SCHULTE HOSPITALITY

MANAGEMENT ANALYSIS, UPSIDES AND HOW WE GET THERE

ACE HOTEL PALM SPRINGS

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PRO FORMA – BRAND SCENARIOS

SHG has ran three operating scenarios for the Ace Hotel – a (i) franchise, (ii) independent, and (iii) Tribute by Marriott Scenario.

- **A** — **Franchise Scenario:** SHG is projecting TTM 6/24 Adj. GOP / GOP margin of **$9.3m / 36.9%** assuming the asset was operated as a franchised Ace under SHG management over the past 12 months
- **B** — **Independent Scenario:** Schulte is estimating TTM 6/24 Adj. GOP / GOP margin of **$9.1m / 37.4%** assuming the asset was operated as an independent hotel under SHG management over the past 12 months
- **C** — **Tribute Scenario:** Schulte is underwriting TTM 6/24 Adj. GOP / GOP margin of **$9.6m / 35.7%** assuming the asset was operated as a franchised Tribute Portfolio by Marriott Hotel under SHG management over the past 12 months

Ace Hotel & Swim Club Palm Springs (ACE Franchise vs. Independent vs. Marriott [illegible] ute Scenario)

	Actual			Scenarios									A			B			C		
	TTM 6/24 (Actual)			TTM 6/24 (ACE Franchise)			TTM 6/24 (Independent)			TTM 6/24 (Marriott Tribute)			Franchise vs. TTM 6/24 Actual			Indepen. vs. TTM 6/24 Actual			Tribute vs. TTM 6/24 Actual		
	$	%	POR	$	%	POR	$	%	POR	$	%	POR	$	%	POR	$	%	POR	$	%	POR
Occupancy %	56.5%			59.5%			58.7%			61.0%			3.0%			2.2%			4.5%		
ADR	$271.7			$304.8			$300.8			$311.5			$33.1			$29.0			$39.8		
RevPAR	$153.6			$181.3			$176.6			$190.0			$27.7			$23.0			$36.4		
Revenue																					
Rooms Revenue	$10,063	48.4%	$271.7	$11,878	47.1%	$304.8	$11,572	47.5%	$300.8	$12,448	46.4%	$311.5	$1,815	(1.3%)	$33.1	$1,509	(0.9%)	$29.0	$2,385	(2.0%)	$39.8
F&B Revenue	8,371	40.3%	226.0	10,795	42.8%	277.0	10,279	42.2%	267.2	11,785	43.9%	294.9	2,424	2.5%	51.0	1,908	1.9%	41.1	3,414	3.6%	68.9
Resort Fee	1,352	6.5%	36.5	1,423	5.6%	36.5	1,405	5.8%	36.5	1,459	5.4%	36.5	71	(0.9%)	–	53	(0.7%)	–	107	(1.1%)	–
Spa / Retail Revenue	698	3.4%	18.9	809	3.2%	20.7	798	3.3%	20.7	829	3.1%	20.7	110	(0.2%)	1.9	100	(0.1%)	1.9	131	(0.3%)	1.9
Swim Club Revenue	173	0.8%	4.7	182	0.7%	4.7	180	0.7%	4.7	187	0.7%	4.7	9	(0.1%)	–	7	(0.1%)	–	14	(0.1%)	–
Other/Misc Revenue	125	0.6%	3.4	132	0.5%	3.4	130	0.5%	3.4	135	0.5%	3.4	7	(0.1%)	–	5	(0.1%)	–	10	(0.1%)	–
Total Revenue	**$20,783**	**100.0%**	**$561.2**	**$25,218**	**100.0%**	**$647.1**	**$24,364**	**100.0%**	**$633.2**	**$26,843**	**100.0%**	**$671.7**	**$4,435**	**–**	**$85.9**	**$3,581**	**–**	**$72.0**	**$6,060**	**–**	**$110.5**
Departmental Expenses																					
Rooms Expense	$2,594	25.8%	$70.0	$2,312	19.5%	$59.3	$2,283	19.7%	$59.3	$2,273	18.3%	$56.9	($282)	(6.3%)	($10.7)	($311)	(6.0%)	($10.7)	($320)	(7.5%)	($13.1)
F&B Expense	6,026	72.0%	162.7	7,285	67.5%	186.9	6,936	67.5%	180.3	7,953	67.5%	199.0	1,259	(4.5%)	24.2	910	(4.5%)	17.6	1,927	(4.5%)	36.3
Spa / Retail Expense	568	81.3%	15.3	606	74.9%	15.5	598	74.9%	15.5	621	74.9%	15.5	38	(6.3%)	0.2	30	(6.3%)	0.2	53	(6.3%)	0.2
Other/Misc Expense	86	68.3%	2.3	90	68.3%	2.3	89	68.3%	2.3	92	68.3%	2.3	4	–	–	3	–	–	7	–	–
Total Department Expenses	**$9,273**	**44.6%**	**$250.4**	**$10,292**	**40.8%**	**$264.1**	**$9,906**	**40.7%**	**$257.5**	**$10,939**	**40.8%**	**$273.7**	**$1,020**	**(3.8%)**	**$13.7**	**$633**	**(4.0%)**	**$7.1**	**$1,667**	**(3.9%)**	**$23.4**
Gross Operating Income	**$11,510**	**55.4%**	**$310.8**	**$14,926**	**59.2%**	**$383.0**	**$14,458**	**59.3%**	**$375.8**	**$15,904**	**59.2%**	**$398.0**	**$3,415**	**3.8%**	**$72.2**	**$2,947**	**4.0%**	**$65.0**	**$4,393**	**3.9%**	**$87.2**
Undist. Expenses																					
Administrative & General	$1,246	6.0%	$33.7	$1,045	4.1%	$26.8	$1,045	4.3%	$27.2	$1,045	3.9%	$26.1	($202)	(1.9%)	($6.8)	($202)	(1.7%)	($6.5)	($202)	(2.1%)	($7.5)
Credit Card Commissions	790	3.8%	21.3	859	3.4%	22.0	830	3.4%	21.6	915	3.4%	22.9	70	(0.4%)	0.7	40	(0.4%)	0.3	125	(0.4%)	1.6
Info & Telecommunications	374	1.8%	10.1	347	1.4%	8.9	347	1.4%	9.0	249	0.9%	6.2	(27)	(0.4%)	(1.2)	(27)	(0.4%)	(1.1)	(124)	(0.9%)	(3.8)
Sales & Marketing	1,230	5.9%	33.2	1,418	5.6%	36.4	1,674	6.9%	43.5	1,318	4.9%	33.0	188	(0.3%)	3.2	445	1.0%	10.3	88	(1.0%)	(0.2)
Franchise Fees	416	4.1%	11.2	491	4.1%	12.6	–	–	–	1,322	10.6%	33.1	75	–	1.4	(416)	(4.1%)	(11.2)	906	6.5%	21.8
Repairs & Maintenance	845	4.1%	22.8	854	3.4%	21.9	854	3.5%	22.2	854	3.2%	21.4	10	(0.7%)	(0.9)	10	(0.6%)	(0.6)	10	(0.9%)	(1.4)
Utilities	571	2.7%	15.4	601	2.4%	15.4	593	2.4%	15.4	616	2.3%	15.4	30	(0.4%)	–	22	(0.3%)	–	45	(0.5%)	–
Total Undist. Expenses	**$5,471**	**26.3%**	**$147.7**	**$5,614**	**22.3%**	**$144.1**	**$5,343**	**21.9%**	**$138.9**	**$6,319**	**23.5%**	**$158.1**	**$143**	**(4.1%)**	**($3.7)**	**($128)**	**(4.4%)**	**($8.8)**	**$848**	**(2.8%)**	**$10.4**
Gross Operating Profit	**$6,039**	**29.1%**	**$163.1**	**$9,311**	**36.9%**	**$238.9**	**$9,114**	**37.4%**	**$236.9**	**$9,585**	**35.7%**	**$239.9**	**$3,272**	**7.9%**	**$75.9**	**$3,075**	**8.4%**	**$73.8**	**$3,546**	**6.6%**	**$76.8**
Base Mgmt. Fee	623	3.0%	16.8	757	3.0%	19.4	731	3.0%	19.0	805	3.0%	20.2	133	–	2.6	107	–	2.2	182	–	3.3
Property Taxes	1,046	5.0%	28.2	1,046	4.1%	26.8	1,046	4.3%	27.2	1,046	3.9%	26.2	–	(0.9%)	(1.4)	–	(0.7%)	(1.1)	–	(1.1%)	(2.1)
Insurance	234	1.1%	6.3	234	0.9%	6.0	234	1.0%	6.1	234	0.9%	5.9	–	(0.2%)	(0.3)	–	(0.2%)	(0.2)	–	(0.3%)	(0.5)
Rental Expense	57	0.3%	1.5	57	0.2%	1.5	57	0.2%	1.5	57	0.2%	1.4	–	(0.0%)	(0.1)	–	(0.0%)	(0.1)	–	(0.1%)	(0.1)
Ground Lease Rent	443	2.1%	11.9	504	2.0%	12.9	487	2.0%	12.7	537	2.0%	13.4	62	(0.1%)	1.0	45	(0.1%)	0.7	94	(0.1%)	1.5
FF&E Reserve	831	4.0%	22.4	1,009	4.0%	25.9	975	4.0%	25.3	1,074	4.0%	26.9	177	–	3.4	143	–	2.9	242	–	4.4
NOI	**$2,805**	**13.5%**	**$75.7**	**$5,705**	**22.6%**	**$146.4**	**$5,585**	**22.9%**	**$145.1**	**$5,832**	**21.7%**	**$145.9**	**$2,900**	**9.1%**	**$70.6**	**$2,780**	**9.4%**	**$69.4**	**$3,027**	**8.2%**	**$70.2**

ACE HOTEL – SUMMARY SCENARIOS – ASSUMPTIONS

SHG has ran three operating scenarios for the Ace Hotel – a (i) franchise, (ii) independent, and (iii) Tribute by Marriott Scenario.

Ace Hotel & Swim Club Palm Springs (ACE Franchise vs. Independent vs. Marriott Tribute Scenario)

	Actual			Scenarios - Assumptions									
	TTM 6/24 (Actual)			TTM 6/24 (ACE Franchise)			TTM 6/24 (Independent)			TTM 6/24 (Marriott Tribute)			Details
	$	%	POR	$	%	POR	$	%	POR	$	%	POR	
Occupancy %	56.5%			59.5%			58.7%			61.0%			
ADR	$271.7			$304.8			$300.8			$311.5			
RevPAR	$153.6			$181.3			$176.6			$190.0			
Revenue													
Rooms Revenue	$10,063	48.4%	$271.7	$11,878	47.1%	$304.8	$11,572	47.5%	300.8	$12,448	46.4%	311.5	**Rooms:** Slightly higher RevPAR as an Ace franchise vs. Independent; Tribute scenario is highest RevPAR **F&B:** Increase in F&B POR under SHG management due to revamped approach to managing F&B. Ace scenario is higher POR vs. independent due to pull of Ace brand - which resonates with a younger crowd. F&B PORs are higher at Marriott due to strength of Bonvoy program - which will be a significant boost to group business, and will also drive more occupancy
F&B Revenue	8,371	40.3%	226.0	10,795	42.8%	277.0	10,279	42.2%	267.2	11,785	43.9%	294.9	
Resort Fee	1,352	6.5%	36.5	1,423	5.6%	36.5	1,405	5.8%	36.5	1,459	5.4%	36.5	
Spa / Retail Revenue	698	3.4%	18.9	809	3.2%	20.7	798	3.3%	20.7	829	3.1%	20.7	
Swim Club Revenue	173	0.8%	4.7	182	0.7%	4.7	180	0.7%	4.7	187	0.7%	4.7	
Other/Misc Revenue	125	0.6%	3.4	132	0.5%	3.4	130	0.5%	3.4	135	0.5%	3.4	
Total Revenue	**$20,783**	**100.0%**	**$561.2**	**$25,218**	**100.0%**	**$647.1**	**$24,364**	**100.0%**	**$633.2**	**$26,843**	**100.0%**	**$671.7**	
Departmental Expenses													
Rooms Expense	$2,594	25.8%	$70.0	$2,312	19.5%	$59.3	$2,283	19.7%	$59.3	$2,273	18.3%	$56.9	Savings driven by PTEB, replacement of reservations dept. with SHG GRACE, and public area attendant staffing
F&B Expense	6,026	72.0%	162.7	7,285	67.5%	186.9	6,936	67.5%	180.3	7,953	67.5%	199.0	Lower F&B margins driven by PTEB savings, lower cost of sales
Spa / Retail Expense	568	81.3%	15.3	606	74.9%	15.5	598	74.9%	15.5	621	74.9%	15.5	PTEB savings
Other/Misc Expense	86	68.3%	2.3	90	68.3%	2.3	89	68.3%	2.3	92	68.3%	2.3	
Total Department Expenses	**$9,273**	**44.6%**	**$250.4**	**$10,292**	**40.8%**	**$264.1**	**$9,906**	**40.7%**	**$257.5**	**$10,939**	**40.8%**	**$273.7**	
Gross Operating Income	**$11,510**	**55.4%**	**$310.8**	**$14,926**	**59.2%**	**$383.0**	**$14,458**	**59.3%**	**$375.8**	**$15,904**	**59.2%**	**$398.0**	
Undist. Expenses													
Administrative & General	$1,246	6.0%	$33.7	$1,045	4.1%	$26.8	$1,045	4.3%	$27.2	$1,045	3.9%	$26.1	Removal of accounting clerks and PTEB savings
Credit Card Commissions	790	3.8%	21.3	859	3.4%	22.0	830	3.4%	21.6	915	3.4%	22.9	CC Commission % adj. to '22A levels of 3.4%; conservative as still below 3.0% levels in '18A / '19A
Info & Telecommunications	374	1.8%	10.1	347	1.4%	8.9	347	1.4%	9.0	249	0.9%	6.2	Reduced contract services expenses in franchise / independent; reduced in-line with comps for Tribute
Sales & Marketing	1,230	5.9%	33.2	1,418	5.6%	36.4	1,674	6.9%	43.5	1,318	4.9%	33.0	Higher cost from hiring additional seller, revenue manager; also impact from negative bonus accrual in T12 P&L
Franchise Fees	416	4.1%	11.2	491	4.1%	12.6	–	–	–	1,322	10.6%	33.1	Assumes Ace franchise fees in-line with current Ace marketing fees; Tribute franchise fees in-line with FDD
Repairs & Maintenance	845	4.1%	22.8	854	3.4%	21.9	854	3.5%	22.2	854	3.2%	21.4	Slightly higher vs. trailing due comparing current wages with historical P&L
Utilities	571	2.7%	15.4	601	2.4%	15.4	593	2.4%	15.4	616	2.3%	15.4	
Total Undist. Expenses	**$5,471**	**26.3%**	**$147.7**	**$5,614**	**22.3%**	**$144.1**	**$5,343**	**21.9%**	**$138.9**	**$6,319**	**23.5%**	**$158.1**	
Gross Operating Profit	**$6,039**	**29.1%**	**$163.1**	**$9,311**	**36.9%**	**$238.9**	**$9,114**	**37.4%**	**$236.9**	**$9,585**	**35.7%**	**$239.9**	
Base Mgmt. Fee	623	3.0%	16.8	757	3.0%	19.4	731	3.0%	19.0	805	3.0%	20.2	Management fees remain at 3.0% of revenue
Property Taxes	1,046	5.0%	28.2	1,046	4.1%	26.8	1,046	4.3%	27.2	1,046	3.9%	26.2	In-line with historical TTM 6/24 P&L (note taxes expected to decrease in projected years per JRK assumptions)
Insurance	234	1.1%	6.3	234	0.9%	6.0	234	1.0%	6.1	234	0.9%	5.9	In-line with historical TTM 6/24 P&L
Rental Expense	57	0.3%	1.5	57	0.2%	1.5	57	0.2%	1.5	57	0.2%	1.4	In-line with historical TTM 6/24 P&L
Ground Lease Rent	443	2.1%	11.9	504	2.0%	12.9	487	2.0%	12.7	537	2.0%	13.4	Based on 2.0% of revenues
FF&E Reserve	831	4.0%	22.4	1,009	4.0%	25.9	975	4.0%	25.3	1,074	4.0%	26.9	FF&E Reserves remain at 4.0% of revenue
NOI	**$2,805**	**13.5%**	**$75.7**	**$5,705**	**22.6%**	**$146.4**	**$5,585**	**22.9%**	**$145.1**	**$5,832**	**21.7%**	**$145.9**	

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Schulte Hospitality Group ("Schulte" or "SHG") is pleased to present our preliminary underwriting for the Ace Hotel & Swim Club Palm Springs. Schulte sees significant upside opportunities, particularly in regaining lost RevIndex, driving weekday and group business as well as optimizing expense structure. Schulte believes we are equipped to right the ship at this asset through analysis of current financials, our COO Sam Grabush's tour notes as well as underwriting from our boutique Commercial and Operations teams. The below materials outline how Schulte would approach right sizing operations and lessons we have learned from our other boutique assets. Schulte would be honored to expand its successful partnership with JRK and unlock this asset's potential.

- **Schulte Relevant Experience**
  - Schulte manages 60+ boutique/independent and soft-branded assets and is the 4th largest operator of boutique hotels in the US
  - Additionally, Schulte has developed a specialized experience within its Boutique + Lifestyle division of working with growing lifestyle brands
    - Schulte has been the **only 3rd party operator of Hoxton, Marine & Lawn Resorts, 21c, as well as the Graduate hotel brand** and has experience harnessing the best of a design led and experiential brand company while giving the corporate support, institutional rigor and attention to detail of a professionalized 3rd party operator
    - SHG also has substantial experience in rebrands / relaunches, having executed 40+ over the past five years
    - California is Schulte's 2nd largest state, with **12 hotels** under management. The majority of these keys are in Southern California
  - Schulte's B&L team that will oversee the Ace has **>100 years** of collective lifestyle operating experience across the US and is a team that has together, overseen luxury / lifestyle hotels that have received widespread acclaim / awards from hotel publications globally
  - Schulte manages over **$250m** of F&B revenue across its hotels as well as free standing restaurants. Schulte has significant expertise in revamping and repositioning outlets as well as high touch service execution. F&B is critical to the success of the Ace not just for profitability, but also as it is a key piece of the stay decision for its customer base that is highly leisure, SMERF and discretionary/FIT group
  - Schulte Commercial team within Boutique + Lifestyle is top notch and has provided thoughts on digital, ecommerce and other techniques we have deployed successfully that would be part of the starting playbook we would employ at the Ace
  - SHG's team will additionally provide significant value on day 1 through Schulte's in-house contact center – which will reduce the Ace's current reservations fees expenses immediately, with no need for on property reservations payroll

Schulte Boutique + Lifestyle Awards

EXECUTIVE SUMMARY (CON'T)

- **Rooms Revenue Opportunity:**
  - Schulte has included a summary of the key commercial strategies that our Boutique + Lifestyle team has successfully executed in other markets to improve web presence, drive group and midweek performance
  - The summary outlines strategies that have been successful for pure independents, and also strategies that have been additive when dealing with a growing brand. Shifting advertising dollars from generic brand marketing to property or local specific marketing is a big strategy we would look to implement, backed up with robust data on digital ROAS
  - SHG would seek to drive weekday business and win back lost RGI from historical levels (TTM 6/24 weekday RGI is **-28.0%** vs. '22A levels)
  - Based on SHG's tour of the asset – we learnt that the number of weddings held at the Ace has significantly decreased from peak levels. We can see evidence of this by comparing the growth of the asset's group mix (**22.5% of RNs TTM 6/24; +1.6%** vs. '19 levels) with the Kalibri comp set group mix (**24.7%; +4.8%** vs. '19 levels). SHG believes there is significant opportunity to re-focus group sales efforts to drive group business
- **Expense Margin Opportunity:**
  - Schulte conducted a detailed, line-by-line review and ground-up labor model to compare against the TTM 6/24 financials. We conservatively found **$849k (~410 bps GOP)** in expense savings, however this is underestimated as it assumes full staffing throughout the year (no open positions) as well as current wages/salaries
  - The asset's expense structure has not flowed at all despite a substantial increase in the quality of its RevPAR, delivering a lower GOP margin in TTM 6/24 **(29.1%)** on **+$38** higher ADR and **-12%** lower occ than in '19A
  - Schulte believes there are significant expense savings opportunities through a revamped approach to managing employee benefits – taking current PTEB down to **32.5%** (further details provided in PTEB analysis slides)
  - Schulte additionally found significant labor savings by making changes to rooms staffing and A&G – where the asset is currently running heavy on accounting staff. Schulte is known for its focus on centralized service, which can take certain functions off of the property at no cost to ownership
- **F&B Opportunity:**
  - F&B is a critical component to the success of the hotel, comprising over 40% of total revenue and needs to be the heart of this hotel. As the hotel is removed from the downtown core, the goal & strategy associated with F&B should be to provide price points and concept offerings which keep hotel guests on campus for three meals a day and cocktails at night
  - F&B performance represents a large opportunity. Revenue has dropped significantly (**-$1.2m / -12.4%** vs. '22A levels). Schulte believes we will be able to drive revenue back towards and above historical levels through a re-vamped approach to managing the outlets and through driving group sales efforts
  - The decline has occurred in B&C (down **-$636k / -19.8% vs. '22A levels)** and in Amigo Room -**$875k / -59.8%)** in particular
  - Aside from providing excellent and consistent service execution and guest experience, other F&B opportunities identified include:
    - Revamping current QR code-only ordering at Short Bus to include servers. SHG would seek to use QR opportunities for the pool to complement not replace servers
    - Adjusting the outlet pricing model and in-house marketing centered around keeping guests on campus all day, to maximize in-house and day-use capture and prevent guests from venturing downtown
    - Marketing to robust local residential single-family developments adjacent to the resort to drive outside capture

EXECUTIVE SUMMARY (CON'T)

- **Ace Recent Performance:**
  - TTM 6/24 GOP of **$6.0m (29.1% GOP margin)** is **-$1.6m / -21.1%** vs. '22A GOP of **$7.6m (31.6% GOP margin).** Additionally, The Ace's YTD 6/24 GOP of **$4.2m (36.1% GOP margin)** is below YTD 6/23 GOP by -**$553k / -11.5%**
  - The hotel's TTM 6/24 RevPAR of **$153.6** is **-$36.6 / -19.2%** below '22A RevPAR of **$190.2.** Further, the ACE's YTD RevPAR of **$183.2** is **-$30.1 / -14.1%** vs. YTD 6/23 RevPAR of **$213.4**
  - F&B revenue has also fallen from **$9.6m** in '22A to **$8.4m** in TTM 6/24 (a fall of **-$1.2m / -12.4%**). The downward trend in F&B revenue has continued YTD with F&B revenue of **$4.5m, -$740k / also -14.1%** vs. prior year YTD F&B revenue of **$5.2m**
  - While the broader Palms Springs market has declined post its COVID boost, the Ace's RevPAR has fallen more than its broader comp set (TTM 6/24 RGI of **113.6%** is **-19.8%** vs. '22A levels of **133.4%**). This is due in part to a lack of focus on group and a significant miss on weekday business

- **Rooms Revenue Recent Performance:**
  - The asset has seen RevPAR Index performance drop significantly both vs. '19A **(-23.8%)** as well as vs. '22A **(-19.8%)** levels. Additionally, YTD RevPAR index is down **-8.8%**
  - **Day of Week Index:** The Ace has lost RGI on every day of the week vs. '22A levels, but has lost a higher amount of index on weekdays (**-28.0%** vs. '22A levels) vs. weekends (**-10.0%** vs. '22A levels). Specifically, The asset's performance from Sunday – Tuesday has fallen significantly, with TTM 6/24 Sunday / Monday / Tuesday RGI down -**24.9% / -36.2% / -32.0%** vs. '22A levels
  - On Weekdays, both ADR / Occ Index **(-13.0% / -12.3%)** are down double digits vs 2022. On weekends, ADR index has declined (**-11.9%** vs. '22A levels), with Occ Index slightly above '22A levels at **+2.1%**
  - **Group Index:** The asset's group index has fallen **-22.2%** from **118.2%** in '22A to **95.9%** in TTM 6/24. SHG believes there has been a lack of focus on selling the asset's meeting spaces – which has resulted in a decline in wedding / other SMERF group business. Importantly SMERF group revenue is down **-$617k / -61.1%** in TTM 6/24 vs. '22A levels from **$1.6m** to **$1.0m**
  - **Transient Index:** The asset has seen a similar degradation in transient index with TTM 6/24 transient index of **121.5%** down **-18.7%** from a **140.2%** index in '22A

EXECUTIVE SUMMARY (CON'T)

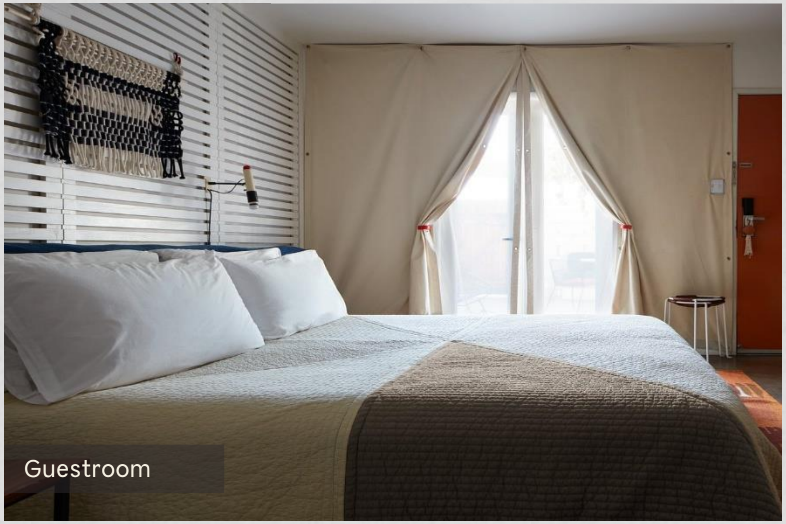
- **Palm Springs Market:**
  - The Palm Springs market saw a substantial run up through COVID but has seen comp set RevPAR decline by **-5.0%** from '22A to TTM 6/24 levels and T3 6/24 comp set RevPAR is down **-9.9%.** The market is substantially above pre-COVID on ADR but occupancy has not recovered, citing a shift in mix
  - Ace has a strong history and reputation in Palm Springs, however substantial competitive supply has entered over the past few years. The hotel has lost market positioning vs the Drift (2023 opening), Kimpton (2017 opening), and Riviera conversion to a Margaritaville after a $15.6m / ~$40k per key renovation (inferior location, but substantial meeting space competes for group business)
  - The Palm Springs market will also see the opening of the 168 key Thompson hotel in 4Q '24 (conversion of the former Andaz hotel) – which will be 2.0 miles away from the Ace, and is expected to be a competitive product to the Ace and the luxury lifestyle product in the submarket
  - With the upcoming opening of the Thompson as well as potential other supply/renovations in the market, regaining the asset's place of prominence within the Palm Springs market and its comp set is paramount
- **Branding/SHG Underwriting:**
  - Schulte has underwritten three scenarios – including an (i) Ace franchise (Base Case), (ii) Independent, and (iii) Marriott Tribute scenario
  - Schulte was instructed to use the Ace franchise case as the base case. While the Ace has built a strong reputation over years in the market, we believe the brand has taken its eye off the ball and the brand may not be adding much value above the 4% cost of its marketing fee
  - **Schulte believes the best potential branding option is Hoxton**. Schulte is the only 3rd party operator of Hoxton and while Hoxton does not currently franchise, Schulte has been told we are the only manager they would allow to franchise. Hoxton's hip brand and substantial F&B programming is the perfect fit for this asset, Hoxton's financial performance in other assets is strong and the brand is growing unit count as well as customer awareness
  - There could be upside to rebranding as a Tribute. While there is already more Marriott product (**1.5 keys** within a **10 mile** radius) the conversion of the Riviera (Tribute) to Margaritaville in 2021 is supportive. Key money and PIP will drive this decision as well given Marriott's potential reno scope
  - The negotiation with Ace will likely dictate the next phase of the branding analysis, but Schulte would also be supportive of maintaining Ace on a short term franchise so that SHG can augment operations while we determine how much value the brand is adding. We have not assumed an additional Ace franchise fee in the underwriting and are just maintaining the current ~4% Ace marketing fee in this scenario

Ace Hotel & Swim Club Palm Springs Financials Summary (Franchise / Independent / Tribute Scenarios)

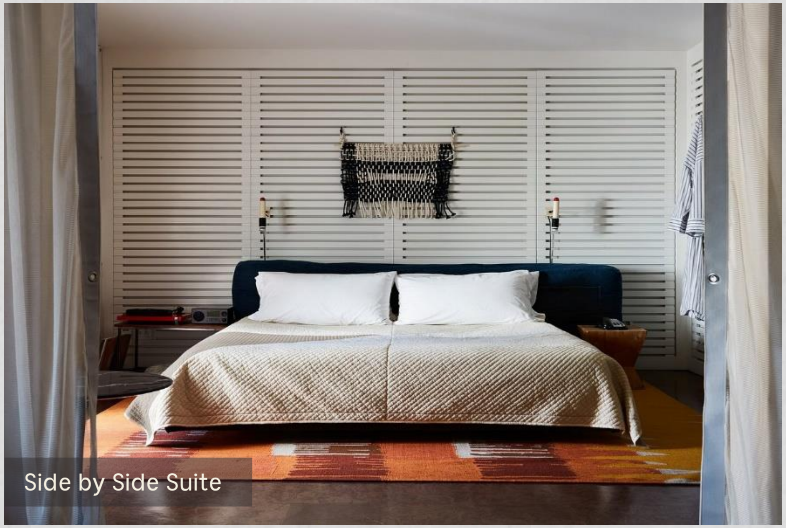
	Historical					SHG TTM 6/24 pf		
Line Item	**2018A**	**2019A**	**2022A**	**2023A**	**TTM 6/24**	**Franchise**	**Independent**	**Tribute**
Occupancy	66.9%	68.9%	60.6%	59.0%	56.5%	59.5%	58.7%	61.0%
ADR	$237.2	$233.7	$314.0	$285.8	$271.7	$304.8	$300.8	$311.5
RevPAR	**$158.7**	**$161.0**	**$190.2**	**$168.7**	**$153.6**	**$181.3**	**$176.6**	**$190.0**
RevPAR Growth		*1.5%*	*18.1%*	*(11.3%)*	*(9.0%)*	*18.0%*	*(2.6%)*	*7.6%*
Total Revenue	$21,358	$21,932	$24,206	$22,490	$20,783	$25,218	$24,364	$26,843
GOP	**$6,631**	**$6,588**	**$7,650**	**$6,618**	**$6,039**	**$9,311**	**$9,114**	**$9,585**
GOP Margin	31.0%	30.0%	31.6%	29.4%	29.1%	36.9%	37.4%	35.7%
NOI	**$4,163**	**$3,616**	**$4,310**	**$3,368**	**$2,805**	**$5,705**	**$5,585**	**$5,832**
NOI/key	*$23*	*$20*	*$24*	*$19*	*$16*	*$32*	*$31*	*$33*
NOI Growth		*(13.1%)*	*19.2%*	*(21.9%)*	*(16.7%)*	*103.4%*	*(2.1%)*	*4.4%*

Note: TTM 6/24 pf scenarios assume SHG managed the hotel as fully stabilized over the TTM 6/24 period.

ASSET PHOTOS


Guestroom


Lobby

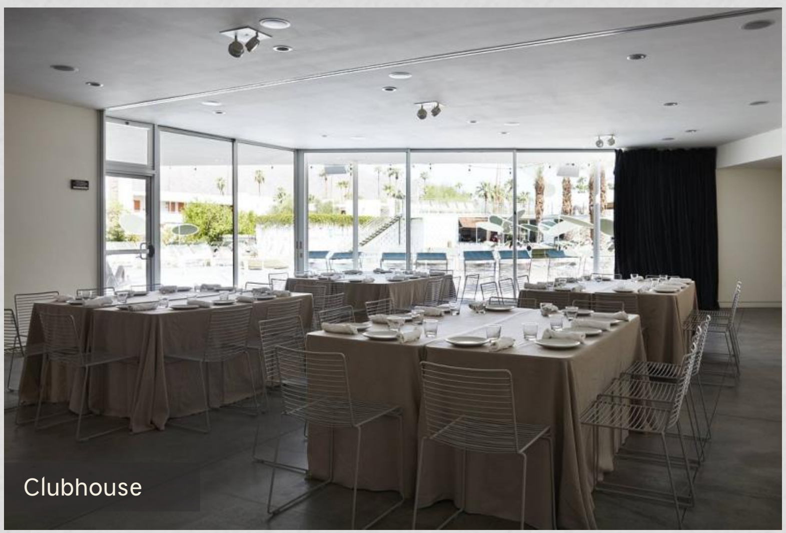

Side by Side Suite

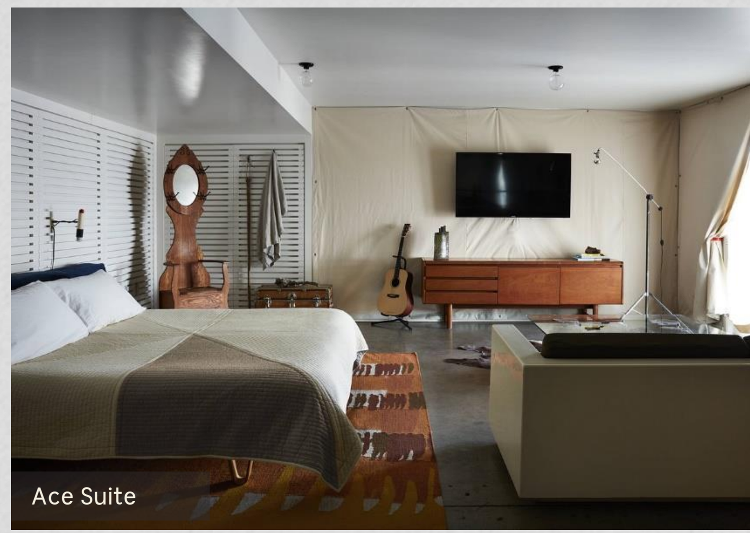

King's Highway

ASSET PHOTOS (CON'T)


Patio Garden


Outdoor Pool


Clubhouse


Ace Suite

HISTORICAL FINANCIAL OVERVIEW AND OPPORTUNITIES

HISTORICAL PERFORMANCE

As of TTM 6/24, the Ace has achieved $6.0m of GOP, on a $153.6 RevPAR and 29.1% GOP margin, down by -$1.6m / -21.1% vs. '22A historical peak of $7.6m of GOP on $190.2 RevPAR and 31.6% GOP Margin.

- A The Ace's RevPAR has fallen more than its comp set (TTM 6/24 RGI of **113.6%** is **-19.8%** vs. '22A levels of **133.4%**) – due to a lack of focus on group and a significant miss on weekday business (average RGI loss of **–28.0%** on weekdays – which has further contributed to a lack of revenue / lower GOP
- B GOP margins have fallen by **250 bps** vs. '22A levels – while the asset's (and broader submarket's) RevPAR has normalized post-Covid, Ace has maintained a heavy staffing operation with excessive managerial levels

Ace Hotel & Swim Club Palm Springs – Historical Performance ('18A – TTM 6/24)

Ace Hotel & Swim Club Palm Springs

	2018A			2019A			2022A			2023A			TTM 6/24		
	$	%	POR	$	%	POR	$	%	POR	$	%	POR	$	%	POR
Keys	179			179			179			179			179		
Rooms Available	65,335			65,335			65,335			65,335			65,514		
Occupied Rooms	43,721			45,025			39,583			38,570			37,034		
Occupancy %	66.9%			68.9%			60.6%			59.0%			56.5%		
ADR	$237.2			$233.7			$314.0			$285.8			$271.7		
A RevPAR	$158.7			$161.0			$190.2			$168.7			$153.6		
Revenue															
Rooms Revenue	$10,369	48.5%	$237.2	$10,521	48.0%	$233.7	$12,427	51.3%	$314.0	$11,025	49.0%	$285.8	$10,063	48.4%	$271.7
F&B Revenue	8,634	40.4%	197.5	8,926	40.7%	198.2	9,554	39.5%	241.4	9,110	40.5%	236.2	8,371	40.3%	226.0
Resort Fee	1,238	5.8%	28.3	1,289	5.9%	28.6	1,247	5.1%	31.5	1,377	6.1%	35.7	1,352	6.5%	36.5
Spa / Retail Revenue	920	4.3%	21.0	994	4.5%	22.1	902	3.7%	22.8	725	3.2%	18.8	698	3.4%	18.9
Swim Club Revenue	131	0.6%	3.0	105	0.5%	2.3	39	0.2%	1.0	150	0.7%	3.9	173	0.8%	4.7
Other/Misc Revenue	65	0.3%	1.5	97	0.4%	2.1	37	0.2%	0.9	103	0.5%	2.7	125	0.6%	3.4
Total Revenue	**$21,358**	**100.0%**	**$488.5**	**$21,932**	**100.0%**	**$487.1**	**$24,206**	**100.0%**	**$611.5**	**$22,490**	**100.0%**	**$583.1**	**$20,783**	**100.0%**	**$561.2**
Departmental Expenses															
Rooms Expense	$2,664	25.7%	$60.9	$2,725	25.9%	$60.5	$2,889	23.2%	$73.0	$2,911	26.4%	$75.5	$2,594	25.8%	$70.0
F&B Expense	6,233	72.2%	142.6	6,495	72.8%	144.3	6,901	72.2%	174.3	6,463	70.9%	167.6	6,026	72.0%	162.7
Spa / Retail Expense	735	79.9%	16.8	789	79.4%	17.5	738	81.8%	18.7	603	83.1%	15.6	568	81.3%	15.3
Other/Misc Expense	129	197.9%	2.9	143	148.6%	3.2	195	533.5%	4.9	124	120.4%	3.2	86	68.3%	2.3
Total Department Expenses	**$9,761**	**45.7%**	**$223.3**	**$10,152**	**46.3%**	**$225.5**	**$10,723**	**44.3%**	**$270.9**	**$10,100**	**44.9%**	**$261.9**	**$9,273**	**44.6%**	**$250.4**
Gross Operating Income	**$11,597**	**54.3%**	**$265.3**	**$11,779**	**53.7%**	**$261.6**	**$13,482**	**55.7%**	**$340.6**	**$12,389**	**55.1%**	**$321.2**	**$11,510**	**55.4%**	**$310.8**
Undist. Expenses															
Administrative & General	$1,469	6.9%	$33.6	$1,469	6.7%	$32.6	$1,581	6.5%	$39.9	$1,339	6.0%	$34.7	$1,246	6.0%	$33.7
Credit Card Commissions	632	3.0%	14.5	667	3.0%	14.8	825	3.4%	20.8	834	3.7%	21.6	790	3.8%	21.3
Info & Telecommunications	279	1.3%	6.4	291	1.3%	6.5	298	1.2%	7.5	362	1.6%	9.4	374	1.8%	10.1
Sales & Marketing	956	4.5%	21.9	1,003	4.6%	22.3	1,132	4.7%	28.6	1,315	5.8%	34.1	1,230	5.9%	33.2
Franchise Fees	391	3.8%	8.9	439	4.2%	9.7	484	3.9%	12.2	450	4.1%	11.7	416	4.1%	11.2
Repairs & Maintenance	856	4.0%	19.6	900	4.1%	20.0	866	3.6%	21.9	833	3.7%	21.6	845	4.1%	22.8
Utilities	382	1.8%	8.7	423	1.9%	9.4	646	2.7%	16.3	639	2.8%	16.6	571	2.7%	15.4
Total Undist. Expenses	**$4,966**	**23.3%**	**$113.6**	**$5,192**	**23.7%**	**$115.3**	**$5,833**	**24.1%**	**$147.3**	**$5,771**	**25.7%**	**$149.6**	**$5,471**	**26.3%**	**$147.7**
B **Gross Operating Profit**	**$6,631**	**31.0%**	**$151.7**	**$6,588**	**30.0%**	**$146.3**	**$7,650**	**31.6%**	**$193.3**	**$6,618**	**29.4%**	**$171.6**	**$6,039**	**29.1%**	**$163.1**
Base Mgmt. Fee	$641	3.0%	$14.7	$658	3.0%	$14.6	$726	3.0%	$18.3	$675	3.0%	$17.5	$623	3.0%	$16.8
Property Taxes	155	0.7%	3.6	508	2.3%	11.3	614	2.5%	15.5	911	4.0%	23.6	$1,046	5.0%	28.2
Insurance	354	1.7%	8.1	453	2.1%	10.1	445	1.8%	11.2	208	0.9%	5.4	$234	1.1%	6.3
Rental Expense	37	0.2%	0.9	41	0.2%	0.9	105	0.4%	2.7	79	0.4%	2.1	$57	0.3%	1.5
Ground Lease Rent	427	2.0%	9.8	435	2.0%	9.7	482	2.0%	12.2	477	2.1%	12.4	$443	2.1%	11.9
FF&E Reserve	854	4.0%	19.5	877	4.0%	19.5	968	4.0%	24.5	900	4.0%	23.3	$831	4.0%	22.4
NOI	**$4,163**	**19.5%**	**$95.2**	**$3,616**	**16.5%**	**$80.3**	**$4,310**	**17.8%**	**$108.9**	**$3,368**	**15.0%**	**$87.3**	**$2,805**	**13.5%**	**$75.7**

YTD 6/24 PERFORMANCE vs. BUDGET AND vs. LAST YEAR

The Ace's YTD 6/24 GOP of $4.2m (36.1% GOP) is below budget by -29.5% and below 2023 YTD by -11.5%. Total revenue is down by -20.4% vs. budget and below 2023 YTD by -12.6%.

