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 "SureStay Collection by Best Western®" name and is included on SureStay, Inc.'s reservations systems.

The total investment necessary to begin operation of a 100-room SureStay Collection by Best Western that has been converted from an existing hotel is 98801,75000 - 2,9517,01495, which includes 354,2745 - 416,265490 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, Secretary of SureStay, 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 "<u>A Consumer's Guide to Buying a Franchise</u>," 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: March 11 February 28, 20245

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 SureStay Collection by Best Western 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 SureStay Collection by Best Western 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. <u>Out-of-State Dispute Resolution</u>. 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 SureStay, 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. "SureStay Collection by Best Western Hotel" refers to a hotel that is using the words and marks associated with "SureStay Collection by Best Western®" and "Best Western Rewards®" (collectively, the "Licensed Marks") and is included on our reservations systems. SureStay Collection by Best Western Hotels are referred to as "System Hotels" and the "Hotel" refers to the SureStay Collection by Best Western 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 corporation formed in August, 2016 with a principal business address located at 6201 N. 24th Parkway, Phoenix, AZ 85016. We operate under our entity name, the names "SureStay-Hotel® by Best Western", "SureStay Plus—Hotel® by Best Western", "SureStay Studio® by Best Western", "SureStay Collection by Best Western®", and no other name. We offered hotel franchises using the mark "SureStay Collection by Best Western®" under a separate disclosure document from 2016 until March, 2024, sinceat which datetime we have been began offering hotel licenses using the mark "SureStay Collection by Best Western" under this franchise disclosure document ("Disclosure Document"). We have also offered hotel franchises using the marks "SureStay Plus Hotel by Best Western®" since 2016, and have offered hotel franchises using the mark "SureStay Studio by Best Western®" since April, 2020. We have never operated a System Hotel, a hotel under any other "SureStay" mark, a hotel under a Membership Brand (defined below), a hotel under a Collection Mark (defined below), or any other type of business. Except for as described above, we have not offered franchises in any other line of business. We have no predecessors.

The Licensor's Parents and Affiliates

Our parent, Best Western International, Inc. ("Best Western International"), is an Arizona nonprofit corporation formed on December 13, 1957, with a principal business address located at 6201 N. 24th Parkway, Phoenix, AZ 85016. Best Western International operates: (i) as a membership association and licensor under the "Best Western®", "Best Western Plus®", "Best Western Premier®", "Executive Residency by Best Western®", "alone by Best WesternSM", "Vīb®", "GLō®", and "Aiden®", and "Sadie®" names (the "Membership Brands"); and (ii) as licensor under the "BW Premier Collection®" and "BW Signature Collection®" names (the "Premier Marks" and the "Signature Marks," which are referred to collectively as the "Collection Marks"), and no other name.

Best Western International has never operated a System Hotel, a hotel under any other "SureStay" mark, a hotel under a Membership Brand (although it does 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), a hotel under a Collection Mark, or any other type of business. Best Western International began offering licenses for the right to operate hotels using the Collection Marks under a separate disclosure document in April, 2020, although hotel owners have operated hotels using the Premier Marks in the United States and other countries since 2015, and hotel owners have operated hotels using the Signature Marks in the United States and other

countries since 2017. As of November 30, 20234, there were 25567 hotels using the Collection Marks operating in the United States and abroad.

Best Western International has also offered membership interests in its nonprofit corporation ("Memberships") and licenses for the right to operate hotels using the Membership Brands under a separate disclosure document since March, 2019. Best Western International previously granted memberships and offered licenses for "Sadie" hotels under that separate disclosure document from March 2018 to November 2024. Best Western International also previously granted memberships and offered licenses for "Executive Residency for Best Western" hotels under the separate disclosure document from March 2019 to February 2023, and will begin to grant memberships and to offer licenses for those hotels again with the same disclosure document in February 2025. Best Western International's 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. Best Western International has licensed the Membership Brands to hotels outside North America since 1976. These non-North American hotels are not member hotels. As of November 30, 20234, there were 3,1065 hotels using the Membership Brands operating in the United States and abroad.

Item 3 identifies certain state actions alleging that the Memberships were in fact franchises. Best Western International neither admits nor denies these allegations.

Best Western International is the owner of the Licensed Marks and, on August 29, 2016, we and Best Western International entered into a master license agreement allowing us to use, and grant franchisees the right to use, the Licensed Marks and System (defined below) worldwide.

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

Our affiliate, 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 StudiosM" since April—2020. SureStay International, Inc. offers license agreements internationally except for in the countries in which our other affiliates (see below) and unaffiliated sublicensees of Best Western International offer licenses. SureStay International, Inc. has never offered franchises in any other line of business and has never operated a System Hotel or any other type of business. SureStay International, Inc.'s principal business address is 6201 N. 24th Parkway, Phoenix, AZ 85016. SureStay International, Inc. does not provide products or services to our Hotel Owners.

Our affiliate, 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 Premier®", "Executive Residency by Best Western®", "Wib", "GLō®", "Vīb®", and "Aiden®", "Sadie®", "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, Deleg, Del. Benito Juárez, CDMX, MéxicoC.P. 03100 CDMX. B-W International Licensing Mexico, S.A. de C.V. does not provide products or services to our Hotel Owners.

