

FRANCHISE DISCLOSURE DOCUMENT



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This Franchise Disclosure Document offers the right to convert an existing hotel to a hotel that utilizes the “BW Premier Collection[®]” or “BW Signature Collection[®]” name and is included on Best Western International, Inc.’s reservations system.

The total investment necessary to begin operation of a 120-room BW Premier Collection hotel that has been converted from an existing hotel is \$612,715 - \$6,888,025, which includes \$32,250 - \$46,000 that must be paid to us or our affiliate.

The total investment necessary to begin operation of a 90-room BW Signature Collection hotel that has been converted from an existing hotel is \$441,490 - \$2,763,125, which includes \$32,250 - \$46,000 that must be paid to us or our affiliate.

This disclosure document summarizes certain provisions of your Distribution Agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least fourteen (14) calendar days before you sign a binding agreement with, or make any payment to, the licensor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Jay Pricher, General Counsel and Corporate Secretary of Best Western International, Inc. at 6201 N. 24th Parkway, Phoenix, AZ 85016, and (602) 957-4200.

The terms of your contract will govern your franchise relationship. Do not rely solely on the disclosure document to understand your contract. Read your entire contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex decision. The information in this disclosure document can help you make up your mind. More information on franchising, such as “[A Consumer’s Guide to Buying a Franchise.](#)” which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance date: February 28, 2025

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit E.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit D includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only BW Premier Collection or BW Signature Collection hotel business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a BW Premier Collection or BW Signature Collection hotel franchisee?	Item 20 or Exhibit E lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by litigation only in Arizona. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to litigate with the franchisor in Arizona than in your own state.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

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ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Licensor

The licensor is Best Western International, Inc. (“we”, “us”, or “our”). “You” means the individual or entity that signs the Distribution Agreement – the “Hotel Owner”. If you are a business entity, “you” means both the business entity and its owners. “Premier Hotel” refers to a hotel that is using the Premier Marks (defined below) and is included on our reservations system and “Signature Hotel” refers to a hotel that is using the Signature Marks (defined below) and is included on our reservations system. Together, Premier Hotels and Signature Hotels are referred to as “System Hotels” and the “Hotel” refers to the Premier Hotel or Signature Hotel you will operate under a Distribution Agreement. If we have an agent in your state for service of process, we disclose that agent in Exhibit B.

We are an Arizona nonprofit corporation formed on December 13, 1957, with a principal business address located at 6201 N. 24th Parkway, Phoenix, AZ 85016. We operate: (i) as a licensor under the Licensed Marks (defined below); and (ii) as a membership association and licensor under the “Best Western[®]”, “Best Western Plus[®]”, “Best Western Premier[®]”, “Executive Residency by Best Western[®]”, “@Home by Best WesternSM”, “Vīb[®]”, “GLō[®]”, and “Aiden[®]” names (the “Membership Brands”); and under no other name.

We have never operated a System Hotel, a hotel under a Membership Brand (although we do own one hotel under a Membership Brand and have a majority ownership interest in another hotel under a Membership Brand, each of which is operated by a third-party management company) or any other type of business. While we began offering licenses for Premier Hotels and Signature Hotels in April 2020, Hotel Owners have operated (i) Premier Hotels in the United States and a number of other countries since 2015 and (ii) Signature Hotels in the United States and a number of other countries since 2017.

We have also offered membership interests in our nonprofit corporation (“Memberships”) and licenses for the right to operate hotels using the Membership Brands under a separate disclosure document since March 2019, although we did not offer Memberships and licenses using the “Executive Residency for Best Western” Membership Brand between February 2023 and February 2025. We previously granted Memberships and offered licenses for “Sadie” hotels under that separate disclosure document from March 2018 to November 2024. Our members (“Members”) have operated member hotels using the Membership Brands in the United States (to include its territories and possessions) since on or about 1946, and in Canada since 1964. We have licensed the Membership Brands to hotels outside North America since 1976. These non-North American hotels are not member hotels. As of November 30, 2024, there were 3,065 hotels using the Membership Brands operating in the United States and abroad.

Our Parent and Affiliates

Our direct subsidiary, SureStay, Inc., has offered hotel franchises using the marks “SureStay[®] by Best Western”, and “SureStay Plus[®] by Best Western” since 2016, and has offered hotel franchises using the mark “SureStay Studio[®] by Best Western” since April 2020. SureStay, Inc. offered hotel

franchises under franchise agreements using the “SureStay Collection[®] by Best Western” mark from 2016 until March 2024, since which date it has been offering hotel licenses under distribution agreements using the “SureStay Collection by Best Western” mark. SureStay, Inc. offers franchises in the United States and Canada. Our indirect subsidiary, SureStay International, Inc., has offered hotel licenses using the marks “SureStay[®]”, “SureStay Plus[®]”, and “SureStay Collection[®]” since 2016, and has offered hotel licenses using the mark “SureStay Studio[®]” since April 2020. SureStay International, Inc. offers license agreements internationally except for in the countries in which our other indirect subsidiaries (see below) and unaffiliated sublicensees offer licenses. SureStay, Inc. and SureStay International, Inc. each have a principal business address located at 6201 N. 24th Parkway, Phoenix, AZ 85016. As of November 30, 2024, there were 393 SureStay hotels operating in the United States and abroad. Neither SureStay, Inc. nor SureStay International, Inc. provide products or services to our Hotel Owners.

Our indirect subsidiary, B-W International Licensing Mexico, S.A. de C.V., has offered hotel licenses in the United Mexican States, Belize, Costa Rica, Guatemala, Nicaragua and El Salvador using the marks “Best Western”, “Best Western Plus”, “Best Western Premier”, “Executive Residency by Best Western”, “@Home by Best Western”, “Vīb”, “GLō”, “Aiden”, “BW Premier Collection”, “BW Signature Collection”, “SureStay”, “SureStay Plus” and “SureStay Collection” since 2018. B-W International Licensing Mexico, S.A. de C.V. has a principal business address located at Av. Xola No. 535 Int. 401, Col. Del Valle, Del. Benito Juárez, C.P. 03100 CDMX. B-W International Licensing Mexico, S.A. de C.V. does not provide products or services to our Hotel Owners.

Our indirect subsidiary, B-W International Licensing Australia Pty Limited, has offered hotel licenses in Australia, New Zealand and Fiji, using the marks “Best Western”, “Best Western Plus”, “Best Western Premier”, “Executive Residency by Best Western”, “@Home by Best Western”, “GLō”, “Aiden”, “BW Premier Collection”, “BW Signature Collection”, “SureStay”, “SureStay Plus” and “SureStay Collection” since 2018. B-W International Licensing Australia Pty Limited has a principal business address located at Level 11, 213 Miller Street, North Sydney, NSW 2060 Australia. B-W International Licensing Australia Pty Limited does not provide products or services to our Hotel Owners.

Our direct subsidiary, World Hotels GmbH (“WH”) licenses independent upscale, upper-upscale and luxury hotels across the world under the WorldHotels[™] Collection brand. Although WH does not currently offer franchises for the WorldHotels Collection brand, WorldHotels Collection hotel owners have been operating in the United States and a number of other countries since 2004. Currently, there are 13 WorldHotels operating in the United States (to include its territories and possessions) and 123 WorldHotels operating in a number of countries outside of the United States. WH’s principal business address is Unterschweinstiege 2-14, 60549 Frankfurt am Main, Germany. WH does not provide products or services to our Hotel Owners.

On or about July 31, 2019, we acquired all of the outstanding shares of AutoClerk, Inc. (“AutoClerk”). AutoClerk is now an approved supplier of the recommended guest management system (“GMS”) for System Hotels. AutoClerk has a principal business address of 1900 N. California Boulevard, 8th Floor #1139, Walnut Creek, California.

We have no parents or other affiliates required to be disclosed in this Item. We have no predecessors.

The License Offered

This franchise disclosure document (this “Disclosure Document”) offers the right to convert an existing hotel to a Premier Hotel or a Signature Hotel. Premier Hotels utilize the words and marks associated with “Best Western[®],” “BW Premier Collection[®]” and “Best Western Rewards[®]” (collectively, the “Premier Marks”). Signature Hotels utilize the words and marks associated with “Best Western[®],” “BW Signature Collection[®]” and “Best Western Rewards[®]” (collectively, the “Signature Marks,” and together with the Premier Marks, the “Licensed Marks”). Hotel Owners operating System Hotels operate according to the Distribution Agreement (Exhibit C-1).

Premier Hotels are a global collection of carefully selected upscale and luxury hotels that share our rich history of providing guests with unique and local hotel experiences around the world. Signature Hotels are a global collection of upper-midscale hotels that share our commitment to delivering exceptional and unique travel experiences around the world.

The Market and Competition

The market for your services will depend on the Hotel’s location and size, among other things. The customer of a Premier Hotel and Signature Hotel is a leisure or business traveler looking for a luxury, upscale or upper-midscale hotel.

In general, you will compete with national and international hotel and motel chains and independently operated local hotels offering similar types of hotel rooms and food and beverage services to the same clientele. Your convention and meeting facilities, if any, will also compete with national, international and independent hotels and convention centers in other regions. We, our parents and our affiliates engage in a wide range of business activities in lodging and related services, both directly and through the activities of our and their parents and affiliates. Some of these activities may be competitive with the Hotel.

Applicable Laws

You must comply with innkeeper liability laws, laws and regulations regarding food handling and preparation, truth in menu and labeling laws, alcoholic beverage control laws and dram shop acts, license, certificate and permit requirements for hotel and restaurant operation and occupancy, laws regulating the posting of hotel room rates, hotel room occupancy tax laws, and laws applicable to public accommodations and services such as the Americans with Disabilities Act (“ADA”). In addition, the laws, rules and regulations which apply to businesses in general will affect you. Consult your lawyer about them. Discuss with your architect the ADA and its architectural guidelines, and state and local accessible facilities requirements.

ITEM 2 **BUSINESS EXPERIENCE**

Chairman and District II Director: Stephen Wahrlich

Mr. Wahrlich has served as our Chairman since December 2024 and our District II Director since December 2020, in both cases in Phoenix, Arizona. He previously served as our Vice-Chairman from December 2023 to December 2024 and our Secretary-Treasurer from December 2022 to

December 2023, in both cases in Phoenix, Arizona. Mr. Wahrlich has been the owner of the Best Western Plus Clocktower Inn in Billings, Montana since 2005, and an owner of the Best Western Plus Hilltop in Redding, California since 1977. Mr. Wahrlich has also served as SureStay, Inc.'s Director in Phoenix, Arizona since December 2020.

Vice-Chairman and District III Director: Viral Patel

Mr. Patel has served as our Vice-Chairman since December 2024 and our District III Director since December 2021, in each case in Phoenix, Arizona. He previously served as our Secretary-Treasurer from December 2023 to December 2024 in Phoenix, Arizona. Mr. Patel has been an owner of the Best Western Corbin Inn in Corbin, Kentucky since 2000. Mr. Patel has also served as SureStay, Inc.'s Director in Phoenix, Arizona since December 2021.

Secretary-Treasurer and District IV Director: Rajesh Patel

Mr. Patel has served as our Secretary-Treasurer since December 2024 and our District IV Director since December 2022, in both cases in Phoenix, Arizona. Mr. Patel has been an owner of the Best Western Plus Fairburn in Fairburn, Georgia since June 2015. Mr. Patel has been an owner of the Best Western Plus Atlanta Airport in Hapeville, Georgia since June 1994. Mr. Patel has also served as SureStay, Inc.'s Director in Phoenix, Arizona since December 2022.

District I Director: Phillip Payne

Mr. Payne has served as our District I Director since December 2019, in Phoenix, Arizona. He served as our Chairman from December 2023 to December 2024, our Vice Chairman from December 2022 to December 2023, and our Secretary-Treasurer from December 2021 to December 2022, in each case in Phoenix, Arizona. Mr. Payne has been an owner of the Best Western Plus Rio Grande Inn in Albuquerque, New Mexico since 1995. Mr. Payne has also served as SureStay, Inc.'s Director in Phoenix, Arizona since December 2019.

District VI Director: Mahmood Merchant

Mr. Merchant has served as our District VI Director since December 2021, in Phoenix, Arizona. Mr. Merchant has been the owner of the Best Western Big Country Inn in Coalinga, California since 2000, the Best Western Apricot Inn in Firebaugh, California since 2003, the Best Western Colonial Inn in Selma, California since 2017, and the Best Western Plus Inn in Coalinga, California since 2018. Mr. Merchant has also served as SureStay, Inc.'s Director in Phoenix, Arizona since December 2021. He has also been the President and Chief Executive Officer of Merchant Valley Corporation in Roseville, California since March 1997.

District V Director: Santosh Khanjee

Mr. Khanjee has served as our District V Director since December 2022, in Phoenix, Arizona. Mr. Khanjee has been an owner of the Aiden by BW @Austin City Hotel in Austin, Texas since June 1993, the Best Western Airpark Hotel-Los Angeles LAX Airport in Inglewood, California since March 1987, the Best Western Airport Plaza Inn – Los Angeles LAX Hotel in Los Angeles, California since October 1986, and the Best Western Courtesy Inn – Anaheim Park Hotel in Anaheim, California since April 1988. Mr. Khanjee has also served as SureStay, Inc.'s Director in Phoenix, Arizona since

December 2022.

District VII Director: Steven Angeline

Mr. Angeline has served as our District VII Director since December 2024, in Phoenix, Arizona. Mr. Angeline has been the owner of the Best Western Plus Concordville Hotel in Glen Mills, Pennsylvania since April 2019, and has been the owner of the Inn at Mendenhall, WorldHotels Crafted in Chadds Ford, Pennsylvania since April 2019. Mr. Angeline has also served as SureStay Inc.'s Director in Phoenix, Arizona since December 2024.

Managing Director, North American Development: Thomas Giuliano

Mr. Giuliano has served as our Managing/Regional Director, North American Development since 2016, in Phoenix, Arizona. He currently serves in a similar role for SureStay, Inc.

President and Chief Executive Officer: Lawrence M. Cuculic

Mr. Cuculic has served as our President and Chief Executive Officer in Phoenix, Arizona since December 2021. Mr. Cuculic has also served as SureStay, Inc.'s President in Phoenix, Arizona since December 2021. Mr. Cuculic previously served as our Senior Vice President, General Counsel and Corporate Secretary in Phoenix, Arizona from 2009 to December 2021, and as SureStay, Inc.'s Secretary in Phoenix, Arizona from its formation in August 2016 to December 2021.

Senior Vice President and Chief Financial Officer: Mark Straszynski

Mr. Straszynski has served as our Senior Vice President and Chief Financial Officer in Phoenix, Arizona since 2008. Mr. Straszynski has also served as SureStay, Inc.'s Treasurer in Phoenix, Arizona since its formation in August 2016.

President of International Operations and WorldHotels: Ron Pohl

Mr. Pohl has served as our President of International Operations and WorldHotels in Phoenix, Arizona since April 2022. Mr. Pohl served as our Senior Vice President and Chief Operations Officer in Phoenix, Arizona from 2007 to 2022.

Senior Vice President and Chief Technology Officer: William Ryan

Mr. Ryan has served as our Senior Vice President and Chief Technology Officer in Phoenix, Arizona since October 2024. From July 2023 to February 2024, Mr. Ryan served as Vice President of Digital Commerce and Customer Technology at Backcountry.com, LLC in Park City, Utah. From April 2017 to March 2023, Mr. Ryan served as Senior Director at PetSmart, Inc. in Phoenix, Arizona.

Senior Vice President and Chief Development Officer: Brad LeBlanc

Mr. LeBlanc has served as our Senior Vice President and Chief Development Officer in Phoenix, Arizona since April 2019.

Senior Vice President, General Counsel and Corporate Secretary: Jay Pricher

Mr. Pricher has served as our Senior Vice President, General Counsel and Corporate Secretary in Phoenix, Arizona since December 2021. Mr. Pricher has also served as SureStay, Inc.'s Secretary in Phoenix, Arizona since December 2021. Mr. Pricher previously served as our Vice President of Legal in Phoenix, Arizona from 2016 to December 2021.

Senior Vice President, Chief Marketing Officer: Joelle Park

Ms. Park has served as our Senior Vice President, Chief Marketing Officer in Phoenix, Arizona since July 2023. From 2018 to March 2023, Ms. Park served as Vice President and Senior Director at Hilton Worldwide Holdings, Inc. in McLean, Virginia.

Senior Vice President, Brand Management and Member Services: Michael Morton

Mr. Morton has served as our Senior Vice President, Brand Management and Member Services in Phoenix, Arizona since December 2023. From March 2022 to December 2023, Mr. Morton served as our Vice President of Brand Management & Member Services in Phoenix, Arizona. From January 2021 to March 2022, Mr. Morton served as our Vice President of Operations in Phoenix, Arizona. From June 2015 to January 2021, Mr. Morton served as our Vice President of Owner Relations in Phoenix, Arizona.

ITEM 3

LITIGATION

A. PENDING ACTIONS INVOLVING US

None.

B. CONCLUDED ACTIONS INVOLVING US

Best Western International, Inc. v. 1025 Beach LLC, Joga Sing Hayre, et al., Arizona District Court Case No. 2:22-cv-01696-CDB (Filed October 5, 2022; Counterclaim filed December 28, 2022).

The Membership for the Best Western Far Rockaway ("Former Member") was terminated for failure to pay its large, outstanding account; failure to pay its annual dues; and failure to satisfy the terms of a payment plan. On October 5, 2022, we filed a complaint against the owner of the Former Member, 1025 Beach LLC, and its voting member, for their failure to pay the outstanding account and fees and dues owed following the termination. The Former Member filed a counterclaim against us for breach of the implied covenant of good faith and fair dealing. The Former Member is seeking lost revenue proximately caused by us in an amount to be proven at trial. We denied any wrongdoing and disputed the allegations in the counterclaim. On April 19, 2023, the parties settled the case with mutual releases of all claims per a confidential settlement agreement, the disclosure of which is only allowed if required by applicable law or court order. The parties agreed that the Former Member would pay us \$160,000 in installment payments over 18 months.

Best Western International, Inc. v. Brookfield Ventures, LLC, et al., Arizona District Court Case No. 2:22-cv-00037-JAT (Filed January 10, 2022; Counterclaim filed August 1, 2022).

The Member for the Best Western Premier Milwaukee-Brookfield Hotel & Suites (“Former Member”) terminated its Membership with us by self-termination, effective December 2020. At the time of the self-termination, the Former Member had a large, outstanding balance owed to us. On January 10, 2022, we filed a complaint against the owner of the Former Member, Brookfield Ventures, LLC, and its voting member, for their failure to pay the outstanding account and fees and dues owed following the self-termination. The Former Member filed a counterclaim against us for breach of contract, breach of the implied covenant of good faith and fair dealing, fraud, and negligent misrepresentation. The Former Member sought approximately \$15.4 million in lost profits, reliance damages for renovations, punitive damages, attorneys’ fees and extracontractual damages. We denied any wrongdoing and disputed the allegations and damages sought in the counterclaim. On December 1, 2023, the parties settled the case with mutual releases of all claims per a confidential settlement agreement, the disclosure of which is only allowed if required by applicable law or court order. The parties agreed that the Former Member would pay us \$25,000.

Best Western International, Inc. v. 1Nonly Phi Mar, LLC, Philip Levine, et al., Arizona District Court Case No. 2:22-cv-00440-MTL (Filed March 21, 2022; Counterclaim filed July 8, 2022).

The Member for the Best Western Plus Dallas Hotel & Conference Center (“Former Member”) terminated its Membership with us by self-termination, effective September 21, 2021. At the time of the self-termination, the Former Member had a large, outstanding balance owed to us. On March 21, 2022, we filed a complaint against the owner of the Former Member, 1Nonly Phi Mar, LLC, and its voting member, for their failure to pay the outstanding account and fees and dues owed following the self-termination. The Former Member filed a counterclaim against us for breach of contract and breach of the implied covenant of good faith and fair dealing. We denied any wrongdoing and disputed the allegations in the counterclaim. On January 12, 2023, the parties settled the case with mutual releases of all claims per a confidential settlement agreement, the disclosure of which is only allowed if required by applicable law or court order. The parties agreed that the Former Member would pay us \$223,000 in installment payments over 13 months.

Best Western International, Inc. v. 764 4th Avenue Associates, LLC, Arizona District Court Case No. 2:20-cv-01760 (Filed September 8, 2020; Counterclaim filed January 29, 2021).

Defendant 764 4th Avenue Associates, LLC (“4th Avenue”) owns a hotel in Brooklyn, New York known as the Brooklyn Way (the “Hotel”), which was a BW Signature Collection® hotel. We discovered that the Hotel was operating primarily as a transitional housing/homeless shelter rather than an upper mid-scale hotel, was underreporting its occupancy, and underpaying its monthly fees pursuant to the parties’ Distribution Agreement. We were forced to sue 4th Avenue for the outstanding fees owed. 4th Avenue filed a counterclaim on January 8, 2021 asserting claims against us for breach of contract, breach of the duty of good faith and fair dealing, unjust enrichment, and negligent misrepresentation. We disputed the allegations and damages in the counterclaim. On April 30, 2021, the parties settled the case with mutual releases of all claims per a confidential settlement agreement, the disclosure of which is only allowed if required by applicable law or court order. The parties agreed that the Hotel would pay us \$250,000 in installment payments over 24 months.

Best Western International, Inc. v. Twin City Lodging, LLC, et al., Arizona District Court Case No. 18-cv-03374-SPL (Filed October 19, 2018).

The former Best Western Hotel & Restaurant in Mankato, Minnesota was terminated in June 2018 for failing to satisfy high speed internet and customer care ratio requirements and for having a large outstanding, unpaid account. On October 19, 2018, we filed a complaint against a former Member, Twin City Lodging, LLC (“Former Hotel”), and its voting members for the Former Hotel’s failure to pay its outstanding account and fees and dues owed following termination. The Former Hotel filed a counterclaim against us alleging wrongful termination. The counterclaim asserted causes of action for violations of the Minnesota Franchise Act, breach of the implied covenant of good faith and fair dealing, and breach of contract. We denied any wrongdoing and moved to dismiss the claims. On April 25, 2020, the parties settled the case with mutual releases of all claims per a confidential settlement agreement, the disclosure of which is only allowed if required by applicable law or court order. The parties agreed that the Former Hotel would pay us \$66,250.

Best Western International, Inc. v. Oakland Park, Inc., et al., Arizona State Court (Maricopa County) Case No. CV 2015-000279 (Filed December 12, 2016, Appellate Ruling December 6, 2018).

The former Best Western Oakland Park Inn in Fort Lauderdale, Florida was terminated in 2014 for refusing to pay its outstanding, unpaid account and breaching its payment plan obligations. In January 2015, we sued the former Member, Oakland Park, Inc. (the “Former Hotel”) and its voting member for failure to pay its outstanding account, fees and dues owed following termination, and for trademark infringement. The Former Hotel filed a counterclaim against us in December 2016 alleging wrongful termination, asserting causes of action for breach of contract, breach of the duty of good faith and fair dealing, and breach of the fiduciary duty, among others. We denied any wrongdoing. After a series of motions, the court ruled that the Former Hotel could not assert any wrongful termination claims. Following several hearings that the Former Hotel and its counsel failed to attend, the court granted us default judgment and dismissed all of the Former Hotel’s remaining claims. The default judgment was reversed on appeal on December 6, 2018, but the court of appeals found the termination was justified and that there is no counterclaim for breach of fiduciary duty. The case was remanded to the trial court for resolution of any remaining claims, but in the interim the Former Hotel filed for bankruptcy so the action was subject to the bankruptcy court’s automatic stay. On July 6, 2020, the parties, with the consent of the bankruptcy trustee and bankruptcy court, settled the case with mutual releases of all claims per a confidential settlement agreement, the disclosure of which is only allowed if required by applicable law or court order. The parties agreed that the Former Hotel would pay us \$225,000.

Bright LLC v. Best Western International, Inc., Arizona District Court Case No. 17-cv-00463-PHX-ROS (Filed July 8, 2016).

Bright LLC, a former conditionally-approved applicant for a Membership (“Former Applicant”), sued us for terminating its conditional approval after having already received 18 months of extensions. Former Applicant sought \$1.5 million in damages and asserted causes of action for breach of contract, breach of the implied covenant of good faith and fair dealing, promissory estoppel, unjust enrichment, and declaratory judgment. We denied any wrongdoing. We counterclaimed for damages in the amount of \$110,000 pursuant to the agreed contractual damages provision in the parties’ agreements. On March 1, 2019, the court granted summary judgment in our favor and dismissed all of the Former Applicant’s claims. On April 19, 2019, the parties settled the case with mutual releases of all claims per a confidential settlement agreement, the disclosure of which is only allowed if required by applicable law or court order. The parties agreed that the Former Applicant would pay us \$114,000.

State Bank of Texas, SBT I-10 Service Rd., Ft. Worth Hotel South, LLC v. Best Western International, Inc., Arizona State Court (Maricopa County) Case No. CV 2015-008670 (Filed November 20, 2015).

The former Best Western Plus Fort Worth South Hotel (the “Former Hotel”) was terminated in May 2015 for failing to satisfy design requirements and for failing to meet quality assurance standards established in applicable operations manuals after having been granted multiple extensions. The Former Hotel sued us, seeking over \$3.5 million in damages for costs spent on renovations, alleging improper termination and asserting claims for fraud, constructive fraud, breach of contract, equitable estoppel, breach of implied covenant of good faith and fair dealing, negligent misrepresentation, unjust enrichment/disgorgement, declaratory relief of unconscionability, declaratory relief of non-infringement, and recoupment. We counterclaimed for our contractual damages. We denied any wrongdoing. We moved for summary judgment and all of the Former Hotel’s claims were dismissed. The court ruled, however, that the Former Hotel could assert an affirmative defense for recoupment in response to our counterclaim. On September 25, 2018, the parties settled the case with mutual releases of all claims per a confidential settlement agreement, the disclosure of which is only allowed if required by applicable law or court order. The parties agreed that the Former Hotel would pay us \$25,000.

Best Western International, Inc. v. SDV Hospitality and Resources Corporation and Deepak Kant Vyas, Arizona District Court Case No. 2:15-cv-02159 (Filed October 27, 2015).

The former Best Western Plus Timber Creek Inn & Suites in Sandwich, Illinois (the “Former Hotel”) was terminated for failing quality assessments established in applicable operations manuals and refusing to allow re-inspection. The contract provided that upon termination, the Former Hotel was required to pay fees and dues for the remainder of the contract term, to timely de-brand, and to pay damages for improper use of our trademarks. Following termination, demands were made to the Former Hotel for an outstanding account balance and for liquidated damages relating to ongoing trademark infringement. We sued the Former Hotel to recover the fees. The Former Hotel filed a counterclaim asserting violations of the computer fraud and abuse act, the wire-tap act, the stored communication act, interference with business expectancy, negligent misrepresentation, breach of the covenant of good faith and fair dealing, and breach of fiduciary duty. We denied any wrongdoing. We successfully moved to dismiss the counterclaims for breach of the covenant of good faith and fair dealing and breach of fiduciary duty. On July 26, 2017, the parties settled the case with mutual releases of all claims per a confidential settlement agreement, the disclosure of which is only allowed if required by applicable law or court order. The parties agreed to pay their own attorneys’ fees and costs incurred in the action and to refrain from and correct any marketing, social media, or misrepresentations regarding the Former Hotel or its status as a Best Western branded hotel.

Best Western International, Inc. v. Upstate Host, LLC and Tarrunum Murad, Arizona District Court Case No. 2:16-cv-00885 (PGR) (Filed March 31, 2016).

The former Best Western Plus Carrier Circle in Syracuse, New York (the “Former Hotel”) was terminated for failing quality assessments established in applicable operations manuals. The contract provided that upon termination, the Former Hotel was required to pay fees and dues for the remainder of the contract term, to timely de-brand, and to pay damages for improper use of our trademarks. Following termination, demands were made to the Former Hotel for an outstanding account balance and for liquidated damages relating to trademark infringement. We were forced to sue the Former Hotel. The Former Hotel filed a counterclaim against us and a third-party complaint against various of our employees alleging wrongful termination and asserting claims for violation of the New York Franchise Act, violation of the Arizona Consumer Fraud Act, fraudulent concealment, intentional/negligent misrepresentation, breach of

contract, breach of the covenant of good faith and fair dealing, and unjust enrichment. We denied any wrongdoing. On July 13, 2016, the parties settled the case with mutual releases of all claims per a confidential settlement agreement, the disclosure of which is only allowed if required by applicable law or court order. The parties agreed that the Former Hotel would pay us \$78,000 in 24 equal monthly payments of \$3,250.

Best Western International, Inc. v. American Hospitality Solution, LLC and Deborah Speziale, Arizona District Court Case No. 2:16-cv-03405 (Filed October 6, 2016).

The former Best Western Crossroads (the “Former Hotel”) was terminated for failing to meet quality assurance standards established in applicable operations manuals. The contract provided that upon termination, the Former Hotel was required to pay any outstanding account balances, fees and dues for the remainder of the contract term, to timely de-brand, and to pay damages for improper use of our trademarks. Following termination, demands were made to the Former Hotel for an outstanding account balance and fees and dues for the remainder of the contract term. We sued the Former Hotel to recover the fees. The Former Hotel asserted counterclaims for fraud, violation of the Illinois Franchise Act, Violation of the Indiana Franchise Act, breach of contract, and declaratory relief that the liquidated damages provision in the parties’ agreement is invalid. We denied any wrongdoing and moved to dismiss all of the counterclaims. On April 24, 2017, the parties settled the case with mutual releases of all claims per a confidential settlement agreement, the disclosure of which is only allowed if required by applicable law or court order. The parties agreed that the Former Hotel would pay us \$35,000.

Quist v. Best Western International, Inc., Supreme Court of North Dakota, Civ. Case No. 10571 (Filed July 18, 1984).

On March 3, 1983, the North Dakota Securities Commissioner held that (i) the agreements between us and our Members were “franchises” as defined in the North Dakota Franchise Investment Law (“FIL”); (ii) we had offered or sold franchises in North Dakota in violation of the registration provisions of the FIL; (iii) we did not qualify for the statutory exemptions from registration; (iv) we had not been exempted by rule from registration; and, (v) the North Dakota Securities Commissioner had not applied the FIL in a discriminatory manner, and ordered us to refrain and desist from offering Memberships in our organization until the offers are registered with the North Dakota Securities Commissioner per the provisions of the FIL. The District Court, Burleigh County, South Central Judicial District, affirmed the North Dakota Securities Commissioner’s order, and we appealed. On July 19, 1984, the Supreme Court affirmed the District Court’s decision, holding that: (i) the FIL contained no exception for cooperative marketing agreements; (ii) we had waived constitutional challenges to the FIL itself; and, (iii) the record did not establish any discriminatory enforcement policy of the North Dakota Securities Commissioner or prove any discrimination against us.

Commissioner of Corporations v. Best Western International, Inc., Superior Court of the State of California for the County of Los Angeles, Case No. 0693928 (Filed July 29, 1988).

In response to a complaint filed by the California Commissioner of Corporations (“Commissioner”) asserting that we violated the registration and disclosure provisions of the California Franchise Investment Law (the “California Franchise Law”), and without admitting or denying any allegation of the complaint or liabilities arising therefrom, we consented to the entry of a Final Judgment of Permanent Injunction which ordered that: we (i) be permanently enjoined from offering to selling or otherwise in any way dealing or participating in the offer or sale of any franchise which is not exempt from the registration requirements under the California Franchise Law unless and until we are first registered under the California Franchise Law to offer and sell franchises; (ii) be permanently enjoined from selling any franchise without first

submitting to the prospective Member at least 10 business days prior to the receipt of any consideration or the execution of any binding franchise or other agreement, whichever occurs first, the prospectus and all agreements; (iii) file a notice of exemption or register our franchise offer per the California Franchise Law and prepare the applicable disclosure document(s) or file a letter that we have not filed a notice of exemption or obtained franchise registration because we have ceased all franchise offers and will not recommence until we have filed a notice of exemption or registered our franchise offer; and, (iv) pay the Commissioner its costs of \$3,080 (the “1988 Final Judgment of Permanent Injunction”).

In the Matter of Best Western International, Inc. Securities Division of the Office of the Attorney General of Maryland, Case No. 2018-0237 (Effective August 24, 2018).

The Securities Division of the Office of the Attorney General of Maryland (“Securities Division”) asserted that we violated the registration and disclosure provisions of the Maryland Franchise Registration and Disclosure Law (the “Maryland Franchise Law”) by entering into Membership Agreements. Without admitting or denying any violation of law, we voluntarily entered into a Consent Order with the Maryland Securities Commissioner (the “Securities Commissioner”) dated August 24, 2018. In the Consent Order, we agreed to: (i) immediately and permanently cease and desist from the offer and sale of Best Western Membership Agreements in Maryland unless and until we comply with the Maryland Franchise Law; (ii) reimburse the Office of the Attorney General \$16,500 in unpaid franchise filing fees; (iii) within 15 days of our receipt of the fully executed Consent Order, send to seven current Best Western Maryland Members a copy of the signed Consent Order and a rescission letter offering, for a period of 30 days, to immediately rescind the Member’s Membership Agreement and refund the Best Western entrance fee that Member paid; (iv) within 30 days of our receipt of the fully executed Consent Order, send to three Best Western Maryland Members who canceled their Membership Agreements an unconditional refund of the Best Western entrance fee that Member paid; (v) pay the Office of the Attorney General a civil monetary penalty in the amount of \$297,000 for the alleged violations described in the Consent Order, which amount would be reduced to as low as \$25,000 to account for rescission payments we offered to make to existing and former Best Western Maryland Members; and, (vi) complete payments to those Best Western Maryland Members who accepted our rescission offer within 30 days of our receipt of that written acceptance.

In the Matter of Best Western International, Inc. Securities Division of Department of Financial Institutions of Washington, Order No. S-18-2510-19-CO01 (Effective February 7, 2019).

The Securities Division of Department of Financial Institutions of Washington (“Washington Securities Division”) asserted that we violated the registration and disclosure provisions of the Washington Franchise Registration and Disclosure Law (the “Washington Franchise Law”) by entering into Membership Agreements. Without admitting or denying any violation of law, we voluntarily entered into a Consent Order with Washington Chief of Enforcement, dated February 7, 2019. In the Consent Order, we agreed to: (i) cease and desist from the offer and sale of Best Western Membership Agreements in Washington unless and until we comply with the Washington Franchise Law; (ii) pay the Washington Securities Division \$3,000 for unpaid franchise filing fees for the period 2012 to 2015; (iii) pay investigative costs of \$5,600; and (iv) provide a copy of the Consent Order to all Members who were Washington residents or operated a hotel located in Washington after January 1, 2015 within 60 days of the entry of the Consent Order.

In the Matter of Best Western International, Inc., Department of Business Oversight of the State of California, FIL ORG ID.: 102063 (Effective April 9, 2019).

The Commissioner of California’s Department of Business Oversight (the “Commissioner”) claimed that we violated the 1988 Final Judgment of Permanent Injunction described above by selling

franchises in California between 1988 and 2018 without being registered or filing for an exemption under the California Franchise Investment Law (Corporations Code section 31000, et. Seq.) (“California Franchise Law”). Without admitting or denying any violation of law, we voluntarily entered into a Consent Order with the Commissioner effective April 9, 2019. In the Consent Order, we agreed to: (i) cease and desist from the offer and sale of Best Western Membership Agreements in California unless and until we comply with the California Franchise Law; (ii) pay California’s Department of Business Oversight \$500,000 in administrative penalties; and (iii) pay California’s Department of Business Oversight \$10,000 in investigative costs.

In the Matter of Best Western International, Inc. Virginia Corporation Commission’s Division of Securities and Retail Franchising, Case No. SEC-2019-00060 (Effective February 24, 2020).

The State Corporation Commission’s Division of Securities and Retail Franchising (the “Commission”) asserted that we violated the registration and disclosure provisions of the Virginia Retail Franchising Act (the “Virginia Franchise Law”) by entering into Membership Agreements. Without admitting or denying any violation of law, we voluntarily entered into a Settlement Order with the Commission, which was filed on February 24, 2020. In the Settlement Order, we agreed to: (i) pay to the Treasurer of Virginia \$12,000 in monetary penalties; (ii) pay to the Treasurer of Virginia \$1,000 to defray the costs of investigation; and (iii) not violate Virginia Franchise Law in the future.

C. ACTIONS WE INITIATED DURING THE LAST FISCAL YEAR

Actions to Collect Unpaid Fees

Best Western International, Inc. v OP Hotel LLC, David Nedunilam, Jane Doe Nedunilam, Arizona District Court Case No. 2:23-cv-01166-JAT (Filed June 23, 2023).

Best Western International, Inc. v. HP3 LLC and Ajmer Singh, Arizona District Court Case No. 2:24-cv-00603-SMM (Filed March 20, 2024).

Action to Collect Unpaid Fees and Trademark Infringement Action

Best Western International, Inc. v. Guru Mehaar, Inc. v. Mohkam S. Bath and Jane Doe Bath, Arizona State Court (Maricopa County) Case No. CV2024-009916 (Filed April 25, 2024).

Other than these actions, no litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcy proceedings are required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Application Fee

All new prospective Hotel Owners of System Hotels must complete an Application (the current form of which is attached as Exhibit G). When you submit the Application to us for processing, you must pay an application fee (the “Application Fee”) of \$4,000. The Application Fee is applied uniformly to all new prospective Hotel Owners of System Hotels, is not credited toward any other payment you must make, and is non-refundable.

Affiliation Fee

All new prospective Hotel Owners of System Hotels must pay a non-refundable affiliation fee (the “Affiliation Fee”) before signing the Distribution Agreement for orientation, training and other on-boarding services and support. The Affiliation Fee is \$25,000.

Impact Study Fee

If upon receipt of your Application a Hotel Owner requests an impact study, you will be required to pay us an impact study fee (the “Impact Study Fee”) of \$4,000 so that we can conduct an impact study. If we deny your Application for any reason, we will refund the Impact Study Fee to you.

Computer-Related Fees

You may, but are not required to, have two-way connectivity to our reservations system. If you elect to use two-way connectivity, you must pay us a \$1,500 installation fee. If you do not elect to use two-way connectivity, you will not pay us this fee.

All Hotel Owners of System Hotels are required to have a Hotel Managed Security Service (“HMSS”) which provides hotels with secure communications to data centers and security, which will require that you pay us a one-time installation fee which typically ranges from \$2,100 to \$3,500.

These computer-related fees are non-refundable.

Distribution System Photographs Fee

When we require before opening the Hotel, you must pay a distribution system photographs fee (“Distribution System Photographs Fee”) ranging between \$1,150 and \$8,000 plus one room night’s accommodation for the photographer (if needed) so that we can ensure our reservations system have up-to-date material. The Distribution System Photographs Fee is applied uniformly to all new prospective Hotel Owners of System Hotels and is non-refundable.

Range of Pre-Opening Amounts Received During Prior Fiscal Year

We did not reduce any of the fees described above for any Hotel Owner during our 2024 fiscal year.