A The ACE's YTD 6/24 RevPAR of **$183.2** is below budget of **$227.5** by -**$44.3** / prior year of **$213.4** by -**$30.1.** This performance is down substantially in both Occ and ADR

B In addition to rooms revenue, YTD 6/24 F&B revenue of **$4.5m** is lower vs. budget by -**$1.5m,** and lower vs. prior year by -**$740k.** F&B margins have also increased with expense margins of **69.1%** YTD vs. budget of **61.2%** and prior year YTD of **67.7%**

Ace Hotel & Swim Club Palm Springs (YTD 6/24 vs. 6/23)	YTD 6/24A			YTD 6/24 Budget			YTD 6/24 vs. Budget			YTD 6/23A			YTD 6/24 vs. Prior Year		
	$	%	POR	$	%	POR	$	%	POR	$	%	POR	$	%	POR
Keys	179			179			–			179			–		
Rooms Available	32,578			32,578			–			32,399			179		
Occupied Rooms	19,590			23,051			(3,461)			21,126			(1,536)		
Occupancy %	60.1%			70.8%			(10.6%)			65.2%			(5.1%)		
ADR	$304.7			$321.6			($16.8)			$327.2			($22.5)		
RevPAR	$183.2			$227.5			($44.3)			$213.4			($30.1)		
Revenue															
Rooms Revenue	$5,969	50.8%	$304.7	$7,412	50.2%	$321.6	($1,443)	0.6%	($16.8)	$6,913	51.4%	$327.2	($943)	(0.6%)	($22.5)
F&B Revenue	4,500	38.3%	229.7	5,981	40.5%	259.5	(1,481)	(2.2%)	($29.7)	5,240	39.0%	248.0	(740)	(0.7%)	($18.3)
Resort Fee	734	6.2%	37.5	846	5.7%	36.7	(113)	0.5%	0.7	759	5.6%	35.9	(25)	0.6%	1.5
Spa / Retail Revenue	388	3.3%	19.8	416	2.8%	18.0	(27)	0.5%	1.8	415	3.1%	19.6	(26)	0.2%	0.2
Swim Club Revenue	117	1.0%	6.0	102	0.7%	4.4	14	0.3%	1.5	94	0.7%	4.4	23	0.3%	1.5
Other/Misc Revenue	$41	0.3%	2.1	$10	0.1%	0.5	$30	0.3%	1.6	$18	0.1%	0.9	$22	0.2%	1.2
Total Revenue	**$11,749**	**100.0%**	**$599.8**	**$14,768**	**100.0%**	**$640.7**	**($3,019)**	**–**	**($40.9)**	**$13,438**	**100.0%**	**$636.1**	**($1,689)**	**–**	**($36.3)**
Departmental Expenses															
Rooms Expense	$1,250	20.9%	$63.8	$1,537	20.7%	$66.7	($288)	0.2%	($2.9)	$1,569	22.7%	$74.3	($319)	(1.8%)	($10.5)
F&B Expense	3,110	69.1%	158.8	3,659	61.2%	158.7	(549)	7.9%	0.0	3,547	67.7%	167.9	(437)	1.4%	(9.1)
Spa / Retail Expense	305	78.6%	15.6	324	77.9%	14.1	(19)	0.6%	1.5	340	82.0%	16.1	(35)	(3.5%)	(0.5)
Other/Misc Expense	49	121.0%	2.5	24	228.4%	1.0	26	(107.4%)	1.5	88	474.9%	4.2	(38)	(353.9%)	(1.6)
Total Department Expenses	**$4,714**	**40.1%**	**$240.6**	**$5,545**	**37.5%**	**$240.5**	**($830)**	**2.6%**	**$0.1**	**$5,544**	**41.3%**	**$262.4**	**($830)**	**(1.1%)**	**($21.8)**
Gross Operating Income	**$7,035**	**59.9%**	**$359.1**	**$9,223**	**62.5%**	**$400.1**	**($2,188)**	**(2.6%)**	**($41.0)**	**$7,894**	**58.7%**	**$373.7**	**($859)**	**50.9%**	**$559.4**
Undist. Expenses															
Administrative & General	$636	5.4%	$32.5	$725	4.9%	$31.4	($89)	0.5%	$1.0	$728	5.4%	$34.5	($92)	(0.0%)	($2.0)
Credit Card Commissions	437	3.7%	22.3	538	3.6%	23.3	(100)	0.1%	(1.0)	482	3.6%	22.8	(45)	0.1%	(0.5)
Info & Telecommunications	172	1.5%	8.8	178	1.2%	7.7	(6)	0.3%	1.1	161	1.2%	7.6	11	0.3%	1.2
Sales & Marketing	580	4.9%	29.6	796	5.4%	34.5	(216)	(0.5%)	(4.9)	666	5.0%	31.5	(86)	(0.0%)	(1.9)
Franchise Fees	235	3.9%	12.0	295	4.0%	12.8	(61)	(0.1%)	(0.8)	269	3.9%	12.7	(34)	0.0%	(0.7)
Repairs & Maintenance	444	3.8%	22.7	379	2.6%	16.5	65	1.2%	6.2	437	3.3%	20.7	7	0.5%	2.0
Utilities	291	2.5%	14.9	299	2.0%	13.0	(8)	0.5%	1.9	359	2.7%	17.0	(68)	(0.2%)	(2.1)
Total Undist. Expenses	**$2,796**	**23.8%**	**$142.7**	**$3,211**	**21.7%**	**$139.3**	**($415)**	**2.1%**	**$3.4**	**$3,102**	**23.1%**	**$146.9**	**($306)**	**0.7%**	**($4.1)**
Gross Operating Profit	**$4,239**	**36.1%**	**$216.4**	**$6,013**	**40.7%**	**$260.8**	**($1,774)**	**(4.6%)**	**($44.5)**	**$4,792**	**35.7%**	**$226.8**	**($553)**	**0.4%**	**($10.4)**
Base Mgmt. Fee	$352	3.0%	$18.0	$443	3.0%	$19.2	($91)	–	($1.2)	$403	3.0%	$19.1	($51)	–	($1.1)
Property Taxes	422	3.6%	21.5	406	2.7%	17.6	16	0.8%	3.9	287	2.1%	13.6	135	1.5%	8.0
Insurance	114	1.0%	5.8	132	0.9%	5.7	(18)	0.1%	0.1	88	0.7%	4.2	26	0.3%	1.7
Rental Expense	31	0.3%	1.6	29	0.2%	1.3	2	0.1%	0.3	53	0.4%	2.5	(22)	(0.1%)	(0.9)
Ground Lease Rent	235	2.0%	12.0	295	2.0%	12.8	(61)	(0.0%)	(0.8)	269	2.0%	12.7	(35)	(0.0%)	(0.8)
FF&E Reserve	470	4.0%	24.0	591	4.0%	25.6	(121)	–	(1.6)	538	4.0%	25.4	(68)	–	(1.5)
NOI	**$2,615**	**22.3%**	**$133.5**	**$4,117**	**27.9%**	**$178.6**	**($1,502)**	**(5.6%)**	**($45.1)**	**$3,154**	**23.5%**	**$149.3**	**($539)**	**(1.2%)**	**($15.8)**

HISTORICAL REVENUE ANALYSIS AND OPPORTUNITIES

STR ANALYSIS – SCENARIO 1: ACE FRANCHISE (BASE CASE)

Schulte is underwriting the asset to stabilize at a 133.9% RGI, slightly above the asset's '22A RGI of 133.4%, as an Ace franchise under Schulte management.

- **RGI Index:** Schulte is underwriting a return to RGI slightly above '22A levels based on the (i) existing ongoing renovation, and also (ii) revamped revenue and (iii) sales strategies geared towards driving increased group business and improving both weekend / weekday RGI losses vs. historical levels.
  - RGI has previously declined by **-19.8%** as of TTM 6/24 vs. '22A levels driven by declines in both weekday **(-28.0%)** and weekend **(-10.0%)** RGI levels vs. '22A levels

ACE HOTEL & SWIM CLUB PALM SPRINGS

	Historical								Pro Forma					
	2017A	2018A	2019A	2020A	2021A	2022A	2023A	TTM 6/24	2025P	2026P	2027P	2028P	2029P	2030P
Occupancy														
Subject	65.9%	67.0%	69.0%	49.3%	62.7%	60.6%	59.0%	56.5%	60.0%	64.2%	66.6%	68.3%	70.1%	70.1%
Comp Set	59.3%	59.4%	56.9%	37.5%	43.3%	51.0%	51.7%	50.4%	52.4%	54.4%	56.4%	57.9%	59.4%	59.4%
Rank	4 of 8	3 of 8	3 of 8	3 of 8	2 of 8	2 of 8	3 of 8	3 of 8						
Index	**111.0%**	**112.8%**	**121.1%**	**131.5%**	**144.9%**	**118.7%**	**114.0%**	**112.1%**	**114.5%**	**118.0%**	**118.0%**	**118.0%**	**118.0%**	**118.0%**
ADR														
Subject	$225.4	$237.4	$233.8	$233.1	$272.3	$314.0	$284.9	$272.1	$295.7	$317.2	$326.7	$333.2	$339.9	$346.7
Comp Set	$198.2	$205.5	$206.1	$219.8	$248.1	$279.3	$270.4	$268.5	$271.3	$279.4	$287.8	$293.6	$299.4	$305.4
Rank	4 of 8	4 of 8	4 of 8	4 of 8	4 of 8	4 of 8	4 of 8	4 of 8						
Index	**113.7%**	**115.5%**	**113.4%**	**106.0%**	**109.7%**	**112.4%**	**105.3%**	**101.3%**	**109.0%**	**113.5%**	**113.5%**	**113.5%**	**113.5%**	**113.5%**
RevPAR														
Subject	$148.4	$159.0	$161.3	$115.0	$170.7	$190.2	$168.0	$153.8	$177.5	$203.6	$217.5	$227.7	$238.3	$243.0
Comp Set	$117.6	$122.0	$117.4	$82.5	$107.4	$142.5	$139.9	$135.4	$142.2	$152.0	$162.4	$170.0	$177.9	$181.5
Rank	4 of 8	4 of 8	4 of 8	4 of 8	4 of 8	4 of 8	4 of 8	4 of 8						
Index	**126.2%**	**130.3%**	**137.4%**	**139.4%**	**159.0%**	**133.4%**	**120.1%**	**113.6%**	**124.8%**	**133.9%**	**133.9%**	**133.9%**	**133.9%**	**133.9%**

Comp Set	Keys	Open Date
Ace Hotel & Swim Club Palm Springs	**179**	**196606**
The Saguaro Palm Springs	244	197706
The Colony Palms Hotel and Bungalows	57	193006
Hotel ZOSO	162	198706
Avalon Hotel & Bungalows Palm Springs	71	192906
Parker Palm Springs	144	195906
Margaritaville Resort Palm Springs	398	195906
Hyatt Palm Springs	197	198511

SHG anticipates being able to drive RGI back closer towards and above historical levels based on the (i) **existing ongoing renovation**, and also revamped (ii) **revenue** and (iii) **sales strategies**

Note: Shows TTM 6/24 Ace RevPAR of $153.8 vs. $153.6 in the P&L; there are sometimes minor variances between STR / P&L-reported data generally due to timing of postings.

HISTORICAL STR PERFORMANCE

The Ace Palm Springs is running a $153.8 RevPAR on a 113.6% RevPAR Index vs. the set as of TTM 6/24, -19.8% vs. '22A levels. RevPAR of $153.8 in the TTM 6/24 period is down from $190.2 in '22A, through a combination of ADR and Occupancy loss.

A **Occ Index:** The asset is currently running a **112.1%** OccIndex and a **56.5%** overall Occ TTM 6/24. The Ace has lost occupancy share vs. '22A levels (**-6.6%** vs. '22A occ index of **118.7%,** and also **-1.9%** vs. '23A OccIndex levels)

B **ADR Index:** The asset is running a **101.3%** ADR Index vs the set as of TTM 6/24, **-14.2%** below the '18A ADR index peak and **-11.1%** vs. '22A ADR index of **112.4%.** Pre-Covid, the asset had previously run ADR indexes above **110.0%** (**113.7% / 115.5% / 113.4%** ADR index from '17A – '19A)

ACE HOTEL & SWIM CLUB PALM SPRINGS

	Historical							
	2017A	**2018A**	**2019A**	**2020A**	**2021A**	**2022A**	**2023A**	**TTM 6/24**
Occupancy (A)								
Subject	65.9%	67.0%	69.0%	49.3%	62.7%	60.6%	59.0%	56.5%
Comp Set	59.3%	59.4%	56.9%	37.5%	43.3%	51.0%	51.7%	50.4%
Rank	4 of 8	3 of 8	3 of 8	3 of 8	2 of 8	2 of 8	3 of 8	3 of 8
Index	**111.0%**	**112.8%**	**121.1%**	**131.5%**	**144.9%**	**118.7%**	**114.0%**	**112.1%**
ADR (B)								
Subject	$225.4	$237.4	$233.8	$233.1	$272.3	$314.0	$284.9	$272.1
Comp Set	$198.2	$205.5	$206.1	$219.8	$248.1	$279.3	$270.4	$268.5
Rank	4 of 8	4 of 8	4 of 8	4 of 8	4 of 8	4 of 8	4 of 8	4 of 8
Index	**113.7%**	**115.5%**	**113.4%**	**106.0%**	**109.7%**	**112.4%**	**105.3%**	**101.3%**
RevPAR								
Subject	$148.4	$159.0	$161.3	$115.0	$170.7	$190.2	$168.0	$153.8
Comp Set	$117.6	$122.0	$117.4	$82.5	$107.4	$142.5	$139.9	$135.4
Rank	4 of 8	4 of 8	4 of 8	4 of 8	4 of 8	4 of 8	4 of 8	4 of 8
Index	**126.2%**	**130.3%**	**137.4%**	**139.4%**	**159.0%**	**133.4%**	**120.1%**	**113.6%**

Comp Set	Keys	Open Date
Ace Hotel & Swim Club Palm Springs	**179**	**196606**
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Hyatt Palm Springs	197	198511

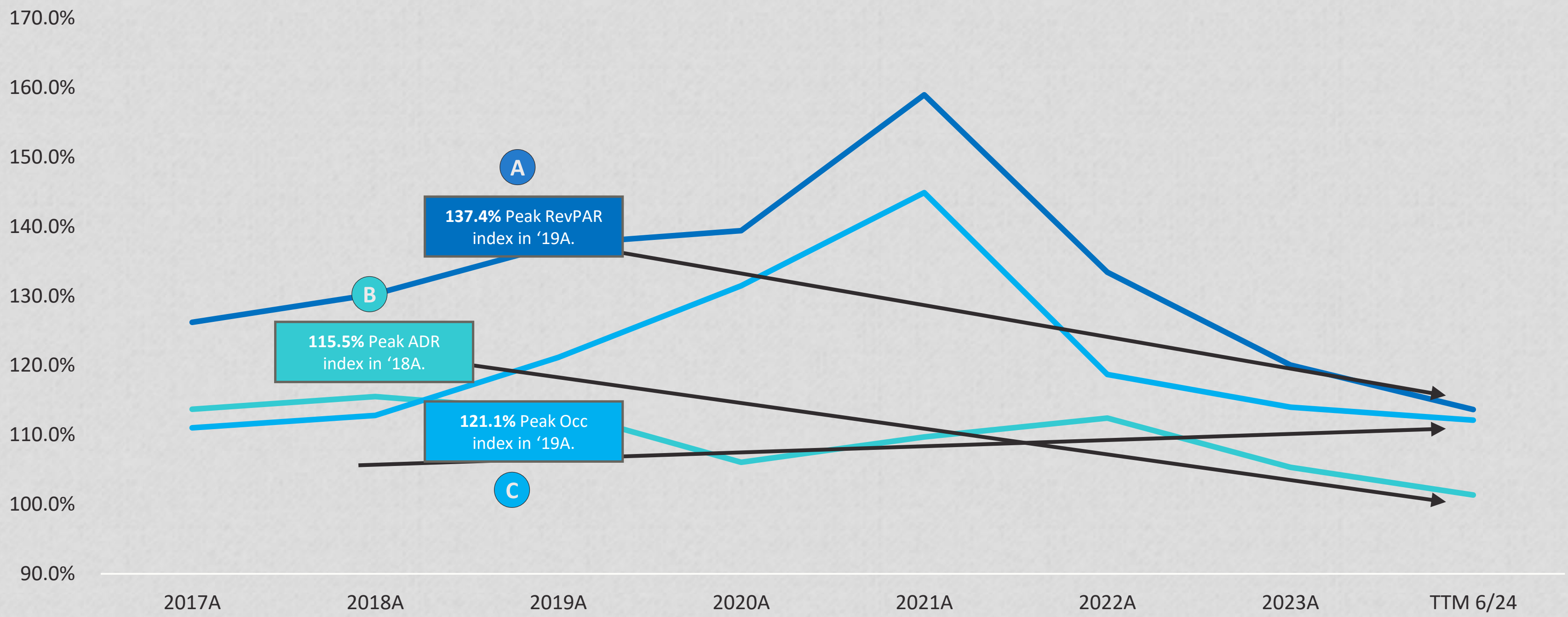
The Ace Hotel Palm Springs has seen RGI fall by **-19.8%** from '22A to TTM 6/24. RGI has also fallen by **-23.8%** from peak pre-Covid RGI of **137.4%** in '19.

Note: Shows TTM 6/24 Ace RevPAR of $153.8 vs. $153.6 in the P&L; there are sometimes minor variances between STR / P&L-reported data generally due to timing of postings.

HISTORICAL STR PERFORMANCE (CON'T)

The Ace Palm Springs is running a $153.8 RevPAR on a 113.6% RevPAR Index vs the set, significantly below peak and '22A levels.

Historical STR Indexes (2017A – TTM 6/24A)



Letter	Commentary
A	Peak RevPAR index has fallen from **137.4%** in '19A to **113.6%** in TTM 6/24. RGI has also fallen by **-19.8%** vs. '22A levels
B	Peak ADR Index has fallen from **115.5%** in '18A to **101.3%** in TTM 6/24. ADR index has also fallen by **-11.1%** vs. '22A levels
C	Peak Occ index has fallen from **121.1%** in '19A to **112.1%** in TTM 6/24. Occ index has also fallen by **-6.6%** vs. '22A levels

Note: Peak index years exclude indexes during covid-impacted years of '20A – '21A.
TTM STR 6/24 Ace RevPAR of $153.8 vs. $153.6 in the P&L; there are sometimes minor variances between STR / P&L-reported data generally due to timing of postings.

RECENT STR PERFORMANCE

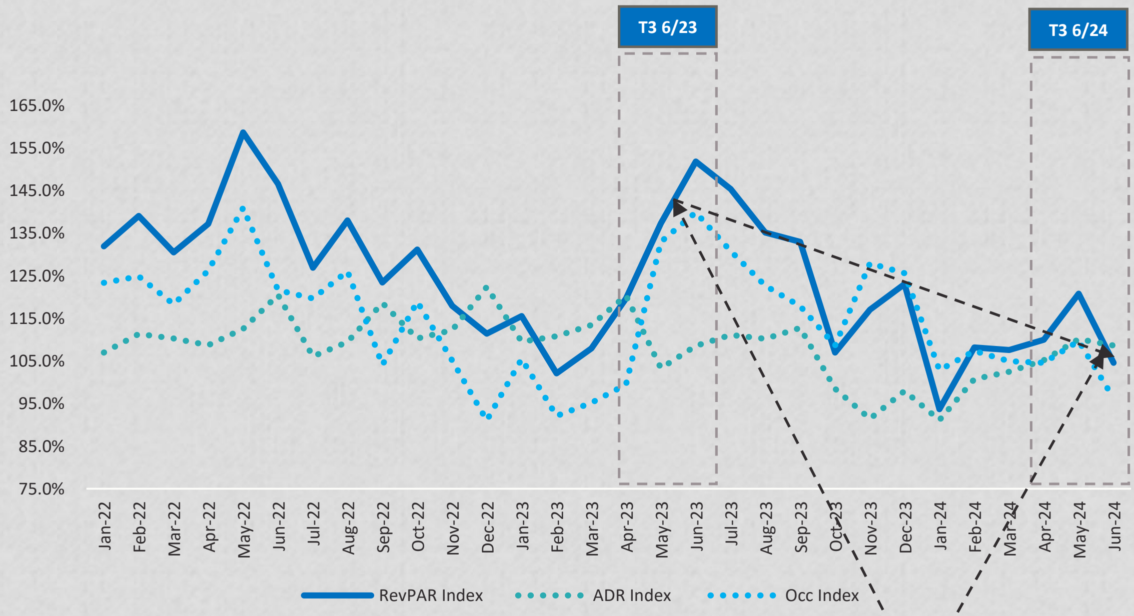
The Ace's T3 RevIndex as of 6/24 is down -14.2% vs. STLY. Occupancy is -20.4% and Occ Index is -13.8%, with ADR index relatively stable.

Recent STR Performance

A TTM / YTD / T3 6/24 STR Trend

Ace Hotel & Swim Club Palm Springs - STR Trend			
	Historical Performance (6/24)		
	TTM	YTD	T3
Occupancy			
Subject	56.5%	60.1%	54.8%
Comp Set	50.4%	57.5%	52.7%
Rank	3 of 8	3 of 8	3 of 8
Index	**112.1%**	**104.7%**	**104.0%**
% Change STLY (1)			
Subject	-2.5%	-7.6%	-20.4%
Comp Set	-5.2%	-4.4%	-7.6%
Index	2.8%	-3.3%	-13.8%
ADR			
Subject	$272.1	$305.5	$310.6
Comp Set	$268.5	$295.9	$287.7
Rank	4 of 8	4 of 8	4 of 8
Index	**101.3%**	**103.3%**	**108.0%**
% Change STLY (2)			
Subject	-9.2%	-6.4%	-2.9%
Comp Set	-1.0%	-0.7%	-2.5%
Index	-8.3%	-5.7%	-0.4%
RevPAR			
Subject	$153.8	$183.7	$170.2
Comp Set	$135.4	$170.0	$151.6
Rank	4 of 8	4 of 8	4 of 8
Index	**113.6%**	**108.1%**	**112.3%**
% Change STLY (3)			
Subject	-11.5%	-13.5%	-22.7%
Comp Set	-6.1%	-5.1%	-9.9%
Index	-5.8%	-8.8%	-14.2%

B Monthly STR Performance (1/22 – 6/24)



Comp Set	Keys	Open Date
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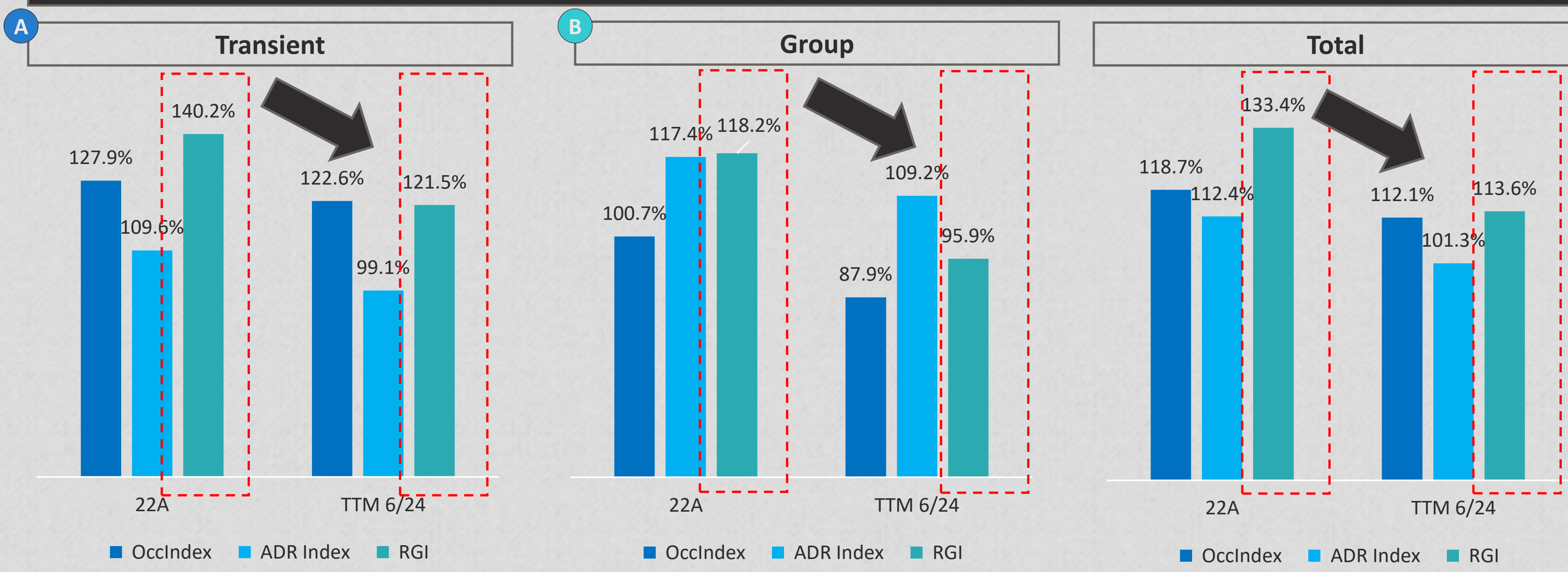
The asset's T3 RevPAR index as of 6/24 has fallen by -14.2%

STR SEGMENTATION REVIEW

The Ace's -19.8% RGI decline from TTM 6/24 to '22A levels has been driven by both transient and group index declines.

- A **Group Index:** The asset's group index has fallen **-22.2%** from **118.2%** in '22A to **95.9%** in TTM 6/24. SHG believes there has been a lack of focus on selling the asset's meeting spaces – which has resulted in a decline in wedding / other SMERF group business. Importantly SMERF group revenue is down **-$617k / -61.1%** in TTM 6/24 vs. '22A levels from **$1.6m** to **$1.0m**
- B **Transient Index:** The asset has seen a similar degradation in transient index with TTM 6/24 transient index of **121.5%** down **-18.7%** from a **140.2%** index in '22A

ACE Segmentation Trends ('22A to TTM 6/24)



STR DAY OF WEEK ANALYSIS

The Ace has lost RGI on every day of the week vs. '22A levels, but has lost a higher amount of index on weekdays (-28.0% vs. '22A levels) vs. weekends (-10.0% vs. '22A levels).

A **Weekdays:** Both Weekday ADR and Occ Index are down double digits vs '22A. The asset has lost RevIndex of **-24.9% / -36.2% / -32.0% / -23.7% / -26.0%** from Sunday to Thursday

B **Weekends:** Weekend ADR index is the largest issue, with Occ Index roughly flat. The Ace has fared slightly better on weekends than weekdays but is still down **-9.3% / -10.5%** vs. '22A levels on Thursday and Friday

ACE Day of Week STR Trends ('22A to TTM 6/24)

	TTM 6/24									TTM 6/24 vs. '22A levels									
	Occupancy			ADR			RevPAR			Occupancy			ADR			RevPAR			
	Subject	Comp Set	Index	Subject	Comp Set	Index	Subject	Comp Set	Index	Subject	Comp Set	Index	Subject	Comp Set	Index	Subject	Comp Set	Index	
Sunday	54.5%	47.8%	114.1%	$232.6	$250.5	92.8%	$126.9	$119.7	106.0%	(6.0%)	(0.7%)	(10.9%)	(40.7)	(10.7)	(11.8%)	(38.7)	(6.8)	(24.9%)	
Monday	47.5%	39.2%	121.2%	$208.6	$222.1	93.9%	$99.1	$87.0	113.9%	(4.9%)	1.7%	(18.6%)	(33.1)	(3.2)	(13.4%)	(27.5)	2.7	(36.2%)	
Tuesday	45.7%	41.0%	111.4%	$214.7	$228.7	93.9%	$98.1	$93.8	104.7%	(4.0%)	2.7%	(18.1%)	(28.6)	(2.0)	(11.6%)	(22.7)	5.4	(32.0%)	
Wednesday	48.7%	41.8%	116.6%	$216.4	$237.6	91.1%	$105.4	$99.3	106.2%	(2.7%)	(0.4%)	(5.2%)	(30.1)	6.5	(15.6%)	(21.4)	1.7	(23.7%)	
Thursday	56.1%	48.3%	116.2%	$237.7	$261.7	90.8%	$133.4	$126.4	105.6%	(5.2%)	(0.2%)	(10.2%)	(29.3)	5.0	(13.2%)	(30.3)	1.9	(26.0%)	
Friday	68.5%	63.3%	108.3%	$343.4	$312.2	110.0%	$235.3	$197.6	119.1%	(3.4%)	(4.0%)	1.5%	(50.9)	(15.8)	(10.2%)	(48.3)	(23.3)	(9.3%)	
Saturday	74.3%	70.9%	104.9%	$372.5	$315.7	118.0%	$276.8	$223.7	123.7%	(2.1%)	(3.9%)	2.7%	(74.2)	(24.2)	(13.4%)	(64.5)	(30.5)	(10.5%)	
Weekday	50.5%	43.6%	115.8%	$222.9	$241.4	92.4%	$112.6	$105.3	107.0%	(4.5%)	0.6%	(12.3%)	(32.6)	(1.2)	(13.0%)	(28.1)	1.0	(28.0%)	A
Weekend	71.4%	67.1%	106.5%	$358.7	$314.1	114.2%	$256.2	$210.8	121.6%	(2.7%)	(4.0%)	2.1%	(62.9)	(20.2)	(11.9%)	(56.5)	(26.9)	(10.0%)	B
Total	**56.5%**	**50.4%**	**112.2%**	**$272.1**	**$269.2**	**101.1%**	**$153.8**	**$135.6**	**113.5%**	**(4.0%)**	**(0.7%)**	**(6.3%)**	**(41.9)**	**(10.2)**	**(11.3%)**	**(36.3)**	**(7.1)**	**(19.8%)**	

	'22A								
	Occupancy			ADR			RevPAR		
	Subject	Comp Set	Index	Subject	Comp Set	Index	Subject	Comp Set	Index
Sunday	60.6%	48.4%	125.1%	$273.3	$261.2	104.6%	$165.6	$126.5	130.9%
Monday	52.4%	37.4%	139.9%	$241.7	$225.3	107.3%	$126.6	$84.4	150.1%
Tuesday	49.7%	38.3%	129.6%	$243.3	$230.6	105.5%	$120.9	$88.4	136.7%
Wednesday	51.4%	42.2%	121.8%	$246.5	$231.1	106.6%	$126.8	$97.6	129.9%
Thursday	61.3%	48.5%	126.5%	$267.1	$256.8	104.0%	$163.7	$124.4	131.6%
Friday	71.9%	67.3%	106.8%	$394.3	$328.0	120.2%	$283.6	$220.9	128.4%
Saturday	76.4%	74.8%	102.1%	$446.7	$339.9	131.4%	$341.3	$254.2	134.3%
Weekday	55.1%	43.0%	128.1%	$255.5	$242.6	105.3%	$140.7	$104.3	134.9%
Weekend	74.2%	71.1%	104.3%	$421.5	$334.3	126.1%	$312.7	$237.7	131.6%
Total	**60.6%**	**51.1%**	**118.6%**	**$314.0**	**$279.3**	**112.4%**	**$190.2**	**$142.6**	**133.3%**

Note: Very minor index deltas in Day of Week STR sheet vs. summary sheet in STR report.

TTM 6/24 vs. 12/23 SEGMENTATION

The Ace Hotel Palm Springs is currently running a~72.9% transient | 26.0% group revenue mix as of the TTM 6/24 period. Transient share has declined since 2023A where it accounted for 74.5% of revenue.

A **Transient: >60.0%** of rooms revenue is coming through discount channels (Discount, OTA Commissionable, OTA Net) at steep discounts to bar rate

- **BAR:** BAR Revenues have increased by **6.6%** from FY '23A to TTM 6/24 , while the overall BAR rate has decreased by **-$51.4**

B **Group:** The asset generated **26.0%** of revenue from group in TTM 6/24, with the majority derived from corporate (**15.8%** of total rooms revenues / **61.0%** of group revenue)

TTM 6/24 Segmentation vs. FY '23 Segmentation

	C FY '23						D TTM 6/24						E TTM 6/24 vs. FY '23					
	($)	ADR	Disc. To BAR	RNs	% Rev.	% RNs	($)	ADR	Disc. To BAR	RNs	% Rev.	% RNs	($)	ADR	Disc. To BAR	RNs	% Rev.	% RNs
Transient Rooms																		
Bar	1,293	391.9	-	3,300	11.7%	8.6%	1,844	340.5	-	5,414	18.3%	14.6%	550	(51.4)	-	2,114	6.6%	6.1%
Consortia	57	317.0	80.9%	180	0.5%	0.5%	161	302.2	88.8%	534	1.6%	1.4%	104	(14.8)	7.9%	354	1.1%	1.0%
Corporate Negotiated	3	372.2	95.0%	8	0.0%	0.0%	0	167.0	49.0%	1	0.0%	0.0%	(3)	(205.2)	-45.9%	(7)	0.0%	0.0%
Corporate Preferred	122	326.1	83.2%	373	1.1%	1.0%	81	278.4	81.8%	290	0.8%	0.8%	(41)	(47.7)	-1.4%	(83)	-0.3%	-0.2%
Discount	3,711	259.2	66.1%	14,321	**33.7%**	37.1%	2,674	240.1	70.5%	11,136	**26.5%**	30.1%	(1,038)	(19.1)	4.4%	(3,185)	-7.1%	-7.1%
FIT	-	-		0	0.0%	0.0%	22	195.3	57.4%	112	0.2%	0.3%	22	195.3	57.4%	112	0.2%	0.3%
OTA Commissionable	784	297.3	75.9%	2,639	**7.1%**	6.8%	907	290.3	85.2%	3,125	**9.0%**	8.4%	123	(7.0)	9.4%	486	1.9%	1.6%
OTA Net	2,074	241.4	61.6%	8,590	**18.8%**	22.3%	1,522	211.5	62.1%	7,198	**15.1%**	19.4%	(552)	(29.9)	0.5%	(1,392)	-3.7%	-2.8%
A Package	167	355.5	90.7%	471	1.5%	1.2%	142	316.6	93.0%	449	1.4%	1.2%	(25)	(38.9)	2.3%	(22)	-0.1%	0.0%
Total Transient Room Revenue	**8,212**	**274.8**	**70.1%**	**29,882**	**74.5%**	**77.5%**	**7,353**	**260.2**	**76.4%**	**28,259**	**72.9%**	**76.3%**	**(859)**	**(14.6)**	**6.3%**	**(1,623)**	**-1.6%**	**-1.2**
Group Rooms																		
Corporate	1,305	265.04	67.6%	4,925	11.8%	12.8%	1,596	262.60	77.1%	6,079	15.8%	16.4%	291	-2.44	9.5%	1,154	4.0%	3.6%
Association	12	1088.36		11	0.1%	0.0%	12	1088.36		11	0.1%	0.0%	-	0.00	0	0	0.0%	0.0%
B SMERF	1,274	370.69	94.6%	3,436	11.6%	8.9%	1,010	383.32	112.6%	2,635	10.0%	7.1%	(264)	12.63	18.0%	-801	-1.5%	-1.8%
Total Group Room Revenue	**2,591**	**309.48**	**79.0%**	**8,372**	**23.5%**	**21.7%**	**2,618**	**300.102**	**88.1%**	**8,725**	**26.0%**	**23.6%**	**27**	**(9.4)**	**9.2%**	**353**	**2.5%**	**1.9%**
Contract Rooms																		
Barter	124	393.28	100.4%	316	1.1%	0.8%	-	0.00	0.0%	50	0.0%	0.1%	(124)	(393.3)	-100.4%	-266	-1.1%	-0.7%
Total Contract Rooms	**124**	**393.28**	**100.4%**	**316**	**1.1%**	**0.8%**	**-**	**0.00**	**0.0%**	**50**	**0.0%**	**0.1%**	**(124)**	**(393.3)**	**-100.4%**	**-266**	**-1.1%**	**-0.7%**
Total Other Room Revenue	**144**				**1.3%**	**0.0%**	**147**			**0**	**1.5%**	**0.0%**	**3**	**0**	**0**	**0**	**0.2%**	**0.0%**
Less: Allowances	(46)						(37)				(0.4%)		9					
Total Room Revenue	**11,025**	**285.83**		**38,570**	**100.0%**	**100.0%**	**10,081**	**272.22**		**37,034**	**100.0%**	**100.0%**	**(943)**	**(13.6)**	**0**	**-1,536**	**0.0%**	**0.0%**

C **~60.0%** of overall rooms revenue was driven by discount (Discount + OTA) channels in FY '23A.

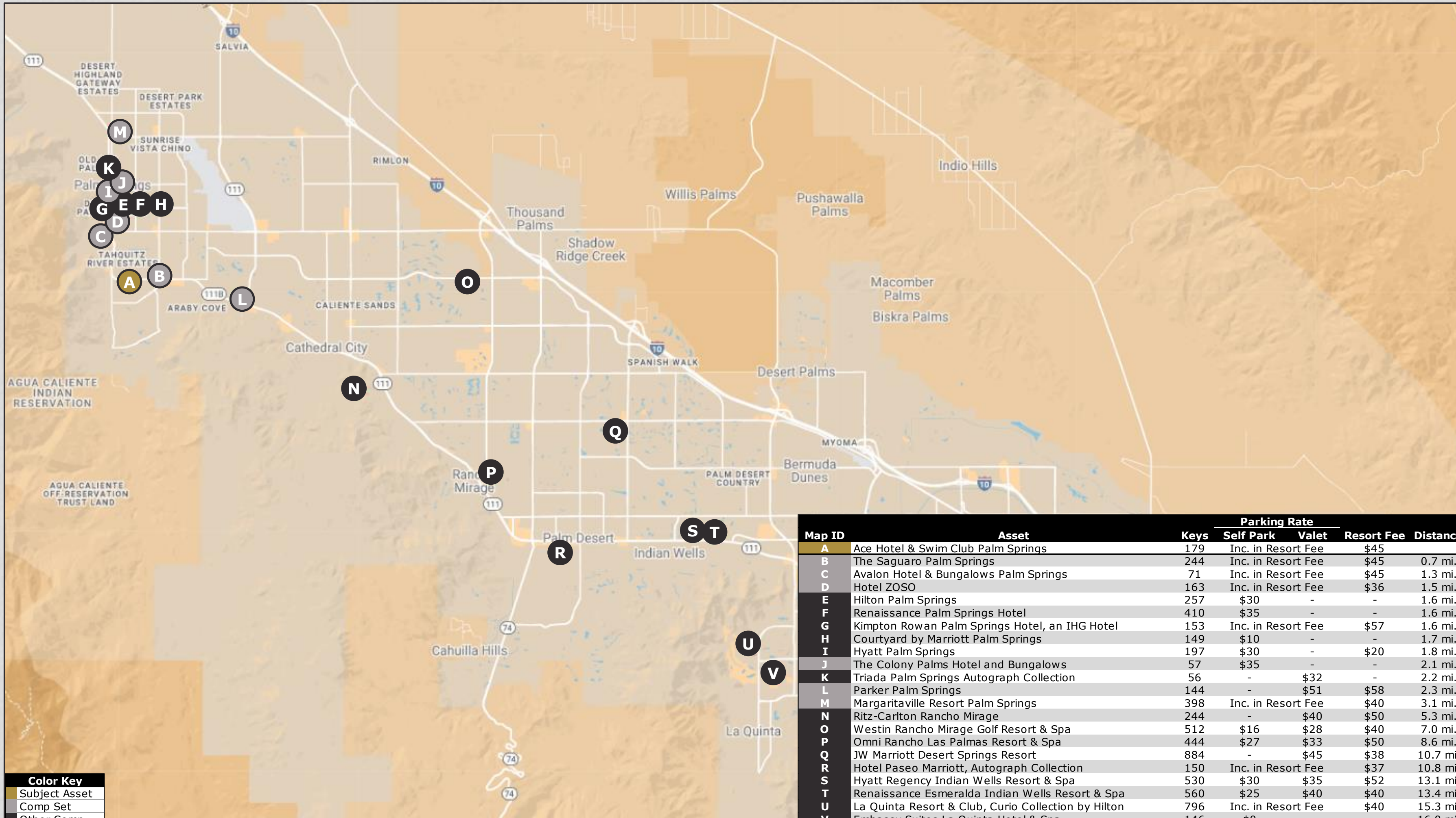
D Discount % has fallen to **~50.0%** TTM / but transient rev. also declined.

E Total transient revenues have declined by **$859k / $14.6 ADR** over the past six months.

Note: Minor ADR deltas due to discrepancy between on-property reporting vs. STR reporting; also due to discrepancy between annual TTM summary ADR vs. TTM summary ADR built via monthly financials.

PARKING FEE & RESORT FEE COMPS

An unmodeled upside opportunity is to further explore whether to charge for self parking on top of the resort fee *to further drive revenue and profitability (similar to the Hyatt Palm Springs, Parker, Ritz Carlton, Westin, and Omni). See table below for further details:*



Map ID	Asset	Keys	Parking Rate: Self Park	Parking Rate: Valet	Resort Fee	Distance
A	Ace Hotel & Swim Club Palm Springs	179	Inc. in Resort Fee		$45	
B	The Saguaro Palm Springs	244	Inc. in Resort Fee		$45	0.7 mi.
C	Avalon Hotel & Bungalows Palm Springs	71	Inc. in Resort Fee		$45	1.3 mi.
D	Hotel ZOSO	163	Inc. in Resort Fee		$36	1.5 mi.
E	Hilton Palm Springs	257	$30	-	-	1.6 mi.
F	Renaissance Palm Springs Hotel	410	$35	-	-	1.6 mi.
G	Kimpton Rowan Palm Springs Hotel, an IHG Hotel	153	Inc. in Resort Fee		$57	1.6 mi.
H	Courtyard by Marriott Palm Springs	149	$10	-	-	1.7 mi.
I	Hyatt Palm Springs	197	$30	-	$20	1.8 mi.
J	The Colony Palms Hotel and Bungalows	57	$35	-	-	2.1 mi.
K	Triada Palm Springs Autograph Collection	56	-	$32	-	2.2 mi.
L	Parker Palm Springs	144	-	$51	$58	2.3 mi.
M	Margaritaville Resort Palm Springs	398	Inc. in Resort Fee		$40	3.1 mi.
N	Ritz-Carlton Rancho Mirage	244	-	$40	$50	5.3 mi.
O	Westin Rancho Mirage Golf Resort & Spa	512	$16	$28	$40	7.0 mi.
P	Omni Rancho Las Palmas Resort & Spa	444	$27	$33	$50	8.6 mi.
Q	JW Marriott Desert Springs Resort	884	-	$45	$38	10.7 mi.
R	Hotel Paseo Marriott, Autograph Collection	150	Inc. in Resort Fee		$37	10.8 mi.
S	Hyatt Regency Indian Wells Resort & Spa	530	$30	$35	$52	13.1 mi.
T	Renaissance Esmeralda Indian Wells Resort & Spa	560	$25	$40	$40	13.4 mi.
U	La Quinta Resort & Club, Curio Collection by Hilton	796	Inc. in Resort Fee		$40	15.3 mi.
V	Embassy Suites La Quinta Hotel & Spa	146	$0	-	-	16.0 mi.

EXPENSE MARGIN BUILDUP

MARGIN PERFORMANCE vs. PALM SPRINGS COMPS

The Ace Palm Springs is running a higher rooms department expense load vs. Palm Spring comps. Additionally, the asset's F&B expense margins are much worse than the Renaissance Palm Springs, and are generally lower vs. SHG comps.