Our affiliate, B-W International Licensing Australia Pty Limited, has offered hotel licenses in Australia, New Zealand and Fiji, using the marks "Best Western", "Best Western Pluse", "Best Western Premiere", "Executive Residency by Best Western", "@Home by Best Western", "GLōe", "Aidene",

"Sadie", and "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 114, 2137 MillerCastlereagh Street, North-Sydney, NSW 20600 Australia. B-W International Licensing Australia Pty Limited does not provide products or services to our Hotel Owners.

Our affiliate, World Hotels GmbH ("WH") licenses independent upscale, upper-upscale and luxury hotels across the world under the WorldHotelsTM 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 183 WorldHotels operating in the United States (to include its territories and possessions) and 1293 WorldHotels operating 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, our parent, Best Western International, acquired all of the outstanding shares of AutoClerk Inc. ("AutoClerk"). AutoClerk is now the sole approved supplier of the SureStay system's property management system ("PMS"). AutoClerk has a principal business address of 198100 N. Broadway, Suite 430 California Blvd., 8th Floor #1139, Walnut Creek, California 94596.

We have no other affiliates who offer franchises in any line of business and no affiliates who currently provide products or services to our franchisees.

The License Offered

This Disclosure Document offers the right to convert an existing hotel to a System Hotel. System Hotels utilize the Licensed Marks. Hotel Owners operating System Hotels operate according to the Distribution Agreement (Exhibit C-1).

SureStay Collection by Best Western Hotels are a global collection of lower-midscale and upper economy hotels that range from full-service hotels with meeting facilities to smaller, uniquely designed select service hotels.

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 System Hotel is a leisure or business traveler looking for a unique or historic hotel experience.

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

Director: Phillip Payne

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

Director: Stephen Wahrlich

Mr. Wahrlich has served as Our Director in Phoenix, Arizona since December, 2020. Mr. Wahrlich has also served as Best Western International's Vice-Chairman since December, 20234 and as its District II Director since December, 2020, in both cases in Phoenix, Arizona. He <u>previously</u> served as Best Western International's <u>Vice-Chairman from December 2023 to December 2024 and</u> 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 hotel in Billings, Montana since 2005, and an owner of the Best Western Plus Hilltop hotel in Redding, California since 1977.

Director: Viral Patel

Mr. Patel has served as our Director in Phoenix, Arizona since December, 2021. Mr. Patel has also served as Best Western International's Secretary-Treasurer Vice-Chairman since December, 20234 and Best Western International's as its District III Director since December, 2021, in both cases in Phoenix, Arizona. He previously served as Best Western International's 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.

Director: Mahmood Merchant

Mr. Merchant has served as our Director in Phoenix, Arizona since December, 2021. Mr. Merchant has also served as Best Western International's 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. He has also been the President and Chief Executive Officer of Merchant Valley Corporation in Roseville, California since March, 1997.

Director: Rajesh Patel

Mr. Patel has served as our Director in Phoenix, Arizona since December, 2022. Mr. Patel has also served as Best Western International's <u>Secretary-Treasurer since December 2024 and as its</u> District IV Director since December, 2022, in <u>both cases in</u> Phoenix, Arizona. Mr. Patel has been an owner of the Best Western Plus Fairburn in Fairburn, Georgia since June, 2015. Mr. Patel <u>was anhas been the</u> owner of the Best Western Plus Atlanta Airport in Hapeville, Georgia <u>from since</u> June 1994 to <u>December 2021</u>.

Director: Santosh Khanjee

Mr. Khanjee has served as our Director in Phoenix, Arizona since December, 2022. Mr. Khanjee has also served as Best Western International's 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.

Director: John Daniel Lafayette IIISteven Angeline

Mr. Lafayette Angeline has served as our Director since December 2024 in Phoenix, Arizona-since December, 2018. Mr. Lafayette Angeline has also served as Best Western International's District VII Director since December, 2018, in Phoenix, Arizona. He served as Best Western International's Chairman from December, 2022 to December, 2023, Best Western International's Vice-Chairman from December, 2021 to December, 2022, and Best Western International's Secretary-Treasurer from December, 2020 to December, 2021, in each case 2024 in Phoenix, Arizona. Mr. Lafayette Angeline has been anthe owner of the Best Western White House Inn in Bangor, Maine-since 1994, and the Best Western Merry Manor Inn in South Portland, Maine, 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 201994.

President: Lawrence M. Cuculic

Mr. Cuculic has served as our President in Phoenix, Arizona since December, 2021. Mr. Cuculic has also served as Best Western International's President and Chief Executive Officer in Phoenix, Arizona since December, 2021. Mr. Cuculic <u>previously</u> served as our Secretary in Phoenix, Arizona from our formation in August, 2016 to December, 2021, and as Best Western International's Senior Vice President, General Counsel and Corporate Secretary in Phoenix, Arizona from 2009 to December, 2021.

