

## CHAPTER 11 PRIMER

### **What is Chapter 11 of the US Bankruptcy Code?**

The Chapter 11 process provides a business with the time to put in place a sound financial structure and effective working relationships in order to move forward successfully.

Under Chapter 11, the Court requires suppliers and other creditors to continue working with Baha Mar in the ordinary course, so that it can develop its go-forward plan.

Chapter 11 is not a liquidation. It enables a company to continue operating while it goes through the process.

Baha Mar has made the appropriate filing in the United States to undertake these proceedings and will be filing an application in The Bahamas seeking approval of the US court orders.

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### **Why is Baha Mar Ltd. filing for Chapter 11?**

Baha Mar is undertaking the Chapter 11 process to move Baha Mar forward so that it can complete construction and successfully open the resort.

Due to the financial consequences of the repeated delays by the general contractor, and the resulting loss of revenue, the Chapter 11 process is the best path to provide the time to put in place a viable capital structure and working relationships to complete construction and successfully open Baha Mar.

The Chapter 11 cases provide Baha Mar the best path to put in place a sound financial structure and effective working relationships to move forward successfully.

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### **What does Chapter 11 mean for Baha Mar right now?**

Baha Mar has asked the Court for approval to continue paying the salaries and benefits of its employees. All ordinary course suppliers and vendors will be able to conduct business with Baha Mar.

The Meliá Nassau Beach will continue to operate in the ordinary course. The convention center and golf course will not operate during this process.

During this time, the process enables suppliers and others to continue working with Baha Mar in the ordinary course.

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### **What happens next?**

Customary First Day Motions are being filed with the court, seeking approval for, among other things, debtor-in-possession financing to fund continued payment of salaries and benefits, and payment to ordinary course suppliers and vendors of any post-petition claims.

To help assure that we move down this path efficiently Baha Mar's developer Sarkis Izmirlian has agreed to arrange the funding for Baha Mar to operate and meet its financial obligations in the interim during the Chapter 11 process.

We are doing our very best to engage the resort's lender to reach a consensual resolution that assures our ability to complete construction and open successfully. At the same time, if we cannot reach a consensual resolution in the next few weeks, we will have to make some extremely difficult decisions that would include workforce reductions.

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### **What can be expected from the Court in the Bahamas?**

The Supreme Court of The Commonwealth of The Bahamas will be asked to approve the US court orders.