ITEM 6

OTHER FEES

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Required Fees for All System Hotels			
Monthly Fee	5% of Monthly Gross Rooms Revenue. ²	Due and payable monthly upon statement receipt.	Sales, marketing and technology services.
Global Distribution Systems (GDS) Fee	\$7.90 per booking.	Due and payable monthly upon statement receipt.	Payable for reservations booked through GDS and GDS internet travel sites.
Third-Party Internet Booking Fee	\$4.60 per booking.	Due and payable monthly upon statement receipt.	Payable for reservations booked through third-party internet booking sites.
Third-Party Partner Booking Fee	\$2.00 per booking.	Due and payable monthly upon statement receipt.	Payable for reservations booked through our third-party partner.
Best Western Rewards® (BWR®) Fee	\$0.0055 per BWR point issued. For newly enrolled Online Travel Agent (“OTA”) guests, the Hotel will be charged a flat fee of \$2.75 for the 500 points issued to the guest.	Billed one month in arrears. Due and payable monthly upon statement receipt.	Fee for BWR points or airline program miles issued by the Hotel to BWR members (10 points issued for each revenue dollar).
BWR Enrollment Fee Rebate	5.5% of Monthly Gross Rooms Revenue ² for newly enrolled BWR members with valid email address, up to 5 nights stay, maximum \$500; 2.75% of Monthly Gross Rooms Revenue ² for newly enrolled BWR member without valid email address, up to 5 nights stay, maximum \$500. \$2.75 rebate for newly enrolled OTA	Credited monthly.	Rebate of BWR fee imposed when a new BWR member is enrolled.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
	guests with a valid email address. \$1.38 rebate for newly enrolled OTA guests without a valid email address.		
Pay With Points	<p>The credit portion for BWR® points redeemed:</p> <p>If 90% occupied or greater, a credit equal to the number of points times \$0.005 times 90%.</p> <p>If 70% or greater but less than 90% occupied, a credit equal to the number of points times \$0.005 times 70%.</p> <p>If less than 70% occupied, a credit equal to the number of points times \$0.005 times 40%.</p> <p>The cash paid (non-points) portion of Pay with Points is collected and retained by the Hotel from the BWR® member guest.</p>	Credited two months in arrears.	Credit for reservations booked using a combination of BWR points and an alternative payment method. The Hotel retains the non-points portion of the stay and receives a credit for the points portion.
Free Night Vouchers	80% of the Hotel's Average Monthly Rate ("AMR").	Reimbursed two months in arrears.	Credit for BWR free night voucher redeemed at the Hotel.
Best Western Gift Card	Amount of gift card redeemed less 10% commission.	Credited monthly.	Credit for gift cards redeemed at the Hotel.
	Amount of gift card sold or reloaded is charged; related 10% commission is credited.	Due and payable monthly upon statement receipt.	Charge for gift cards sold or reloaded at the Hotel. Related commission is credit to the Hotel.
BestCheque	\$0.71 per commissionable transaction.	Due and payable monthly upon statement receipt.	Fee for administering the centralized travel agent commissions program.
BestCheque Consortia	Fee of \$3.00 per net room night reservation booked.	Due and payable monthly upon	Per booking fee for reservations received from Consortia partners.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
		statement receipt.	
Travel Agent Commissions	Commission on Gross Rooms Revenue ² that varies by travel agent and agreement.	Case by case basis. Due and payable monthly upon statement receipt.	Payable as a pass-through commission charge for travel agent reservations.
Performance Based Marketing	10% of Gross Rooms Revenue ² for each reservation received from a digital opportunity.	Due and payable monthly upon statement receipt.	Fee for revenue generated through paid advertising (i.e., paid search).
Commission Junction	10% of Gross Rooms Revenue ² for each reservation associated with a banner ad.	Due and payable monthly upon statement receipt.	Commission charge for reservations which result from a banner ad placed on a publisher's network.
Travel Management Companies (TMC)	Varies by TMC; but generally annual participation fees are \$350 - \$1,100 per TMC, or Pay for Performance at \$3.00 per consumed room night plus a 10% agency commission.	Due and payable monthly upon statement receipt.	Preferred partnership status.
Group Commissions	As negotiated between the Hotel and client. 10% commission on Gross Rooms Revenue ² for HelmsBriscoe and HotelPlanner.	Due and payable monthly upon statement receipt.	We centrally pay group commissions for worldwide sales group intermediary partners (currently HelmsBriscoe and HotelPlanner) after receiving confirmation of the group pick up and commission due from the Hotel. Hotel is then charged on the next monthly statement.
Two-Way Connectivity Support Fee	If the Hotel elects two-way connectivity, a one-time Two-Way connectivity installation fee of \$1,500 and a Two-Way Connectivity Support fee that ranges from \$41 to \$669 per month (based on the Hotel's PMS).	Due and payable monthly upon statement receipt.	If the Hotel elects two-way connectivity, a one-time Two-Way connectivity installation fee, plus a monthly fee for Two-Way connectivity to our reservations system.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Hotel Managed Security Service (“HMSS”)	One-time fee for installation of HMSS typically ranging from \$2,100 to \$3,500 and a monthly maintenance fee of \$130 per month upon installation of HMSS.	Due and payable monthly upon statement receipt.	One-time installation fee and monthly maintenance fee, both payable to us, for HMSS, an internet-based solution through a BWH endorsed vendor for sending and receiving reservations. The HMSS provides hotels with secure communications to our data centers and increased security between hotels and approved PMS providers.
RFP Tool Fee	\$120 per year	Due and payable upon statement receipt.	Fee for tool to participate in RFP process.
BWI Groups RFP Tool Fee	\$120 per year	Due and payable upon statement receipt.	Fee for tool to participate in Groups RFP process.
Annual Quality Assurance (QA) Assessment Fee	Cost recovery fee billed annually, currently \$2,100. Hotel is also required to provide a free room night to the QA Inspector.	Due and payable monthly upon statement receipt.	Annual assessment fee.
QA Reassessment Fee	Cost recovery fee, currently \$5,000, plus a free room for the inspector.	Due and payable monthly upon statement receipt.	Fee charged for reassessment after a failed QA assessment.
Guest Satisfaction Survey	\$50 monthly usage fee.	Due and payable monthly upon statement receipt.	Fee to provide System Hotel access to guest satisfaction surveys.
Online Travel Agency (“OTA”) Marketing Fund Assessment	\$250 annual fee per System Hotel.	Due and payable annually upon statement receipt.	Annual marketing fee for costs of OTA advertising and marketing.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Customer Care/First Contact Resolution (FCR)	\$50 per call handled. FCR: cost of compensation up to one comp. room. Non-FCR: \$75 per non-response, plus cost of any compensation to customer.	Due and payable monthly upon statement receipt.	Fee for BWI Customer Care agent. Hotel given 2 days to respond; if no response, complaints will be addressed by BWI.
Rate Parity	System Hotels that repeatedly violate rate parity and our brand low-rate guarantee are subject to administrative fees which range from none (i.e., written notification) to up to \$4,000 per violation depending on the number of violations annually.	Due and payable upon statement receipt.	Administrative fee charged to hotels for rate parity violations.
Indemnification	Reimbursement for all payments by us arising from any claimed occurrence at the Hotel.	Case by case basis as incurred. Due and payable upon statement receipt.	You must indemnify us, hold us harmless and assume our defense with regard to System Hotel operations (to include information security) and the providing of accommodations, food, beverages, transportation, and services at the Hotel.
Liquidated Damages for Premature Termination	An amount calculated by taking the average of the prior 12 months of fees owed to us (but if fees have been owed to us for less than 12 months, the average of all prior months) and multiplying that average by the lesser of: (i) 12, or (ii) the remaining number of months in the Term (as defined in Item 17).	On demand.	Payable if we terminate the Distribution Agreement for cause or you terminate the Distribution Agreement without cause.
Service Charge	1 ½ % of delinquent account balance assessed monthly (18% Annual Percentage Rate).	Due and payable upon statement receipt.	Service charge if you do not make any payment to us or our affiliates when due.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Transfer Fee	\$10,000.	Due and payable upon statement receipt.	Payable to transfer or assign the Distribution Agreement.
Optional Programs/Fees			
Partner Forum	\$1,500 - \$3,000	Due and payable upon statement receipt.	Fee for optional BWI sales and marketing event.
Rate Shopping Service	Varies depending on market but generally between \$32 and \$59 per month.	Due and payable upon statement receipt.	Competitive software subscription rate shopping service that allows hotels to shop up to 8 competitors.
BestREV	Cost recovery set-up fee plus \$175 per month for licensing, support and maintenance.	Due and payable monthly upon statement receipt.	Payable for use of demand forecasting and rate optimization software subscription program.
Revenue for Hire ("RFH") Program	Per month fee based on size of the Hotel: \$1,055 for 1-120 rooms \$1,270 for 121-200 rooms \$1,480 for 201+ rooms	Due and payable monthly upon statement receipt.	Fee charged to hotels that participate in the optional program for experienced and certified RFH services. BWI two-way interface is required to participate in the RFH program.
Property Sales Management Program	Monthly charge of \$2,300 per System Hotel (or discount rate of \$2,100 per System Hotel for multi-property owners).	Due and payable upon statement receipt.	Payable for System Hotels that participate in the optional local sales program
Reservation Transfer Service Program	Participating System Hotel: 3% commission per reservation booked with a cap of three nights for a single reservation. Non-participating System Hotel: \$5 for each call transferred.	Due and payable monthly upon statement receipt.	Optional program fee to have calls transferred from the hotel to Central Reservations. Hotels not participating are subject to a fee per call transferred.
Guest Management System (GMS)	\$1.45 per room/per month.	Due and payable upon statement receipt.	Optional full suite Guest Management System that includes check-in, upsells, AI guest messaging, a digital compendium, and mobile

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
			check-out. This is the cost for the Canary GMS, although you may use the GMS of your choosing.
Studio Design Services	Per contract, determined by the scope of the project.	Due and payable monthly upon statement receipt.	Optional, affordable interior design creation and conceptual architectural services (for exteriors) available through our Studio Design team of interior designers and architects on a contract basis.

NOTES

1. Unless otherwise indicated, all fees described in this Item 6 are payable to, and imposed by, us or our affiliates and are non-refundable. You agree to allow us to automatically debit your bank account each month in the amount owing us and you agree to monthly electronic statements. We may revise fees, charges and credits.
2. "Gross Room Revenue" is defined in the Distribution Agreement as booked revenue from the rental, sale, use, or occupancy of guest rooms at the Hotel for whatever purpose, including cash and credit transactions, whether or not collected by the Hotel, and any proceeds from business interruption insurance. Gross Rooms Revenue does not include taxes required by law, revenue from telephone services, movie rentals, vending machines, room service, parking or food and beverage sales.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

CONVERSION OF AN EXISTING HOTEL TO A PREMIER HOTEL (120-ROOM)

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be made
Application Fee (1)	\$4,000	Lump Sum	When you submit the Application to us for processing	Us
Affiliation Fee (2)	\$25,000	Lump Sum	Prior to execution of the Distribution Agreement	Us
Impact Study Fee (3)	\$0 - \$4,000	Lump Sum	Before	Us

Column 1	Column 2	Column 3	Column 4	Column 5
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be made
			Commission of Impact Study if Required	
Renovation Work (4)	\$0 - \$2,677,500	As Agreed	As Agreed	Contractors
Furniture, Fixtures and Equipment (5)	\$0 - \$3,415,500	As Agreed	As Agreed	Suppliers
Inventory and Operating Equipment (6)	\$72,450 - \$90,300	As Agreed	As Agreed	Suppliers
Signage (7)	\$315 - \$525	As Agreed	As Agreed	Suppliers
Distribution System Photographs Fee (8)	\$1,150 - \$8,000	Lump Sum	As Required	Us
Computer System (9)	\$0 - \$13,100	Cash, Check or Wire Transfer	As Required	Suppliers/Us
Insurance (10)	\$8,750 - \$13,750	As Required	As Required	Agent/Insurer
Organizational Expense (11)	\$1,050 - \$2,100	As Agreed	As Agreed	Accountant/Attorney
Permits and Licenses (12)	\$0 - \$63,000	As Required	As Required	Governmental Agency
Miscellaneous Project Management Expenses (13)	\$0 - \$26,250	As Incurred	As Agreed	Suppliers
Additional Funds (3 months) (14)	\$500,000 - \$545,000	As Incurred	As Arranged	Suppliers
TOTAL (15)	\$612,715 - \$6,888,025			

CONVERSION OF AN EXISTING HOTEL TO A SIGNATURE HOTEL (90-ROOM)

Column 1	Column 2	Column 3	Column 4	Column 5
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be made
Application Fee (1)	\$4,000	Lump Sum	When you submit the Application to us for processing	Us
Affiliation Fee (2)	\$25,000	Lump Sum	Prior to execution of the Distribution Agreement	Us
Impact Study Fee (3)	\$0 - \$4,000	Lump Sum	Before Commission of	Us

Column 1	Column 2	Column 3	Column 4	Column 5
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be made
			Impact Study	
Renovation Work (4)	\$0 - \$808,500	As Agreed	As Agreed	Contractors
Furniture, Fixtures and Equipment (5)	\$0 - \$1,365,000	As Agreed	As Agreed	Suppliers
Inventory and Operating Equipment (6)	\$47,250 - \$78,750	As Agreed	As Agreed	Suppliers
Signage (7)	\$315 - \$525	As Agreed	As Agreed	Suppliers
Distribution System Photographs Fee (8)	\$1,150 - \$8,000	Lump Sum	As Required	Us
Computer System (9)	\$0 - \$13,100	Cash, Check or Wire Transfer	As Required	Suppliers/Us
Insurance (10)	\$6,250- \$10,000	As Required	As Required	Agent/Insurer
Organizational Expense (11)	\$525 - \$1,050	As Agreed	As Agreed	Accountant/Attorney
Permits and Licenses (12)	\$0 - \$31,500	As Required	As Required	Governmental Agency
Miscellaneous Project Management Expenses (13)	\$0 - \$26,250	As Incurred	As Agreed	Suppliers
Additional Funds (3 months) (14)	\$357,000 - \$387,450	As Incurred	As Arranged	Suppliers
TOTAL (15)	\$441,490 - \$2,763,125			

Explanatory Notes

* All amounts listed in the above tables are non-refundable, unless stated otherwise below. All estimates are based on our and our affiliates' 70+ years of experience. The estimates in the above tables are for the conversion of an existing hotel to a Premier Hotel or a Signature Hotel, as applicable. The costs in the above tables are only estimates, and the actual costs may vary substantially depending on the type, condition, age, physical structure and quality of furnishing of the existing hotel and the building construction, material and labor costs applicable to the geographic area in which the hotel is located. You are encouraged to independently investigate the actual costs before executing the Distribution Agreement.

1. All new prospective Hotel Owners must complete an Application and submit the \$4,000 Application Fee.
2. All new prospective Hotel Owners must pay the \$25,000 Affiliation Fee for orientation, training and other on-boarding services and support.

3. If upon receipt of your Application a Member requests an impact study, you will be required to pay us the Impact Study Fee so that we can conduct an impact study. If we deny your Application for any reason, we will refund the Impact Study Fee to you.
4. Depending on the type, condition, age and physical structure of the existing hotel, you may or may not have to incur renovation work costs to bring the existing hotel into conformity with our requirements. Renovation costs will vary significantly and the amounts in the above table are just estimates.
5. Depending on the type, condition, age and quality of furnishing of the existing hotel, you may or may not have to incur costs to furnish and equip the existing property in conformity with our requirements. These costs will vary significantly and the amounts in the above table are just estimates.
6. "Inventory" includes food and beverages and other immediately consumable items such as fuel, soap, cleansing material, and similar items. "Operating equipment" includes such items as plates, cups, glasses, and uniforms. Although the estimated initial investment for inventory and operating equipment may vary significantly depending upon the number of rooms at the Hotel, occupancy and other similar factors, we anticipate the initial investment for inventory and operating equipment will equal roughly 8% to 10% of guest room revenue. The estimated ranges are for inventory and operating equipment for three months of operations. The estimated range in the tables was calculated for (i) a Premier Hotel with 120 rooms and revenue per available room ("RevPAR") of \$85; or (ii) a Signature Hotel with 90 rooms and RevPAR of \$75. These estimates are for illustrative purposes only.
7. You will be required to place plaques at the hotel main entrance and front desk indicating your affiliation with us.
8. You will be required to pay a Distribution System Photographs Fee to us for the purpose of ensuring our reservations system have up-to-date material. You must also pay for one room night's accommodation for the photographer (if needed).
9. The "Computer System" and the cost breakdown for each component is more fully described in Item 11.
10. You must maintain the minimum levels and types of insurance specified in the Distribution Agreement at your expense. This insurance must name us as an additional insured and certificate holder. Insurance premiums vary widely by reason of location, size of hotel and type of coverage purchased. The amounts disclosed in the above tables represent the cost of the annual premium for three months.
11. Actual cost depends on work done by an accountant and attorney, and standard regional rates.
12. The licenses and permits you must obtain to operate the Hotel vary depending on the state, county or other political subdivision in which the Hotel is located and the size of the Hotel. The low end of the ranges presumes the hotel was open and operating as a hotel immediately prior to converting to a System Hotel and will not have permit and license fees. This range includes licensing or permits that will be necessary for the Hotel to offer food and alcoholic

beverages. The price and related costs of obtaining an alcohol permit may vary substantially by jurisdiction, especially in those jurisdictions that consider a liquor license to be an asset.

13. You may incur pre-activation expenses for salaries and wages; personnel training; sales; administrative and general expenses; project management; technical services; advertising; and, opening festivities. These costs will vary significantly and the amounts in the above table are just estimates.
14. The additional funds estimated for operating the Hotel for the initial 3-month period (e.g., working capital for staff salaries and operating expenses) will vary materially by geographic location, taxes (e.g., federal, state and local) size of your land and Hotel, age of the Hotel, your Hotel room count, seasonality, number and size of your common areas, whether you have meeting rooms and/or a conference center, food service offered (e.g., restaurant), amenities offered, labor costs, health benefits costs, utility costs, insurance costs, and the relative effectiveness of you and your staff. The estimates do not include debt service or lease costs. The estimates are not a warranty as to your actual operating costs which you best can determine.
15. We and our affiliates do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions from which you request a loan.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

There is no specific product or service we require you to purchase or lease from us, a supplier we designate or a supplier we approve or according to our specifications other than (i) a Hotel Managed Security Service (HMSS), which provides hotels with secure communications to data centers and security, for which you must pay us the related fees and (ii) the front entrance and front desk plaques.

We recommend that System Hotels maintain certain designated computer equipment, as well as two-way connectivity to our reservations system. You may obtain the recommended computer equipment from any supplier and, if you choose to have two-way connectivity, you must pay us the related fees for two-way connectivity. System Hotels will have access to, but are not required to use, BestREV, our proprietary revenue management software that provides daily rate recommendations to drive optimal revenue and integrate with most PMS systems to implement recommended changes. This is offered to System Hotels at no additional cost, but does require our two-way Interface, and participation with our Rate Shopping Service.

We further recommend that System Hotels secure the GMS through our affiliate AutoClerk. The recommended GMS provides a full-suite guest management system for System Hotels which includes pre-registration, dynamic upsells, guest messaging, digital compendium and mobile check-out. The recommended GMS enables hoteliers to increase revenue, boost staff efficiency and maximize guest satisfaction.

Since you will be converting an existing hotel to a Premier Hotel, or a Signature Hotel, as applicable, you may already have some or all of these items.

You must (i) maintain the Hotel and provide amenities as we determine from time to time consistent with an upscale hotel (for a Premier Hotel) or upper-midscale hotel (for a Signature Hotel); and (ii) maintain a passing BWI quality assurance (“QA”) assessment rating. We may provide our standards for an upscale hotel (for a Premier Hotel) or upper-midscale hotel (for a Signature Hotel) and for what we consider to be a passing QA assessment rating to you from time to time in writing (the tables of contents of the current versions of which are attached as Exhibits H-1 and H-2).

Except as provided above, neither we nor any affiliate is an approved supplier or the sole supplier of any product or service. You currently may obtain all products and services from any source of distribution. For this reason, we do not grant or revoke approval of any suppliers.

You must maintain, at your own expense, general liability insurance, automobile liability insurance (for owned, non-owned, and hired automobiles) and cyber liability insurance, each in the following amounts:

- Commercial General Liability: \$6M General/Excess/Umbrella. Best Western strongly recommends that assault and battery, abuse and molestation, and human trafficking liability coverage not be limited or excluded. Exposure to carbon monoxide may not be excluded and may not be limited to amounts less than the \$6M.
- Automobile Liability: \$1M coverage for owned, hired and non-owned automobiles.
- Cyber Security Liability: \$1M.
- Worker’s Compensation: As required by law.

All required insurance must name us as an additional insured and certificate holder.

There is currently no supplier in which one of our officers owns an interest.

Our affiliate, AutoClerk, received approximately \$16,960 in revenue during 2024 from selling optional items to Hotel Owners. Neither we nor our affiliates received any revenue or other material consideration during 2024 from selling required items to Hotel Owners, but we and they may do so in the future. Designated suppliers did, however, make payments (i.e., commissions and rebates) to us in 2024 in connection with required and discretionary purchases by Hotel Owners and our and our affiliates’ licensees and franchisees operating under other hotel brands (collectively referred to as “BW Hotel Operators”). We generally receive a margin of approximately 7.8% from furniture, fixtures and equipment suppliers and commissions of 2.3% from direct order suppliers (i.e., suppliers of hotel operational items such as guest room amenities, linens, etc.) based on purchases made by BW Hotel Operators. During fiscal year 2024, we received total revenue of \$580 million and we received \$4.6 million, or 0.8% of our total revenue, from vendors (i.e., commissions and rebates) in connection with purchases by BW Hotel Operators. All such funds were used for the administration of the supply program.

We or an affiliate provide access to a procurement service. There are not currently any other purchasing or distribution cooperatives. We currently negotiate purchase arrangements with suppliers (including price terms). We do not provide material benefits to System Hotels based on their purchase of particular products or services, or use of particular suppliers. Collectively, the purchases and leases

described above are less than 1% of your overall purchases and leases in establishing a System Hotel and approximately 1% - 2% of your overall purchases and leases in operating a hotel operating under the Licensed Marks.

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Distribution Agreement. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.

OBLIGATION	SECTION IN DISTRIBUTION AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	Not applicable	Items 7, 8 and 12
b. Pre-opening purchases/leases	Section 3(g) and Exhibit A	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	Not applicable	Items 5, 7, 8 and 11
d. Initial and ongoing training	Sections 2(i) and 2(j) and Exhibit A	Items 5, 6, 7, 11 and 15
e. Opening	Sections 1(a), 3(b), 3(c) and 3(e)	Items 7 and 11
f. Fees	Sections 3(g), 3(n) and 3(t) and Exhibit A	Items 5, 6, and 7
g. Compliance with standards and policies/operating manual	Section 3	Items 8 and 11
h. Trademarks and proprietary information	Sections 2(h), 3(o) and 3(hh)	Items 13 and 14
i. Restrictions on products/services offered	Section 3	Items 8, 11 and 16
j. Warranty and customer service requirements	Sections 2(e), 2(k), 3(p), 3(q), 3(y)-(cc) and Exhibit A	Item 6
k. Territorial development and sales quotas	Not applicable	Item 12
l. Ongoing product/service purchases	Section 3 and Exhibit A	Items 6 and 8
m. Maintenance, appearance, and remodeling requirements	Sections 3(a)-3(e) and 3(o)	Items 8, 11, 16, and 17
n. Insurance	Section 3(ff)	Items 7 and 8

OBLIGATION	SECTION IN DISTRIBUTION AGREEMENT	DISCLOSURE DOCUMENT ITEM
o. Advertising	Sections 3(h), 3(o), 3(p) and 3(cc)	Items 7 and 11
p. Indemnification	Section 3(gg)	Item 6
q. Owner's participation/ management/staffing	Exhibit A	Items 11 and 15
r. Records and reports	Sections 3(l), 3(r) and 3(s)	Not Applicable
s. Inspections and audits	Sections 3(e), 3(q) and 3(s)	Items 8 and 11
t. Transfer	Section 4(h)	Item 17
u. Renewal	Section 1(a)	Items 17
v. Post-termination obligations	Sections 1(b), 1(c) and 1(d)	Item 17
w. Non-competition covenants	Not applicable	Item 17
x. Dispute resolution	Section 4(l)	Item 17
y. Other. Guaranty of Member's obligations	Not applicable	Not applicable

ITEM 10

FINANCING

We and our affiliates do not offer direct or indirect financing. Neither we nor our affiliates will guarantee your note, lease, or obligation.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

Except as listed below, we are not required to provide you with any assistance.

Before you begin operating the Hotel, we (or our parent, affiliate, or designee) will:

1. Furnish you with a reservation service (Distribution Agreement, Sections 2(a) and 2(b)).

2. Provide you with access to a list of suppliers that you can use that supply furniture, fixtures, equipment, opening inventory and supplies, and offer you the opportunity to engage our Studio Design Services for design and aesthetics assistance. We do not otherwise provide any assistance with obtaining, nor do we deliver or install, furniture, fixtures, equipment or opening inventory or supplies. Other than the requirements that you obtain and display front entrance and front desk plaques according to our specifications, and maintain the Hotel and provide amenities as we determine from time to time consistent with an upscale hotel (for a Premier Hotel) or upper-midscale hotel (for a Signature Hotel), we do not provide written specifications for furniture, fixtures, equipment or opening inventory or supplies.

During your operation of the Hotel, we (or our parent, affiliate, or designee) will:

1. Use commercially reasonable efforts to market the Hotel on our reservation service. We will also use commercially reasonable efforts to display relevant Hotel information (e.g., rates, availability, taxes, fees, Hotel and room information, cancellation and no-show policies, etc.) (“Hotel Information”) on our reservation service (Distribution Agreement, Sections 2(a) and 2(b)).
2. Continue to furnish you access to the reservation service (Distribution Agreement, Sections 2(a) and 2(b)).
3. Use commercially reasonable efforts to provide sales and revenue management services (Distribution Agreement, Section 2(c)).
4. Allow the Hotel to participate in the BWR® and the gift card programs (Distribution Agreement, Section 2(d)).
5. Assess the Hotel at least once every 12 months to ensure the quality of the guest experience and the condition of the Hotel (Distribution Agreement, Section 2(e)).
6. Maintain information security procedures and controls to prevent the unintended disclosure of, and the unauthorized access to or misappropriation of, any personal data or information of any Hotel guest delivered through the reservation service (Distribution Agreement, Section 2(f)).
7. Provide to the Hotel digital marketing consultant services, to include: (i) primary contact for digital marketing channels; (ii) monitor/maintain optimization of hotel content; (iii) social media; and (iv) BWR® support (Distribution Agreement, Section 2(i)).
8. Provide to the Hotel access to BWI online education and training resources, to include BWI’s learning management system (“LMS”) (BWI’s online education website that offers online learning opportunities for continuing education) (Distribution Agreement, Section 2(j)).
9. For a fee, provide to the Hotel access to guest satisfaction surveys through a customer feedback program (Distribution Agreement, Section 2(k)).

Advertising

We are not required to maintain any particular advertising program or engage in any marketing for System Hotels in the area in which any Hotel Owner’s System Hotel is located, apart from our

general obligation to use reasonable efforts to market the Hotel on our reservation system. That said, System Hotels are required to pay us Monthly Fees, and we may use a portion of those fees to pay for various programs we choose in our sole judgment, including (i) advertising, promotions, publicity, public relations, market research, loyalty programs and other marketing programs for the benefit of BW Hotel Operators (defined in Item 8), (ii) administrative costs and overhead related to the administration or direction of these projects and programs, and (iii) other such services as we may determine from time to time related to sales and marketing. Currently, the Monthly Fee for System Hotels is 5% of Gross Rooms Revenue.

We will have the sole right to determine whether we spend any of these funds on marketing and, if we choose to, how and when we spend these funds, including sole control over the creative concepts, materials and media used in the programs, the source, placement, geographic coverage (i.e., whether local, regional or national) and allocation of advertising and the selection of promotional programs. We may enter into, modify or terminate arrangements for marketing with any other entity, including any of our affiliates or a third party. We will not use Monthly Fees to solicit new franchise sales (other than the development and maintenance of our website and its developers' pages).

Any portion of the Monthly Fees that we do spend on marketing may be, together with marketing fees paid by other BW Hotel Operators, spent for the benefit of System Hotels and other BW Hotel Operators, and they will not be used to exclusively promote or benefit the Licensed Marks or any one System Hotel or market. We will have no obligation in administering any marketing activities paid for with Monthly Fees to make expenditures for you that are equivalent or proportionate to your payments or to ensure that the Hotel benefits directly or proportionately from such expenditures.

We may create any programs and allocate monies derived from Monthly Fees to any regions or localities, as we consider appropriate in our sole business judgment. The aggregate of Monthly Fees paid to us does not constitute a trust and we are not a fiduciary with respect to Monthly Fees paid by you and other System Hotels.

The amount of Monthly Fees collected and spent on marketing currently is not audited and financial statements reflecting the collection and expenditure of Monthly Fees collected and spent on marketing are not currently available for review by Hotel Owners. Upon a Hotel Owner's request, we will make these statements available for review. During the 2024 fiscal year, the portion of Monthly Fees collected from Hotel Owners and the marketing fees collected from other BW Hotel Operators were collectively spent in the following approximate amounts: 50% on advertising and media placement, production and other associated expenses, 12% on promotions for seasonal marketing, trade shows and other associated expenses and 38% on internal technology platforms, assets, disaster recovery and security.

We will provide you with digital marketing consultant services, to include serving as the primary contact for digital marketing channels, monitoring/maintaining optimization of hotel content, social media and BWR® support. There is no additional cost for these services. The Distribution Agreement does not limit your ability to use your own advertising materials, although you must always use the Licensed Marks in accordance with our brand identity standards.

There is no advertising council composed of Hotel Owners that advises us on advertising policies. Hotel Owners are not required to participate in a local or regional advertising cooperative or

in any advertising fund. Hotel Owners are not required to spend any amount other than Annual Fees or Monthly Fees, as applicable, on local, regional or national advertising.

Computer System

System Hotels are recommended to have certain computer equipment, have the option of having two-way connectivity to our reservations system and the option of securing the Guest Management System (“GMS”), and are required to have a Hotel Managed Security Service (“HMSS”), each at the following costs:

<i>Recommended Equipment</i>	<i>Cost</i>
Front Desk Workstation Hardware	\$0 to \$2,500 per Workstation
EMV/Chip and Pin Equipment for Credit Card Processing	\$0 to \$4,000 (for 2 Pin Pads)
Printer	\$0 to \$1,200
Fax Machine	\$0 to \$400
<i>Optional Two-Way Connectivity</i>	
Two-Way Connectivity Installation Fee	\$1,500
Two-Way Connectivity Support Fee	\$41 to \$669 per month depending on the type of PMS
<i>Optional Guest Management System</i>	
Guest Management System (“GMS”)	\$1.45 per room, per month, if licensed through our affiliate, AutoClerk. The recommended GMS provides a full-suite guest management system for System Hotels which includes check-in, upsells, AI guest messaging, a digital compendium, and mobile check-out. The GMS enables hoteliers to increase revenue, boost staff efficiency and maximize guest satisfaction.
<i>Required HMSS Fee</i>	
Hotel Managed Security Services (“HMSS”) Fee	One-time fee for installation of HMSS typically ranging from \$2,100 to \$3,500 (depending on complexity of the installation) and monthly maintenance fee of \$130 per month upon installation of HMSS

The low end of the ranges for the equipment in the above table is \$0, since you will be converting an existing hotel to a Premier Hotel or a Signature Hotel, as applicable, and may already have all of the listed equipment.

System Hotels must obtain a PMS but it may be the PMS of their choosing. All System Hotels are required to ensure that their PMS’s are kept current on software updates/upgrades. We do not have any contractual limitations on the frequency and costs of any such obligations.

If a System Hotel is connected to our reservations system via two-way connectivity, we will

have independent access to information that will be generated or stored in the System Hotel's electronic cash registers and computer systems. We will not otherwise have independent access to information that will be generated or stored in the System Hotel's electronic cash registers and computer systems.

Site Selection and Commencement of Operations

We grant Hotel Owners the right to convert existing hotels at specified locations to System Hotels. For this reason, you will already have the site for your Hotel. We do not select the site for the Hotel. When you submit the Application, you must include proof of land ownership, lease agreement, or contingent right to purchase. We consider several factors when evaluating an Application of an existing hotel at a specified location to convert to a System Hotel, including but not limited to: location, presence in the market, the applicant's brand, number of guest rooms, operational experience of the applicant, funding ability of the applicant, potential impact on existing Hotel Owners (if any) in the market, demand generators and projected market growth, market competition, and, the extent of the required renovation, if any. We will approve or reject the Application, which includes conversion of an existing hotel at a specified site to a System Hotel, within approximately 60 days of receiving the Application. If we reject the Application, we will not enter into a Distribution Agreement with you and we will not refund the Application Fee you paid. However, if you pay an Impact Study Fee and your Application is denied, we will refund the Impact Study Fee.

The typical length of time between signing a Distribution Agreement and commencing operations of a System Hotel and becoming active on the reservations system is two months. The specific timetable depends on various factors, including the time to complete the renovation work (if any), putting a preventative maintenance program and a "deep clean" program in place, deep cleaning the Hotel, achieving a passing BWI QA assessment, and compliance with all branding requirements.

Operations Manual

We may provide our standards for an upscale hotel (for a Premier Hotel) or upper-midscale hotel (for a Signature Hotel) and for what we consider to be a passing QA assessment rating to you from time to time in writing. The tables of contents of the current versions of our BW Premier Collection® by Best Western QA Assessment Process & Procedures and BW Signature Collection® by Best Western QA Assessment Process & Procedures are attached as Exhibits H-1 and H-2. We do not otherwise maintain or provide Hotel Owners a formal operations or procedural manual.

Training

Noting you are already operating as an existing hotel, we do not require or provide any training prior to your activating on our reservations system as a System Hotel. We do not require or provide any on-going or refresher training.

ITEM 12

TERRITORY

We grant Hotel Owners the right to convert existing hotels at specified locations to System Hotels. For this reason, you will already have the location for your Hotel.

You will not receive any minimum territory. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

We are not restricted from soliciting or accepting reservations from hotel guests located anywhere. We and our affiliates may use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to accept reservations under the Licensed Marks and under other trademarks from hotel guests located anywhere. We do not need to pay you any compensation for soliciting or accepting reservations from hotel guests located anywhere. You are not restricted from soliciting or accepting reservations from hotel guests located anywhere. You may use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to accept reservations under the Licensed Marks from hotel guests located anywhere. You have no options, rights of first refusal, or similar rights to acquire additional franchises.


We, SureStay, Inc. and certain of our and SureStay Inc.’s affiliates and subsidiaries operate hotels under the Best Western, Best Western Plus, Best Western Premier, Executive Residency by Best Western, @Home by Best Western, Vīb, GLō, Aiden, BW Premier Collection, BW Signature Collection, SureStay by Best Western, SureStay Plus by Best Western, SureStay Studio by Best Western, SureStay Collection by Best Western and WorldHotels Collection names. (We disclose the principal business address for SureStay, Inc. in Item 1.) We share offices with SureStay, Inc. and some of our and SureStay, Inc.’s affiliates and subsidiaries. We, SureStay, Inc. and our and SureStay, Inc.’s affiliates and subsidiaries are engaged in a variety of business activities in the lodging and hospitality industry. Guest lodging properties owned, managed or licensed to use marks by us, SureStay, Inc., or our and SureStay, Inc.’s affiliates or subsidiaries may currently or in the future be located in or near your Hotel. You may compete with these guest lodging properties. There is no mechanism for resolving any conflicts that may arise between your Hotel and hotels which are owned, managed or licensed to use marks by us, SureStay, Inc., or our or SureStay, Inc.’s affiliates or subsidiaries.

You are not permitted to relocate the Hotel.


ITEM 13

TRADEMARKS

You may use the Premier Marks or the Signature Marks (as applicable) in operating the System Hotel. The current principal Premier Marks we have registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”) are:

TRADEMARK	REGISTRATION NUMBER	REGISTRATION DATE
BW Premier Collection®	Reg. 4814572	Reg. 09/15/15
	Reg. 4872031	Reg. 12/15/15

The current principal Signature Marks we have registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”) are:

TRADEMARK	REGISTRATION NUMBER	REGISTRATION DATE
BW Signature Collection®	Reg. 5398189	Reg. 02/06/18
BW Signature Collection by Best Western®	Reg. 5590274	Reg. 10/23/18
	Reg. 5499440	Reg. 06/19/18

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation, involving the principal Licensed Marks. We do not actually know of either superior prior rights or infringing uses that could materially affect your use of the Licensed Marks in any state. There are no currently effective agreements that significantly limit our rights to use or license the use of the principal Licensed Marks in a manner material to the franchise. No affidavits or renewal filings are yet due in connection with these registrations or applications.

The Distribution Agreement does not obligate us to protect your right to use the Licensed Marks, or to protect you against claims of infringement or unfair competition arising out of your use of the Licensed Marks. The Distribution Agreement does not obligate you to notify us of the use of, or claims of rights to, a trademark identical to or confusingly similar to a Licensed Mark. If you do provide us with notice of these uses or claims, the Distribution Agreement does not require us to take affirmative action. The Distribution Agreement does not give us or you the right to control any administrative proceedings or litigation involving the Licensed Marks. The Distribution Agreement does not require us to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a Licensed Mark, or if the proceeding is resolved unfavorably to you. You have no rights under the Distribution Agreement if we require you to modify or discontinue using a Licensed Mark.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents or pending patent applications are material to the Hotel. We claim copyrights in the Distribution Agreement, brand identity standards (which contain our trade secrets), advertising and marketing materials, and similar items used in operating System Hotels. We have not registered these copyrights with the United States Copyright Office; but, we need not do so at this time to protect them. You may use these items only as we specify while operating the Hotel (and must stop using them if we so direct you).

There currently are no effective adverse determinations of the USPTO, the United States Copyright Office, or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the copyrighted materials. We do not actually know of any infringing uses of our copyrights that could materially affect your use of the copyrighted materials in any state.

We need not protect or defend copyrights, although we intend to do so if in the best interests of all or some of our Hotel Owners, as we solely determine. We may control any action we choose to bring, even if you voluntarily bring the matter to our attention. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright.

The Distribution Agreement and other materials contain our confidential information (some of which constitutes trade secrets under applicable law).

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Whether you are an individual, corporation, limited liability company, partnership or other entity, you must at all times retain and exercise management control over the Property's business. You are required to fulfill this responsibility only by providing qualified and experienced management, which may be (i) a management company, or (ii) a full-time, dedicated, on-premises general manager ("General Manager"). You are required at all times to provide to us up-to-date information regarding the name and contact information of the Management Company (if applicable) and the General Manager. Your General Manager does not need to have an equity interest in the Property or you.

You must adopt and implement all procedures we periodically establish in our business judgment to prevent unauthorized use or disclosure of our proprietary information, including restrictions on disclosure to employees and the use of non-disclosure and non-competition clauses in agreements with employees, agents and independent contractors who have access to the proprietary information.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We do not impose any restrictions as to the customers to whom you may sell goods or services.

You must participate in and use our required reservation system and provide to us Hotel room rates and room plans equal to or better than those made available or offered to the public through any Hotel, third-party booking or other distribution channel.

You must (i) maintain the Hotel and provide amenities as we determine from time to time consistent with an upscale hotel (for a Premier Hotel) or upper-midscale hotel (for a Signature Hotel); and (ii) maintain a passing BWI quality assurance (“QA”) assessment rating. There is no limit on our right to make changes to our standards for an upscale hotel (for a Premier Hotel) or upper-midscale hotel (for a Signature Hotel) or what we consider to be a passing QA assessment rating and you must comply with all changes we adopt.

Except as provided above, we do not impose on you any obligation either to offer to customers only goods or services we approve or to offer to customers goods and services we authorize.

ITEM 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Distribution Agreement. You should read these provisions in the Distribution Agreement attached to this Disclosure Document.