Treasurer: Mark Straszynski

Mr. Straszynski has served as our Treasurer in Phoenix, Arizona since our formation in August, 2016. Mr. Straszynski has also served as Best Western International's Senior Vice President and Chief

Financial Officer in Phoenix, Arizona since 2008.

Managing Director, North American Development: Thomas Giuliano

Mr. Giuliano has served as Best Western International's Managing/Regional Director, North American Development since 2016, in Phoenix, Arizona. He currently serves in a similar role for us.

Best Western International's Senior Vice President and Chief Development Officer: Brad LeBlanc

Mr. LeBlanc has served as Best Western International's Senior Vice President and Chief Development Officer in Phoenix, Arizona since April 2019. From June, 2013 to April, 2019, Mr. LeBlanc served as Senior Vice President of Development & Franchising at Serendipity Labs, Inc. in Rye, New York.

Secretary: Jay Pricher

Mr. Pricher has served as our Secretary in Phoenix, Arizona since December, 2021. Mr. Pricher has also served as Best Western International's Senior Vice President, General Counsel and Corporate Secretary in Phoenix, Arizona since December, 2021. Mr. Pricher <u>previously</u> served as our Vice President of Legal in Phoenix, Arizona from 200916 to December, 2021.

ITEM 3

LITIGATION

A. PENDING ACTIONS INVOLVING US

None.

B. CONCLUDED ACTIONS INVOLVING US

Royal Hospitality Group, Inc. v. SureStay, Inc., Arizona State Court (Maricopa County) Case No. CV 2019-009981 (Filed June 14, 2019).

On January 18, 2018, Royal Hospitality Group, Inc. ("Royal") executed a Franchise Agreement for a proposed franchised SureStay Plus in Macon, Georgia. The hotel was not scheduled to activate as a SureStay Plus until January 18, 2018. In August 2017, several months prior to the scheduled activation, we terminated the Franchise Agreement. On June 14, 2019, Royal sued us for wrongful termination, bringing claims for breach of contract, promissory estoppel, and negligent misrepresentation. The complaint alleged damages for renovating the hotel, affiliating with a different franchisor, loss of revenue during construction, and lost profits. In October 2021, the case was tried in Maricopa County Superior Court, with Royal seeking over \$2 million in damages. In May 2022, the judge ruled that Royal was entitled to damages in the amount of \$141,053.33. Thereafter, the parties agreed to settle the case, with the parties agreeing that we would pay Royal \$125,000.

Ma-Krupa v. SureStay, Inc., Arizona State Court (Maricopa County) Case No. CV 2020-016356 (Filed December 11, 2020).

On December 12, 2017, Ma-Krupa executed a Franchise Agreement for a SureStay location in Kansas City. It activated as a SureStay Plus shortly thereafter. The Franchise Agreement included language regarding a right of first refusal for Ma-Krupa to apply as a Best Western member hotel. On December 11, 2020, Ma-Krupa sued SureStay, Inc. alleging that SureStay violated the right of first refusal in the parties' Franchise Agreement by activating a Best Western member hotel nearby without first giving Ma-Krupa an opportunity to apply to become a Best Western member. On November 22, 2021, the parties settled the case with mutual releases per a confidential settlement agreement, the disclosure of which is only allowed if required by applicable law or court order. The parties agreed that SureStay would pay Ma-Krupa \$165,000, plus forgive Ma-Krupa's past due account balance of approximately \$38,500.

C. PENDING ACTIONS INVOLVING BEST WESTERN INTERNATIONAL

None.

D. CONCLUDED ACTIONS INVOLVING BEST WESTERN INTERNATIONAL

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, Best Western International 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 Best Western International for breach of the implied covenant of good faith and fair dealing. The Former Member is seeking lost revenue proximately caused by Best Western International in an amount to be proven at trial. Best Western International 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 Best Western International \$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 Best Western International by self-termination, effective December 2020. At the time of the self-termination, the Former Member had a large, outstanding balance owed to Best Western International. On January 10, 2022, Best Western International 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 Best Western International 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. Best Western International 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 Best Western International \$25,000.

<u>Best Western International, Inc. v. 1Nonly Phi Mar, LLC, Philip Levine, et al.</u>, 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 Best Western International by self-termination, effective September 21, 2021. At the time of the self-termination, the Former Member had a large, outstanding balance owed to Best Western International. On March 21, 2022, Best Western International 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 Best Western International for breach of contract and breach of the implied covenant of good faith and fair dealing. Best Western International 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 Best Western International \$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. Best Western International 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. Best Western International was forced to sue 4th Avenue for the outstanding fees owed. 4th Avenue filed a counterclaim on January 8, 2021 asserting claims against Best Western International for breach of contract, breach of the duty of good faith and fair dealing, unjust enrichment, and negligent misrepresentation. Best Western International 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 Best Western International \$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, Best Western International 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 Best Western International 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. Best Western International

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 Best Western International \$66,250.

<u>Best Western International, Inc. v. Oakland Park, Inc.</u>, 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, Best Western International 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 Best Western International 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. Best Western International 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 Best Western International 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 Best Western International \$225,000.