	Ace Hotel & Swim Club Palm Springs			Palm Spring Comps								
	TTM 6/24			Renaissance Palm Springs TTM 1/24			Margaritaville - '23A			Margaritaville - '24AF		
	$	%	POR	$	%	POR	$	%	POR	$	%	POR
Keys	179			410			398			399		
Rooms Available	65,514			149,650			145,270			145,668		
Occupied Rooms	37,034			104,542			81,934			90,170		
Occupancy %	56.5%			69.9%			56.4%			61.9%		
ADR	$271.7			$197.0			$217.8			$214.6		
RevPAR	$153.6			$137.6			$122.9			$132.8		
Revenue												
Rooms Revenue	$10,063	48.4%	$271.7	$20,592	71.4%	$197.0	$17,847	57.4%	$217.8	$19,347	58.0%	$214.6
F&B Revenue	8,371	40.3%	226.0	7,369	25.5%	70.5	9,357	30.1%	114.2	10,030	30.1%	111.2
Parking Revenue	$0	–	–	$448	1.6%	4.3		–	–		–	–
Resort Fee	1,352	6.5%	36.5	–	–	–	2,053	6.6%	25.1	2,386	7.2%	26.5
Spa / Retail Revenue	698	3.4%	18.9	–	–	–	805	2.6%	9.8	839	2.5%	9.3
Swim Club Revenue	173	0.8%	4.7	–	–	–		–	–		–	–
Other/Misc Revenue	$125	0.6%	3.4	$441	1.5%	4.2	$1,040	3.3%	12.7	$730	2.2%	8.1
Total Revenue	**$20,783**	**100.0%**	**$561.2**	**$28,850**	**100.0%**	**$276.0**	**$31,102**	**100.0%**	**$379.6**	**$33,332**	**100.0%**	**$369.7**
Departmental Expenses												
A Rooms Expense	$2,594	25.8%	**$70.0**	$4,480	21.8%	**$42.9**	$5,398	30.2%	**$65.9**	$5,607	29.0%	**$62.2**
B F&B Expense	6,026	**72.0%**	162.7	4,296	**58.3%**	41.1	6,858	**73.3%**	83.7	6,892	**68.7%**	76.4
Parking Expense	–	–	–	–	–	–	–	–	–	–	–	–
Spa / Retail Expense	568	81.3%	15.3	–	–	–	583	72.4%	7.1	641	76.4%	7.1
Other/Misc Expense	86	68.3%	2.3	274	62.1%	2.6	592	56.9%	7.2	701	96.0%	7.8
Total Department Expenses	**$9,273**	**44.6%**	**$250.4**	**$9,050**	**31.4%**	**$86.6**	**$13,431**	**43.2%**	**$163.9**	**$13,841**	**41.5%**	**$153.5**
Gross Operating Income	**$11,510**	**55.4%**	**$310.8**	**$19,800**	**68.6%**	**$189.4**	**$17,671**	**56.8%**	**$215.7**	**$19,491**	**58.5%**	**$216.2**
Undist. Expenses												
Administrative & General	$1,246	6.0%	$33.7	$1,590	5.5%	$15.2	$1,744	5.6%	$21.3	$1,798	5.4%	$19.9
Credit Card Commissions	790	3.8%	21.3	667	2.3%	6.4	830	2.7%	10.1	929	2.8%	10.3
Info & Telecommunications	374	1.8%	10.1	381	1.3%	3.6	723	2.3%	8.8	778	2.3%	8.6
Sales & Marketing	1,230	5.9%	33.2	1,802	6.2%	17.2	2,267	7.3%	27.7	2,264	6.8%	25.1
Franchise Fees	416	4.1%	11.2	1,338	6.5%	12.8	392	2.2%	4.8	424	2.2%	4.7
Repairs & Maintenance	845	4.1%	22.8	1,295	4.5%	12.4	1,934	6.2%	23.6	2,202	6.6%	24.4
Utilities	571	2.7%	15.4	1,463	5.1%	14.0	1,847	5.9%	22.5	1,572	4.7%	17.4
Total Undist. Expenses	**$5,471**	**26.3%**	**$147.7**	**$8,536**	**29.6%**	**$81.7**	**$9,737**	**31.3%**	**$118.8**	**$9,967**	**29.9%**	**$110.5**
Gross Operating Profit	**$6,039**	**29.1%**	**$163.1**	**$11,264**	**39.0%**	**$107.7**	**$7,934**	**25.5%**	**$96.8**	**$9,524**	**28.6%**	**$105.6**

Margaritaville is still ramping; have shown comparisons vs. the Margaritaville '23A and '24AF.

A

The Ace's rooms expense POR of **$70.0** is significantly higher vs. the Renaissance Palm's Springs **$42.9** POR, and slightly higher vs. the Margaritaville's **$62.2** POR in '24AF. SHG has found significant expense savings in Ace's rooms department particularly in managerial staffing levels which SHG believes is excessive, more efficient scheduling, and switching the hotel's current reservations set-up (mix of labor and non-labor expense) with SHG's Contact Center reservations system.

B

The ACE's TTM 6/24 F&B margin of **72.0%** is higher vs. the Renaissance at **58.3%** (TTM 1/24) and also the Margaritaville **(68.7%)** in '24AF.

BASE CASE (ACE FRANCHISE) – DETAILED EXPENSE ANALYSIS

Schulte performed a detailed expense analysis of the rooms, F&B and the undistributed departments, and found $849k (410 bps GOP) in net TTM 6/24 P&L expense savings.

- Labor expense underwriting by department has been detailed in the following slides and summarized in the below table
- Non-Labor expense savings have been summarized in the below table
- Schulte is assuming a **32.5%** PTEB expense load (details in our PTEB analysis on the following slides)

ACE HOTEL & SWIM CLUB PALM SPRINGS - SCHULTE EXPENSE SAVINGS

	Dept.	Line Item	$	% of Revenue	POR	Comments
A	*Rooms*					
		Non-Contract Labor				
		Contract Labor				
		Wages & Salaries	199,789	1.0%	5.4	Lowered Wages & Salaries from $33.5 to $28.1, closer in-line with SHG-managed comps
		PTEB	155,108	0.7%	4.2	Adj. PTEB from 39.6% to 32.5% based on SHG's benefit plan
		OPERATING SUPPLIES	21,932	0.1%	0.6	Lowered OPERATING SUPPLIES from $1.7 to $1.1, closer in-line with SHG-managed comps
		CABLE TELEVISION	11,775	0.1%	0.3	Lowered CABLE TELEVISION from $0.9 to $0.6, closer in-line with SHG-managed comps
		UNIFORMS	7,858	0.0%	0.2	Lowered UNIFORMS from $0.5 to $0.3, closer in-line with SHG-managed comps
	Rooms Total		**396,463**	**1.9%**	**10.7**	
B	*F&B*					
		PTEB	261,741	1.3%	7.1	Adj. PTEB from 42.2% to 32.5% based on SHG's benefit plan
		F&B Cost of Sales	115,379	0.6%	3.1	Based on SHG F&B Margin Analysis, utilizing SHG and market comps
	F&B Total		**377,120**	**1.8%**	**10.2**	
C	*A&G*					
		Non-Contract Labor				
		Contract Labor				
		Wages & Salaries	110,491	0.5%	3.0	Lowered Wages & Salaries from $19.8 to $16.8, closer in-line with SHG-managed comps
		PTEB	48,462	0.2%	1.3	Adj. PTEB from 35.0% to 32.5% based on SHG's benefit plan
		Corporate Office Reimbursables	28,645	0.1%	0.8	Lowered Corporate Office Reimbursables from $0.8 to $0.0, closer in-line with SHG-managed comps
		HUMAN RESOURCES	24,634	0.1%	0.7	Lowered HUMAN RESOURCES from $0.9 to $0.1, closer in-line with SHG-managed comps
		PAYROLL PROCESSING FEE	43,450	0.2%	1.2	Lowered PAYROLL PROCESSING FEE from $2.3 to $1.2, closer in-line with SHG-managed comps
		SHG Accounting Fee	-54,000	-0.3%	-1.5	SHG Accounting fee
	A&G Total		**201,682**	**1.0%**	**5.4**	
D	*S&M*					
		Non-Contract Labor				
		Contract Labor				
		Wages & Salaries	-167,905	-0.8%	-4.5	Increased Wages & Salaries due to current open position and revenue manager
		PTEB	-29,043	-0.1%	-0.8	Adj. PTEB from 38.2% to 32.5% based on SHG's benefit plan
		Corporate Office Reimbursables	8,833	0.0%	0.2	Lowered Corporate Office Reimbursables from $0.2 to $0.0, closer in-line with SHG-managed comps
	S&M Total		**-188,115**	**-0.9%**	**-5.1**	
E	*IT*					
		Contract Services	26,945	0.1%	0.7	Reduced contract services expenses pending further diligence
	IT Total		**26,945**	**0.1%**	**0.7**	
F	*Spa*					
		PTEB	44,331	0.2%	1.2	Adj. PTEB from 59.9% to 32.5% based on SHG's benefit plan
	Spa Total		**44,331**	**0.2%**	**1.2**	
G	*RM*					
		Non-Contract Labor				
		Contract Labor				
		Wages & Salaries	-19,261	-0.1%	-0.5	Lowered Wages & Salaries from $7.1 to $7.6, closer in-line with SHG-managed comps
		PTEB	9,691	0.0%	0.3	Adj. PTEB from 38.6% to 32.5% based on SHG's benefit plan
	RM Total		**-9,569**	**0.0%**	**-0.3**	
	Total Expense Savings		**$848,857**	**4.1%**	**$22.9**	

Ace Expense Savings Summary

Summary of Expense Savings

Expense Saving	($)	% of Rev	% of Total
PTEB	490,292	2.4%	57.8%
Wages & Salaries	123,114	0.6%	14.5%
F&B Cost of Sales	115,379	0.6%	13.6%
Payroll Processing Fee	43,450	0.2%	5.1%
SHG Accounting Fee	(54,000)	(0.3%)	(6.4%)
Other	$130,622	0.6%	15.4%
Total	**$848,857**	**4.1%**	**100.0%**

SHG is projecting $849k / 4.1% GOP margin of expense savings driven largely by:

- PTEB Savings of **$490k / 57.8%** of total
- Wages & Salary Reductions of **$123k / 14.5%** of total savings (note Wage & Salary reductions would have been **$310k** if not for open positions in S&M currently / the addition of a revenue manager on-property – which SHG believes would have true ROI)
- F&B CoS decreases of **$115k / 13.6%** of **total**

Note: SHG is also u/w a reduction in cc commissions expense of 3.8% TTM 6/24 back down to historical levels experienced in '22A of 3.4% (conservative, as still higher vs. 3.0% expense incurred in '18A and '19A).

BASE CASE – ROOM LABOR BUILD-UP

Schulte completed a ground-up rooms labor build, which utilizes wages as per the current employee roster and overall Palm Springs market wages where relevant. Overall, Schulte identified $355k ($9.6 POR; 171 bps) of savings.

- **A** **Wages and Salaries:** Schulte is underwriting **$200k / $5.4 POR** of wages and salary reductions driven by (i) the reduction of reservations staff in the rooms department, (ii) replacing an existing salaried AFOM with an hourly Housekeeping Supervisor, and (iii) reducing the current number of public area attendant shifts from 25 to 21 weekly
- **B** **PTEB:** Additionally, Schulte has found an additional **$155k / $4.2 POR** of PTEB savings from switching the current Ace benefit plan with the Schulte plan

Ace Hotel Palm Springs – Rooms Labor Build

	Schulte Underwriting				U/W Assumptions							
						Salaried		General Hourly		Rooms Hourly		
Rooms Department	U/W	%	POR	Savings to TTM 6/24	Driver	# of Employ.	Avg. Salary	Rate ($/hr)	Total Hrs per Week	Rate ($/hr)	Minutes per Room	Explanation
Front Office Manager	71,126	0.3%	$1.92		Salaried	1.0	$71,126					Front Office Manager (in-line with current staffing)
Guest Service Representative	116,480	0.6%	$3.15		Gen Hrly			$20.00	112			14 shifts week of GSR (in-line with current staffing)
Auditor	66,976	0.3%	$1.81		Gen Hrly			$23.00	56			1x Night Auditor 7x a week (in-line with current staffing)
Front Office Supervisor	43,600	0.2%	$1.18		Gen Hrly			$20.96	40			Replaced existing salaried AFOM ($67k) with hourly supervisor (wages in-line with Palm Springs market)
Public Areas Attendant	177,348	0.9%	$4.79		Gen Hrly			$20.30	168			Public Area Attendant 3 shifts / 7x a week (21 shifts per week; slight reduction from current 25 shifts)
Bonus - Rooms	17,440	0.1%	$0.47		Salaried	1.0	$17,440					12.5% bonus on FOM and Housekeeping Manager
Total Rooms	**$492,969**	**2.4%**	**$13.31**									
						Salaried		General Hourly		Rooms Hourly		
Housekeeping	U/W	%	POR	Savings to TTM 6/24	Driver	# of Employ.	Avg. Salary	Rate ($/hr)	Total Hrs per Week	Rate ($/hr)	Minutes per Room	Explanation
Contract Labor Rm Attendant	26,332	0.1%	$0.71		Rms Hrly					$27.37	1.6	Assumed 28 MPOR
Room Attendant	342,730	1.6%	$9.25		Rms Hrly					$21.00	26.4	Assumed 28 MPOR
Rooms Inspector	45,760	0.2%	$1.24		Gen Hrly			$22.00	40			In-line with current staffing
Houseman	65,761	0.3%	$1.78		Gen Hrly			$19.76	64			In-line with current staffing
Housekeeping Manager	68,390	0.3%	$1.85		Salaried	1.0	$68,390					Housekeeping Manager (in-line with current staffing)
Total Housekeeping	**$548,973**	**2.6%**	**$14.82**									
A **Total Rooms Labor**	**$1,041,943**	**5.0%**	**$28.13**	**($199,789)**								
Total Rooms Labor (Ex. Contract)	$1,015,611			($210,081)								
B **Total Rooms Benefits**	U/W	%	POR	Savings to TTM 6/24	Driver	# of Employ.	Avg. Salary	Rate ($/hr)	Total Hrs per Week	Rate ($/hr)	Minutes per Room	Explanation
Total Rooms Benefits	**$330,074**	**32.5%**	**$8.91**	**($155,108)**								
Total Rooms Labor and PTEB	**$1,372,016**	**6.6%**	**$37.05**	**($354,898)**								
POR	$37.0			($9.6)								
% of Revenue	6.6%			(1.71%)								

SHG is projecting $355k of Rooms Dept. Savings largely from PTEB savings ($155k), the removal of reservations staff ($85k excluding bonuses), and more efficient public area attendant staffing ($34k)

BASE CASE – UNDISTRIBUTED EXPENSE LABOR BUILD-UP

Schulte completed a ground-up labor build for the A&G, S&M, and R&M departments.

A **A&G:** Schulte is underwriting cost-savings of **$159k ($110k of wages / $48k PTEB) / 76 bps** vs. the TTM 6/24 P&L driven by reductions in the hotel's A&G department (Schulte is retaining the hotel's Director of Finance, but removing the accounting clerks) – which SHG believes is currently over-staffed

B **S&M:** SHG is underwriting a cost-increase of **$197k ($168k of wages + $29k of PTEB) / 95 bps** vs. the TTM 6/24 P&L, primarily due to an open sales manager role, the addition of a revenue manager and an accounting induced **~$50k** addition due to a negative S&M bonus accrual in the YTD S&M P&L – which SHG is not considering in our staffing build

C **R&M:** In-line with current staffing (slight mismatch in overall expenses due to comparing current wage rates with historical TTM wages)

Ace Hotel Palm Springs – Undistributed Build

	Schulte Underwriting				U/W Assumptions					
						Salaried		Hourly		
	U/W	%	POR	Savings to TTM 6/24	Driver	# of Employees	Avg. Salary	Rate ($/hr)	Total Hrs per Week	Explanation
A Administrative & General										
General Manager	216,300	1.0%	$5.84		Salaried	1.0	$216,300			General Manager (in-line with current staffing)
Human Resources Manager	121,797	0.6%	$3.29		Salaried	1.0	$121,797			Human Resources Manager (in-line with current staffing)
Director Of Finance	132,500	0.6%	$3.58		Salaried	1.0	$132,500			Director of Finance (in-line with current staffing)
Security	93,018	0.4%	$2.51		Hrly			$22.36	80	In-line with current staffing
Bonus	58,825	0.3%	$1.59		Salaried	1.0	$58,825			
Total A&G Payroll	**$622,439**	**3.0%**	**$16.81**	**(110,491)**						
Total A&G Labor (Ex. Contract)	*$622,439*									
Total A&G Benefits	**$202,293**	**32.5%**	**$5.46**	**(48,462)**						
B Sales & Marketing										
Director Of Sales	133,766	0.6%	$3.61		Salaried	1.0	$133,766			Director of Sales (in-line with current staffing)
Sales Manager	160,788	0.8%	$4.34		Salaried	2.0	$80,394			2x Sales Manager at Current Salary; accounts for current sales manager - group position (assumes group sales manager is paid current sales and business development manager salary)
Catering Manager	95,040	0.5%	$2.57		Salaried	1.0	$95,040			Catering Manager (in-line with current staffing)
Sales Assistant	24,960	0.1%	$0.67		Hrly			$20.00	24	Sales Assistant (in-line with current staffing)
Revenue Manager	100,100	0.5%	$2.70		Salaried	1.0	$100,100			Revenue Manager (in-line with Palm Springs wages)
Marketing Manager	77,126	0.4%	$2.08		Salaried	1.0	$77,126			Community & Marketing Manager at Current Salary (outsourced per staffing roster received)
Incentives	60,803	0.3%	$1.64		Salaried	1.0	$60,803			
Total S&M Payroll	**$652,583**	**3.1%**	**$17.62**	**$167,905**						
Total S&M Labor (Ex. Contract)	*$652,583*									
Total S&M Benefits	**$212,090**	**32.5%**	**$5.73**	**29,043**						
C Repairs & Maintenance										
Chief Engineer	$86,700	0.4%	$2.34		Salaried	1.0	$86,700			Chief Engineer (in-line with current staffing)
Maintenance Engineer	$183,040	0.9%	$4.94		Hrly			$22.00	160	Maintenance Engineers (in-line with current staffing)
Incentives	$10,838	0.1%	$0.29		Salaried	1.0	$10,838			
Total R&M Payroll	**$280,578**	**1.3%**	**$7.58**	**$19,261**						
Total R&M Labor (Ex. Contract)	*$280,578*									
Total R&M Benefits	**$91,188**	**32.5%**	**$2.46**	**(9,691)**						
Total Undistributed Payroll	**$1,555,600**	**7.5%**	**42.00**	**$76,675**						
Total Benefits	**$505,570**	**2.4%**	**13.65**	**($29,111)**						
Total Undistributed Payroll and PTEB	**$2,061,170**	**9.9%**	**55.66**	**$47,564**						

SHG is underwriting overall **$48k** of savings in undistributeds driven by:

A&G: Retaining Director of Finance and removing accounting clerks

S&M: A&G / other PTEB savings offset by addition of one sales manager (current open position), and an on-site revenue manager – which SHG believes will have ROI

R&M: Expenses in-line with existing wages (some delta due to comparing current wages with a TTM P&L)

Note: SHG believes there are additional expense savings opportunities that could be generated through a more detailed review of annual security schedules, IT spend, and overall media spend in the S&M department.

ADDITIONAL AREAS OF POTENTIAL EXPENSE SAVINGS

While not modeled, Schulte believes that there may be additional expense savings that could be generated through a detailed review of the following line-items.

Additional Expense Savings Opportunities – Pending Diligence

A **S&M:** There are currently high levels of non-labor spend in a few line items including (i) Media - **$287k**, (ii) Dues and Subscriptions - **$62k** (iii) Website - **$31k,** (iv) Photography - **$27k**, and Agency Fees **($59k)** – combined **$466k** – which SHG believes is excessive and pending a more detailed review of the hotel's current marketing strategies could yield expense savings

B **Meals (PTEB):** Additional savings of ~**$34k** by cutting down three meal periods to two meals

C **IT:** The asset's IT expense of **$374k** seems high and there are a number of line items – for which expenses are hard to gauge – e.g. rooms IT expense of **$96k** / S&M IT expense of **$76k** / A&G IT expense of **$37k.** SHG has removed **$27k** of cost from the IT department by cutting existing contract services expenses by **~50.0%** - but believes there could be further room to reduce expenses pending a detailed review of the asset's current tech stack

D **Potential Ace Corporate Costs:** Note: SHG has removed line items labeled as corporate reimbursables in the P&L (combined **$37k** in the TTM 6/24 P&L). We believe that there is likely more hidden Ace-related expenses in marketing, media and IT that would go away under SHG management but we have not aggressively modeled these

E **Commissions:** SHG believes there are also opportunities to save on the current commissions expenses being incurred in the P&L through a mix shift in the segmentation and would seek to drive additional savings by shifting more business towards direct channels and away from OTAs

SHG EXPENSE SAVINGS COMPS

Schulte operates several boutique and lifestyle assets that generate high RevPARs, lower F&B expense margins vs. the ACE, and also high GOP margins.

Ace Palm Springs TTM 6/24 and TTM 6/24 Adj. vs SHG Comps

	Ace Hotel & Swim Club Palm Springs					
	TTM 6/24			TTM 6/24 Schulte Pro Forma		
	$	%	POR	$	%	POR
Keys	179			179		
Rooms Available	65,514			65,514		
Occupied Rooms	37,034			38,971		
Occupancy %	56.5%			59.5%		
ADR	$271.7			$304.8		
RevPAR	**$153.6**			**$181.3**		
Revenue						
Rooms Revenue	$10,063	48.4%	$271.7	$11,878	47.1%	$304.8
F&B Revenue	8,371	40.3%	226.0	10,795	42.8%	277.0
Parking Revenue						
Resort Fee	1,352	6.5%	36.5	1,423	5.6%	36.5
Spa / Retail Revenue	698	3.4%	18.9	809	3.2%	20.7
Swim Club Revenue	173	0.8%	4.7	182	0.7%	4.7
Other/Misc Revenue	125	0.6%	3.4	132	0.5%	3.4
Total Revenue	**$20,783**	**100.0%**	**$561.2**	**$25,218**	**100.0%**	**$647.1**
Departmental Expenses						
Rooms Expense	$2,594	25.8%	$70.0	$2,312	19.5%	$59.3
F&B Expense	**6,026**	**72.0%**	**162.7**	**7,285**	**67.5%**	**186.9**
Parking Expense						
Spa / Retail Expense	568	81.3%	15.3	606	74.9%	15.5
Other/Misc Expense	86	68.3%	2.3	90	68.3%	2.3
Total Department Expenses	**$9,273**	**44.6%**	**$250.4**	**$10,292**	**40.8%**	**$264.1**
Gross Operating Income	**$11,510**	**55.4%**	**$310.8**	**$14,926**	**59.2%**	**$383.0**
Undist. Expenses						
Administrative & General	$1,246	6.0%	$33.7	$1,045	4.1%	$26.8
Credit Card Commissions	790	3.8%	21.3	859	3.4%	22.0
Info & Telecommunications	374	1.8%	10.1	347	1.4%	8.9
Sales & Marketing	1,230	5.9%	33.2	1,418	5.6%	36.4
Franchise Fees	416	4.1%	11.2	491	4.1%	12.6
Repairs & Maintenance	845	4.1%	22.8	854	3.4%	21.9
Utilities	571	2.7%	15.4	601	2.4%	15.4
Total Undist. Expenses	**$5,471**	**26.3%**	**$147.7**	**$5,614**	**22.3%**	**$144.1**
Gross Operating Profit	**$6,039**	**29.1%**	**$163.1**	**$9,311**	**36.9%**	**$238.9**

	SHG B&L Comp 1			SHG B&L Comp 2			SHG B&L Comp 3			SHG B&L Comp 4		
	2024AF			2024AF			2024AF			2024AF		
	$	%	POR	$	%	POR	$	%	POR	$	%	POR
Keys	466			207			275			216		
Rooms Available	170,556			75,762			100,650			79,056		
Occupied Rooms	127,785			57,258			63,903			55,341		
Occupancy %	74.9%			75.6%			63.5%			70.0%		
ADR	$209.0			$330.3			$200.0			$203.4		
RevPAR	**$156.6**			**$249.7**			**$127.0**			**$142.4**		
Revenue												
Rooms Revenue	$26,703	63.1%	$209.0	$18,914	81.1%	$330.3	$12,783	61.1%	$200.0	$11,258	58.6%	$203.4
F&B Revenue	12,601	29.8%	98.6	2,588	11.1%	45.2	7,343	35.1%	114.9	6,800	35.4%	122.9
Parking Revenue	1,891	4.5%	14.8	745	3.2%	13.0	615	2.9%	9.6	797	4.1%	14.4
Resort Fee	–	–	–	27	0.1%	0.5	26	0.1%	0.4	23	0.1%	0.4
Spa / Retail Revenue	481	1.1%	3.8	–	–	–	–	–	–	–	–	–
Swim Club Revenue	–	–	–	–	–	–	–	–	–	–	–	–
Other/Misc Revenue	614	1.5%	4.8	1,034	4.4%	18.1	145	0.7%	2.3	337	1.8%	6.1
Total Revenue	**$42,290**	**100.0%**	**$331.0**	**$23,308**	**100.0%**	**$407.1**	**$20,912**	**100.0%**	**$327.2**	**$19,215**	**100.0%**	**$347.2**
Departmental Expenses												
Rooms Expense	$5,647	21.1%	$44.2	$3,064	16.2%	$53.5	$2,999	23.5%	$46.9	$2,719	24.2%	$49.1
F&B Expense	**7,653**	**60.7%**	**59.9**	**1,925**	**74.4%**	**33.6**	**4,367**	**59.5%**	**68.3**	**3,692**	**54.3%**	**66.7**
Parking Expense	1,249	66.0%	9.8	530	71.2%	9.3	427	69.4%	6.7	284	35.6%	5.1
Spa / Retail Expense	435	90.5%	3.4	–	–	–	–	–	–	–	–	–
Other/Misc Expense	75	12.2%	0.6	(8)	(0.8%)	(0.1)	(18)	(12.3%)	(0.3)	(18)	(5.2%)	(0.3)
Total Department Expenses	**$15,058**	**35.6%**	**$117.8**	**$5,511**	**23.6%**	**$96.2**	**$7,775**	**37.2%**	**$121.7**	**$6,677**	**34.7%**	**$120.7**
Gross Operating Income	**$27,232**	**64.4%**	**$213.1**	**$17,797**	**76.4%**	**$310.8**	**$13,138**	**62.8%**	**$205.6**	**$12,538**	**65.3%**	**$226.6**
Undist. Expenses												
Administrative & General	$2,221	5.3%	$17.4	$828	3.6%	$14.5	$1,081	5.2%	$16.9	$649	3.4%	$11.7
Credit Card Commissions	1,004	2.4%	7.9	761	3.3%	13.3	523	2.5%	8.2	450	2.3%	8.1
Info & Telecommunications	506	1.2%	4.0	279	1.2%	4.9	326	1.6%	5.1	267	1.4%	4.8
Sales & Marketing	2,488	5.9%	19.5	1,129	4.8%	19.7	1,307	6.3%	20.5	1,186	6.2%	21.4
Franchise Fees	2,761	10.3%	21.6	1,008	5.3%	17.6	757	5.9%	11.8	691	6.1%	12.5
Repairs & Maintenance	1,226	2.9%	9.6	686	2.9%	12.0	572	2.7%	9.0	546	2.8%	9.9
Utilities	1,507	3.6%	11.8	372	1.6%	6.5	504	2.4%	7.9	515	2.7%	9.3
Total Undist. Expenses	**$11,713**	**27.7%**	**$91.7**	**$5,062**	**21.7%**	**$88.4**	**$5,070**	**24.2%**	**$79.3**	**$4,305**	**22.4%**	**$77.8**
Gross Operating Profit	**$15,519**	**36.7%**	**$121.4**	**$12,735**	**54.6%**	**$222.4**	**$8,068**	**38.6%**	**$126.2**	**$8,232**	**42.8%**	**$148.8**
		1			2			3			4	

	SHG B&L Comp 5			SHG B&L Comp 6			SHG B&L Comp 7		
	2024AF			2024AF			2024AF		
	$	%	POR	$	%	POR	$	%	POR
Keys	182			175			136		
Rooms Available	66,612			64,050			49,776		
Occupied Rooms	54,525			54,888			34,260		
Occupancy %	81.9%			85.7%			68.8%		
ADR	$305.5			$319.7			$274.5		
RevPAR	**$250.0**			**$274.0**			**$188.9**		
Revenue									
Rooms Revenue	$16,656	91.0%	$305.5	$17,548	96.1%	$319.7	$9,405	81.3%	$274.5
F&B Revenue	563	3.1%	10.3	495	2.7%	9.0	1,962	17.0%	57.3
Parking Revenue	626	3.4%	11.5				–	–	–
Resort Fee							25	0.2%	0.7
Spa / Retail Revenue							–	–	–
Swim Club Revenue							–	–	–
Other/Misc Revenue	450	2.5%	8.3	226	1.2%	4.1	181	1.6%	5.3
Total Revenue	**$18,295**	**100.0%**	**$335.5**	**$18,270**	**100.0%**	**$332.9**	**$11,573**	**100.0%**	**$337.8**
Departmental Expenses									
Rooms Expense	$3,695	22.2%	$67.8	$3,728	21.2%	$67.9	$1,699	18.1%	$49.6
F&B Expense	**75**	**13.4%**	**1.4**	**71**	**14.3%**	**1.3**	**1,252**	**63.8%**	**36.6**
Parking Expense	445	71.1%	8.2	–	–	–	–	–	–
Spa / Retail Expense	–	–	–	–	–	–	–	–	–
Other/Misc Expense	45	9.9%	0.8	44	19.4%	0.8	(13)	(7.3%)	(0.4)
Total Department Expenses	**$4,260**	**23.3%**	**$78.1**	**$3,843**	**21.0%**	**$70.0**	**$2,938**	**25.4%**	**$85.7**
Gross Operating Income	**$14,035**	**76.7%**	**$257.4**	**$14,427**	**79.0%**	**$262.8**	**$8,635**	**74.6%**	**$252.1**
Undist. Expenses									
Administrative & General	$971	5.3%	$17.8	$1,102	6.0%	$20.1	$441	3.8%	$12.9
Credit Card Commissions	598	3.3%	11.0	649	3.6%	11.8	366	3.2%	10.7
Info & Telecommunications	319	1.7%	5.9	231	1.3%	4.2	223	1.9%	6.5
Sales & Marketing	1,097	6.0%	20.1	1,154	6.3%	21.0	622	5.4%	18.2
Franchise Fees	732	4.4%	13.4	723	4.1%	13.2	490	5.2%	14.3
Repairs & Maintenance	943	5.2%	17.3	821	4.5%	15.0	322	2.8%	9.4
Utilities	446	2.4%	8.2	653	3.6%	11.9	218	1.9%	6.4
Total Undist. Expenses	**$5,105**	**27.9%**	**$93.6**	**$5,334**	**29.2%**	**$97.2**	**$2,682**	**23.2%**	**$78.3**
Gross Operating Profit	**$8,930**	**48.8%**	**$163.8**	**$9,093**	**49.8%**	**$165.7**	**$5,953**	**51.4%**	**$173.8**
		5			6			7	

PTEB ANALYSIS

SHG PTEB ASSUMPTIONS

Overall, after applying Schulte's total benefit package, we are UW total PTEB % of payroll of 32.5%, compared to 40.2% as of 2023. This implies theoretical savings of $454k (200 bps of GOP) on 2023 staffing levels.

- Given Schulte's size, scale, and wide-range of benefit plan options for our employees, we are able to keep costs low for both employers and employees. Across Schulte's portfolio the average PTEB % of payroll is **25%,** compared to Ace at **40%.** Ace's size and geographic locations would prohibit them from being competitive relative to Schulte's diverse employee base
- Based on the information we have received, Ace has **$629k** of total benefit costs across **50 FTEs – $12.6k benefit costs / employee.** Schulte's average benefit costs / employee is **$7.7k.** Applying this **$7.7k** to the **50 FTEs** with insurance and conservatively adding a **15%** premium would total **$441k, or $189k of benefit savings on the current employee base**
- Schulte believes this assumption is conservative, see some additional context below:
    - In addition to PPO / HMO plans, Schulte also offers MEC (minimum employee contribution) plans, which many other operators do not offer. These plans are low cost for both employee / employer – across our portfolio the average employer cost is **$1.5k / employee, compared to $7.7k benefit cost / employee for our standard plans.** On average, **25%** of employees select MEC plans across SHG's portfolio. If we applied the MEC average cost / employee to **25%** of FTEs enrolled in plans, the total average benefit cost / employee would be **$6.1k,** saving an additional **~$100k**
    - Across SHG's portfolio, on average **34%** of employees enroll in our benefit plans **(26% standard plan / 8% MEC plan).** Ace currently has nearly **2x (63%)** enrollment in their medical plans
    - Schulte is applying a **15%** premium to the benefit cost / FTE because we do not have visibility into the employee / employer costs split. Schulte's plan is **67% employer / 33% employee.** Given the difficult labor market, we're adding the premium to ensure there is no large increase in cost to the employee and thus causing turnover

- Schulte's Worker's Comp plan has an average of **$3 / $100 of wages. $5.9m** in 2023 wages at this rate totals to **$177k vs. $277k** currently
- We're applying Schulte's average PTO and supplemental pay as % of payroll for our CA comp assets. This totals to **6.5%** vs. **9.4%** currently.
- Schulte is assuming that total payroll taxes stay equal to 2023 levels at **12.3% of wages.** SHG'S CA payroll costs are **9.0%** of wages – this is a large delta that should be explored further
- Schulte is assuming Employee meal costs remain the same. However, we may recommend a potential to reduce this to **two meal periods,** which would save an additional **$34k** (unmodeled)

ACE PTEB Savings

ACE Benefit Cost Analysis	
Ace Total Benefit Costs	629,152
FTEs w/ Benefits	50
Benefit Cost / FTE	**12,583**
SHG Benefit Cost / FTE	7,661
Benefit Cost w/ SHG Costs	383,038
Premium Added	15.0%
Total Benefit Costs	**440,493**
Savings w/ Current Staffing	*188,659*

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SHG PTEB ASSUMPTIONS (Cont.)

- As seen below, Schulte's same store California comps have an average PTEB % of payroll of **28.3%,** with the highest being **32.3%** - compared to Ace at **40.2%**
- After applying Schulte's per employee benefit costs, worker's comp plan, and PTO plan, Schulte has identified **$454k (200 bps of GOP)** of total PTEB savings, based on the 2023 staffing. This equates to **32.5%** of payroll costs, which is at the high-end of SHG's California comps.
- Schulte believes these assumptions are conservative and that there are likely to be additional savings found.

ACE Palm Springs and Beach Club - PTEB Summary - '23A

	2023A $				24AF						
	Actual		SHG Adj.		Graduate					Total	
	$	% PTEB	$	% PTEB	Berkeley	Palo Alto	HWS Napa Valley	San Bernardino	SBS Napa Valley	$	% PTEB
Total Wages	**6,025,701**		**6,025,701**								
Total Wages Ex. Contract	**5,907,979**		**5,907,979**		**2,158,990**	**2,774,669**	**844,115**	**936,723**	**836,044**	**7,550,541**	
Payroll Taxes											
National Retirement Contribution	519,245	8.8%	519,245	8.8%							
National Medical Insurance	122,368	2.1%	122,368	2.1%							
National Unemployment Insurance	20,302	0.3%	20,302	0.3%							
State Disability Insurance	2,016	0.0%	2,016	0.0%							
State Unemployment Insurance	55,260	0.9%	55,260	0.9%							
Total Payroll Taxes	**719,191**	**12.2%**	**719,191**	**12.2%**	**188,253**	**251,697**	**75,888**	**88,382**	**79,066**	**683,286**	**9.0%**
Employee Benefits											
401k	81,624	1.4%	81,624	1.4%	35,342	52,243				87,585	1.2%
Dental Insurance	9,778	0.2%	9,778	0.2%							
Meals	101,830	1.7%	101,830	1.7%							
Nonunion Insurance	629,152	10.6%	440,493	7.5% A	83,212	102,791	49,537	41,347	23,623	300,510	4.0%
Workers' Compensation	276,739	4.7%	180,000	3.0% B	117,315	263,488	64,304	70,308	60,035	575,450	7.6%
Total Employee Benefits	**1,099,123**	**18.6%**	**813,725**	**13.8%**	**235,869**	**418,522**	**113,841**	**111,655**	**83,658**	**963,545**	**12.8%**
Supplemental Pay											
Vacation / PTO	372,798	6.3%	300,942	5.1%	126,423	125,283	64,016	33,046	35,843	384,611	5.1%
Personal	5,286	0.1%	-	0.0%							
Holiday	156,934	2.7%	-	0.0%							
Sick	5,990	0.1%	-	0.0%							
Severance	13,811	0.2%	-	0.0%							
Other Supplemental Pay		0.0%	85,101	1.4% C	31,266	45,286	19,229	7,519	5,461	108,761	1.4%
Supplemental Pay	**554,819**	**9.4%**	**386,043**	**6.5%**	**157,689**	**170,569**	**83,245**	**40,565**	**41,304**	**493,372**	**6.5%**
Total Payroll Related	**2,373,133**	**40.2%**	**1,918,959**	**32.5%**	**581,811**	**840,788**	**272,974**	**240,602**	**204,028**	**2,140,203**	**28.3%**
Savings			***454,174***								
% of Total Wages Ex. Contract	**40.2%**		**32.5%**		**26.9%**	**30.3%**	**32.3%**	**25.7%**	**24.4%**	**28.3%**	

F&B HISTORICAL PERFORMANCE AND OPPORTUNITIES

ACE PALM SPRINGS HISTORICAL F&B PERFORMANCE

*F&B is a critical component to the success of the hotel, comprising over **40% of total revenue for the asset in TTM 6/24,** F&B should be a major focus and has to be the heart of the hotel. As the hotel is removed from the downtown core, the goal & strategy associated with F&B should be to provide price points and concept offerings which keep hotel guests on campus for three meals a day and cocktails at night.*

<u>F&B Current Situation:</u> The hotel offers three distinct F&B Outlets as well as ~**10k sf** of flexible indoor / outdoor meeting space. The F&B department in total did ~**$8.4m ($226 POR)** of revenue on a **72% F&B** expense margin TTM 6/24

- <u>Kings Highway:</u> King's Highway is the Ace Palm Spring's primary F&B concept, positioned as a 'Roadside Diner' the outlet operates as a three-meal concept, offering American style offerings from 7am-10pm
  - As of TTM 6/24, King's Highway was doing **$2.4m ($65 POR)** in F&B revenue and has been relatively stabilized since '18A, generating between **$2.4m-$2.6m of** revenue every year since '18A
- <u>Amigo Room:</u> The Ace Palm Spring's bar concept, set in a dark / cool desert cave, offering cocktails and craft beers from 3pm – late night
  - As of TTM 6/24, the Amigo Room was doing ~**$600k ($16 POR), down significantly from the '18A Peak of $1.8m ($42 POR)** and is the primary contributor to the F&B underperformance from historical years
- <u>Short Bus:</u> The hotel's Pool Bar offering, serving hotel guests and swim club members – the outlet is currently doing **$2.5m ($67 POR)** in F&B revenues and has seen strong growth vs. historical years (**$1.9m | $48** POR '22A, **$1.7m | $38** POR '19A)
- <u>Banquet & Catering:</u> The hotel offers ~**10k sf** of meeting space, including the Commune **(5.5k sf),** Clubhouse 1st **(1.7k sf)** and Clubhouse 2nd Floors **(2.4k sf)** and the multi-purpose stargazing deck **(500 sf)**
  - As of TTM 6/24, the hotel was doing **$2.6m ($69 POR)** of B&C business, down significantly from its **peak of $3.2m ($81 POR)** in '22A

ACE PALM SPRINGS F&B OUTLETS

	2018A			2019A			2021A			2022A			2023A			TTM 6/24		
	$	%	POR	$	%	POR	$	%	POR	$	%	POR	$	%	POR	$	%	POR
Occupancy %	66.9%			68.9%			59.1%			60.6%			59.0%			56.5%		
ADR	$237.2			$233.7			$272.1			$314.0			$285.8			$272.2		
RevPAR	$158.7			$161.0			$160.7			$190.2			$168.7			$153.9		
Room Revenue	**10,369**			**10,521**			**10,502**			**12,427**			**11,025**			**10,081**		
Kings Highway	2,402	27.8%	54.9	2,516	28.2%	55.9	1,248	16.8%	32.3	2,509	26.3%	63.4	2,623	28.8%	68.0	2,412	28.8%	65.1
A Amigo Room	1,818	21.1%	41.6	1,807	20.2%	40.1	1,261	16.9%	32.7	1,464	15.3%	37.0	1,042	11.4%	27.0	589	7.0%	15.9
B Short Bus	1,923	22.3%	44.0	1,722	19.3%	38.2	2,820	37.9%	73.1	1,910	20.0%	48.2	2,312	25.4%	60.0	2,480	29.6%	67.0
B&C	2,086	24.2%	47.7	2,485	27.8%	55.2	1,535	20.6%	39.8	3,204	33.5%	80.9	2,762	30.3%	71.6	2,568	30.7%	69.3
Other	405	4.7%	9.3	396	4.4%	8.8	583	7.8%	15.1	466	4.9%	11.8	371	4.1%	9.6	322	3.8%	8.7
Total F&B Revenue	**$8,634**	**100.0%**	**$197.5**	**$8,926**	**100.0%**	**$198.2**	**$7,448**	**100.0%**	**$193.0**	**$9,554**	**100.0%**	**$241.4**	**$9,110**	**100.0%**	**$236.2**	**$8,371**	**100.0%**	**$226.0**
Cost of Sales	1,841	21.3%	42.1	1,898	21.3%	42.2	1,545	20.7%	40.0	2,018	21.1%	51.0	1,930	21.2%	50.1	1,714	20.5%	46.3
Wages & Salaries	2,573	29.8%	58.9	2,749	30.8%	61.1	2,271	30.5%	58.8	3,082	32.3%	77.9	2,644	29.0%	68.6	2,542	30.4%	68.6
PTEB	1,102	42.8%	25.2	1,117	40.6%	24.8	876	38.6%	22.7	1,092	35.4%	27.6	1,130	42.7%	29.3	1,073	42.2%	29.0
Other Expenses	717	8.3%	16.4	731	8.2%	16.2	535	7.2%	13.9	708	7.4%	17.9	758	8.3%	19.7	697	8.3%	18.8
F&B Expenses	**$6,233**	**72.2%**	**$142.6**	**$6,495**	**72.8%**	**$144.3**	**$5,227**	**70.2%**	**$135.4**	**$6,901**	**72.2%**	**$174.3**	**$6,463**	**70.9%**	**$167.6**	**$6,026**	**72.0%**	**$162.7**
F&B Margin	**$2,401**	**27.8%**	**$231.6**	**$2,431**	**27.2%**	**$231.1**	**$2,222**	**29.8%**	**$211.6**	**$2,653**	**27.8%**	**$213.5**	**$2,648**	**29.1%**	**$240.2**	**$2,345**	**28.0%**	**$232.6**

The Amigo Room's revenue has fallen from **$1.8m / $41.6 POR** in '18A to **$589k / $15.9** POR as of TTM 6/24

The Short Bus's revenue has increased from **$1.9m / $44.0 POR** in '18A to **$2.5m / $67.0** POR as of TTM 6/24

F&B OPPORTUNITIES & PROGRAMMING

Schulte has identified the following opportunities to drive increased F&B traffic, revenue, and profitability.