PROVISION	SECTION IN DISTRIBUTION AGREEMENT	SUMMARY
a. Length of the franchise term	Section 1(a) of the Distribution Agreement.	The Effective Date of the Distribution Agreement is the date of execution. The Term of the Distribution Agreement begins on the first day the Hotel is activated on our reservations system and ends on December 31 st of the year that is the 10 th anniversary (“Term”).
b. Renewal or extension of the term	Section 1(a) of Distribution Agreement.	The Term automatically renews for successive 10-year terms unless one party provides the other party with written notice of its intent not to renew at least 6 months before the end of the then-current Term.
c. Requirements for Hotel Owner to renew or extend	Section 1(a) of Distribution Agreement.	The Term automatically renews for successive 10-year terms unless one party provides the other party with notice of its intent not to renew at least 6 months before the end of the then-current Term. You are not required to sign a new Distribution Agreement upon renewal.
d. Termination by Hotel Owner	Sections 1(a), 1(b) and 1(c) of the	The Hotel Owner can terminate the Distribution Agreement (1) at any time upon providing 1 years’

PROVISION	SECTION IN DISTRIBUTION AGREEMENT	SUMMARY
	Distribution Agreement.	prior written notice or (2) upon 30 days' notice with cause if we do not cure within 15 days of receiving written notice of the cause (if the breach is capable of being cured). (Subject to state law).
e. Termination by licensor without cause	Sections 1(a) and 1(b) of the Distribution Agreement.	We can terminate the Distribution Agreement at any time upon providing 1 years' prior written notice.
f. Termination by licensor with cause	Section 1(c) of the Distribution Agreement.	We can terminate the Distribution Agreement upon 30 days' notice with cause if you do not cure within 15 days of receiving written notice of the cause (if the breach is capable of being cured).
g. "Cause" defined - curable defaults	Section 1(c) of the Distribution Agreement.	"Cause" is defined as a party's breach of a material term of the Distribution Agreement.
h. "Cause" defined - non-curable defaults	Not applicable	Not applicable.
i. Hotel Owner's obligations on termination/non-renewal	Section 1(c) of the Distribution Agreement.	The Hotel must pay us liquidated damages in an amount calculated by taking the average of the prior 12 months of fees owed to us (but if fees have been owed to us for less than 12 months, the average of all prior months) and multiplying that average by the lesser of: (i) 12, or (ii) the remaining number of months in the Term.
j. Assignment of contract by licensor	Not applicable.	Not applicable.
k. "Transfer" by Hotel Owner – defined	Section 4(h) of the Distribution Agreement.	Transfer or assignment of any interest in the Hotel or of the Distribution Agreement or fifty percent (50%) or greater of the ownership interests in Hotel Owner, or a material change the legal form of Hotel Owner.

PROVISION	SECTION IN DISTRIBUTION AGREEMENT	SUMMARY
l. Licensor approval of transfer by Hotel Owner	Section 4(h) of the Distribution Agreement.	You may not transfer the Distribution Agreement without our prior written consent and payment of a transfer fee.
m. Conditions for licensor approval of transfer	Not applicable.	Not applicable.
n. Licensor's right of first refusal to acquire Hotel Owner's business	Not applicable.	Not applicable.
o. Licensor's option to purchase Hotel Owner's business	Not applicable.	Not applicable.
p. Death or disability of Hotel Owner	Not applicable.	Not applicable.
q. Non-competition covenants during the term of the franchise	Not applicable.	Not applicable.
r. Non-competition covenants after the franchise is terminated or expires	Not applicable.	Not applicable.
s. Modification of the agreement	Section 4(k) of the Distribution Agreement.	Any amendment to the Distribution Agreement must be in writing signed by both parties.

PROVISION	SECTION IN DISTRIBUTION AGREEMENT	SUMMARY
t. Integration/merger clause	Section 4(i) of the Distribution Agreement.	Only the terms of the Distribution Agreement (as amended from time to time) are enforceable (subject to state law). Any other representations or promises may not be enforceable. However, nothing in the Distribution Agreement or any related agreement is intended to disclaim our representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	Not applicable.	Not applicable.
v. Choice of forum	Section 4(l) of the Distribution Agreement.	Exclusive jurisdiction and venue for any dispute is Maricopa County, Arizona. (Subject to state law).
w. Choice of law	Section 4(l) of the Distribution Agreement.	The Distribution Agreement will be governed by the laws of the State of Arizona. (Subject to state law).

ITEM 18

PUBLIC FIGURES

We do not use any public figures to promote franchises for System Hotels.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you

should report it to the franchisor’s management by contacting Jay Pricher, General Counsel and Corporate Secretary of Best Western International, Inc., at 6201 N. 24th Parkway, Phoenix, AZ 85016, 602-957-4200, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

PREMIER HOTELS

**Table No. 1
Systemwide Outlet Summary
For years 2022 to 2024***

Column 1	Column 2	Column 3	Column 4	Column 5
Outlet Type	Year	Outlets at the Start of Year	Outlets at the End of Year	Net Change
Licensed	2022	27	27	0
	2023	27	24	-3
	2024	24	22	-2
Company Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets	2022	27	27	0
	2023	27	24	-3
	2024	24	22	-2

**Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2022 to 2024***

Column 1	Column 2	Column 3
State	Year	Number of Transfers
All States	2022	0
	2023	0
	2024	0

Column 1	Column 2	Column 3
State	Year	Number of Transfers
Totals	2022	0
	2023	0
	2024	0

**Table No. 3
Status of Franchised Outlets
For years 2022 to 2024***

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non- Renewals	Col. 7 Reacquired By Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
Alabama	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
California	2022	3	0	1	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Connecticut	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Florida	2022	2	0	0	0	0	0	2
	2023	2	0	0	1	0	0	1
	2024	1	0	0	0	0	0	1
Idaho	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Illinois	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Louisiana	2022	2	0	1	0	0	0	1
	2023	1	0	0	1	0	0	0
	2024	0	0	0	0	0	0	0
Maine	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non- Renewals	Col. 7 Reacquired By Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
Maryland	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	1	0	0	0
Michigan	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	1	0	0	0
Mississippi	2022	1	0	0	0	0	0	1
	2023	1	0	0	1	0	0	0
	2024	0	0	0	0	0	0	0
Nevada	2022	2	0	0	0	0	1	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
New Jersey	2022	0	2	0	0	0	0	2
	2023	2	0	0	1	0	0	1
	2024	1	1	0	0	0	0	2
New York	2022	3	0	0	0	0	0	3
	2023	3	0	0	1	0	0	2
	2024	2	0	0	1	0	0	1
Ohio	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Oregon	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Pennsylvania	2022	3	1	0	0	0	1	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
South Carolina	2022	1	0	1	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
South Dakota	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Wisconsin	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Totals	2022	27	5	3	0	0	2	27

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non- Renewals	Col. 7 Reacquired By Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
	2023	27	2	0	5	0	0	24
	2024	24	1	0	3	0	0	22

**Table No. 4
Status of Company-Owned Outlets
For years 2022 to 2024**

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
All States	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
Totals	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

**Table No. 5
Projected Openings As of November 30, 2024**

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlet In The Next Fiscal Year	Column 4 Projected New Company-Owned Outlet In The Next Fiscal Year
Arizona	1	1	0
California	1	0	0
New York	0	1	0

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlet In The Next Fiscal Year	Column 4 Projected New Company-Owned Outlet In The Next Fiscal Year
Utah	1	1	0
Totals	3	3	0

OUTLETS AND FRANCHISEE INFORMATION

SIGNATURE HOTELS

Table No. 1
System-wide Outlet Summary
For years 2022 to 2024*

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of Year	Column 4 Outlets at the End of Year	Column 5 Net Change
Licensed	2022	15	23	+8
	2023	23	33	+10
	2024	33	43	+10
Company Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets	2022	15	23	+8
	2023	23	33	+10
	2024	33	43	+10

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2022 to 2024*

Column 1	Column 2	Column 3
State	Year	Number of Transfers
All States	2022	0
	2023	0
	2024	0
Totals	2022	0
	2023	0
	2024	0

Table No. 3
Status of Franchised Outlets
For years 2022 to 2024*

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non- Renewals	Col. 7 Reacquired By Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
Alaska	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Arizona	2022	1	1	1	0	0	0	1
	2023	1	2	0	0	0	0	3
	2024	3	0	0	0	0	0	3
California	2022	4	0	0	0	0	0	4
	2023	4	2	0	1	0	0	5
	2024	5	2	0	0	0	0	7
Florida	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3
	2024	3	1	0	0	0	0	4
Georgia	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non- Renewals	Col. 7 Reacquired By Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
Illinois	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
Louisiana	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Maine	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Mississippi	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Missouri	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Montana	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
New Hampshire	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
New Jersey	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	1	0	0	0	0	3
New Mexico	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
New York	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	1	1
North Carolina	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Oregon	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Pennsylvania	2022	0	0	0	0	0	0	0

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non- Renewals	Col. 7 Reacquired By Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Puerto Rico	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
South Carolina	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Tennessee	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
Texas	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Washington	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Wyoming	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Totals	2022	15	9	1	0	0	0	23
	2023	23	11	0	1	0	0	33
	2024	33	11	0	0	0	1	43

**Table No. 4
Status of Company-Owned Outlets
For years 2022 to 2024**

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
All States	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
	2024	0	0	0	0	0	0
Totals	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

**Table No. 5
Projected Openings As of November 30, 2024**

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlet In The Next Fiscal Year	Column 4 Projected New Company-Owned Outlet In The Next Fiscal Year
California	3	1	0
Florida	1	0	0
New Mexico	2	1	0
New York	2	1	0
Ohio	1	0	0
Tennessee	1	0	0
Texas	1	1	0
Wisconsin	1	0	0
Totals	12	4	0

* As described in Item 1, while we began offering licenses for Premier Hotels and Signature Hotels for the first time in April 2020, Hotel Owners have operated Premier Hotels in the United States since 2015 and Signature Hotels in the United States since 2017. Those Hotel Owners' Premier Hotels and Signature Hotels are reflected in the tables above.

Exhibit E lists the names of all Hotel Owners operating a System Hotel as of the end of our last fiscal year, along with each System Hotel's address and telephone number. Exhibit E also lists the names of the Hotel Owners that signed Distribution Agreements as of the end of our last fiscal year but had not yet opened their System Hotels, along with the addresses and telephone numbers of the System Hotels they will open, if available, or, if not available, the Hotel Owners' cities and states and business telephone numbers or e-mail addresses.

Exhibit E also includes the Hotel Owners who had a System Hotel terminated, canceled, transferred, or not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Distribution Agreement during our last fiscal year or who have not communicated with us within 10 weeks of this Disclosure Document's issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

There are currently no trademark-specific franchisee organizations.

ITEM 21

FINANCIAL STATEMENTS

Exhibit D contains our audited consolidated financial statements (and the related notes) for the years ended November 30, 2024, November 30, 2023 and November 30, 2022.

ITEM 22

CONTRACTS

The following agreements are exhibits:

Exhibit C-1 Distribution Agreement

Exhibit C-2 State Addenda to Distribution Agreement.

ITEM 23

RECEIPTS

Our and your copies of the receipt to this Disclosure Document are located on Exhibit I, which is the last two pages of this Disclosure Document.

EXHIBIT A TO FDD

LIST OF STATE ADMINISTRATORS

Listed here is the contact information for each of the state agencies responsible for franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

CALIFORNIA

Office of the Commissioner
California Department of Financial
Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(866) 275-2677

HAWAII

Commissioner of Securities of the State of
Hawaii
Department of Commerce and Consumer
Affairs,
Business Registration Division,
Securities Compliance Branch
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Franchise Bureau
Office of Attorney General
State of Illinois
500 South Second Street
Springfield, Illinois 62701
(217) 782-4465

INDIANA

Franchise Section
Indiana Securities Commission
302 West Washington Street, Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

MARYLAND

Maryland Division of Securities
Office of the Attorney General
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

MICHIGAN

Corporate Oversight Division
Franchise Section
Michigan Department of Attorney General
G. Mennen Williams Building, 1st Floor
525 W. Ottawa Street
Lansing, Michigan 48913
(517) 335-7567

MINNESOTA

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198
(651) 539-1600

NEW YORK

New York State Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8222

NORTH DAKOTA

North Dakota Securities Department
600 East Boulevard Avenue, 14th Floor
Bismarck, North Dakota 58505
(701) 328-2910

OREGON

Dept. of Consumer & Business Services
Division of Financial Regulation
350 Winter St. NE, Rm. 410
Salem, OR 97301-3881
(503) 378-4140

RHODE ISLAND

Division of Securities
1511 Pontiac Avenue
John O. Pastore Complex – Building 68-2
Cranston, Rhode Island 02920
(401) 462-9527

SOUTH DAKOTA

Department of Labor and Regulation
Division of Insurance – Securities
Regulation
124 S. Euclid Ave., 2nd Floor
Pierre, South Dakota 57501-3185
(605) 773-3563

VIRGINIA

State Corporation Commission
Division of Securities and Retail
Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

WASHINGTON

Securities Division
Department of Financial Institutions
150 Israel Rd. SW
Tumwater, WA 98501
(360) 902-8760

WISCONSIN

Division of Securities Department of
Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-0448

EXHIBIT B TO FDD

LIST OF STATE AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process. There also may be additional agents appointed in some of the states listed.

CALIFORNIA

Commissioner of the Department of
Financial Protection and Innovation:
Toll Free: 1 (866) 275-2677
Suite 750
320 West 4th Street
Los Angeles, California 90013-2344
(213) 576-7500
(415) 972-8565

HAWAII

Commissioner of Securities
Business Registration Division
Department of Commerce
and Consumer Affairs
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Attorney General of the State of Illinois
500 South Second Street
Springfield, Illinois 62701
(217) 782-4465

INDIANA

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

MARYLAND

Maryland Securities Commissioner
at the Office of Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN

Department of Labor and Economic Growth
Corporate Oversight Division
Franchise Section
G. Mennen Williams Bldg., 1st Floor
525 West Ottawa Street
Lansing, Michigan 48913
(517) 335-7567

MINNESOTA

Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198
(651) 539-1600

NEW YORK

Secretary of State of the State of New York
Division of Corporations, State Records &
Uniform Commercial Code
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, New York 12231
(518) 473-2492

NORTH DAKOTA

Securities Commissioner, State of North
Dakota
600 East Boulevard Avenue, 14th Floor,
Bismarck, North Dakota 58505-0510
(701) 328-2910

OREGON

Oregon Dept. of Consumer & Business
Services
Division of Financial Regulation
350 Winter Street NE, Room 410
Salem, Oregon 97301-3881
(503) 378-4140

RHODE ISLAND

Director of Department of Business
Regulation
1511 Pontiac Avenue
John O. Pastore Complex – Building 68-2
Cranston, Rhode Island 02920
(401) 462-9527

SOUTH DAKOTA

Department of Labor and Regulation
Division of Insurance – Securities Regulation
124 S. Euclid Ave., 2nd Floor
Pierre, SD 57501
(605) 773-3563

VIRGINIA

Clerk, Virginia State Corporation
Commission
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9733

WASHINGTON

Director, Department of Financial
Institutions
Securities Division – 3rd Floor
150 Israel Road Southwest
Tumwater, Washington 98501
(360) 902-8760

WISCONSIN

Administrator, Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-0448

EXHIBIT C-1 TO FDD
DISTRIBUTION AGREEMENT

BWHSM | **Hotels**

BW Premier
COLLECTION®



DISTRIBUTION AGREEMENT

This Distribution Agreement (“Agreement”) is entered into as of this day of _____, 202__ (“Effective Date”) by and between Best Western International, Inc. (“BWI”), a corporation organized and existing under the laws of the State of Arizona, United States of America, and _____ (“Hotel Owner”) operating a hotel located at _____ (the “Hotel”). BWI and Hotel Owner may each be referred to as a “Party” or in the plural “Parties.”

It is agreed to by the Parties that the following brand shall apply:

[BW Premier Collection® or BW Signature Collection®]

1. Term.

- a. This Agreement has a term that ends on December 31st of the year that is the tenth (10th) anniversary of the date of the Hotel’s activation on BWI Reservation Channels (e.g., bestwestern.com, the BWI reservations call center, and BWI connections to GDS systems) (the “Term”). The Term shall automatically renew for successive ten (10) year Terms unless a Party provides the other with notice of its intent not to renew at least six (6) months prior to the end of the then- current Term.
- b. Other than as provided above in paragraph 1.a., either Party may cancel this Agreement without cause only upon giving one (1) year’s prior written notice to the other Party. In the event Hotel cancels this Agreement without cause, Hotel will pay BWI liquidated damages in an amount calculated by taking the average of the prior twelve (12) months fees owed to BWI (but if fees have been owed to BWI for less than twelve (12) months, the average of all prior months) and multiplying that average by the lesser of: (i) twelve (12), or (ii) the remaining number of months in the Term.
- c. Either Party may cancel this Agreement upon thirty (30) days’ notice with cause. Prior to such notice of cancellation, the Party alleging “cause” shall provide the other Party written notice of the “cause” and, if the breach is capable of being cured, allow for a fifteen (15) day cure period. For purposes of this Agreement, “cause” shall be defined as a Party’s breach of a material term of this Agreement (e.g., if the

Hotel fails to meet an obligation listed in Section 3 of this Agreement or there is a transfer or assignment in violation of paragraph 4.h.). In the event BWI cancels this Agreement for cause, Hotel will pay BWI liquidated damages in an amount calculated by taking the average of the prior twelve (12) months fees owed to BWI (but if fees have been owed to BWI for less than twelve (12) months, the average of all prior months) and multiplying that average by the lesser of: (i) twelve (12), or (ii) the remaining number of months in the Term.

- d. Upon a Party providing notice of cancellation, the Hotel will not be represented in BWI's Reservation Channels beyond the end of the notice period nor represented in solicitations during the notice period.
 - e. Hotel's payment obligations under this Agreement shall continue in force until expiration of the applicable notice period described above, regardless of whether Hotel is entitled to claim any additional rights and/or benefits under this Agreement.
2. BWI Obligations. BWI agrees and shall:
- a. Use commercially reasonable efforts to market the Hotel on BWI Reservation Channels to facilitate Hotel reservations.
 - b. Use commercially reasonable efforts to display relevant Hotel information (e.g., rates, availability, taxes, fees, Hotel and room information, cancellation and no-show policies, etc.) ("Hotel Information") on BWI Reservation Channels.
 - c. Use commercially reasonable efforts to provide sales and revenue management services as noted in *Exhibit A*.
 - d. Allow Hotel to participate in the Best Western Rewards® ("BWR®") and the Best Western gift card ("Gift Card") programs.
 - e. Assess Hotel at least once every twelve (12) months to ensure quality of guest experience and condition of Hotel.
 - f. Maintain information security procedures and controls to prevent the unintended disclosure of, and the unauthorized access to or misappropriation of, any personal data or information of any Hotel guest delivered through BWI Reservation Channels.
 - g. Indemnify, hold harmless and assume the defense of Hotel with regard to BWI activities directly related to the providing of reservation services.

- h. Provide to Hotel a non-exclusive, limited, non-transferable license to use during the Term the words and marks associated with Best Western®, BWR, and the agreed to brand as noted above (i.e., BW Premier Collection® or BW Signature Collection®) (“Licensed Marks”).
 - i. Provide to Hotel digital marketing consultant services, to include:
 - i. Primary contact for digital marketing channels;
 - ii. Monitor/maintain optimization of hotel content;
 - iii. Social Media; and
 - iv. BWR support.
 - j. Provide to Hotel access to BWI online education and training resources, to include BWI’s learning management system (“LMS”) (BWI’s online education website that offers online learning opportunities for continuing education).
 - k. Provide to Hotel access to guest satisfaction surveys. Hotel will be responsible for a per month guest satisfaction survey usage fee.
3. Hotel Obligations. Hotel agrees and shall:
- a. Maintain the Hotel and provide amenities as determined by BWI from time to time consistent with the Hotel’s competitive set.
 - b. Complete all renovations within the required timelines, as outlined in the Property Improvement Plan (“PIP”). All items without an extension noted in the “Post Activation” column of the PIP must be addressed prior to activation on BWI Reservation Channels.
 - c. Complete a deep-clean program prior to activation on BWI Reservation Channels.
 - d. Maintain a preventative maintenance program.
 - e. Comply with all quality assurance (“QA”) processes and procedures, achieve a passing BWI QA assessment rating prior to activation on BWI Reservation Channels, and maintain a passing rating for the duration of this Agreement. If Hotel does not pass a QA assessment, Hotel: (i) will be reassessed without notice within, on, or about ninety (90) days; and (ii) will be responsible for a QA reassessment fee.
 - f. Provide: (i) a paid or complimentary breakfast to guests as determined by the Hotel with requirements consistent with the Hotel’s competitive set and guidelines

established by BWI; and (ii) complimentary high-speed internet access.

- g. Pay fees and/or charges to BWI as detailed in *Exhibit A*.
- h. Make all Hotel non-booked rooms available (i.e., last room availability) for display on, and bookable through, BWI Reservation Channels, BWI distribution partner channels, including B2B channels such as the Global Distribution System (“GDS”), and online travel agencies that have a distribution contract with BWI that allows for the sale of Hotel’s rooms.
- i. If Hotel does not elect to use a BWI two-way interface, then Hotel will make inventory available using BWI’s Member Web (i.e., extranet).
- j. Provide to BWI all room rates and rate plans equal to or better than those made available or offered to the public through any Hotel, third-party booking or other distribution channel on a last room available basis. Hotel shall comply with BWI’s rate integrity requirements.
- k. Use BWI as its exclusive hotel brand distribution partner.
- l. Maintain adequate information security procedures and controls to prevent the unintended disclosure of, and the unauthorized access to or misappropriation of, any personal data or information of any Hotel guest. Hotel shall maintain PCI compliance and shall annually certify to BWI its PCI compliance. Hotel shall immediately notify BWI of any Hotel data breach or compromise of its systems. BWI shall have the right to stop the transfer of data or restrict access to BWI Reservation Channels and systems as a result of a data security breach or compromise, or suspected data security breach or compromise of Hotel’s systems.
- m. Use best efforts to provide Hotel Information to BWI.
- n. Authorize BWI to calculate relevant rates, taxes and fees based upon Hotel Information. Hotel is solely responsible for the accuracy of tax rate information, the identification of applicable taxes, any amendments to tax rate information, and the payment of taxes.
- o. Except as otherwise provided herein, all fees, costs and charges under this Agreement are due and payable immediately from the date of statement. Accounts that are not paid within forty-five (45) calendar days following the date of statement shall bear interest at a rate to be determined annually by BWI, which rate shall not

exceed eighteen percent (18%) per annum. If accounts are not paid within sixty (60) calendar days following the date of statement, then, in addition to any other rights as stated elsewhere in this Agreement, including cancellation as provided in Section 1.b. above, BWI may withhold services, including access to BWI Reservation Channels by Hotel. BWI will provide fifteen (15) calendar days' prior written notice to Hotel of any pending restriction of services. In the event services to Hotel are withheld or restricted, BWI shall have no obligation to restore such service unless and until the accounts have been paid down to a current status.

- p. Use the Licensed Marks in accordance with BWI's brand identity standards (e.g., prominently display the required plaques at the Hotel's front entrance and at the registration desk).
- q. Participate in the BWR and the gift card programs as required by BWI.
- r. Allow BWI to assess Hotel at least once every twelve (12) months on an unannounced basis to ensure quality of guest experience and condition of Hotel. Should the assessor require overnight lodging, it shall be provided complimentary. Failure of the assessment may result in additional requirements and fees, as well as termination of the Agreement by BWI with cause. Hotel shall correct any identified deficiencies in a timely manner.
- s. Provide appropriate documentation (e.g., monthly gross rooms revenue, occupancy tax records, etc.) to BWI as requested such that BWI may calculate fees, charges and credits.
- t. Allow BWI, at BWI's cost, to annually or upon reasonable cause audit Hotel records to validate Hotel revenue or compliance with this Agreement. In the event an audit reveals material inconsistencies (e.g., five percent (5%) or more of the basis of a fee calculation), Hotel shall reimburse BWI for the cost of such audit.
- u. Allow BWI to automatically debit Hotel's bank account each month in the amount owing BWI. If Hotel chooses to opt out of the automatic payment feature, Hotel shall remit required payments to BWI upon receipt of statement. Payments not received within forty-five (45) days of date of invoice will be subject to a monthly late fee of one and one-half percent (1½%) per month or the maximum amount permitted by law, whichever is less. If Hotel chooses to opt out of the automatic payment feature and Hotel payment is not received within sixty (60) days of the

date of statement two (2) times during a trailing twelve (12) month period, BWI shall have the right to require automatic debit of Hotel's bank account. Hotel agrees to receive monthly statements electronically.

- v. Accept credit cards as required by BWI. At the option of Hotel, Hotel may allow consumers to prepay reservations through BWI's prepayment reservations system. This prepayment reservation system requires the Hotel to participate in a BWI designated credit card program, which enables the prepayment to directly transfer to Hotel's merchant account.
- w. In the event of guest relocation, Hotel shall arrange for comparable accommodations and shall pay for transportation and hotel room costs and taxes at the alternate hotel.
- x. Honor, during the Term and after the Term if contracted for during the Term, room rates and dates of arrival contracted for and/or agreed to through: (i) the execution of a contract between the Hotel and a BWI sales client (e.g., corporate, MICE or leisure); or (ii) the issuance of a confirmation generated by BWI sales staff documenting the Hotel's agreement to rates and availability.
- y. Respond to requests for proposals (e.g., transient, group, etc.) by the due date indicated on the bid.
- z. Not treat any guest that books through BWI any differently than any guest who books through a non-BWI channel (e.g., cancellations, no-shows, relocations for overbooking).
- aa. Respond to customer complaints in a prompt, courteous, reasonable manner. Hotel will participate in the BWI customer complaint program and pay those related fees as detailed in *Exhibit A*.
- bb. Participate in a customer feedback program.
- cc. Provide a service guarantee as determined by BWI from time to time (e.g., "If something goes wrong, we will make it right.").
- dd. Participate in and comply with the BWI Low Rate, Guaranteed! program.
- ee. Subscribe to and participate in the Smith Travel Research ("STR") weekly reporting program. BWI will automatically submit data for Hotel if it is connected to BWI via two-way interface; otherwise, hotel must submit data manually to STR.

- ff. Ensure that its customer data collection practices, use and marketing of such data, and measures adopted for the privacy and security thereof are consistent with (i) BWI's Privacy Policy as posted on its website at <http://www.bestwestern.com>, and as may be amended by BWI from time to time, and (ii) with any applicable local, national, regional, or international privacy and security laws, rules and regulations.
- gg. Name BWI as an additional insured and certificate holder on all policies of insurance related to Hotel operations, to include:
 - i. Hotel shall have commercial general liability insurance with an annual aggregate of coverage of not less than six million dollars U.S. (\$6,000,000 USD). BWI strongly recommends that assault and battery, abuse and molestation, and human trafficking liability coverage not be limited or excluded. Exposure to carbon monoxide may not be excluded and may not be limited to amounts less than the six million dollars U.S. (\$6,000,000 USD).
 - ii. Hotel shall have a policy covering liability for owned automobiles, non-owned automobiles and hired automobiles with an annual aggregate of coverage of not less than one million dollars U.S. (\$1,000,000 USD).
 - iii. Hotel shall have cyber liability insurance with an annual aggregate of coverage of not less than one million dollars (\$1,000,000 USD). The cyber liability policy shall have reasonable sub-limits with regard to regulatory fines, PCI fines, legal services, public relations and crisis management, and notifications/credit monitoring for guest or personnel records.
 - iv. Hotel shall have worker's compensation insurance as required by law.

Hotel shall submit to BWI a copy of all such policies of insurance or an equivalent certificate of proof of insurance. Hotel shall require the insurance carrier providing its policy of insurance to provide to BWI thirty (30) calendar days' prior written notice before cancellation of any policy of insurance and shall ensure Hotel's insurance carrier submits written proof of the same to BWI prior to execution of this Agreement. If Hotel fails to provide adequate replacement coverage within said thirty (30) calendar day period, then this Agreement shall terminate without further action on the part of BWI on the date and at the time that insurance coverage terminates unless agreed to otherwise in writing by BWI. Said failure shall constitute "cause" under the provisions of Section 1.c. Hotel covenants and agrees

to cooperate fully with BWI in defense of any claim made against BWI arising out of loss, damage, or injury sustained on or in connection with the operation of Hotel. Prior to any settlement with a claimant, Hotel shall notify BWI of the proposed settlement and shall use best efforts to secure the release of BWI from liability.

- hh. Hotel agrees to indemnify, hold harmless and assume the defense of BWI with regard to Hotel operations and the providing of accommodations, food, beverages, transportation, and services at the Hotel.
 - ii. Provide to BWI a non-exclusive, limited, non-transferable license to use during the Term the words and marks associated with Hotel (if any).
 - jj. Hotel Owner and Hotel are jointly and severally liable to BWI for the responsibilities and obligations of the other.
 - kk. Hotel Owner agrees to display a courteous and professional attitude toward officers, directors, employees, and staff of BWI. Hotel Owner agrees to require the same of its personnel.
4. Miscellaneous.
- a. This Agreement is confidential as between the Parties.
 - b. The Application Fee is non-refundable.
 - c. Hotel may participate in any BWI-online travel agency agreement to the extent permitted by the applicable agreement.
 - d. The Parties agree to work together in good faith to resolve any disputes as between them (e.g., payment obligations).
 - e. The Parties agree to work together in defense of any claim against either or both.
 - f. The Parties agree that Hotel Owner and Hotel are not Members of the Best Western International, Inc. Membership association.
 - g. BWI has no responsibility for the use, condition, maintenance, policies, practices or operation of Hotel, nor the safety of the design of any structure or product. BWI has no control over or responsibility for any decision related to or affecting the employment or supervision of any personnel employed at or providing services in connection with Hotel.
 - h. Hotel Owner may not transfer or assign any interest in the Hotel or this Agreement

Property No.

or fifty percent (50%) or greater of the ownership interests in Hotel Owner, or materially change the legal form of Hotel Owner, without the prior written consent of BWI and the payment of a transfer fee as set forth in *Exhibit A*.

- i. This Agreement is the entirety of the agreement between the Parties. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Hotel Owner to waive reliance on any representation made by BWI in its most recent franchise disclosure document (including exhibits and amendments) delivered to Hotel Owner or its representative.
- j. The Parties agree that BWI does not guarantee, give any assurances, or provide any forecasts that shall be deemed binding regarding reservations or revenue Hotel might receive as a result of this Agreement.
- k. Any amendment to this Agreement must be in writing signed by both Parties.
- l. Exclusive jurisdiction and venue for any dispute is Maricopa County, Arizona. Arizona law shall apply.
- m. Each Party agrees to comply with all state, federal, and local laws.
- n. Each Party agrees it has the authority to enter into this Agreement.

IN WITNESS WHEREOF, the Parties now execute this Agreement as of the Effective Date stated above.

BEST WESTERN INTERNATIONAL, INC.

By: _____
Name:
Title:

HOTEL OWNER

By: _____
Name:
Title:

Exhibit A

This table identifies fees, charges and credits billed to Hotel and due to BWI monthly, except as otherwise indicated annually.^{Fⁿ 1} Additional fees and charges may apply. BWI reserves the right to revise fees, charges and credits.

APPLICATION AND MONTHLY FEES		
Fees, Charges, Credits	Description	Amount in USD
Application Fee	One-time fee for application.	\$4,000
Affiliation Fee	One-time fee for orientation, training and other on-boarding services and support.	\$25,000
Monthly Fee	Fee for sales, marketing, and technology services, due and owing on a monthly basis.	5% of monthly Gross Rooms Revenue. ^{Fⁿ 2}
SERVICES AND COSTS		
Fees, Charges, Credits	Description	Amount in USD
Global Distribution Systems (GDS) Fee	Fee for reservations booked through GDS and GDS internet travel sites.	\$7.90 per booking.
Third-Party Internet Booking Fee	Fee for reservations booked through third-party internet booking sites.	\$4.60 per booking.
Third-Party Partner Booking Fee	Payable for reservations booked through our third-party partner.	\$2.00 per booking.
Best Western Rewards® (BWR®) Fee	Fee for BWR points or airline program miles issued by Hotel to BWR members (10 points issued for each revenue dollar).	\$0.0055 per point issued. For newly enrolled Online Travel Agent (“OTA”) guests, the Hotel will be charged a flat fee of \$2.75 for the 500 points issued to the guest.
BWR Enrollment Fee Rebate	Rebate of BWR fee imposed when a new BWR member is enrolled.	5.5% of Monthly Gross Rooms Revenue ^{Fⁿ 2} for newly enrolled BWR members with valid email address, up to 5 nights stay, maximum \$500; 2.75% of Monthly Gross Rooms Revenue ^{Fⁿ 2} for newly enrolled BWR member without valid email address, up to 5 nights stay, maximum \$500. \$2.75 rebate for newly enrolled OTA guests with a valid email address. \$1.38 rebate for newly enrolled OTA guests without a valid email address.
Pay With Points	Credit for reservations booked using a combination of BWR points and an alternative payment method. The Hotel retains the non-points portion of the stay and receives a credit for the points portion.	The credit portion for BWR® points redeemed: If 90% occupied or greater, a credit equal to the number of points times \$0.005 times 90%. If 70% or greater but less than

Property No.

		<p>90% occupied, a credit equal to the number of points times \$0.005 times 70%.</p> <p>If less than 70% occupied, a credit equal to the number of points times \$0.005 times 40%.</p> <p>The cash paid (non-points) portion of Pay with Points is collected and retained by the Hotel from the BWR® member guest.</p>
Free Night Vouchers	Credit for BWR free night voucher redeemed at Hotel.	80% of the Hotel's Average Monthly Rate ("AMR").
Best Western Gift Card	Credit for gift cards redeemed at Hotel.	Amount of gift card redeemed less 10% commission.
	It is optional for Hotel to sell gift cards. Charge for gift cards sold or reloaded at Hotel. Related commission is a credit to Hotel.	Amount of gift card sold or reloaded is charged; related 10% commission is credited.
BestCheque	Fee for administering the centralized travel agent commissions program.	\$0.71 per commissionable transaction.
BestCheque Consortia	Per booking fee for reservations received from Consortia partners.	Fee of \$3.00 per net room night reservation booked.
Travel Agent Commissions	Pass-through commission charge for travel agent reservations. Commission varies by travel agent and agreement.	Commission on Gross Rooms Revenue. ^{Fn 2}
Performance Based Marketing	Fee for revenue generated through paid advertising (i.e., paid search)	10% of Gross Rooms Revenue ^{Fn 2} for each reservation received from a digital opportunity.
Commission Junction	Commission charge for reservations which result from a banner ad placed on a publisher's network.	10% of Gross Rooms Revenue ^{Fn 2} for each reservation associated with banner ads.
Travel Management Companies (TMC)	Preferred partnership status.	Varies by TMC; but generally annual participation fees are \$350 - \$1,100 per TMC, or Pay for Performance at \$3.00 per consumed room night plus a 10% agency commission.
Group Commissions	BWI centrally pays group commissions for worldwide sales group intermediary partners (currently HelmsBriscoe and HotelPlanner) after receiving confirmation of the group pick up and commission due from Hotel. BWI then invoices Hotel.	As negotiated between Hotel and client. Mandatory 10% commission on Gross Rooms Revenue ^{Fn 2} for HelmsBriscoe and HotelPlanner
RFP Tool Fee	Fee for tool to participate in RFP process.	\$120 per year.
BWI Groups RFP Tool Fee	Fee for tool to participate in Groups RFP process.	\$120 per year.

Property No.

Annual Quality Assurance (QA) Assessment Fee	Annual assessment fee.	Cost recovery fee billed annually, currently \$2,100. Hotel is also required to provide a free room night to the QA Inspector.
QA Reassessment Fee	Fee charged for reassessment after a failed QA assessment.	\$2,100 cost recovery fee. Hotel is also required to provide a free room night to the QA Inspector.
Medallia Fee	Fee to provide Hotel access to guest satisfaction surveys through Medallia.	\$50 monthly usage fee- required.
Online Travel Agency (“OTA”) Marketing Fund Assessment	Annual marketing fee for costs of OTA advertising and marketing.	\$250 annual fee per System Hotel.
Customer Care/First Contact Resolution (FCR)	Fee for BWI Customer Care agent. Hotel given 2 days to respond; if no response, complaint will be addressed by BWI.	\$50 per call handled. <i>FCR</i> : cost of compensation up to one comp room. <i>Non-FCR</i> : \$75 per non-response, plus cost of any compensation to customer
Two-Way Connectivity Support Fee	If the Hotel elects two-way connectivity, a one-time Two-Way connectivity installation fee of \$1,500 and a Two-Way Connectivity Support fee that ranges from \$41 to \$669 per month (based on the hotel’s property management system).	Due and payable monthly upon statement receipt.
Hotel Managed Security Service (“HMSS”)	One-time fee for installation of HMSS typically ranging from \$2,100 to \$3,500 and a monthly maintenance fee of \$130 per month upon installation of HMSS.	Due and payable monthly upon statement receipt.
Service Charge	Service charge if you do not make any payment to us or our affiliates when due.	1 ½ % of delinquent account balance assessed monthly (18% Annual Percentage Rate).
Transfer Fee	Fee to transfer or assign the Agreement (requires BWI consent).	\$10,000
Business Travel Representation	Business travel support and services.	No additional cost.
Leisure Travel Representation	Leisure travel support and services.	No additional cost.
Digital Marketing	Digital Marketing consulting services.	No additional cost.
Supply	Access to supply procurement/negotiated brand pricing using the BWI Supply Endorsed Program.	No additional cost.
BWI LMS	Access to BWI online education and training resources.	No additional cost.
Rate Parity	System Hotels that repeatedly violate rate parity are subject to administrative fees which range up to \$4,000 per violation depending on the number of violations annually.	Administrative fee charged to hotels for rate parity violations. Due and payable upon statement receipt.

OPTIONAL SERVICES AND COSTS		
Fees, Charges, Credits	Description	Amount in USD
Partner Forum	BWI sales and marketing event.	\$1,500 - \$3,000
Rate Shopping Service	Competitive software subscription rate shopping service that allows hotels to shop up to 8 competitors.	Varies depending on market but generally between \$32 and \$59 per month.
Revenue for Hire (“RFH”) Program	Fee charged to hotels that participate in the optional program for experienced and certified RFH services. BWI two-way interface is required to participate in the RFH program.	Per month fee based on size of the Hotel: \$1,055 for 1-120 rooms \$1,270 for 121-200 rooms \$1,480 for 201+ rooms
Property Sales Management Program	Monthly charge of \$2,300 per property (or discount rate of \$2,100 for the multi-properties).	Due and payable upon statement receipt.
Reservation Transfer Service Program	Participating hotel: 3% commission per reservation booked with a cap of three (3) nights of a single reservation. Non-participating hotel: \$5 for each call transferred.	Due and payable monthly upon statement receipt.
Guest Management System (GMS)	Optional full suite Guest Management System that includes check-in, upsells, AI guest messaging, a digital compendium, and mobile check-out.	\$1.45 per room/per month.
Studio Design Services	Optional, affordable interior design creation and conceptual architectural services (for exteriors) available through our Studio Design team of interior designers and architects on a contract basis.	Per contract, determined by the scope of the project.

^{Fn 1} Unless otherwise indicated, all fees described in this Exhibit A are payable to, and imposed by, us or our affiliates and are non-refundable. You agree to allow us to automatically debit your bank account each month in the amount owing us and you agree to electronic monthly statements. Additional fees and charges may apply. We reserve the right to revise fees, charges and credits.

^{Fn 2} “Gross Rooms Revenue” is defined as booked revenue from the rental, sale, use, or occupancy of guest rooms at the Hotel for whatever purpose, including cash and credit transactions, whether or not collected by the Hotel, and any proceeds from business interruption insurance. Gross Rooms Revenue does not include taxes required by law, revenue from telephone services, movie rentals, vending machines, room service, parking or food and beverage sales.