<u>Bright LLC v. Best Western International, Inc.</u>, 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 Best Western International 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. Best Western International denied any wrongdoing. Best Western International 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 Best Western International's 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 Best Western International \$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 Best Western International, 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. Best Western International counterclaimed for its contractual damages. Best Western International denied any wrongdoing. Best Western International 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 Best Western International's 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 Best Western International \$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. Best Western International 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. Best Western International denied any wrongdoing. Best Western International 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 Tarrunumn 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 Best Western International's trademarks. Following termination, demands were made to the Former Hotel for an outstanding account balance and for liquidated damages relating to trademark infringement. Best Western International was forced to sue the Former Hotel. The Former Hotel filed a counterclaim against Best Western International and a third partythird-party complaint against various of Best Western International's 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. Best Western International 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 Best Western International \$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 Best Western International's 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. Best Western International 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. Best Western International 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 Best Western International \$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 Best Western International and its Members were "franchises" as defined in the North Dakota Franchise Investment Law ("FIL"); (ii) Best Western International had offered or sold franchises in North Dakota in violation of the registration provisions of the FIL; (iii) Best Western International did not qualify for the statutory exemptions from registration; (iv) Best Western International 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 Best Western International to refrain and desist from offering Memberships in its 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 Best Western International 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) Best Western International 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 Best Western International.

<u>Commissioner of Corporations v. Best Western International, Inc., Superior Court of the State of</u> 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 Best Western International 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, Best Western International consented to the entry of a Final Judgment of Permanent Injunction which ordered that: Best Western International (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 Best Western International is 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 its franchise offer per the California Franchise Law and prepare the applicable disclosure document(s) or file a letter that it has not filed a notice of exemption or obtained franchise registration because it has ceased all franchise offers and will not recommence until it has filed a notice of exemption or registered its franchise offer; and, (iv) pay the Commissioner its costs of \$3,080 (the "1988 Final Judgment of Permanent Injunction").

<u>In the Matter of Best Western International, Inc.</u> 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 Best Western International 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, Best Western International voluntarily entered into a Consent Order with the Maryland Securities Commissioner (the "Securities Commissioner") dated August 24, 2018. In the Consent Order, Best Western International agreed to: (i) immediately and permanently cease and desist from the offer and sale of Best Western Membership Agreements in Maryland unless and until it complies 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 its 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 its 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 Best Western International offered to make to existing and former Best Western Maryland Members; and, (vi) complete payments to those Best Western Maryland Members who accepted Best Western International's rescission offer within 30 days of Best Western International's receipt of that written acceptance.

<u>In the Matter of Best Western International, Inc.</u> 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 Best Western International 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, Best Western International voluntarily entered into a Consent Order with Washington Chief of Enforcement, dated February 7, 2019. In the Consent Order, Best Western International agreed to: (i) cease and desist from the offer and sale of Best Western Membership Agreements in Washington unless and until it complies 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.

<u>In the Matter of Best Western International, Inc.</u>, 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 Best Western International 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, Best Western International voluntarily entered into a Consent Order with the Commissioner effective April 9, 2019. In the Consent Order, Best Western International agreed to: (i) cease and desist from the offer and sale of Best Western Membership Agreements in California unless and until it complies 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.

<u>In the Matter of Best Western International, Inc.</u> 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 Best Western International 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, Best Western International voluntarily entered into a Settlement Order with the Commission, which was filed on February 24, 2020. In the Settlement Order, Best Western International 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.

E. ACTIONS BEST WESTERN INTERNATIONAL INITIATED DURING THE LAST FISCAL YEAR

Actions to Collect Unpaid Fees

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

<u>Best Western International, Inc. v. HP3 LLC and Ajmer Singh, Arizona District Court</u> 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 <u>Exhibit G</u>). 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.

In our fiscal year ended November 30, 2024, we accepted decreased Affiliation Fees ranging from \$15,000 to \$25,000. The decreased Affiliation Fees were agreed upon as the result of arms-length discussions, negotiations and each party's objective of doing business on an ongoing basis.

Impact Study Fee

If upon receipt of your Application a Member 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

All Hotel Owners of System Hotels must obtain and use from our affiliate, AutoClerk, either the AutoClerk Cloud PMS or the AutoClerk PMS. They will be required to pay AutoClerk an installation/implementation fee of \$995 for whichever PMS they choose to use.

Additionally, all Hotel Owners of System Hotels are required to have two-way connectivity to our reservations systems. To use two-way connectivity, you will be required to pay us a \$1,500 installation fee.

All Hotel Owners of System Hotels are also 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 <u>one-time installation fee which typically ranges from</u> \$2,100 to \$3,500-Hotel-Managed Security Services ("HMSS") Fee.

These computer-related fees are non-refundable.

