

[REDACTED]

From: Karim Alibhai <[REDACTED]> behalf of Karim Alibhai
Sent: Monday, May 11, 2020 2:57 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: Re: Gencom's Bermuda Hotels

Honorable Premier Burt and esteemed Ministers Caines, De Silva, and Dickinson –

I hope this note meets you and your families well and healthy.

I wanted to reach out to suggest we do a call in the next few weeks to speak further and exchange more intelligence. I know that Minister De Silva separately reached out for an update on the Fairmont and Tuckers Point but thought it best to enjoin all of you for the sake of efficiency.

Our immediate attentions have been focused on stabilizing each asset. As you can appreciate, the revenue profile of each asset has dropped exponentially for calendar year 2020, which has created significant working capital deficits. This has created the immediate need to restructure existing loan terms (which has been trying) as well as evaluate some level of near-term capital infusion into each asset.

Until travel opens back up into Bermuda, it will be difficult to make progress on Fairmont pre-development since foreign consultants are unable to come to the island. Similarly, the prospect for group and transient business in July and August remain hanging in the balance which is a key determinant on whether feasible to reopen the properties this year. While plans are still focused on being open, we know today that the business volume will remain compromised for quite some time. At this juncture, we would be appreciative of any insights you might be able to provide on timing to re-open as well as potential measures for inbound travelers (to assess how that might impact demand return to the island).

It is still unclear when and at what levels the financing markets will rebound for the Fairmont redevelopment. More recent intel directly from other lenders or other counterparts in the industry, it is more apparent that it will take longer to secure the required financing than originally contemplated. Moreover, given the location, prior historical reduction in hotel rooms, and hurdles to achieve endorsement of the island's long-term potential, COVID's disruption will create some additional challenges for the effort. What would be helpful to eventually brainstorm is how Government will be in a position to assist with local corporate or other inroads which may also have a vested interest in the island's long-term success.

In the interim, on the Fairmont specifically, our team continues to press forward with redevelopment planning initiatives that are feasible, albeit it limited with the current travel impediments. While the ideal situation would be to accelerate the overall process, that is just not feasible for reasons we can further explain. In the interim, below are some broader updates to frame where things stand.

Let us circle back with dates closer to the end of May.

Best regards,

Karim

From: Karim Alibhai <[REDACTED]>
Sent: Wednesday, March 25, 2020 12:31 PM
To: Premier David Burt <[REDACTED]> Caines, Wayne M. <[REDACTED]>; DeSilva, Zane J. <[REDACTED]> JP MP Curtis L. Dickinson (<[REDACTED]> <[REDACTED]>)
Cc: Phil Keb <[REDACTED]>; Blythe N. Pierre-Louis <[REDACTED]>
Subject: Gencom's Bermuda Hotels

Honorable Premier Burt and esteemed Ministers Caines, De Silva, and Dickinson –

I hope all is well with you and your families, given the unprecedented set of circumstances in which we find ourselves. Given the relationship, I wanted to reach out to be forthright in giving you all a heads up on our interim plans at both Fairmont and Rosewood. At this juncture, in light of the global financial crisis, given lack of airlift and strict restrictions on gathering, we have been left with no choice but to close both properties for a period of time to allow travel patterns to return as well as improved market conditions.

In both situations, as you can appreciate, the property will implement significant layoffs. We are currently working with both lenders to cooperatively deal with us, given the significance of what this means financially. More importantly, for Fairmont Southampton, our strategic goals remain focused on implementation of the larger redevelopment plan but clearly there is no financing market today. It is unclear when that condition will change and what form lending will take coming out of this turmoil.

As you can appreciate, there has been an extensive level of effort exerted by my team and each respective property's leadership to both prudently plan for the near-term as well as think about the longer-term goals. Each respective hotel team has also been in direct contact with the BIU to communicate the proper messaging as we navigate through the overall process.

Early next week, let's plan to speak collectively on the current state of play (which continues to evolve). I will plan on having both Chris Maybury as well as Blythe and Phil join me for this discussion.

