code.

The Debtor believes that confirmation of the Plan is in the best interests of the holders of Claims and Equity Interests because, as set forth in Article VII hereof, the Plan provides distributions to such holders having a present value, as of the Effective Date, of not less than the value such holders likely would receive if the Debtor were liquidated under chapter 7 of the Bankruptcy Code.

To estimate what members of each Impaired Class of Claims or Equity Interests would receive if the Debtor were liquidated pursuant to chapter 7 of the Bankruptcy Code, the Debtor must first determine the aggregate dollar amount that would be available to such members for distribution if the chapter 11 case were converted to a case under chapter 7 of the Bankruptcy Code and the Debtor's assets were liquidated by a chapter 7 trustee. The resulting Liquidation Value of the Debtor would consist of the net proceeds from the disposition of assets of the Debtor, augmented by any cash held by the Debtor.

The Debtor believes that chapter 7 liquidation would result in a diminution in the value to be realized by holders of Claims and Equity Interests due primarily to the incremental cost and expenses of liquidation under chapter 7 arising from fees payable to a trustee in bankruptcy and professional advisors to such trustee. Consequently, the Debtor believes that the Plan will provide a greater ultimate return to holders of Claims and than would a chapter 7 liquidation.

At the Confirmation Hearing, the Bankruptcy Court will determine whether the holders of Claims in Impaired Classes will receive distributions under the Plan that are at least as great as the distributions that such holders would receive upon a liquidation of the Debtor pursuant to chapter 7 of the Bankruptcy Code.

2. Feasibility of the Plan

Section 1129(a)(11) of the Bankruptcy Code requires as one of the conditions to confirmation that the Bankruptcy Court determine that confirmation is not likely to be followed by the liquidation or the need for further financial reorganization of the debtor. 11 U.S.C. § 1129(a)(11). This standard is commonly referred to as "feasibility." The Plan is a liquidating Plan and, therefore, satisfies the Bankruptcy Code's feasibility standard.

F. *Alternatives to Confirmation and Consummation of the Plan*

If the Plan is not confirmed by the Bankruptcy Court and then consummated, the alternatives available to the Debtor would include (i) confirmation of an alternative plan of liquidation under chapter 11 of the Bankruptcy Code, (ii) liquidation of the Debtor under chapter 7 of the Bankruptcy Code, and (iii) dismissal of the Chapter 11 Case. If the Plan is not confirmed, the Debtor will decide which alternative to pursue by weighing each of the available options and choosing the alternative or alternatives that are in the best interests of the Debtor, its stakeholders, and other parties in interest.

1. Alternative Plans of Liquidation

If the Plan is not confirmed, the Debtor (or, if the exclusive period in which to file a chapter 11 plan has expired or is terminated by the Bankruptcy Court, any other party in interest)

could attempt to formulate a different chapter 11 plan. Such a plan might involve a different approach to the orderly liquidation of the Debtor's assets.

The Debtor believes that the Plan is a significantly more attractive alternative than those alternatives, because the Plan will result in a larger distribution to creditors than would other types of liquidations under chapter 11 of the Bankruptcy Code or a liquidation under chapter 7 of the Bankruptcy Code and will avoid the delay, disruptions, and increased costs that would result from a protracted and contested bankruptcy case.

2. Dismissal of the Debtor's Chapter 11 Case

Dismissal of the Debtor's chapter 11 case would have the effect of restoring (or attempting to restore) all parties to the *status quo* as of the commencement of the chapter 11 case on November 25, 2015. Upon dismissal of the chapter 11 case, the Debtor would lose the protections afforded by the Bankruptcy Code, thereby requiring a potentially extensive and time-consuming process of negotiation with the Debtor's creditors to fairly distribute assets and possibly resulting in costly and protracted litigation in various jurisdictions. The Debtor believes that dismissal of its chapter 11 case is not a viable alternative to the Plan.