Distribution System Photographs and Virtual Tours Fee

When we require before opening the Hotel, you must pay a distribution system photographs and virtual tours fee ("Distribution System Photographs and Virtual Tours Fee") ranging between \$1,6150 and \$25,27000 plus one room night's accommodation for the photographer (if needed) so that we can ensure our reservations systems have up-to-date material. The Distribution System Photographs and Virtual Tours 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

Because we are offering licenses for the first time with this Disclosure Document Except as provided otherwise above, we did not receive reduce any of the fees described above for any licensee during our 20234 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 See Note 2.	Due and payable monthly upon statement receipt.	Sales, marketing and technology services.
Global Distribution Systems (<u>"GDS"</u>) 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 PartnerOnline Travel Agency ("OTA") Booking Fee	\$1.00 -\$2.00 per booking.	Due and payable monthly upon statement receipt.	Payable for reservations booked through our third-party partner.
Best Western Rewards® (<u>"BWR®"</u>) Fee	\$0.0055 per BWR point issued. For newly enrolled Online Travel Agent ("OTA")	Billed one month in arrears. Due and payable monthly upon	Fee for BWR points or airline program miles issued by the Hotel to BWR members (10 points issued for each revenue dollar).

Column 1	Column 2	Column 3	Column 4
Type of Fee	Amount	Due Date	Remarks
	guests, the Hotel will be charged a flat fee of \$2.75 for the 500 points issued to the guest.	statement receipt.	
BWR Enrollment Fee Rebate	5.5% of Monthly GRR ² for newly enrolled BWR members with valid email address, up to 5 nights stay, maximum \$500; 2.75% of Monthly GRR 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.	Credited monthly.	Rebate of BWR fee imposed when a new BWR member is enrolled.
Pay With Points	The credit portion for BWR® points redeemed: If 90% occupied or highergreater, a credit equal to the number of points times \$0.005 times 90%. If 70% or greater but less than 90% occupied, a credit equal to the number of points times \$0.005 times 70%. If less than 70% occupied, a credit equal to the number of points times \$0.005 times 70%. If less than 70% occupied, a credit equal to the number of points times \$0.005 times 40%. The cash paid (non-points) portion of Pay with Points is collected and retained by the Hotel from the BWR® member guest.80% of the Hotel's Average Monthly Rate ("AMR").	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.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
BWR Elite Member Property Recognition Program	Fee per occurrence ranges from \$0 to \$250 based on number of complaints per fiscal year and hotel size. For Elite guest, a fee of \$2.75 per stay.	Due and payable monthly upon statement receipt.	Fee for BWR Customer Care agent in Phoenix to respond to and resolve a complaint related to BWR Elite Member recognition requirement on first enrollment. Guest is awarded 500 points payable by the Hotel.
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 TravelGift Card®	Amount of travelgift card redeemed less 10% commission.	Credited monthly.	Credit for travelGift eCards redeemed at the Hotel.
(" Travel <u>Gift</u> Card @ ")	Amount of travelgift cards sold or reloaded is charged; related 10% commission is credited.	Due and payable monthly upon statement receipt.	Charge for travelgift 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 statement receipt.	Per booking fee for reservations received from Consortia partners.
Travel Agent Commissions	Commission on Gross Room 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 eCommission charge for travel agent-reservations booked through third-party travel agents that are passed onto the Hotel without mark-up.
Performance Based Marketing	10% of Gross Room 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 GRR for each reservation associated with a banner-ad. 1	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. As negotiated between the	Due and payable monthly upon statement receipt. Due and payable	Preferred partnership status. We centrally pay group

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Commissions	Hotel and client. 10% commission on Gross Room Revenue ² for HelmsBriscoe and HotelPlanner.	monthly upon statement receipt.	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 Support Fee	A o One-time installation fee of \$1,500 and a Two-Way-Mmonthly Supportmaintenance fee that ranges from \$41 to \$65 per month (based on the Hotel's PMS).	Due and payable monthly upon statement receipt.	A o One-time Two-Way connectivity installation fee, plus a and monthly maintenance fee for the PMS's Best Western Two-Way connectivity to our reservations systems Interface.
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 BWI 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.
Property Management System ("PMS") Support Fee	Currently, \$3.97 per guest room (billed monthly) for the AutoClerk Cloud PMS-and. PMS Support Fee includes \$2501.45 per monthguest room (billed quarterlymonthly) for the AutoClerk-Canary Guest Management System ("PGMS").	Due and payable monthly upon statement receipt.	Payable as a support fee for the required PMS for System Hotels. Statements are sent monthly for the AutoClerk Cloud PMS—and—statements are sent quarterly—(on the 1st of January, April, July and October) for the AutoClerk. If the Hotel has a waiver from the requirement to use the PMS, you must still pay the fee for the PGMS. You will be required to either allow us/our affiliate to automatically debit the Hotel's bank account in the