Best regards,

Karim



Karim Alibhai | Gencom

Founder & Principal

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O: [REDACTED] www.gencomgrp.com

[REDACTED]

From: Karim Alibhai [REDACTED] > on behalf of Karim Alibhai
Sent: Tuesday, June 02, 2020 2:52 PM
To: [REDACTED]
Subject: Re: Good morning

Premier Burt,

You are correct that both of our hotels are unionized. However, as we have been advised by our local lawyers, the CBA does not specifically address the **timing** of when redundancy payments are due to employees. The CBA does not override the Employment Act as regards to the 4 month time limit to the lay off and we have been advised that we are currently obligated under the Employment Act to initiate redundancies once the 4 month passes.

The extension to 12 months is a critical part of our recovery/survival plan for both properties and we have to assume for the many other related businesses on island. While we understand that some interested parties may see this as diluting rights of some employees it is necessary to get through this crisis together.

The provisions' of the Act and CBA are quite clear on the matters. If the Government or Union lawyers have any doubts or questions, we suggest they confer with our council at Conyers on the matter.

Regards,
Karim



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From: Premier David Burt <[REDACTED]>
Sent: Tuesday, June 2, 2020 7:35 AM
To: Karim Alibhai <[REDACTED]>
Subject: RE: Good morning

Good Morning Karim,

Your points are noted, but it is my understanding that given your hotels are unionised this is not an issue. Please let me know if this is incorrect.

Regards,

Premier

-----Original Message-----

From: Karim Alibhai [REDACTED]

Sent: Tuesday, June 2, 2020 7:58 AM

To: Premier David Burt [REDACTED] >

Subject: Good morning

Premier Burt,

We understand tomorrow morning the Cabinet will be discussing the changes to the Labor Act in regard to redundancy payments. Having the 12 month timeframe to trigger the redundancy payment is an extremely important issue for the hotels on the island due to the uncertainty of reopening (and level of business on the island this season) and the recovery time needed to get back to full staffing levels. The proposed changes that the BHA has suggested are not an attempt to eliminate any rights but rather an attempt to allow hotels the time to recover and assure long term jobs for Bermudians. I am happy to get on a call in the morning to discuss further if you like.

Best regards

Karim

Sent from my iPhone

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[REDACTED]

From: Karim Alibhai [REDACTED] on behalf of Karim Alibhai
Sent: Thursday, June 11, 2020 7:43 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: Bermuda Hotels Follow Up - Gencom
Attachments: Fairmont Concept Design Selected Images 200518 (1).pdf; Bermuda Pre-Covid vs Post-Covid.pdf

Honourable Premier David Burt,

I trust you and all of your families continue to be safe, healthy, and well in Bermuda. I heard you are going on eleven days with no new cases! A great accomplishment.

For our call tomorrow, we would like to cover the following:

- Pandemic's Detrimental Impact on the Hospitality Sector
- Reopening of Bermuda Tourism
- Update and Impact on Tuckers Point
- Update and Impact on Fairmont (see attachments and click on link for current concept designs for the redeveloped property -<https://gencom.box.com/s/2tkeryl1ooi6vo0hbuyu4p83jteop2rc>)
- Government Assistance
- Next Steps and Meeting Dates in Bermuda

We will review in more detail tomorrow but please find attached the pre and post Covid 19 cash flows for both of our hotels. As you can see, we will suffer a drastic, and unexpected cash flow loss through Q1 2021 of over \$33 million and this excludes the impact of any redundancy payments that may be required. Having said that, I (and my partners) am as committed as ever to the people of Bermuda and the future of the tourism sector as a meaningful contributor to the overall economy once again.

I look forward to speaking with you tomorrow morning.

Best regards,

Karim



Karim Alibhai | Gencom

Founder & Principal

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O: [REDACTED] www.gencomgrp.com

[REDACTED]

From: Karim Alibhai [REDACTED] on behalf of Karim Alibhai
Sent: Monday, June 15, 2020 4:43 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: Bermuda Hotels Follow Up - Gencom

Premier Burt and distinguished Ministers –

Thank you for the time on Friday.