A **Capture:**

- There needs to be a **full review of pricing model and in-house marketing** centred around keeping guests on campus all day, to maximise in-house and day-use capture and **prevent guests from venturing downtown**

B **Marketing to robust local residential single-family developments adjacent to the resort:**

- Themed evenings (Diners, Drive-In & Dives)
- Tasting menus, experiences
- Bottomless mimosa, Bloody Mary Sunday Brunches

C **QR code ordering:**

- We believe that only offering QR code ordering at Short Bus is a miss, and there is a need to re-establish servers
- **QR code ordering can be useful for the pool, but to complement, not replace, servers**
- Consider mobile bar carts, on-demand frozen beverages, fun/festive mixed cocktails (margarita cart)

D **Food truck:**

- Rotating food truck series, with local favourites and pool-side food (tacos, power bowls, poke, sashimi, speciality burgers and sandwiches, lobster rolls, etc.)

E **Cooking demonstrations:**

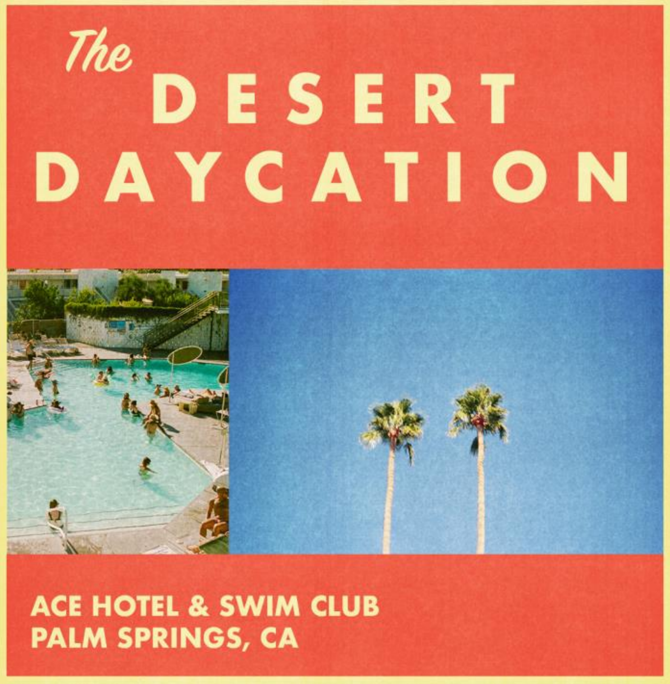
- Regular cooking demonstrations on the patio at Short Bus – engaging and interactive

F **Beverage tasting:**

- Beverage tasting series in the Amigo Room with respective spirit experts
- Mescal, tequilas, bourbons, exotic whiskeys and wine

G **Music acts:**

- With pool expansion, it would be an idea to look at concert series with local talent to medium-size live music acts, known DJs



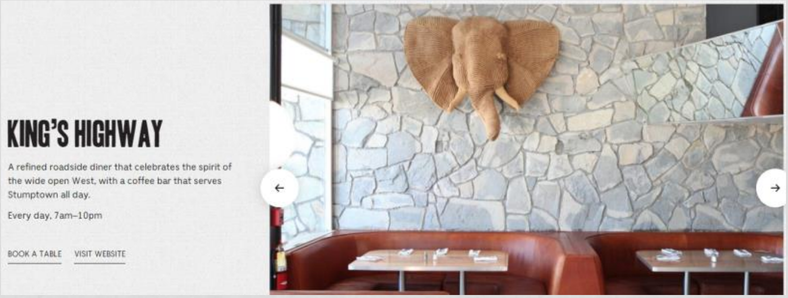
F&B OPPORTUNITIES & PROGRAMMING (CONT'D)

H Cabana experience:
- Revitalization and "super-charging" of Cabana Experience, moving to a more sophisticated luxury experience
- Bottle service, butler, high-end menu such as caviar selections and sashimi
- High-priced and exclusive

I Capitalise on rich art scene in Palm Springs:
- Cultural art programming with works of art on display in the resort (reminiscent of and inspired by Miami's "art Basel" scene
- Artist series that discuss/present their work complemented with food and drink
- In-residence artists creating their works in public studios on campus

J Health and wellness programming in concert with the spa:
- Self-care (pampering) inspired seminars with healthy, organic fare lunch / brunch menus
- Add an on-premise herb/vegetable garden, bee-hive with Ace honey for sale

K Return status to most sought-after wedding venue in the market:
- Dedicated sales, unique and aggressive packaging, refreshed menus and upgrading of amenities
- Dedicated "Wedding Planner to handle affair "a to z"



ACE PALM SPRINGS: F&B UNDERWRITING ASSUMPTIONS

*Schulte is underwriting a **$10.8m total revenue on a 67.5% F&B expense margin in the stabilized period under Schulte management.** Underwriting considers planned enhancements to the King's Highway and Amigo outlets as well as the pool area but no additional major capital expenditure.*

A **Outlet Revenue:** Schulte is underwriting total outlet revenue of **$185.0 POR and $7.2m** total outlet revenue in the stabilized period, **$1.2m** (**$30** POR) higher than peak outlet revenue in 2023A

- Schulte sees significant opportunity through (1) the planned renovations of King's Highway | Amigo Room and the Pool, as well as through strategic improvements (see opportunities and programming on previous slides) to increase F&B performance
- Schulte would explore whether price points specifically at the King's Highway may be too aggressive for the clientele. With the benefit of the hotel being removed from the downtown core, price points / offerings should be tailored with the goal of keeping guests on campus for three meals a day, creating a cohesive / diverse F&B operation between each of the outlets

B **B&C:** Schulte is underwriting a total B&C revenue of **$80 POR ($3.1m), $11 POR higher vs. TTM 6/24** and in-line with 2022A on a POR basis

- Wedding business and Group business represents a strong opportunity and should be a key focus of the hotel. Wedding & Group business historically has been a significant driver to the hotel but has fallen off significantly recently. ***Schulte would make wedding & group business a key focus for the new sales team, improving sales & marketing efforts and online presence***

C **F&B Expense Margin:** Schulte is underwriting a modest decrease to a stabilized **67.5%** F&B expense margin. There are opportunities through PTEB savings as well as improved COGS through higher margin B&C | improved outlet beverage mix

ACE PALM SPRINGS F&B OUTLETS

	2022A			2023A			TTM 6/24			TTM 6/24 Exp. Adj.			TTM 6/24 pf		
	$	%	POR	$	%	POR	$	%	POR	$	%	POR	$	%	POR
Occupancy %	60.6%			59.0%			56.5%			56.5%			59.5%		
ADR	$314.0			$285.8			$272.2			$272.2			$304.8		
RevPAR	$190.2			$168.7			$153.9			$153.9			$181.3		
Kings Highway	2,509	26.3%	63.4	2,623	28.8%	68.0	2,412	28.8%	65.1	2,412	28.8%	65.1	2,728	25.3%	70.0
Amigo	1,464	15.3%	37.0	1,042	11.4%	27.0	589	7.0%	15.9	589	7.0%	15.9	1,364	12.6%	35.0
Short Bus	1,910	20.0%	48.2	2,312	25.4%	60.0	2,480	29.6%	67.0	2,480	29.6%	67.0	3,118	28.9%	80.0
A **Outlet Revenue**	**5,884**	**61.6%**	**148.6**	**5,978**	**65.6%**	**155.0**	**5,481**	**65.5%**	**148.0**	**5,481**	**65.5%**	**148.0**	**7,210**	**66.8%**	**185.0**
B B&C	3,204	33.5%	80.9	2,762	30.3%	71.6	2,568	30.7%	69.3	2,568	30.7%	69.3	3,118	28.9%	80.0
Other	466	4.9%	11.8	371	4.1%	9.6	322	3.8%	8.7	322	3.8%	8.7	468	4.3%	12.0
Total F&B Revenue	**$9,554**	**100.0%**	**$241.4**	**$9,110**	**100.0%**	**$236.2**	**$8,371**	**100.0%**	**$226.0**	**$8,371**	**100.0%**	**$226.0**	**$10,795**	**100.0%**	**$277.0**
Cost of Sales	2,018	21.1%	51.0	1,930	21.2%	50.1	1,714	20.5%	46.3	1,599	19.1%	43.2	2,062	19.1%	52.9
Wages & Salaries	3,082	32.3%	77.9	2,644	29.0%	68.6	2,542	30.4%	68.6	2,542	30.4%	68.6	3,278	30.4%	84.1
PTEB	1,092	35.4%	27.6	1,130	42.7%	29.3	1,073	42.2%	29.0	811	32.5%	21.9	1,046	32.5%	26.8
Other Expenses	708	7.4%	17.9	758	8.3%	19.7	697	8.3%	18.8	697	8.3%	18.8	899	8.3%	23.1
F&B Expenses	**$6,901**	**72.2%**	**$174.3**	**$6,463**	**70.9%**	**$167.6**	**$6,026**	**72.0%**	**$162.7**	**$5,649**	**67.5%**	**$152.5**	**$7,285**	**67.5%**	**$186.9**
C **F&B Margin**	**$2,653**	**27.8%**	**$213.5**	**$2,648**	**29.1%**	**$240.2**	**$2,345**	**28.0%**	**$232.6**	**$2,722**	**32.5%**	**$73.5**	**$3,510**	**32.5%**	**$90.1**

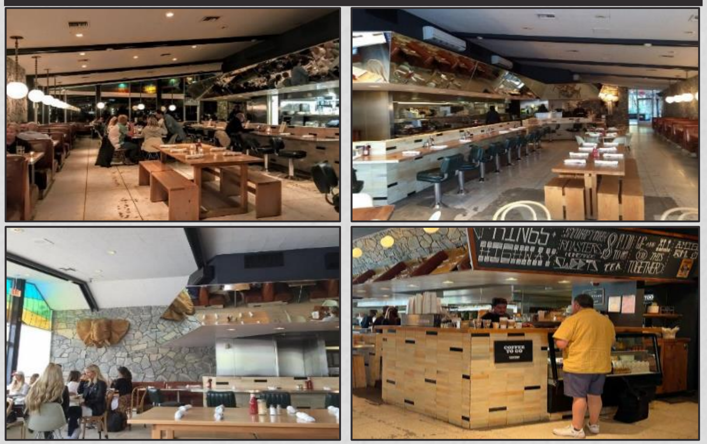
SHG is underwriting the asset's F&B operations to generate revenue above historical levels (stabilized TTM 6/24 pf revenue of **$10.8m**) driven by the various outlet initiatives it will seek to implement – which Schulte has been successful at when operating other F&B outlets in its portfolio.

Schulte is underwriting F&B expense margins of **67.5%** driven by lower PTEB %, and also slightly lower cost of sales expenses.

KING'S HIGHWAY AND AMIGO ROOM RENOVATION

The Ace is currently undergoing a renovation of its public spaces including the King's Highway and Amigo Room Outlets, which, combined with Schulte's F&B initiatives – is expected to help drive strong F&B revenue growth.

A King's Highway Current Photos



Renovation

King's Highway Elevation Renderings

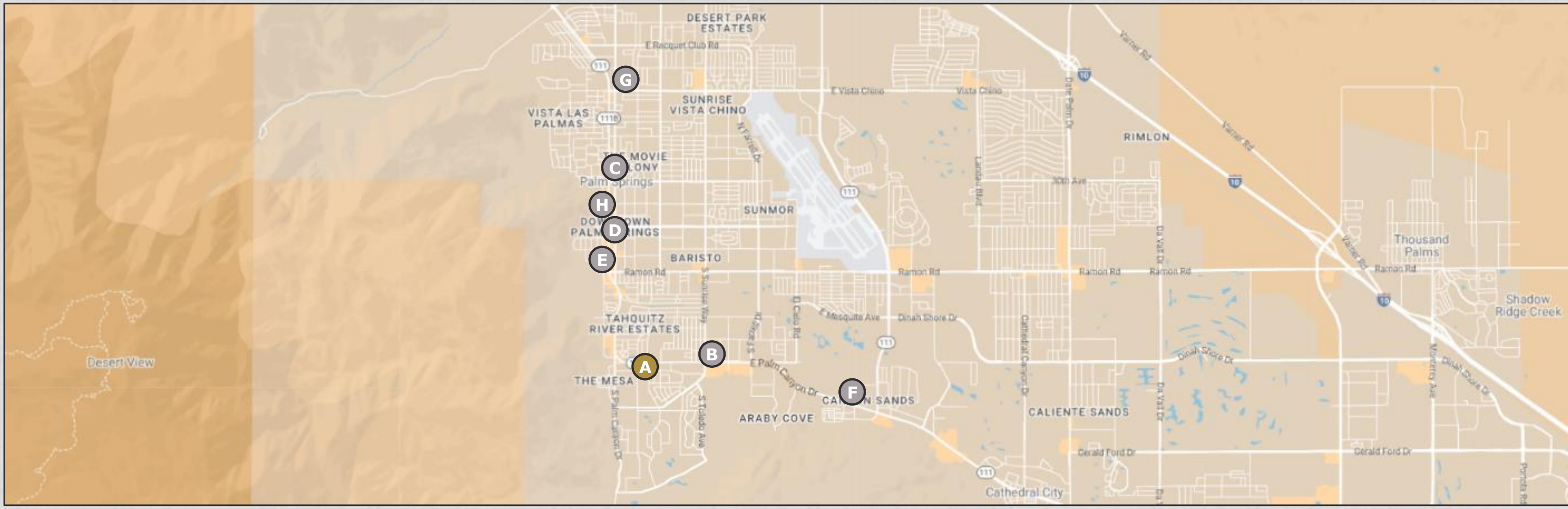
B Amigo Room Current Photos

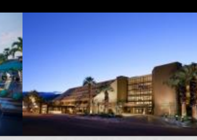
Renovation

Amigo Room Renovation Renderings

COMPETITIVE SET REVIEW AND POSITIONING

COMP SET OVERVIEW



	Ace Hotel & Swim Club Palm Springs (A)	The Saguaro Palm Springs (B)	The Colony Palms Hotel and Bungalows (C)	Hotel ZOSO (D)	Avalon Hotel & Bungalows Palm Springs (E)	Parker Palm Springs (F)	Margaritaville Resort Palm Springs (G)	Hyatt Palm Springs (H)
								
Address	701 E Palm Canyon Dr	1800 E Palm Canyon Dr	572 N Indian Canyon Dr	150 S Indian Canyon Dr	415 S Belardo Rd	4200 E Palm Canyon Dr	1600 N Indian Canyon Dr	285 N Palm Canyon Dr
Year Opened	1966	1977	1930	1987	1929	1959	1959	1985
Number of Rooms	179	244	57	162	71	144	398	197
Restaurant/Lounges	King's Highway, The Amigo Room	El Jefe, Rocco's	Colony Club	The Kitchen	Chi Chi at Avalon Hotel	Norma's, Mr. Parker's	Come Monday Café, JWB Grill, License to Chill	HooDoo Patio Restaurant & Bar, SHARE Small Plate Bistro and Wine Lounge
Meeting Space								
Total Net Meeting Space (SF)	4,000	19,000	1,700	25,000	6,200	10,000	40,000	12,000
Space (SF) / Guest Room	22.3	77.9	29.8	154.3	87.3	69.4	100.5	60.9
Amenities								
Swimming Pool	Outdoor	Outdoor	Outdoor	Outdoor	Outdoor	Indoor & Outdoor	Outdoor	Outdoor
Fitness Room	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Parking	Inc. in $45 Resort Fee	Inc. in $45 Resort Fee	$35	Inc. in $36 Resort Fee	Inc. in $45 Resort Fee	$45	Inc. in $40 Resort Fee	$30

COMP SET NOTES

<u>Parker Palm Springs (Top of the Comp Set)</u>

- A quintessential luxury getaway for world travellers with a cheeky sense of style, the Parker Palm Springs is known by locals for its high-quality dining options
- Constructed in 1959 as California's first Holiday Inn, before being purchased by the "singing cowboy" Gene Autry in 1961 to house his baseball team, the California Angels
- The hotel went through various ownerships, being flagged Givenchy Hotel & Spa, and subsequently Merv Griffin's Resort Hotel and Givenchy Spa
- In 2003, Hotelier Jack Parker purchased the resort and hired designer Jonathan Adler to complete the $27 million remodel
- Adler returned to the hotel in **2017 to update interiors introducing cheeky hedonistic and Californian glamour**
- The hotel has extensive, beautiful grounds, with strong events spaces, fun décor and a high-end spa

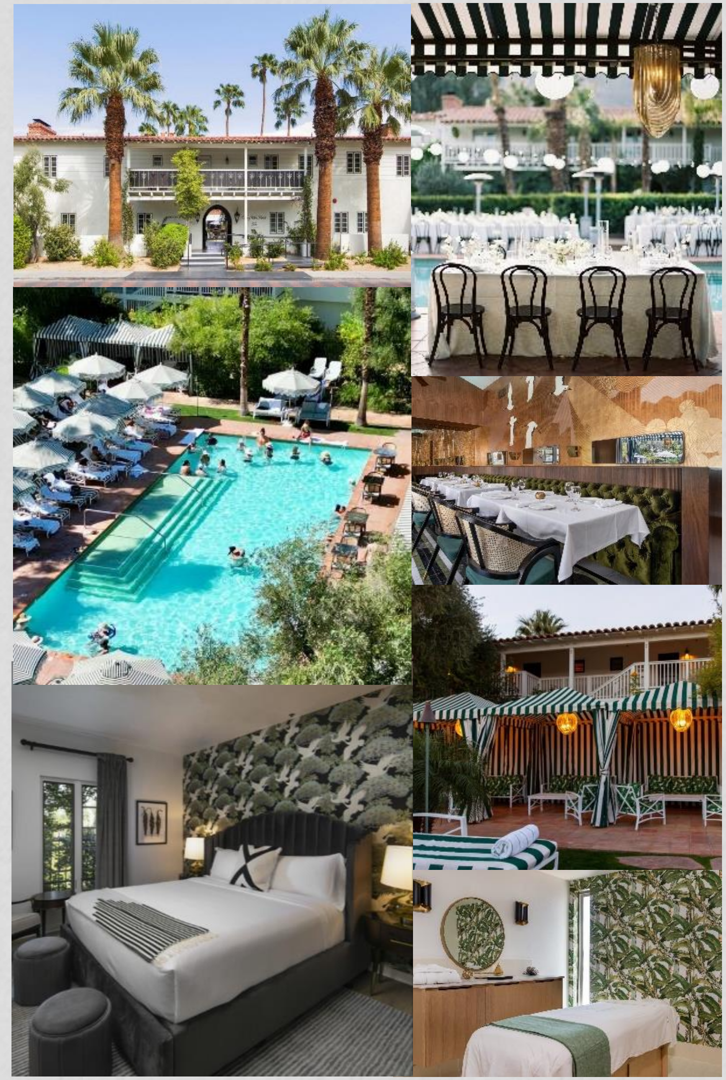
	Ace Hotel & Swim Club Palm Springs (A)	Parker Palm Springs (F)
Address	701 E Palm Canyon Dr	4200 E Palm Canyon Dr
Year Opened	1966	1959
Number of Rooms	179	144
Restaurant/Lounges	King's Highway, The Amigo Room	Norma's, Mr. Parker's
Meeting Space		
Total Net Meeting Space (SF)	4,000	10,000
Space (SF) / Guest Room	22.3	69.4
Amenities		
Swimming Pool	Outdoor	Indoor & Outdoor
Fitness Room	Yes	Yes
Parking	Inc. in $45 Resort Fee	$45

COMP SET NOTES

Colony Palms Hotel

- Has undergone a multiyear renovation which began in 2017 and finalised in time for hotel's 75th anniversary in 2022
- Complete redesign of all **79 guestrooms** by Kemble Interiors
- The hotel, originally built in 1936 as the Colonial House by Al Wertheimer, has a rich history involving notable figures such as Clark Gable, Humphrey Bogart, and Frank Sinatra
- The property has been known by different names, including Howard Manor and The Palms, before becoming the Colony Palms Hotel
- The property blends Hollywood glamour with an Art Deco aesthetic, providing a unique and upscale experience in Palm Springs
- **Strengths:** Beautifully restored hotel with excellent location, a newly upgraded spa and expansive grounds
- **Weaknesses:** Small property that requires buy-outs to host weddings, with a 10pm curfew

	Ace Hotel & Swim Club Palm Springs (A)	The Colony Palms Hotel and Bungalows (C)
Address	701 E Palm Canyon Dr	572 N Indian Canyon Dr
Year Opened	1966	1930
Number of Rooms	179	57
Restaurant/Lounges	King's Highway, The Amigo Room	Colony Club
Meeting Space		
Total Net Meeting Space (SF)	4,000	1,700
Space (SF) / Guest Room	22.3	29.8
Amenities		
Swimming Pool	Outdoor	Outdoor
Fitness Room	Yes	Yes
Parking	Inc. in $45 Resort Fee	$35



COMP SET NOTES

Avalon Hotel and Bungalows Palm Springs (Part of Design Hotels)

- Historic building in central Palm Springs, an old movie star getaway with a great history, however the property feels in need of a refresh
- As of 2017, the Avalon Hotel & Bungalows was in the process of slowly renovating its rooms while maintaining the hotels Hollywood Regency charm
- The hotel, formerly known as the Viceroy Palm Springs, was relaunched as the Avalon Hotel Palm Springs as part of the broader introduction of Avalon Hotels by Proper Hospitality, which also includes the Avalon Hotel Beverly Hills
- Historic building with a good location, beautiful expansive outdoor events spaces
- Pool area is private to hotel guests, and the backup indoor event space is small

	Ace Hotel & Swim Club Palm Springs (A)	Avalon Hotel & Bungalows Palm Springs (E)
Address	701 E Palm Canyon Dr	415 S Belardo Rd
Year Opened	1966	1929
Number of Rooms	179	71
Restaurant/Lounges	King's Highway, The Amigo Room	Chi Chi at Avalon Hotel
Meeting Space		
Total Net Meeting Space (SF)	4,000	6,200
Space (SF) / Guest Room	22.3	87.3
Amenities		
Swimming Pool	Outdoor	Outdoor
Fitness Room	Yes	Yes
Parking	Inc. in $45 Resort Fee	Inc. in $45 Resort Fee

COMP SET NOTES

Saguaro Palm Springs

- Hotel completed a **seven-figure refresh** which included a redesign of the lobby area and updates to the guest rooms (completed fall '19)
- Introduced a new bridal suite, a redesigned patio at the El Jefe restaurant and three cabanas for rent by the pool area
- Generated roughly **$8.0m** of annual pool outlet F&B revenue pre-Covid
- No significant disruptions since the completion of these renovations
- MCG has approved the conversion of the Saguaro to the Line Hotel brand
- Anticipated conversion start date is 2025 and contingent on better debt financing markets
- Colourful and fun hotel with extensive meeting and events facilities per number of rooms

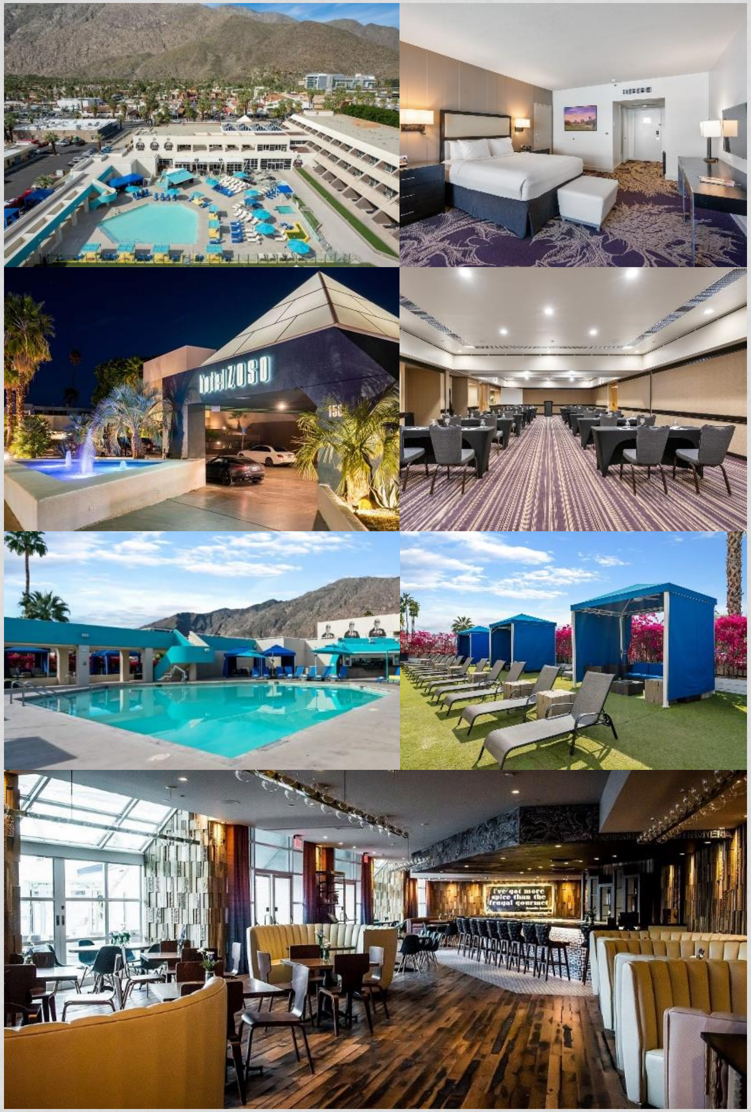
	Ace Hotel & Swim Club Palm Springs (A)	The Saguaro Palm Springs (B)
Address	701 E Palm Canyon Dr	1800 E Palm Canyon Dr
Year Opened	1966	1977
Number of Rooms	179	244
Restaurant/Lounges	King's Highway, The Amigo Room	El Jefe, Rocco's
Meeting Space		
Total Net Meeting Space (SF)	4,000	19,000
Space (SF) / Guest Room	22.3	77.9
Amenities		
Swimming Pool	Outdoor	Outdoor
Fitness Room	Yes	Yes
Parking	Inc. in $45 Resort Fee	Inc. in $45 Resort Fee

COMP SET NOTES

Hotel ZOSO

- The property has undergone several changes in recent years, it was originally built in 1985 as the Marquis hotel
- In 2007, it was redesigned and became Hotel ZOSO, and in 2013 the hotel was converted to Hard Rock Palm Springs following renovations
- In 2018 Hard Rock International removed its brand name and ended its management agreement with the hotel, after which the hotel reverted to Hotel ZOSO
- The hotel has remained largely unchanged since converting from Hard Rock in 2018 and we do not understand that anything major is planned
- **Strengths:** Extensive meeting and events space
- **Weaknesses:** Resort is in need of a renovation, with areas feeling dated and tired

	Ace Hotel & Swim Club Palm Springs (A)	Hotel ZOSO (D)
Address	701 E Palm Canyon Dr	150 S Indian Canyon Dr
Year Opened	1966	1987
Number of Rooms	179	162
Restaurant/Lounges	King's Highway, The Amigo Room	The Kitchen
Meeting Space		
Total Net Meeting Space (SF)	4,000	25,000
Space (SF) / Guest Room	22.3	154.3
Amenities		
Swimming Pool	Outdoor	Outdoor
Fitness Room	Yes	Yes
Parking	Inc. in $45 Resort Fee	Inc. in $36 Resort Fee

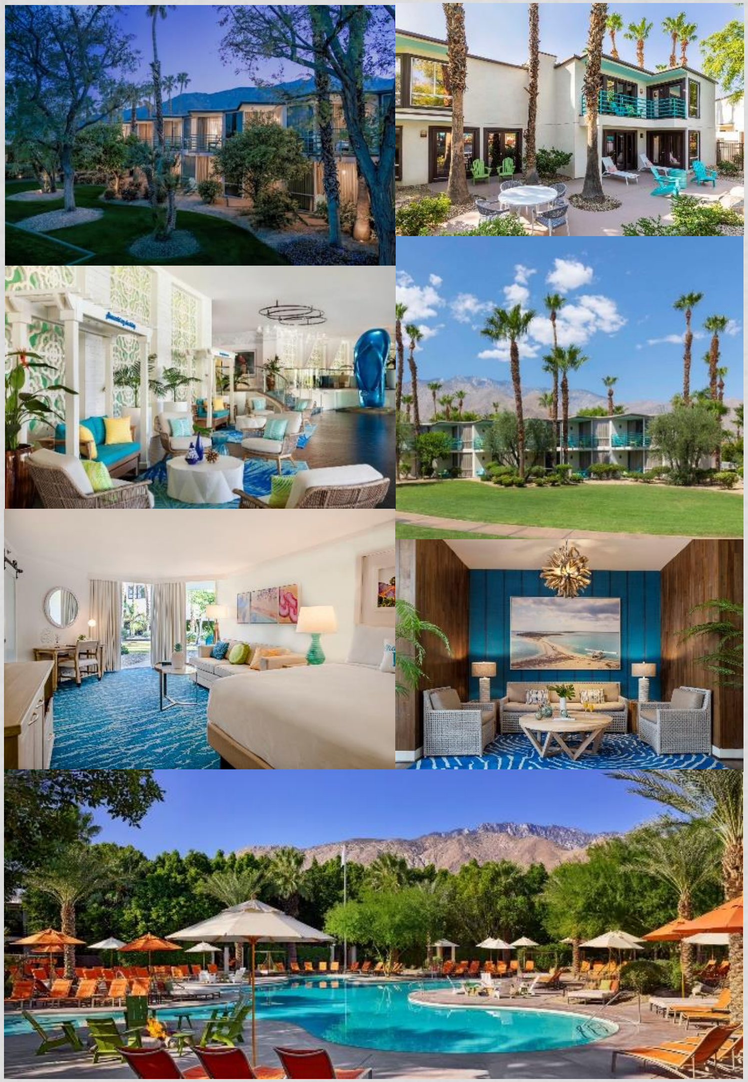


COMP SET NOTES

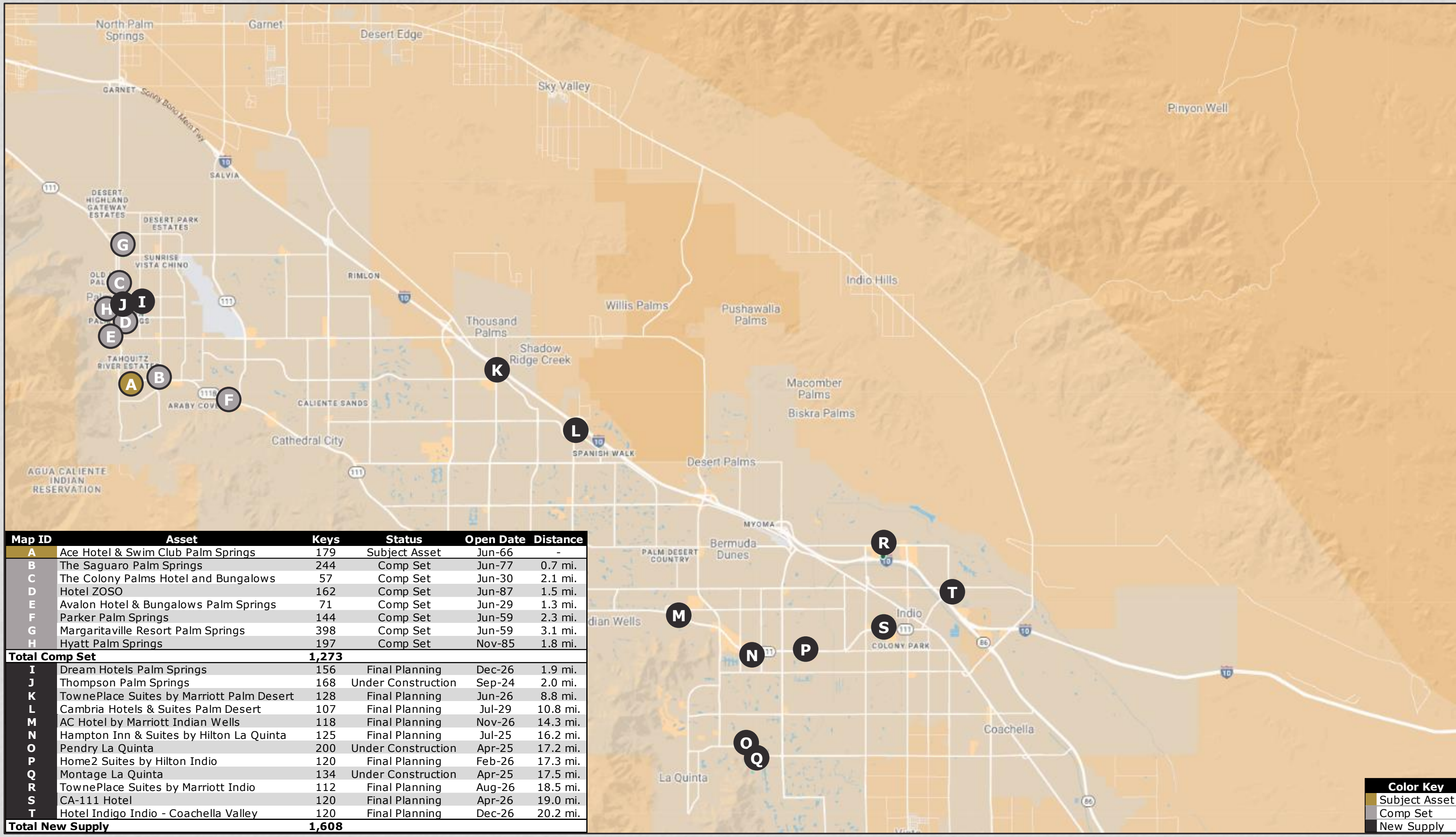
Margaritaville Palm Springs

- Converted from a Tribute hotel in 2020, the property was formerly known as The Riviera, a historic Palm Springs hotel that opened in 1959
- The conversion process involved extensive renovations and rebranding of the **16-acre, 398-room** property
- The renovations included updates to all guestrooms, renovating hallways, landscaping, adding tiki-inspired cabanas to the poolside, new dining options, renovating over **40k** sf of events space and creating a new spa
- The property is the brand's first West Coast location
- **Strengths:** Extensive meeting and events space and F&B outlets, well rated

	Ace Hotel & Swim Club Palm Springs (A)	Margaritaville Resort Palm Springs (G)
Address	701 E Palm Canyon Dr	1600 N Indian Canyon Dr
Year Opened	1966	1959
Number of Rooms	179	398
Restaurant/Lounges	King's Highway, The Amigo Room	Come Monday Café, JWB Grill, License to Chill
Meeting Space		
Total Net Meeting Space (SF)	4,000	40,000
Space (SF) / Guest Room	22.3	100.5
Amenities		
Swimming Pool	Outdoor	Outdoor
Fitness Room	Yes	Yes
Parking	Inc. in $45 Resort Fee	Inc. in $40 Resort Fee



NEW SUPPLY & LOCAL COMP SET OVERVIEW



Map ID	Asset	Keys	Status	Open Date	Distance
A	Ace Hotel & Swim Club Palm Springs	179	Subject Asset	Jun-66	-
B	The Saguaro Palm Springs	244	Comp Set	Jun-77	0.7 mi.
C	The Colony Palms Hotel and Bungalows	57	Comp Set	Jun-30	2.1 mi.
D	Hotel ZOSO	162	Comp Set	Jun-87	1.5 mi.
E	Avalon Hotel & Bungalows Palm Springs	71	Comp Set	Jun-29	1.3 mi.
F	Parker Palm Springs	144	Comp Set	Jun-59	2.3 mi.
G	Margaritaville Resort Palm Springs	398	Comp Set	Jun-59	3.1 mi.
H	Hyatt Palm Springs	197	Comp Set	Nov-85	1.8 mi.
Total Comp Set		**1,273**			
I	Dream Hotels Palm Springs	156	Final Planning	Dec-26	1.9 mi.
J	Thompson Palm Springs	168	Under Construction	Sep-24	2.0 mi.
K	TownePlace Suites by Marriott Palm Desert	128	Final Planning	Jun-26	8.8 mi.
L	Cambria Hotels & Suites Palm Desert	107	Final Planning	Jul-29	10.8 mi.
M	AC Hotel by Marriott Indian Wells	118	Final Planning	Nov-26	14.3 mi.
N	Hampton Inn & Suites by Hilton La Quinta	125	Final Planning	Jul-25	16.2 mi.
O	Pendry La Quinta	200	Under Construction	Apr-25	17.2 mi.
P	Home2 Suites by Hilton Indio	120	Final Planning	Feb-26	17.3 mi.
Q	Montage La Quinta	134	Under Construction	Apr-25	17.5 mi.
R	TownePlace Suites by Marriott Indio	112	Final Planning	Aug-26	18.5 mi.
S	CA-111 Hotel	120	Final Planning	Apr-26	19.0 mi.
T	Hotel Indigo Indio - Coachella Valley	120	Final Planning	Dec-26	20.2 mi.
Total New Supply		**1,608**			

NEW SUPPLY COMMENTARY

Drift – opened in 2023, performing top of market.:

- Newest purpose-built asset in the market opened in March 2023
- Asset is 40-keys comprising primarily of 2, 3 and 4-bed units (90 beds) that cater to group and transient leisure travelers
- Hotel amenities include one of the top pools in Palm Springs and 3-meal central-Mexico restaurant concept helmed by one of the top chefs in Cabo San Lucas
- Hotel did $650K in its first full month of operations in April 2023 coinciding with the annual Coachella music festival
- Hotel is experiencing very similar trends currently with the lifestyle market in Palm Springs with mid-week occupancy running in the mid-20% and large weekend compression with drive-in transient
- Performance this summer has mirrored the overall comp set with YOY RevPar for Q3 down 8-10% and asset is still stabilizing

Thompson Palm Springs – opening Q4 2024:

- 150-key Thompson Hotel (conversion of Andaz) in downtown Palm Springs is anticipated to finally open after a 6-year delayed conversion in Q4 2024

Soho House – dead:

- SoHo House majority investor, Ron Burkle, acquired a site adjacent to the Palm Springs downtown core in 2021 with plans to develop a 30-key SoHo House hotel, restaurant and member's club
- Burkle announced in mid-2023 they were indefinitely suspending their plan and permit review with the city due to local red-tape limiting their ability to move the project forward
- Deal is in limbo currently, with most local investors believing it will come to fruition eventually once the city capitulates on some site impact disagreements

Montage/Pendry master-planned luxury resort in LaQuinta

- Being developed by the Robert Green Companies, is anticipated to start vertical construction as soon as construction financing markets improve
- Horizontal work on the 500-acre site is complete

Disney-branded lifestyle community

- With residential and hotel components planned for Indio is currently out for financing
- Start date has not been established

Other:

- Meriwether Companies acquired the Melvyn's restaurant and Ingleside Estate Hotel in downtown Palm Springs in 2022 with plans to re-develop the site into a 4-star experiential lifestyle 50-key hotel campus. Start date is currently contingent on better debt financing markets

SHG REVENUE AND SALES STRATEGY

REVENUE AND SALES STRATEGY - INTRODUCTION

Schulte's commercial team reviewed the Ace commercial strategies in the '23 business plan provided during DD. Our commercial team's assessment is the segment strategies in the business plan lack direction and focus (strategies are essentially the same for each quarter). Generally, based on the Business Plan document, it does not appear that there is a highly engaged and specific commercial strategy.

Our commercial team developed the following slides to showcase how we would approach commercial strategies for the Ace if we were overseeing the function (see summary below and details in the following slides).

Revenue and Sales Strategy Summary

Strategy	Summary
A **Strengths and Weaknesses / Opportunities**	SHG's team would continually assess strengths and weaknesses of the hotel's commercial strategy. **Based on a preliminary review – SHG identified several strengths (events & community, reviews, social followers) <u>and weaknesses / opportunities (website content / imagery / mobile performance, etc.) in the ACE's current commercial strategy</u>**
B **Marketing Tactics**	**Our team identified <u>several partnerships and tactics</u> we would deploy for Ace,** including web development, establishing media partners, launching e-mail marketing, focused social media engagement, and partnership with public relations agencies
C **RevRaise Booking Engine**	**<u>Switching to the RevRaise booking engine,</u>** which enhances performance for hotels that use SynXis as their engine. RevRaise provides a customized front-end design that integrates a hotel's booking engine into its own website and streamlines the user experience for simplicity, speed and conversion rate. RevRaise conducted an A/B Test for three Graduate hotels comparing their previous booking engines to its custom booking engine and the **test showed that RevRaise converted ~9% to 20% higher per asset**
D **Upselling**	Schulte noticed in the business plan that upselling is listed as an opportunity. **Schulte would recommend <u>considering a pre-arrival upsell program,</u> such as Upsell Guru,** which messages guests pre-arrival to offer upgrade options.
E **Optimize Cvent Listings**	Schulte would **<u>optimize Cvent listings</u>** by offering promotions
F **Sales Strategy**	Development of **<u>comprehensive sales strategy by segment / accountability metrics</u>** (detailed considerations on ensuing slides)
G **Group Sales Playbook**	Group sales efforts will be a massive part of the turnaround strategy at Ace. **We present to you <u>the group sales playbook we would follow to execute a lift in group sales</u>**
H **Meetings & Events**	Schulte has had great success in redesigning meetings and event pages for other properties within our portfolio. **<u>We would consider redesigning these pages</u> to showcase the property and meeting space attributes to be more appealing to potential clients**
I **Visiting Media**	**<u>We would plan to partner with Visiting Media</u>** to allow customers to view meeting and events spaces through 3D models

CURRENT SITUATION – STRENGTHS

Strengths

- **A** Unique Vibe: Hip, bohemian style and laid-back atmosphere
- **B** Events & Community: Hosts regular events including pool parties and art shows, attracting a young, vibrant crowd
- **C** Amenities: Pools, spa, bike rentals, restaurants and pet friendly
- **D** Reviews: 4+on Google, Tripadvisor and Expedia
- **E** Social Followers: Instagram 59k, Facebook 31k
- **F** Search Volume: Brand recognition 22k a month – ranking high among its competitors.