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
			amount owing, or to set up automatic payments on a credit card.
Distribution System Photographs Fee	\$1,150 to \$5,000 per Hotel plus the cost of any additional photographs a hotel may choose to have taken outside the standard photography package.	Dueandpayableuponmonthlyuponstatementreceipt.	Fee for online still photographs. System Hotels are required to renew their photos every three years.
Overall Experience Threshold Fee	\$2,500 fee per default.	Due and payable upon statement receipt.	Assessed for your second and each subsequent consecutive instance of failing to meet or exceed the SureStay North America GSS Program Overall Experience threshold.
Annual Quality Assurance (QA) Assessment Fee	Cost recovery fee billed annually, currently \$2,1,000. 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 \$2,1500, plus a free room night to the QA inspector.	Due and payable monthly upon statement receipt.	Fee charged for reassessment after a failed QA assessment.
Medallia Guest Service Satisfaction (GSS) Program Fee	\$25 monthly usage fee.	Due and payable monthly upon statement receipt.	Fee to provide System Hotel access to for guest satisfaction surveys (through Medallia). Statements are dated on the 1st of the month and are sent electronically within 6 business days.
Customer Care/First Contact Resolution ("FCR")	\$50.00 ticket fee charged on certain contacts. First 4 Complaints annually: Free Complaints 5-10 annually: \$100 Each Complaints 11+ annually: \$250 Each Applicable taxes per file fee will be assessed plus cost of resolution.	Due and payable monthly upon statement receipt.	Fee for customer care agent. Hotel given 2 days to respond; if no response, will be addressed by customer care agent.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
	Non-FCR - \$75 per non-response, plus cost of any compensation to customer.		
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.
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.
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	1.5% 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.
Transfer Fee	\$10,000.	Due and payable upon statement	Payable to transfer or assign the Distribution Agreement.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
1380 01100	T IMPONI	receipt.	TO MAKE
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.
Optional Program	s/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 \$3259 and \$99 per month.	Due and payable upon statement receipt.	Competitive software subscription rate shopping service that allows hotels to shop up to \$10 competitors.
Property Revenue for HireManager ("PRFHM") Program	Per month fee based on size of the Hotel: \$9951,056 for 1-120 rooms \$1,195268 for 121-200 rooms \$1,395480 for 201+ rooms	Due and payable monthly upon statement receipt.	Fee charged to hotels that participate in the optional program for experienced and certified PRFHM services. BWI two-way interface is required to participate in the PRFHM 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. System Hotels not participating are subject to a fee per call transferred.
High Speed Internet Access ("HSIA")	Our Hotel HSIA solution.	\$65 per month for the first 50 rooms, and \$1.25 per month for each additional room over 50 rooms, plus \$1.50 per	High Speed Internet Access ("HSIA")

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
		minute for HSIA support telephone calls.	
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 electronic 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.

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ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

CONVERSION OF AN EXISTING HOTEL TO A SYSTEM HOTEL (100-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	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
			Application to us for processing	
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 Impact Study	Us
Renovation Work (4)	\$0 - \$500,000	As Agreed	As Agreed	Contractors
Furniture, Fixtures and Equipment (5)	\$0 - \$1,300,000	As Agreed	As Agreed	Best Western International or Us and Suppliers
Inventory and Operating Equipment (6)	\$75,000 - \$150,000	As Agreed	As Agreed	Suppliers
Signage (7)	\$10,000 - \$30,000	As Agreed	As Agreed	Suppliers
Distribution System Photographs and Virtual Tours Fee (8)	\$1, <mark>6</mark> 150-\$ <mark>2</mark> 5, <mark>27</mark> 00 0	Lump Sum	As Required	Us
Computer System (9)	\$5,100 – \$47,995	Cash, Check or Wire Transfer	As Required	Suppliers/Us
Insurance (10)	\$ <mark>30,000<u>8,750-</u> - \$<u>13,7</u>50,000</mark>	As Required	As Required	Agent/Insurer
Organizational Expense (11)	\$1,000 - \$2,000	As Agreed	As Agreed	Accountant/Attorne
Permits and Licenses (12)	\$0 - \$5,750	As Required	As Required	Governmental Agency
Miscellaneous Project Management Expenses (13)	\$0 - \$5,000	As Incurred	As Agreed	Suppliers
Additional Funds (3				

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
months) (14)	\$750,000 - \$825,000	As Incurred	As Arranged	Suppliers

TOTAL (15)

\$**98801.75**000 - \$2,9**5**17.**0149**5

Explanatory Notes

- * All amounts listed in the above table 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 table are for the conversion of an existing hotel to a System Hotel. The costs in the above table 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 range is for inventory and operating equipment for three months of operations. The estimated range in

the table was calculated for a System Hotel with 100 rooms and RevPAR of \$52.

