



FONTAINEBLEAU MIAMI BEACH

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FONTAINEBLEAU.COM

Dear Valued Partner,

As a valued customer of Fontainebleau Miami Beach, we wanted to update you on the resort as it relates to recent media coverage.

Last November, after three years of extensive renovations, Fontainebleau Miami Beach completed the restoration of one of the most iconic destination resorts in the world. Fontainebleau invested well over a billion dollars in the project. The restoration not only brought an esthetic transformation to the physical structure while preserving its historical significance but also revitalized the destination and brought employment to thousands in the community. The disputes with subcontractors that have arisen as reported in the recent article you inquired about represents a very small fraction of the dollars we have spent on this project. Such disputes are commonplace in projects of this magnitude but understandably, their resolution is nonetheless important to all those involved.

During the final stages of construction, Fontainebleau Miami Beach, uncovered significant overbilling by various construction entities, which lead to an immediate audit of all work performed by outside professionals that we engaged. Our audit uncovered an unusually high degree of overbilling. Regrettably, the actions of several subcontractors have precipitated an extensive exercise causing payment delays for the many honest ones who worked on this project, as well. We are working to bring these legal matters to an end by continuing to evaluate all outstanding liens and have every intention of paying for work that was completed as agreed.

Please rest assured that the business implications of these legal matters in no way affect our day to day operations at the resort. Fontainebleau continues to perform exceedingly well in a challenging economic environment and is recognized globally in the media as one of the great new destination resorts of our time.

As there is additional information to share, we will communicate with you promptly. In the meantime, please have utmost confidence Fontainebleau Miami Beach will continue to provide the best service and incomparable quality.

Sincerely,

Howard Karawan  
Chief Operation Officer  
Fontainebleau Resorts LLC