D High Scores on Google, Tripadvisor +Expedia

E 59k Followers on Instagram

F Good Brand Recognition

Keyword	Currency	Avg. monthly searches	Three month change	YoY change	Competition
		110,930			
ace hotel palm springs	USD	**22,200**	0%	0%	Medium
hyatt palm springs	USD	22,200	-18%	-33%	Medium
parker palm springs	USD	22,200	-45%	-18%	Medium
margaritaville resorts palm springs	USD	12,100	0%	83%	Low
the saguaro palm springs	USD	12,100	-33%	0%	Medium
hotel zoso	USD	8,100	0%	22%	Medium
avalon hotel palm springs	USD	6,600	-33%	-33%	Medium
colony palms hotel	USD	5,400	-19%	0%	Medium

CURRENT SITUATION - OPPORTUNITIES

Website Opportunities

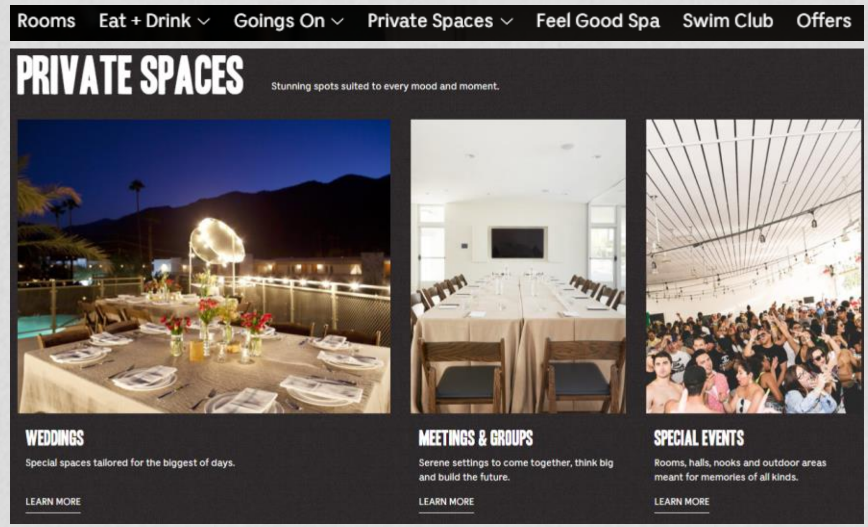
A <u>**Website Content:**</u> Lacks pertinent content and information about hotel, pool, spa and amenity details

B <u>**Imagery:**</u> Suggest that a gallery page is added to showcase breadth of product and surroundings. Need to get better digital assets/video to post on the website and throughout the web for the property.

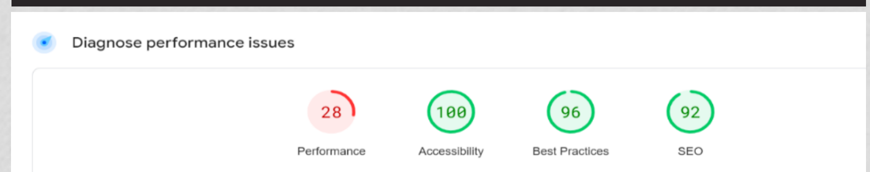
C <u>**Mobile Performance:**</u> Performance on mobile should be improved by:

- Compressing images
- Eliminating render blocking resources
- Leveraging browser caching

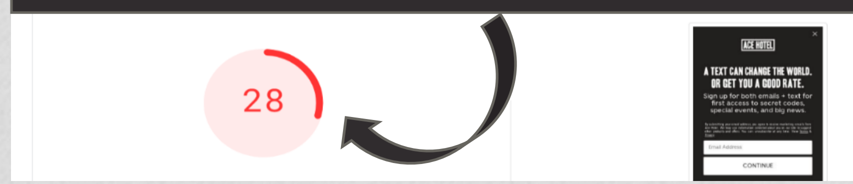
B Improved Imagery – Add Gallery



C Mobile Performance



Screenshot from web page shows Ace's current Performance score of 28



CURRENT SITUATION - OPPORTUNITIES

Online Advertising Opportunities

D **Google Advertising:** Run search and display campaigns targeting keywords relating to:

- Boutique Hotels
- Palm Spring Hotels
- Weekend Getaways
- Events in Palm Springs

This will **maximize awareness, exposure and maintain competitive edge**

E **Social Media Advertising:**

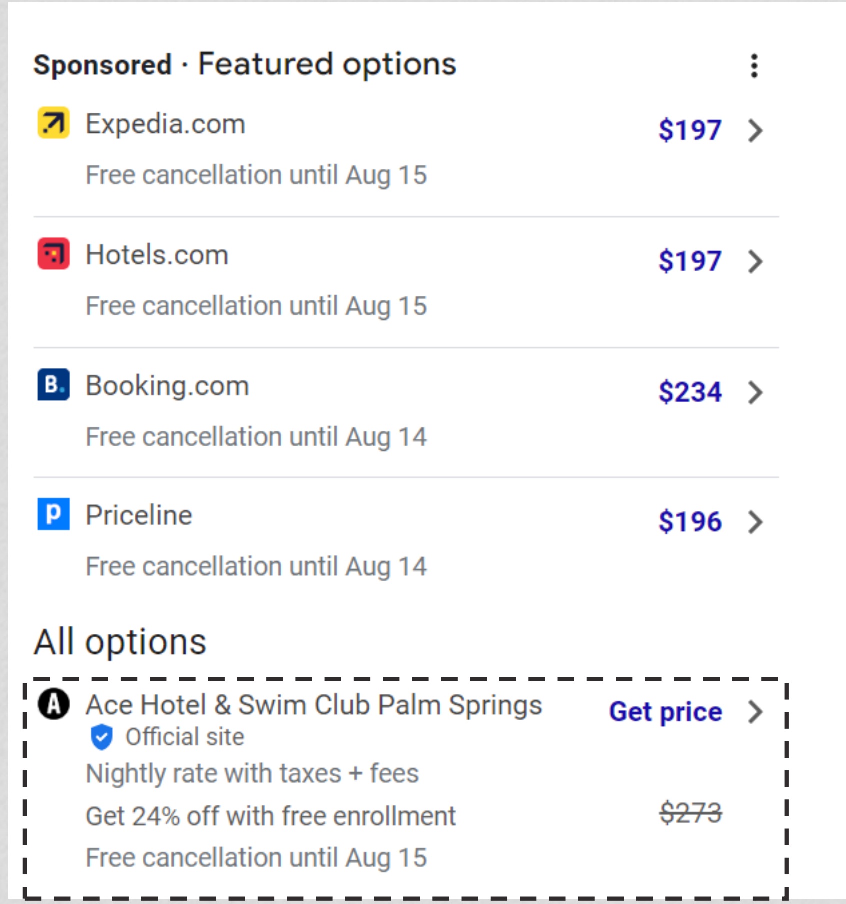
- Use Facebook and Instagram ads to target specific demographics and interests
- Promote events, special offers and seasonal promotions

F **Retargeting:** Run retargeting campaigns to reach visitors who have previously visited the website but did not book

G **Metasearch:** Improve parity and bid on top placements to enforce brand authority and direct bookings

H **OTA Travel Ads:** Improve ranking and visibility on OTAs by bidding on sponsored placement

G **Metasearch – drive direct bookings**



SCHULTE PREFERRED MARKETING TACTICS

Below are various partnerships and tactics that Schulte would deploy for Ace. We strive to hit these benchmarks and goals listed below, which we find to be a significant boost to revenue and general hotel exposure.

Web Development

- Maintained **2.5% or higher conversion rate** on all websites across portfolio (**Industry standard is 1.5%-2%)**
- Negotiated discounted rate for new website builds - includes ancillary sites for F&B, Spa, Meetings & Weddings, etc.
- Preferred partner for eCommerce including paid search and paid social
- Negotiated discounted rate for media management fees

Paid Media Partners

- Average **ROAS of 20:1** across portfolio (**Industry standard is 10:1)**
- Preferred partner for additional eCommerce including Metasearch, retargeting and convert pop up messages within website and booking engine
- Negotiated MSA pricing that applies to all Schulte managed properties

Email Marketing

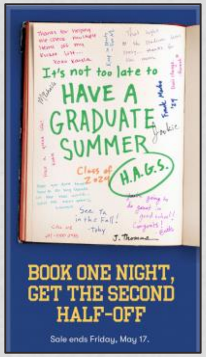
- Maintain an average **CTR of 24% (Industry standard is 20%)**
- Preferred partner for email marketing, surveys and reputation management
- Negotiated discounts on email marketing products and reduced onboarding fees

Social Media

- Utilize relationships with best-in-class agency partners
- Consistently exceed industry standard benchmarks in social engagement
- **Our engagement: Facebook: 4.5% Instagram 3%**
- **Industry standard: Facebook: 0.27% Instagram 1.2%**

Public Relations

- Partner with local and national agencies to ensure success in each market



- Top Earned media placements:

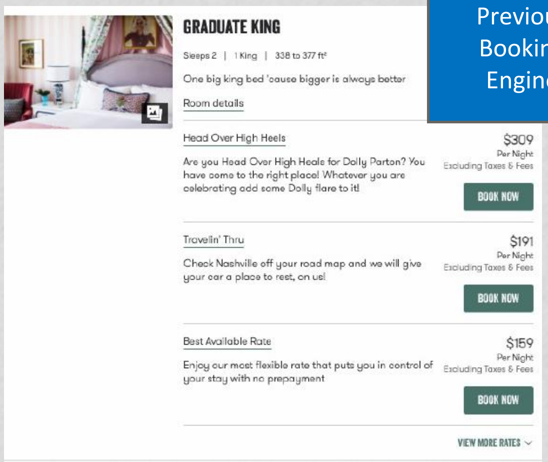
Condé Nast Traveler | TRAVEL + LEISURE | EATER | HAUTE LIVING | Forbes

REVRAISE BOOKING ENGINE

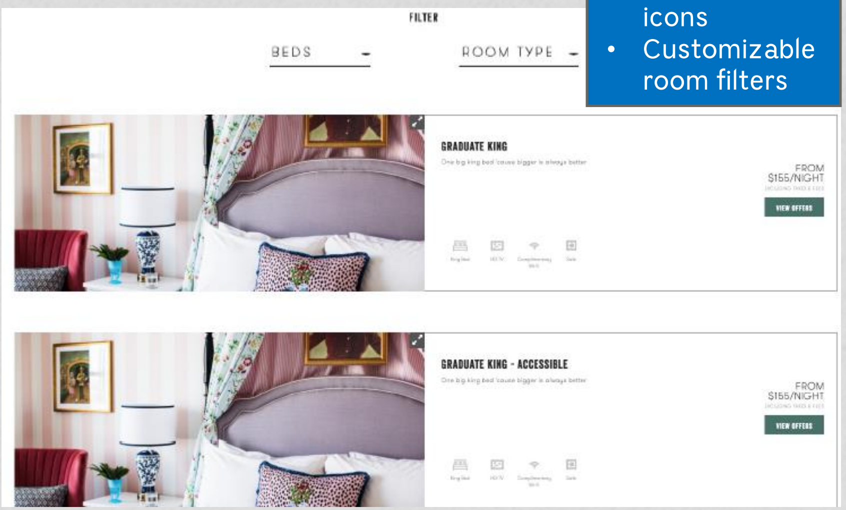
Schulte was a first-mover in switching to the RevRaise booking engine, which enhances performance for hotels that use SynXis as their engine. RevRaise provides a customized front-end design that integrates a hotel's booking engine into its own website and streamlines the user experience for simplicity, speed and conversion rate.

- Schulte proposes to leverage this product as a booking engine skin that utilizes API from SynXis but customizes the look and feel of the booking engine
- Guests will no longer see a third-party URL (be.synxis.com) when booking a room online
- All the URLs will look seamless and have the same domain (graduatehotels.com)
- Larger image/fonts and cleaner layout
- Dedicated calendar page, custom icons, larger images, less pages in the booking process, etc.
- Group and Promo code custom image and copy
- Personalized image and copy can be added to the calendar landing page for wedding and company booking links
- More customized layout that highlights lifestyle imagery and assets
- Condensed booking process into 3 seamless steps (instead of 4+)
- Supports intuitive merchandise features to maximise direct and ancillary revenue

RevRaise conducted an A/B Test for three Graduate hotels comparing their previous booking engines to its custom booking engine and the test showed that **RevRaise converted 9 to 20% higher per asset**

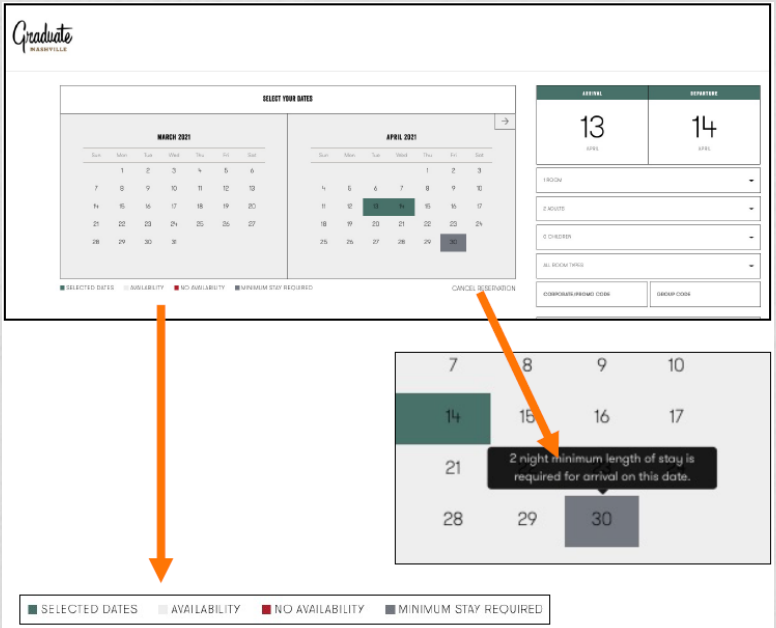


Previous Booking Engine

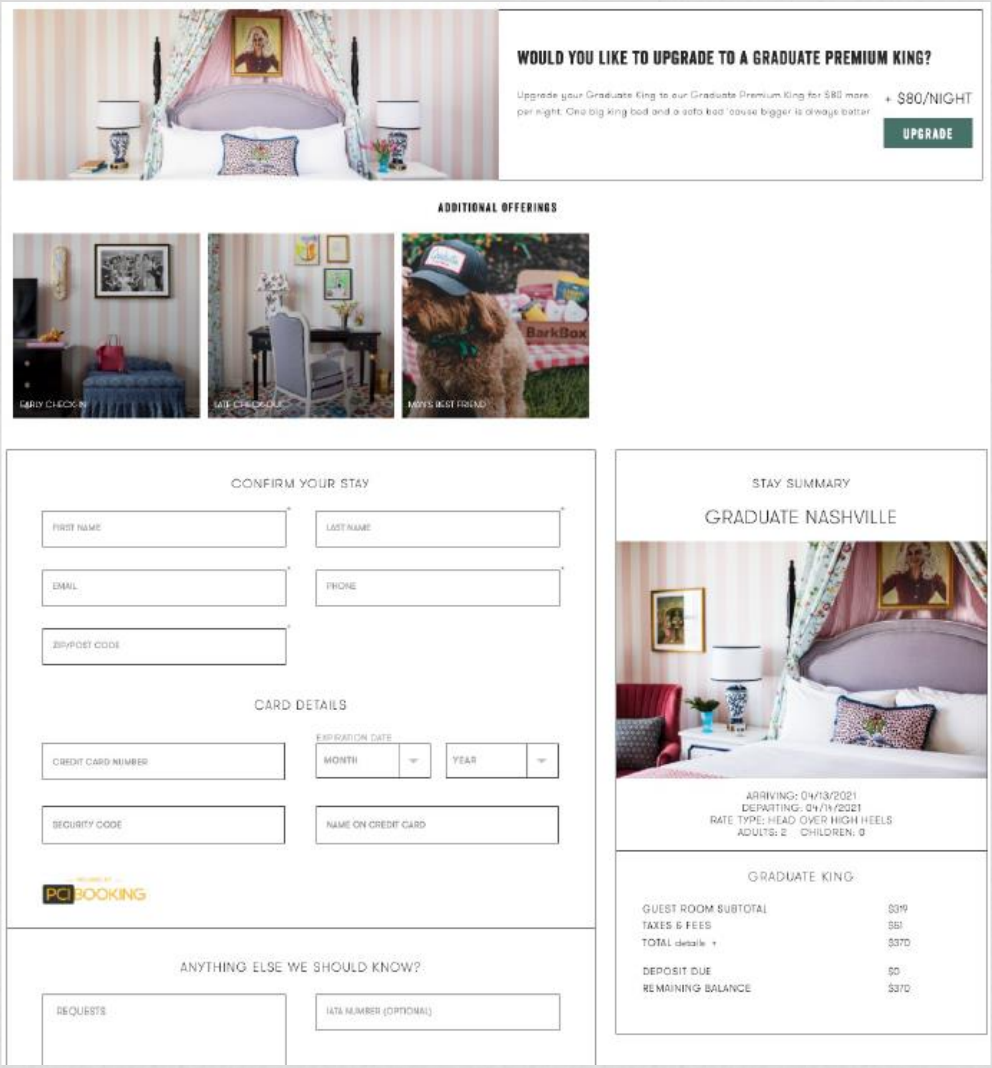


- Bigger pictures
- Customizable room amenity icons
- Customizable room filters

REVRAISE BOOKING ENGINE – IMAGES



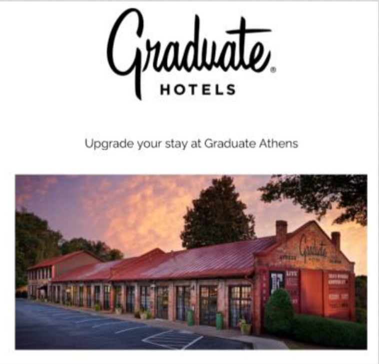
RevRaise Platform:
- Step 1 dedicated to date / criteria selection
- Tool to show when restrictions are in place
- Color-coded calendar legend
- Defaults to next available date
- Bigger pictures
- Customizable room amenity icons
- Customizable room filters
- Room upgrades (no click required if not interested)
- Additional add-ons (no click required if not interested)
- PCI Booking
- Room photo in stay summary

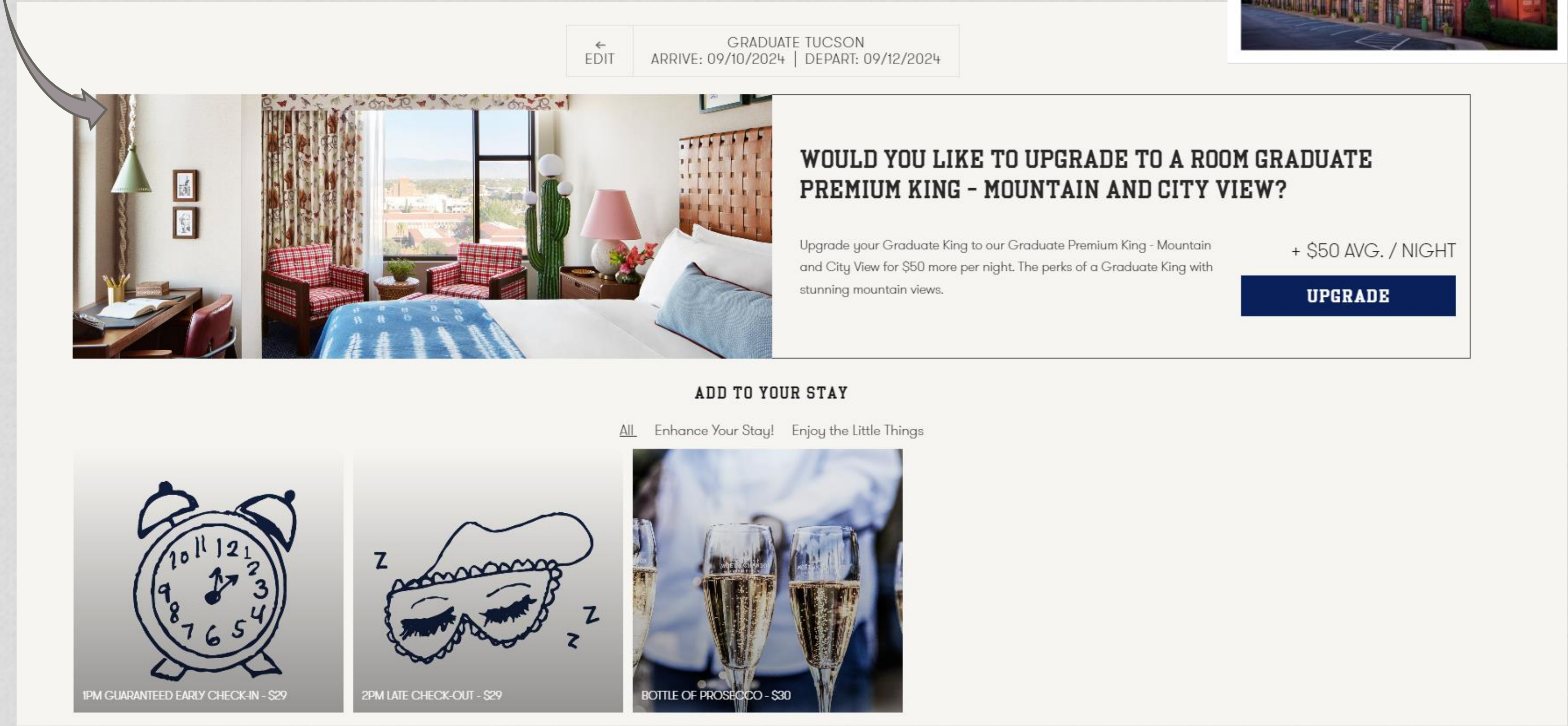


UPSELLING CASE STUDY

Schulte noticed in the business plan that upselling is listed as an opportunity. As discussed, RevRaise presents much better and provides a smoother booking experience than SynXis.

- The screenshot below shows our merchandising capabilities at Graduate Tucson
- Schulte would also recommend considering a pre-arrival upsell program, such as Upsell Guru, which messages guests pre-arrival to offer upgrade options



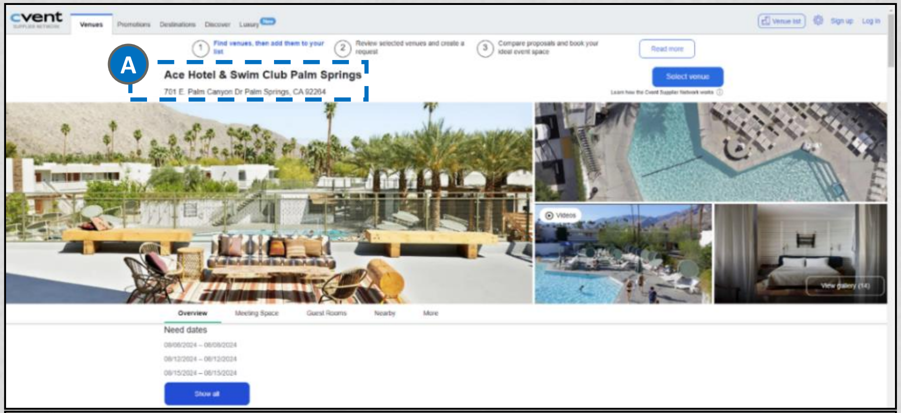


OPTIMIZE CVENT LISTINGS

<u>See the below screenshot for an example of our active sales management. Schulte aggressively promotes its hotels on relevant platforms to target new business.</u>* *he below screenshots specifically show promotions for the Hotel Washington, an asset currently managed by Schulte on the CVENT platform. Ace is listed on that platform also – but does not have any promotions.

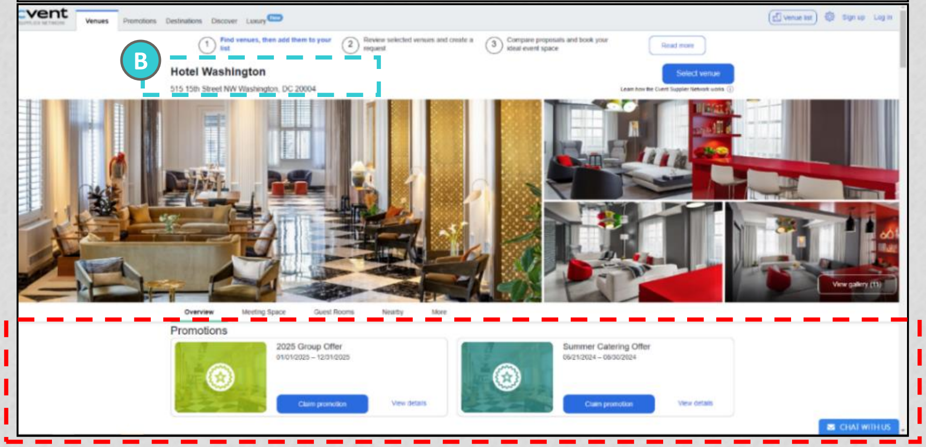
- Note: Cvent is a software for event management planners that assists in marketing and attendee engagement and also helps hotels win business through venue sourcing.

CVENT Screenshots (Hotel Washington – SHG Managed vs. Ace Hotel Palm Springs)



A

Ace does not have any promotions listed on the CVENT platform – which is likely one of the reasons why B&C business has declined vs. historical levels.



B

Hotel Washington, a boutique hotel managed by Schulte with promotions on the CVENT platform

REVENUE & SALES STRATEGY

Our top priority would be improving revenue performance. While the asset is in a challenging comp set, we believe there are several areas of opportunity. The following outlines our initial and highest priority strategies on rooms.

- Due to high reliance on OTA, ensure front desk email capture standards exist to convert guests to direct customers. We will target each arriving OTA guest with a welcome email and bounce back offer after checkout.
- Refine overall digital presence, currently not optimized based on key search terms
- Garner support from SHG's vertically deployed national sales team to support both BT and Group sales
- Utilize virtual room photography on website to promote appealing nature of product for corporate clients
- Drive direct bookings by participating in TripAdvisor business advantage listing. This gives the hotel ability to feature a special offer and website listed on their TA page. This currently doesn't exist at hotel
- Offer value added promotions on booking engine to support both room and F&B revenues, none currently exist during the booking process
- Add more lifestyle photos to website and sales site presence (Cvent), currently mostly stock and generic collateral

Evaluation, Structuring and Deployment of Group Team:

- Optimize group team structure to ensure maximum contribution from each individual
- First, we would seek to bring in a task force, with (re)hiring the right team members being a top initial priority
- Ensure a full time BT manager is in place – as many large accounts are in the area and will have to fight to share shift from other competitors
- Prioritize interviewing DOS on market experience for retention/new search, will be key towards team hiring and stabilization

Group:

- Ensure KPIs are met – response time, % of response, etc.
- Ensure patterns are ideal to build transient on top of and meeting space is maximized with groups
- Productivity and activity goals for each manager to ensure accountability
- Re-vamp all client facing sites, ensure promos and hot dates are listed
- Client onsite hosting and open houses – particularly with third parties to expand reach for hotel

BT:

- Add additional sales manager to introduce property and begin share shift
- Client receptions and open houses to gain major account knowledge of new brand
- Daily/Weekly review of A360 to see what is new in market, search for project business to replace contract and OTA
- Daily/Weekly review of in-house arrivals and consortia accounts to move higher opportunity companies into BT rates

Comp Set:

- Weekly evaluation of Knowland to see what group is in market and share shift
- Weekly evaluation of D360/A360 to identify opportunity weeks/months as well as any new project or corporate business coming into hotel
- Identify events calendar for compression in Palm Springs to mmaximize rates

Schulte has identified several revenue and sales strategies and high priority action items that it would undertake immediately if SHG were to take over management.

SCHULTE GROUP SALES PLAYBOOK

The foundation for success in group sales is talent acquisition and retention. Schulte would plan to strategically evaluate the dedicated commercial team & deployment through transition and the first 60 days post transition. Finding and retaining the right sales managers and leadership makes all the difference.

Schulte's next step is getting the right deployment – upon transition and on an annual basis thereafter, Schulte does a deep dive into sales system/lead data and customer/segment trends and deploys the team in a way that maximizes opportunity and time management.

For Ace here's where we would start:

- Access all available data through Envision, Cvent, etc. – pull down to the granular level of lead detail (customer segment, industry, channel, feeder market, peak room nights, event space requirements, etc.)
- Provide big data analysis of correlating factors in conversion and profitability.
- Procure market data from Cvent to understand the same opportunities and patterns in the comp set and greater market
- Build out sales deployment accordingly – most common deployment is via customer segment: Corporate, SMERF, and Association. Based on above analysis, lead volume, and personnel, other options would be:
- Executive Meeting Manager – "Book and Cook" all short-term business regardless of segment
- **Deployment by size when it makes sense – Strongest seller deployed to 50 on peak, secondary seller 49 or less**

Once the deployment is finely tuned, all strategy, tactics, support, and performance management can be activated.

Strategy

- Work with Revenue Management and build out the ideal segmentation by weekday/weekend for each demand period and season for the hotel. This derives and cascades from the target RGI.
- Group Contribution will emerge for these specific periods
- Group minimums, ceilings, and Minimum Acceptable Rates (MAR) will be put in place
- Group Budgets and Booking productivity benchmarks will then be set on an annualized basis and spread by relevant milestones. Productivity as well as proactive sales efforts are monitored on a weekly basis in conjunction with a review of the sales funnel (Prospects, Tentative, and Definite).
- Daily Business Review is implemented to ensure revenue maximization on every lead. For larger hotels, this meeting is held twice a day. Time sensitive leads can be reviewed ad hoc, but still must be upheld to the same analysis and approval process.

Tactics - Direct Sales

Overall, tactics are hotel/market specific and executed based on the best opportunities. For the Ace we would likely deploy the following:

- Big data prospecting blitz: Pull down Schulte-wide database of active customers – **target 100x solicitations**
- Next wave, pull down all prospects made available from 3rd party vendors – Zoominfo and Knowland

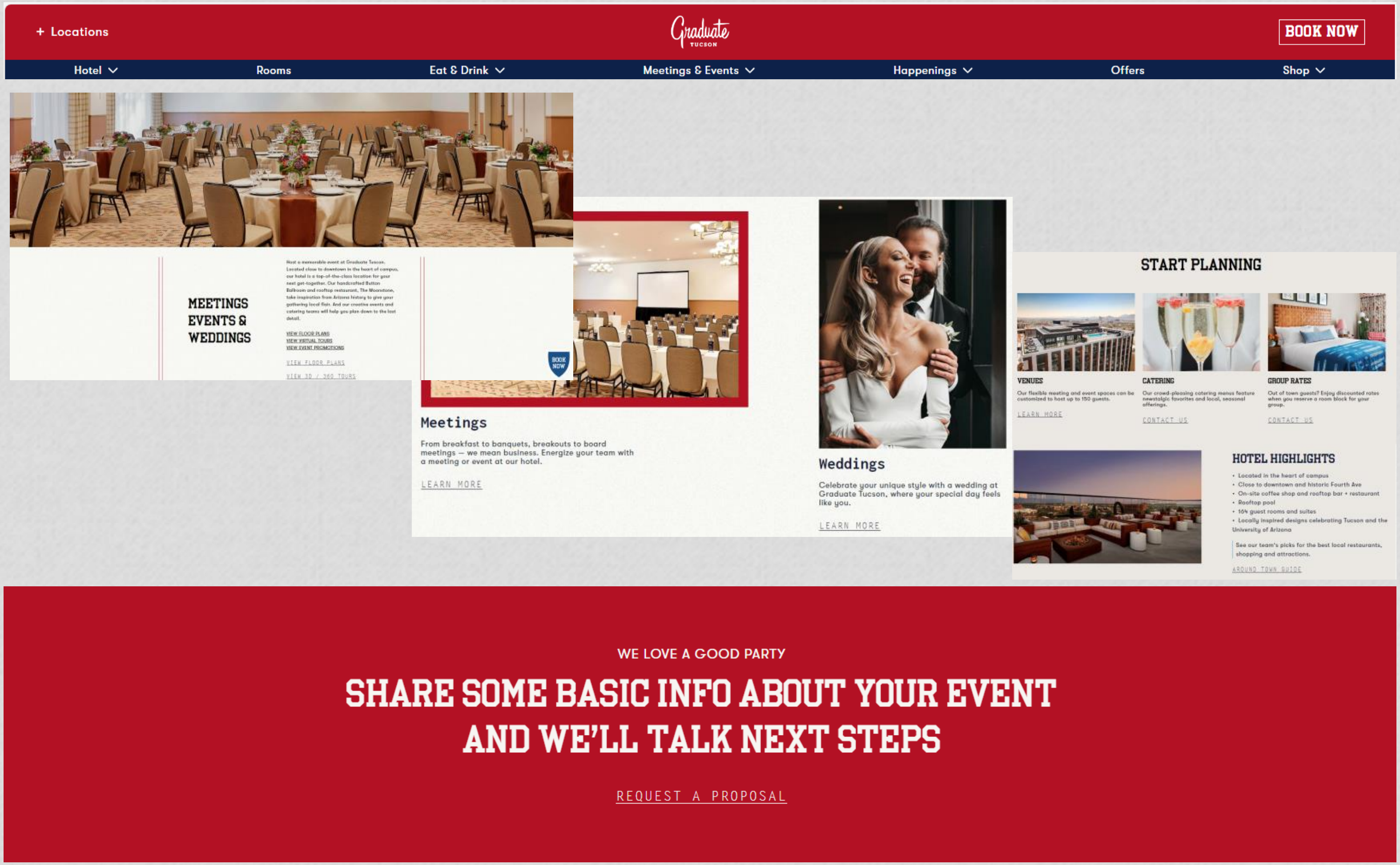
Schulte Regional Sales Blitz

Typically, **every three-five months,** Schulte will host in-person regional sales blitzes and meetups with all hotels within the Schulte portfolio.

MEETINGS & EVENTS – GRADUATE TUCSON/SCHULTE CASE STUDY

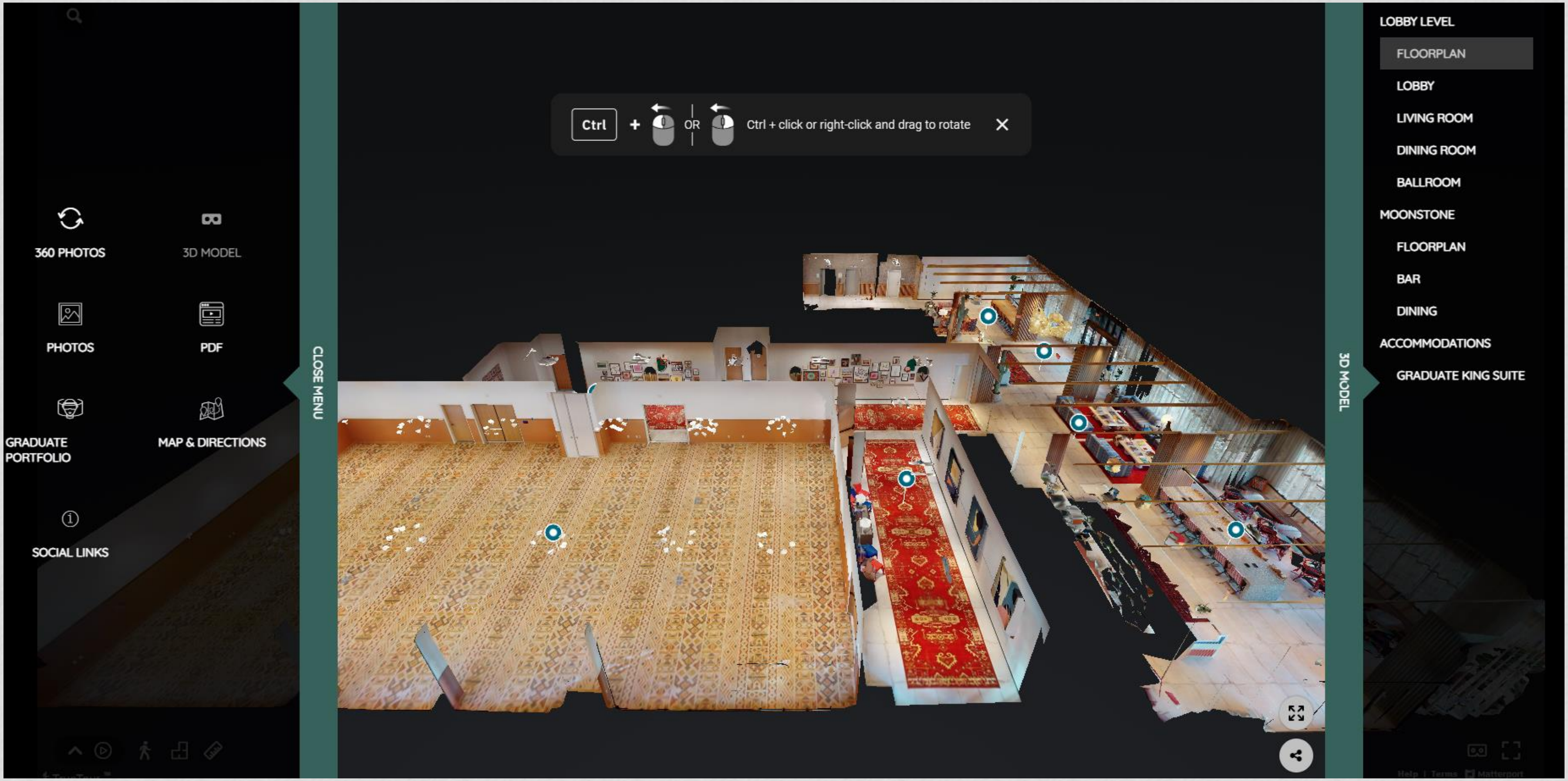
Schulte has had great success in redesigning meetings and event pages for other properties within our portfolio. We would consider redesigning these pages to showcase the property and meeting space attributes to be more appealing to potential clients

- See below example from one of our current managed hotels

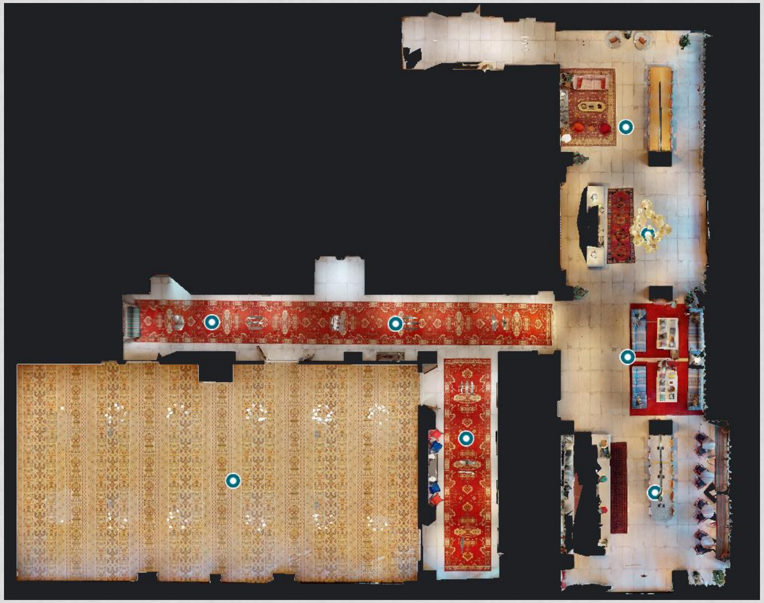


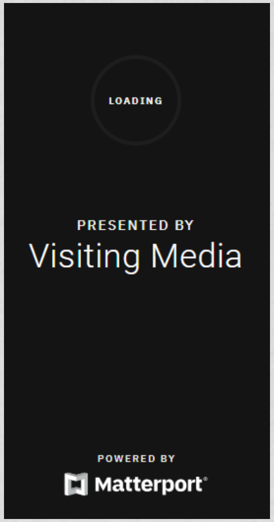
VISITING MEDIA

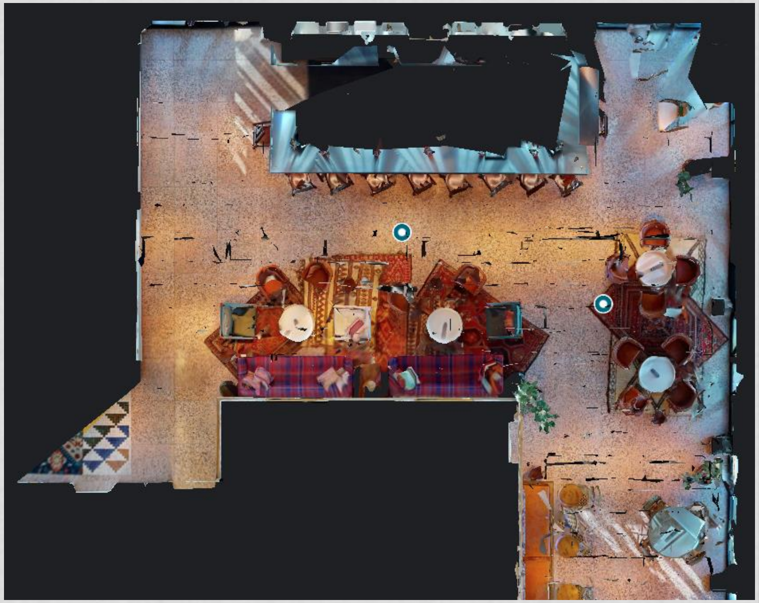
Visiting Media is a platform that allows customers to view meeting and event spaces through 3D model, enabling clients to walk-around the spaces, look at floorplans, measure spaces, and view images for an immersive digital experience to assist in envisioning their event.



VISITING MEDIA



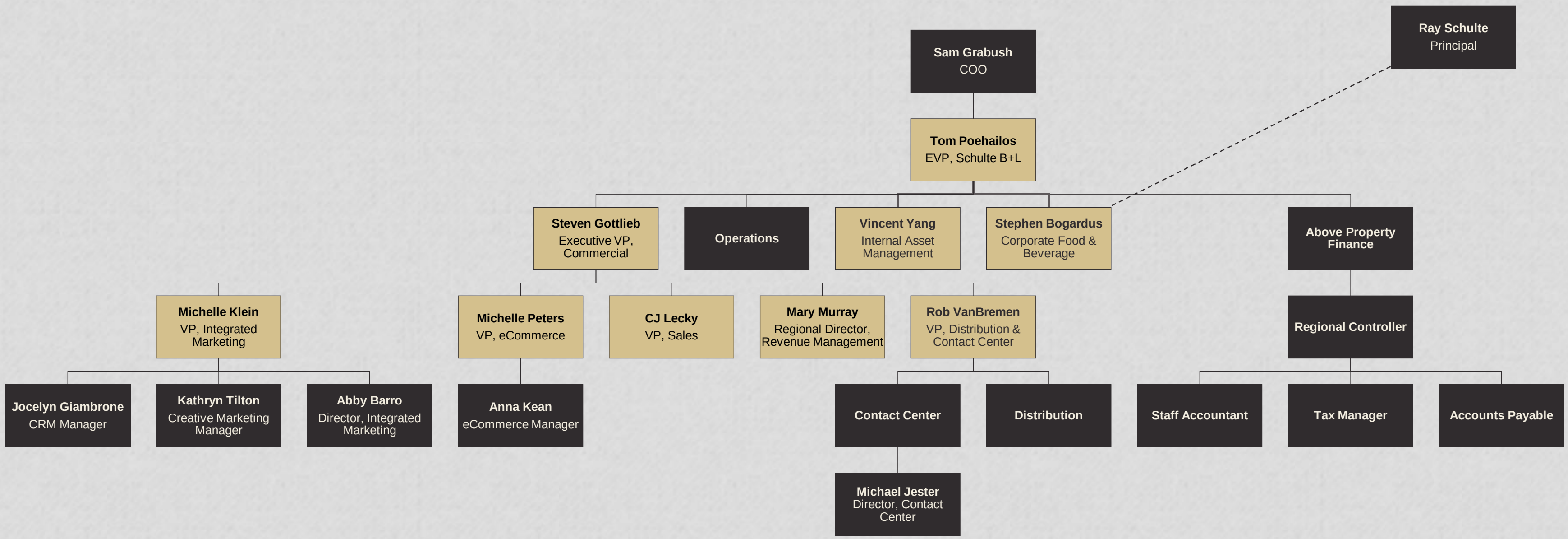




SCHULTE SUPPORT SERVICES & RELEVANT EXPERIENCE

ACE ABOVE PROPERTY ORG CHART

Below in tan are the individuals who would be directly responsible for the Ace Hotel Palm Springs.