- 7. You will be required to place plaques at the **hotel Hotel's** main entrance and front desk indicating your affiliation with us.
- 8. You will be required to pay a Distribution System Photographs and Virtual Tours Fee to us for the purpose of ensuring our reservations systems have up-to-date material. You must also pay for one room night's accommodation for the photographer (if needed).
- The range in the table above for "Computer System" relates to (i) the cost for three computers 9. that you may have to purchase to support the PMS (\$9,900), (ii) the cost for two credit card EMV (chip/pin) devices that you may have to purchase to support the PMS's credit card interface (\$4,000), (iii) an installation fee of approximately \$1,500 you are required to pay us to support the PMS's Best Western Two-Way Interface, (iv) the cost of installing HMSS, generally \$2,100 to \$3,500 depending on the complexity of the installation, (v) the cost of two printers to support guest folios, registration cards and back-office reports (\$1,200), (vi) the cost of one fax machine to support reservation delivery back-up services (\$400) (vii) the cost for the equipment and installation of the high speed internet that you are required to provide to your guests (\$25,000), (viii) a PMS installation/implementation fee of \$995 you are required to pay AutoClerk-whetheryou choose the AutoClerk Cloud PMS or the AutoClerk PMS, and (ix) a fee of \$1,500 you are required to pay Comtrol Corporation for Lodging Link, a product that provides connectivity and integration of the PMS into other guest and hotel service systems (e.g. Call Accounting, PBX, in-room entertainment, Key Card, etc.). Notwithstanding these costs, the low end of the range in the table includes only the Best Western Two-Way Interface installation fee of approximately \$1,500 Hotel Owners are required to pay us, the fee of \$1,500 for Lodging Link, a product offered by Comtrol Corporation that provides connectivity and integration of the PMS into other guest and hotel service systems (e.g. Call Accounting, PBX, in-room entertainment, Key Card, etc.), and the HMSS installation fee that ranges in cost between \$2,100 and \$3,500.
- 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 range 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 estimate is not a warranty as to your actual operating costs which you best can determine.
- 15. You should review these estimated figures carefully with a business advisor before deciding to acquire the license. 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) the front entrance and front desk plaques; (ii) a license for the required PMS (currently AutoClerk Cloud PMS or AutoClerk PMS) from our affiliate, AutoClerk, under a Software as a Service Agreement in the form attached as Exhibit H-1 (if you choose to use the AutoClerk Cloud PMS) or an End User License Agreement in the form attached as Exhibit H-2 (if you choose to use the AutoClerk PMS); (iii) two-way connectivity to our reservations systems, for which you must pay us the related fees; (iv) the HMSS, which provides hotels with secure communications to data centers and security, for which you must pay us the related fees; and (v) Lodging Link, a product offered by Comtrol Corporation that provides connectivity and integration of the PMS into other guest and hotel service systems (e.g. Call Accounting, PBX, in-room entertainment, Key Card, etc.). Since you will be converting an existing hotel to a System Hotel, you may already have some or all of these items.

As mentioned above, you are currently required to license the System's PMS (currently AutoClerk Cloud PMS) from our affiliate, AutoClerk. When you obtain the required PMS, you will also receive the GMS. The GMS provides a full-suite guest management system for System Hotels. The GMS includes pre-registration, dynamic upsells, guest messaging, digital compendium and mobile check-out. The GMS enables hoteliers to increase revenue, boost staff efficiency and maximize guest satisfaction. If the Property has a waiver from the requirement to use the System's required PMS, you must still obtain the GMS and pay all associated fees.

You must (i) meet or exceed the SureStay North America MedallinGSS Program Overall Experience threshold; (ii) maintain the Hotel and provide amenities as we determine from time to time consistent with a lower-midscale/upper economy hotel; and (iii) maintain a passing SureStay quality assurance ("QA") assessment rating. We may provide our standards for a lower-midscale/upper economy hotel and for what we consider to be a passing QA assessment rating to you from time to time in writing (the table of contents of the current version of which is attached as Exhibit I).

You are required to purchase an approved shower head and key cards; use our approved rate shopping service and rate optimization software subscription program; purchase our required

guest room amenities, linen and terry pillows; use our designated chemical supplier; use our approved PMS provider and sign manufacturer. 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: \$11M. 6M General/Excess/Umbrella. We strongly recommend that Aassault and battery, abuse and molestation, and human trafficking liability coverage not be limited or excluded. Exposure to carbon monoxide exposure may not be excluded and must be covered to the full extent of the general liability limit without exclusion may not be limited to amounts less than the \$6M.
- Employment Practices Insurance: \$1M
- 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 \$21,887 in revenue during 2024 from selling required items to licensees of System Hotels. Neither we nor AutoClerk nor any of our other affiliates received any revenue or other material consideration during 20234 from selling required items to licensees of System Hotels Owners, but we and they may do so in the future. Designated suppliers did make payments (i.e., commissions and rebates) to our parent, Best Western International, in 20234 in connection with required and discretionary purchases by our and our affiliates' licensees and franchisees operating under other hotel brands (collectively referred to as "BW Hotel Operators"). Best Western International generally receives a margin of approximately 8.77.85% from furniture, fixtures and equipment suppliers and commissions of 2.93% 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 20234, Best Western International received total revenue of \$56380 million and Best Western International received \$54.86 million, or approximately 1.0.8% of its 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. \angle

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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(h) 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(c), 3(d) and 3(f)	Items 7 and 11
f.	Fees	Sections 1(d), 3(a), 3(h), 3(p) and 3(v) 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(q) and 3(jj)	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(r), 3(s), 3(aa)-(ee) and Exhibit A	Item 6
k.	Territorial development and sales quotas	Not applicable	Item 12
1.	Ongoing product/service purchases	Section 3 and Exhibit A	Items 6 and 8
m.	Maintenance, appearance, and remodeling requirements	Sections 3(a)-3(f) and 3(q)	Items 8, 11, 16, and 17
n.	Insurance	Section 3(hh)	Items 7 and 8