To circle back on what was previously discussed regarding redundancy needs, please see points below on why a longer extension period is required for hotels. As discussed, the request being advanced is that the window for redundancy payment trigger would be moved from 4 months from point of furlough / layoff to 12 months (but no earlier than April 1, 2021).

For the following reasons, this is a critical, near-term initiative to conclude -

- Both lenders on our properties will NOT agree to near-term working capital solutions with the redundancy payment looming. Lenders will want affirmative certainty of the change in legislation. More specifically on the Fairmont, this matter compromises release of any pre-development cash held with lender, putting the plan to commence redevelopment of the property next year in jeopardy.
- The initial thought to shift the redundancy trigger window from 4 to 8 months shift on the Act (as currently contemplated) is not sufficient for hospitality owners given the unique set of circumstances (which we are living and breathing daily on Tuckers and Fairmont) -
 - The exponential amount of monthly losses at each property with lack of revenue for an extended period is staggering. By way of example, on a combined basis, Fairmont and Tuckers will incur \$30m of incremental losses through Q1-2021 based on the adverse forecasts from each property post pandemic.
 - Bermuda thrives on strong Q2/Q3 activity as its key season; in 2020, there will not be a season given the direct as well as lingering impacts of COVID (i.e. prolonged airport closure, onerous travel procedures, fear of air travel generally while COVID cases continue to grow, etc.).
 - While continuing to work through our current challenges, there are a number of factors which complicate matters -

- While the airport reopening will provide some limited accessibility to the island, the frequency of flights has been significantly hampered. There is a definite mismatch in the amount of available airline seats to service reduced occupancy expectations for any one property.
 - Group demand is non-existent for remainder of this year (and questionable for foreseeable future) given corporate mandates to restrict travel and postpone events requiring travel.
 - For quite some time, hotels will not be in a position to re-open under a “full capacity” model.
 - Day to day decisions on what components of each resort will operate (F&B, spa, amenities, etc.) as well as corresponding resource needs, will directly be driven by need.
 - Into the fall, after whatever materializes in the form of business through end of Q3-2020, each hotel hits historically low occupancy periods (which will be further exacerbated this year) whereby losses will be substantially higher on a monthly basis.
- More importantly, the intent of redundancy was not to penalize Owners for circumstance out of their direct control (i.e. act of God, pandemic) which restrict operations and mandate closure.
 - What I think we did not emphasize on the call is that in 2021 (post pandemic), even if the Fairmont SP remained open, the resource levels required would be less than 50% of full capacity given the environment for return of group business travel is not anticipated until 2023. If we are at least able to start construction next year, that should at least positively impact the overall job availability, given 2021 would not have been normal operationally anyway.

As noted, the above factors lead to the more pressing need on the near-term redundancy ask. It is critical to have resolve on this matter by end of June (at the latest). Separately, it is our intent to circle back with the group on thoughts / data to further flesh out further accommodation on the Fairmont SP redundancy as discussed.

We will also be working on the updated Fairmont numbers and materials requested, including the current financing package, to Minister Dickinson and his team by early next week.

Appreciate your consideration on all fronts. Last but not the least, I hope that I, along with members of my team, will be able to come to the island in late July / early August to meet next in person.

Best regards,

Karim



Karim Alibhai | Gencom

Founder & Principal

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[REDACTED]

From: Christopher Maybury <[REDACTED]> on behalf of Christopher Maybury
Sent: Friday, June 19, 2020 11:02 AM
To: [REDACTED]
Cc: [REDACTED]
Subject: Re: Thank You!

Thank you so much Premier. Minister DeSilva has put in some hard yards for Bermuda this week,

In my comments yesterday I mentioned our partnership with your administration. That is how we feel. It does not mean we will always agree, but it goes mean we will work it out in the end

Best, Chris

On Jun 18, 2020, at 8:16 PM, Premier David Burt [REDACTED] wrote:

Mr. Alibhai & Mr. Maybury,

Wanted to send a note of thanks for the confidence you demonstrated in our re-opening plan. I know that Minister DeSilva has be working diligently on this, and it was wonderful when he shared it yesterday.

We will keep working together to make a success of the next few years; they will be difficult, but I am more determined than ever to ensure success for Bermuda and our tourism economy.