EXHIBIT C-2 TO FDD

STATE ADDENDA TO DISTRIBUTION AGREEMENT

**RIDER TO THE BEST WESTERN INTERNATIONAL, INC. DISTRIBUTION AGREEMENT
FOR USE IN CALIFORNIA, HAWAII, INDIANA, MICHIGAN, SOUTH DAKOTA, VIRGINIA
AND WISCONSIN**

This Rider (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between Best Western International, Inc., an Arizona corporation with its principal business address at 6201 N. 24th Parkway, Phoenix, Arizona 85016 (“**we,**” “**us**” “**our,**” or “**BWI**”), and _____ (“**you,**” “**your,**” or “**Hotel Owner**”).

1. **Background.** We and you are parties to that certain Distribution Agreement that has been signed at the same time as the signing of this Rider (the “**Distribution Agreement**”). This Rider is part of the Distribution Agreement.

2. **No Waiver of Disclaimer of Reliance in Certain States.** The following provision applies only to franchisees and franchises that are subject to the state franchise disclosure laws in California, Hawaii, Indiana, Michigan, South Dakota, Virginia or Wisconsin:

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[Signatures on following page]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the Effective Date stated in the Distribution Agreement.

HOTEL OWNER:

BWI:

[INSERT HOTEL OWNER ENTITY], a
[INSERT TYPE OF ENTITY]

Best Western International, Inc., an Arizona
corporation

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Executed on: _____

Executed on: _____

**RIDER TO THE BEST WESTERN INTERNATIONAL, INC.
DISTRIBUTION AGREEMENT
FOR USE IN ILLINOIS**

This Rider (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Distribution Agreement (defined below), by and between Best Western International, Inc., an Arizona corporation with its principal business address at 6201 N. 24th Parkway, Phoenix, Arizona 85016 (“**we,**” “**us**” “**our,**” or “**BWI**”), and _____ (“**you,**” “**your,**” or “**Hotel Owner**”).

1. **Background.** BWI and Hotel Owner are parties to that certain Distribution Agreement that has been signed at the same time as the signing of this Rider (the “**Distribution Agreement**”). This Rider is part of the Distribution Agreement. This Rider is being signed because (a) the offer to sell or buy the franchise for the Hotel was made in the State of Illinois, and/or (b) the offer to sell or buy the franchise for the Hotel was made outside of the State of Illinois and accepted in the State of Illinois, and/or (c) Hotel Owner is domiciled in the State of Illinois, and/or (d) the franchised Hotel will be located in the State of Illinois.

2. **Governing Law/Consent to Jurisdiction.** The following language is added to the end of Section 4.1 of the Distribution Agreement:

However, Illinois law will apply to claims arising under the Illinois Franchise Disclosure Act and the parties submit to the jurisdiction and venue of the state and federal courts of competent jurisdiction in Illinois for claims arising under the Illinois Franchise Disclosure Act

3. **Limitation of Claims.** The following language is added as a new Section 4.o of the Distribution Agreement:

Nothing in this Agreement shall shorten any period within which Hotel Owner may bring a claim under Section 705/27 of the Illinois Franchise Disclosure Act or constitute a condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act of 1987 or any other Illinois law (as long as the jurisdictional requirements of that Illinois law are met).

4. **Waivers Void.** The following language is added as a new Section 4.p of the Distribution Agreement:

Nothing in this Agreement shall constitute a condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act of 1987 or any other Illinois law (as long as the jurisdictional requirements of that Illinois law are met).

5. **No Waiver of Disclaimer of Reliance.** No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state

franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[Signatures on following page]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the Effective Date stated in the Distribution Agreement.

HOTEL OWNER:

BWI:

[HOTEL OWNER], a [INSERT TYPE OF ENTITY]

Best Western International, Inc., an Arizona corporation

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Executed on: _____

Executed on: _____

**RIDER TO THE BEST WESTERN INTERNATIONAL, INC.
DISTRIBUTION AGREEMENT
FOR USE IN MARYLAND**

This Rider (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Distribution Agreement (defined below), by and between Best Western International, Inc., an Arizona corporation with its principal business address at 6201 N. 24th Parkway, Phoenix, Arizona 85016 (“**we,**” “**us**” “**our,**” or “**BWI**”), and _____ (“**you,**” “**your,**” or “**Hotel Owner**”).

1. **Background.** BWI and Hotel Owner are parties to that certain Distribution Agreement that has been signed at the same time as the signing of this Rider (the “**Distribution Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Distribution Agreement. This Rider is being signed because (a) you are a resident of the State of Maryland and/or (b) the franchised Hotel will be or is operated in the State of Maryland, and/or (c) the offer to sell the franchise for the Hotel was made in the State or Maryland; and/or (d) the offer to buy the franchise for the Hotel was accepted in the State of Maryland.

2. **Governing Law/Consent to Jurisdiction.** The following language is added to the end of Section 4.l of the Distribution Agreement:

However, Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law. In addition, Hotel Owner may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. **Limitation of Claims.** The following language is added as a new Section 4.o of the Distribution Agreement:

However, nothing in this Agreement shall act to reduce the three (3)-year statute of limitations afforded to Hotel Owner for bringing a claim under the Maryland Franchise Registration and Disclosure Law.

4. **Acknowledgements.** The following language is added as a new Section 4.p of the Distribution Agreement:

All representations requiring Hotel Owner to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

5. **No Waiver of Disclaimer of Reliance.** No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor.

This provision supersedes any other term of any document executed in connection with the franchise.

[Signatures on following page]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the Effective Date stated in the Distribution Agreement.

HOTEL OWNER:

BWI:

[HOTEL OWNER], a [INSERT TYPE OF ENTITY]

Best Western International, Inc., an Arizona corporation

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Executed on: _____

Executed on: _____

**RIDER TO THE BEST WESTERN INTERNATIONAL, INC.
DISTRIBUTION AGREEMENT
FOR USE IN MINNESOTA**

This Rider (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Distribution Agreement (defined below), by and between Best Western International, Inc., an Arizona corporation with its principal business address at 6201 N. 24th Parkway, Phoenix, Arizona 85016 (“**we,**” “**us**” “**our,**” or “**BWI**”), and _____ (“**you,**” “**your,**” or “**Hotel Owner**”).

1. **Background.** BWI and Hotel Owner are parties to that certain Distribution Agreement that has been signed at the same time as the signing of this Rider (the “**Distribution Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Distribution Agreement. This Rider is being signed because (a) the Hotel that Hotel Owner will operate under the Distribution Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Distribution Agreement occurred in Minnesota.

2. **Infringement.** The following language is added to the end of Section 3.q of the Distribution Agreement:

To the extent required by Minnesota Stat. Sec. 80C.12, Subd. 1(g), BWI will protect Hotel Owner’s right to use the Licensed Marks and indemnify Hotel Owner from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Licensed Marks.

3. **Termination.** The following is added to the end of Sections 1.a, 1.b, 1.c and 3.o of the Distribution Agreement:

However, with respect to franchises governed by Minnesota law, BWI will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a Hotel Owner be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of this Agreement.

4. **Governing Law/Consent to Jurisdiction.** The following is added to the end of Section 4.1 of the Distribution Agreement:

Minn. Statutes. Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit BWI from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the Hotel Owner to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Distribution Agreement can abrogate or reduce any of Hotel Owner’s rights as provided for in Minnesota Statutes, Chapter 80C, or the Hotel Owner’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

5. **Limitations of Claims.** The following language is added as a new Section 4.o of the Distribution Agreement:

Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than three (3) years after the cause of action accrues.

6. **No Waiver of Disclaimer of Reliance.** No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[Signatures on following page]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the Effective Date stated in the Distribution Agreement.

HOTEL OWNER:

BWI:

[HOTEL OWNER], a [INSERT TYPE OF ENTITY]

Best Western International, Inc., an Arizona corporation

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Executed on: _____

Executed on: _____

**RIDER TO THE BEST WESTERN INTERNATIONAL, INC.
DISTRIBUTION AGREEMENT
FOR USE IN NEW YORK**

This Rider (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Distribution Agreement (defined below), by and between Best Western International, Inc., an Arizona corporation with its principal business address at 6201 N. 24th Parkway, Phoenix, Arizona 85016 (“**we,**” “**us**” “**our,**” or “**BWI**”), and _____ (“**you,**” “**your,**” or “**Hotel Owner**”).

1. **Background.** BWI and Hotel Owner are parties to that certain Distribution Agreement that has been signed concurrently with the signing of this Rider (the “**Distribution Agreement**”). This Rider is annexed to and forms part of the Distribution Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Hotel that Hotel Owner will operate under the Distribution Agreement was made in the State of New York, and/or (b) Hotel Owner is a resident of New York and will operate the Hotel in New York.

2. **Governing Law/Consent to Jurisdiction.** The following language is added to the end of Section 4.1 of the Distribution Agreement:

However, to the extent required by Article 33 of the General Business Law of the State of New York, this Section shall not be considered a waiver of any right conferred upon Hotel Owner by the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder.

3. **Limitation of Claims.** The following language is added as a new Section 4.o of the Distribution Agreement:

However, to the extent required by Article 33 of the General Business Law of the State of New York, all rights and any causes of action arising in Hotel Owner’s favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied

4. **Our Transfer.** The following language is added as a new Section 4.p of the Distribution Agreement:

To the extent required by applicable law, no assignment will be made except to an assignee who, in BWI’s good faith judgment, is willing and able to assume BWI’s obligations under this Agreement.

5. **Termination by You.** The following is added to the end of Section 1.b and 1.c of the Distribution Agreement:

Hotel Owner may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

6. **Application of Rider.** There are circumstances in which an offering made by BWI would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the State of New York. However, an offer or sale is deemed to be made in New York if Hotel Owner is domiciled in and the Hotel will be opened in New York. We are required to furnish a New York prospectus to every prospective Hotel Owner who is protected under the New York General Business Law, Article 33..

7. **No Waiver of Disclaimer of Reliance.** No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[Signatures on following page]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the Effective Date stated in the Distribution Agreement.

HOTEL OWNER:

BWI:

[HOTEL OWNER], a [INSERT TYPE OF ENTITY]

Best Western International, Inc., an Arizona corporation

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Executed on: _____

Executed on: _____

**RIDER TO THE BEST WESTERN INTERNATIONAL, INC.
DISTRIBUTION AGREEMENT
FOR USE IN NORTH DAKOTA**

This Rider (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Distribution Agreement (defined below), by and between Best Western International, Inc., an Arizona corporation with its principal business address at 6201 N. 24th Parkway, Phoenix, Arizona 85016 (“**we,**” “**us**” “**our,**” or “**BWI**”), and _____ (“**you,**” “**your,**” or “**Hotel Owner**”).

1. **Background.** BWI and Hotel Owner are parties to that certain Distribution Agreement that has been signed concurrently with the signing of this Rider (the “**Distribution Agreement**”). This Rider is annexed to and forms part of the Distribution Agreement. This Rider is being signed because (a) Hotel Owner is a resident of North Dakota and the Hotel will be located in North Dakota, and/or (b) the offer or sale of the franchise for the Hotel that Hotel Owner will operate under the Distribution Agreement was made in the State of North Dakota.

2. **Liquidated Damages on Termination.** The following language is added to the end of Section 1.c of the Distribution Agreement:

The Commissioner has determined termination or liquidated damages to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. However, BWI and Hotel Owner agree to enforce these provisions to the extent the law allows.

3. **Governing Law/Consent to Jurisdiction.** The following language is added to the end of Section 4.1 of the Distribution Agreement:

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, North Dakota law will apply to this Agreement. In addition, to the extent required by applicable law, Hotel Owner may bring an action in North Dakota.

4. **No Waiver of Disclaimer of Reliance.** No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[Signatures on following page]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the Effective Date stated in the Distribution Agreement.

HOTEL OWNER:

BWI:

[HOTEL OWNER], a [INSERT TYPE OF ENTITY]

Best Western International, Inc., an Arizona corporation

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Executed on: _____

Executed on: _____

**RIDER TO THE BEST WESTERN INTERNATIONAL, INC.
DISTRIBUTION AGREEMENT
FOR USE IN RHODE ISLAND**

This Rider (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Distribution Agreement (defined below), by and between Best Western International, Inc., an Arizona corporation with its principal business address at 6201 N. 24th Parkway, Phoenix, Arizona 85016 (“**we**,” “**us**” “**our**,” or “**BWI**”), and _____ (“**you**,” “**your**,” or “**Hotel Owner**”).

1. **Background.** BWI and Hotel Owner are parties to that certain Distribution Agreement that has been signed concurrently with the signing of this Rider (the “**Distribution Agreement**”). This Rider is annexed to and forms part of the Distribution Agreement. This Rider is being signed because (a) Hotel Owner is a resident of Rhode Island and the Hotel that Hotel Owner will operate under the Distribution Agreement will be located in Rhode Island; and/or (b) any of the offering or sales activity relating to the Distribution Agreement occurred in Rhode Island.

2. **Governing Law/Consent to Jurisdiction.** The following language is added to the end of Section 4.1 of the Distribution Agreement:

Notwithstanding the foregoing, to the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act. Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

To the extent required by applicable law, Hotel Owner may bring an action in Rhode Island for claims arising under the Rhode Island Franchise Investment Act.

3. **No Waiver of Disclaimer of Reliance.** No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[Signatures on following page]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the Effective Date stated in the Distribution Agreement.

HOTEL OWNER:

BWI:

[HOTEL OWNER], a [INSERT TYPE OF ENTITY]

Best Western International, Inc., an Arizona corporation

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Executed on: _____

Executed on: _____

**RIDER TO THE BEST WESTERN INTERNATIONAL, INC.
DISTRIBUTION AGREEMENT
FOR USE IN WASHINGTON**

This Rider (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Distribution Agreement (defined below), by and between Best Western International, Inc., an Arizona corporation with its principal business address at 6201 N. 24th Parkway, Phoenix, Arizona 85016 (“**we,**” “**us**” “**our,**” or “**BWI**”), and _____ (“**you,**” “**your,**” or “**Hotel Owner**”).

1. **Background.** BWI and Hotel Owner are parties to that certain Distribution Agreement that has been signed at the same time as the signing of this Rider (the “**Distribution Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Distribution Agreement. This Rider is being signed because (a) the Hotel that Hotel Owner will operate under the Distribution Agreement will be located in Washington; and/or (b) Hotel Owner is a resident of Washington; and/or (c) any of the offering or sales activity relating to the Distribution Agreement occurred in Washington.

2. **Addition of Paragraphs.** The following is added to the end of the Distribution Agreement:

In recognition of the requirements by the Washington Franchise Investment Protection Act and the Rules and Regulations promulgated thereunder (the “**Act**”), the Distribution Agreement of Best Western International, Inc. shall be modified as follows:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede this Agreement in Hotel Owner’s relationship with BWI including the areas of termination and renewal of Hotel Owner’s franchise. There may also be court decisions which may supersede this Agreement in Hotel Owner’s relationship with BWI including the areas of termination and renewal of Hotel Owner’s franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by this Agreement, Hotel Owner may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by Hotel Owner may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel.

Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in this Agreement or elsewhere are void and unenforceable in Washington.

3. **No Waiver of Disclaimer of Reliance.** No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[Signatures on following page]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider effective on the Effective Date stated in the Distribution Agreement.

HOTEL OWNER:

BWI:

[HOTEL OWNER], a [INSERT TYPE OF ENTITY]

Best Western International, Inc., an Arizona corporation

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Executed on: _____

Executed on: _____

EXHIBIT D TO FDD
FINANCIAL STATEMENTS

Report of Independent Auditors

To the Board of Directors and Members of Best Western International, Inc.

Opinion

We have audited the consolidated financial statements of Best Western International, Inc. (the Company), which comprise the consolidated statements of financial position as of November 30, 2024 and 2023, and the related consolidated statements of revenues and expenses, other comprehensive revenues and expenses, cash flows and changes in net assets for the years then ended, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at November 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Report of Independent Auditors

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Management is responsible for the other information. The other information comprises the Financial Highlights in the Annual Report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

/s/ Ernst & Young LLP

Phoenix, Arizona
February 26, 2025

Consolidated Statements of Financial Position

(in thousands)	As of November 30,	
	2024	2023
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 162,790	\$ 161,159
Restricted cash	11,849	12,194
Short-term investments	16,824	15,939
Accounts receivable, principally from Members, net	64,917	61,858
Prepaid expenses and other current assets	18,581	18,017
Income taxes receivable	10,105	9,748
TOTAL CURRENT ASSETS	285,066	278,915
Property, equipment and computer software, net	38,587	34,476
Hotel investments, net	50,124	52,025
Long-term investments	358,416	281,094
Restricted Rabbi Trust investments	17,220	17,037
Deferred income taxes	44,236	47,276
Other assets, net	22,450	23,014
TOTAL ASSETS	\$ 816,099	\$ 733,837
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 82,638	\$ 81,708
Current frequent stay program liability	118,299	117,949
Current deferred revenue	17,218	16,845
Deposits	9,984	10,109
Line of credit	-	-
TOTAL CURRENT LIABILITIES	228,139	226,611
Non-current frequent stay program liability	190,375	175,298
Non-current deferred revenue	45,383	45,980
Non-current deferred compensation plans liability	14,681	15,358
Non-current construction loans	36,983	37,963
Non-current lease liability	811	790
TOTAL LIABILITIES	516,372	502,000
NET ASSETS:		
Retained earnings	298,920	233,532
Accumulated other comprehensive (loss) income	(827)	(3,525)
TOTAL BEST WESTERN INTERNATIONAL, INC. NET ASSETS	298,093	230,007
Non-controlling interests	1,634	1,830
TOTAL NET ASSETS	299,727	231,837
TOTAL LIABILITIES AND NET ASSETS	\$ 816,099	\$ 733,837

See accompanying notes to consolidated financial statements.

Consolidated Statements of Revenues and Expenses

(in thousands)	Years Ended November 30,	
	2024	2023
REVENUES:		
Fees, dues and assessments	\$ 292,244	\$ 293,536
Program revenues	167,615	180,273
Other revenues	61,083	60,589
TOTAL REVENUES	520,942	534,398
EXPENSES:		
Compensation, taxes and benefits	207,143	197,303
Advertising and promotion	139,190	121,415
General and administrative	102,157	88,222
Depreciation and amortization	20,774	18,162
Program cost of sales	19,448	19,540
TOTAL EXPENSES	488,712	444,642
Net realized and unrealized gains on investments	35,323	12,414
Interest and dividend income, and interest and other expense, net	18,044	14,348
Excess of revenues over expenses before income taxes	85,597	116,518
Income tax provision	(20,480)	(27,498)
Excess of revenues over expenses	65,117	89,020
Excess of expenses over revenues attributable to non-controlling interests	271	299
EXCESS OF REVENUES OVER EXPENSES ATTRIBUTABLE TO BEST WESTERN INTERNATIONAL, INC.	\$ 65,388	\$ 89,319

See accompanying notes to consolidated financial statements.

Consolidated Statements of Other Comprehensive Revenues and Expenses

(in thousands)	Years Ended November 30,	
	2024	2023
EXCESS OF REVENUES OVER EXPENSES	\$ 65,117	\$ 89,020
Foreign currency translation adjustment, net of tax	(11)	(755)
Change in net unrealized gains (losses) on available-for-sale debt securities, net of tax:		
Net unrealized gains (losses) on available-for-sale debt securities	2,471	(3,825)
Adjustment for net losses realized and included in excess of revenues over expenses	238	479
Total change in net unrealized gains (losses) on available-for-sale debt securities	2,709	(3,346)
Comprehensive excess of revenues over expenses	67,815	84,919
Comprehensive excess of expenses over revenues attributable to non-controlling interests	271	299
COMPREHENSIVE EXCESS OF REVENUES OVER EXPENSES ATTRIBUTABLE TO BEST WESTERN INTERNATIONAL, INC.	\$ 68,086	\$ 85,218

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

(in thousands)	Years Ended November 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenues over expenses	\$ 65,117	\$ 89,020
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation and amortization	20,774	18,162
Provision for credit losses	1,006	794
Net (gains) on Restricted Rabbi Trust investments	(3,828)	(996)
Net losses on available-for-sale debt securities	238	479
Net (gains) on equity securities	(31,732)	(11,629)
Amortization of bond premiums/(discounts) on held-to-maturity debt securities, net	16	79
Amortization/(accretion) of premiums/(discounts) on available-for-sale debt securities, net	(1,990)	(1,732)
Accrued interest on held-to-maturity debt securities, net	30	66
Accrued interest on available-for-sale debt securities, net	(77)	(6)
Provision for deferred income taxes	2,167	2,999
Loss on disposition of property, equipment and computer software	13	27
Changes in assets and liabilities:		
Accounts receivable	(4,125)	9,528
Prepaid expenses and other current assets	(574)	(741)
Income taxes	(352)	(1,327)
Other assets, net	(640)	(735)
Accounts payable, accrued liabilities and deferred compensation plans liability	3,938	5,239
Deferred revenue	(202)	(2,089)
Frequent stay program liability	15,426	(1,094)
Deposits	(104)	(3,567)
NET CASH PROVIDED BY OPERATING ACTIVITIES	65,101	102,477
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturity of held-to-maturity debt securities	4,250	13,000
Proceeds from maturity of available-for-sale debt securities	5,281	4,118
Proceeds from sale of available-for-sale debt securities	64,396	41,029
Proceeds from sale of equity securities	15,865	9,722
Purchase of available-for-sale debt securities	(104,222)	(149,432)
Purchase of equity securities	(26,664)	(80,164)
Development costs of hotel investments	(554)	(820)
Fund Restricted Rabbi Trust investments	(413)	(285)
Purchase of property, equipment and computer software	(20,742)	(17,683)
NET CASH USED IN INVESTING ACTIVITIES	(62,803)	(180,515)

Continues on next page.

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

(in thousands)	Years Ended November 30,	
	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of construction loans	\$ (1,044)	\$ (456)
Proceeds from construction loans	100	1,135
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(944)	679
Net increase (decrease) in cash and cash equivalents, and restricted cash	1,354	(77,359)
Effect of foreign exchange rate changes on cash and cash equivalents, and restricted cash	(68)	197
Cash and cash equivalents, and restricted cash at beginning of period	173,353	250,515
CASH AND CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF PERIOD	\$ 174,639	\$ 173,353
Supplemental disclosures of cash flow information:		
Cash paid for:		
Interest, net of capitalized interest of \$0 and \$0 for the years ended November 30, 2024 and 2023, respectively	\$ 1,316	\$ 1,386
Income taxes	19,898	26,317
Income tax refunds received	\$ 1,208	\$ 532
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows used in operating leases	\$ 998	\$ 1,043
Non-cash operating activities:		
Amortization of operating lease right-of-use assets	\$ 960	\$ 958
Net increase in operating lease right-of-use assets and operating lease liabilities due to adoption of ASC 842	-	2,191
Right-of-use assets obtained in exchange for operating lease liabilities	830	330
Non-cash impact to right-of-use assets and lease liabilities due to lease cancellation	-	(39)
Non-cash investing activities:		
Disposal of fully depreciated property, equipment and computer software	\$ 4,829	\$ 8,156
Accrued additions to hotel investments	-	104
Accrued additions to property, equipment and computer software	430	57
Employee contributions to the Restricted Rabbi Trust investments	125	176
Distributions from Restricted Rabbi Trust investments	4,183	3,483
Non-cash financing activities:		
Equity contribution from joint venture partner	\$ 75	\$ 175

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

(in thousands)	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests in Consolidated Subsidiaries	Total Net Assets
Balance - November 30, 2022	\$ 144,213	\$ 576	\$ 1,954	\$ 146,743
Total excess of revenues over expenses (expenses over revenue)	89,319	-	(299)	89,020
Foreign currency translation adjustment, net of tax	-	(755)	-	(755)
Unrealized (losses) on available-for-sale debt securities, net of tax	-	(3,346)	-	(3,346)
Contributions from non-controlling interests	-	-	175	175
Balance - November 30, 2023	233,532	(3,525)	1,830	231,837
Total excess of revenues over expenses (expenses over revenue)	65,388	-	(271)	65,117
Foreign currency translation adjustment, net of tax	-	(11)	-	(11)
Unrealized gains on available-for-sale debt securities, net of tax	-	2,709	-	2,709
Contributions from non-controlling interests	-	-	75	75
Balance - November 30, 2024	\$ 298,920	\$ (827)	\$ 1,634	\$ 299,727

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

November 30, 2024

(1) Business, Organization and Summary of Significant Accounting Policies

(a) Nature of Business

Best Western International, Inc. and its consolidated subsidiaries ("Best Western" or the "Company") is a membership organization incorporated as a non-profit corporation in the State of Arizona. The Company is a membership association of hotels established solely to provide revenue generating opportunities and to leverage marketing and purchasing power to benefit the holders of the Company's membership interests (the "Members"). The exceptions to the membership structure are the wholly owned subsidiaries: (i) SureStay, Inc. ("SureStay"), which is a franchisor, (ii) soft brand licensees, (iii) World Hotels GmbH ("WorldHotels"), which is a licensor, (iv) AutoClerk, Inc. ("AutoClerk"), which is a property management system, and (v) BWI DevCo Tempe, LLC ("DevCo Tempe"), which owns and operates a Best Western branded hotel in Tempe, Arizona. The Company's wholly owned subsidiary, BWI DevCo Denver 3560, LLC, and T.W.C. LLC ("TWC"), entered into a joint venture Contribution Agreement and formed Denver 3560, LLC ("Denver 3560"), a Colorado limited liability company to develop, build, own and operate a Best Western branded hotel in Denver, Colorado.

Best Western branded hotels, SureStay branded hotels, soft brand licensees, and WorldHotels branded properties, collectively referred to as BWH Hotels ("BWH"), are located throughout the world. As of November 30, 2024, there are approximately 4,300 hotels in over 100 countries and territories worldwide associated with BWH, that are activated or currently in the development pipeline to be activated on our reservations platform.

(b) Principles of Consolidation

The consolidated financial statements include the accounts of the Company, our wholly owned subsidiaries and entities in which the Company has a controlling financial interest, including variable interest entities where the Company is the primary beneficiary.

The determination of a controlling financial interest is based upon the terms of the governing agreements of the respective entities, including the evaluation of rights held by other ownership interests. If the entity is considered to be a variable interest entity, the Company determines whether the Company is the primary beneficiary, and then consolidates those variable interest entities for which the Company has determined that the Company is the primary beneficiary.

All significant intercompany transactions and balances are eliminated in consolidation.

(c) Basis of Presentation

The preparation of financial statements in conformity with Generally Accepted Accounting Principles ("GAAP") requires management to make estimates and assumptions that affect the amounts reported and, accordingly, ultimate results could differ from those estimates. In our opinion, the consolidated financial statements reflect all adjustments, including normal recurring items, considered necessary for a fair presentation of financial performance.

(d) Reclassifications

In the Consolidated Statements of Revenues and Expenses for the year ended November 30, 2023, other revenues of \$2.2 million were reclassified to interest and dividend income, and interest and other expense, net to conform with the current year presentation.

(e) Cash and Cash Equivalents

Cash and cash equivalents include highly liquid money market instruments and U.S. treasury bonds that have original maturities of three months or less at the date of purchase.

Notes to Consolidated Financial Statements

November 30, 2024

(f) *Restricted Cash*

Restricted cash is primarily comprised of annual dues paid by Members prior to the related service period. Annual dues are held in a custodial account and are not available to the Company until December of the following fiscal year. As of November 30, 2024 and 2023, there was \$11.8 million and \$12.2 million of restricted cash, respectively.

The following table provides a reconciliation of cash and cash equivalents, and restricted cash reported in the Consolidated Statements of Financial Position that sum to the total of such amounts shown in the Consolidated Statements of Cash Flows:

(in thousands)	As of November 30,	
	2024	2023
Cash and cash equivalents	\$ 162,790	\$ 161,159
Restricted cash	11,849	12,194
Total cash and cash equivalents, and restricted cash shown in the Consolidated Statements of Cash Flows	<u>\$ 174,639</u>	<u>\$ 173,353</u>

(g) *Investments*

Investments consist of certificates of deposits, mutual funds, common shares, U.S. treasury and government agency bonds, corporate bonds, mortgage and asset-backed securities, and municipal and provincial notes and bonds, and are classified as short-term or long-term investments based on maturity dates for debt securities, and equity securities are classified as long-term based on the Company's liquidity position. The Company has not recognized any investment impairments during the years ended November 30, 2024 and 2023 (see note 3).

(h) *Restricted Rabbi Trust Investments*

The Company has a Nonqualified Deferred Compensation Plan ("NQP") in which key management employees of the Company, as determined by the Board of Directors, are selected to participate. The NQP was restated effective December 1, 2020, to provide for the use of a Rabbi Trust and to amend the design of the Company's contributions. Effective December 1, 2020, the Company established a NQP Rabbi Trust ("Trust"), whereby the Company makes contributions to this Trust to provide the Company a source of funds to assist in satisfying the NQP liability. The investments included in this Trust are carried at fair value and recorded in Restricted Rabbi Trust investments in the Consolidated Statements of Financial Position (see note 13).

(i) *Fair Value of Financial Instruments*

The carrying amount reflected in the Consolidated Statements of Financial Position for cash and cash equivalents, restricted cash, prepaid expenses and other current assets, accounts receivable, principally from Members, net, income taxes receivable, accounts payable and accrued liabilities, and deposits approximate their respective fair values based on their liquidity and/or the short-term nature of these instruments. The Company measures and discloses the estimated fair value of financial assets and liabilities utilizing a hierarchy of valuation techniques based on whether the inputs to a fair value measurement are considered to be observable or unobservable in a marketplace. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. This hierarchy requires the use of observable market data when available. These inputs have created the following fair value hierarchy:

- Level 1 – quoted prices for identical instruments in active markets;
- Level 2 – quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which significant inputs and significant value drivers are observable in active markets; and
- Level 3 – fair value measurements derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company measures fair value using a set of standardized procedures for all assets and liabilities which are required to be measured at their estimated fair value on either a recurring or non-recurring basis. When available, the Company utilizes quoted market prices from an independent third-party source to determine fair value and classifies such items in Level 1.

Notes to Consolidated Financial Statements

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In accordance with the fair value accounting requirements, companies may choose to measure eligible financial instruments and certain other items at fair value. The Company has not elected the fair value option for any eligible financial instruments.

The investments in the Trust are restricted and are designated as trading securities and carried at fair value. The fair market value of these restricted investments are measured using Level 1 inputs (quoted prices for identical assets in active markets).

The following tables present information about the carrying value of the Company's financial assets compared to fair value as of November 30, 2024 and 2023, and indicate the fair value hierarchy of the valuation techniques utilized to determine such fair value. The investments in certificates of deposits, mutual funds, common shares, U.S. treasury and government agency bonds, corporate bonds, mortgage and asset-backed securities, and municipal and provincial notes and bonds are included in both short-term and long-term investments in the Consolidated Statements of Financial Position, and the investments held in a Restricted Rabbi Trust are included in Restricted Rabbi Trust investments in the Consolidated Statements of Financial Position.

Carrying Value vs. Fair Value Measurements

(in thousands)	November 30, 2024		
	Carrying Value	Fair Value	
		Total	Quoted Prices in Active Markets for Identical Assets (Level 1)
Mutual funds	\$ 101,602	\$ 101,602	\$101,602
Mortgage and asset-backed securities	83,694	83,372	83,372
Corporate bonds	77,126	76,300	76,300
Common shares	60,630	60,630	60,630
U.S. treasury and government agency bonds	48,487	48,283	48,283
Municipal and provincial notes and bonds	3,701	3,663	3,663
Restricted Rabbi Trust investments	17,220	17,220	17,220
Total	\$ 392,460	\$ 391,070	\$391,070

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Carrying Value vs. Fair Value Measurements

(in thousands)	November 30, 2023		
	Carrying Value	Fair Value	
		Total	Quoted Prices in Active Markets for Identical Assets (Level 1)
Mutual funds	\$ 75,070	\$ 75,070	\$ 75,070
Mortgage and asset-backed securities	74,452	74,185	74,185
Corporate bonds	64,357	63,702	63,702
Common shares	44,630	44,630	44,630
U.S. treasury and government agency bonds	32,649	32,538	32,538
Municipal and provincial notes and bonds	3,622	3,594	3,594
Investments in certificates of deposits	2,253	2,234	2,234
Restricted Rabbi Trust investments	17,037	17,037	17,037
Total	\$ 314,070	\$ 312,990	\$312,990

(j) Property, Equipment and Computer Software and Hotel Investments

Property, equipment and computer software and hotel investments are recorded at cost. Costs of improvements that extend the economic life or improve service potential are also capitalized. Depreciation on land improvements, buildings, and furniture and equipment is computed using straight-line and accelerated methods over estimated useful lives ranging from 3 to 39 years. Leasehold improvements are amortized on a straight-line basis over the shorter of the related lease term or the estimated useful lives of the assets.

Purchased software license fees and related implementation costs, and costs to develop software for internal use are capitalized and amortized on a straight-line basis over a three-year useful life. Repair and maintenance costs are charged to expenses as incurred.

The Company developed, opened and is operating two hotels and the property and equipment related to these hotels are included in hotel investments, net in the Consolidated Statements of Financial Position (see notes 7, 16, and 17).

(k) Goodwill and Other Intangible Assets

Goodwill arises from business combinations and represents the excess of the cost of an acquired entity over the net fair value amounts that were assigned to the identifiable assets acquired and the liabilities assumed. Goodwill is amortized on a straight-line basis over a ten-year useful life and is tested for impairment if circumstances indicate that the goodwill carrying value may exceed its fair value. Goodwill is included in other assets, net in the Consolidated Statements of Financial Position.

Other intangible assets include acquired customers, developed technologies, and trademarks and trade names resulting from business acquisitions. Other intangible assets are valued based on their acquisition date fair values and, other than trademarks and trade names which are indefinite-lived, are amortized using the straight-line method over their estimated useful lives, ranging from 7.5 years to 10 years. Other intangible assets are included in other assets, net in the Consolidated Statements of Financial Position.

The Company evaluates the potential impairment of goodwill and other intangible assets annually. In evaluating these assets for impairment, the Company may elect to first assess qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit or the intangible assets is less than its carrying amount. If the conclusion is that the fair value of the assets is not more likely than not less than its carrying value, then no further

Notes to Consolidated Financial Statements

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testing is required. If the conclusion is that the fair value of the assets is more likely than not less than its carrying value, then a quantitative impairment test is performed. For intangible assets, if the carrying value is greater than the fair value of the assets, an impairment charge is recognized for this excess. The Company may elect to forgo the qualitative assessment and move directly to the quantitative impairment tests for goodwill and other intangible assets. The Company determines the fair value of its reporting units and intangible assets using income and market methods.

Goodwill has been allocated to two reporting units: (i) WorldHotels, and (ii) AutoClerk. The Company performed a quantitative impairment analysis for the WorldHotels reporting unit in both 2024 and 2023. As of November 30, 2024 and November 30, 2023, the Company determined that the fair value of the WorldHotels reporting unit exceeded the carrying value and no impairment was recorded. The Company performed a qualitative impairment analysis for the AutoClerk reporting unit during both 2024 and 2023, concluding that it is more likely than not that the fair value of the reporting unit is greater than its carrying amount (see note 15).

(l) *Impairment or Disposal of Long-Lived Assets*

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. The Company has not recognized any impairments during the years ended November 30, 2024 and 2023.

(m) *Leases*

The Company primarily leases office space, vehicles, and office equipment from third parties. The Company determines if a contract is a lease at inception. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The lease term begins on the commencement date, which is the date the Company takes possession of the asset and may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Certain of the Company's leases contain renewal options for varying periods, which can be exercised at the Company's sole discretion. Leases are classified as operating or finance leases based on factors such as the lease term, lease payments, and the economic life, fair value and estimated residual value of the asset. Where leases include options to purchase the leased asset at the end of the lease term, this is assessed as a part of the Company's lease classification determination.

Under Accounting Standards Codification ("ASC") Leases ("ASC 842"), the Company recognizes a right-of-use ("ROU") asset and lease liability to account for its operating leases. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized on the commencement date based on the present value of lease payments over the lease term. ROU assets are based on the lease liability (which represents the present value of remaining lease payments) and are increased by prepaid lease payments and decreased by lease incentives received. Lease incentives are amortized through the lease asset as reductions of expense over the lease term. For leases where the Company is reasonably certain to exercise a renewal option, such option periods have been included in the determination of the Company's ROU assets and lease liabilities.

Leases typically contain rent escalations over the lease term. The Company recognizes expense for these leases on a straight-line basis over the lease term. Certain leases require the Company to pay taxes, insurance, maintenance and other operating expenses associated with the leased asset. Such amounts are not included in the measurement of the ROU assets and lease liabilities to the extent they are variable in nature. These variable lease costs are recognized as a variable lease expense when incurred.

Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

As a practical expedient, lease agreements with lease and non-lease components are accounted for as a single lease component for all asset classes. The Company estimates contingent lease incentives when it is probable that the Company is entitled to the incentive at lease commencement. The Company elected the short-term lease recognition exemption for all leases. Therefore, leases with an initial term of 12 months or less are not recorded in the Consolidated Statements of Financial Position; instead, lease payments are recognized as lease expense on a straight-line basis over

Notes to Consolidated Financial Statements

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the lease term. The depreciable life of the ROU assets are limited by the expected lease term unless the Company is reasonably certain of a transfer of title or purchase option.

The Company elected to use a risk-free rate as the discount rate for all asset classes.

(n) *Income Taxes*

The Company utilizes the liability method of accounting for income taxes whereby deferred taxes are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse.

Recognition of deferred tax assets is limited to amounts considered by management to be more likely than not realized in future period.

The Company assesses whether a valuation allowance should be established based on its determination of whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. Both positive and negative evidence is considered when determining the necessity of the valuation allowance as well as the sources of taxable income supporting the realization of the deferred tax assets, including taxable income in carryback years, future reversals of existing taxable temporary differences, tax-planning strategies and projected taxable income from future operations.

Based on the history of positive earnings, in addition to the expected reversal of taxable temporary differences and forecasted positive results of operations, management determined, based on its assessment of both positive and negative evidence and objective and subjective evidence, that it is more likely than not that the Company will realize its deferred tax assets, with the exception of certain deferred tax assets related to foreign net operating losses ("NOL"), and foreign tax credit ("FTC") carryforwards. The Company has provided a valuation allowance against net deferred tax assets for certain foreign loss entities as the realization of such assets are not more likely than not to occur.

As of November 30, 2024, the Company has foreign NOL carryforwards of \$15.5 million and U.S. FTC carryforwards of \$0.6 million. Of the \$15.5 million in foreign NOLs, \$1.9 million is subject to expiration beginning in 2029, while the remaining \$13.6 million is not subject to expiration and will carry forward indefinitely. The FTC carryforwards were generated in the years ended November 30, 2019, and 2020, in the amounts of \$0.2 million and \$0.4 million, respectively, and will expire in the years ended November 30, 2029, and 2030, respectively.

The Company reviews uncertain tax positions taken, or expected to be taken, in the course of preparing the Company's tax returns to determine whether the tax positions are more likely than not of being sustained by the applicable tax authority. Management of the Company is required to analyze all open tax years, as defined by the statutes of limitations for all major jurisdictions, which include federal, state, and foreign. As of November 30, 2024 and 2023, the Company has not recognized any asset or liability for unrecognized income tax benefits or liabilities. It is the Company's policy to recognize interest and penalties related to uncertain tax positions as a component of the income tax provision.

(o) *Revenue Recognition*

Fees, dues and assessments

Fees, dues and assessments are established by the membership and the Board of Directors to compensate the Company for providing services to Members, soft brand licensees, SureStay franchisees, and WorldHotels licensees. The Company has performance obligations to provide hotel support and marketing, and a license to our hotel system intellectual property for the use of our brand names. Our performance obligations are a series of distinct goods or services, for which the Company receives the following types of variable consideration through our membership agreements with our Members. Monthly fees and assessments (which include advertising, sales and marketing and reimbursement for the Company's technology expenses) represent fixed and variable consideration and are billed monthly and recognized as revenue in the same month as the services are provided and charges become fixed or determinable and payable. Annual dues are established, billed and payable each year for continuing membership during the succeeding year. Annual dues are recognized as revenue ratably in the year to which the continuing membership applies. Any Member may resign from the Company at any time, but if the Member resigns or is terminated, fees and

Notes to Consolidated Financial Statements

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dues become immediately due and payable per the terms of the applicable contract and are recognized as revenue when cash is received regardless of the term of the contract.