Tom Poehailos
Executive VP - Boutique & Lifestyle


Steven Gottlieb
Executive VP - Commercial


Michelle Klein
VP – Integrated Marketing


Michelle Peters
Director – eCommerce


CJ Lecky
VP – Sales


Mary Murray
Regional Director – Revenue Management

ACE ABOVE PROPERTY ORG CHART (BIOS)

Tom Poehailos, EVP – Boutique & Lifestyle

Tom oversees all managerial functions including Operations, Revenue, Sales, Human Resources and Accounting. He joined Schulte after spending 12 years with Highgate Hotels, first as Vice President of Operations and then Senior Vice President of Operations within the full service division. Tom departed Highgate for a Senior Operations role with Hotel Equities only to return to lead operations for Highgate's newly formed Select Service division, where he served as Executive Vice President of Operations. He was responsible for launching this division of 200+hotels and leading a team of 10 SVPO's and VPO's. Tom has held property and corporate leadership roles in every segment of the hotel business which has included all major brands, independent, and lifestyle hotels.

Steven Gottlieb, EVP - Commercial,

Steven is a dynamic, innovative, and entrepreneurial commercial leader with significant experience in building high performing teams across multiple brands within luxury and independent hotels. As Executive Vice President, he currently leads the commercial disciplines for Schulte Hospitality's Boutique and & Lifestyle division. During his tenure with Schulte, he has spent seven years leading the commercial efforts for Graduate Hotels and Marine & Lawn Hotels & Resorts. Graduate Hotels is a well-crafted brand that resides in the most dynamic college towns across the US and UK. Marine & Lawn Hotels & Resorts celebrates the unique spirit of golf legacies with locations adjacent to the world's most iconic courses. Steven has been instrumental in growing these brands from 8 to over 40 hotels during the past seven years. Prior to his current experiences, Steven has held revenue management and operational leadership roles at SBE, Morgan's Hotels Group, Ritz Carlton, and Marriott. He lives in Chicago with his wife and two kids. During his few free moments, he enjoys live music and outdoor activities with the family.

Michelle Klein, VP – Integrated Marketing

Michelle Klein serves as the Vice President of Integrated Marketing at Schulte Hospitality Group. Specializing in elevating independent and lifestyle hotels, Michelle is dedicated to innovation and orchestrating comprehensive marketing campaigns that drive tangible results and exceptional return. Michelle's strategic approach has propelled her to the forefront of her field. Recognized as an award-winning Marketing & Communications leader for her ability to craft immersive experiences that captivate audiences while delivering measurable outcomes. Michelle's hospitality career started within the realm of food and beverage, initially navigating her collegiate years as a server. Upon completing her undergraduate studies, she transitioned into the marketing domain, assuming the role of a marketing assistant at an independent resort. Demonstrating exceptional acumen and dedication, she steadily ascended through the ranks, securing marketing positions across diverse management companies and prestigious hospitality marketing agencies. Her professional trajectory has encompassed a rich array of experiences, spanning the promotion of boutique hotels in destination markets, management of branded convention hotels, and stewardship of luxury properties in premier urban centers. Michelle's multifaceted background infuses her role as Vice President of Integrated Marketing with a distinctive perspective and unparalleled insight. Residing in Rockford, Illinois, alongside her husband and two children, Michelle epitomizes commitment to both her professional endeavors and personal life.

Michelle Peters, Director - eCommerce,

Michelle is a results-oriented ecommerce leader with over 15 years of experience in digital marketing, analytics, and website optimization within the hospitality and retail sectors. For the past 6 years, she has led ecommerce initiatives at Schulte Hospitality, specifically for Graduate Hotels and Marine & Lawn Hotels & Resorts and contributed to the growth and expansion of both brands. Her expertise lies in leveraging analytics and technology to solve complex problems and drive significant online growth. Michelle lives in New Jersey and enjoys spending time with family and traveling

CJ Lecky, VP – Sales

With over 20 years of experience in the hospitality industry, CJ currently serves as Vice President of Sales. Prior to joining Schulte in 2019, CJ's previously served as Corporate Director of Sales & Marketing at 21c Museum Hotels, leading sales training programs and providing strategic direction to enhance revenue generation across multiple properties. She also held the position of Director of Sales and Marketing for over six years, maximizing revenues while ensuring exceptional customer service. Earlier in her career, CJ gained valuable experience over four years as a Worldwide Sales Manager at Hyatt Hotels, focusing on strategic accounts in the pharmaceutical and financial sectors. This extensive background highlights CJ's expertise in sales leadership, business development, and team management within the competitive hotel market.

Mary Murray, Regional Director - Revenue Manager

Mary is passionate about leading revenue efforts for Independent and Luxury properties and has over 15 years' experience with revenue management. She currently leads the revenue discipline for Schulte Hospitality's Boutique and & Lifestyle division. During her tenure with Schulte, she has spent six years leading the revenue teams overseeing the West Coast and Central region for Graduate Hotels. Graduate Hotels is a well-crafted brand that resides in the most dynamic college towns across the US and UK. Prior to her experience with Graduate, Mary has worked with Luxury Independent properties in downtown Chicago and Madison, WI. In her free time, Mary enjoys spending time with her husband and two children in Minneapolis.

SHG CORPORATE SUPPORT

The properties would benefit from significant corporate support at Schulte's corporate HQ, which would not be billed back to the property level. Schulte employs over 250 corporate associates at its headquarters across a number of operational, construction, and acquisition-related departments.

Regional Operations	Regional Engineer	Risk Management
Sales	Accounts Payable	Compliance
Marketing	Tax	IT
Revenue Management	Accounting	Human Resources

Schulte generates significant cost-savings for its managed hotels through its comprehensive corporate headquarters operations and centralized services model.

SHG CENTRALIZED SERVICES

- Schulte has an ownership mentality because we are one. Schulte distinguishes itself from other management companies through a wide array of centralized services offered above property at no additional cost to the client (i.e. accounting, HR, IT, Revenue Management, Sales, etc.), which provides alignment and transparency to ownership
- Minor property-specific corporate reimbursables and systems expenses, outlined below, are billed to the property at cost without a markup from Schulte (i.e. regional travel, accounting systems, etc.)

SHG Centralized Services

Item	Amount	Description
Revenue Management	-	No additional fees are charged for SHG's Revenue Management services
Centralized Marketing Fee	-	No additional fees are charged for SHG's Marketing services
Centralized Acct Fee	-	No additional fees are charged for SHG's Centralized Acct Fee services
Centralized IT Fee	-	No additional fees are charged for SHG's Centralized IT Fee services
HR Recruiting	-	No additional fees are charged for SHG's HR Recruiting services
HR Admin	-	No additional fees are charged for SHG's HR Admin services
PCI Compliance	-	No additional fees are charged for SHG's PCI Compliance services
National or Group Sales	-	No additional fees are charged for SHG's Regional Sales services
Chain Services Fee	-	No additional fees are charged for SHG's Chain Services Fee services
Risk Management	-	No additional fees are charged for SHG's Risk Management services

SHG ACCOUNTING DEPARTMENT

- Schulte has a robust corporate accounting department with experience working with a variety of institutional ownership groups, including REITs, hedge funds, and private equity funds.
- The majority of the property-level accounting takes place at Schulte's corporate office, allowing the properties to benefit from reduced accounting labor. The cost of Schulte's corporate accounting team is not passed through to the properties, but is included within Schulte's flat Corporate Overhead Fee.
- Each ownership group has specific accounting and reporting requirements and we have the ability to customize our reporting package to fit each ownership group. Schulte's typical accounting reporting package includes the items below, but this can be modified based on the needs of our capital partner.
- The Appendix includes examples of our monthly asset management reports, which are fully customizable to our capital partners needs.

In *addition to the below typical accounting reports, SHG's asset management team produces a robust asset management reporting deck, which are fully customizable for our capital partners' needs.*

Typical Accounting Reporting Package

- Detailed YTD P&L
- Detailed TTM P&L
- Group Pace
- Balance Sheet
- Trial Balance
- Management Fee Calculation
- Bank Reconciliation
- AP Check Register
- AP Open Item
- AR Report
- FF&E Report
- Summary of reimbursable expenses billed by manager
- General Ledger Details
- Utility Bills and Utility Summary
- Insurance Summary
- Tax Summary
- Form of Certificate for Hotel Operators – if required

BRAND SCENARIOS

ACE FRANCHISE – BASE CASE – FIVE YEAR PF

SHG is projecting '26P GOP of $10.6m as a franchised Ace under SHG management.

- A **Actual TTM 6/24:** Actual TTM 6/24 performance
- B **Schulte Pro Forma:** Assumes SHG had operated the asset as a franchised hotel over the TTM 6/24 time period
- C **Schulte Five-Year Pro Forma:** Schulte five-year pf – which projects forward five-years based on the Schulte pf

	A TTM 6/24			B SHG TTM 6/24 pf			C 2025P			2026P		
	$	%	POR	$	%	POR	$	%	POR	$	%	POR
Occupancy	56.5%			59.5%			60.0%			64.2%		
Average Daily Rate (ADR)	$271.7			$304.8			$295.7			$317.2		
RevPAR	$153.6			$181.3			$177.5			$203.6		
Revenue												
Rooms Revenue	$10,063	48.4%	$271.7	$11,878	47.1%	$304.8	$11,594	45.2%	$295.7	$13,305	46.3%	$317.2
F&B Revenue	8,371	40.3%	226.0	10,795	42.8%	277.0	11,353	44.3%	289.6	12,511	43.5%	298.2
Resort Fee	1,352	6.5%	36.5	1,423	5.6%	36.5	1,496	5.8%	38.2	1,649	5.7%	39.3
Spa / Retail Revenue	698	3.4%	18.9	809	3.2%	20.7	850	3.3%	21.7	937	3.3%	22.3
Swim Club Revenue	173	0.8%	4.7	182	0.7%	4.7	191	0.7%	4.9	211	0.7%	5.0
Other/Misc Revenue	125	0.6%	3.4	132	0.5%	3.4	139	0.5%	3.5	153	0.5%	3.6
Total Revenue	**$20,783**	**100.0%**	**$561.2**	**$25,218**	**100.0%**	**$647.1**	**$25,624**	**100.0%**	**$653.5**	**$28,765**	**100.0%**	**$685.7**
Departmental Expenses												
Rooms Expense	$2,594	25.8%	$70.0	$2,312	19.5%	$59.3	$2,449	21.1%	$62.5	$2,712	20.4%	$64.7
F&B Expense	6,026	72.0%	162.7	7,285	67.5%	186.9	7,661	67.5%	195.4	8,443	67.5%	201.3
Spa / Retail Expense	568	81.3%	15.3	606	74.9%	15.5	637	74.9%	16.2	702	74.9%	16.7
Other/Misc Expense	86	68.3%	2.3	90	68.3%	2.3	95	68.3%	2.4	104	68.3%	2.5
Total Departmental Exp	**$9,273**	**44.6%**	**$250.4**	**$10,292**	**40.8%**	**$264.1**	**$10,842**	**42.3%**	**$276.5**	**$11,961**	**41.6%**	**$285.1**
Total Dept Profit	**$11,510**	**55.4%**	**$310.8**	**$14,926**	**59.2%**	**$383.0**	**$14,782**	**57.7%**	**$377.0**	**$16,804**	**58.4%**	**$400.6**
Undistributed Expenses												
Administrative & General	$1,246	6.0%	$33.7	$1,045	4.1%	$26.8	$1,084	4.2%	$27.7	$1,111	3.9%	$26.5
Credit Card Commissions	790	3.8%	21.3	859	3.4%	22.0	873	3.4%	22.3	980	3.4%	23.4
Info & Telecommunications	374	1.8%	10.1	347	1.4%	8.9	360	1.4%	9.2	369	1.3%	8.8
Sales & Marketing	1,230	5.9%	33.2	1,418	5.6%	36.4	$1,471	5.7%	$37.5	$1,508	5.2%	$35.9
Franchise Fees	416	4.1%	11.2	491	4.1%	12.6	479	4.1%	12.2	550	4.1%	13.1
Repairs & Maintenance	845	4.1%	22.8	854	3.4%	21.9	892	3.5%	22.7	978	3.4%	23.3
Utilities	571	2.7%	15.4	601	2.4%	15.4	628	2.4%	16.0	688	2.4%	16.4
Total Undistributed Exp	**$5,471**	**26.3%**	**$147.7**	**$5,614**	**22.3%**	**$144.1**	**$5,787**	**22.6%**	**$147.6**	**$6,184**	**21.5%**	**$147.4**
Gross Operating Profit	**$6,039**	**29.1%**	**$163.1**	**$9,311**	**36.9%**	**$238.9**	**$8,996**	**35.1%**	**$229.4**	**$10,620**	**36.9%**	**$253.2**
Base Mgmt. Fee	$623	3.0%	$16.8	$757	3.0%	$19.4	$769	3.0%	$19.6	$863	3.0%	$20.6
Insurance	234	1.1%	$6.3	234	0.9%	$6.0	253	1.0%	$6.5	261	0.9%	$6.2
Property Taxes	1,046	5.0%	28.2	1,046	4.1%	26.8	852	3.3%	21.7	869	3.0%	20.7
Rental Expense	57	0.3%	1.5	57	0.2%	1.5	59	0.2%	1.5	61	0.2%	1.4
Ground Rent	443	2.1%	11.9	504	2.0%	12.9	512	2.0%	13.1	575	2.0%	13.7
EBITDA	**$3,637**	**17.5%**	**$98.2**	**$6,714**	**26.6%**	**$172.3**	**$6,550**	**25.6%**	**$167.1**	**$7,991**	**27.8%**	**$190.5**
FF&E Reserve	$831	4.0%	$22.4	$1,009	4.0%	$25.9	$1,025	4.0%	$26.1	$1,151	4.0%	$27.4
Net Operating Income	**$2,805**	**13.5%**	**$75.7**	**$5,705**	**22.6%**	**$146.4**	**$5,525**	**21.6%**	**$140.9**	**$6,841**	**23.8%**	**$163.1**

	2027P			2028P			2029P			2030P		
	$	%	POR	$	%	POR	$	%	POR	$	%	POR
Occupancy	66.6%			68.3%			70.1%			70.1%		
Average Daily Rate (ADR)	$326.7			$333.2			$339.9			$346.7		
RevPAR	$217.5			$227.7			$238.3			$243.0		
Revenue												
Rooms Revenue	$14,207	46.3%	$326.7	$14,918	46.0%	$333.2	$15,567	45.8%	$339.9	$15,879	45.5%	$346.7
F&B Revenue	13,360	43.5%	307.2	14,165	43.7%	316.4	14,927	43.9%	325.9	15,375	44.1%	335.7
Resort Fee	1,761	5.7%	40.5	1,867	5.8%	41.7	1,968	5.8%	43.0	2,027	5.8%	44.2
Spa / Retail Revenue	1,001	3.3%	23.0	1,061	3.3%	23.7	1,118	3.3%	24.4	1,152	3.3%	25.1
Swim Club Revenue	225	0.7%	5.2	239	0.7%	5.3	252	0.7%	5.5	259	0.7%	5.7
Other/Misc Revenue	163	0.5%	3.8	173	0.5%	3.9	182	0.5%	4.0	188	0.5%	4.1
Total Revenue	**$30,717**	**100.0%**	**$706.3**	**$32,423**	**100.0%**	**$724.2**	**$34,014**	**100.0%**	**$742.6**	**$34,879**	**100.0%**	**$761.5**
Departmental Expenses												
Rooms Expense	$2,910	20.5%	$66.9	$3,101	20.8%	$69.3	$3,283	21.1%	$71.7	$3,398	21.4%	$74.2
F&B Expense	9,015	67.5%	207.3	9,559	67.5%	213.5	10,073	67.5%	219.9	10,375	67.5%	226.5
Spa / Retail Expense	750	74.9%	17.2	795	74.9%	17.8	837	74.9%	18.3	863	74.9%	18.8
Other/Misc Expense	111	68.3%	2.6	118	68.3%	2.6	125	68.3%	2.7	128	68.3%	2.8
Total Departmental Exp	**$12,787**	**41.6%**	**$294.0**	**$13,573**	**41.9%**	**$303.2**	**$14,319**	**42.1%**	**$312.6**	**$14,764**	**42.3%**	**$322.3**
Total Dept Profit	**$17,931**	**58.4%**	**$412.3**	**$18,850**	**58.1%**	**$421.1**	**$19,696**	**57.9%**	**$430.0**	**$20,115**	**57.7%**	**$439.2**
Undistributed Expenses												
Administrative & General	$1,139	3.7%	$26.2	$1,168	3.6%	$26.1	$1,197	3.5%	$26.1	$1,227	3.5%	$26.8
Credit Card Commissions	1,047	3.4%	24.1	1,105	3.4%	24.7	1,159	3.4%	25.3	1,189	3.4%	25.9
Info & Telecommunications	378	1.2%	8.7	387	1.2%	8.7	397	1.2%	8.7	407	1.2%	8.9
Sales & Marketing	$1,546	5.0%	$35.5	$1,584	4.9%	$35.4	$1,624	4.8%	$35.5	$1,664	4.8%	$36.3
Franchise Fees	587	4.1%	13.5	616	4.1%	13.8	643	4.1%	14.0	656	4.1%	14.3
Repairs & Maintenance	1,039	3.4%	23.9	1,097	3.4%	24.5	1,150	3.4%	25.1	1,179	3.4%	25.7
Utilities	731	2.4%	16.8	772	2.4%	17.2	809	2.4%	17.7	829	2.4%	18.1
Total Undistributed Exp	**$6,467**	**21.1%**	**$148.7**	**$6,729**	**20.8%**	**$150.3**	**$6,979**	**20.5%**	**$152.4**	**$7,151**	**20.5%**	**$156.1**
Gross Operating Profit	**$11,464**	**37.3%**	**$263.6**	**$12,122**	**37.4%**	**$270.8**	**$12,717**	**37.4%**	**$277.6**	**$12,964**	**37.2%**	**$283.0**
Base Mgmt. Fee	$922	3.0%	$21.2	$973	3.0%	$21.7	$1,020	3.0%	$22.3	$1,046	3.0%	$22.8
Insurance	269	0.9%	$6.2	277	0.9%	$6.2	285	0.8%	$6.2	294	0.8%	$6.4
Property Taxes	886	2.9%	20.4	904	2.8%	20.2	922	2.7%	20.1	941	2.7%	20.5
Rental Expense	62	0.2%	1.4	64	0.2%	1.4	65	0.2%	1.4	67	0.2%	1.5
Ground Rent	614	2.0%	14.1	648	2.0%	14.5	680	2.0%	14.9	698	2.0%	15.2
EBITDA	**$8,710**	**28.4%**	**$200.3**	**$9,256**	**28.5%**	**$206.7**	**$9,743**	**28.6%**	**$212.7**	**$9,919**	**28.4%**	**$216.5**
FF&E Reserve	$1,229	4.0%	$28.3	$1,297	4.0%	$29.0	$1,361	4.0%	$29.7	$1,395	4.0%	$30.5
Net Operating Income	**$7,482**	**24.4%**	**$172.0**	**$7,959**	**24.5%**	**$177.8**	**$8,383**	**24.6%**	**$183.0**	**$8,523**	**24.4%**	**$186.1**

INDEPENDENT CASE – FIVE YEAR PF

SHG is projecting '26P GOP of $10.4m as an independent hotel under SHG management.

A **Actual TTM 6/24:** Actual TTM 6/24 performance

B **Schulte Pro Forma:** Assumes SHG had operated the asset as an independent hotel over the TTM 6/24 time period

C **Schulte Five-Year Pro Forma:** Schulte five-year pf – which projects forward five-years based on the Schulte pf

	A TTM 6/24			B SHG TTM 6/24 pf			C 2025P		
	$	%	POR	$	%	POR	$	%	POR
Occupancy	56.5%			58.7%			59.2%		
Average Daily Rate (ADR)	$271.7			$300.8			$280.8		
RevPAR	$153.6			$176.6			$166.3		
Revenue									
Rooms Revenue	$10,063	48.4%	$271.7	$11,572	47.5%	$300.8	$10,865	45.1%	$280.8
F&B Revenue	8,371	40.3%	226.0	10,279	42.2%	267.2	10,571	43.9%	273.2
Resort Fee	1,352	6.5%	36.5	1,405	5.8%	36.5	1,477	6.1%	38.2
Spa / Retail Revenue	698	3.4%	18.9	798	3.3%	20.7	839	3.5%	21.7
Swim Club Revenue	173	0.8%	4.7	180	0.7%	4.7	189	0.8%	4.9
Other/Misc Revenue	125	0.6%	3.4	130	0.5%	3.4	137	0.6%	3.5
Total Revenue	**$20,783**	**100.0%**	**$561.2**	**$24,364**	**100.0%**	**$633.2**	**$24,078**	**100.0%**	**$622.3**
Departmental Expenses									
Rooms Expense	$2,594	25.8%	$70.0	$2,283	19.7%	$59.3	$2,417	22.2%	$62.5
F&B Expense	6,026	72.0%	162.7	6,936	67.5%	180.3	7,133	67.5%	184.3
Spa / Retail Expense	568	81.3%	15.3	598	74.9%	15.5	629	74.9%	16.2
Other/Misc Expense	86	68.3%	2.3	89	68.3%	2.3	94	68.3%	2.4
Total Departmental Exp	**$9,273**	**44.6%**	**$250.4**	**$9,906**	**40.7%**	**$257.5**	**$10,273**	**42.7%**	**$265.5**
Total Dept Profit	**$11,510**	**55.4%**	**$310.8**	**$14,458**	**59.3%**	**$375.8**	**$13,805**	**57.3%**	**$356.8**
Undistributed Expenses									
Administrative & General	$1,246	6.0%	$33.7	$1,045	4.3%	$27.2	$1,084	4.5%	$28.0
Credit Card Commissions	790	3.8%	21.3	830	3.4%	21.6	820	3.4%	21.2
Info & Telecommunications	374	1.8%	10.1	347	1.4%	9.0	360	1.5%	9.3
Sales & Marketing	1,230	5.9%	33.2	1,674	6.9%	43.5	$1,737	7.2%	$44.9
Franchise Fees	416	4.1%	11.2	–	–	–	–	–	–
Repairs & Maintenance	845	4.1%	22.8	854	3.5%	22.2	891	3.7%	23.0
Utilities	571	2.7%	15.4	593	2.4%	15.4	619	2.6%	16.0
Total Undistributed Exp	**$5,471**	**26.3%**	**$147.7**	**$5,343**	**21.9%**	**$138.9**	**$5,512**	**22.9%**	**$142.5**
Gross Operating Profit	**$6,039**	**29.1%**	**$163.1**	**$9,114**	**37.4%**	**$236.9**	**$8,293**	**34.4%**	**$214.3**
Base Mgmt. Fee	$623	3.0%	$16.8	$731	3.0%	$19.0	$722	3.0%	$18.7
Insurance	234	1.1%	$6.3	234	1.0%	$6.1	253	1.1%	$6.5
Property Taxes	1,046	5.0%	28.2	1,046	4.3%	27.2	852	3.5%	22.0
Rental Expense	57	0.3%	1.5	57	0.2%	1.5	59	0.2%	1.5
Ground Rent	443	2.1%	11.9	487	2.0%	12.7	482	2.0%	12.4
EBITDA	**$3,637**	**17.5%**	**$98.2**	**$6,559**	**26.9%**	**$170.5**	**$5,924**	**24.6%**	**$153.1**
FF&E Reserve	$831	4.0%	$22.4	$975	4.0%	$25.3	$963	4.0%	$24.9
Net Operating Income	**$2,805**	**13.5%**	**$75.7**	**$5,585**	**22.9%**	**$145.1**	**$4,961**	**20.6%**	**$128.2**

	2026P			2027P			2028P			2029P			2030P		
	$	%	POR	$	%	POR	$	%	POR	$	%	POR	$	%	POR
Occupancy	63.4%			65.7%			67.5%			69.2%			69.2%		
Average Daily Rate (ADR)	$313.0			$322.4			$328.8			$335.4			$342.1		
RevPAR	$198.4			$211.9			$221.8			$232.1			$236.8		
Revenue															
Rooms Revenue	$12,962	46.9%	$313.0	$13,841	46.7%	$322.4	$14,533	46.4%	$328.8	$15,166	46.2%	$335.4	$15,470	45.9%	$342.1
F&B Revenue	11,767	42.6%	284.1	12,717	42.9%	296.2	13,484	43.1%	305.1	14,210	43.3%	314.2	14,636	43.4%	323.6
Resort Fee	1,628	5.9%	39.3	1,739	5.9%	40.5	1,843	5.9%	41.7	1,943	5.9%	43.0	2,001	5.9%	44.2
Spa / Retail Revenue	925	3.3%	22.3	988	3.3%	23.0	1,047	3.3%	23.7	1,104	3.4%	24.4	1,137	3.4%	25.1
Swim Club Revenue	208	0.8%	5.0	222	0.7%	5.2	236	0.8%	5.3	248	0.8%	5.5	256	0.8%	5.7
Other/Misc Revenue	151	0.5%	3.6	161	0.5%	3.8	171	0.5%	3.9	180	0.5%	4.0	186	0.6%	4.1
Total Revenue	**$27,641**	**100.0%**	**$667.4**	**$29,669**	**100.0%**	**$691.0**	**$31,315**	**100.0%**	**$708.5**	**$32,851**	**100.0%**	**$726.4**	**$33,685**	**100.0%**	**$744.9**
Departmental Expenses															
Rooms Expense	$2,678	20.7%	$64.7	$2,873	20.8%	$66.9	$3,061	21.1%	$69.3	$3,242	21.4%	$71.7	$3,355	21.7%	$74.2
F&B Expense	7,940	67.5%	191.7	8,582	67.5%	199.9	9,099	67.5%	205.9	9,589	67.5%	212.0	9,876	67.5%	218.4
Spa / Retail Expense	693	74.9%	16.7	740	74.9%	17.2	785	74.9%	17.8	827	74.9%	18.3	852	74.9%	18.8
Other/Misc Expense	103	68.3%	2.5	110	68.3%	2.6	117	68.3%	2.6	123	68.3%	2.7	127	68.3%	2.8
Total Departmental Exp	**$11,414**	**41.3%**	**$275.6**	**$12,305**	**41.5%**	**$286.6**	**$13,062**	**41.7%**	**$295.5**	**$13,780**	**41.9%**	**$304.7**	**$14,210**	**42.2%**	**$314.2**
Total Dept Profit	**$16,227**	**58.7%**	**$391.8**	**$17,364**	**58.5%**	**$404.4**	**$18,253**	**58.3%**	**$413.0**	**$19,071**	**58.1%**	**$421.7**	**$19,475**	**57.8%**	**$430.7**
Undistributed Expenses															
Administrative & General	$1,111	4.0%	$26.8	$1,139	3.8%	$26.5	$1,168	3.7%	$26.4	$1,197	3.6%	$26.5	$1,227	3.6%	$27.1
Credit Card Commissions	942	3.4%	22.7	1,011	3.4%	23.5	1,067	3.4%	24.1	1,119	3.4%	24.8	1,148	3.4%	25.4
Info & Telecommunications	369	1.3%	8.9	378	1.3%	8.8	387	1.2%	8.8	397	1.2%	8.8	407	1.2%	9.0
Sales & Marketing	$1,781	6.4%	$43.0	$1,825	6.2%	$42.5	$1,871	6.0%	$42.3	$1,918	5.8%	$42.4	$1,966	5.8%	$43.5
Franchise Fees	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Repairs & Maintenance	978	3.5%	23.6	1,039	3.5%	24.2	1,097	3.5%	24.8	1,150	3.5%	25.4	1,179	3.5%	26.1
Utilities	679	2.5%	16.4	722	2.4%	16.8	762	2.4%	17.2	799	2.4%	17.7	819	2.4%	18.1
Total Undistributed Exp	**$5,860**	**21.2%**	**$141.5**	**$6,115**	**20.6%**	**$142.4**	**$6,351**	**20.3%**	**$143.7**	**$6,580**	**20.0%**	**$145.5**	**$6,745**	**20.0%**	**$149.2**
Gross Operating Profit	**$10,367**	**37.5%**	**$250.3**	**$11,249**	**37.9%**	**$262.0**	**$11,902**	**38.0%**	**$269.3**	**$12,491**	**38.0%**	**$276.2**	**$12,730**	**37.8%**	**$281.5**
Base Mgmt. Fee	$829	3.0%	$20.0	$890	3.0%	$20.7	$939	3.0%	$21.3	$986	3.0%	$21.8	$1,011	3.0%	$22.3
Insurance	261	0.9%	$6.3	269	0.9%	$6.3	277	0.9%	$6.3	285	0.9%	$6.3	294	0.9%	$6.5
Property Taxes	869	3.1%	21.0	886	3.0%	20.6	904	2.9%	20.5	922	2.8%	20.4	941	2.8%	20.8
Rental Expense	61	0.2%	1.5	62	0.2%	1.4	64	0.2%	1.4	65	0.2%	1.4	67	0.2%	1.5
Ground Rent	553	2.0%	13.3	593	2.0%	13.8	626	2.0%	14.2	657	2.0%	14.5	674	2.0%	14.9
EBITDA	**$7,794**	**28.2%**	**$188.2**	**$8,548**	**28.8%**	**$199.1**	**$9,091**	**29.0%**	**$205.7**	**$9,576**	**29.1%**	**$211.8**	**$9,745**	**28.9%**	**$215.5**
FF&E Reserve	$1,106	4.0%	$26.7	$1,187	4.0%	$27.6	$1,253	4.0%	$28.3	$1,314	4.0%	$29.1	$1,347	4.0%	$29.8
Net Operating Income	**$6,688**	**24.2%**	**$161.5**	**$7,361**	**24.8%**	**$171.4**	**$7,839**	**25.0%**	**$177.3**	**$8,262**	**25.1%**	**$182.7**	**$8,397**	**24.9%**	**$185.7**

TRIBUTE CASE – FIVE YEAR PF

SHG is projecting '26P GOP of $10.9m as a Marriott Tribute hotel under SHG management.

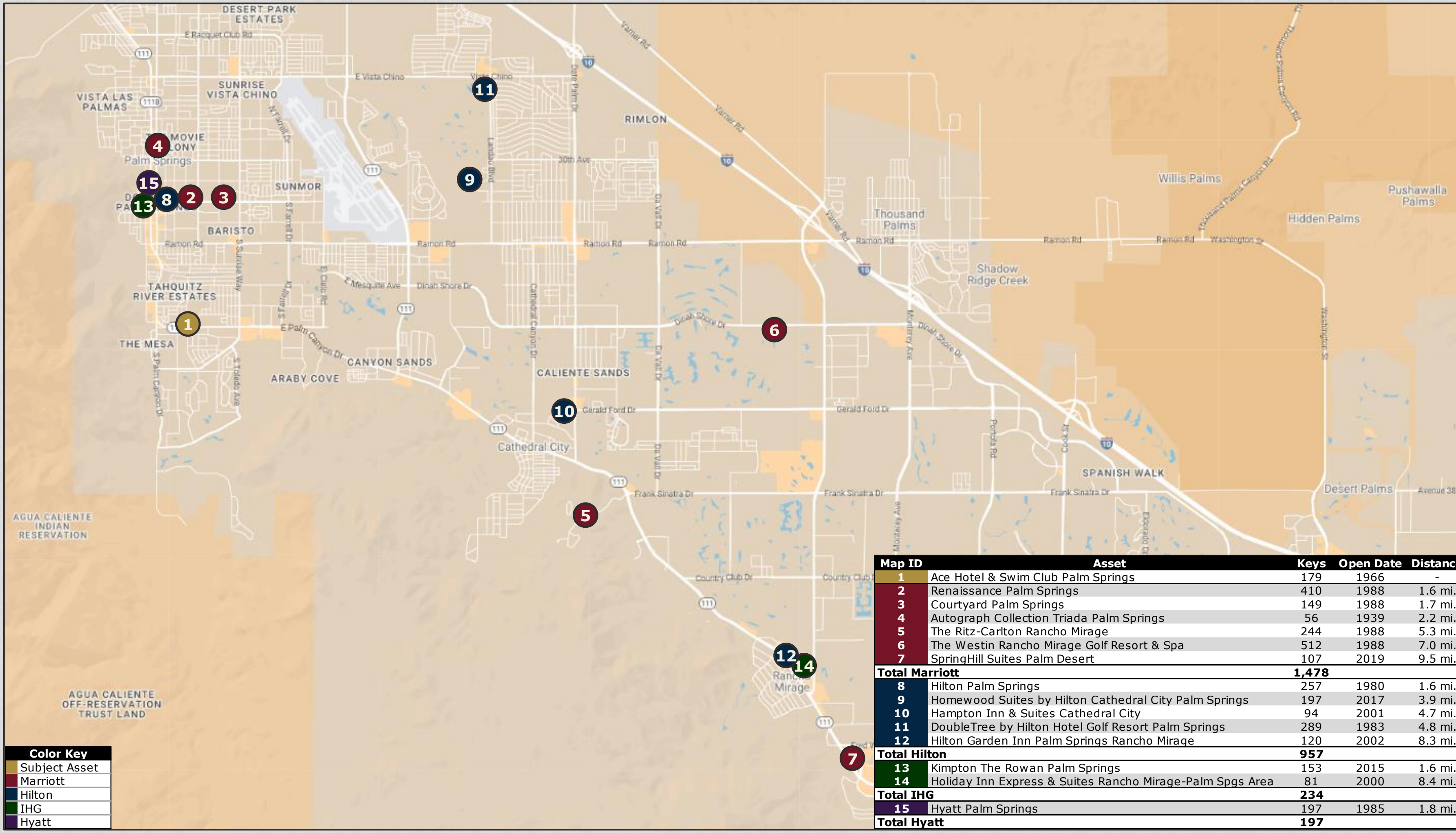
- A **Actual TTM 6/24:** Actual TTM 6/24 performance
- B **Schulte Pro Forma:** Assumes SHG had operated the asset as a franchised Marriott Tribute hotel over the TTM 6/24 time period
- C **Schulte Five-Year Pro Forma:** Schulte five-year pf – which projects forward five-years based on the Schulte pf

	A TTM 6/24			B SHG TTM 6/24 pf			C 2025P			2026P		
	$	%	POR	$	%	POR	$	%	POR	$	%	POR
Occupancy	56.5%			61.0%			61.8%			65.8%		
Average Daily Rate (ADR)	$271.7			$311.5			$298.4			$324.1		
RevPAR	$153.6			$190.0			$184.6			$213.4		
Revenue												
Rooms Revenue	$10,063	48.4%	$271.7	$12,448	46.4%	$311.5	$12,059	44.2%	$298.4	$13,943	45.6%	$324.1
F&B Revenue	8,371	40.3%	226.0	11,785	43.9%	294.9	12,434	45.6%	307.7	13,618	44.5%	316.6
Resort Fee	1,352	6.5%	36.5	1,459	5.4%	36.5	1,542	5.7%	38.2	1,691	5.5%	39.3
Spa / Retail Revenue	698	3.4%	18.9	829	3.1%	20.7	876	3.2%	21.7	961	3.1%	22.3
Swim Club Revenue	173	0.8%	4.7	187	0.7%	4.7	197	0.7%	4.9	216	0.7%	5.0
Other/Misc Revenue	125	0.6%	3.4	135	0.5%	3.4	143	0.5%	3.5	157	0.5%	3.6
Total Revenue	**$20,783**	**100.0%**	**$561.2**	**$26,843**	**100.0%**	**$671.7**	**$27,251**	**100.0%**	**$674.4**	**$30,586**	**100.0%**	**$711.0**
Departmental Expenses												
Rooms Expense	$2,594	25.8%	$70.0	$2,273	18.3%	$56.9	$2,420	20.1%	$59.9	$2,667	19.1%	$62.0
F&B Expense	6,026	72.0%	162.7	7,953	67.5%	199.0	8,391	67.5%	207.7	9,189	67.5%	213.6
Spa / Retail Expense	568	81.3%	15.3	621	74.9%	15.5	656	74.9%	16.2	720	74.9%	16.7
Other/Misc Expense	86	68.3%	2.3	92	68.3%	2.3	98	68.3%	2.4	107	68.3%	2.5
Total Departmental Exp	**$9,273**	**44.6%**	**$250.4**	**$10,939**	**40.8%**	**$273.7**	**$11,565**	**42.4%**	**$286.2**	**$12,683**	**41.5%**	**$294.8**
Total Dept Profit	**$11,510**	**55.4%**	**$310.8**	**$15,904**	**59.2%**	**$398.0**	**$15,686**	**57.6%**	**$388.2**	**$17,903**	**58.5%**	**$416.2**
Undistributed Expenses												
Administrative & General	$1,246	6.0%	$33.7	$1,045	3.9%	$26.1	$1,084	4.0%	$26.8	$1,111	3.6%	$25.8
Credit Card Commissions	790	3.8%	21.3	915	3.4%	22.9	929	3.4%	23.0	1,042	3.4%	24.2
Info & Telecommunications	374	1.8%	10.1	249	0.9%	6.2	259	0.9%	6.4	265	0.9%	6.2
Sales & Marketing	1,230	5.9%	33.2	1,318	4.9%	33.0	$1,367	5.0%	$33.8	$1,402	4.6%	$32.6
Franchise Fees	416	4.1%	11.2	1,322	10.6%	33.1	1,280	10.6%	31.7	1,480	10.6%	34.4
Repairs & Maintenance	845	4.1%	22.8	854	3.2%	21.4	896	3.3%	22.2	978	3.2%	22.7
Utilities	571	2.7%	15.4	616	2.3%	15.4	647	2.4%	16.0	706	2.3%	16.4
Total Undistributed Exp	**$5,471**	**26.3%**	**$147.7**	**$6,319**	**23.5%**	**$158.1**	**$6,462**	**23.7%**	**$159.9**	**$6,984**	**22.8%**	**$162.4**
Gross Operating Profit	**$6,039**	**29.1%**	**$163.1**	**$9,585**	**35.7%**	**$239.9**	**$9,224**	**33.8%**	**$228.3**	**$10,918**	**35.7%**	**$253.8**
Base Mgmt. Fee	$623	3.0%	$16.8	$805	3.0%	$20.2	$818	3.0%	$20.2	$918	3.0%	$21.3
Insurance	234	1.1%	$6.3	234	0.9%	$5.9	253	0.9%	$6.3	261	0.9%	$6.1
Property Taxes	1,046	5.0%	28.2	1,046	3.9%	26.2	852	3.1%	21.1	869	2.8%	20.2
Rental Expense	57	0.3%	1.5	57	0.2%	1.4	59	0.2%	1.5	61	0.2%	1.4
Ground Rent	443	2.1%	11.9	537	2.0%	13.4	545	2.0%	13.5	612	2.0%	14.2
EBITDA	**$3,637**	**17.5%**	**$98.2**	**$6,906**	**25.7%**	**$172.8**	**$6,697**	**24.6%**	**$165.7**	**$8,199**	**26.8%**	**$190.6**
FF&E Reserve	$831	4.0%	$22.4	$1,074	4.0%	$26.9	$1,090	4.0%	$27.0	$1,223	4.0%	$28.4
Net Operating Income	**$2,805**	**13.5%**	**$75.7**	**$5,832**	**21.7%**	**$145.9**	**$5,607**	**20.6%**	**$138.8**	**$6,975**	**22.8%**	**$162.2**

	2027P			2028P			2029P			2030P		
	$	%	POR	$	%	POR	$	%	POR	$	%	POR
Occupancy	68.3%			70.1%			71.9%			71.9%		
Average Daily Rate (ADR)	$333.9			$340.6			$347.4			$354.3		
RevPAR	$227.9			$238.6			$249.7			$254.7		
Revenue												
Rooms Revenue	$14,889	45.6%	$333.9	$15,634	45.4%	$340.6	$16,315	45.2%	$347.4	$16,641	45.0%	$354.3
F&B Revenue	14,525	44.5%	325.7	15,384	44.7%	335.1	16,194	44.8%	344.8	16,662	45.0%	354.8
Resort Fee	1,806	5.5%	40.5	1,915	5.6%	41.7	2,018	5.6%	43.0	2,078	5.6%	44.2
Spa / Retail Revenue	1,026	3.1%	23.0	1,088	3.2%	23.7	1,146	3.2%	24.4	1,181	3.2%	25.1
Swim Club Revenue	231	0.7%	5.2	245	0.7%	5.3	258	0.7%	5.5	266	0.7%	5.7
Other/Misc Revenue	167	0.5%	3.8	178	0.5%	3.9	187	0.5%	4.0	193	0.5%	4.1
Total Revenue	**$32,645**	**100.0%**	**$732.0**	**$34,443**	**100.0%**	**$750.3**	**$36,118**	**100.0%**	**$769.0**	**$37,021**	**100.0%**	**$788.2**
Departmental Expenses												
Rooms Expense	$2,861	19.2%	$64.2	$3,049	19.5%	$66.4	$3,228	19.8%	$68.7	$3,341	20.1%	$71.1
F&B Expense	9,802	67.5%	219.8	10,381	67.5%	226.1	10,928	67.5%	232.7	11,244	67.5%	239.4
Spa / Retail Expense	769	74.9%	17.2	815	74.9%	17.8	859	74.9%	18.3	885	74.9%	18.8
Other/Misc Expense	114	68.3%	2.6	121	68.3%	2.6	128	68.3%	2.7	132	68.3%	2.8
Total Departmental Exp	**$13,546**	**41.5%**	**$303.8**	**$14,366**	**41.7%**	**$312.9**	**$15,143**	**41.9%**	**$322.4**	**$15,601**	**42.1%**	**$332.2**
Total Dept Profit	**$19,099**	**58.5%**	**$428.3**	**$20,076**	**58.3%**	**$437.3**	**$20,975**	**58.1%**	**$446.6**	**$21,419**	**57.9%**	**$456.0**
Undistributed Expenses												
Administrative & General	$1,139	3.5%	$25.5	$1,168	3.4%	$25.4	$1,197	3.3%	$25.5	$1,227	3.3%	$26.1
Credit Card Commissions	1,112	3.4%	24.9	1,174	3.4%	25.6	1,231	3.4%	26.2	1,261	3.4%	26.9
Info & Telecommunications	272	0.8%	6.1	279	0.8%	6.1	286	0.8%	6.1	293	0.8%	6.2
Sales & Marketing	$1,437	4.4%	$32.2	$1,473	4.3%	$32.1	$1,509	4.2%	$32.1	$1,547	4.2%	$32.9
Franchise Fees	1,581	10.6%	35.5	1,660	10.6%	36.2	1,732	10.6%	36.9	1,767	10.6%	37.6
Repairs & Maintenance	1,039	3.2%	23.3	1,097	3.2%	23.9	1,150	3.2%	24.5	1,179	3.2%	25.1
Utilities	750	2.3%	16.8	791	2.3%	17.2	830	2.3%	17.7	850	2.3%	18.1
Total Undistributed Exp	**$7,330**	**22.5%**	**$164.4**	**$7,640**	**22.2%**	**$166.4**	**$7,934**	**22.0%**	**$168.9**	**$8,124**	**21.9%**	**$173.0**
Gross Operating Profit	**$11,768**	**36.1%**	**$263.9**	**$12,436**	**36.1%**	**$270.9**	**$13,041**	**36.1%**	**$277.7**	**$13,295**	**35.9%**	**$283.1**
Base Mgmt. Fee	$979	3.0%	$22.0	$1,033	3.0%	$22.5	$1,084	3.0%	$23.1	$1,111	3.0%	$23.6
Insurance	269	0.8%	$6.0	277	0.8%	$6.0	285	0.8%	$6.1	294	0.8%	$6.3
Property Taxes	886	2.7%	19.9	904	2.6%	19.7	922	2.6%	19.6	941	2.5%	20.0
Rental Expense	62	0.2%	1.4	64	0.2%	1.4	65	0.2%	1.4	67	0.2%	1.4
Ground Rent	653	2.0%	14.6	689	2.0%	15.0	722	2.0%	15.4	740	2.0%	15.8
EBITDA	**$8,919**	**27.3%**	**$200.0**	**$9,469**	**27.5%**	**$206.3**	**$9,962**	**27.6%**	**$212.1**	**$10,143**	**27.4%**	**$216.0**
FF&E Reserve	$1,306	4.0%	$29.3	$1,378	4.0%	$30.0	$1,445	4.0%	$30.8	$1,481	4.0%	$31.5
Net Operating Income	**$7,613**	**23.3%**	**$170.7**	**$8,092**	**23.5%**	**$176.3**	**$8,517**	**23.6%**	**$181.3**	**$8,662**	**23.4%**	**$184.4**