3. Liquidation Under Chapter 7

If no chapter 11 plan is confirmed (and in certain other circumstances), the Debtor's chapter 11 case may be converted to a case under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to liquidate the assets of the Debtor for distribution to creditors in accordance with the priorities established by the Bankruptcy Code. A discussion of the potential effects that a chapter 7 liquidation would have on the recovery of holders of Claims and Equity Interests is set forth in Article VII hereof. The Debtor believes that liquidation under chapter 7 would result in smaller distributions to holders of Claims in certain Classes as compared to those provided for in the Plan due primarily to the incremental cost and expenses of liquidation under chapter 7 arising from fees payable to a trustee in bankruptcy and professional advisors to such trustee. A chapter 7 liquidation might also result in substantial litigation and delays in ultimate distributions to creditors.

RECOMMENDATION AND CONCLUSION

The Debtor believes that confirmation of the Plan is in the best interests of creditors and that the Plan should be confirmed. The Debtor recommends that all holders of 1999 AFICA Bonds vote to accept the Plan.

Dated: May 25, 2016

Respectfully Submitted,

DORAL PROPERTIES, INC.

By: /s/ Scott Martinez
Scott Martinez
Chief Restructuring Officer

ANNEX I

Terms

"183-Day Test" shall have the meaning given in ARTICLE IX.A.4.

"1451 FDR Avenue" is defined in ARTICLE III.A.

"1999 AFICA Bonds" means the $44.765 million in bonds issued by AFICA in 1999 pursuant to the 1999 Trust Agreement, the proceeds of which were borrowed by the Debtor, pursuant to the 1999 Loan and Guaranty Agreement, to finance the acquisition, development, and construction of the office building located at 1451 Franklin D. Roosevelt Avenue in San Juan, Puerto Rico.

"1999 Trust Agreement" means the Trust Agreement, dated November 3, 1999, between AFICA and the Indenture Trustee, pursuant to which the 1999 AFICA Bonds were issued by AFICA. "2002 AFICA Bonds" shall mean the $7.6 million in bonds issued by AFICA in 2002, the proceeds of which were borrowed by the Debtor, pursuant to the 2002 Loan and Guaranty Agreement, to finance improvements to the office building located at 1451 Franklin D. Roosevelt Avenue in San Juan, Puerto Rico.

"Administrative Claim" shall have the meaning ascribed in the Plan.

"Administrative Claims Objection Deadline" shall have the meaning ascribed in the Plan.

"AFICA" means the Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority (a/k/a Autoridad de Puerto Rico para el Financiamiento de Facilidades Industriales, Turisticas, Educativas, Medicas y de Control Ambiental).

"Allowed" shall have the meaning ascribed in the Plan.

"Available Cash" shall have the meaning ascribed in the Plan.

"Banco Popular" is defined in ARTICLE III.A.

"Banco Popular Leases" is defined in ARTICLE III.F.

"Bankruptcy Code" means Title 11 of the United States Code.

"Bankruptcy Court" means the United States Bankruptcy Court for the Southern District of New York.

"Bankruptcy Rules" means the Federal Rules of Bankruptcy Procedure as in effect on the Confirmation Date and as thereafter amended, together with local rules adopted by the Bankruptcy Court, or such similar rules as may be in effect from time to time in the Bankruptcy Court.

"Bar Dates" is defined in ARTICLE IV.B.3.

"Best Interests Test" shall have the meaning given in ARTICLE VII.

"Building APA" is defined in ARTICLE IV.A.

"Buildings" is defined in ARTICLE III.A.

"Business Day" shall have the meaning ascribed in the Plan.

"Cash" shall have the meaning ascribed in the Plan.

"Cash Collateral Order" is defined in ARTICLE IV.A.

"Causes of Action" shall have the meaning ascribed in the Plan.

"CCM" is defined in ARTICLE III.G.

"Claim" means any claim against the Debtor as defined in section 101(5) of the Bankruptcy Code which has not been disallowed by an order of the Bankruptcy Court or for which an order of disallowance of the Bankruptcy Court has been reversed on appeal by a Final Order of an appellate court.

"Class" shall have the meaning ascribed in the Plan.

"Committee" means the Official Unsecured Creditors' Committee appointed for the Bankruptcy Case.

"Confirmation Date" shall have the meaning ascribed in the Plan.