Affiliation fee revenues from Best Western branded hotels are fixed consideration payable upon approval of the Member or licensee by the Board of Directors and acceptance of membership or license terms by the property owner. These revenues are recognized on a straight-line basis over the hotelier's expected life as a Best Western branded hotel or over the initial contract term. SureStay franchisee initial fees are due upon execution of a franchise agreement and recognized over the initial term of the franchise agreement. WorldHotels hotel integration fees are recognized on a straight-line basis over the expected life as a WorldHotels branded hotel. Affiliation fee revenues were \$8.8 million and \$9.8 million for the years ended November 30, 2024 and 2023, respectively.

Best Western Rewards® frequent stay program ("BWR® program")

The Company administers the BWR program for the benefit of BWH and BWR program members. Under our BWR program, the Company has a performance obligation to provide or arrange for the provision of goods or services between BWR program members and BWH hotels in exchange for the redemption of points earned from past activities. Costs of operating the BWR program, including costs for marketing, promotion, and other member services, are charged to the BWH hotels through an assessment fee that is based on members' qualified expenditures. The assessment fees received from BWH hotels are deferred and recognized as program revenues in the Consolidated Statements of Revenues and Expenses as the loyalty points are redeemed and the related service, net of redemption expense, is provided. The amount of revenue the Company recognizes upon point redemption is impacted by the Company's estimate of the breakage for points that BWR members will never redeem. The Company estimates breakage based on historical experience and expectations of future BWR member behavior, including analyses performed by and input of third-party actuaries. All BWR program costs are recognized as incurred and are recorded in program cost of sales in the Consolidated Statements of Revenues and Expenses.

Program revenues in excess of redemption costs are used to fund the operational expenses of the BWR program.

Best Western Travel Card® (a card having no expiration date and no usage or non-usage fees) revenue is recognized when: (i) the Best Western Travel Card is redeemed, or (ii) the likelihood of the Best Western Travel Card being redeemed is remote (Best Western Travel Card breakage), and the Company determines that there is not a legal obligation to remit the unredeemed Best Western Travel Card balance to the relevant jurisdiction. The determination of the Best Western Travel Card breakage rate is based upon Company specific historical redemption patterns. Best Western Travel Card breakage is included in program revenues in the Consolidated Statements of Revenues and Expenses.

Other revenues

Other revenues in the Consolidated Statements of Revenues and Expenses consist of: (i) international fees and other fees from hotelier meetings, training, quality assurance assessments and other services, and (ii) owned hotel operations revenues, and are recognized in the month the services are provided. International fees include fees and charges for reservations and other services billed to international organizations monthly and were \$23.5 million and \$23.0 million for the years ended November 30, 2024 and 2023, respectively. Owned hotel operations revenues were \$9.7 million and \$9.5 million for the years ended November 30, 2024 and 2023, respectively.

All other revenue sources, such as program fees, are recognized in the month that the product or service is provided. Revenues, including rebates from vendors, and associated costs of product sold to hoteliers when the Company does not assume the risk and rewards of ownership of the product, is not the primary obligator, and does not possess other indicators of gross reporting, are reported as a net amount earned and included in program revenues in the Consolidated Statements of Revenues and Expenses.

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Contract balances

The Company records a receivable as performance obligations are satisfied and there is an unconditional right to receive payment. Deferred revenue is recorded when the Company receives payment, or has the unconditional right to receive payment, in advance of the satisfaction of the Company's performance obligations related to initial affiliation fees and the BWR program.

Certain costs to obtain contracts with Members, soft brand licensees, SureStay franchisees, and WorldHotels licensees are capitalized and amortized on a straight-line basis over the hotelier's expected life as a branded hotel or over the initial contract term. The costs of obtaining a contract with a Member, soft brand licensee, SureStay franchisee, and WorldHotels licensee are recorded in prepaid expenses and other current assets, and other assets, net in the Consolidated Statements of Financial Position. The related amortization is recorded in compensation, taxes and benefits in the Consolidated Statements of Revenues and Expenses. The Company had capitalized costs to obtain contracts with customers of \$13.2 million and \$12.9 million at November 30, 2024 and 2023, respectively, consisting of the following:

(in thousands)	As of November 30,	
	2024	2023
Current contract assets	\$ 954	\$ 957
Non-current contract assets	12,229	11,903
Total contract assets	\$ 13,183	\$ 12,860

At November 30, 2024 and 2023, the contract liabilities balances related to affiliation fees and the BWR program include the following components and are included in current frequent stay program liability, current deferred revenue, non-current frequent stay program liability, and non-current deferred revenue in the Consolidated Statements of Financial Position:

(in thousands)	As of November 30,	
	2024	2023
Current contract liabilities	\$ 123,035	\$ 122,503
Non-current contract liabilities	235,022	221,278
Total contract liabilities	\$ 358,057	\$ 343,781

(in thousands)	As of November 30,	
	2024	2023
Liability related to the loyalty program	\$ 308,058	\$ 292,438
Affiliation fees received from hoteliers	49,999	51,343
Total contract liabilities	\$ 358,057	\$ 343,781

(p) *Significant Estimates and Assumptions*

Management of the Company has made certain estimates and assumptions relating to the reporting of assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities to prepare these consolidated financial statements in conformity with GAAP. Actual results could differ from those estimates.

(q) *Concentration of Credit Risk*

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, accounts receivable, principally from Members, net, and investments.

Notes to Consolidated Financial Statements

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The Company has concentrated its credit risk for cash by maintaining deposits in financial institutions which exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash and cash equivalents.

Accounts receivable, principally from Members, net, are primarily from Member, franchisee, licensee fees and services, and product sales. Concentrations of credit risk with respect to accounts receivable are limited due to the large number of hoteliers located throughout the world comprising the Company's customer base. The Company does not require collateral within credit limits established. In those instances when a Member, franchisee, or licensee requests product in excess of the credit limit allowed by Company policy, the Company requests a letter of credit, deposit, or prepayment to secure the collection of accounts receivable. The Company performs ongoing evaluations of its hotelier receivables; non-payment can lead to cancellation of the applicable membership, license or franchise.

The Company is also potentially subject to concentrations of credit risk in its investments. The Company has investments in certificates of deposits, mutual funds, common shares, U.S. treasury and government agency bonds, corporate bonds, mortgage and asset-backed securities, and municipal and provincial notes and bonds. The Company has appointed an investment advisory firm to oversee the Company's investment strategy who have assigned various fund managers to manage the Company's investments. The Company believes it is not exposed to any material credit risk to investments based on its analysis through the implementation of ASC 326: Measurement of Credit Losses on Financial Instruments.

(r) *Advertising Costs*

Advertising costs are expensed as incurred and recorded as advertising and promotion expenses.

(s) *Foreign Currency*

Non-U.S. dollar monetary assets and liabilities are translated using period-end exchange rates; income and expense items are remeasured at average exchange rates prevailing during the periods reported. Exchange rate gains and losses, unrealized and realized, are included in interest and dividend income, and interest and other expense, net in the Consolidated Statements of Revenues and Expenses and were approximately a \$0.9 million loss and a \$0.4 million gain during the years ended November 30, 2024 and 2023, respectively.

(t) *Self-Insurance Programs*

The Company self-insures for certain levels of employee medical and dental coverage. For medical, the Company accrues estimated costs of this self-insurance program based on its history of claims experience and the estimated time lag between incidents and the dates claims are payable. Because of the short-term nature of the time lag, no discount rate is used when evaluating the present value of the projected settlements. The ultimate cost of claims for a covered period may differ from original estimates.

(u) *Recent Accounting Guidance Not Yet Adopted*

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09 "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" ("ASU 2023-09"). This update establishes new disclosure requirements related to income taxes and modifies or eliminates certain existing requirements. Under the new guidance, entities will be required to consistently categorize and disaggregate information in the rate reconciliation, as well as further disaggregate income tax paid.

The standard is effective for fiscal years beginning after December 15, 2025 for private companies. Therefore, the Company will be required to adopt this guidance beginning with fiscal year 2027. The Company is currently assessing the impact of this guidance on its financial statement disclosures and expects to implement the changes in accordance with the effective date.

Notes to Consolidated Financial Statements

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(v) *New Accounting Standards Adopted*

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments", which changes the impairment model for most financial assets. The ASU introduces a new credit loss methodology, Current Expected Credit Losses ("CECL"), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to the original ASU. The CECL framework utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses for loans, held-to-maturity securities and other receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods, which generally require that a loss be incurred before it is recognized.

As it relates to available-for-sale securities, the same credit loss model cannot apply because there are different measurement attributes. The measurement attribute for available-for-sale debt securities necessitates a separate credit loss model because an entity may realize the total value of the securities either through collection of contractual cash flows or through sales of the securities.

On December 1, 2023, the Company adopted the guidance using the modified retrospective approach. The Company has not restated comparative information for 2023 and, therefore, the comparative information for 2023 is reported under previous guidance and is not comparable to the information presented for 2024. The adoption of this standard resulted in no adjustment to retained earnings at December 1, 2023.

(2) Accounts Receivable, Principally from Members, net and Allowance for Credit Losses

Accounts receivable, principally from Members, net primarily consists of amounts due from hoteliers with whom the Company has membership, franchise, or license agreements and includes reimbursements of costs the Company incurred on behalf of the hoteliers. These amounts represent amounts owed to the Company by its customers that are recorded at their amortized cost. The Company also records allowances for current expected credit losses. These allowances are based on the Company's assessment of customers credit risk and the collectability of accounts by considering the age of each outstanding invoice and an evaluation of expected risk of credit loss based on current conditions and reasonable and supportable forecasts of future economic conditions over the life of the receivable. The Company pools its trade receivables based on similar risk characteristics in estimating its expected credit losses. In situations where a trade receivable does not share the same risk characteristics with others, the Company measures it individually. The Company also continuously evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change.

Credit losses for trade receivables are recorded in general and administrative expense in the Consolidated Statements of Revenues and Expenses. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Expected recoveries of amounts previously written off, not to exceed the aggregate of the amount previously written off, are included in determining the allowance at November 30, 2024.

The activity in the allowance for expected credit losses, which is included in accounts receivable, principally from Members, net in the Consolidated Statements of Financial Position consisted of the following:

(in thousands)	As of November 30,	
	2024	2023
Beginning balance	\$ 16,425	\$ 17,373
Recoveries	2,135	1,478
Provisions	1,006	794
Write offs	(3,914)	(3,220)
Ending balance	\$ 15,652	\$ 16,425

Notes to Consolidated Financial Statements

November 30, 2024

In the normal course of business, the Company extends credit to its hoteliers, tour operators, central bill accounts and other third parties. The Company evaluates the collectability of the accounts receivable balances based on a combination of factors. These factors include the type of relationship the Company has with the account, the prior experience the Company has with accounts in each relationship type, and an evaluation of current and projected economic conditions as of the Consolidated Statements of Financial Position date. Based on the current economic conditions, the Company believes the estimate to be appropriate as of November 30, 2024. Actual collections of accounts receivable could differ from management's estimates.

3) Debt and Equity Securities

The Company invests in debt and equity securities as part of the Company's investment strategy.

Marketable securities held for investment purposes, which are recorded at cost or fair value, depending on the nature of the investment, in the Consolidated Statements of Financial Position, were as follows:

(in thousands)	As of November 30,	
	2024	2023
Short-term debt securities available-for-sale (at fair value)	\$ 16,824	\$ 11,643
Short-term debt securities held-to-maturity (at cost)	-	4,296
Total short-term debt securities	\$ 16,824	\$ 15,939

(in thousands)	As of November 30,	
	2024	2023
Long-term debt securities available-for-sale (at fair value)	\$ 196,185	\$ 161,394
Long-term equity securities (at fair value)	162,231	119,700
Total long-term debt and equity securities	\$ 358,416	\$ 281,094

Gross unrealized gains and losses for available-for-sale securities recognized in the Consolidated Statements of Financial Position were as follows:

November 30, 2024

(in thousands)	Available-For-Sale Debt Securities			
	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
Mortgage and asset-backed securities	\$ 83,972	\$ 586	\$ (863)	\$ 83,695
Corporate bonds	76,661	904	(439)	77,126
U.S. treasury and government agency bonds	50,257	168	(1,938)	48,487
Municipal and provincial notes and bonds	3,680	30	(9)	3,701
Total available-for-sale debt securities	\$ 214,570	\$ 1,688	\$ (3,249)	\$ 213,009

Notes to Consolidated Financial Statements

November 30, 2024

November 30, 2023

(in thousands)	Available-For-Sale Debt Securities			
	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
Mortgage and asset-backed securities	\$ 76,129	\$ 170	\$ (1,848)	\$ 74,451
Corporate bonds	63,165	318	(1,168)	62,315
U.S. treasury and government agency bonds	35,236	16	(2,603)	32,649
Municipal and provincial notes and bonds	3,668	13	(59)	3,622
Total available-for-sale debt securities	\$ 178,198	\$ 517	\$ (5,678)	\$ 173,037

A portion of the Company's available-for-sale debt securities are in an unrealized loss position as of November 30, 2024, due to the interest rate environment. The Company has evaluated these investments on an individual security basis to determine what amount of allowance related to credit loss needs to be recorded. The Company performs an analysis and considers qualitative factors such as, but not limited to, the inherent default risk based on the type of security, the security's current ratings and any rating changes that have occurred, and the extent of the current loss position. The Company also considers the intention to sell the securities in an unrealized loss position or whether it is more likely than not that the Company will be required to sell the securities before the recovery of the entire amortized cost basis, for reasons including working capital and contractual or regulatory obligations. If material, a credit loss allowance is recorded to offset the fair value of assets on the balance sheet.

The Company determined based upon: (i) the fact it does not intend to sell the investments nor is it more likely than not that the Company will be required to sell these securities, and (ii) the qualitative considerations noted above, that there is no allowance for credit losses on the available-for-sale investment portfolio. No impairment was recorded for the years ended November 30, 2024 and 2023.

The aggregate fair value of investments in an unrealized loss position, the amount of unrealized losses, and the duration of the losses are shown below:

(in thousands)	Available-For-Sale Debt Securities					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)
November 30, 2024						
Mortgage and asset-backed securities	\$ 27,352	\$ (297)	\$ 10,532	\$ (566)	\$ 37,884	\$ (863)
Corporate bonds	22,052	(259)	5,657	(180)	27,709	(439)
U.S. treasury and government agency bonds	19,018	(464)	10,633	(1,474)	29,651	(1,938)
Municipal and provincial notes and bonds	1,147	(9)	-	-	1,147	(9)
Total available-for-sale debt securities	\$ 69,569	\$ (1,029)	\$ 26,822	\$ (2,220)	\$ 96,391	\$ (3,249)

Notes to Consolidated Financial Statements

November 30, 2024

(in thousands)	Available-For-Sale Debt Securities					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)
November 30, 2023						
Mortgage and asset-backed securities	\$ 47,833	\$ (1,208)	\$ 7,559	\$ (640)	\$ 55,392	\$ (1,848)
Corporate bonds	35,061	(715)	9,117	(453)	44,178	(1,168)
U.S. treasury and government agency bonds	25,638	(1,714)	3,587	(889)	29,225	(2,603)
Municipal and provincial notes and bonds	2,477	(47)	224	(12)	2,701	(59)
Total available-for-sale debt securities	\$ 111,009	\$ (3,684)	\$ 20,487	\$ (1,994)	\$ 131,496	\$ (5,678)

The amortized cost basis and fair value of debt securities at November 30, 2024, by contractual maturity date, are shown below:

(in thousands)	Available-For-Sale Debt Securities	
	As of November 30, 2024 Amortized cost	Fair Value
Due in one year or less	\$ 16,816	\$ 16,824
Due after one year through five years	36,538	36,851
Due after five years through ten years	48,383	48,183
Due after ten years	112,833	111,151
Total	\$ 214,570	\$ 213,009

Amortized costs for held-to-maturity debt securities recognized in the Consolidated Statements of Financial Position were as follows:

(in thousands)	Held-To-Maturity Debt Securities	
	As of November 30, 2024	2023
Investments in certificates of deposits	\$ -	\$ 2,253
Corporate bonds	-	2,043
Total held-to-maturity debt securities	\$ -	\$ 4,296

The portion of unrealized gains and losses for the period related to equity securities still held at the reporting date is calculated as follows:

(in thousands)	Years Ended November 30,	
	2024	2023
Net unrealized gains recognized during the period on equity securities still held	\$ 28,211	\$ 11,137
Net realized gains recognized during the period on equity securities sold during the period	3,521	760
Net gains recognized during the period on equity securities	\$ 31,732	\$ 11,897

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(4) Prepaid Expenses and Other Current Assets

Prepaid expenses (primarily related to payments for insurance, software and hardware maintenance and support costs, third party internet, Global Distribution System's reservation fees, and advertising costs) and other current assets are expensed when services are rendered. Contract assets represent the current portion of the costs incurred to obtain a membership, licensee, or franchise agreement.

Prepaid expenses and other current assets consisted of the following:

(in thousands)	Years Ended November 30,	
	2024	2023
Prepaid expenses and other current assets	\$ 17,627	\$ 17,060
Current contract assets	954	957
Total	\$ 18,581	\$ 18,017

(5) Income Taxes

The income tax provision for the years ended November 30, 2024 and 2023, consisted of the following:

(in thousands)	Years Ended November 30,	
	2024	2023
Current:		
Federal	\$ 13,990	\$ 19,580
Foreign	928	856
State	3,411	5,135
Total current	18,329	25,571
Deferred:		
Federal	1,650	1,405
Foreign	(51)	46
State	552	476
Total deferred	2,151	1,927
Income tax provision	\$ 20,480	\$ 27,498

The following table reconciles the U.S. statutory tax rate to the Company's effective income tax rate and presents the associated income tax provision:

(in thousands)	Years Ended November 30,			
	2024		2023	
	\$	%	\$	%
Income taxes computed at statutory rates	\$ 17,974	21.0%	\$ 24,478	21.0%
State taxes, net of federal benefit	3,350	3.9%	4,445	3.8%
Valuation allowance	1,167	1.4%	150	0.1%
Non-deductible meals and entertainment	730	0.8%	775	0.7%
Other non-deductible items	166	0.2%	272	0.2%
Research and development and foreign tax credits	(1,287)	(1.5%)	(1,041)	(0.9%)
Other	(871)	(1.0%)	(367)	(0.3%)
Foreign-derived intangible income	(749)	(0.9%)	(1,214)	(1.0%)
Income tax provision	\$ 20,480	23.9%	\$ 27,498	23.6%

Notes to Consolidated Financial Statements

November 30, 2024

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities as of November 30, 2024 and 2023, are presented below:

(in thousands)	As of November 30,	
	2024	2023
Loyalty program	\$ 33,199	\$ 32,756
Deferred revenue	9,098	9,492
Deferred compensation plans	5,126	4,977
Allowance for doubtful accounts	3,875	4,053
Net operating loss	4,687	3,521
Capitalized R&D expenses	9,837	3,436
Compensated absences	1,939	1,779
Other, net	1,786	1,902
Total deferred tax assets	69,547	61,916
Deferred tax liabilities:		
Unrealized gain (1)	\$ 9,267	\$ 1,243
Fixed assets	8,146	7,350
Prepaid expenses	1,932	1,791
Other, net (1)	631	88
Total deferred tax liabilities	19,976	10,472
Less valuation allowance	(5,335)	(4,168)
Net deferred tax assets	\$ 44,236	\$ 47,276

(1) Certain amounts have been reclassified for the period ended November 30, 2023 to conform with current year presentation.

As of November 30, 2024 and 2023, the Company had no unrecognized tax benefits which would impact the Company's effective tax rate if recognized, and the Company has no accrued interest or penalties related to uncertain tax positions. Management is unaware of any provisions that need to be made for any penalties and fees that may result from tax examinations. However, the outcome of tax audits cannot be predicted with certainty and the Company could be required to adjust its provision for income taxes in the period such resolution occurs.

The Company is subject to taxation and files income tax returns in the U.S. federal jurisdiction and in many state and foreign jurisdictions. Currently, the Company has statutes of limitation open in various states ranging from fiscal years ended November 30, 2020 through November 30, 2023, which relate to tax years 2019 through 2022. The federal statute of limitations is currently open from fiscal years ended November 30, 2021 through November 30, 2023, which relate to tax years 2020 through 2022.

The Company has not provided for applicable income or withholding taxes on the undistributed earnings from continuing operations of its subsidiaries operating outside of the United States. Undistributed net income of these subsidiaries as of November 30, 2024 and 2023, net to zero. Any undistributed earnings are considered permanently reinvested.

Notes to Consolidated Financial Statements

November 30, 2024

(6) Property, Equipment and Computer Software, net

Property, equipment and computer software consisted of the following:

(in thousands)	As of November 30,	
	2024	2023
Property and equipment, at cost:		
Furniture and equipment	\$ 27,553	\$ 27,359
Buildings	20,030	19,815
Land	2,335	2,335
Leasehold improvements	2,282	2,160
Land improvements	1,234	1,234
Work in process	135	56
Property and equipment	53,569	52,959
Less accumulated depreciation	(44,115)	(43,795)
Property and equipment, net	9,454	9,164
Computer software, at cost:		
Developed	113,827	96,145
Purchased	6,707	8,158
Work in process	2,178	2,844
Computer software	122,712	107,147
Less accumulated amortization	(93,579)	(81,835)
Computer software, net	29,133	25,312
Property, equipment and computer software, net	\$ 38,587	\$ 34,476

Depreciation and amortization expense consisted of the following:

(in thousands)	Years Ended November 30,	
	2024	2023
Depreciation of property and equipment	\$ 1,382	\$ 1,805
Amortization of computer software	15,665	12,684
Depreciation and amortization of property, equipment and computer software	17,047	14,489
Depreciation of hotel investments (Note 7)	2,531	2,477
Amortization of goodwill and other intangible assets (Note 15)	1,196	1,196
Depreciation and amortization	\$ 20,774	\$ 18,162

(7) Hotel Investments, net

In December 2019 and March 2020, the Company acquired land to develop two hotels, located in Tempe, Arizona, and Denver, Colorado, respectively. Property development costs, including property construction costs, interest and other financing fees, property taxes, architectural and engineering fees, and other direct and indirect development costs, are capitalized beginning when the development activity commences and ending when all infrastructure is substantially complete and the property is available for occupancy.

The Vib in Tempe, Arizona opened in March 2022 and the Vib in Denver, Colorado opened in June 2022. During the month the respective hotel opened, the development in process assets were placed into service and depreciation of these assets commenced.

Notes to Consolidated Financial Statements

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The results of operations for the hotels are reported in other revenues and general and administrative expenses in the Consolidated Statements of Revenues and Expenses. Hotel operations revenues were \$9.7 million and \$9.5 million for the years ended November 30, 2024 and 2023, respectively. Hotel operations expenses were \$8.4 million and \$8.0 million for the years ended November 30, 2024 and 2023, respectively.

Hotel investments, net, consisted of the following:

(in thousands)	As of November 30,	
	2024	2023
Hotel investments, at cost:		
Buildings	\$ 40,934	\$ 40,263
Land	6,985	6,985
Furniture and equipment	6,821	6,785
Land improvements	1,761	1,742
Work in process	8	104
Hotel investments	56,509	55,879
Less accumulated depreciation	(6,385)	(3,854)
Hotel investments, net	\$ 50,124	\$ 52,025

Depreciation expense on hotel investments was approximately \$2.5 million and \$2.5 million for the years ended November 30, 2024 and 2023, respectively.

(8) Line of Credit

The Company had a Uncommitted Revolving Line of Credit and Security Agreement (the "LOC Agreement") with the Royal Bank of Canada ("RBC") at November 30, 2024 and 2023. The LOC Agreement allows for up to a \$160 million credit advance and is secured by the Company's unencumbered and unrestricted marketable securities ("Securities") at RBC. Based on the Company's Securities at RBC as of November 30, 2024, the Company may request a credit advance up to \$2 million at a variable interest rate based on the 1 month Secured Overnight Financing Rate ("SOFR") plus 0.75%. Interest is due and payable monthly, with the principal due and payable upon demand of the bank. The Company had no outstanding borrowings against this line of credit at November 30, 2024 and 2023.

(9) Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following:

(in thousands)	As of November 30,	
	2024	2023
Accrued compensation and benefits	\$ 29,935	\$ 27,155
Accounts payable	25,340	26,273
Accrued liabilities	21,878	21,851
Travel Card liability	3,716	4,542
Current construction loans payable	1,079	1,039
Current lease liability	690	848
Total	\$ 82,638	\$ 81,708

(10) Contingencies and Commitments

From time to time, the Company has been, and expects to continue to be, subject to legal proceedings and claims in the ordinary course of business. Such claims, even if not meritorious, could result in the expenditure of significant financial and managerial resources, divert management's attention from the Company's business objectives, and adversely affect the Company's business, results of operations, financial condition and cash flow.

Notes to Consolidated Financial Statements

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The Company is committed to providing certain payments or credits to: (i) applicants who were offered an incentive to become a new Member, and (ii) Members who were offered an incentive to allow approval of an application in a Member's protected area. These payments or credits are due and payable when the contract terms are met and refundable back to the Company or cease, pursuant to contract terms. As of November 30, 2024 and 2023, the amount of commitments not yet paid was \$17.5 million and \$14.3 million, respectively, which is not recorded in the Consolidated Statements of Financial Position.

(11) Leases

The Company has lease arrangements for office space, vehicles, and office equipment. These leases expire at various dates through 2029.

Operating lease ROU assets and lease liabilities consisted of the following:

(in thousands)	As of November 30,	
	2024	2023
Assets		
Total non-current operating lease assets (1)	\$ 1,482	\$ 1,600
Liabilities		
Current operating lease liabilities (2)	\$ 690	\$ 848
Non-current operating lease liabilities (3)	811	791
Total operating lease liabilities	\$ 1,501	\$ 1,639

(1) Non-current operating lease assets are recorded in other assets, net, in the Consolidated Statements of Financial Position.

(2) Current operating lease liabilities are recorded in accounts payable and accrued liabilities in the Consolidated Statements of Financial Position.

(3) Non-current operating lease liabilities are recorded in non-current lease liability in the Consolidated Statements of Financial Position.

Lease-related expenses consisted of the following:

(in thousands)	Year Ended November 30,	
	2024	2023
Operating lease expense	\$ 960	\$ 958
Variable lease expense	11	50
Total lease expenses	\$ 971	\$ 1,008

For operating leases, the weighted average remaining lease term is 2.9 years and the weighted average discount rate is 3.58%.

Notes to Consolidated Financial Statements

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Minimum future rentals on non-cancelable operating leases, having an initial or remaining term in excess of one year as of November 30, 2024 were as follows (in thousands):

Years ending November 30,	Operating Leases
2025	\$ 731
2026	333
2027	264
2028	207
2029 and thereafter	50
Total minimum lease payments	1,585
Less interest	(84)
Net present value of minimum lease payments	\$ 1,501

(12) Employee Retirement Savings Plans

The Company sponsors a 401(k) investment plan which is available to all U.S. employees on the first day of service, and a Canadian Registered Retirement Savings Plan (the "RRSP") which is available to all Canadian employees on the first day of service. Under the plans, employees may contribute a percentage of their eligible wages to the plans, subject to maximum statutory regulations. The Company contributes 3% of the annual salary of all eligible employees to these plans.

The Company may also contribute a discretionary amount, as determined by the Board of Directors, up to 6% of employees' eligible compensation, to be allocated in proportion to the employees' contributions provided an employee has worked 1,000 hours during the plan year and is employed on the last day of the plan year.

The Company's expense related to the 401(k) investment plan was \$9.1 million and \$8.2 million for the years ended November 30, 2024 and 2023, respectively, and the Company's expense related to the RRSP was \$189.5 thousand and \$163.1 thousand for the years ended November 30, 2024 and 2023, respectively. These amounts are included in compensation, taxes and benefits in the Consolidated Statements of Revenues and Expenses. The Company's liability related to the 401(k) investment plan was \$6.0 million and \$5.5 million as of November 30, 2024 and 2023, respectively, and \$116.3 thousand and \$110.0 thousand as of November 30, 2024 and 2023, respectively, for the RRSP and is included in accounts payable and accrued liabilities in the Consolidated Statements of Financial Position as of November 30, 2024 and 2023, respectively.

(13) Deferred Compensation Plans and Restricted Rabbi Trust Investments

Nonqualified Deferred Compensation Plan ("NQP") and Restricted Rabbi Trust Investments

The Company has a NQP in which key management employees of the Company, as determined by the Board of Directors, are selected to participate. The NQP is a defined contribution plan, in which participating employees may defer a percentage of their annual salaries and a percentage of any incentive compensation into the NQP. The Company contributes: (i) a non-discretionary contribution of 3% of a participating employee's compensation each pay period, and (ii) an annual discretionary contribution, as determined by the Board of Directors, up to 9% of a participating employee's annual compensation.

The Company utilizes a Trust, whereby the Company makes contributions to this Trust to provide the Company a source of funds to assist in satisfying the NQP liability. It is the intention of the Company that the NQP and the Trust shall constitute an unfunded arrangement for the purpose of providing tax-deferred compensation in accordance with Title I of the Employee Retirement Income Security Act of 1974, as amended. It is also the intention of the Company to fund the Trust and have its assets invested in a manner that matches each participant's deemed investment elections under the NQP, so that the investment gains and losses of the Trust mirror the investment gains and losses credited/debited to participants' accounts. The Trust balance was \$17.2 million and \$17.0 million as of November 30, 2024 and 2023, respectively. Realized and unrealized gains and losses on these investments were realized gains of \$0.7 million and unrealized gains of \$3.1 million, for the year ended November 30, 2024, and were realized gains of \$0.3 million and unrealized gains of \$0.7 million,

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for the year ended November 30, 2023, and are recognized in net realized and unrealized gains on investments in the Consolidated Statements of Revenues and Expenses.

The Company's expense related to the NQP was \$4.2 million (including a liability increase associated with net investment gains of \$3.8 million as of November 30, 2024) and \$1.3 million (including a liability increase associated with net investment gains of \$1.0 million as of November 30, 2023) for the years ended November 30, 2024 and 2023, respectively, and is included in compensation, taxes and benefits in the Consolidated Statements of Revenues and Expenses. The Company's total liability for the NQP was \$17.5 million and \$17.3 million as of November 30, 2024 and 2023, respectively, of which the current portion of \$5.3 million and \$3.9 million is included in accounts payable and accrued liabilities in the Consolidated Statements of Financial Position as of November 30, 2024 and 2023, respectively.

Long-term Incentive Plan

The Company has a long-term incentive plan for key executives, as determined by the Board of Directors. Amounts awarded under the plan for each performance period are payable to each key executive in March of the third year from the beginning of the fiscal year for which the award is granted. The key executive must be employed by the Company or retired from the Company on the payment date, noting there are qualifying events with regard to vesting. The plan allows for proration of the accrued benefit for key executives because of death, disability or retirement. The Company records expense for this plan over the three-year required service period. The Company's expense related to this plan was \$1.6 million and \$1.6 million for the years ended November 30, 2024 and 2023, respectively, and is included in compensation, taxes and benefits in the Consolidated Statements of Revenues and Expenses. The Company's total liability for this long-term incentive plan was \$3.2 million and \$2.9 million as of November 30, 2024 and 2023, respectively, of which the current portion of \$1.4 million and \$1.2 million is included in accounts payable and accrued liabilities in the Consolidated Statements of Financial Position as of November 30, 2024 and 2023, respectively.

(14) Related Party Transactions

Each member of our Board of Directors ("Director", or an entity affiliated with a Director) is a party to a membership agreement with the Company, and as a result, our Directors pay system and other fees to us based upon the terms of their respective membership agreements. Our Directors are party to such membership agreements on the same terms and conditions as each of the other Members of the Company.

In January 2024, the Company entered into an agreement with terms available for multi-unit development opportunities with a Limited Liability Company, partially owned by a Director, to provide a Revolving Credit Facility ("RCF") to assist in the development of a number of @Home by Best Western ("@Home") hotels. The available RCF is \$10 million at a variable interest rate based on the SOFR plus 7.0%. For each @Home hotel, a one-time draw on this RCF, which is capped at a designated amount, is available through November 30, 2028. The RCF expires on May 31, 2031. There have been no draws on the RCF at November 30, 2024.

Director compensation consisted of \$123,500 and \$114,351 in annual Director fees per district for the years ended November 30, 2024 and 2023, respectively. Directors are reimbursed reasonable, ordinary and necessary business and travel expenses in accordance with the Company's travel and expense policies.

(15) Goodwill and Other Intangible Assets

Goodwill is allocated to two reporting units: (i) WorldHotels, and (ii) AutoClerk. Activity by reporting unit in the current and prior period is organized by reporting unit noted below.

WorldHotels

On February 15, 2019, the Company entered into and closed a definitive Share Sale and Purchase Agreement with WorldHotels Holdings, LLC ("WH Holdings") and ALHI Holdings, LLC ("ALHI") to purchase 100% of the outstanding shares of BV Acquisitions X GmbH from WH Holdings (thereby also acquiring BV Acquisitions' approximately 98% ownership of the outstanding shares of WorldHotels Aktiengesellschaft ("WH")), and assumed certain rights and obligations of ALHI. During 2020, the Company acquired the remaining approximately 2% ownership of the outstanding shares of WH and now owns 100% of the outstanding shares. The WorldHotels Acquisition was accounted for as a business combination in accordance with ASC Topic 805, Business Combinations.

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The total purchase price was allocated based upon: (i) the amounts reported in the WH historical financial statements for any assets that were reported at fair value in accordance with WH's historical accounting policies, and (ii) management's estimates of fair value. The Company determined estimated fair value for other intangible assets with the assistance of valuations performed by third-party specialists. Other intangible assets of acquired customers and trademarks and trade names were valued at \$2.1 million and \$1.3 million, respectively. To the extent the consideration exceeded the fair value of the net assets acquired in this transaction, the excess was assigned to goodwill.

As of August 31, 2024 and 2023, quantitative analyses of goodwill and other intangible asset impairment were performed. To estimate the fair value of goodwill for the reporting unit, the Company utilized a combination of income-based and market-based approaches. The income-based approach utilized a discounted cash flow analysis which considered future growth and profitability. Significant inputs included the discount rate and the terminal growth rate. The market-based approach considered comparable businesses' quoted market prices and market multiples, and a control premium. No impairment was recorded for the years ended November 30, 2024 and 2023. To estimate the fair value of the indefinite-lived trademarks and trade name, the Company utilized an income-based approach, specifically the relief-from-royalty approach. Significant inputs included revenue growth, royalty rate, and discount rate. No impairment was recorded for the years ended November 30, 2024 and 2023.

AutoClerk

On July 31, 2019, the Company entered into and closed a definitive Share Sale and Purchase Agreement with the shareholders of AutoClerk, Inc. ("AC"), to purchase 100% of the outstanding shares of AC. The AC acquisition was accounted for as a business combination in accordance with ASC Topic 805, Business Combinations.

The total purchase price was allocated based upon: (i) the amounts reported in the AC historical financial statements for any assets that were reported at fair value in accordance with AC's historical accounting policies, and (ii) management's estimates of fair value. The Company determined estimated fair value for other intangible assets with the assistance of valuations performed by third-party specialists. Other intangible assets of developed technology and acquired customers were valued at \$1.9 million and \$1.5 million, respectively. To the extent the consideration exceeded the fair value of the net assets acquired in this transaction, the excess was assigned to goodwill.

The Company assessed the qualitative factors attributable to the AC reporting unit and determined that the fair value of the reporting unit is not more likely than not less than its carrying amount as of August 31, 2024 and 2023. Therefore, no quantitative analysis was performed and no impairment was recorded for the years ended November 30, 2024 and 2023.

Amortized goodwill and other intangible assets consisted of the following:

(in thousands)	As of November 30, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount at November 30
Amortizing goodwill:			
WorldHotels	\$ 4,554	\$ (2,289)	\$ 2,265
AutoClerk	2,198	(1,172)	1,026
Amortizing other intangible assets:			
Acquired customers:			
AutoClerk	1,500	(1,067)	433
Developed technology:			
AutoClerk	1,900	(1,266)	634

Notes to Consolidated Financial Statements

November 30, 2024

(in thousands)	As of November 30, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount at November 30
Amortizing goodwill:			
WorldHotels	\$ 4,554	\$ (1,750)	\$ 2,804
AutoClerk	2,198	(953)	1,245
Amortizing other intangible assets:			
Acquired customers:			
AutoClerk	1,500	(867)	633
Developed technology:			
AutoClerk	1,900	(1,029)	871

The Company has elected the private-company alternative to amortize goodwill over 10 years. Amortization expense for goodwill was approximately \$0.8 million and \$0.8 million for the years ended November 30, 2024 and 2023, respectively, and is estimated to be approximately \$0.8 million annually for fiscal years ended 2025 through 2028.

Acquired customers and developed technology are definite-life intangible assets, and as such, amortization expense is calculated using a method that most appropriately reflects expected cash flows from these assets with an amortization period, ranging from 7.5 years to 10 years, depending on the type of asset. Amortization expense for definite-life intangible assets was approximately \$0.4 million and \$0.4 million for the years ended November 30, 2024 and 2023, respectively, and is estimated to be approximately \$0.4 million annually for fiscal years ended 2025 and 2026.

Trademarks and trade names are indefinite-life assets as there is no foreseeable limit to the cash flows generated by these assets. The Company has determined that there are currently no legal, regulatory, contractual, competitive, economic or other factors that limit the useful lives of these acquired trademarks and trade names and therefore are considered to be indefinite-lived intangible assets that are not subject to amortization. Trademarks and trade names value resulting from the WorldHotels acquisition was \$1.3 million as of November 30, 2024 and 2023.

(16) Joint Venture

On May 2, 2019, the Company's wholly owned subsidiary, BWI DevCo Denver 3560, LLC, and a third-party, TWC, entered into a joint venture Contribution Agreement and formed Denver 3560, a Colorado limited liability company to develop, build, own and operate a Best Western Vib-branded hotel in Denver, Colorado. Under the terms of the Contribution Agreement, the Company's interest in the joint venture is seventy-five percent (75%) and the TWC interest in the joint venture is twenty-five percent (25%). The hotel started operations in mid-2022.

The joint venture was accounted for as a variable interest entity in accordance with ASC Topic 810, "Consolidations". The Company evaluated the provisions of this standard and determined that the joint venture should be consolidated as the Company has both the power to direct the activities of the joint venture and will participate in the benefits.

The Company has consolidated the results of the Denver 3560 joint venture as of November 30, 2024 and 2023. The contribution by the Company was \$0.2 million and \$0.6 million in the fiscal years ending November 30, 2024 and 2023, respectively, with total contributions of \$7.6 million since inception. The contribution by TWC was \$0.1 million and \$0.2 million in the fiscal years ending November 30, 2024 and 2023, respectively, with total contributions of \$2.5 million since inception through November 30, 2024. The total contributions were used primarily for the land purchase, development and other start-up construction related costs, which are included in hotel investments, net in the Consolidated Statements of Financial Position. The equity contribution from the joint venture partner of \$2.5 million, offset by 25% of the net cumulative losses from operations amounting to \$0.9 million, are included in non-controlling interests in the Consolidated Statement of Financial Position. The contributions by TWC are presented as a supplemental disclosure in the Consolidated Statements of Cash Flows.