BRAND SATURATION WITHIN 10 MILES

*Schulte understands that a Tribute is available for a potential brand change. Schulte is constructive on the Tribute brand and has run a Tribute scenario. SHG believes there could be significant upside through re-branding as a Tribute. While there is already more Marriott product (**1.5 keys** with in a 10 mile radius) than other brands, the Marriott brand recently lost **398 keys** when the Riviera, a Tribute portfolio hotel converted to a Margaritaville in late '21.*



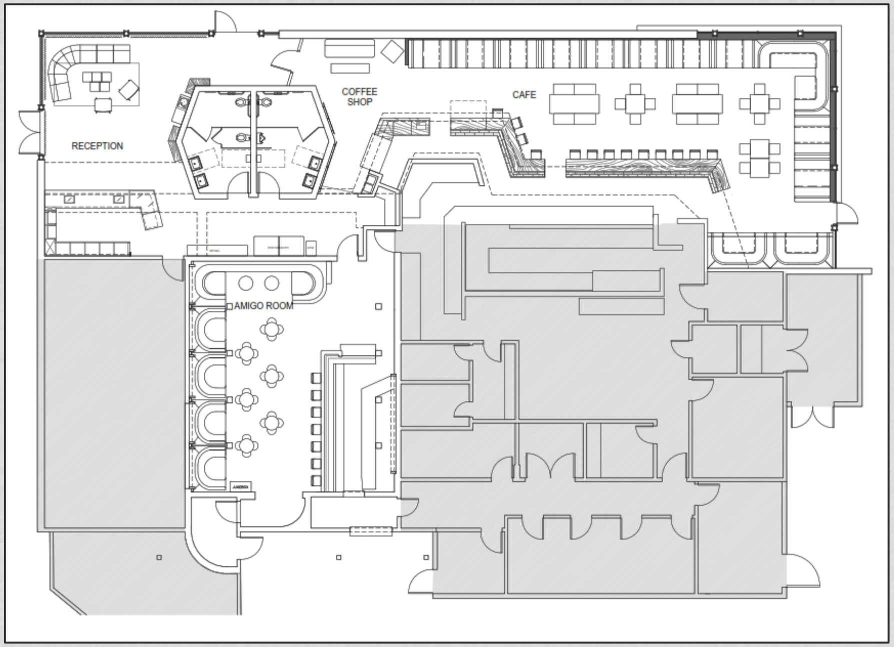
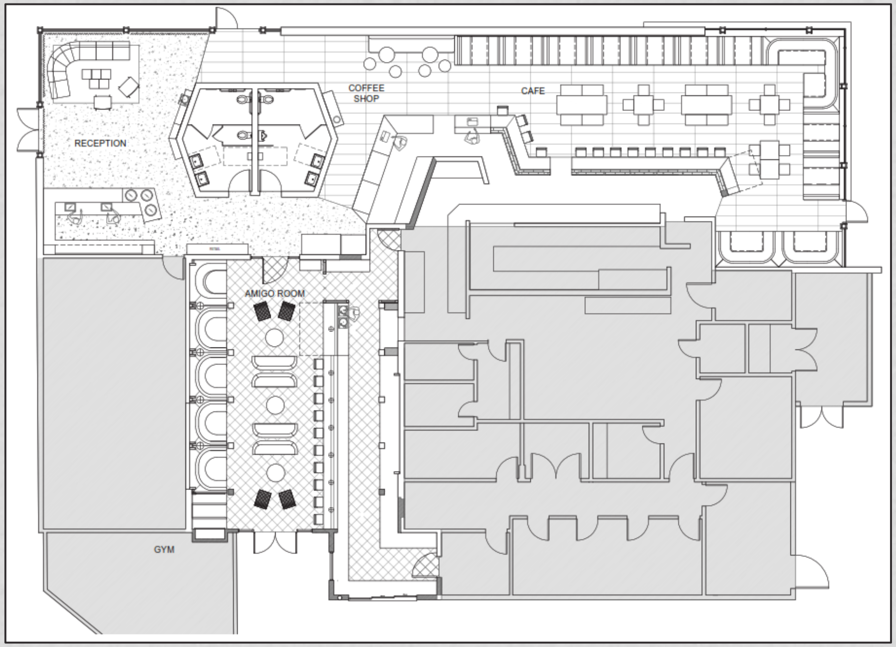
Map ID	Asset	Keys	Open Date	Distance
1	Ace Hotel & Swim Club Palm Springs	179	1966	-
2	Renaissance Palm Springs	410	1988	1.6 mi.
3	Courtyard Palm Springs	149	1988	1.7 mi.
4	Autograph Collection Triada Palm Springs	56	1939	2.2 mi.
5	The Ritz-Carlton Rancho Mirage	244	1988	5.3 mi.
6	The Westin Rancho Mirage Golf Resort & Spa	512	1988	7.0 mi.
7	SpringHill Suites Palm Desert	107	2019	9.5 mi.
Total Marriott		**1,478**		
8	Hilton Palm Springs	257	1980	1.6 mi.
9	Homewood Suites by Hilton Cathedral City Palm Springs	197	2017	3.9 mi.
10	Hampton Inn & Suites Cathedral City	94	2001	4.7 mi.
11	DoubleTree by Hilton Hotel Golf Resort Palm Springs	289	1983	4.8 mi.
12	Hilton Garden Inn Palm Springs Rancho Mirage	120	2002	8.3 mi.
Total Hilton		**957**		
13	Kimpton The Rowan Palm Springs	153	2015	1.6 mi.
14	Holiday Inn Express & Suites Rancho Mirage-Palm Spgs Area	81	2000	8.4 mi.
Total IHG		**234**		
15	Hyatt Palm Springs	197	1985	1.8 mi.
Total Hyatt		**197**		

Color Key
Subject Asset
Marriott
Hilton
IHG
Hyatt

RENOVATION DETAILS

PUBLIC SPACE CONCEPT PLAN

The Ace Palm Springs is currently undergoing a renovation of its rooms and public spaces.

Existing Site Plan	Proposed Site Plan
	

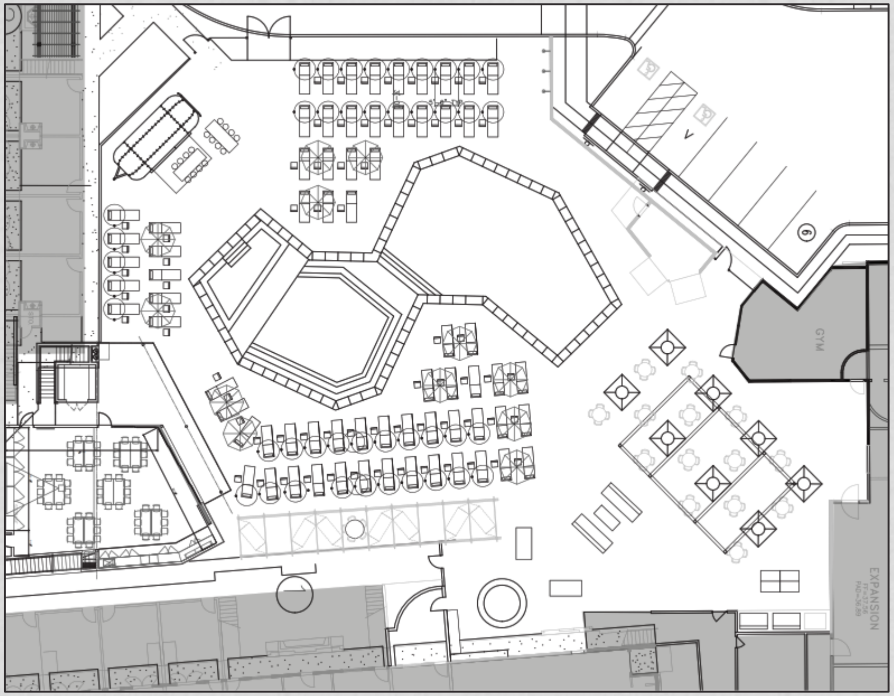
PUBLIC SPACE CONCEPT PHOTOS

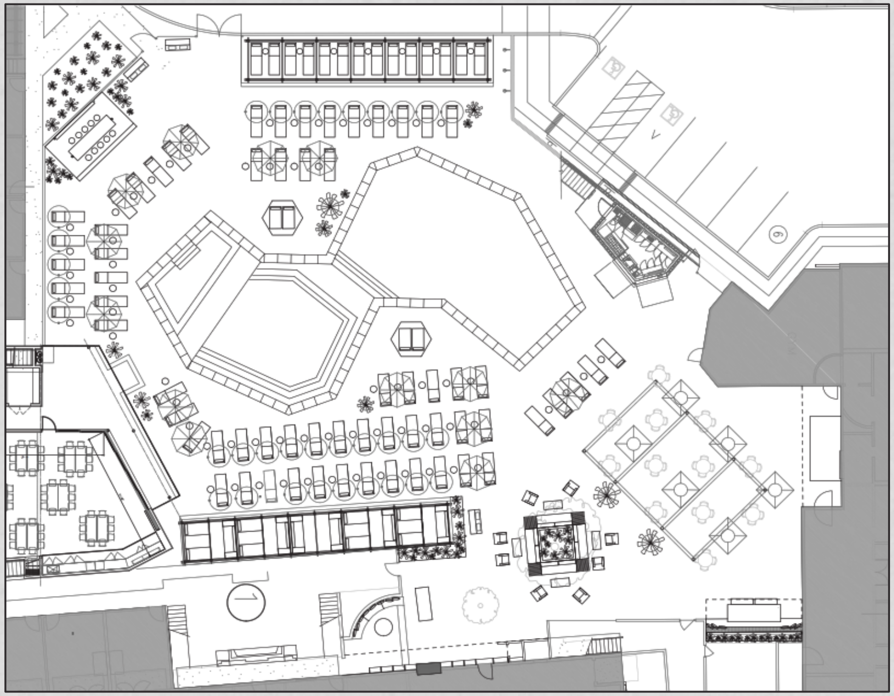
The renovation will touch public spaces including the hotel's F&B outlets – King's Highway and Amigo Room.

POOL RENOVATION CONCEPT PLAN

The renovation will also feature a revamp of the asset's outdoor pool area.

Existing Site Plan	Proposed Site Plan





POOL RENOVATION CONCEPT PHOTOS

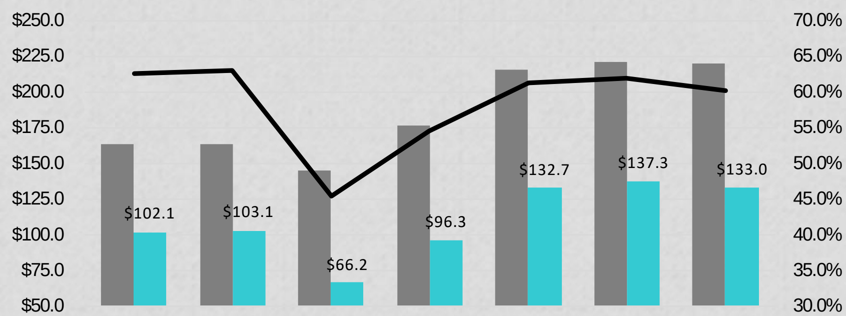
APPENDIX
MARKET OVERVIEW SLIDES

PALM SPRINGS: HISTORICAL SUBMARKET PERFORMANCE

The Palm Springs submarket significantly outperformed throughout COVID with the overall Palm Springs submarket growing by ***28.7%*** *RevPAR in 2022 over 2019A levels and continued to show growth into 2023, with the submarket growing by* ***~3.4%*** *YoY in 2023. However, since 2023 the submarket has started to cool with submarket RevPAR coming down* ***-5.2% YTD vs STLY.***

- **Recent Performance:** As of YTD June 2024, the Palm Springs submarket has come down **-5.2%** vs STLY, driven primarily through Occ (-5.0%) declines while ADR has held relatively in line. Over the T3 June period, the market cooling off has accelerated slightly, with the submarket slowing to **-8.2%** RevPAR YoY with Occ (-5.2%) as well as ADR (-3.2%) contributing to the declines.
- **ADR Performance:** ADR showed strong growth throughout COVID, with the Palm Springs submarket achieving **~135%** of 2019 ADR levels as of 2023. As the market has cooled into TTM 6/24, ADR has remained relatively flat ($221.5 2023A vs $220.5 TTM 6/24), but has recently been accelerating with submarket ADR coming down -**3.2% in T3 June.**
- **Occ Performance:** Occ recovered quickly in the Palm Springs submarket, achieving **~98%** of 2019 Occ levels as of 2023. However as the market has cooled off, submarket Occ has taken a hit coming down **-5.0% YTD** vs STLY and has continued down **-5.2%** in the T3 and **-10.2%** in the month of June.
- **Upscale vs Overall Submarket Performance:** The upscale submarket has performed relatively in line with the overall Palm Springs submarket, achieving **131%** of '19 levels in '23 (vs. 133% overall submarket) and has seen a similar level of cooling off into TTM 6/24, with YTD RevPAR coming down **-5.8% vs STLY.**

Palm Springs: Historical Submarket Performance



	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Jun-24
Occ	62.6%	63.0%	45.5%	54.7%	61.3%	62.0%	60.3%
ADR	$163.1	$163.6	$145.5	$176.2	$216.4	$221.5	$220.5
RevPAR	$102.1	$103.1	$66.2	$96.3	$132.7	$137.3	$133.0
RevPAR YoY		*1.0%*	*-35.8%*	*45.5%*	*37.8%*	*3.4%*	*-3.1%*
RevPAR vs 2019			*-35.8%*	*-6.6%*	*28.7%*	*33.1%*	*29.0%*

** Source: CoStar Palm Springs Hospitality Submarket.*

Palm Springs: Recent Performance

	T3 2024			YoY Δ		
Submarket	**Occ**	**ADR**	**RevPAR**	**Occ**	**ADR**	**RevPAR**
Ace Hotel & Swim Club Palm Springs	54.8%	$310.6	$170.2	-20.4%	-2.9%	-22.7%
Market: Inland Empire, CA	63.8%	$160.0	$102.1	-4.6%	-3.1%	-7.6%
Market Class: Upper Upscale Class	65.9%	$262.4	$172.9	-4.4%	-4.3%	-8.5%
Submarket: Palm Springs, CA	62.1%	$235.2	$146.0	-5.2%	-3.2%	-8.2%
Submarket Scale: Upscale Chains	64.3%	$288.7	$185.6	-5.2%	-2.9%	-8.0%
Competitive Set: Competitors	52.7%	$287.7	$151.6	-7.6%	-2.5%	-9.9%

	YTD 2024			YoY Δ		
Submarket	**Occ**	**ADR**	**RevPAR**	**Occ**	**ADR**	**RevPAR**
Ace Hotel & Swim Club Palm Springs	60.1%	$305.5	$183.7	-7.6%	-6.4%	-13.5%
Market: Inland Empire, CA	64.4%	$165.4	$106.5	-5.7%	-1.4%	-7.0%
Market Class: Upper Upscale Class	68.1%	$271.5	$184.9	-4.7%	-2.8%	-7.4%
Submarket: Palm Springs, CA	65.4%	$247.2	$161.7	-5.0%	-0.3%	-5.2%
Submarket Scale: Upscale Chains	67.7%	$302.7	$204.8	-5.4%	-0.4%	-5.8%
Competitive Set: Competitors	57.5%	$295.9	$170.0	-4.4%	-0.7%	-5.1%

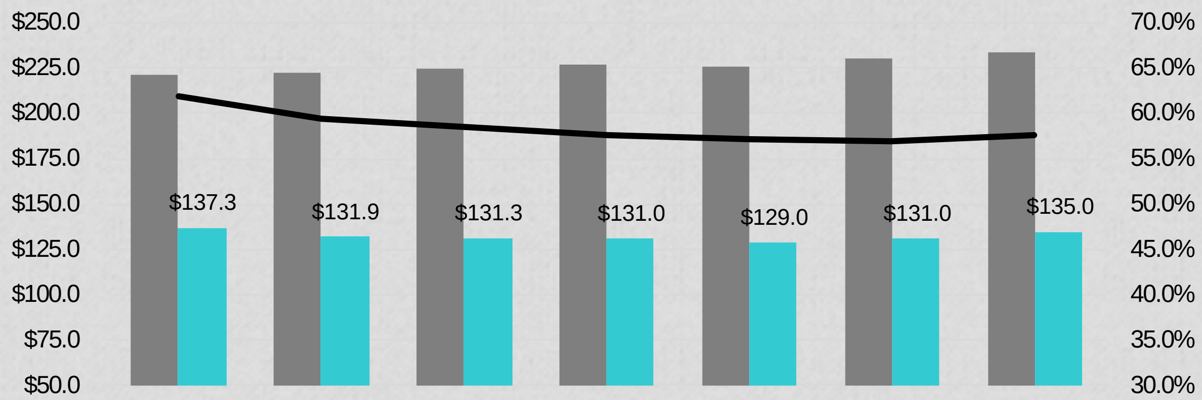
** Source: Smith Travel Research*

PALM SPRINGS: SUBMARKET PROJECTIONS

*While the market has cooled into TTM 6/24, the expectation is for the market to stabilize by YE 2024, with RevPAR declining **-4% YoY by YE 2024,** before stabilizing with flat growth into 2025 and forward.* **Schulte expects that the comp set for the Ace will outperform these CoStar projections**

Palm Springs: Projected Submarket Performance

Forecast



	Dec-23	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28	Dec-29
Occ	62.0%	59.4%	58.5%	57.7%	57.1%	57.0%	57.7%
ADR	$221.5	$222.2	$224.5	$227.0	$226.0	$230.0	$234.0
RevPAR	$137.3	$131.9	$131.3	$131.0	$129.0	$131.0	$135.0
RevPAR YoY	***3.4%***	***-3.9%***	***-0.4%***	***-0.3%***	***-1.5%***	***1.6%***	***3.1%***
RevPAR vs 2019	***133.1%***	***127.9%***	***127.4%***	***127.0%***	***125.1%***	***127.0%***	***130.9%***

**** Source: CoStar Palm Springs Hospitality Submarket.***

COACHELLA VALLEY & PALM SPRINGS OVERVIEW

- As Southern California's treasured desert oasis, the **Coachella Valley** offers a unique combination of escape and relaxation, adventure, and year-round recreation.
- The region stretches **45 miles** and encompasses **nine distinct cities,** including **Palm Springs, La Quinta, Indian Wells, Palm Desert, and Rancho Mirage.**
- With its blend of diverse experiences, warm climate, and convenient proximity, the Coachella Valley is a popular drive-to destination for Southern California's **22 million residents.**

- **Palm Springs** is renowned for its scenic desert setting and warm weather with >**300 days** of annual sunshine, providing an attractive desert playground with plentiful outdoor recreation, a diverse culinary scene, chic boutiques and shops, golf courses, entertainment and gaming, and thriving arts and culture.
- Palms Springs is home to a resident population of 45,700, which nearly doubles during the winter and spring months with an influx of "snowbirds" due to its popularity as a vacation and second home destination.

- **Convenient drive-to market & leading visitor destination:**
  - Located **two hours** away for Southern California's 22.3 million residents including major population centers such as Los Angeles, Orange County, and San Diego.
  - Growth in 2022 overnight visitation outpaced day visitors, which increased +**15.3%** to **6.6 million** overnight visitors while day visitors increased +**6.6%** to **7.5 million.**
  - In 2022, visitation to Greater Palm Springs reached pre-pandemic levels, and the region welcomed **14.1 million** visitors (**10.4% increase over 2021**).
  - Visitor spending reached a record **$7.1 billion in 2022** (+**25.9% increase over 2021**) surpassing 2019 spend by nearly **20%** and generating **$8.7 billion** in total economic impact.
  - Lodging, including hotels and short-term rentals, accounted for **31%** of total visitor spending.

Greater Palm Springs Tourism by the Numbers 2022:

14.1 Million
Visitors
(100% of 2019)

$8.7 Billion
Total Economic Impact

$813 Million
Local & State Taxes

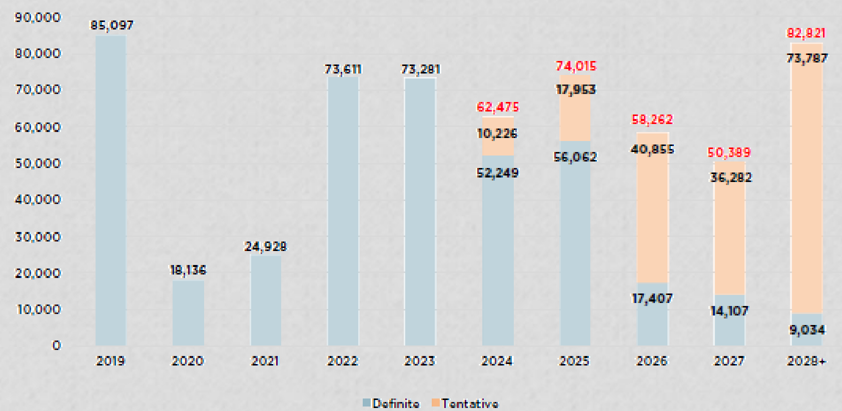
$7.1 Billion
Visitor Spending
(119.7% of 2019)

49,000+
Jobs

PALM SPRINGS CONVENTION CENTER

- The **261,000 square-foot** Palm Springs Convention Center (PSCC) is the premier venue for conventions and tradeshows in the Coachella Valley.
- Featuring over **128,000 square feet** of **meeting and event space**, including **112,000+square feet of exhibit space**, **21 breakout rooms**, and a **20,000 square-foot ballroom**, PSCC hosts a wide array of events throughout the year, ranging from conferences and industry tradeshows to cultural festivals and live entertainment.
- In 2023, total definite rooms nights recovered to **86%** of room nights realized in **2019.**
- As of **February 2024, 52,249** definite rooms nights are on the books driven by 17 citywide events, followed by robust pace in **2025** with **56,062** definite room nights already on the books.
- A master planning process was recently completed in Q3 2023 that identified future capital projects to enhance PSCC and position the facility for future growth. Facility-wide improvement opportunities included:
  - **25,000 square-foot** contiguous expansion of Oasis Hall
  - Addition of a new **30,000-35,000 square foot ballroom**
  - Improvements to existing indoor venues
  - Reconfiguration of outdoor spaces
  - Reimagined indoor/outdoor social areas
  - Redesigned entry/arrival, as well as improved connectivity between PSCC and the Downtown area

PSCC Definite & Tentative Room Nights



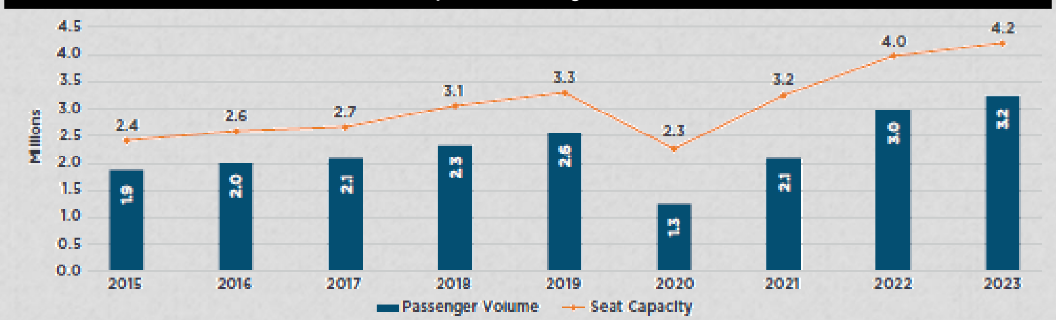
Source: Palm Springs Bureau of Tourism Monthly Report February 2024

- These transformational projects would greatly enhance PSCC's offerings and enable the facility to host larger conventions and groups.
- Conceptual planning and cost estimates anticipated to occur in **1H 2024.**

PALM SPRINGS INTERNATIONAL AIRPORT

- Record Passenger Traffic at Palm Springs International Airport:
    - Palm Spring International Airport (PSP) is served by **12 airlines** offering nonstop service to **30 airports** in the U.S. and Canada in season, including major hubs with connections to additional markets.
    - PSP has experienced rapid growth with two consecutive years of record passenger traffic. In 2023, passenger volume surpassed the previous record achieved in **2019 by 26.3%.**
    - Seat capacity at PSP has been steadily climbing since 2021. The number of available seats offered by airlines in **2023** increased **6.0%** over prior year and was **27.9%** higher compared to **2019**.
    - Increased airlift, including the addition of new service and increased seat capacity has helped fuel out-of-state visitor growth. Southwest Airlines began service to **Dallas in 2022** and Alaska began seasonal nonstop service to JFK in 2023, becoming the second airline along with JetBlue at PSP to offer service to New York.
    - The city launched a long-term planning effort in 2023 and is currently developing a new airport master plan to **expand PSP**, including a possible terminal expansion or addition.
    - According to a draft aviation activity forecast, annual enplanements are projected to increase **+70% above 2019 by 2032** (base scenario).
    - The draft airport master plan is anticipated to be complete in **spring 2024.**

PSP Airport Passenger Volume



Source: Palm Springs International Airport, CAPA Centre for Aviation

YEAR-ROUND-EVENTS

- The Greater Palm Springs region has a comprehensive calendar of year-round signature events and unique destination attractions.
  - The Greater Palm Springs region is host to widely attended major destination events, including several iconic festivals and cultural experiences that draw visitors worldwide, such as Coachella Valley Music and Arts Festival, Stagecoach Country Music Festival, BNP Paribas Open, Palm Springs International Film Festival, Modernism Week, and American Express PGA golf tournament.
  - Unique experiences and attractions include Palm Springs Art Museum, Palm Springs Aerial Tramway, Palm Springs Air Museum, Uptown Design District, casinos, The Living Desert Zoo and Gardens, and nearby Joshua Tree National Park.
  - The city's vibrant Downtown is a pedestrian-friendly lifestyle destination with a redesigned plaza and abundant retail, dining, art galleries, and nightlife along Palm Canyon Drive.
  - Palm Canyon Drive also hosts the well-attended Palm Springs Village Fest – a weekly street fair featuring arts, crafts, food, and entertainment.

Select Signature Events:

Palm Springs International Film Festival
JANUARY
135,000+Attendees Annually

Modernism Week
FEBRUARY
130,000+Attendees Annually

BNP Paribas Open
MARCH
475,000+Attendees Annually

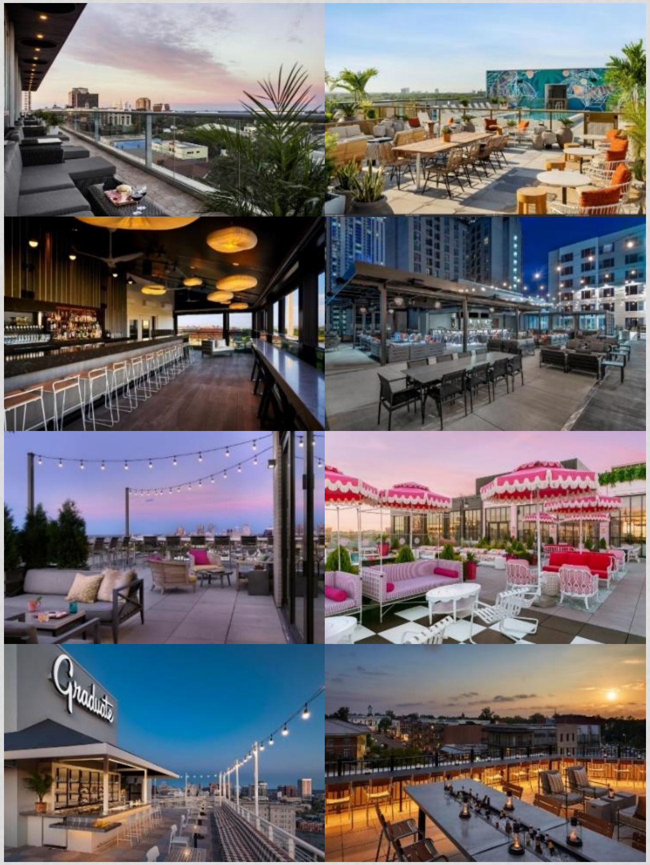
Coachella Valley Music & Arts Festival
APRIL
500,000+Attendees Annually

Stagecoach Country Music Festival
APRIL
75,000+Attendees Annually

APPENDIX
SCHULTE F&B EXPERIENCE

SHG F&B EXPERIENCE

- Schulte has significant experience in F&B, managing over $250 million in annualized revenue
- SHG operates >100 hotel F&B outlets in 38 states and the UK. The concepts range from the casual dining markets to steakhouses and rooftop F&B
- SHG is also the owner and operator of the largest hot chicken brand in the country, Joella's Hot Chicken. SHG acquired the brand in late 2017 with only five locations and has increased its footprint 3x that in only two years to 19 locations and growing
- Schulte currently operates 25+rooftop bars at our Graduate, Boutique and Lifestyle, and branded hotels across the country (a number of which have received national acclaim), including at the:
  - Hotel Duval, Autograph Collection
  - Hotel Washington
  - AC/Moxy Midtown Atlanta
  - Angad Arts Hotel
  - Graduate Nashville
  - Aloft/Element Tampa Midtown
  - Graduate Richmond
  - Graduate Seattle
  - Graduate Tucson
  - Graduate Madison
  - Graduate Oxford



FOOD & BEVERAGE EXPERIENCE: SAMPLE SCHULTE F&B OUTLETS

GUEST EXPERIENCE & LOBBY ACTIVATION

Schulte is dedicated to providing excellent customer experience and service while staying at our hotels, starting from the moment they walk into the lobby. Schulte understands that creating a unique, personalized experience is imperative for the customer's first impression.

Graduate Nashville

Angad Arts Hotel

Graduate Seattle

VUE at Hotel Washington

F&B RELAUNCH CASE STUDY

FIRECLAY RESTAURANT

Fireclay, Hotel Washington

SHG F&B RELAUNCH CASE STUDY: FIRECLAY

Schulte relaunched a new outlet recently at their Hotel Washington in DC. Schulte understands that the rebranding of the current F&B outlet, Sister, from the former gastropub concept, has been challenged. The following slides detail our process to relaunch an outlet for one of our full-service properties from an operational, branding, and marketing approach.

- Schulte worked directly with the Hotel Washington property team, and Avroko Hospitality, a consultancy with significant F&B expertise to launch Fireclay at the Hotel Washington in 9/23
- The open fire kitchen concept serves simple and flavorful New American classics
  - An Argentine-style grill and two stone ovens prepare dishes like wood-grilled wagyu New York strip steak alongside clarified butter steak fries and charred broccolini, ash-crusted yellowfin tuna crudo, and a bone-in pork chop
  - Bar showcases cocktails like a smoked Old Fashioned starring jerk-infused Bacardi Diez
- The hotel opened with strong press covering including reporting from numerous major publications and influencers, including CBS (television spotlight airing in the last week of December), Eater, and Boutique Hotelier

Fireclay Media Highlights and Mentions Since Opening in 9/23

FOOD & WINE | THE LATEST DISH

The Latest Dish: Good Vibes Coming to Town

THE GEORGETOWNER

EATER WASHINGTON DC

Hotel Washington Welcomes a Wood-Fired Restaurant — And More Openings

CBS

TV Spotlight on CBS's DC affiliate airing post-thanksgiving

September 2023

DOWNTOWN—Hotel Washington (formerly the W) has a lobby-level restaurant again with the opening of Fireclay. Chef de cuisine Israel Lopez-Albarracin, an alum of Ben's Next Door and iPic Theater, mans an Argentine-style grill and two stone ovens to prepare dishes like wood-grilled wagyu New York strip steak alongside clarified butter steak fries and charred broccolini, ash-crusted yellowfin tuna crudo, and a bone-in pork chop. Starters include a (navel and blood) orange duet salad dolloped with burrata. The bar showcases cocktails like a smoked Old Fashioned starring jerk-infused Bacardi Diez and a pinot noir reduction and an Amalfi Rickey made with charred rosemary. The 80-seat newcomer joins the Patio, Lobby Bar, and Vue Rooftop overlooking the White House. Open Tuesday through Saturday from 5 to 10 p.m. *515 15th Street NW*

Other Highlights / Mentions

- Hotels Above Par
- Boutique Hotelier
- Haute Living
- hospitalitynet
- Charlotte Magazine
- Facilities & Destinations
- Smart Meetings

SHG F&B RELAUNCH CASE STUDY: FIRECLAY TIMELINE – STAGES TO OPENING

The Schulte operations and asset management team worked diligently across multiple phases of execution with Avroko and the property team to confirm the Fireclay name, concept, and design.

Fireclay - Stages to Opening	
Stage	Sub-Stages
Concept Audit	❑ In-person site visit and kick-off workshop with key stakeholders to discuss vision, objectives, and financial considerations ❑ Current concept SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats) ❑ Market and trend research to evaluate where concept exists in the market today ❑ Explore the local, regional, national, and global positioning of the project type ❑ Competitive set analysis to discover points of parity & differentiation ❑ Identify opportunities to shift or improve the concept in order to meet Client's brand and business objectives
Concept Direction	❑ Preliminary recommendations for potential concept directions ❑ Initial customer journeys for the defined target audiences ❑ Concept outline to use for development, including key aspects: food, beverage, service, music, uniforms, OS&E, programming ❑ Illustrate the experience and design look and feel could be through mood boards and zoning diagrams / floor plans
Brand Development	❑ Naming / Visual Identity / Collateral Design
Interior Design	❑ Finalize full floor plans and mood boards and develop plan for FF&E
F&B Execution	❑ Food & Beverage - Menu development ❑ Development of Music / Uniform / Programming activities / OS&E / Guest experience / Service / Operations and Training
Discovery	❑ Identify target audiences and their motivations as they relate to the project ❑ Perform market research and competitive set analysis to discover points of parity and differentiation ❑ Identify white space opportunities for the brand and its experience
Brand Definition	❑ Determine the brand's position in the market in relation to key competitors (Positioning) ❑ Establish the core foundation and purpose of the brand that will inform all of its expressions and behaviors ❑ Define Brand: Audience, Psychographic, Mission, Values and Vision ❑ Characterize Brand: Personality and Tone and create brand Pillars to inform future brand expressions
Brand Experience Strategy	❑ Define the consumer experience through ownable activations that create a truly unique brand environment ❑ Anticipate how each target audience profile will interact with the space based on their varying needs ❑ Identify opportunities to bring the brand to life in the space through guest experiences, innovative elements, and special programming
Verbal Identity	❑ Develop a differentiated voice across consumer-facing language touchpoints and identify key messaging priorities across various channels ❑ Translate messaging priorities into externally-facing terminology and key phrases, creating a toolkit to encapsulate all the above for future
Visual Identity	❑ Develop mood boards that explore general visual inspiration for the overall look, feel, and style of the identity ❑ Explore multiple design directions through for selection of one direction to fully develop ❑ Prepare logo explorations and explore color, type, and graphic relationships ❑ Synthesize the visual identity into rules and guidelines for future applications

SHG F&B RELAUNCH CASE STUDY: NAME, LOGO AND BRANDING

The fireclay name was selected from a range of considerations as the team felt the name best illustrated the re-imagined wood-fired, whole-ingredient F&B direction of the ground-floor restaurant at the Hotel Washington, communicating aspects of its prime location, culinary approach, and social standing in the context of DC.

Primary Logo

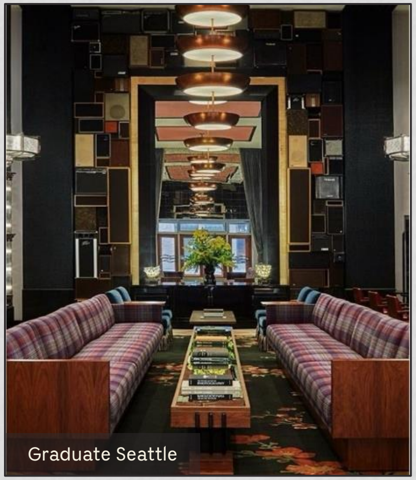
FIRECLAY

HOTEL WASHINGTON

Secondary Logo

F

SCHULTE DIFFERENTIATOR - SUCCESS MANAGING LIFESTYLE BRANDS



Graduate Seattle

Hoxton Chicago

Marine & Lawn Rusacks

the hoxton

Graduate HOTELS

Marine & Lawn Hotels & Resorts

Memoir

BRAND WHITE LABEL EXPERIENCE

- Schulte has been successful in “White Label” management of numerous small, growing boutique brands – the first and only management company to execute on this
- In Schulte’s experience, brands are great at telling their story and cultivating an ethos, but are not equipped for operations and achieving financial goals
- Since 2018, Schulte has taken on the following brands under “White Label” management:
    - Graduate Hotels: Aided growth from 6 to 34 hotels across US / UK, recently selling brand to Hilton
    - Hoxton: Only non-brand manager of two US assets and in discussion to takeover entire US portfolio. Schulte was able to increase RevPAR & GOP >30% compared to pre
    - Marine & Lawn: 4/5 Star assets on famous golf courses throughout UK. Supporting the to brand grow from 0 to 6
    - Memoir: Residential/Short-Term Housing concept; recently opened first three assets and expected to launch three more in next 12 months
- Schulte has been successful in operating and aiding in growth of these brands by implementing Schulte’s operating procedures, placing assets within our national vendor contracts, overhauling websites, e-commerce, and marketing strategies - all while embracing the brand ethos and atmosphere that the brand is focused on. This allows the brands to focus on their strengths and to continue growing the brand

HOXTON
CASE STUDIES


Hoxton Chicago

HOXTON RESULTS

What We have Done:

Improved **GOP margins by +30.0%** from pre-Schulte takeover to current levels

- Hoxton Chicago: **+32.5%** improvement in GOP margin post-SHG taking over management
- Hoxton Williamsburg: **+34.4%** improvement in GOP margin post-SHG taking over management

Increase RevPAR **+20.0%:**

- Hoxton Chicago: **21.3% or $33.9** increase post-SHG taking over management
- Hoxton Williamsburg: **23.2% or $42.0** increase post-SHG taking over management

How We Did It:

- Implemented Schulte operating procedures, evaluated and renegotiated all contracts and introduced our technology stack to improve operational efficiency
- Dedicated best-in-class Director of Revenue Management to support both Hoxton Chicago and Hoxton Williamsburg with oversight from our corporate revenue team
- Collaborated with Hoxton Brand Marketing as well as Boka (3rd party F&B operator) to activate all F&B spaces in the hotel. This included renovating and rebranding the roof top bar concept from Summerly to Laser Wolf

SHG HOXTON – FINANCIAL OUTPERFORMANCE

- Schulte took over management of Hoxton Chicago and Williamsburg three years ago in July 2021. Performance at both assets has been phenomenal as we have continuously outperformed our original pro forma and annual budgets.
- Across both properties in the 24/25 budget is projected to exceed its original UW RevPAR by $30 (+13%), total revenue by $5.3m (+17%), and GOP by $4.1m (+29%). Flowthrough to GOP on excess revenue was 77% and GOP margin is 4.6% higher. Despite 25% wage growth across the US (well above underwriting), rooms expense per occupied room is up $2.1 (+3.2%) from our original assumptions, due to additional efficiencies in how the department was structured.