"Confirmation Hearing" means the hearing regarding confirmation of the Plan pursuant to Bankruptcy Code section 1129.

"Confirmation Hearing Notice" means a notice of the Confirmation Hearing.

"Confirmation Order" shall have the meaning ascribed in the Plan.

"Debtor" means Doral Properties, Inc., as debtor in the Bankruptcy Case.

"DFC" means Doral Financial Corporation.

"Disclosure Statement" means this Disclosure Statement.

"Distribution Date" shall have the meaning ascribed in the Plan.

"Distribution Record Date" shall have the meaning ascribed in the Plan.

"Doral Bank" is defined in ARTICLE III.A.

"ECI" shall have the meaning given in ARTICLE IX.A.4.

“ECI Treatment” shall have the meaning given in ARTICLE IX.A.4.

“Effective Date” shall have the meaning ascribed in the Plan.

“Equity Interests” shall have the meaning ascribed in the Plan.

“Exchanges” shall have the meaning given in ARTICLE IX.A.2.a.

“Exempt Individual Treatment” shall have the meaning given in ARTICLE IX.A.4.

“FATCA” means the Foreign Account Tax Compliance Act.

“FDIC” is defined in ARTICLE III.E.

“FDIC-R” is defined in ARTICLE III.E.

“Final Order” shall have the meaning ascribed in the Plan.

“FIRREA” means the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

“General Unsecured Claims” shall have the meaning ascribed in the Plan.

“Impaired” shall have the meaning ascribed in the Plan.

“Indenture Trustee” means UMB Bank, N.A., in its capacity as successor trustee under the 1999 Trust Agreement.

“IRC” means the Internal Revenue Code of 1986, as amended.

“IRS” means the Internal Revenue Service.

“Liquidating Trust” shall have the meaning ascribed in the Plan.

“Liquidating Trust Assets” is defined in ARTICLE VI.E.2.

“Liquidation Value” means the aggregate dollar amount that would be available for distribution if the Debtor’s chapter 11 case were converted to a case under chapter 7 of the Bankruptcy Code and the Debtor’s assets were liquidated by a chapter 7 trustee.

“LOI” is defined in ARTICLE III.G.

“Master Ballot” shall have the meaning ascribed in the Plan.

“Newmark” is defined in ARTICLE III.G.

“Newmark Grubb” is defined in ARTICLE III.G.

“Non-U.S. Holder” shall have the meaning given in ARTICLE IX.

"OCIF" is defined in ARTICLE III.E

"Petition Date" means November 25, 2015, the date of the filing by the Debtor of its voluntary petition commencing the Bankruptcy Case.

"Plan" means the Chapter 11 Plan of Liquidation for Doral Properties, Inc., dated May 25, 2016. A copy of the Plan is attached as Exhibit A.

"Plan Supplement" shall have the meaning ascribed in the Plan.

"Priority Claims" shall have the meaning ascribed in the Plan.

"Priority Tax Claims" shall have the meaning ascribed in the Plan.

"Pro Rata" shall have the meaning ascribed in the Plan.

"Professional" shall have the meaning ascribed in the Plan.

"Professional Administrative Claim" shall have the meaning ascribed in the Plan.

"Professional Fee Claim" shall have the meaning ascribed in the Plan.

"Receivership" is defined in ARTICLE III.E.

"Registry" is defined in ARTICLE III.A.

"Reserve Fund" shall have the meaning ascribed in the Plan.

"SEC" means the Securities and Exchange Commission.

"Superpriority Claim" shall have the meaning ascribed in the Plan.

"Treasury Regulation" means regulations promulgated by the U.S. Department of the Treasury regarding the IRC.

"United States Trustee" shall have the meaning ascribed in the Plan.

"U.S. Holder" shall have the meaning given in ARTICLE IX.

"Voting Agent" means Garden City Group, LLC, in its capacity as the voting and tabulation agent for the solicitation of votes on the Plan.

"Voting Deadline" means July 27, 2016 unless extended.

"Voting Instructions" means the voting instructions described in Article I hereof, together with the instructions contained in the Ballot and Master Ballot.

"Voting Record Date" means the close of business on June 17, 2016 unless extended.