Notes to Consolidated Financial Statements

November 30, 2024

(17) Construction Loans

Denver 3560

In March 2020, Denver 3560 entered into an initial Construction Loan Agreement (the "Denver Loan") with UMB Bank, which allowed Denver 3560 to request advances up to \$21.6 million. In July 2021, this Denver Loan was modified to increase the availability of loan advances from \$21.6 million to \$24.4 million. For the period May 1, 2020 through April 1, 2023, interest on the outstanding principal balance of the Denver Loan was due and payable monthly. Beginning April 1, 2023, through the maturity date of March 11, 2027, principal and interest are due and payable in an amount determined by UMB to be sufficient to amortize the outstanding principal balance of the Denver Loan over a twenty-five (25) year period. The outstanding principal balance of this Denver Loan is due and payable on the maturity date. Principal due over the remaining years of the loan as of November 30, 2024 is as follows (in thousands):

Years ending November 30,	Principal
2025	\$ 677
2026	699
2027	21,906
Total	\$ 23,282

The interest rate on the Denver Loan is a fixed annual rate of 3.21% and is computed and accrued on an ACT/360 basis. The Denver Loan is secured by, among other things, the Deed of Trust and is guaranteed by the Company.

The Company had borrowed \$24.4 million and \$24.4 million as of November 30, 2024 and 2023, respectively. The current portion of \$0.7 million and \$0.7 million is included in accounts payable and accrued liabilities and \$22.6 million and \$23.2 million is included in non-current construction loans in the Consolidated Statements of Financial Position for the years ended November 30, 2024 and 2023, respectively.

Construction loan interest of \$0.8 million and \$0.8 million was incurred for the years ended November 30, 2024 and 2023, of which \$0.0 million and \$0.0 million was capitalized and included in hotel investments, net in the Consolidated Statements of Financial Position for the years ended November 30, 2024 and 2023, respectively. \$0.8 million and \$0.8 million of construction loan interest was expensed in interest and dividend income, and interest and other expense, net in the Consolidated Statements of Revenues and Expenses for the years ended November 30, 2024 and 2023, respectively.

The Company is required to maintain certain financial and operational covenants. At November 30, 2024 and 2023, the Company was in compliance with all covenants.

DevCo Tempe

In October 2020, DevCo Tempe entered into the Tempe Loan with UMB Bank. Under terms of the Tempe Loan, DevCo Tempe can request advances up to \$15.3 million. For the period November 1, 2020 through October 31, 2023, interest on the outstanding principal balance of the Tempe Loan was due and payable monthly. Beginning November 1, 2023, through the maturity date of October 2, 2027, principal and interest are due and payable in an amount determined by UMB to be sufficient to amortize the outstanding principal balance of the Tempe Loan over a twenty-five (25) year period. The outstanding principal balance of this Tempe Loan is due and payable on the maturity date. Principal due over the remaining years of the loan as of November 30, 2024 is as follows (in thousands):

Years ending November 30,	Principal
2025	\$ 402
2026	416
2027	14,058
Total	\$ 14,876

Notes to Consolidated Financial Statements

November 30, 2024

The interest rate on the Tempe Loan is a fixed annual rate of 3.50% and is computed and accrued on an ACT/360 basis. The Tempe Loan is secured by, among other things, the Deed of Trust and is guaranteed by the Company.

The Company had borrowed \$15.3 million and \$15.2 million as of November 30, 2024 and 2023, respectively. The current portion of \$0.4 million and \$0.4 million is included in accounts payable and accrued liabilities and \$14.5 million and \$14.8 million is included in non-current construction loans in the Consolidated Statements of Financial Position for the years ended November 30, 2024 and 2023, respectively.

Construction loan interest of \$0.5 million and \$0.5 million was incurred for the years ended November 30, 2024 and 2023, of which \$0.0 million and \$0.0 million was capitalized and included in hotel investments, net in the Consolidated Statements of Financial Position for the years ended November 30, 2024 and 2023, respectively. \$0.5 million and \$0.5 million of construction loan interest was expensed in interest and dividend income, and interest and other expense, net in the Consolidated Statements of Revenues and Expenses for the years ended November 30, 2024 and 2023, respectively.

The Company is required to maintain certain financial and operational covenants. At November 30, 2024 and 2023, the Company was in compliance with all covenants.

(18) Subsequent Events

In connection with the preparation of the consolidated financial statements, the Company evaluated events and transactions occurring after November 30, 2024, for potential recognition or disclosure. The Company has evaluated its subsequent events through February 26, 2025, the date financial statements were available to be issued.

2025 BWH Hotels Board of Directors



2025 BWH® Hotels Board of Directors and President and Chief Executive Officer, clockwise from far left, rear:

- Mahmood (Mike) Merchant, Director representing District VI
- Phillip Payne, Director representing District I
- Santosh Khanjee, Director representing District V
- Steven Angeline, Director representing District VII
- Rajesh (Raj) Patel, Director representing District IV
- Stephen Wahrlich, Director representing District II
- Lawrence M. Cuculic, President and Chief Executive Officer
- Viral (Victor) Patel, Director representing District III

2025 BWH HOTELS BOARD OF DIRECTORS

- Stephen Wahrlich**
Chairman
Representing District II
- Viral (Victor) Patel**
Vice Chairman
Representing District III
- Rajesh (Raj) Patel**
Secretary/Treasurer
Representing District IV
- Phillip Payne**
Representing District I
- Santosh Khanjee**
Representing District V
- Mahmood (Mike) Merchant**
Representing District VI
- Steven Angeline**
Representing District VII

Corporate Officers

- Lawrence M. Cuculic**
President and Chief Executive Officer
- Mark Straszynski**
Senior Vice President and Chief Financial Officer
- Jay Pricher**
Senior Vice President, General Counsel and Secretary

Principal Place of Business
6201 North 24th Parkway
Phoenix, Arizona 85016-2023, USA
(602) 957-4200

Independent Auditors

Ernst & Young LLP

Report of Independent Auditors

To the Board of Directors and Members of Best Western International, Inc.

Opinion

We have audited the consolidated financial statements of Best Western International, Inc. (the Company), which comprise the consolidated statements of financial position as of November 30, 2023 and 2022, and the related consolidated statements of revenues and expenses, other comprehensive revenues and expenses, cash flows and changes in net assets for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at November 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

Report of Independent Auditors

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Management is responsible for the other information. The other information comprises the Financial Highlights in the Annual Report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Ernst & Young LLP

Phoenix, Arizona
February 23, 2024

Consolidated Statements of Financial Position

(in thousands)	As of November 30,	
	2023	2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 161,159	\$ 239,426
Restricted cash	12,194	11,089
Short-term investments	15,939	16,396
Accounts receivable, principally from Members, net	61,858	72,182
Prepaid expenses and other current assets	18,017	17,265
Income taxes receivable	9,748	8,430
TOTAL CURRENT ASSETS	278,915	364,788
Property, equipment and computer software, net	34,476	31,252
Hotel investments, net	52,025	53,403
Long-term investments	281,094	110,512
Restricted Rabbi Trust investments	17,037	19,063
Deferred income taxes	47,276	49,204
Other assets, net	23,014	23,293
TOTAL ASSETS	\$ 733,837	\$ 651,515
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 81,708	\$ 78,042
Current frequent stay program liability	117,949	96,193
Current deferred revenue	16,845	16,327
Deposits	10,109	12,460
Line of credit	-	-
TOTAL CURRENT LIABILITIES	226,611	203,022
Non-current frequent stay program liability	175,298	198,148
Non-current deferred affiliation fee revenue	45,980	48,558
Non-current deferred compensation plans liability	15,358	17,183
Non-current construction loans	37,963	37,861
Non-current lease liability	790	-
TOTAL LIABILITIES	502,000	504,772
NET ASSETS:		
Retained earnings	233,532	144,213
Accumulated other comprehensive (loss) income	(3,525)	576
TOTAL BEST WESTERN INTERNATIONAL, INC. NET ASSETS	230,007	144,789
Non-controlling interests	1,830	1,954
TOTAL NET ASSETS	231,837	146,743
TOTAL LIABILITIES AND NET ASSETS	\$ 733,837	\$ 651,515

See accompanying notes to consolidated financial statements.

Consolidated Statements of Revenues and Expenses

(in thousands)	Years Ended November 30,	
	2023	2022
REVENUES:		
Fees, dues and assessments	\$ 293,536	\$ 276,766
Program revenues	180,273	165,915
Other revenues	62,787	51,199
TOTAL REVENUES	536,596	493,880
EXPENSES:		
Compensation, taxes and benefits	197,303	175,005
Advertising and promotion	121,415	105,950
Depreciation and amortization	18,162	14,748
General and administrative	88,222	77,477
Program cost of sales	19,540	16,531
TOTAL EXPENSES	444,642	389,711
Net realized and unrealized gains (losses) on investments	12,414	(1,391)
Interest and dividend income, and interest expense, net	12,150	2,160
Excess of revenues over expenses before income taxes	116,518	104,938
Income tax provision	(27,498)	(17,169)
Excess of revenues over expenses	89,020	87,769
Excess of expenses over revenues attributable to non-controlling interests	299	310
EXCESS OF REVENUES OVER EXPENSES ATTRIBUTABLE TO BEST WESTERN INTERNATIONAL, INC.	\$ 89,319	\$ 88,079

See accompanying notes to consolidated financial statements.

Consolidated Statements of Other Comprehensive Revenues and Expenses

(in thousands)	Years Ended November 30,	
	2023	2022
EXCESS OF REVENUES OVER EXPENSES	\$ 89,020	\$ 87,769
Foreign currency translation adjustment, net of tax	(755)	982
Change in net unrealized gains (losses) on available-for-sale debt securities, net of tax:		
Net unrealized (losses) on available-for-sale debt securities	(3,825)	(675)
Adjustment for net losses realized and included in excess of revenues over expenses	479	134
Total change in net unrealized losses on available-for-sale debt securities	(3,346)	(541)
Comprehensive excess of revenues over expenses	84,919	88,210
Comprehensive excess of expenses over revenues attributable to non-controlling interests	299	310
COMPREHENSIVE EXCESS OF REVENUES OVER EXPENSES ATTRIBUTABLE TO BEST WESTERN INTERNATIONAL, INC.	\$ 85,218	\$ 88,520

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

(in thousands)	Years Ended November 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenues over expenses	\$ 89,020	\$ 87,769
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation and amortization	18,162	14,748
Provision for doubtful accounts	794	(1,650)
Net losses (gains) on Restricted Rabbi Trust investments	(996)	1,977
Net losses on available for sale debt securities	479	-
Net (gains) on equity securities	(11,629)	(761)
Amortization of bond premiums/(discounts) on held-to-maturity securities, net	79	131
Amortization/(accretion) of premiums/(discounts) on available-for-sale debt securities, net	(1,732)	(144)
Change in accrued interest on held-to-maturity securities, net	66	-
Change in accrued interest on available-for-sale debt securities, net	(6)	36
Provision for deferred income taxes	2,999	1,393
Loss on disposition of property, equipment and computer software	27	216
Changes in assets and liabilities:		
Accounts receivable	9,528	(7,988)
Prepaid expenses and other current assets	(741)	(2,473)
Income taxes	(1,327)	(9,710)
Other assets, net	(735)	1,002
Accounts payable, accrued liabilities and deferred compensation plans liability	5,239	2,749
Deferred revenue	(2,089)	(510)
Frequent stay program liability	(1,094)	15,033
Deposits	(3,567)	952
NET CASH PROVIDED BY OPERATING ACTIVITIES	102,477	102,770
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturity of held-to-maturity debt securities	13,000	16,500
Proceeds from maturity of available-for-sale debt securities	4,118	-
Proceeds from sale of available-for-sale debt securities	41,029	3,460
Proceeds from sale of equity securities	9,722	843
Purchase of available-for-sale debt securities	(149,432)	(76,005)
Purchase of equity securities	(80,164)	(37,712)
Development costs of hotel investments	(820)	(11,211)
Fund Restricted Rabbi Trust investments	(285)	(439)
Purchase of property, equipment and computer software	(17,683)	(15,197)
NET CASH USED IN INVESTING ACTIVITIES	(180,515)	(119,761)

Continues on next page.

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

(in thousands)	Years Ended November 30,	
	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of construction loan	\$ (456)	\$ -
Proceeds from construction loans	1,135	12,515
NET CASH PROVIDED BY FINANCING ACTIVITIES	679	12,515
Net decrease in cash and cash equivalents, and restricted cash	(77,359)	(4,476)
Effect of foreign exchange rate changes on cash and cash equivalents, and restricted cash	197	(177)
Cash and cash equivalents, and restricted cash at beginning of period	250,515	255,168
CASH AND CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF PERIOD	\$ 173,353	\$ 250,515
Supplemental disclosures of cash flow information:		
Cash paid for:		
Interest, net of capitalized interest of \$0 and \$396 for the years ended November 30, 2023 and 2022, respectively	\$ 1,386	\$ 501
Income taxes	26,317	26,067
Income tax refunds received	\$ 532	\$ 486
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows used in operating leases	\$ 1,043	\$ -
Non-cash operating activities:		
Amortization of operating lease right-of-use assets	\$ 958	\$ -
Net increase in operating lease right-of-use assets and operating lease liabilities due to adoption of ASC 842	2,191	-
Right-of-use assets obtained in exchange for operating lease liabilities	330	-
Non-cash impact to right-of-use assets and lease liabilities due to lease cancellation	(39)	-
Non-cash investing activities:		
Disposal of fully depreciated property, equipment and computer software	\$ 8,156	\$ 5,365
Accrued additions to hotel investments	104	1,364
Accrued additions to property, equipment and computer software	57	780
Employee contributions to the Restricted Rabbi Trust investments	176	312
Distributions from Restricted Rabbi Trust investments	3,483	4,426
Non-cash financing activities:		
Equity contribution from joint venture partner	\$ 175	\$ 239

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

(in thousands)	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests in Consolidated Subsidiaries	Total Net Assets
Balance - November 30, 2021	\$ 56,134	\$ 135	\$ 2,025	\$ 58,294
Total excess of revenues over expenses (expenses over revenue)	88,079	-	(310)	87,769
Foreign currency translation adjustment, net of tax	-	982	-	982
Unrealized (losses) on available-for-sale debt securities, net of tax	-	(541)	-	(541)
Contributions from non-controlling interests	-	-	239	239
Balance - November 30, 2022	144,213	576	1,954	146,743
Total excess of revenues over expenses (expenses over revenue)	89,319	-	(299)	89,020
Foreign currency translation adjustment, net of tax	-	(755)	-	(755)
Unrealized (losses) on available-for-sale debt securities, net of tax	-	(3,346)	-	(3,346)
Contributions from non-controlling interests	-	-	175	175
Balance - November 30, 2023	\$233,532	\$ (3,525)	\$ 1,830	\$ 231,837

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

November 30, 2023

(1) Business, Organization and Summary of Significant Accounting Policies

(a) Nature of Business

Best Western International, Inc. and its consolidated subsidiaries ("Best Western" or the "Company") is a membership organization incorporated as a non-profit corporation in the State of Arizona. The Company is a membership association of hotels established solely to provide revenue generating opportunities and to leverage marketing and purchasing power to benefit the holders of the Company's membership interests (the "Members"). The exceptions to the membership structure are the wholly owned subsidiaries: (i) SureStay, Inc. ("SureStay"), which is a franchisor, (ii) soft brand licensees, (iii) World Hotels GmbH ("WorldHotels"), which is a licensor, (iv) AutoClerk, Inc. ("AutoClerk"), which provides property management services, and (v) BWI DevCo Tempe, LLC ("DevCo Tempe"), which owns and operates a Best Western branded hotel. The Company's wholly owned subsidiary, BWI DevCo Denver 3560, LLC, and T.W.C. LLC ("TWC"), entered into a joint venture Contribution Agreement and formed Denver 3560, LLC ("Denver 3560"), a Colorado limited liability company to develop, build, own and operate a Best Western branded hotel.

Best Western branded hotels, SureStay branded hotels, soft brand licensees, and WorldHotels branded hotels, collectively referred to as BWH Hotels ("BWH"), are located throughout the world. As of November 30, 2023, there are approximately 4,300 hotels in over 100 countries and territories worldwide associated with BWH, that are activated or currently in the development pipeline to be activated on our reservations platform.

(b) Principles of Consolidation

The consolidated financial statements include the accounts of the Company, our wholly owned subsidiaries and entities in which the Company has a controlling financial interest, including variable interest entities where the Company is the primary beneficiary.

The determination of a controlling financial interest is based upon the terms of the governing agreements of the respective entities, including the evaluation of rights held by other ownership interests. If the entity is considered to be a variable interest entity, the Company determines whether the Company is the primary beneficiary, and then consolidates those variable interest entities for which the Company has determined that the Company is the primary beneficiary.

All significant intercompany transactions and balances are eliminated in consolidation.

(c) Basis of Presentation

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported and, accordingly, ultimate results could differ from those estimates. In our opinion, the consolidated financial statements reflect all adjustments, including normal recurring items, considered necessary for a fair presentation of financial performance.

(d) Cash and Cash Equivalents

Cash and cash equivalents include highly liquid money market instruments that have original maturities of three months or less at the date of purchase.

(e) Restricted Cash

Restricted cash is primarily comprised of annual dues paid by Members prior to the related service period as well as funds required to pay the principal and interest on the DevCo Tempe Construction Loan ("Tempe Loan") for the period January 1, 2024 through December 1, 2024 (see note 17). Annual dues are held in a custodial account and are not available to the Company until December of the following fiscal year. As of November 30, 2023 and 2022, there was \$12.2 million and \$11.1 million of restricted cash, respectively.

Notes to Consolidated Financial Statements

November 30, 2023

The following table provides a reconciliation of cash and cash equivalents, and restricted cash reported in the Consolidated Statements of Financial Position that sum to the total of such amounts shown in the Consolidated Statements of Cash Flows:

(in thousands)	As of November 30,	
	2023	2022
Cash and cash equivalents	\$161,159	\$239,426
Restricted cash	12,194	11,089
Total cash and cash equivalents, and restricted cash shown in the Consolidated Statements of Cash Flows	<u>\$173,353</u>	<u>\$250,515</u>

(f) *Investments*

Investments consist of certificates of deposits, mutual funds, common shares, U.S. treasury and government agency bonds, corporate bonds, mortgage and asset-backed securities, and municipal and provincial notes and bonds, and are classified as short-term or long-term investments based on maturity dates for debt securities, and equity securities are classified as long-term based on the Company's liquidity position. The Company has not recognized any investment impairments during the years ended November 30, 2023 and 2022 (see note 3).

(g) *Restricted Rabbi Trust Investments*

The Company has a Nonqualified Deferred Compensation Plan ("NQP") in which key management employees of the Company, as determined by the Board of Directors, are selected to participate. The NQP was restated effective December 1, 2020, to provide for the use of a Rabbi Trust and to amend the design of the Company's contributions. Effective December 1, 2020, the Company established a NQP Rabbi Trust ("Trust"), whereby the Company makes contributions to this Trust to provide the Company a source of funds to assist in satisfying the NQP liability. The investments included in this Trust are carried at fair value and recorded in Restricted Rabbi Trust investments in the Consolidated Statements of Financial Position (see note 13).

(h) *Fair Value of Financial Instruments*

The carrying amount reflected in the Consolidated Statements of Financial Position for cash and cash equivalents, restricted cash, prepaid expenses and other current assets, accounts receivable, principally from members, net, accounts payable and accrued liabilities, and deposits approximate their respective fair values based on their liquidity and/or the short-term nature of these instruments. The Company measures and discloses the estimated fair value of financial assets and liabilities utilizing a hierarchy of valuation techniques based on whether the inputs to a fair value measurement are considered to be observable or unobservable in a marketplace. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. This hierarchy requires the use of observable market data when available. These inputs have created the following fair value hierarchy:

- Level 1 – quoted prices for identical instruments in active markets;
- Level 2 – quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which significant inputs and significant value drivers are observable in active markets; and
- Level 3 – fair value measurements derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company measures fair value using a set of standardized procedures for all assets and liabilities which are required to be measured at their estimated fair value on either a recurring or non-recurring basis. When available, the Company utilizes quoted market prices from an independent third-party source to determine fair value and classifies such items in Level 1.

Notes to Consolidated Financial Statements

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In accordance with the fair value accounting requirements, companies may choose to measure eligible financial instruments and certain other items at fair value. The Company has not elected the fair value option for any eligible financial instruments.

The investments in the Trust are restricted and are designated as trading securities and carried at fair value. The fair market value of these restricted investments are measured using Level 1 inputs (quoted prices for identical assets in active markets).

The following tables present information about the carrying value of the Company's financial assets compared to fair value as of November 30, 2023 and 2022, and indicate the fair value hierarchy of the valuation techniques utilized to determine such fair value. The investments in certificates of deposits, mutual funds, common shares, U.S. treasury and government agency bonds, corporate bonds, mortgage and asset-backed securities, and municipal and provincial notes and bonds are included in both short-term and long-term investments in the Consolidated Statements of Financial Position, and the investments held in a Restricted Rabbi Trust are included in Restricted Rabbi Trust investments in the Consolidated Statements of Financial Position.

Carrying Value vs. Fair Value Measurements

(in thousands)	November 30, 2023			
	Carrying Value	Total	Fair Value	
			Quoted Prices in Significant Other Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)
Mutual funds	\$ 75,070	\$ 75,070	\$ 75,070	\$ -
Mortgage and asset-backed securities	74,452	74,185	74,185	-
Corporate bonds	64,357	63,702	63,702	-
Common shares	44,630	44,630	44,630	-
U.S. treasury and government agency bonds	32,649	32,538	32,538	-
Municipal and provincial notes and bonds	3,622	3,594	3,594	-
Investments in certificates of deposits	2,253	2,234	2,234	-
Restricted Rabbi Trust investments	17,037	17,037	17,037	-
Total	\$ 314,070	\$ 312,990	\$ 312,990	\$ -

(in thousands)	November 30, 2022			
	Carrying Value	Total	Fair Value	
			Quoted Prices in Significant Other Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)
Corporate bonds	\$ 39,107	\$ 38,674	\$ 38,674	\$ -
Mortgage and asset-backed securities	25,708	25,632	25,632	-
Mutual funds	19,126	19,126	19,126	-
Common shares	18,504	18,504	18,504	-
U.S. treasury and government agency bonds	15,415	15,319	15,319	-
Investments in certificates of deposits	5,250	5,121	5,121	-
Municipal and provincial notes and bonds	3,798	3,770	3,770	-
Restricted Rabbi Trust investments	19,063	19,063	19,063	-
Total	\$ 145,971	\$ 145,209	\$ 145,209	\$ -

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(i) *Property, Equipment and Computer Software and Hotel Investments*

Property, equipment and computer software and hotel investments are recorded at cost. Costs of improvements that extend the economic life or improve service potential are also capitalized. Depreciation on land improvements, buildings, and furniture and equipment is computed using straight-line and accelerated methods over estimated useful lives ranging from 3 to 39 years. Leasehold improvements are amortized on a straight-line basis over the shorter of the related lease term or the estimated useful lives of the assets.

Purchased software license fees and related implementation costs, and costs to develop software for internal use are capitalized and amortized on a straight-line basis over a three-year useful life. Repair and maintenance costs are charged to expenses as incurred.

The Company developed, opened and is operating two hotels and the property and equipment related to these hotels are included in hotel investments, net in the Consolidated Statements of Financial Position (see notes 7, 16, and 17).

(j) *Goodwill and Other Intangible Assets*

Goodwill arises from business combinations and represents the excess of the cost of an acquired entity over the net fair value amounts that were assigned to the identifiable assets acquired and the liabilities assumed. Goodwill is amortized on a straight-line basis over a ten-year useful life and is tested for impairment if circumstances indicate that the goodwill carrying value may exceed its fair value. Goodwill is included in other assets, net in the Consolidated Statements of Financial Position.

Other intangible assets include acquired customers, developed technologies, and trademarks and trade names resulting from business acquisitions. Other intangible assets are valued based on their acquisition date fair values and, other than trademarks and trade names which are indefinite-lived, are amortized using the straight-line method over their estimated useful lives, ranging from 7.5 years to 10 years. Other intangible assets are included in other assets, net in the Consolidated Statements of Financial Position.

The Company evaluates the potential impairment of goodwill and other intangible assets annually. In evaluating these assets for impairment, the Company may elect to first assess qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit or the intangible assets is less than its carrying amount. If the conclusion is that the fair value of the assets is not more likely than not less than its carrying value, then no further testing is required. If the conclusion is that the fair value of the assets is more likely than not less than its carrying value, then a quantitative impairment test is performed. For intangible assets, if the carrying value is greater than the fair value of the assets, an impairment charge is recognized for this excess. The Company may elect to forgo the qualitative assessment and move directly to the quantitative impairment tests for goodwill and other intangible assets. The Company determines the fair value of its reporting units and intangible assets using income and market methods.

Goodwill has been allocated to two reporting units: (i) WorldHotels, and (ii) AutoClerk. The Company performed a quantitative impairment analysis for the WorldHotels reporting unit in both 2023 and 2022. As of November 30, 2023 and November 30, 2022, the Company determined that the fair value of the WorldHotels reporting unit exceeded the carrying value and no impairment was recorded. The Company performed a qualitative impairment analysis for the AutoClerk reporting unit during both 2023 and 2022, concluding that it is more likely than not that the fair value of the reporting unit is greater than its carrying amount (see note 15).

(k) *Impairment or Disposal of Long-Lived Assets*

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. The Company has not recognized any impairments during the years ended November 30, 2023 and 2022.

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(l) *Leases*

The Company primarily leases office space, vehicles, and office equipment from third parties. The Company determines if a contract is a lease at inception. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The lease term begins on the commencement date, which is the date the Company takes possession of the asset and may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Certain of the Company's leases contain renewal options for varying periods, which can be exercised at the Company's sole discretion. Leases are classified as operating or finance leases based on factors such as the lease term, lease payments, and the economic life, fair value and estimated residual value of the asset. Where leases include options to purchase the leased asset at the end of the lease term, this is assessed as a part of the Company's lease classification determination.

Under Accounting Standards Codification ("ASC") Leases ("ASC 842"), which the Company adopted as of December 1, 2022 (see note 1(u)), the Company recognizes a right-of-use ("ROU") asset and lease liability to account for its leases. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized on the commencement date based on the present value of lease payments over the lease term. ROU assets are based on the lease liability and are increased by prepaid lease payments and decreased by lease incentives received. Lease incentives are amortized through the lease asset as reductions of expense over the lease term. For leases where the Company is reasonably certain to exercise a renewal option, such option periods have been included in the determination of the Company's ROU assets and lease liabilities.

Leases typically contain rent escalations over the lease term. The Company recognizes expense for these leases on a straight-line basis over the lease term. Certain leases require the Company to pay taxes, insurance, maintenance and other operating expenses associated with the leased asset. Such amounts are not included in the measurement of the ROU assets and lease liabilities to the extent they are variable in nature. These variable lease costs are recognized as a variable lease expense when incurred.

Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

As a practical expedient, lease agreements with lease and non-lease components are accounted for as a single lease component for all asset classes. The Company estimates contingent lease incentives when it is probable that the Company is entitled to the incentive at lease commencement. The Company elected the short-term lease recognition exemption for all leases. Therefore, leases with an initial term of 12 months or less are not recorded on the consolidated balance sheet; instead, lease payments are recognized as lease expense on a straight-line basis over the lease term. The depreciable life of the ROU assets are limited by the expected lease term unless the Company is reasonably certain of a transfer of title or purchase option.

The Company elected to use a risk-free rate as the discount rate for all asset classes.

(m) *Income Taxes*

The Company utilizes the liability method of accounting for income taxes whereby deferred taxes are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse.

Recognition of deferred tax assets is limited to amounts considered by management to be more likely than not realized in future period.

The Company assesses whether a valuation allowance should be established based on its determination of whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. Both positive and negative evidence is considered when determining the necessity of the valuation allowance as well as the sources of taxable income supporting the realization of the deferred tax assets, including taxable income in carryback years, future reversals of existing taxable temporary differences, tax-planning strategies and projected taxable income from future operations.

Based on the history of positive earnings, in addition to the expected reversal of taxable temporary differences and forecasted positive results of operations, management determined, based on its assessment of both positive and negative evidence and objective and subjective evidence, that it is more likely than not that the Company will realize

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its deferred tax assets, with the exception of certain deferred tax assets related to foreign net operating losses, ("NOL"), and foreign tax credit, ("FTC"), carryforwards. The Company has provided a valuation allowance against net deferred tax assets for certain foreign loss entities as the realization of such assets are not more likely than not to occur.

As of November 30, 2023, the Company had foreign NOL carryforwards of \$11.1 million and U.S. FTC carryforwards of \$0.6 million. The foreign NOLs will not expire and will carryforward indefinitely. The FTC carryforwards were generated in the years ended November 30, 2019 and 2020, in the amounts of \$0.2 million and \$0.4 million, respectively, and expire in the years ended November 30, 2029 and 2030, respectively.

The Company reviews uncertain tax positions taken, or expected to be taken, in the course of preparing the Company's tax returns to determine whether the tax positions are more likely than not of being sustained by the applicable tax authority. Management of the Company is required to analyze all open tax years, as defined by the statutes of limitations for all major jurisdictions, which include federal, state, and foreign. As of November 30, 2023 and 2022, the Company has not recognized any asset or liability for unrecognized income tax benefits or liabilities. It is the Company's policy to recognize interest and penalties related to uncertain tax positions as a component of the income tax provision.

(n) *Revenue Recognition*

Fees, dues and assessments

Fees, dues and assessments are established by the membership and the Board of Directors to compensate the Company for providing services to Members, soft brand licensees, SureStay franchisees, and WorldHotels licensees. The Company has performance obligations to provide hotel support and marketing, and a license to our hotel system intellectual property for the use of our brand names. Our performance obligations are a series of distinct goods or services, for which the Company receives the following types of variable consideration through our membership agreements with our Members. Monthly fees and assessments (which include advertising, sales and marketing and reimbursement for the Company's technology expenses) represent fixed and variable consideration and are billed monthly and recognized as revenue in the same month as the services are provided and charges become fixed or determinable and payable. Annual dues are established, billed and payable each year for continuing membership during the succeeding year. Annual dues are recognized as revenue ratably in the year to which the continuing membership applies. Any Member may resign from the Company at any time, but if the Member resigns or is terminated, fees and dues become immediately due and payable per the terms of the applicable contract and are recognized as revenue when cash is received regardless of the term of the contract.

Affiliation fee revenues from Best Western branded hotels are fixed consideration payable upon approval of the Member or licensee by the Board of Directors and acceptance of membership or license terms by the property owner. These revenues are recognized on a straight-line basis over the hotelier's expected life as a Best Western branded hotel or over the initial contract term. SureStay franchisee initial fees are due upon execution of a franchise agreement and recognized over the initial term of the franchise agreement. WorldHotels hotel integration fees are recognized on a straight-line basis over the expected life as a WorldHotels branded hotel. Affiliation fee revenues were \$9.8 million and \$8.9 million for the years ended November 30, 2023 and 2022, respectively.

Best Western Rewards® frequent stay program ("BWR® program")

The Company administers the BWR program for the benefit of BWH and BWR program members. Under our BWR program, the Company has a performance obligation to provide or arrange for the provision of goods or services between BWR program members and BWH hotels in exchange for the redemption of points earned from past activities. Costs of operating the BWR program, including costs for marketing, promotion, and other member services, are charged to the BWH hotels through an assessment fee that is based on members' qualified expenditures. The assessment fees received from BWH hotels are deferred and recognized as program revenues as the loyalty points are redeemed and the related service, net of redemption expense, is provided. The amount of revenue the Company recognizes upon point redemption is impacted by the Company's estimate of the breakage for points that BWR members will never redeem. The Company estimates breakage based on historical experience and expectations of future BWR member behavior, including analyses performed by and input of third-party actuaries. All BWR program costs are recognized as incurred.

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Program revenues in excess of redemption costs are used to fund the operational expenses of the BWR program.

Best Western Travel Card® (a card having no expiration date and no usage or non-usage fees) revenue is recognized when: (i) the Best Western Travel Card is redeemed, or (ii) the likelihood of the Best Western Travel Card being redeemed is remote (Best Western Travel Card breakage), and the Company determines that there is not a legal obligation to remit the unredeemed Best Western Travel Card balance to the relevant jurisdiction. The determination of the Best Western Travel Card breakage rate is based upon Company specific historical redemption patterns. Best Western Travel Card breakage is included in program revenues in the Consolidated Statements of Revenues and Expenses.

Other revenues

Other revenues in the Consolidated Statements of Revenues and Expenses consist of: (i) international fees and other fees from hotelier meetings, training, quality assurance inspections and other services, and (ii) owned hotel operations revenues, and are recognized in the month the services are provided. International fees include fees and charges for reservations and other services billed to international organizations monthly and were \$23.0 million and \$21.2 million for the years ended November 30, 2023 and 2022, respectively. Owned hotel operations revenues were \$9.5 million and \$3.3 million for the years ended November 30, 2023 and 2022, respectively.

All other revenue sources, such as program fees, are recognized in the month that the product or service is provided. Revenues, including rebates from vendors, and associated costs of product sold to hoteliers when the Company does not assume the risk and rewards of ownership of the product, is not the primary obligator, and does not possess other indicators of gross reporting, are reported as a net amount earned and included in program revenues in the Consolidated Statements of Revenues and Expenses.

Contract balances

The Company records a receivable as performance obligations are satisfied and there is an unconditional right to receive payment. Deferred revenue is recorded when the Company receives payment, or has the unconditional right to receive payment, in advance of the satisfaction of the Company's performance obligations related to initial affiliation fees and the BWR program.

Certain costs to obtain contracts with Members, soft brand licensees, SureStay franchisees, and WorldHotels licensees are capitalized and amortized on a straight-line basis over the hotelier's expected life as a branded hotel or over the initial contract term. The costs of obtaining a contract with a Member, soft brand licensee, SureStay franchisee, and WorldHotels licensee are recorded in prepaid expenses and other current assets, and other assets, net in our Consolidated Statements of Financial Position. The related amortization is recorded in compensation, taxes and benefits in our Consolidated Statements of Revenues and Expenses. The Company had capitalized costs to obtain contracts with customers of \$12.9 million and \$13.3 million at November 30, 2023 and 2022, respectively, consisting of the following:

(in thousands)	As of November 30,	
	2023	2022
Current contract assets	\$ 957	\$ 964
Non-current contract assets	11,903	12,305
Total contract assets	\$ 12,860	\$ 13,269

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At November 30, 2023 and 2022, the contract liabilities balances related to affiliation fees and the BWR program include the following components and are included in current frequent stay program liability, current deferred revenue, non-current frequent stay program liability, and non-current deferred affiliation fee revenue in the Consolidated Statements of Financial Position:

(in thousands)	As of November 30,	
	2023	2022
Current contract liabilities	\$ 122,503	\$ 100,161
Non-current contract liabilities	221,278	246,706
Total contract liabilities	\$ 343,781	\$ 346,867

(in thousands)	As of November 30,	
	2023	2022
Liability related to the loyalty program	\$ 292,438	\$ 292,993
Affiliation fees received from hoteliers	51,343	53,874
Total contract liabilities	\$ 343,781	\$ 346,867

(o) *Significant Estimates and Assumptions*

Management of the Company has made certain estimates and assumptions relating to the reporting of assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities to prepare these consolidated financial statements in conformity with GAAP. Actual results could differ from those estimates.

(p) *Concentration of Credit Risk*

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, accounts receivable, principally from Members, net, and investments.

The Company has concentrated its credit risk for cash by maintaining deposits in financial institutions which exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash and cash equivalents.

Accounts receivable, principally from Members, net, are primarily from Member, franchisee, licensee fees and services, and product sales. Concentrations of credit risk with respect to accounts receivable are limited due to the large number of hoteliers located throughout the world comprising the Company's customer base. The Company does not require collateral within credit limits established. In those instances when a Member, franchisee, or licensee requests product in excess of the credit limit allowed by Company policy, the Company requests a letter of credit, deposit, or prepayment to secure the collection of accounts receivable. The Company performs ongoing evaluations of its hotelier receivables; non-payment can lead to cancellation of the applicable Best Western membership, license or franchise.

The Company is also potentially subject to concentrations of credit risk in its investments. The Company has investments in certificates of deposits, mutual funds, common shares, U.S. treasury and government agency bonds, corporate bonds, mortgage and asset-backed securities, and municipal and provincial notes and bonds. The Company has appointed an investment advisory firm to oversee the Company's investment strategy who have assigned various fund managers to manage the Company's investments. The Company has not experienced any other-than-temporary impairment losses in such accounts and believes it is not exposed to any significant credit risk to investments based on its ability to hold investments until recovery as well as the active management of the portfolio.

(q) *Advertising Costs*

Advertising costs are expensed as incurred and recorded as advertising and promotion expenses.

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(r) *Foreign Currency*

Non-U.S. dollar assets and liabilities are remeasured using period-end exchange rates; income and expense items are remeasured at average exchange rates prevailing during the periods reported. Exchange rate gains and losses, unrealized and realized, are included in general and administrative expenses in the Consolidated Statements of Revenues and Expenses and were approximately a \$0.4 million gain and a \$1.8 million loss during the years ended November 30, 2023 and 2022, respectively.

(s) *Self-Insurance Programs*

The Company self-insures for certain levels of employee medical and dental coverage. For medical, the Company accrues estimated costs of this self-insurance program based on its history of claims experience and the estimated time lag between incidents and the dates claims are payable. Because of the short-term nature of the time lag, no discount rate is used when evaluating the present value of the projected settlements. The ultimate cost of claims for a covered period may differ from original estimates.

(t) *Recent Accounting Guidance Not Yet Adopted*

In November 2019, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2019-10 "Financial Instruments – Credit Losses (Topic 326): Effective Dates". This ASU was related to prior standards issued by the FASB, including ASU 2019-04 "Codification Improvements", which was issued in April 2019, and ASU 2018-19 "Codification Improvements", which was issued in November 2018 amending ASU 2016-13 "Financial Instruments — Credit Losses", which was issued in June 2016. The main objective of this new guidance is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. ASU 2019-10 defers the effective date for private companies by two years. The standard is effective for fiscal years beginning after December 15, 2022 for private companies, and early adoption is permitted. The Company is currently assessing the impact of the adoption of this guidance.

(u) *New Accounting Standards Adopted*

On December 1, 2022, the Company adopted ASU 2016-02, "Leases (Topic 842)," using the modified retrospective approach. This pronouncement requires lessees to recognize a lease liability and a right-of-use asset for each lease with a term longer than twelve months and adds new presentation and disclosure requirements for both lessees and lessors. The recognized liability is measured at the present value of lease payments not yet paid, and the corresponding asset represents the lessee's right to use the underlying asset over the lease term and is based on the liability, subject to certain adjustments. For purposes of the the consolidated financial statements, the standard retains the dual model with leases classified as either operating or finance leases. Operating leases will result in straight-line expense while finance leases will result in a front-loaded expense pattern. The accounting guidance for lessors remains largely unchanged.

The Company elected the optional transition method to apply the standard as of the effective date. Under this method, the Company has not adjusted its comparative period consolidated financial statements for the effects of the new standard or made the new, expanded required disclosures for years prior to the effective date. Therefore, the consolidated financial statements for the year ended November 30, 2023 reflect the application of ASC 842 while the consolidated financial statements for the year ended November 30, 2022 were not adjusted and continue to be reported under the accounting guidance, ASC 840, Leases ("ASC 840"), in effect for that year.

The Company elected the package of practical expedients permitted under the transition guidance in ASC 842 and did not reassess prior conclusions related to contracts containing leases, lease classification and initial direct costs.

The adoption of the new lease standard resulted in the recognition of operating lease ROU assets and lease liabilities for lease arrangements with an initial term greater than twelve months. The adoption of ASC 842 did not have a material impact on the Company's consolidated financial statements.