Hoxton Chicago & Williamsburg - Actual Performance v. Original UW

	24/25B			23/24A			YoY Delta			24/25 Orig. PF			24/25B v. Orig. PF		
Rooms Stats	$	%	POR	$	%	POR	$	%	POR	$	%	POR	$	%	POR
Occupancy	84.5%			82.6%			1.9%			78.9%			5.7%		
Average Daily Rate (ADR)	$306.9			$304.5			$2.4			$290.5			$16.4		
RevPAR	$259.4			$251.5			$7.9			$229.1			$30.3		
Revenue	$	%	POR	$	%	POR	$	%	POR	$	%	POR	$	%	POR
Rooms Revenue	$33,806	93.2%	$306.9	$32,868	94.0%	$304.5	$938	(0.8%)	$2.4	$29,940	96.7%	$290.5	$3,866	(3.4%)	$16.4
Other/Misc Revenue	2,451	6.8%	22.2	2,092	6.0%	19.4	359	0.8%	2.9	1,034	3.3%	10.0	1,418	3.4%	12.2
Total Revenue	**$36,257**	**100.0%**	**$329.1**	**$34,960**	**100.0%**	**$323.9**	**$1,297**	**–**	**$5.2**	**$30,973**	**100.0%**	**$300.5**	**$5,283**	**–**	**$28.6**
Departmental Expenses	$	%	POR	$	%	POR	$	%	POR	$	%	POR	$	%	POR
Rooms Expense	$7,457	22.1%	$67.7	$7,095	21.6%	$65.7	$362	0.5%	$2.0	$6,761	22.6%	$65.6	$696	(0.5%)	$2.1
Other/Misc Expense	680	27.7%	6.2	667	31.9%	6.2	13	(4.1%)	(0.0)	564	54.6%	5.5	116	(26.9%)	0.7
Total Departmental Exp	**$8,137**	**22.4%**	**$73.9**	**$7,762**	**22.2%**	**$71.9**	**$375**	**0.2%**	**$2.0**	**$7,325**	**23.6%**	**$71.1**	**$812**	**(1.2%)**	**$2.8**
Total Dept Profit	**$28,119**	**77.6%**	**$255.2**	**$27,198**	**77.8%**	**$252.0**	**$921**	**(0.2%)**	**$3.3**	**$23,648**	**76.4%**	**$229.5**	**$4,471**	**1.2%**	**$25.8**
Undistributed Expenses	$	%	POR	$	%	POR	$	%	POR	$	%	POR	$	%	POR
Administrative & General	$2,135	5.9%	$19.4	$2,148	6.1%	$19.9	($13)	(0.3%)	($0.5)	$2,170	7.0%	$21.1	($35)	(1.1%)	($1.7)
Credit Card Commissions	1,042	2.9%	9.5	1,006	2.9%	9.3	36	(0.0%)	0.1	774	2.5%	7.5	267	0.4%	1.9
Info & Telecommunications	521	1.4%	4.7	491	1.4%	4.5	31	0.0%	0.2	583	1.9%	5.7	(62)	(0.4%)	(0.9)
Sales & Marketing	2,090	5.8%	$19.0	$2,022	5.8%	$18.7	$68	(0.0%)	$0.2	$2,266	7.3%	$22.0	($176)	(1.6%)	($3.0)
Brand & Centralized Fees	1,427	3.9%	13.0	1,421	4.1%	13.2	6	(0.1%)	(0.2)	1,094	3.5%	10.6	333	0.4%	2.3
Repairs & Maintenance	1,756	4.8%	15.9	1,806	5.2%	16.7	(49)	(0.3%)	(0.8)	1,720	5.6%	16.7	36	(0.7%)	(0.8)
Utilities	1,107	3.1%	10.0	1,043	3.0%	9.7	63	0.1%	0.4	1,060	3.4%	10.3	47	(0.4%)	(0.2)
Total Undistributed Exp	**$10,078**	**27.8%**	**$91.5**	**$9,936**	**28.4%**	**$92.1**	**$141**	**(0.6%)**	**($0.6)**	**$9,667**	**31.2%**	**$93.8**	**$411**	**(3.4%)**	**($2.3)**
Gross Operating Profit	**$18,042**	**49.8%**	**$163.8**	**$17,262**	**49.4%**	**$159.9**	**$780**	**0.4%**	**$3.8**	**$13,981**	**45.1%**	**$135.7**	**$4,061**	**4.6%**	**$28.1**

GRADUATE CASE STUDIES

GRADUATE – OWNER CENTRIC MENTALITY

Schulte currently manages 34 Graduate hotels across the US and UK.

- Schulte won an RFP in 2018 and was awarded management of six Graduate hotels, and further awarded an additional three hotels (consolidating all nine hotels in the Graduate portfolio) at transition
- Since the initial transition, Schulte is the exclusive manager for all Graduate hotels. Schulte has also built a dedicated European platform for Graduate's expansion into the UK, where Schulte currently operates both the Graduate Cambridge and Graduate Oxford
- Schulte's dedicated platform – Graduate Hotel Management works hand-in-hand with both ownership and the brand team to create a seamless one-culture operating ethos (GHM employees have their own Graduate e-mail addresses, work in Graduate-designed offices developed by Schulte, and are immersed in the Graduate brand culture)
- SHG created a dedicated management platform – Graduate Hotels Management (GHM) to operate these nine hotels (which were previously operated by four different management companies), and in the first 18 months post-transition, Schulte increased GOP margins at these nine hotels by >400bps
- Schulte's management platform is fully integrated with the brand, and we work closely with ownership and brand verticals, including acquisitions, asset management, analytics, brand marketing, capital markets, investor reporting, F&B, pre-opening, design, accounting, tax, IT and the executive team to fulfill all brand and ownership goals. Our ability to offer full-scale white label services across all verticals is unique to Schulte and represents a significant value proposition to Graduate's ownership and brand team
- Additionally, Schulte has built a dedicated contact center and IT team to service and support the Graduate portfolio in a bespoke fashion
- Schulte's contact center is immersed in the Graduate brand culture, and has generated significant savings vs. ownership's prior partner, while also increasing conversion rates, and driving revenue growth. Schulte's IT system has also generated savings for the portfolio – as our alignment with ownership coupled with our internal hotel technology expertise has allowed us to create IT teams fully dedicated to service and support Graduate's growth
- GHM has received a significant number of awards from the world's most prestigious hospitality, luxury, and travel institutions globally including Travel +Leisure World's Best Awards, Condé Nast Traveler's Gold List, Condé Nast Traveler's Hot List (Note: Condé Nast Traveler's Gold List is one of the most prestigious luxury hotel awards in the world. It is based on the votes of Condé Nast Traveler's readers, who are considered to be experts in luxury travel)

Graduate Hotels – Minneapolis

FIRST YEAR WINS

- Eliminated 1-2 management level staff at each property through consolidation of positions and higher corporate support. We were able to do this with minimal impact to property operations
- Conducted an audit of low hanging fruit in asset management. We were able to add $250k of annualized NOI from changes to parking and laundry agreements (some brought in house, some renegotiated)
- Schulte used its F&B expertise to conceive, recommend, refresh and implement new F&B outlets to drive incremental revenue
- Became an integral piece of the Graduate's acquisition process, getting involved before first round bids. We work hand in hand on underwriting and diligence, even running closing workbooks
- Our core competency is in finding and molding leaders for hotels through training and recruitment through our HR team and SOPs

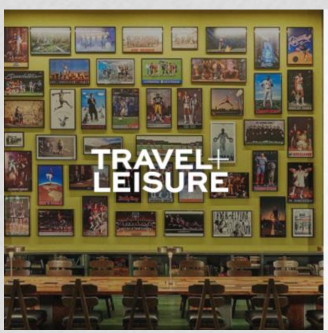
PRESS & INFLUENCERS

Graduate HOTELS

APRIL Entrepreneur

GRADUATE HOTELS IS BEATING ITS COMPETITORS BY GOING HYPER, HYPER LOCAL

Ben Weprin, CEO of the company behind Graduate Hotels, is standing tall on the unfinished rooftop of the building he has spent four years willing into existence. Once complete, this will be the only hotel on Roosevelt Island, a two-mile crust of grass and concrete that runs alongside Manhattan's eastern shore. "Every time I'm up here, I still can't believe this is happening," Weprin says. "It's unreal."

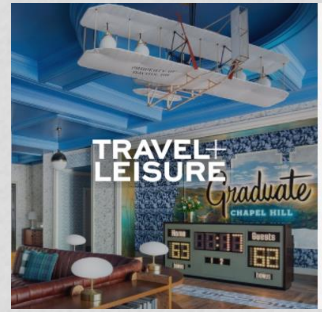


MARCH Travel + Leisure

GRADUATE HOTELS WILL HAVE YOU WISHING YOU WERE IN SCHOOL AGAIN

With minimalist design at peak popularity from vacation rentals to hotels large and small aiming to win over millennial travelers, Graduate Hotel's approach is the polar opposite — creating a refuge with abundant locality in its maximalist style.

READ ARTICLE >

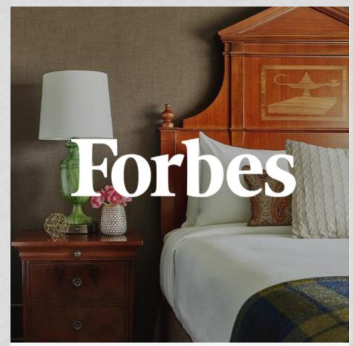


JULY Travel + Leisure

GET FREE NIGHTS AND BIG DISCOUNTS FOR SETTING UP A HOTEL OFFICE AT THE TOTALLY CHIC GRADUATE HOTELS

Graduate Hotels wants to upgrade your work-from-home life by letting you work from one of their incredibly cool — and comfortable — hotel rooms instead. And it all comes at a discounted rate.

READ ARTICLE >



Forbes

SCHOOL'S BACK IN SESSION: HOW GRADUATE HOTELS IS PRIORITIZING SAFETY FOR STUDENTS AND GUESTS

Sports Illustrated

A LOOK INSIDE PEYTON MANNING'S NEW KNOXVILLE SALOON

21C
CASE STUDIES

21C CHICAGO

CASE STUDY
MANAGING THE BRAND

Schulte has strong experience with navigating lifestyle branded hotels with lack of brand support through its experience with 21c Chicago. The 21c Chicago was the first ‘franchised’ location and as we immersed ourselves in management of the property it was evident the brand was not providing the adequate support through media / marketing efforts.

- Schulte was able to successfully push back on the brand through constant communication and monitoring of analytics to:

1. Branded Search: Schulte quickly noticed that branded search was not focused on and the brand even stopped funding the branded ad group, Schulte was able to divert funds from the brand to run branded search ourselves within a 200-mile radius of the property

    - **When Schulte took this over, Return on Ad Spend (ROAS) improved to an average of 9:1 over 1.6:1 prior year.**

2. Meta Search: The brand switched from a cost per click to a cost per acquisition model to better manage and limit costs, leading to significant underperformance in this model.

3. Website Performance: The brand was actively hurting performance compared to SHG managed B&L peers, with website performance metrics considerably lower on look to book and conversion rates compared to SHG managed B&L assets.

    - Schulte created a new, improved vanity website design, more photo/video led than the brand site and similar to how most other boutique websites leverage content – this immediately improved Look to Book and Conversion stats better in-line with Schulte B&L comps.

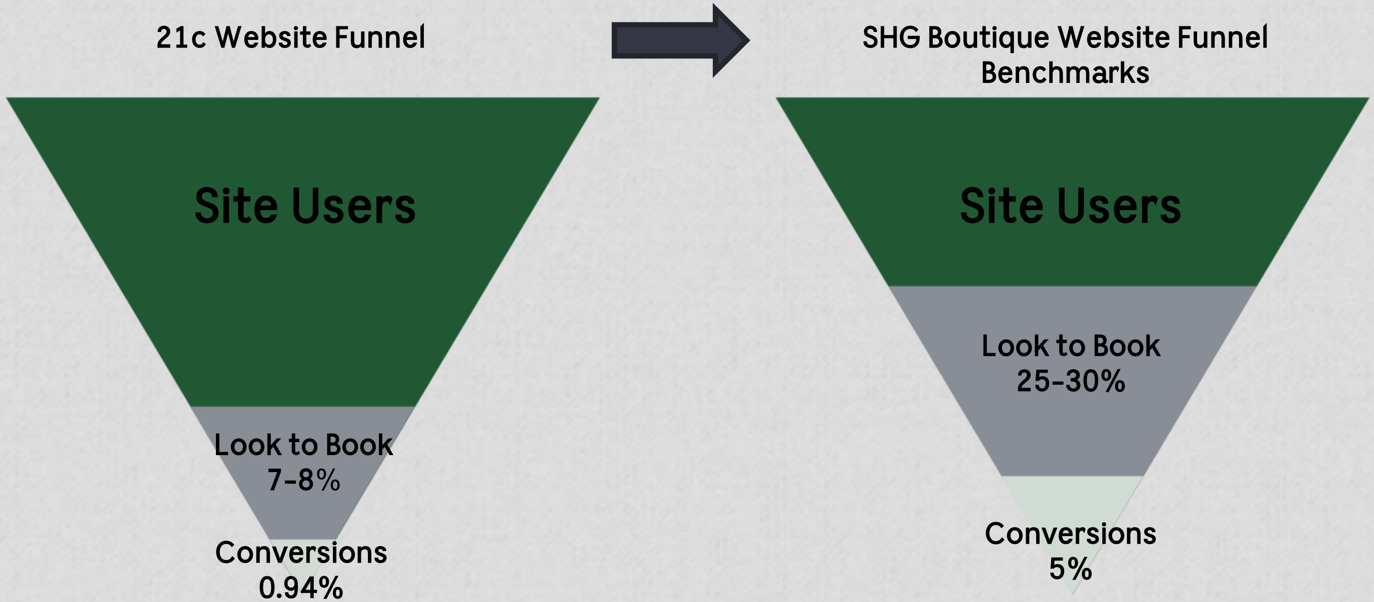
21c Chicago

21c CHICAGO – WEBSITE PERFORMANCE

Website Conversion Rate: The 21c brand website performance was considerably below SHG managed boutique peers in key metrics such as look to book and conversion rate, Schulte designed and implemented its own vanity website with an entirely different website design to improve these metrics.

- Look to Book: The 21c brand has a 7-8% Look to Book rate, compared to SHG Benchmark of 25-30%
- Conversion Rate: The 21c brand has a ~.94% conversion rate, compared to SHG benchmark of 5.0%

- Schulte Action Steps: Schulte created a new, improved vanity website design, the site is more photo/video led than the current brand site and is similar to how most other boutique websites leverage content.
  - Paid Media was A/B split between sending traffic to the current 21c site and the new vanity site, and the newly designed vanity website immediately improved Look to Book and Conversion stats better in-line with our B&L comps.

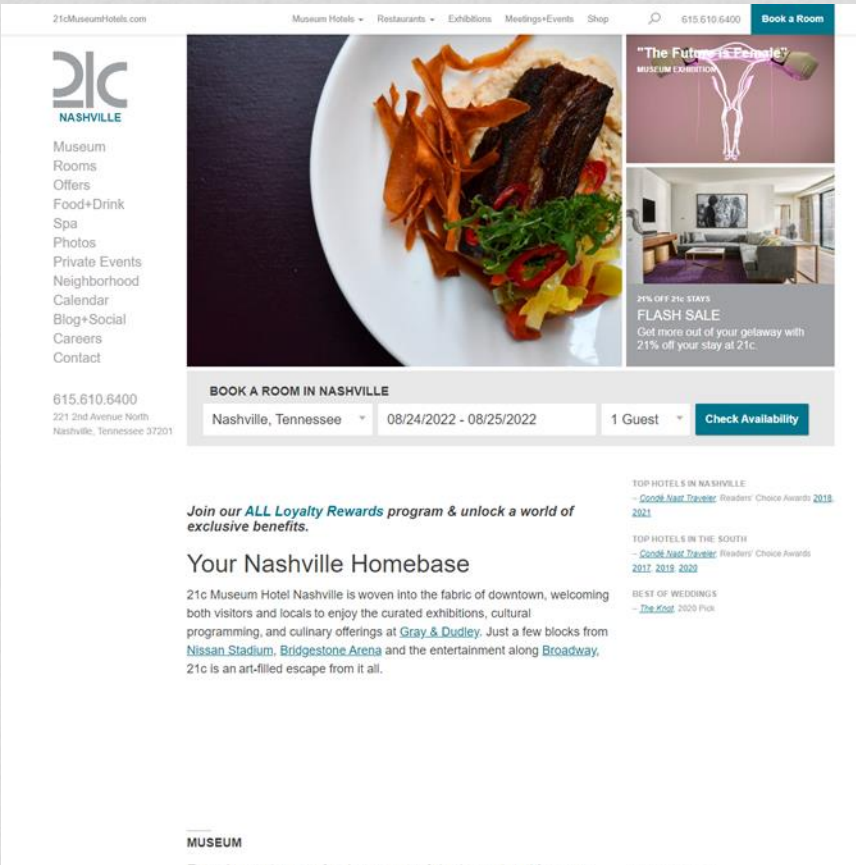


21c CHICAGO – WEBSITE PERFORMANCE

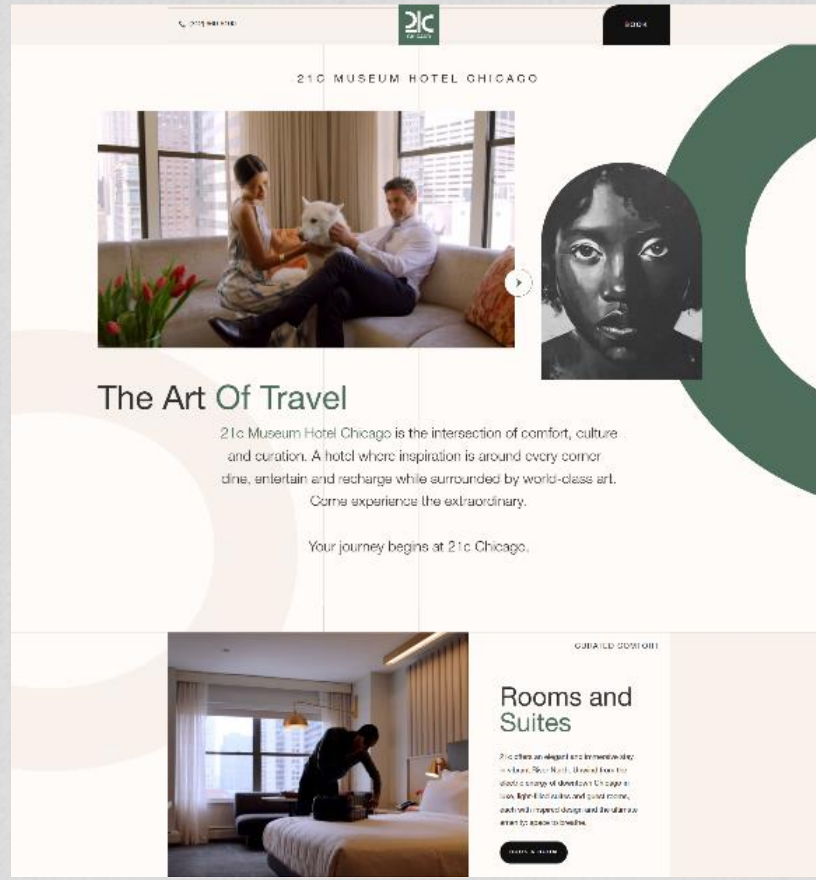
21c Nashville Website Design: Template design. Museum in forefront.

21c Chicago Vanity Site: Curated design with travel and hotel in the forefront. Supported by lifestyle photography and videography shot by Nigel Barker, highlighted. Created custom URL

21c Nashville Design



21c Chicago Design



MARINE & LAWN
CASE STUDIES

MARINE & LAWN

CASE STUDY

Launched in 2021, Marine and Lawn is a collection of bespoke hotels in the world's most distinguished golfing destinations.

Positioned along the region's scenic coastlines, Marine & Lawn Hotels & Resorts welcome international leisure travelers and outdoor enthusiasts to the birthplace of golf, complete with a refined approach to hospitality and prime access to the UK's most prestigious courses.

Schulte was selected to be the strategic partner and primary manager of Marine & Lawn Hotels at the inception of the brand in 2020.

Post-selection, Schulte created a dedicated, brand management team focused solely on Marine & Lawn Hotels & Resorts.

As of February 2023, there are six Marine and Lawn hotels in the UK, with plans for further expansion across the European continent, and the US.

Marine & Lawn Hotels & Resorts

MARINE & LAWN RESULTS

What We have Done:

- Completed a full renovation of each asset, including overseeing the shut down, and rehiring and training of employees
- Launched new brand in the UK
- Successful repositioning in each market growing ADR from +£50 to £120 vs 2019 and significantly growing RevIndex at each asset
- Rusacks Hotel: Increased RevIndex by +11.2% vs. 2019
- Marine Berwick: Increased RevIndex by +25.0% vs. 2019
- Stabilized hotel operations and trading performance within 12 months

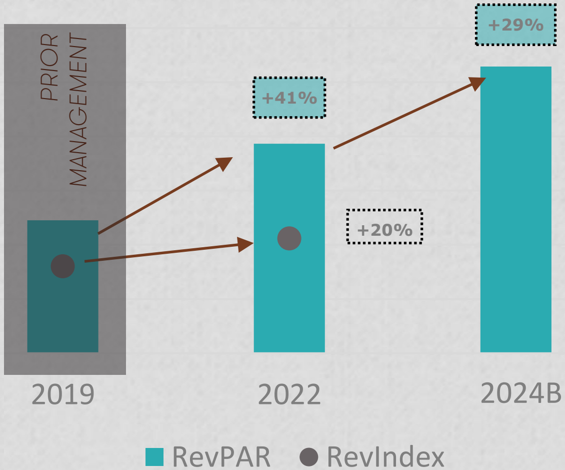
How We Did It:

- World class hotel operations team in Sales, Revenue, Marketing, HR, Finance, & Operations
- Sophisticated revenue management tactics
- Hands on approach to operating business
- Very strong focus on guest experience
- Creative incentive and employee recognition program geared towards attracting and retaining the best talent in the market

RUSACKS ST ANDREWS

- Management taken over by SEG in Jan 2020, and the hotel reopened to the public in Sept 2021, following a period of extensive renovations, including **a 46-key extension**.
- SEG increased RevPAR by **+41%** in the first year of operation, and RevPAR Index by **20%.**
- We did this through establishing Golf Tour Operator relationships, targeting local business, and yielding rates during peak demand periods.
- The resort has won numerous awards and media coverage: One of the Best New Hotels in the World (2022 **Travel +Leisure**), One of the Best Hotels in Scotland (**Conde Nast**).

REVPAR TRAJECTORY



SCHULTE CONTACT CENTER – OVERVIEW

The differentiating factor of the hospitality industry is the focus on providing each guest with a highly personalized and high-touch level of service. However, in our experience, many contact center service providers operate across many industries and fail to deliver services that align with hospitality expectations so we created the contact center to fill that void.

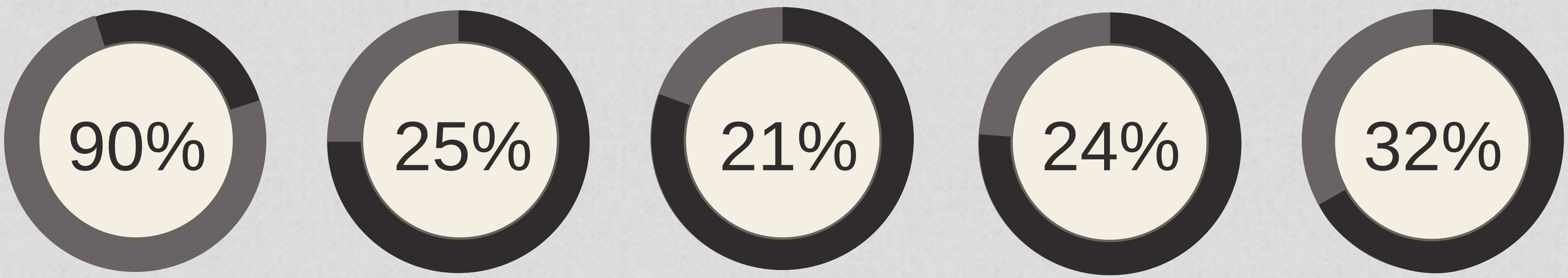
Schulte Contact Center has now grown into a leading hospitality-focused contact center that books thousands of reservations each year and helps hotel owners, developers, and brands achieve unparalleled success. We have industry-leading conversion rates and average speed of answers to ensure that you will not miss out on opportunities. Also, with our brand and guest-focused approach, we function as part of the on-property team to enable hotels, resorts, and other hospitality establishments to drive growth in a highly competitive market and elevate their guest experiences.

Unrivaled Experience
With years in the industry, we grasp hospitality's unique challenges and opportunities.

Skilled Team
Passionate agents trained to embody your hotel's essence to provide exceptional and memorable service.

Cutting-Edge Technology
Utilizing state-of-the-art contact center systems and analytics for optimal performance and results.

SCHULTE CONTACT CENTER – OUR PERFORMANCE



Answer Rate vs 75% Industry Standard

Conversion Rate vs 18% Industry Standard

Higher ADR vs OTAs

Fewer Cancellations vs OTAs

Longer LOS vs OTAs

SHG CONTACT CENTER – CASE STUDY

Schulte took over management of the contact center for a global brand with its in-house department from a third-party provider, Cloud 5, in 2021. Schulte was able to ***generate significant savings with better operational metrics.***

- ***Characteristics: Schulte Contact Center vs Cloud 5:***
  - Schulte Contact Center is experiential vs transactional in our conversations with guests
  - Schulte Contact Center converted 29% of our calls into bookings in YTD 23' vs 22% under Cloud 5
  - Schulte Contact Center is knowledgeable on all details of the properties we answer for vs being part of a huge pool of hotels like Cloud 5
  - Schulte Contact Center does room lists, group bookings, and other tasks that allows the front desk to focus on in-house guest's vs Cloud 5 who only answers calls
- ***Expenses: Schulte Contact Center vs Cloud 5 (T12 April 2023)***
  - *Cloud 5 charges a fee of $0.95 per minute, if Cloud 5 had handled all the minutes that Schulte Contact Center handled in the same period; it would result in a total expense of $1.7 million*
  - *Schulte Contact Center had a total expense of $1.6 million in the T12 April 23' period, resulting in* ***$117k in savings vs Cloud 5***
- ***Statistics: Schulte Contact Center:***
  - *Schulte Contact Center is coming off a record-setting YTD 2023 with $23 million in booking revenue, up +59% during the same period in 2022*
  - *In YTD 2023, Schulte Contact Center achieved an answer rate of 79% (+46% vs LY) and a conversion rate of 29% (+7% vs LY), which has led to a remarkable number of reservations ~47k (+51% vs LY)*
  - *The $ per Reservation in YTD 2023 was $492 (+5% vs LY)*

SCHULTE REBRAND EXPERTISE

SHG BRANDING APPROACH: CASE STUDIES

Below are a few relevant case studies where Schulte has run competitive branding processes and a more detailed case study of a pending brand conversion is on the following slide.

Hotel Tampa Riverwalk

(Future Curio Collection, Previously Sheraton Tampa Riverwalk)

- Schulte took over management of the Sheraton Tampa Riverwalk in 10/2022, and immediately deflagged the property converting it to the Hotel Tampa Riverwalk at acquisition, with a longer-term business plan of converting to a Curio branded asset post renovation.
- Schulte led the launch process of the independent branded Hotel Tampa Riverwalk taking a cost-effective approach as an interim solution between brands.
- This process included running the interim rebranding strategy, creating a vanity website, creating signage, collateral and OS&E, as well as standing up IT and systems solutions in a short timeframe.
- Schulte ran a competitive brand process, leveraging its relationships with the brands to improve the economics of the deal, and ultimately a deal was executed to become a Curio post renovation.

Hotel Washington D.C.

(Previously W Washington D.C.)

- Schulte acquired the W Washington D.C. in 7/2021 and immediately upon acquisition removed the flag and converted to the unbranded Hotel Washington D.C.
- Ran selection process of Brand, completed negotiations with different brands, and completed analyses for decision to go independent
- Worked with branding agencies
- Relaunched the hotel as an independent brand with updated vision and concept
- Rebranded the rooftop bar and launched as the city's iconic destination for drinks and events
- Identified growth opportunities for F&B outlets through programming
- Re-conceptualized F&B and spa spaces based on market demand

The Starling Atlanta Midtown, Curio Collection by Hilton

(Previously W Midtown Atlanta)

- Schulte acquired the W Midtown Atlanta in 7/2021 and first operated the property as an independent hotel before conversion to affiliate Curio Collection and then final launch as Curio Collection
- Ran selection process of Brand
- Negotiated key money +fee ramp, as well as a very limited PIP
- Worked with branding agencies to develop hotel's name, story, logo, and collateral package for hotel (e.g. key cards, card sleeves, room collateral including do-not-disturb signs), as well as website and premarketing campaigns before conversion and re-opening
- Reconcepted F&B spaces and activated the lobby

SHG BRANDING CASE STUDY: HILTON NASHVILLE AIRPORT

Schulte alongside its partners acquired the 1981 vintage 382-key Hilton Nashville Airport in mid-2021 and is currently in process of negotiating the conversion and rebranding of the property to a full-service Marriott. At acquisition, Schulte had a longer-term business plan of evaluating and running a full rebranding process of the property, leveraging its brand relationships to maximize value to the partnership in each stage of the lifecycle of the investment, given the unique submarket dynamics.

- At time of acquisition, Schulte was aware of a new full-service Hilton Nashville Terminal planned to deliver in 2024, as well as the full-service Marriott (<1mi) down branding to a Sonesta in early 2021. Schulte leveraged the knowledge of the new supply in planning and its Hilton relationships and negotiated a fee ramp at acquisition (3% Y1, 4% Y2, 5% Y3+)
- As the Hilton Nashville Terminal project nears completion and our fee ramp burns off, Schulte is running a brand process with both Hilton and Marriott, understanding Hilton's willingness to terminate and extracting value from Marriott to convert to a full-service Marriott. As part of this process, Schulte has led the following:

<u>Rebranding / Conversion Process:</u>

- Pro forma underwriting / brand comparisons / ROI analysis: Schulte led all brand comparison and ROI analyses of multiple brands, ultimately determining with our partners that full-serv Marriott is best case for the property both operationally in the hold period and at exit, all else equal.
- Brand Term Sheet Negotiations: Schulte is leading all brand negotiations, with both Hilton and Marriott. To date, Schulte has successfully negotiated the below terms from Marriott:
  - Key Money: $5m key money, 50% at conversion and 50% after final PIP completion
  - Fee Ramp: 4% Y1, 5%, 6% Y3+
  - Other Terms: Included a 3 yr. AOP of the submarket and 20-year term
- PIP Negotiations: Schulte has led all aspects of PIP negotiations with Marriott and has successfully limited the scope of the conversion PIP
  - PIP Scope: Limited the PIP scope to critical Marriott brand mandated items, with the total cost of conversion coming in significantly below the key money secured.
  - Conversion Timing: Schulte negotiated a two Phase PIP, with Phase I being critical brand requirements and Phase II being the longer lead time brand specific items – limiting disruption and securing no down time or 'white label' period between brands at conversion

- Schulte Design & Construction Services: Schulte's design and construction team is leading all PIP planning and construction - Allowing us to make quick and informed decisions around PIP negotiations / timing and overall impact to the negotiations.
- Lender Negotiations: Schulte has led discussions with the lender in relation to the potential conversion, illustrating the business plan and ultimately the value add to their collateral.
- Capital Planning: A key component of every conversion, Schulte has led the analysis around the capital planning aspect of the conversion – minimizing additional capital outlay for conversion.

OTHER BOUTIQUE + LIFESTYLE CASE STUDIES

S&M CASE STUDY – LODGE AT JACKSON HOLE

- Schulte took over management of the Lodge at Jackson Hole in mid-September 2019, from the local Resort Management Group.
- During the first peak season (July – September) under Schulte management, Schulte was able to significantly increase RevPAR, RevPAR Index and operating margins YoY, despite the COVID-19 pandemic.
- July – Sept 2020 YoY RevPAR increased $15.2 driven by a +5.9% gain in occupancy, attributed to a renewed emphasis on revenue management focusing on occupancy gains in the peak months.
- The refocused revenue management strategy allowed the asset to pick up +12.7% RevPAR Index from July – Sept. YoY.
- July – Sept 2020 YoY Total Revenue was up +$266.2k and Gross Operating Profit up +$229.4k, leading to an 86.2% flow through.

Peak Season (July - Sept)			
	2019	**2020**	**Δ**
Occupancy	90.6%	96.5%	5.9%
ADR	$331.3	$326.9	($4.4)
RevPAR	$300.1	$315.3	$15.2
YoY RPI	**89.0%**	**100.3%**	**11.3%**
Rooms Revenue	$4,252.5	$4,467.4	$214.9
Total Revenue	**$4,796.7**	**$5,062.9**	**$266.2**
GOP	$3,447.9	$3,677.2	$229.4
GOP Margin %	71.9%	72.6%	
Flowthrough %		86.2%	

S&M CASE STUDY – LODGE AT JACKSON HOLE

- Website traffic +117% YOY and 29% higher web transaction volume in first year of take over.
- In 2022:
- 28:1 return on our ad spend
    - Spent $106k and generated $2.9M in direct revenue
- Retargeting efforts alone generate $744K in direct revenue with a 97:1 ROAS
- Increased social media performance across all metrics
    - 878% increase in followers
    - 1,500% increase in published posts
    - 1,172% increase in impressions (6.2M)
    - 812% increase in engagements
- Generated $416k from emails in 2022
    - Average email produces 54 room nights and $18k in revenue
    - Open rate of 34.6% and click rate of 2%

THE LODGE AT JACKSON HOLE – CASE STUDY

- Schulte recommended and brought on B Public Relations to manage media and influencer relations and has achieved great coverage in a short amount of time.
- PR coverage from July 2020:
  - 585 million media impressions
  - 12 earned media hits
  - 7 influencer stays

Forbes

Dec 30, 2020, 07:59pm EST | 572 views

Dreamy Baths, Hotel Soaks And Getting Away From Your Kids During The Pandemic

Wendy Altschuler Contributor
Travel
I cover travel, adventure, and culture across the globe, specializing in nature and the great outdoors.

Downtown Luxury Lodging

Mountain views, a downtown location, and a spa retreat sets this property apart. THE LODGE AT JACKSON HOLE, WYOMING

Well-appointed with an indoor soaking tub and sauna, an outdoor jacuzzi, and an indoor-outdoor heated pool, The Lodge at Jackson Hole is the ideal craggy escape. Marble bathrooms, western décor and art, and a lovely fireside lounge completes the picture.

Nestled in the mountains, near the historic town square, you can easily get from point A to point B and enjoy the area's adventures—Grand Teton and Yellowstone National Parks year-round; chuckwagon dinners, fly fishing, and star gazing in the warmer months; and skiing, snowmobiling, and sleigh rides through the National Elk Refuge in the snowy season—with the lodge as your home base.

At-Home: Country living brilliance includes the following bath time rituals: heat your towel to maintain warmth, use calming essential oils in the water, apply a body and face scrub for glowing skin, and sip herbal tea (or a glass of wine) to fully relax.

littlekhanswanderlust Follow

706 posts 64.2k followers 1,340 following

Areesha Khan | Traveller
Visual Artist | Crazy foodie
Travel and photography
40 countries Pakistan
areesha@littlekhanswanderlust.com
www.littlekhanswanderlust.com

littlekhanswanderlust • Follow
The Lodge at Jackson Hole

littlekhanswanderlust Oh currently missing the magical days spent in Wyoming!

If you're planning to visit the Grand Teton National Park @thelodgeatjh is an awesome place to stay at! Only 10-15 mins drive literallyyyy saves SO much of your time while you're there!

You can check out my Grand Teton highlights for more hotel details!

Thank youu for having us @thelodgeatjh Can't wait to be back!

1,808 likes

Add a comment...

TRAVEL+LEISURE

8 Best U.S. Cities for a Workcation

Combine work (or school) and vacation with a workcation in one of these U.S. cities.

BY EVIE CARRICK | JANUARY 14, 2021

Jackson, Wyoming

Jackson may be small, but because it's a resort town, it has plenty of big-city amenities. You can book a room at The Lodge at Jackson Hole (just don't get too used to their daily breakfast service) or settle into a spacious two- or four-bedroom suite at the Caldera House, which is perfectly situated in Jackson Hole Mountain Resort.

When you're not working, there's plenty to see and do. You can ski one of the area's three world-renowned ski resorts, check out the National Elk Refuge (home to one of the largest elk herds), or plan a day trip to Grand Teton National Park. Foodies will want to grab a slice from Pinky G's Pizzeria (made famous by *Diners, Drive-Ins and Dives*) or grab dinner at the new (and delicious) Coelette. When the weekend rolls around, the two-and-a-half-hour journey to Yellowstone National Park is well worth the drive.

THE OPRAH MAGAZINE

msn | lifestyle
powered by Microsoft News

The Best Thanksgiving Getaways

Juliet Izon · 10/19/2020

Jackson Hole, Wyoming

While this town may be best known for its skiing, its close proximity to Yellowstone and Grand Teton National Parks truly makes it ideal for anyone who loves natural beauty. The late-fall "shoulder season" is an ideal time to visit: the weather is dry, the National Parks are still open but without the crowds, and you might even get to see the yearly elk bugling (Google it). Book a stay at The Lodge at Jackson Hole, which boasts an all-season indoor-outdoor pool, plus chic rooms outfitted in a classic Western style.

1,381 views | Aug 31, 2020, 11:55pm EDT

Plan Your Next Family Roadtrip To This Wild West City

Forbes

Brittany Anas Contributor
Travel
I cover travel, specializing in adventure and the great outdoors.

Where to stay

Traveling with your family? Book a stay at The Lodge at Jackson Hole. In the pool area, what's akin to a garage door slides open, creating an all-seasons, indoor-outdoor heated pool experience that's a hit with kids. Parents will enjoy sinking into the outdoor jacuzzi or sidling up to the cozy fireside lounge after a day of adventuring.

Guests can relax in the heated indoor-outdoor pool at The Lodge at Jackson Hole. THE LODGE AT JACKSON HOLE

The 154-room resort reflects the mountain aesthetic, with the feel of a luxe lodge and spacious rooms that are outfitted in Western decor, and come with Keurig coffee makers and Gilchrist & Soames bath amenities. Guests can also grab complimentary to-go breakfasts and boxed lunches before setting out on a day of national park adventures.

The hotel is a short walk to the historic Town Square. But guests here can also take a complimentary shuttle into town.

S&M CASE STUDY – WYOMING INN

- Schulte took over management of the Wyoming Inn in Jackson Hole in mid-July 2022, from the local Resort Management Group.
- Website generated 2.5K direct bookings and $2.6M in revenue
- eCommerce tactics immediately made and impact. Within 6 months:
- 22:1 return on our ad spend
    - Spent $15k and generated $340K in direct revenue
- Launched Metasearch
    - Spent $2k and generated $44K in direct revenue for a 21:1 ROAS
- Launched Retargeting efforts which generated $103K in direct revenue with a 62:1 ROAS
- Brought in PR and social agency increased social media performance across all metrics
    - 542% increase in followers
    - 1,055% increase in impressions (836K)
    - 1,190% increase in engagements
- Switched over to Revinate for email marketing in 2023. Generated $170k from emails in 2023
    - Average email produces 26 room nights and $10k in revenue
    - Open rate of 21.1% and click rate of 2%

E-COMMERCE FOCUS: THE HOTEL WASHINGTON

Launch of an iconic brand:

The Hotel Washington completed the reclaim of its historic identity - making a splash in the market with new branding, a new website and PR strategy.

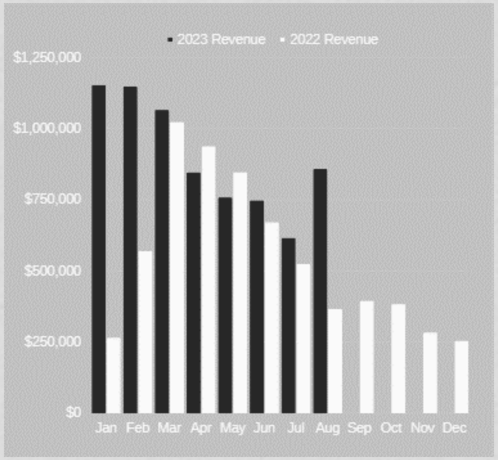
Key achievements from rebrand:

- $3m direct booking months in a row
- 14:1 ROAS
- 1.1K New social followers for Hotel Washington's profiles
- 4K new social followers for VUE Rooftop profiles
- 18.5% email open rate to industry average of 12.5%
- Achieved goal of 2.5% website conversion rate
- Generated 59.9K clicks to reservations at VUE Rooftop

Overall Website Contribution: 2022 vs 2023:

Compared to STLY in 2023 our new brand reflected on the website achieved the following increases in overall website performance:

- +20% Direct Bookings
- +26% Website Revenue
- +33% Website Conversion Rate
- Website conversion rate increased from 1.6% average conversion rate in 2022 to 2.5% average conversion rate in 2023



PROPOSED MANAGEMENT

TERMS

SCHULTE FEE TERMS

Full Hotel Management Agreement Terms:

- **Base Management Fee:** 3.00% of gross revenues
- **Accounting Fee:** $4,500.00 per month to Schulte Hospitality Group. Schulte's corporate overhead fee is all inclusive and there are not other corporate fees charged for accounting, IT, revenue management, etc. The HMA monthly bill will include only Base, Incentive and Overhead fees plus reimbursables – nothing else is charged to Owner
- **Incentive Fee:** 10% of the amount by which Gross Operating Profit for such year exceeds the annual budgeted GOP
- **Length of Term:** 60 Months, provided that termination for convenience shall be allowed subject to 36 month LD provision
- **Schulte In House Contact Center:** This service is available with pricing upon request and after understanding of scope
- **Expenses:** Regular reimbursed expenses such as mileage, food, postage and overnights will be billed monthly. (Extraordinary expenses such as out-of-town meetings, etc. will be pre-approved by the owner on an item-by-item basis)
- **Start Date:** ASAP
- **Schulte Design & Construction / Schulte Purchasing Group:** In addition, you will have the option to engage us for project management or procurement services, both of which can be provided on a similar white label basis. The terms of such engagement would include the following:
  - <u>Project Management Fee</u>: 5.0% of total project cost
  - <u>Accounting Fee</u>: $2,500 per month for the duration of the project
  - <u>Procurement Fee</u>: 5.0% fee for total of FF&E purchased

DESIGN & CONSTRUCTION

PROJECT MANAGEMENT & PROCUREMENT

PROJECT MANAGEMENT +PROCUREMENT

Schulte has vast experience in Project Management and Purchasing, as mentioned below, and we believe that we can add value to this project through providing support to those selected to run these elements.

Schulte Design & Construction has completed $1B construction projects as the project manager, including more than 100 hotel renovations & conversions.

As project manager, Schulte is responsible for:

- Management of entire construction process to ensure the project is delivered on time and on budget
- Hire, fire, and supervision of all construction staff
- Create project benchmarks to ensure development is progressing in organized and efficient fashion
- Practice proactive risk management of the project to guarantee safety of workers and project
- Effectively communicating progress, current standing of budget, and all other pertinent information to clients and stakeholders

Schulte Purchasing Group's team has purchased over $150.0 million in FF&E and OS&E

As a procurement manager, Schulte is responsible for:

- Budget verification and validation (together with Designer, Project Manager, and Owner)
- Bidding and presenting costs for FF&E and OS&E (minimum three manufacturers per item)
- Issuing purchase orders and change orders (as required)
- Coordinating deliveries of goods to appropriate destination(s)
- Coordinating warehousing and related installation logistics
- Bidding and presenting costs for installation services (minimum three providers)
- Managing and resolving damaged or faulty FF&E and OS&E
- Issuing weekly status updates and delivery/expediting reports
- Issuing budget updates as needed
- Participating in weekly conference calls to discuss issues and project status
- Accounting services – including check writing
- Value engineering
- Project closeout

SCHULTE DESIGN & CONSTRUCTION OVERVIEW

Schulte Design & Construction (SDC) is a full service real estate development company within Schulte. SDC has completed projects totaling $1B in total project costs, ranging from hotel renovations, ground-up hotel, office, retail, and restaurant development.

Project Types:

- Hotels
- Office
- Retail
- Restaurants

SCHULTE DESIGN & CONSTRUCTION OVERVIEW

SDC has significant experience in real estate development

- $1B in completed projects
- $150m in annual revenue
- 800k sf of Class A office space built, 300k sf of which is a master plan office development
- >100 Hotel renovations in last 5 years, totaling $300m of project costs
- 15 Restaurant developments
- 500k sf of retail development
- 11 person acquisition/site selection team
- Dedicated construction division and purchasing company verticals

PROJECT MANAGEMENT

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