

1. What is Chapter 11?

First and foremost, it does NOT mean that the Company is going out of business. Chapter 11 is a legal mechanism for Court-supervised reorganization or restructuring of a Company's obligations. Chapter 11 provides a way for companies to address their financial challenges in order to become a viable entity, while continuing day-to-day operations.

2. Why did you file for Chapter 11?

During its Fourth Quarter earnings call, the Company announced it was considering seeking Chapter 11 protection. Like others in the real estate business, the Company has been affected by a challenging credit climate and a deterioration of the commercial real estate debt market, which in turn has affected its ability to satisfy various debt covenants, current payments and maturities.

The Company determined to file Chapter 11 to address potential defaults under its debt facilities and to ensure that its capital structure would be aligned with the realities of today's commercial real estate market.

3. Does the filing mean you are going out of business?

Absolutely not. The Company filed for Chapter 11 to preserve and strengthen its business. The filing will give it valuable breathing space to address its financial situation while keeping its main focus on the Company's core business and future opportunities.

4. What happens during Chapter 11?

The Chapter 11 filing triggers an automatic stay which prevents anyone from collecting debts owed by the Company prior to the filing of the Chapter 11 petition, such as payments to creditors, unless those creditors are deemed to be secured (such as suppliers who have valid mechanics liens) or are paid through the bankruptcy court proceedings.

Chapter 11 permits, and even encourages, daily operations to continue as usual. We will continue to serve our tenants. Employees will continue to be paid. And services performed after the filing date will be paid for in the ordinary course of business.

While business continues, management will work with the Company's creditors on finalizing a plan to restructure the Company's obligations. The restructuring plan is called a Plan of Reorganization. If and when the creditors and the Court accept the plan, it is said to be confirmed and at that time Meruelo Maddux Properties would emerge from Chapter 11 as a reorganized company.

5. How long will the Company be in Chapter 11?

It is difficult to speculate on how long the Chapter 11 process will take, but management's goal is to emerge from the financial restructuring process as soon as possible.

6. Are there any entities excluded from the Chapter 11 filing?

Yes, the Company's 35-story residential tower project, 717 W. Ninth Street currently under construction, is excluded from the Company's filing and no disruptions to the ongoing construction are anticipated.

7. Will the Company's stock continue to trade on The Nasdaq Global Market?

Because of the Company's bankruptcy filing, trading in the Company's stock on The Nasdaq Global Market will be suspended, and Nasdaq will likely institute discretionary proceedings to delist the common stock from The Nasdaq Global Market. If the common stock is delisted from the exchange, the Company would then expect its stock to be quoted on the OTC Bulletin Board, so long as the Company remains current in its SEC reporting obligations.

8. Will existing tenants be disrupted?

The Company will continue to manage its real estate portfolio and does not currently anticipate any disruption to its tenants.

9. How can I get a copy of the petitions?

Copies of the Chapter 11 petitions and other documents filed with the Court will be available shortly after the filing at www.meruelomaddux.com. The petitions are also accessible at the Court's website, www.deb.usCourts.gov.