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The impact on the consolidated statement of financial position is as follows:

(in thousands)	As of November 30, 2022	Effect of the Adoption of ASU 2016-02	As of December 1, 2022
Other assets, net	\$ 23,293	\$ 2,191	\$ 25,484
Accounts payable and accrued liabilities	78,042	846	72,888
Non-current lease liability	-	1,345	1,345

In December 2019, the FASB issued ASU 2019-12 "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes". This new guidance is intended to simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The amendments also improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. The standard is effective for fiscal years beginning after December 15, 2021 for private companies. The Company adopted ASU 2019-12 on December 1, 2022 and the adoption did not have a material impact on the Company's consolidated financial statements and disclosures.

(2) Accounts Receivable, Principally from Members, net and Allowance for Doubtful Accounts

Accounts receivable, principally from Members, net primarily consists of amounts due from hoteliers with whom the Company has membership, franchise, or license agreements and include reimbursements of costs the Company incurred on behalf of the hoteliers. The Company records an allowance for doubtful accounts when losses are probable, based on an assessment of historical collection activity and current business conditions.

The activity in the allowance for doubtful accounts which is included in accounts receivable, principally from Members, net in the Consolidated Statements of Financial Position consisted of the following:

(in thousands)	As of November 30,	
	2023	2022
Beginning balance	\$ 17,373	\$ 21,213
Recoveries	1,478	1,210
Provisions	794	(1,650)
Write offs	(3,220)	(3,400)
Ending balance	\$ 16,425	\$ 17,373

In the normal course of business, the Company extends credit to its hoteliers, tour operators, central bill accounts and other third parties. The Company evaluates the collectability of the accounts receivable balances based on a combination of factors. These factors include the type of relationship the Company has with the account, the prior experience the Company has with accounts in each relationship type, and an evaluation of current and projected economic conditions as of the Consolidated Statements of Financial Position date. Based on the current economic conditions, the Company believes the estimate to be appropriate as of November 30, 2023. Actual collections of accounts receivable could differ from management's estimates.

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(3) Debt and Equity Securities

The Company invests in debt and equity securities as part of the Company's investment strategy.

Marketable securities held for investment purposes, which are recorded at cost or fair value, depending on the nature of the investment, in the Consolidated Statements of Financial Position, were as follows:

(in thousands)	As of November 30,	
	2023	2022
Short-term debt securities available-for-sale (at fair value)	\$ 11,643	\$ 3,361
Short-term debt securities held-to-maturity (at cost)	4,296	13,035
Total short-term debt securities	\$ 15,939	\$ 16,396

(in thousands)	As of November 30,	
	2023	2022
Long-term debt securities available-for-sale (at fair value)	\$ 161,394	\$ 68,573
Long-term equity securities (at fair value)	119,700	37,630
Long-term debt securities held-to-maturity (at cost)	-	4,309
Total long-term debt and equity securities	\$ 281,094	\$ 110,512

Gross unrealized gains and losses for available-for-sale securities recognized on our Consolidated Statements of Financial Position were as follows:

November 30, 2023

(in thousands)	Available-For-Sale Debt Securities			
	Amortized Cost basis	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
Mortgage and asset-backed securities	\$ 76,129	\$ 170	\$ (1,848)	\$ 74,451
Corporate bonds	63,165	318	(1,168)	62,315
U.S. treasury and government agency bonds	35,236	16	(2,603)	32,649
Municipal and provincial notes and bonds	3,668	13	(59)	3,622
Total available-for-sale debt securities	\$ 178,198	\$ 517	\$ (5,678)	\$ 173,037

November 30, 2022

(in thousands)	Available-For-Sale Debt Securities			
	Amortized Cost basis	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
Corporate bonds	\$ 29,381	\$ 362	\$ (710)	\$ 29,033
Mortgage and asset-backed securities	25,856	350	(497)	25,709
U.S. treasury and government agency bonds	13,584	361	(551)	13,394
Municipal and provincial notes and bonds	3,831	58	(91)	3,798
Total available-for-sale debt securities	\$ 72,652	\$ 1,131	\$ (1,849)	\$ 71,934

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A majority of the Company's available-for-sale debt securities are in an unrealized loss position as of November 30, 2023 due to the interest rate environment and the Company has evaluated these investments for whether an other than temporary impairment ("OTTI") exists. The Company considered information including whether the Company has decided to sell the debt security or whether it is more likely than not that the Company will be required to sell the debt security before the recovery of the entire amortized cost basis, including working capital and contractual or regulatory obligations. The Company determined based upon: (i) the fact it does not intend to sell the investments, and (ii) the evaluation of other factors above, that it is not more likely than not that the Company will be required to sell these debt securities before the recovery of the amortized cost basis and therefore there is no OTTI as of November 30, 2023 and November 30, 2022, respectively.

The aggregate fair value of investments in an unrealized loss position, the amount of unrealized losses, and the duration of the losses are shown below:

(in thousands)	Available-For-Sale Debt Securities					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)
November 30, 2023						
Mortgage and asset-backed securities	\$ 47,833	\$ (1,208)	\$ 7,559	\$ (640)	\$ 55,392	\$ (1,848)
Corporate bonds	35,061	(715)	9,117	(453)	44,178	(1,168)
U.S. treasury and government agency bonds	25,638	(1,714)	3,587	(889)	29,225	(2,603)
Municipal and provincial notes and bonds	2,477	(47)	224	(12)	2,701	(59)
Total available-for-sale debt securities	\$ 111,009	\$ (3,684)	\$ 20,487	\$ (1,994)	\$ 131,496	\$ (5,678)

(in thousands)	Available-For-Sale Debt Securities					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)
November 30, 2022						
Corporate bonds	\$ 18,638	\$ (710)	\$ -	\$ -	\$ 18,638	\$ (710)
Mortgage and asset-backed securities	15,205	(497)	-	-	15,205	(497)
U.S. treasury and government agency bonds	7,926	(551)	-	-	7,926	(551)
Municipal and provincial notes and bonds	1,725	(91)	-	-	1,725	(91)
Total available-for-sale debt securities	\$ 43,494	\$ (1,849)	\$ -	\$ -	\$ 43,494	\$ (1,849)

Notes to Consolidated Financial Statements

November 30, 2023

The amortized cost basis and fair value of debt securities at November 30, 2023, by contractual maturity date, are shown below:

(in thousands)	Available-For-Sale Debt Securities	
	As of November 30, 2023	
	Amortized cost	Fair Value
Due in one year or less	\$ 11,691	\$ 11,643
Due after one year through five years	46,351	46,070
Due after five years through ten years	24,421	23,749
Due after ten years	95,735	91,575
Total	\$ 178,198	\$ 173,037

(in thousands)	Held-To-Maturity Debt Securities	
	As of November 30, 2023	
	Amortized cost	Fair Value
Due in one year or less	\$ 4,296	\$ 4,235
Due after one year through five years	-	-
Due after five years through ten years	-	-
Due after ten years	-	-
Total	\$ 4,296	\$ 4,235

Amortized costs for held-to-maturity debt securities recognized on our Consolidated Statements of Financial Position were as follows:

(in thousands)	Held-To-Maturity Debt Securities	
	As of November 30, 2023	
	2023	2022
Investments in certificates of deposits	\$ 2,253	\$ 5,250
Corporate bonds	2,043	10,074
U.S. treasury and government agency bonds	-	2,020
Total held-to-maturity debt securities	\$ 4,296	\$ 17,344

The portion of unrealized gains and losses for the period related to equity securities still held at the reporting date is calculated as follows:

(in thousands)	Years Ended November 30,	
	2023	2022
Net unrealized gains recognized during the period on equity securities still held	\$ 11,137	\$ 762
Net realized gains (losses) recognized during the period on equity securities sold during the period	760	(43)
Net gains recognized during the period on equity securities	\$ 11,897	\$ 719

(4) Prepaid Expenses and Other Current Assets

Prepaid expenses (primarily related to payments for insurance, software and hardware maintenance and support costs, third party internet, Global Distribution System's reservation fees, and advertising costs) and other current assets are expensed when services are rendered. Contract assets represent the current portion of the costs incurred to obtain a membership, licensee, or franchise agreement.

Notes to Consolidated Financial Statements

November 30, 2023

Prepaid expenses and other current assets consisted of the following:

(in thousands)	Years Ended November 30,	
	2023	2022
Prepaid expenses and other current assets	\$ 17,060	\$ 16,301
Current contract assets	957	964
Total	\$ 18,017	\$ 17,265

(5) Income Taxes

The income tax provision for the years ended November 30, 2023 and 2022, consisted of the following:

(in thousands)	Years Ended November 30,	
	2023	2022
Current:		
Federal	\$ 19,580	\$ 15,966
Foreign	856	335
State	5,135	(311)
Total current	25,571	15,990
Deferred:		
Federal	1,405	1,019
Foreign	46	28
State	476	132
Total deferred	1,927	1,179
Income tax provision	\$ 27,498	\$ 17,169

The following table reconciles the U.S. statutory tax rate to the Company's effective income tax rate and presents the associated income tax provision:

(in thousands)	Years Ended November 30,			
	2023		2022	
	\$	%	\$	%
Income taxes computed at statutory rates	\$ 24,478	21.0%	\$ 22,042	21.0%
State taxes, net of federal benefit	4,445	3.8%	3,364	3.2%
Non-deductible meals and entertainment	775	0.7%	236	0.2%
Other non-deductible items	272	0.2%	276	0.3%
Valuation allowance	150	0.1%	912	0.9%
Foreign-derived intangible income	(1,214)	(1.0%)	(819)	(0.8%)
Research and development and foreign tax credit	(1,041)	(0.9%)	(7,802)	(7.4%)
Other	(367)	(0.3%)	(1,040)	(1.0%)
Income tax provision	\$ 27,498	23.6%	\$ 17,169	16.4%

The effective tax rates for years ended November 30, 2023 and 2022 were 23.6% and 16.4%, respectively, noting the effective tax rate for 2022 is lower compared to 2023 primarily due to a non-recurring portion of the research and development tax credits related to prior years.

Notes to Consolidated Financial Statements

November 30, 2023

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities as of November 30, 2023 and 2022, are presented below:

(in thousands)	As of November 30,	
	2023	2022
Deferred tax assets:		
Loyalty program	\$ 32,756	\$ 33,375
Deferred revenue	9,492	10,017
Deferred compensation plans	4,977	5,766
Allowance for doubtful accounts	4,053	4,286
Net operating loss	3,521	3,367
Capitalized R&D expenses	3,436	-
Compensated absences	1,779	1,519
Acquisition of new trademarks and trade names	626	690
Tax credits	572	572
Travel Card liability	506	646
Free night voucher liability	198	333
Total deferred tax assets	61,916	60,571
Deferred tax liabilities:		
Fixed assets	\$ 7,350	\$ 6,354
Prepaid expenses	1,791	1,614
Other	1,191	(814)
Intangible assets	140	195
Total deferred tax liabilities	10,472	7,349
Less valuation allowance	(4,168)	(4,018)
Net deferred tax assets	\$ 47,276	\$ 49,204

As of November 30, 2023 and 2022, the Company had no unrecognized tax benefits which would impact the Company's effective tax rate if recognized, and the Company has no accrued interest or penalties related to uncertain tax positions. Management is unaware of any provisions that need to be made for any penalties and fees that may result from tax examinations. However, the outcome of tax audits cannot be predicted with certainty and the Company could be required to adjust its provision for income taxes in the period such resolution occurs.

The Company is subject to taxation and files income tax returns in the U.S. federal jurisdiction and in many state and foreign jurisdictions. Currently, the Company has statutes of limitation open in various states ranging from fiscal years ended November 30, 2019 through November 30, 2022, which relate to tax years 2018 through 2021. The federal statute of limitations is currently open from fiscal years ended November 30, 2020 through November 30, 2022, which relate to tax years 2019 through 2021.

The Company has not provided for applicable income or withholding taxes on the undistributed earnings from continuing operations of its subsidiaries operating outside of the United States. Undistributed net income of these subsidiaries as of November 30, 2023 and 2022, net to zero. Any undistributed earnings are considered permanently reinvested.

Notes to Consolidated Financial Statements

November 30, 2023

(6) Property, Equipment and Computer Software, net

Property, equipment and computer software consisted of the following:

(in thousands)	As of November 30,	
	2023	2022
Property and equipment, at cost:		
Furniture and equipment	\$ 27,359	\$ 29,189
Buildings	19,815	19,385
Land	2,335	2,335
Leasehold improvements	2,160	2,155
Land improvements	1,234	1,234
Work in process	56	70
Property and equipment	52,959	54,368
Less accumulated depreciation	(43,795)	(44,756)
Property and equipment, net	9,164	9,612
Computer software, at cost:		
Developed	96,145	80,819
Purchased	8,158	13,367
Work in process	2,844	2,260
Computer software	107,147	96,446
Less accumulated amortization	(81,835)	(74,806)
Computer software, net	25,312	21,640
Property, equipment and computer software, net	\$ 34,476	\$ 31,252

Depreciation and amortization expense consisted of the following:

(in thousands)	Years Ended November 30,	
	2023	2022
Depreciation of property and equipment	\$ 1,805	\$ 2,111
Amortization of computer software	12,684	10,064
Depreciation and amortization of property, equipment and computer software	14,489	12,175
Depreciation of hotel investments (Note 7)	2,477	1,377
Amortization of goodwill and other intangible assets (Note 15)	1,196	1,196
Depreciation and amortization	\$ 18,162	\$ 14,748

(7) Hotel Investments, net

In December 2019 and March 2020, the Company acquired land to develop two hotels, located in Tempe, Arizona, and Denver, Colorado, respectively. Property development costs, including property construction costs, interest and other financing fees, property taxes, architectural and engineering fees, and other direct and indirect development costs, are capitalized beginning when the development activity commences and ending when all infrastructure is substantially complete and the property is available for occupancy.

The Vib in Tempe, Arizona opened in March 2022 and the Vib in Denver, Colorado opened in June 2022. During the month the respective hotel opened, the development in process assets were placed into service and depreciation of these assets commenced.

Notes to Consolidated Financial Statements

November 30, 2023

The results of operations for the hotels are reported in other revenues and general and administrative expenses in the Consolidated Statements of Revenues and Expenses. Hotel operations revenues were \$9.5 million and \$3.3 million for the years ended November 30, 2023 and 2022, respectively. Hotel operations expenses were \$8.0 million and \$4.4 million for the years ended November 30, 2023 and 2022, respectively.

Hotel investments, net, consisted of the following:

(in thousands)	As of November 30,	
	2023	2022
Hotel investments, at cost:		
Buildings	\$ 40,263	\$ 39,328
Land	6,985	6,985
Furniture and equipment	6,785	6,431
Land improvements	1,742	1,362
Work in process	104	674
Hotel investments	55,879	54,780
Less accumulated depreciation	(3,854)	(1,377)
Hotel investments, net	\$ 52,025	\$ 53,403

Depreciation expense on hotel investments was approximately \$2.5 million and \$1.4 million for the years ended November 30, 2023 and 2022, respectively.

(8) Line of Credit

The Company had a Uncommitted Revolving Line of Credit and Security Agreement (the "LOC Agreement") with the Royal Bank of Canada ("RBC") at November 30, 2023 and 2022. The LOC Agreement allows for up to a \$160 million credit advance and is secured by the Company's unencumbered and unrestricted marketable securities ("Securities") at RBC. Based on the Company's Securities at RBC as of November 30, 2023, the Company may request a credit advance up to \$9 million at a variable interest rate based on the 1 month Secured Overnight Financing Rate ("SOFR") plus 0.75%. Interest is due and payable monthly, with the principal due and payable upon demand of the bank. The Company had no outstanding borrowings against this line of credit at November 30, 2023 and 2022.

(9) Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following:

(in thousands)	As of November 30,	
	2023	2022
Accrued compensation and benefits	\$ 27,155	\$ 26,034
Accounts payable	26,273	24,180
Accrued liabilities	21,851	22,931
Travel Card liability	4,542	4,398
Current construction loans payable	1,039	499
Current lease liability	848	-
Total	\$ 81,708	\$ 78,042

(10) Contingencies and Commitments

From time to time, the Company has been, and expects to continue to be, subject to legal proceedings and claims in the ordinary course of business. Such claims, even if not meritorious, could result in the expenditure of significant financial and managerial resources, divert management's attention from the Company's business objectives, and adversely affect the Company's business, results of operations, financial condition and cash flow.

Notes to Consolidated Financial Statements

November 30, 2023

The Company is committed to providing certain payments or credits to: (i) applicants who were offered an incentive to become a new Member, and (ii) Members who were offered an incentive to allow approval of an application in a Member's protected area. These payments or credits are due and payable when the contract terms are met and refundable back to the Company or cease, pursuant to contract terms. As of November 30, 2023 and 2022, the amount of commitments not yet paid was \$14.3 million and \$11.4 million, respectively, which is not recorded in the Consolidated Statements of Financial Position.

(11) Leases

The Company elected the optional transition method to apply ASC 842 as of the effective date. Under this method, the Company has not adjusted its comparative period consolidated financial statements for the effects of the new standard or made the new, expanded required disclosures for years prior to the effective date. Therefore, the consolidated financial statements for the year ended November 30, 2023 reflect the application of ASC 842 while the consolidated financial statements for the year ended November 30, 2022 were not adjusted and continue to be reported under the accounting guidance ASC 840 in effect for the prior year.

Accounting for leases under ASC 842 for the year ended November 30, 2023

The Company has lease arrangements for office space, vehicles, and office equipment. These leases expire at various dates through 2028.

Operating lease ROU assets and lease liabilities consisted of the following:

(in thousands)	As of November 30, 2023	
Assets		
Total non-current operating lease assets (1)	\$	1,600
Liabilities		
Current operating lease liabilities (2)	\$	848
Non-current operating lease liabilities (3)		791
Total operating lease liabilities	\$	1,639

- (1) Non-current operating lease assets are recorded in other assets, net, in the Consolidated Statements of Financial Position.
- (2) Current operating lease liabilities are recorded in accounts payable and accrued liabilities in the Consolidated Statements of Financial Position.
- (3) Non-current operating lease liabilities are recorded in non-current lease liability in the Consolidated Statements of Financial Position.

Lease-related expenses consisted of the following:

(in thousands)	Year Ended November 30, 2023	
Operating lease cost	\$	958
Variable lease cost		50
Total lease costs	\$	1,008

For operating leases, the weighted average remaining lease term is 2.3 years and the weighted average discount rate is 3.42%.

Notes to Consolidated Financial Statements

November 30, 2023

Minimum future rentals on non-cancelable operating leases, having an initial or remaining term in excess of one year as of November 30, 2023 were as follows (in thousands):

Years ending November 30,	Operating Leases	
2024	\$	891
2025		607
2026		109
2027		82
2028 and thereafter		19
Total minimum lease payments		1,708
Less interest		69
Net present value of minimum lease payments	\$	1,639

Accounting for leases under ASC 840 for the year ended November 30, 2022

The Company leases certain office space, vehicles, and equipment under various operating leases, which expire on various dates through March 2028. Rental expenses on operating leases are recorded on a straight-line basis. Rental expense for operating leases was \$1.5 million for the year ended November 30, 2022. The Company also has certain software agreements for which rental expense is recorded on a straight-line basis. Rental expense for software agreements was \$9.1 million for the year ended November 30, 2022. These amounts are included in general and administrative expenses in the Consolidated Statements of Revenues and Expenses. Minimum future rentals on non-cancelable operating leases, having an initial or remaining term in excess of one year as of November 30, 2022 were as follows (in thousands):

Years ending November 30,	Office Space	Equipment	Total Minimum Rental
2023	\$ 719	\$ 205	\$ 924
2024	652	99	751
2025	446	50	496
2026	58	17	75
2027 and thereafter	77	-	77
Total	\$ 1,952	\$ 371	\$ 2,323

(12) Employee Retirement Savings Plans

The Company sponsors a 401(k) investment plan which is available to all U.S. employees on the first day of service, and a Canadian Registered Retirement Savings Plan (the "RRSP") which is available to all Canadian employees on the first day of service. Under the plans, employees may contribute a percentage of their eligible wages to the plans, subject to maximum statutory regulations. The Company contributes 3% of the annual salary of all eligible employees to these plans.

The Company may also contribute a discretionary amount, as determined by the Board of Directors, up to 6% of employees' eligible compensation, to be allocated in proportion to the employees' contributions provided an employee has worked 1,000 hours during the plan year and is employed on the last day of the plan year.

The Company's expense related to the 401(k) investment plan was \$8.2 million and \$7.1 million for the years ended November 30, 2023 and 2022, respectively, and the Company's expense related to the RRSP was \$163.1 thousand and \$124.0 thousand for the years ended November 30, 2023 and 2022, respectively. These amounts are included in compensation, taxes and benefits in the Consolidated Statements of Revenues and Expenses. The Company's liability related to the 401(k) investment plan was \$5.5 million and \$4.8 million as of November 30, 2023 and 2022, respectively, and \$110.0 thousand and \$75.2 thousand as of November 30, 2023 and 2022, respectively, for the RRSP and is included in accounts payable and accrued liabilities in the Consolidated Statements of Financial Position as of November 30, 2023 and 2022, respectively.

Notes to Consolidated Financial Statements

November 30, 2023

(13) Deferred Compensation Plans and Restricted Rabbi Trust Investments

Nonqualified Deferred Compensation Plan and Restricted Rabbi Trust Investments

The Company has a NQP in which key management employees of the Company, as determined by the Board of Directors, are selected to participate. The NQP is a defined contribution plan, in which participating employees may defer a percentage of their annual salaries and a percentage of any incentive compensation into the NQP. The Company contributes: (i) a non-discretionary contribution of 3% of a participating employee's compensation each pay period, and (ii) an annual discretionary contribution, as determined by the Board of Directors, up to 9% of a participating employee's annual compensation.

The Company utilizes a Trust, whereby the Company makes contributions to this Trust to provide the Company a source of funds to assist in satisfying the NQP liability. It is the intention of the Company that the NQP and the Trust shall constitute an unfunded arrangement for the purpose of providing tax-deferred compensation in accordance with Title I of the Employee Retirement Income Security Act of 1974, as amended. It is also the intention of the Company to fund the Trust and have its assets invested in a manner that matches each participant's deemed investment elections under the NQP, so that the investment gains and losses of the Trust mirror the investment gains and losses credited/debited to participants' accounts. The Trust balance was \$17.0 million and \$19.1 million as of November 30, 2023 and 2022, respectively. Realized and unrealized gains and losses on these investments were realized gains of \$0.3 million and unrealized gains of \$0.7 million, for the year ended November 30, 2023, and were realized gains of \$0.5 million and unrealized losses of \$2.5 million, for the year ended November 30, 2022, and are recognized in net realized and unrealized gains (losses) on investments, interest and dividend income, and interest expense in the Consolidated Statements of Revenues and Expenses.

The Company's expense related to the NQP was \$1.3 million (including a liability increase associated with net investment gains of \$1.0 million as of November 30, 2023) and \$1.6 million (including a liability reduction associated with net investment losses of \$2.0 million as of November 30, 2022) for the years ended November 30, 2023 and 2022, respectively, and is included in compensation, taxes and benefits in the Consolidated Statements of Revenues and Expenses. The Company's total liability for the NQP was \$17.3 million and \$19.3 million as of November 30, 2023 and 2022, respectively, of which the current portion of \$3.9 million and \$3.6 million is included in accounts payable and accrued liabilities in the Consolidated Statements of Financial Position as of November 30, 2023 and 2022, respectively.

Long-term Incentive Plan

The Company has a long-term incentive plan for key executives, as determined by the Board of Directors. Amounts awarded under the plan for each performance period are payable to each key executive in March of the third year from the beginning of the fiscal year for which the award is granted. The key executive must be employed by the Company or retired from the Company on the payment date, noting there are qualifying events with regard to vesting. The plan allows for proration of the accrued benefit for key executives because of death, disability or retirement. The Company records expense for this plan over the three-year required service period. The Company's expense related to this plan was \$1.6 million and \$1.7 million for the years ended November 30, 2023 and 2022, respectively, and is included in compensation, taxes and benefits in the Consolidated Statements of Revenues and Expenses. The Company's total liability for this long-term incentive plan was \$2.9 million and \$4.1 million as of November 30, 2023 and 2022, respectively, of which the current portion of \$1.2 million and \$2.9 million is included in accounts payable and accrued liabilities in the Consolidated Statements of Financial Position as of November 30, 2023 and 2022, respectively.

(14) Related Party Transactions

Each member of our Board of Directors ("Director", or an entity affiliated with a Director) is a party to a membership agreement with the Company, and as a result, our Directors pay system and other fees to us based upon the terms of their respective membership agreements. Our Directors are party to such membership agreements on the same terms and conditions as each of the other Members of the Company.

The Company entered into a Revolving Credit Facility agreement with a Limited Liability Company, partially owned by a Director, to assist in development of @Home by Best WesternSM ("@Home") hotels (see note 18).

Director compensation consisted of \$114,351 and \$109,218 in annual Director fees per district for the years ended November 30, 2023 and 2022, respectively. Directors are reimbursed reasonable, ordinary and necessary business and travel expenses in accordance with the Company's travel and expense policies.

Notes to Consolidated Financial Statements

November 30, 2023

(15) Goodwill and Other Intangible Assets

Goodwill is allocated to two reporting units: (i) WorldHotels, and (ii) AutoClerk. Activity by reporting unit in the current and prior period is organized by reporting unit noted below.

WorldHotels

On February 15, 2019, the Company entered into and closed a definitive Share Sale and Purchase Agreement with WorldHotels Holdings, LLC ("WH Holdings") and ALHI Holdings, LLC ("ALHI") to purchase 100% of the outstanding shares of BV Acquisitions X GmbH from WH Holdings (thereby also acquiring BV Acquisitions' approximately 98% ownership of the outstanding shares of WorldHotels Aktiengesellschaft ("WH")), and assumed certain rights and obligations of ALHI. During 2020, the Company acquired the remaining approximately 2% ownership of the outstanding shares of WH and now owns 100% of the outstanding shares. The WorldHotels Acquisition was accounted for as a business combination in accordance with ASC Topic 805, Business Combinations.

The total purchase price was allocated based upon: (i) the amounts reported in the WH historical financial statements for any assets that were reported at fair value in accordance with WH's historical accounting policies, and (ii) management's estimates of fair value. The Company determined estimated fair value for other intangible assets with the assistance of valuations performed by third-party specialists. Other intangible assets of acquired customers and trademarks and trade names were valued at \$2.1 million and \$1.3 million, respectively. To the extent the consideration exceeded the fair value of the net assets acquired in this transaction, the excess was assigned to goodwill.

As of August 31, 2023 and 2022, a quantitative analysis of goodwill and other intangible asset impairment was performed. To estimate the fair value for the reporting unit, the Company utilized a combination of market and income approach valuation methods via quoted market prices, market multiples of comparable businesses, and performance of a discounted cash flow analysis. No impairment was recorded for the years ended November 30, 2023 and 2022.

AutoClerk

On July 31, 2019, the Company entered into and closed a definitive Share Sale and Purchase Agreement with the shareholders of AutoClerk, Inc. ("AC"), to purchase 100% of the outstanding shares of AC. The AC acquisition was accounted for as a business combination in accordance with ASC Topic 805, Business Combinations.

The total purchase price was allocated based upon: (i) the amounts reported in the AC historical financial statements for any assets that were reported at fair value in accordance with AC's historical accounting policies, and (ii) management's estimates of fair value. The Company determined estimated fair value for other intangible assets with the assistance of valuations performed by third-party specialists. Other intangible assets of developed technology and acquired customers were valued at \$1.9 million and \$1.5 million, respectively. To the extent the consideration exceeded the fair value of the net assets acquired in this transaction, the excess was assigned to goodwill.

The Company assessed the qualitative factors attributable to the AC reporting unit and determined that the fair value of the reporting unit is not more likely than not less than its carrying amount as of August 31, 2023 and 2022. Therefore, no quantitative analysis was performed and no impairment was recorded for the years ended November 30, 2023 and 2022.

Amortized goodwill and other intangible assets consisted of the following:

	As of November 30, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount at November 30
(in thousands)			
Amortizing goodwill:			
WorldHotels	\$ 4,554	\$ (1,750)	\$ 2,804
AutoClerk	2,198	(953)	1,245
Amortizing other intangible assets:			
Acquired customers:			
AutoClerk	1,500	(867)	633
Developed technology:			
AutoClerk	1,900	(1,029)	871

Notes to Consolidated Financial Statements

November 30, 2023

(in thousands)	As of November 30, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount at November 30
Amortizing goodwill:			
WorldHotels	\$ 4,554	\$ (1,211)	\$ 3,343
AutoClerk	2,198	(733)	1,465
Amortizing other intangible assets:			
Acquired customers:			
AutoClerk	1,500	(667)	833
Developed technology:			
AutoClerk	1,900	(792)	1,108

The Company has elected the private-company alternative to amortize goodwill over 10 years. Amortization expense for goodwill was approximately \$0.8 million and \$0.8 million for the years ended November 30, 2023 and 2022, respectively, and is estimated to be approximately \$0.8 million annually for fiscal years ended 2024 through 2028.

Acquired customers and developed technology are definite-life intangible assets, and as such, amortization expense is calculated using a method that most appropriately reflects expected cash flows from these assets with an amortization period, ranging from 7.5 years to 10 years, depending on the type of asset. Amortization expense for definite-life intangible assets was approximately \$0.4 million and \$0.4 million for the years ended November 30, 2023 and 2022, respectively, and is estimated to be approximately \$0.4 million annually for fiscal years ended 2024 through 2026.

Trademarks and trade names are indefinite-life assets as there is no foreseeable limit to the cash flows generated by these assets. The Company has determined that there are currently no legal, regulatory, contractual, competitive, economic or other factors that limit the useful lives of these acquired trademarks and trade names and therefore are considered to be indefinite-lived intangible assets that are not subject to amortization. Trademarks and trade names value resulting from the WorldHotels acquisition was \$1.3 million as of November 30, 2023 and 2022.

(16) Joint Venture

On May 2, 2019, the Company's wholly owned subsidiary, BWI DevCo Denver 3560, LLC, and a third-party, TWC, entered into a joint venture Contribution Agreement and formed Denver 3560, a Colorado limited liability company to develop, build, own and operate a Best Western Vīb-branded hotel in Denver. Under the terms of the Contribution Agreement, the Company's interest in the joint venture is seventy-five percent (75%) and the TWC interest in the joint venture is twenty-five percent (25%). The hotel started operations in mid-2022.

The joint venture was accounted for as a variable interest entity in accordance with ASC Topic 810, "Consolidations". The Company evaluated the provisions of this standard and determined that the joint venture should be consolidated as the Company has both the power to direct the activities of the joint venture and will participate in the benefits.

The Company has consolidated the results of the Denver 3560 joint venture as of November 30, 2023 and 2022. The contribution by the Company was \$0.6 million and \$0.7 million in the fiscal years ending November 30, 2023 and 2022, respectively, with total contributions of \$7.4 million since inception. The contribution by TWC was \$0.2 million and \$0.2 million in the fiscal years ending November 30, 2023 and 2022, respectively, with total contributions of \$2.4 million since inception through November 30, 2023. The total contributions were used primarily for the land purchase, development and other start-up construction related costs, which are included in hotel investments, net in the Consolidated Statements of Financial Position. The equity contribution from the joint venture partner of \$2.4 million, offset by 25% of the net cumulative losses from operations amounting to \$0.6 million, are included in non-controlling interests in the Consolidated Statement of Financial Position. The contributions by TWC are presented as a supplemental disclosure in the Consolidated Statements of Cash Flows.

Notes to Consolidated Financial Statements

(17) Construction Loans

Denver 3560

In March 2020, Denver 3560 entered into an initial Construction Loan Agreement (the "Denver Loan") with UMB Bank, which allowed Denver 3560 to request advances up to \$21.6 million. In July 2021, this Denver Loan was modified to increase the availability of loan advances from \$21.6 million to \$24.4 million. For the period May 1, 2020 through April 1, 2023, interest on the outstanding principal balance of the Denver Loan was due and payable monthly. Beginning April 1, 2023, through the maturity date of March 11, 2027, principal and interest are due and payable in an amount determined by UMB to be sufficient to amortize the outstanding principal balance of the Denver Loan over a twenty-five (25) year period. The outstanding principal balance of this Denver Loan is due and payable on the maturity date. Principal due over the next four years as of November 30, 2023 is as follows (in thousands):

Years ending November 30,	Principal
2024	\$ 654
2025	677
2026	699
2027	21,908
Total	\$ 23,938

The interest rate on the Denver Loan is a fixed annual rate of 3.21% and is computed and accrued on an ACT/360 basis. The Denver Loan is secured by, among other things, the Deed of Trust and is guaranteed by the Company.

The Company had borrowed \$24.4 million and \$23.8 million as of November 30, 2023 and 2022, respectively. The current portion of \$0.7 million and \$0.4 million is included in accounts payable and accrued liabilities and \$23.2 million and \$23.4 million is included in non-current construction loans in the Consolidated Statements of Financial Position for the years ended November 30, 2023 and 2022, respectively.

Construction loan interest of \$0.8 million and \$0.7 million was incurred for the years ended November 30, 2023 and 2022, of which \$0.0 million and \$0.3 million was capitalized and included in hotel investments, net in the Consolidated Statements of Financial Position for the years ended November 30, 2023 and 2022, respectively. \$0.8 million and \$0.4 million of construction loan interest was expensed in interest and dividend income, and interest expense, net in the Consolidated Statements of Revenues and Expenses for the years ended November 30, 2023 and 2022, respectively.

The Company is required to maintain certain financial and operational covenants. At November 30, 2023 and 2022, the Company was in compliance with all covenants.

DevCo Tempe

In October 2020, DevCo Tempe entered into the Tempe Loan with UMB Bank. Under terms of the Tempe Loan, DevCo Tempe can request advances up to \$15.3 million. For the period November 1, 2020 through October 31, 2023, interest on the outstanding principal balance of the Tempe Loan was due and payable monthly. Beginning November 1, 2023, through the maturity date of October 2, 2027, principal and interest are due and payable in an amount determined by UMB to be sufficient to amortize the outstanding principal balance of the Tempe Loan over a twenty-five (25) year period. The outstanding principal balance of this Tempe Loan is due and payable on the maturity date. Principal due over the next four years as of November 30, 2023 is as follows (in thousands):

Years ending November 30,	Principal
2024	\$ 385
2025	400
2026	414
2027	13,966
Total	\$ 15,165

Notes to Consolidated Financial Statements

The interest rate on the Tempe Loan is a fixed annual rate of 3.50% and is computed and accrued on an ACT/360 basis. The Tempe Loan is secured by, among other things, the Deed of Trust and is guaranteed by the Company.

The Company had borrowed \$15.2 million and \$14.6 million as of November 30, 2023 and 2022, respectively. The current portion of \$0.4 million and \$0.1 million is included in accounts payable and accrued liabilities and \$14.8 million and \$14.5 million is included in non-current construction loans in the Consolidated Statements of Financial Position for the years ended November 30, 2023 and 2022, respectively.

Construction loan interest of \$0.5 million and \$0.5 million was incurred for the years ended November 30, 2023 and 2022, of which \$0.0 million and \$0.1 million was capitalized and included in hotel investments, net in the Consolidated Statements of Financial Position for the years ended November 30, 2023 and 2022, respectively. \$0.5 million and \$0.4 million of construction loan interest was expensed in interest and dividend income, and interest expense, net in the Consolidated Statements of Revenues and Expenses for the years ended November 30, 2023 and 2022, respectively.

The Company is required to maintain certain financial and operational covenants. At November 30, 2023 and 2022, the Company was in compliance with all covenants.

(18) Subsequent Events

In connection with the preparation of the consolidated financial statements, the Company evaluated events and transactions occurring after November 30, 2023, for potential recognition or disclosure. The Company has evaluated its subsequent events through February 23, 2024, the date financial statements were available to be issued.

In January 2024, the Company entered into an agreement with a Limited Liability Company, partially owned by a Director, to provide a Revolving Credit Facility ("LOC") to assist in the development of a number of @Home hotels. The available LOC is \$10 million at a variable interest rate based on the SOFR plus 7.0%. For each @Home hotel, a one-time draw on this LOC, which is capped at a designated amount, is available through November 30, 2028. The LOC expires on May 31, 2031. Repayment of principal and interest will be made to the Company within thirty (30) months from the date of the original LOC draw for each @Home hotel. The LOC requires the borrower to maintain certain covenants once a draw on the LOC is executed.