Best Regards,

Premier

<image001.jpg> **E. David Burt, JP, MP**
Premier
Government of Bermuda
105 Front Street | Hamilton HM 12 | Bermuda
Phone: 441-[REDACTED]

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appropriate precautions to safeguard your computer systems and networks.?

[REDACTED]

From: Karim Alibhai <[REDACTED]> on behalf of Karim Alibhai
Sent: Friday, June 19, 2020 2:48 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: Re: Thank You!

Mr. Premier,

Thank you for your kind note.

As I believe Chris has told you, it was certainly not an easy decision, given the business on the books to reopen. However, as mentioned on our call we are still very bullish on Bermuda and investing over the long term. We are pleased that we are able to mutually support each other in these very "unusual times".

As mentioned, we will need to all work closely together to be successful (especially given the severe challenges that The Fairmont will continue to face). As discussed, we will be providing Minister Dickinson and his team early next week the financial analysis requested on the Fairmont. It would be our collective hope that we can close on this financing in the fourth quarter of this year so that we can commence construction at the beginning of next year.

Frankly, this could actually be a better thing for the economy (i.e. the amount of construction jobs and other positive effects) versus operating in a hotel market next year that will be extremely challenging to navigate.

Look forward to staying in touch.

Best Regards,
Karim

From: Premier David Burt
Sent: Thursday, June 18, 2020 7:16 PM
To: Karim Alibhai; [REDACTED]
Cc: DeSilva, Zane J.; Caines, Wayne M.; Wilson, Kim N.; Hayward, Jason P; Dickinson, Curtis L.
Subject: Thank You!

Mr. Alibhai & Mr. Maybury,

Wanted to send a note of thanks for the confidence you demonstrated in our re-opening plan. I know that Minister DeSilva has been working diligently on this, and it was wonderful when he shared it yesterday.

We will keep working together to make a success of the next few years; they will be difficult, but I am more determined than ever to ensure success for Bermuda and our tourism economy.

Best Regards,

Premier



E. David Burt, JP, MP

Premier

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[REDACTED]

From: Telemaque, Marc
Sent: Sunday, August 09, 2020 8:32 PM
To: [REDACTED]
Subject: Re: Fairmont Southampton
Signed By: [REDACTED]

I think he's called it right. There isn't a sense of urgency around what the deal could represent. I need to have the conversation with CLD as you recommended to determine what is acceptable. We have a working week to achieve at least some momentum of not an agreement in principle.

Sent from my iPhone

On 9 Aug 2020, at 8:29 PM, Premier David Burt <[REDACTED]> wrote:

Thanks for the FYI.

Thoughts.

Premier

E. David Burt, JP, MP
Premier
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105 Front Street | Hamilton HM 12 | Bermuda
Phone: 441-[REDACTED]

From: [REDACTED]
Sent: 9 August 2020 8:24 pm
To: [REDACTED]
Subject: Fwd: Fairmont Southampton

FYI.

Sent from my iPhone

Begin forwarded message:

From: Karim Alibhai <[REDACTED]>
Date: 9 August 2020 at 8:19:07 PM GMT-3
To: "Premier D. Burt" <[REDACTED]>
Cc: "Dickinson, Curtis L." <[REDACTED]>, "Hayward, Jason P"

[REDACTED], Chris Furbert [REDACTED], Christopher Maybury
[REDACTED]

Subject: Fairmont Southampton

Dear Premier Burt,

I hope this note meets you and your family well. While I appreciate that Curtis has a lot on his plate managing the country's finances, there appears to be a lack of urgency at other levels which have propelled the Fairmont project to a critical impasse. I thought it best to reach out to you directly. The situation has reached a serious state as the carry burden at over \$1.5M per month is not sustainable. Moreover, our current lender insists that such costs be immediately reduced significantly in order to ensure its funds continue to flow (for both current needs and critical pre-development so we can stay on track with the redevelopment plan to reopen as soon as possible). I do not have the luxury of time to wait on a series of hard decisions that I and the team are confronting now.

With no solution for the project's re-financing, I am unfortunately left with very few options. At this stage, I wanted you to know that I have instructed the property team to send the redundancy notices on or before Monday August 17th. This is in process with the human resource and legal teams as we speak. This will include approximately 750 employees, of which 250 are work permit holders.

As we have discussed, it is impractical to reopen the hotel until the redevelopment is complete which we anticipate will be in Q2-2022. Without the financing in place to move forward, the challenge we have is that there are no funds available to make the redundancy payments, since it was originally contemplated that such amounts would be paid from refinancing proceeds. While we acknowledge a liability for these payments, in the interim, there will be a solid effort to work with the BIU and its leadership on concessions and deferrals around treatment of these payments. Chris Maybury (on behalf of Ownership) along with President Furbert, have made a commitment to help resolve these items in short order. To that end, President Furbert is aware of the redundancy trigger date noted above for the sake of full transparency.

More importantly, we have been upfront that the universe of financing options is non-existent today for a project of this caliber. While some people have suggested there are other options to pursue, I can assure you my team, led by Blythe, has scoured the marketplace for all options to find a solution. At this time, there are none. If we can get the Minister of Finance and his department to agree upon parameters actively and quickly under which Government will loan funds to the project, then payment of the redundancy obligations would be solved. Under this scenario, working collaboratively, we would be able to structure a mechanism for provision of an upfront advance of loan proceeds which could be used to make these redundancy payments. If there is no prospect for Government to participate in the project funding, the redundancy payments will not be paid, remain subject to a future refinancing event, and become an unsecured liability against the

property owner (subject to likely litigation and a can of worms). Clearly, the most important objective for all constituents is that 2021 be utilized to execute the project's redevelopment (thus, creating interim construction jobs). Moreover, moving ahead with the broader plan allows us to start booking 2022 with incentive and corporate groups, which in turn will generate employment as well as increased airline seats back to the island.

Time is of the essence. Our team continues to be diligent in responding to information requests from the Ministry of Finance (when made) as well as availing itself for work sessions and the like. To date, I feel as if this project's revival is not a priority of Government and that there is a perception that Owner will figure out another way to proceed and fix it in order to avert a situation similar to Elbow Beach and other historical hotel closures which have occurred in Bermuda. The unvarnished facts are that if this project does not move forward and melts down now, it will remain closed for the next 3-5 years, tourism demand will vanish, airlift to Bermuda will be significantly reduced, new foreign investment in hospitality will halt, and critical employment (800 direct jobs and likely many more indirect jobs) will cease to exist.

While we appreciate the turmoil and sensitivity surrounding the Morgan's Point transaction, it continues to be very frustrating that discussion of our needs continues to be married or compared with such an ill-conceived financing of that project. As you know, we have discussed ad nauseam on many fronts as to why the Fairmont Southampton deal is not a relevant comparison.

Respectfully, I am reaching out to you and the Finance Minister, as a demonstrated partner to Bermuda tourism to appeal for immediate action. At this stage, my team and I are planning to be on island for a week or so toward the end of August. We will make the time needed to work around the clock on agreements we hope to reach on this matter. I can be available to speak by phone further as needed.

Best regards,

Karim

<Outlook-

1517513767.jpg>

Karim Alibhai | Gencom

Founder & Principal

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O: [REDACTED] www.gencomgrp.com

<Outlook-1517513767.jpg>

[REDACTED]

From: Telemaque, Marc
Sent: Tuesday, August 11, 2020 8:01 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: Fwd: Fairmont Southampton
Signed By: [REDACTED]

Premier FYI.

Sent from my iPhone

Begin forwarded message:

From: Karim Alibhai <[REDACTED]>
Date: 11 August 2020 at 7:59:45 PM GMT-3
To: "Premier D. Burt" <[REDACTED]>
Cc: Christopher Maybury <[REDACTED]>
Subject: Fairmont Southampton

Premier Burt,

Hope this note meets you well. I wanted to reach out to you again as I have not heard anything further from you. The Fairmont situation continues to become more dire. Can you set aside some time tomorrow to speak to myself and Chris Maybury? I will make myself available, given the critical nature of the matter.

Best regards,

Karim



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