EXHIBIT E TO FDD

LISTS OF CURRENT AND FORMER HOTEL OWNERS

Open Hotels as of 11/30/24

Hotel Name	Franchisee	Franchisee Contact	Address	City	State	Zipcode	Phone
Hotel Finial, BW Premier Collection	Finial LLC	Jacob Craig	1600 Quintard Ave	Anniston	Alabama	36201-3849	(256) 236-0503
Baranof Downtown, BW Signature	YC Juneau Hotel, LLC	Baldev Singh Johal	127 N Franklin St	Juneau	Alaska	99801-1222	(907) 586-2660
Fountain Park Hotel, BW Signature	Fountain Park Hotel, LP	Calum DeSouza	12800 N Saguaro Blvd	Fountain Hills	Arizona	85268-5102	(480) 837-6565
Squire Resort at the Grand Canyon, BW Signature Collection	DNC Parks & Resorts Tusayan Hotel, Inc.	Derek Zwickey	74 State Route 64	Grand Canyon	Arizona	86023	(928) 638-2681
Egyptian Motor Hotel, BW Signature	Egyptian Motor Hotel,	Anthony T. Klok	765 Grand Ave	Phoenix	Arizona	85007	(602) 807-5225
Hotel Lulu, BW Premier Collection	1850 Harbor, LLC	Sajan Hansji	1850 S Harbor Blvd	Anaheim	California	92802-3510	(657) 688-5858
The Agrarian Hotel, BW Signature	SRK Hotels, Inc.	Raj Panchal	325 E Branch St	Arroyo Grande	California	93420-2705	(805) 574-6040
Chateau Big Bear Boutique Hotel, BW Signature Collection	BB Hotel LLC	Mark Talbot	42200 Moonridge Rd	Big Bear Lake	California	92315-1814	(909) 866-6666
Aristocrat Hotel, BW Signature	STAY CAL HMB LLC	Hiten Suraj	1400 Cabrillo Hwy S	Half Moon Bay	California	94019	(650) 713-5151
Hartford Hotel, BW Signature	Hartford Hotel	Stanley Chang	8832 Glendon Way	Rosemead	California	91770-1806	(626) 656-6191
The Cartwright Hotel - Union Square, BW Premier Collection	Cartwright Hotel Group, LP	Scott A. Brown	524 Sutter St	San Francisco	California	94102-1102	(415) 421-2865
The Row Hotel, BW Signature	Stay Cal San Jose LLC	Hiten Suraj	2404 Stevens Creek	San Jose	California	95128-1652	(408) 426-9416
Hacienda de Leal, BW Signature	Hacienda Hotel LLC	Poras Ahir	410 The Alameda	San Juan Bautista	California	95045-9547	(831)623-4380
Hotel Becket, BW Signature Collection	Park Tahoe Lodging, LLC	Tejal Ramesh Patel	4003 Lake Tahoe Blvd	South Lake Tahoe	California	96150-6930	(530) 544-6000
Heritage Hotel, Golf, Spa & Conf Ctr, BW Premier Collection	Heritage Food and Beverage LLC	Peter Doggett	522 Heritage Rd	Southbury	Connecticut	06488-1869	(203) 264-8200
Hotel Arya, BW Premier Collection	CG Miami Hospitality,	Juan Uribe	2889 McFarlane Rd	Miami	Florida	33133-6008	(305) 529-2828
The One50 Hotel, BW Signature	David Hotel Investment,	Roy Mussaffi	150 20th St	Miami Beach	Florida	33139-1904	(305) 522-3501
Chateau Beachfront Resort, BW Signature Collection	Chateau, LLC	Robyn Evans	12525 Front Beach Rd	Panama City Beach	Florida	32407-3306	(850) 234-2174
Ameniti Bay, BW Signature Collection	Saginaw Hospitality LLC	Scott Stuart	5985 Brookhill Blvd	Sarasota	Florida	34232-6302	(941) 500-9960
Magnolia Pointe, BW Signature	Saginaw Hospitality LLC	Scott Stuart	5965 Brookhill Blvd	Sarasota	Florida	34232-6302	(941) 500-4700
Bhagat Hotels Stone Mountain Atlanta BW Signature Collection	HK Group of Company, LLC	Harikrushna Bhagat	1819 Mountain Industrial Blvd	Tucker	Georgia	30084-6618	(770) 543-0675
The Riverside Hotel, BW Premier	Riverside Hospitality, LLC	David L. Johnson	2900 Chinden Blvd	Boise	Idaho	83714-6629	(208) 343-1871
Green Mill Village Hotel & Suites, BW Signature Collection	Arcola Hotel-Meeting, LLC	Gary Harvey	917 Green Mill Rd	Arcola	Illinois	61910-1757	(217) 268-5000
Parke Regency Hotel & Conf Ctr., BW Signature Collection	Auctus LLC	Krishna Balakrishnan	1413 Leslie Dr	Bloomington	Illinois	61704-5409	(309) 662-4300
The Whitehall Hotel, BW Premier	The Whitehall Hotel, LLC	Hui-Hsien Yen	105 E Delaware Pl	Chicago	Illinois	60611-1403	(312) 944-6300
Blake Hotel New Orleans, BW	JM Hotels, LLC	William D.	500 Saint Charles Ave	New Orleans	Louisiana	70130-3410	(504) 522-9000
Bangor Aviator Hotel, BW Premier	WNC Bangor Company,	Julian O. Buffam	308 Godfrey Blvd	Bangor	Maine	04401-3024	(207) 947-6721
Cod Cove Inn, BW Signature	CC Hospitality LLC	Gunjan (Gary) Patel	22 Cross Rd	Edgecomb	Maine	04556	(207) 882-9586

Open Hotels as of 11/30/24

Hotel Name	Franchisee	Franchisee Contact	Address	City	State	Zipcode	Phone
Magnolia Bluffs, BW Signature	Magnolia Bluffs Casino	Matthew Cudemo	645 S Canal St	Natchez	Mississippi	39120-3485	(601) 861-4600
Crown Pointe Lodge, BW Signature	Eagle Lake Restaurant,	Nick Joggerst	4245 Hunt Rd	Farmington	Missouri	63640-7291	(573) 701-9747
Aviator Hotel & Suites South I-55, BW Signature Collection	Aviator Capital Group, LLC	Ali A Rajabi	6921 S Lindbergh Blvd	St Louis	Missouri	63125-4220	(314) 892-3600
The Forge Hotel, BW Signature	Show Me Anaconda, LLC	Mike Johnson	100 Union Avenue	Anaconda	Montana	59711-9766	(406) 797-4100
Aquarius Casino Resort, BW Premier	Aquarius Gaming, LLC	William Beine	1900 S Casino Dr	Laughlin	Nevada	89029-1513	(702) 298-5111
Woodwards White Mountain Resort, BW Signature Collection	Ossipee Hospitality, LLC	Ashok Patel	527 US Route 3	Lincoln	New Hampshire	03251-4126	(603) 745-8141
The Hub Middletown Red Bank, BW Signature Collection	JSK Middletown LLC	Rishi Goragandhi	750 State Route 35	Middletown	New Jersey	07748-3410	(732) 671-3400
The Hub Murray Hill, BW Premier	Murray Hill Hospitality,	Rishi Goragandhi	535 Central Ave.	New Providence	New Jersey	07974-1561	(908) 665-9200
The Atlantic, BW Signature Collection	First Knight Pavilion LLC	Yogi Khatiwala	801 Atlantic Ave	Ocean City	New Jersey	08226-3615	(609) 399-2600
Latitude Suites Tinton Falls Eatontown/BW Premier Collection	Serena Enterprises LLC	Rishi Goragandhi	3 Centre Plaza	Tinton Falls	New Jersey	07724	(732) 389-4800
The Westfield Inn, BW Signature	Westfield Hospitality	Rishi Goragandhi	435 North Ave W	Westfield	New Jersey	07090-1433	(908) 654-5600
Hotel Blue 66, BW Signature	SR66 Hospitality, LLC	Hardik Bhakta	2533 Historic Route 66	Santa Rosa	New	88435-2853	(575) 999-9533
Vista LIC Hotel, BW Premier	39th Ave Holding LLC	Michael Psarros	2705 39th Ave	Long Island City	New York	11101-2703	(718) 786-8500
Hotel on Monroe, BW Signature	Towpath Motel, Inc. dba	Shailesh N. Patel	2323 Monroe Ave	Rochester	New York	14618-3024	(585) 736-4488
Lighthouse Suites, BW Signature Collection	SITARAM Hospitality, LLC	Jignesh Patel	216 Islander Dr	Emerald Isle	North Carolina	28594-2429	(252) 764-0980
Blue Water Inn & Suites, BW Signature Collection	HV Hospitality, LLC	Jignesh Patel	1565 NC Highway 210	N Topsail Beach	North Carolina	28460-9148	(910) 327-8282
Cherry Valley Hotel, BW Premier	Newark Hotel Ownership	Robert Spoto	2299 Cherry Valley Rd	Newark	Ohio	43055-9393	(740) 788-1200
The Bard's Inn, BW Signature	Warren Resort Hotels of	Jonathan H. Warren	132 N Main St	Ashland	Oregon	97520	(541) 482-0049
Hotel Peppertree Bend, BW Premier	Bend Peppertree	Rita Jean Santillanes	1082 SW Yates Dr	Bend	Oregon	97702-3749	(541) 283-3360
Hotel Eastlund, BW Premier Collection	Grand Ventures Holdings,	Alan M. Battersby	1021 NE Grand Ave	Portland	Oregon	97232-3490	(503) 235-2100
Mt Hood Oregon Resort, BW Premier	Y Hospitality RATM, LLC	Elizabeth Kwon	68010 E Fairway Ave	Welches	Oregon	97067-9706	(503) 622-3101
Inn at Fox Chase, BW Premier	Parx Hotel LLC	Thomas C Bonner	3327 Street Rd	Bensalem	Pennsylvania	19020-2021	(215) 639-9100
The Prussia Hotel, BW Signature	GCP Prussia, LP (PA)	Amy Gancasz	131 South Gulph Road	King of Prussia	Pennsylvania	19406-3103	(610) 265-4500
Eden Resort & Suites, BW Premier	THIRTY INC.	Drew G. Anthon	222 Eden Rd	Lancaster	Pennsylvania	17601-4216	(717) 569-6444
Independence Park Hotel, BW Premier Collection	235 CHESTNUT STREET ASSOCIATES, LLC	Frank D. Reagoso	235 Chestnut St	Philadelphia	Pennsylvania	19106-2813	(215) 922-4443
Hotel Mayaguez Plaza, BW Signature	Ramey Resort, Inc	Nestor Ruiz Colon	70 Calle Mendez Vigo	Mayaguez	Puerto Rico	00680	(787) 832-9191
Urban Boutique Hotel, BW Signature Collection	Gita Divya Investment LLC	Minesh Patel	536 Wade Hampton Blvd	Greenville	South Carolina	29609-4936	(864) 214-8425

Open Hotels as of 11/30/24

Hotel Name	Franchisee	Franchisee Contact	Address	City	State	Zipcode	Phone
Dayton House Resort, BW Signature Collection	Dayton House, Inc.	Paul Garcia	2400 N Ocean Blvd	Myrtle Beach	South Carolina	29577-3243	(843) 448-2441
The Rushmore Hotel & Suites, BW Premier Collection	Tzadik Mount Rushmore Hotel, LLC	Brenda Ferguson	445 Mount Rushmore Rd	Rapid City	South Dakota	57701-2754	(605) 348-8300
The Inn At Tree City, BW Signature	SRI RAM INC	Keval Mahesh Sheth	809 Sparta St	McMinnville	Tennessee	37110-2631	(931) 473-2159
Hotel LeBlanc, BW Signature	R.M. Hospitality, Inc	Sunil R. Patel	114 Pickel St	Pigeon Forge	Tennessee	37863-3301	(865) 453-2999
Hotel Manhattan, BW Signature	Bonaventure Hospitality,	Sanjiv Khanna	17546 US 59	New Caney	Texas	77357	(281) 306-7057
Eastgate Hotel, BW Signature	Entity to be formed	Gurbir Sandhu	14632 SE Eastgate Way	Bellevue	Washington	98007-6457	(425) 957-9100
Hotel Nexus, BW Signature Collection	Northgate Inns Inc	Shaiza Damji	2140 N Northgate Way	Seattle	Washington	98133-9007	(206) 365-0700
CopperLeaf Boutique Hotel & Spa, BW Premier Collection	Fox Cities Hotel Investors, LLC	Richard James Batley	300 W College Ave.	Appleton	Wisconsin	54911-5829	(920) 749-0303
Hotel Marshfield, BW Premier	Marshfield Hospitality,	Stephen Wykle	2700 S Central Ave	Marshfield	Wisconsin	54449-5246	(715) 387-2700
Sheridan Inn, BW Signature Collection	Wild West Hotel, LLC	Andrew P Layton	856 Broadway St	Sheridan	Wyoming	82801-3623	(307) 674-2178

Franchise Agreement Signed But Unit Not Yet Open as of 11/30/24

Hotel Name	Franchisee	Franchisee Contact	Address	City	State	Zip Code	Phone
Hotel St. Michael, BW Premier	Prescott Hotel SO LLC	Shannon Ortega	205 W. Gurley St	Prescott	Arizona	86301-3611	(928) 776-1999
Hotel Zico, BW Signature	BAM Corporation	Bimal Patel	200 E El Camino Real	Mountain View	California	94040-2723	(650) 969-8200
The Dextro, Best Western	Pinnacle 1617 LLC	Barry Lall	1617 1st Ave	San Diego	California	92101-3003	(619) 239-9600
La Cuesta Inn, BW Signature	La Cuesta Inn LLC	William J.	2074 Monterey St	San Luis Obispo	California	93401-2618	(805) 543-2777
Hotel Becket, BW Signature	Park Tahoe Lodging LLC	Tejal Ramesh	4003 Lake Tahoe Blvd	South Lake	California	96150-6930	(530) 544-6000
The One50 Hotel, BW Signature	David Hotel Investment	Roy Mussaffi	150 20th St	Miami Beach	Florida	33139-1904	(305) 522-3501
Hotel El Rancho, BW Signature	El Rancho Hotel INC	Shannon Ortega	1000 E Historic Highway	Gallup	New	87301-5559	(505) 863-9311
Hotel Blue 66, BW Signature	SR66 Hospitality LLC	Hardik Bhakta	2533 Historic Route 66	Santa Rosa	New	88435-2853	(575) 999-9533
Hotel Nedia, BW Signature	LIC Investors I LP	Jasmin Patel	3804 11th St	Long Island City	New York	11101-6122	(929) 349-2323
EOD Hotel 548, BW Signature	548 W 48 LLC	Hengjiang Mu	548 W 48th St.	New York	New York	10036-1102	(646) 993-2715
name TBD, BW Signature Collection by BW	Capital Square Hotel LLC	Mari Tupini	175 E Town St	Columbus	Ohio	43215-4609	N/A
Lx Hotel, BW Signature	Aries Maars LLC	Bhadrika	201 Murfreesboro Hwy	Manchester	Tennessee	37355-1548	(931) 954-0946
EOD Melrose @ Seabrook, BW Signature Collection by BW	Innvue Hospitality LLC	Mahmood (Mike) E.	2901 Nasa Pkwy	Seabrook	Texas	77586-3216	(281) 326-3301
Zion Wildflower, BW Premier	Zion Wildflower Resort	Nicholas Ence	100 N. Kolob Terrace Rd	Virgin	Utah	84779	(435) 522-5010
Harbor Town Inn, BW Signature	Harbor Town Inc	#N/A	4004 Calumet Ave	Manitowoc	Wisconsin	54220-5440	(920) 684-7841

Left System Between 12/1/2023 and 11/30/2024

Hotel Name	Franchisee	Franchisee Contact	City	State	Zipcode	Phone
Rocky Gap Casino Resort, BW Premier Collection	Lakes Maryland Development LLC	William Beine	Flinstone	Maryland	21530-1059	(301) 784-8400
Gateway Hotel & Convention Center, BW Premier Collection	Golden Horizon LLC	Minaj Hatch	Flint	Michigan	48507-6351	(810) 232-5300
Niagara Riverside Resort, BW Premier Collection	Lasalle Hospitality Inc	Brett Stewart	Niagara Falls	New York	14304-4001	(716) 299-0344

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the System.

Tranferred Hotels Between 12/1/23 and 11/30/24

Hotel Name	Franchisee	Franchisee Contact	City	State	Zipcode	Phone
Eva Hotel Buffalo Airport, BW Signature Collection	JalaSai Lodging LLC	Megha Patel	Buffalo	New York	14221-7204	(716) 217-1101

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the System.

EXHIBIT F TO FDD

STATE ADDENDA TO DISCLOSURE DOCUMENT

ADDITIONAL DISCLOSURES FOR THE MULTI-STATE FRANCHISE DISCLOSURE DOCUMENT OF BEST WESTERN INTERNATIONAL, INC.

The following are additional disclosures for the Franchise Disclosure Document of Best Western International, Inc. required by various state franchise laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

No Waiver of Disclaimer of Reliance in Certain States. The following provision applies only to franchisees and franchises that are subject to the state franchise disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington or Wisconsin:

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

CALIFORNIA

1. The following paragraph is added at the end of Item 3 of the Disclosure Document:

Except as disclosed above, neither we nor any person identified in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, 15 U.S.C.A. Section 78a et seq., suspending or expelling such person from membership in such association or exchange.

2. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

3. OUR WEBSITE, www.bestwestern.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

4. The Item 6 chart row entitled “Finance Charge” is replaced with the following:

Finance Charge	1 ½ % of delinquent account balance assessed monthly (18% Annual Percentage Rate) (10% in California)	Due and payable upon statement receipt.	Finance charge for late payment of account, assessed after 45 days.
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5. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

California Law Regarding Termination and Nonrenewal. California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination, transfer or nonrenewal of the franchise. If the Distribution Agreement contains any provision that is inconsistent with the law, and the law applies, then the law will control.

Material Modification. California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Financial Protection and Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

ILLINOIS

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

MARYLAND

1. The following is added to the end of the fifth paragraph under the heading “Advertising” in Item 11 of the Disclosure Document:

You may obtain an accounting of Annual Fees and Monthly Fees expenditures upon written request to us.

2. The “Summary” section of Item 17(v), entitled **Choice of forum**, of the Disclosure Document is amended by adding the following:

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. The following language is added to the end of Item 17 of the Disclosure Document:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

MICHIGAN

The following language is added before the “Table of Contents” page of the Disclosure Document:

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE MICHIGAN FRANCHISE INVESTMENT LAW

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising of other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer or ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual service.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE ATTORNEY GENERAL. ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:

State of Michigan
Office of the Attorney General
Consumer Protection Division
Attention: Franchise Section
670 Law Building
525 West Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

MINNESOTA

1. The following language is added to the end of Item 13:

To the extent required by Minnesota Stat. Sec. 80C.12, Subd. 1(g), we will protect your right to use the Licensed Marks and indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Licensed Marks.

2. The following is added at the end of the chart in Item 17:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Distribution Agreement.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J might prohibit us from requiring litigation to be conducted outside Minnesota. Those provisions also provide that no condition, stipulations or provision in the Distribution Agreement shall in any way abrogate or reduce any rights you have under the Minnesota Franchises Law, including (if applicable) the right to submit matters to the jurisdiction of the courts of Minnesota and the right to any procedure, forum or remedies that the laws of the jurisdiction provide.

Minn. Rule Part 2860.4400J might prohibit a franchisee from waiving rights to a jury trial; waiving rights to any procedure, forum or remedies provided by the laws of the jurisdiction; or consenting to liquidated damages, termination penalties or judgment notes. However, we and you will enforce these provisions in our Distribution Agreement to the extent the law allows.

NEW YORK

1. The following information is added to the Special Risks to Consider About This Franchise Page of the Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC

LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTMENT PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.

2. The following paragraphs are added at the beginning of Item 3 of the Disclosure Document:

Except as provided below, neither we, any predecessor, any person identified in Item 2, or an affiliate offering franchises under our principal trademark:

(a) has an administrative, criminal, or civil action pending against us, it, him, or her alleging a felony; a violation of a franchise, antitrust, or securities law; fraud; embezzlement; fraudulent conversion; misappropriation of property; unfair or deceptive practices; or comparable civil or misdemeanor allegations.

(b) has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or been held liable in a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion; misappropriation of property; unfair or deceptive practices; or comparable allegations.

(c) is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, as a result of a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following paragraph is added at the beginning of Item 4 of the Disclosure Document:

Except as described below, neither we nor any of our affiliates, predecessors, or officers identified in Item 2 have, during the 10-year period immediately preceding the date of the Disclosure Document: (a) filed as debtor (or had filed against us, it, him, or her) a petition to start an action under the U.S. Bankruptcy Code or any foreign bankruptcy code; (b) obtained a discharge of our, its, his, or her debts under the U.S. Bankruptcy Code or any foreign bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or any foreign bankruptcy code or that obtained a discharge of its debts under the U.S. Bankruptcy Code or any foreign bankruptcy code during or within 1 year after the officer or general partner held this position in the company or partnership.

4. The following is added at the end of Item 5 of the Disclosure Document:

The application fee and affiliation fee constitute part of our general operating funds and will be used as such in our discretion.

5. The first paragraph of the Item 17 chart is deleted and replaced with the following:

EACH TABLE BELOW LISTS CERTAIN IMPORTANT PROVISIONS OF THE DISTRIBUTION AND RELATED AGREEMENTS. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS DISCLOSURE DOCUMENT.

6. The “Summary” sections of Items 17(c), entitled **Requirements for Hotel Owner to renew or extend**, and 17(m), entitled **Conditions for licensor approval of transfer**, of the Distribution Agreement chart in the Disclosure Document are amended by adding the following:

, provided, however, that to the extent required by Article 33 of the General Business Law of the State of New York, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied.

7. The “Summary” section of Item 17(d), entitled **Termination by Hotel Owner**, of the Distribution Agreement chart in the Disclosure Document is amended by adding the following:

You also may terminate the agreement on any grounds available by law.

8. The “Summary” sections of Items 17(v), entitled **Choice of forum**, and 17(w),

entitled **Choice of law**, of the Distribution Agreement chart in the Disclosure Document are amended by adding the following:

This choice of law and forum should not be considered a waiver of any right conferred upon you by Article 33 of the General Business Law of the State of New York and the regulations issued thereunder.

9. There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the State of New York. However, an offer or sale is deemed made in New York if you are domiciled in and the Hotel will be operated in New York. We are required to furnish a New York prospectus to every prospective hotel owner who is protected under the New York General Business Law, Article 33.

NORTH DAKOTA

1. The “Summary” sections of Item 17(i), entitled **Hotel Owner's obligations on termination/non-renewal**, of the Distribution Agreement chart in the Disclosure Document is amended by adding the following:

The Commissioner has determined termination or liquidated damages to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. However, we and you agree to enforce these provisions to the extent the law allows.

2. The “Summary” sections of Item 17(v), entitled **Choice of Forum**, of the Distribution Agreement chart in the Disclosure Document is amended by adding the following:

To the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

3. The “Summary” sections of Item 17(w), entitled **Choice of law**, of the Distribution Agreement chart in the Disclosure Document is amended by adding the following:

Except for Federal Arbitration Act and other federal law, North Dakota law governs.

VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the “Summary” section of Item 17(g), entitled **“Cause” defined – curable defaults**, is amended by adding the following:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute

"reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

WASHINGTON

The following is added at the end of Item 17:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the Distribution Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Distribution Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Distribution Agreement, a Hotel Owner may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a Hotel Owner may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a Hotel Owner, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a Hotel Owner under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Distribution Agreement or

elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a Hotel Owner from (i) soliciting or hiring any employee of a Hotel Owner of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Distribution Agreement or elsewhere are void and unenforceable in Washington.

NEW YORK REPRESENTATIONS PAGE

THE FRANCHISOR REPRESENTS THAT THIS PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

EXHIBIT G TO FDD

APPLICATION



BW Premier

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APPLICATION

Before You Begin...

A Few Things to Remember.

Forms

All information must be completed prior to submitting the Application and associated forms. Incomplete information will delay the process for consideration of your Application.

Ownership

If the owning/leasing entity has not yet been formed, please list "TBD" as the name of the entity and provide all known information.

When you have finished the forms

- Prepare the forms and other required submission information:
 - Print the forms and obtain required signature. **NOTE:** Pages 1 – 12 must be returned.
 - Obtain required supporting documents as listed on page 11.
 - Obtain all other items outlined in the correspondence you received with these forms.
 - Include confirmation that the \$4,000 nonrefundable application fee has been sent via electronic wire transfer with your submission. Wiring instructions are enclosed. *Be advised applicant is responsible for any fees associated with sending the wire.*
 - Submit all information via express mail to the Property Transition Representative listed in the correspondence you received with these forms. Sending all information via express mail is recommended as we cannot begin to process your Application until all required materials have been received.
NOTE: *To further expedite the process, before mailing any items, it is also recommended that the items be sent via fax (602-957-5575) to the Property Transition Representative, along with the express mail tracking information.*
- Keep a copy of all information submitted for your records.
- ***E-mail transmission cannot be guaranteed to be secure or error-free as information could be intercepted, disseminated, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. Please note, if you elect to return this application via e-mail transmission, you do so at your own election and risk and Best Western does not accept liability for any actual or alleged claims that arise as a result of such communication or its unauthorized interception, dissemination, theft or other use by 3rd parties.***

Questions – please contact your Regional Director or Property Transition Representative



BW Premier

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SIGNATURE
COLLECTION
by BEST WESTERN

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III. Background Information	6
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Please complete this Application in its entirety and provide all required documents.

The following terms and conditions apply to the Application.

1. Best Western International, Inc. (“Best Western”) requires payment of a \$4,000 *non-refundable* Application Fee via electronic wire transfer
2. The Best Western Board of Directors (“Board”) will not consider the Application until first preliminarily reviewed by a Best Western management committee and Best Western has received the First Year Fee via electronic wire transfer, (*See Exhibit A*), which will be held by Best Western as a good-faith deposit until execution of a Distribution Agreement (the “Agreement”).
3. In the event an impact study is required as further described in paragraph 6 below, it is understood and agreed that you will be responsible for a *non-refundable* Impact Study Fee, which must be paid via electronic wire transfer before the impact study is conducted and which will be a prerequisite to your Application’s processing.
4. All Application, Impact Study and Application Fees (collectively, “Fees”) are payable in U.S. funds or Canadian funds. Payment of any Fee or submission of this Application does not give any Applicant the right to affiliate with Best Western. By submitting this Application, it is agreed that the Board may deny an Application for any or for no reason.
5. In the event the Application is approved by the Board, you will be asked to execute an Agreement. You will have fifteen (15) days from offer to execute the Agreement. You may not hold yourself or the hotel out to the public (e.g. market, sell, advertise, promote, etc.) as a BW Premier Collection or BW Signature Collection hotel or as being affiliated with Best Western until all conditions and requirements are met.
6. Best Western’s Regulatory Documents grant Best Western Members certain rights with respect to market area considerations. An Application for a hotel located within the member market area of an existing Best Western Member hotel may not be accepted. An exception to this will only apply if the hotel with member market area rights advises the Board in writing that the hotel has no objection to the approval of the Application. Likewise, when an Applicant’s hotel is located within a certain vicinity of an existing Best Western Member’s hotel, an impact study may be commissioned. Accordingly, Best Western may inform nearby Best Western hotels of this Application. By submitting this Application, you expressly consent to this disclosure and waive any right which you may have as to the confidentiality of this Application. You hereby acknowledge, understand, and agree that the Board’s decision with respect to the Application will consider any factors of impact the study determines to exist.
7. If the Applicant owns (in whole or in part) any Best Western branded hotel, Applicant agrees to cure any past or current obligations or defaults at such other Best Western branded hotels prior to consideration of this Application.
8. Applicant agrees that it shall have no recourse of any kind against Best Western, its directors, officers, employees, agents or Members if this Application is denied.

I. HOTEL INFORMATION

Please provide the following with regard to the hotel:

Select One:

BW Premier Collection

BW Signature Collection

Hotel Name _____

Current Number of Guest Rooms _____ Proposed number of Guest Rooms (if different) _____ Number of Floors _____

Explain variance between current and proposed number of Guest Rooms (if applicable) _____

Property Address _____

(Provide intersection if street address is not yet assigned)

City _____ State/Province _____ Postal/Zip Code _____

Major cross streets _____

Property telephone number _____ Property fax number _____

Year built _____ Addition(s) (year(s) built) _____

Select applicable boxes and list any other services and amenities.

Water park

Indoor swimming pool

Outdoor swimming pool

Fitness room

Sauna

Whirlpool

Game room

Guest laundry

Elevator (#____)

Sundry

Banquet service

Meeting/function space total sq. ft. _____

Owned Leased

Other (explain): _____

Business center

Airport courtesy car

Concierge

Gift Shop Owned Leased

Tennis courts On premises Adjacent

Golf Course On premises Adjacent

Interior corridors

Exterior corridors

Continental breakfast

Complimentary

Cocktail lounge on premises

Owned Leased

Restaurant on premises (inside, within or attached to the hotel)

Owned Leased

EXISTING PROPERTY

Hotel Status:

- Property is open and operating
- Property is presently closed
- Property will be closed during renovation

If renovating, estimated completion/opening date
(Month/Year) _____

Please outline intentions for renovations, e.g., exterior and or interior modifications, room additions/removals, etc. Also, submit any color boards and/or renderings, if available.

Please list associated buildings and facilities other than hotel on the site (e.g., restaurant, lounge, gift shop, etc.), noting they will be subject to Best Western inspections.

Current Room Type Inventory: Complete the information below and **submit a property map** showing the location of unit types.

Room Type	Number of Rooms
Queen	
Double Queen	
ADA Queen	
King	
ADA King	
Suites	
2-Room Suites	
Other	

Is the hotel currently or has it previously been affiliated with any chain, franchise, or other hotel/lodging company?

- Yes No

If yes, provide the name and date of each affiliation and the reason for the termination of the affiliation.

Brand name* _____

Contract start date _____

Contract end date _____

Reason for termination: _____

** Please provide copies of the Hotel's three (3) most recent inspections.*

PROPOSED CONSTRUCTION / UNDER CONSTRUCTION PROJECT

Select one:

Proposed construction hotel

Estimated date when construction will begin _____ (Mo/Yr)

Under construction hotel (soil bearing elements and foundation in place; concrete footings have been poured)

Estimated opening date _____ (Mo/Yr)

Select applicable boxes:

Architectural plans enclosed. Preliminary Complete (full)

Site plan enclosed. (*A site plan, at minimum, is required if no preliminary plans are available.*)

Proof of lender financing enclosed

Proof of land ownership enclosed

Proposed development cost Estimated construction cost \$ _____

Operating projections ADR \$ _____ Percent occupancy _____

Proposed financing

Provide proposed sources of equity and the percentage of total development cost the equity represents.

Is financing in place? Yes No

If so, who? _____

II. OWNER/LESSEE INFORMATION

Complete ownership or leasing information is required for consideration of an Application. Copies of recorded ownership/leasing documents and financial statements for each individual and entity listed are required.

Select one:

- Applicant owns/will own the Property (**provide a copy of the Bill of Sale, Deed, Title Insurance or other document confirming ownership or potential ownership of the Property**).

Date Property Purchased/Estimated Close of Escrow (Mo/Day/Yr) _____

- Applicant leases/will lease the Property (**provide a copy of the lease or evidence of intent to lease**).

Start of Lease/Estimated Start of Lease (Mo/Day/Yr) _____

Select ownership/lessee type:

Corporation

Limited Liability Company

Limited Partnership

Partnership

Trust

Individuals

Other Entity (state entity type):

A. ENTITY BREAKDOWN

Complete the following for the entity that holds the ownership or leasing interest in the Property. Attachment A (page 12), must be completed.

Name of Entity _____

Address _____

City _____ State/Province _____ Zip/Postal code _____

Phone number _____ Extension _____

Date entity formed (Mo/Day/Yr) _____ State/Province where entity formed _____

III. BACKGROUND INFORMATION

1. Have any applicant entities or individuals ever owned, leased, or operated any Best Western properties? Use additional pages if necessary.

Yes No

Name of Property _____ Property Number _____

Address _____ City _____ State/Province _____

Name of individual _____ Own Lease Operate

Percent interest _____ From (Mo/Yr) _____ To (Mo/Yr) _____

Is the Property still BW branded? Yes No If not, explain why not: _____

Name of Property _____ Property Number _____

Address _____ City _____ State/Province _____

Name of individual _____ Own Lease Operate

Percent interest _____ From (Mo/Yr) _____ To (Mo/Yr) _____

Is the Property still BW branded? Yes No If not, explain why not: _____

Name of Property _____ Property Number _____

Address _____ City _____ State/Province _____

Name of individual _____ Own Lease Operate

Percent interest _____ From (Mo/Yr) _____ To (Mo/Yr) _____

Is the Property still BW branded? Yes No If not, explain why not: _____

Name of Property _____ Property Number _____

Address _____ City _____ State/Province _____

Name of individual _____ Own Lease Operate

Percent interest _____ From (Mo/Yr) _____ To (Mo/Yr) _____

Is the Property still BW branded? Yes No If not, explain why not: _____

2. Have any applicant entities or individuals owned, leased, or operated any non-Best Western properties in the past 5 years? Use additional pages if necessary.

Yes No

Name of Property _____

Address _____ City _____ State/Province _____

Name of individual _____ Own Lease Operate

Percent interest _____ From (Mo/Yr) _____ To (Mo/Yr) _____

While owned, leased or operated, was the Property terminated from a brand? Yes No

If yes, why? _____

Name of Property _____

Address _____ City _____ State/Province _____

Name of individual _____ Own Lease Operate

Percent interest _____ From (Mo/Yr) _____ To (Mo/Yr) _____

While owned, leased or operated, was the Property terminated from a brand? Yes No

If yes, why? _____

Name of Property _____

Address _____ City _____ State/Province _____

Name of individual _____ Own Lease Operate

Percent interest _____ From (Mo/Yr) _____ To (Mo/Yr) _____

While owned, leased or operated, was the Property terminated from a brand? Yes No

If yes, why? _____

Name of Property _____

Address _____ City _____ State/Province _____

Name of individual _____ Own Lease Operate

Percent interest _____ From (Mo/Yr) _____ To (Mo/Yr) _____

While owned, leased or operated, was the Property terminated from a brand? Yes No

If yes, why? _____

3. Have any applicant entities or individuals been involved in any litigation or dispute with Best Western? Use additional pages if necessary.

Yes No

Name of entity or individual _____ Property Number _____

Explain litigation or dispute _____

Date resolved _____

4. Has the applicant entity or an owner been placed in bankruptcy or receivership, or been subject to a judicial or non-judicial foreclosure action within the last 10 years? Use additional pages if necessary.

Yes * No

Name of entity or individual _____

Explain bankruptcy, receivership, foreclosure, other _____

Date resolved _____

Name of entity or individual _____

Explain bankruptcy, receivership, foreclosure, other _____

Date resolved _____

*** Provide final documentation.**

5. Has the applicant entity or an owner been involved in any civil or criminal action or litigation within the last 10 years (other than for minor traffic violations)? Use additional pages if necessary.

Yes ** No

Name of entity or individual _____

Nature of action _____

Date _____

Name of entity or individual _____

Nature of action _____

Date _____

*** Provide documentation of Court decision.**

IV. MANAGEMENT COMPANY INFORMATION

Regarding the Property's operations, a management company:

- WILL NOT BE USED
- WILL BE USED (complete below)
- TO BE DETERMINED

1. If a management company will be used, and has already been selected or is already in place at the Property, please list the management company's experience below:

Name of management company _____

Address _____ Unit # _____

City _____ State/Province _____ Postal code _____

Phone number _____ Ext. _____ Fax number _____

Email address _____

2. List all hotels currently owned and/or operated by the management company. Use additional pages if necessary.

Property Name _____

Address _____ City _____ State/Province _____

Position held _____ Since (Mo/Yr) _____

Property Name _____

Address _____ City _____ State/Province _____

Position held _____ Since (Mo/Yr) _____

Property Name _____

Address _____ City _____ State/Province _____

Position held _____ Since (Mo/Yr) _____

Property Name _____

Address _____ City _____ State/Province _____

Position held _____ Since (Mo/Yr) _____

**3. List all hotels *previously* (past 5 years) owned and/or operated by the management company.
Use additional pages if necessary.**

Property Name _____

Address _____ City _____ State/Province _____

Position held _____ From (Mo/Yr) _____ To (Mo/Yr) _____

Property Name _____

Address _____ City _____ State/Province _____

Position held _____ From (Mo/Yr) _____ To (Mo/Yr) _____

Property Name _____

Address _____ City _____ State/Province _____

Position held _____ From (Mo/Yr) _____ To (Mo/Yr) _____

Property Name _____

Address _____ City _____ State/Province _____

Position held _____ From (Mo/Yr) _____ To (Mo/Yr) _____

V. REQUIRED DOCUMENTS CHECKLIST

- Property map showing location of all guest room types
- Recorded ownership or leasing documents (reference Page 5, Owner/Lessee Information)
- Final documentation for bankruptcy, receivership, judicial or non-judicial foreclosure action (reference Page 8, Background Information)
- Documentation of Court decision for any civil or criminal action or litigation (reference Page 8, Background Information)
- Application Fee - \$4,000 USD (or CAD equivalent) paid via electronic wire transfer

VI. CERTIFICATION

I HEREBY CERTIFY THAT ALL INFORMATION PROVIDED IN THIS APPLICATION IS TRUE AND ACCURATE. BY EXECUTING THIS APPLICATION, THE UNDERSIGNED HEREBY REPRESENTS AND WARRANTS THAT IT HAS THE PROPER AUTHORITY AND CONSENT, WHETHER DULY GRANTED BY LAW, CONTRACT OR OTHERWISE, TO SUBMIT THIS APPLICATION ON BEHALF OF ANY AND ALL OTHER INTERESTED PARTIES TO THE TRANSACTION CONTEMPLATED HEREUNDER (THE "APPLICANT").

I UNDERSTAND AND AGREE THAT FALSIFICATION OF ANY INFORMATION SHALL BE GROUNDS FOR DENIAL OF THE APPLICATION OR TERMINATION OF THE DISTRIBUTION AGREEMENT.

Signature of Authorized Representative

Office Phone No.

Cell Phone No.

Name of Authorized Representative

Fax No.

Email Address

Title

Street Address (no P.O. Boxes)

Date

City

State/Province

Postal Code

ATTACHMENT A

OWNER/LESSEE INFORMATION ENTITY

LEVEL 1

Name of entity _____ Tax ID #/Employer ID # _____

LEVEL 2 - Breakdown of entity shareholders (use additional pages if necessary).

**Percentage
of ownership**

Full legal name _____ #/SI#/Tax ID# _____ %

Full legal name _____ #/SI#/Tax ID# _____ %

Full legal name _____ #/SI#/Tax ID# _____ %

Full legal name _____ #/SI#/Tax ID# _____ %

EXHIBIT H-1 TO FDD

**BW PREMIER COLLECTION® BY BEST WESTERN QA ASSESSMENT PROCESS &
PROCEDURES TABLE OF CONTENTS**

BW PREMIER COLLECTION® BY BEST WESTERN QA ASSESSMENT PROCESS & PROCEDURES	
	# of Pages
Table of Contents	2
QA Process & Procedures	4
Brand Standards Guidelines	1.5
Public Areas: Guaranteed Service Experience	2.5
Public Areas: Food/Beverage Experience	1.5
Guest Room: Clean & Well Maintained Experience	1.5
Guest Rooms: Entertainment/Work Experience	.5
Guest Room: Sleep Experience	.5
Bathrooms: Shower Experience	1
Total Pages	15

EXHIBIT H-2 TO FDD

**BW SIGNATURE COLLECTION® BY BEST WESTERN QA ASSESSMENT PROCESS
& PROCEDURES TABLE OF CONTENTS**

BW SIGNATURE COLLECTION® BY BEST WESTERN QA ASSESSMENT PROCESS & PROCEDURES	
	# of Pages
Table of Contents	2
QA Process & Procedures	4
Brand Standards Guidelines	1.5
Public Areas: Guaranteed Service Experience	2.5
Public Areas: Food/Beverage Experience	1
Guest Room: Clean & Well Maintained Experience	1
Guest Rooms: Entertainment/Work Experience	.5
Guest Room: Sleep Experience	.5
Bathrooms: Shower Experience	1
Total Pages	14

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT I TO FDD

RECEIPTS

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Best Western International, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Best Western International, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit A.

The franchisor is Best Western International, Inc., located at 6201 N. 24th Parkway, Phoenix, Arizona 85016. Its telephone number is (602) 957-4200.

Issuance date: February 28, 2025.

The franchise seller(s) for this offering is or are:

- Brad LeBlanc, 6201 N. 24th Parkway, Phoenix, AZ 85016, (443) 624-5590;
- Thomas Giuliano, 6201 N. 24th Parkway, Phoenix, AZ 85016, (443) 624-5590; and/or
- _____.

Best Western International, Inc. authorizes the respective state agencies identified on Exhibit B to receive service of process for it in the particular state.

I have received a disclosure document dated February 28, 2025 that included the following Exhibits:

Exhibit A	List of State Administrators	Exhibit G	Application
Exhibit B	List of State Agents for Service of Process	Exhibit H-1	BW Premier Collection® by Best Western QA Assessment Process & Procedures Table of Contents
Exhibit C-1	Distribution Agreement	Exhibit H-2	BW Signature Collection® by Best Western QA Assessment Process & Procedures Table of Contents
Exhibit C-2	State Addenda to Distribution Agreement	Exhibit I	Receipts
Exhibit D	Financial Statements		
Exhibit E	Lists of Current and Former Hotel Owners		
Exhibit F	State Addenda to Disclosure Document		

Date

(Sign, Date and Return to us, the franchisor)

Prospective Franchisee

Authorized Signature

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Best Western International, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Best Western International, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit A.

The franchisor is Best Western International, Inc., located at 6201 N. 24th Parkway, Phoenix, Arizona 85016. Its telephone number is (602) 957-4200.

Issuance date: February 28, 2025.

The franchise seller(s) for this offering is or are:

- Brad LeBlanc, 6201 N. 24th Parkway, Phoenix, AZ 85016, (443) 624-5590;
- Thomas Giuliano, 6201 N. 24th Parkway, Phoenix, AZ 85016, (443) 624-5590; and/or
- _____.

Best Western International, Inc. authorizes the respective state agencies identified on Exhibit B to receive service of process for it in the particular state.

I have received a disclosure document dated February 28, 2025 that included the following Exhibits:

Exhibit A	List of State Administrators	Exhibit G	Application
Exhibit B	List of State Agents for Service of Process	Exhibit H-1	BW Premier Collection® by Best Western QA Assessment Process & Procedures Table of Contents
Exhibit C-1	Distribution Agreement	Exhibit H-2	BW Signature Collection® by Best Western QA Assessment Process & Procedures Table of Contents
Exhibit C-2	State Addenda to Distribution Agreement	Exhibit I	Receipts
Exhibit D	Financial Statements		
Exhibit E	Lists of Current and Former Hotel Owners		
Exhibit F	State Addenda to Disclosure Document		

Date

(Sign, Date and keep for your records)

Prospective Franchisee

Authorized Signature