	Obligation	SECTION IN DISTRIBUTION AGREEMENT	Disclosure Document Item
0.	Advertising	Sections 3(i), 3(j), 3(q), 3(r) and 3(ee)	Items 7 and 11
p.	Indemnification	Section 3(ii)	Item 6
q.	Owner's participation/ management/staffing	Exhibit A	Items 11 and 15
r.	Records and reports	Sections 3(n), 3(s) and 3(u)	Not Applicable
S.	Inspections and audits	Sections 3(f), 3(s) and 3(u)	Items 8 and 11
t.	Transfer	Section 4(h)	Item 17
u.	Renewal	Section 1(a)	Items 17
v.	Post-termination obligations	Sections <u>1(b)</u> , 1(c) and 1(d)	Item 17
w.	Non-competition covenants	Not applicable	Item 17
х.	Dispute resolution	Section 4(l)	Item 17
y.	Other. Guaranty of Member's obligations	Not applicable	Not applicable

<u>ITEM 10</u>

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 a lower-midscale/upper economy 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 TravelGift 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 learning management system (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 **eustomer** feedback program (**eurrently Medallia**) (Distribution Agreement, Section 2(k)).

Advertising

We are not required to maintain any particular advertising program or engage in any marketing for System Hotels, apart from our general obligation to use reasonable efforts to market the Hotel on our reservation systems. 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 20234 fiscal year, we did not collect any Monthly Fees from Hotel Owners, but the marketing fees collected from other BW Hotel Operators were collectively spent in the following approximate amounts: 510% on advertising and media placement, production and other associated expenses, 912% on promotions for seasonal marketing, trade shows and other associated expenses and 4038% 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. Other than paying Annual Fees or Monthly Fees, as applicable, a portion of which we may use on advertising of System Hotels, you are not required to participate in any advertising fund.

Computer System

System Hotels are recommended to have the following certain computer equipment—and, are required to license the AutoClerk PMS, are required to have two-way connectivity to our reservations systems, are required to have a HMSS, are required to obtain and use Lodging Link, and have the option of having High Speed Internet Access, bothall at the following costs:

Recommended Equipment	<u>Cost</u>
3 Computers to support PMS	\$0 to \$9,900
EMV/Chip and Pin Equipment for Credit Card	\$0 to \$4,000 (for 2 Pin Pads)
Processing	
Printer	\$0 to \$1,200
Fax Machine	\$0 to \$400
High Speed Internet Equipment/Installation	\$0 to \$25,000
Required AutoClerk/ <mark>AutoClerk</mark> Cloud PMS Fees	
Installation/Implantation Fee	\$995
PMS Support Fee	\$3.97 per guest room (billed monthly) for the AutoClerk Cloud PMS or(includes \$250 permonth (billed quarterly) for the AutoClerk1.45 per guest room for the PGMS)
Required Two-Way Connectivity	
Two-Way Connectivity Installation Fee	\$1,500
Two-Way Connectivity Support Fee	\$41 to \$65
Required HMSS Fee	
Hotel Managed Security Services ("HMSS") Fee	One-time fee for installation of HMSS payable to us <u>typically</u> ranging from \$2,100 to \$3,500 (depending on complexity of the installation) and monthly maintenance fee payable to us of \$130 per month upon installation of HMSS
Required Lodging Link Fees	
Initial Cost	Approximately \$1,500
Support Fee	\$40 per month
Optional High Speed Internet Access	
High Speed Internet Access ("HSIA")	\$65 per month for the first 50 rooms, and \$1.25

per month for each additional room over 50 rooms, plus \$1.50 per minute for HSIA support
telephone calls.

The low end of the ranges for the <u>recommended</u> equipment (i.e. computers, EMV/Chip and Pin Equipment, printer, fax machine, and high speed internet equipment) in the above table is \$0, since you will be converting an existing hotel to a System Hotel and may already have all of the listed equipment.

Hotel Owners must license the hotel's PMS (currently AutoClerk Cloud PMS or AutoClerk PMS) from our affiliate, AutoClerk. When you obtain the required PMS, you will also receive the GMS. The GMS provides a full-suite guest management system for System Hotels. The GMS includes pre-registration, dynamic upsells, guest messaging, digital compendium and mobile check-out. The GMS enables hoteliers to increase revenue, boost staff efficiency and maximize guest satisfaction. If the Hotel has a waiver from the requirement to use the System's required PMS, you must still obtain the GMS and pay all associated fees.

In order to license the PMS from AutoClerk, you will be required to enter into a Software as a Service Agreement in the form attached as Exhibit H-1 (if you choose to use the AutoClerk CloudPMS) or an End User License Agreement in the form attached as Exhibit H-2 (if you choose to use the AutoClerk PMS). The current PMS software package includes a license for two users. The PMS will, among other things, manage availability, rates, restrictions, guarantees and reservation delivery in a reservation service; run the point-of-sale for restaurant, gift shop or other revenue centers; run the in-room entertainment and call accounting systems; and, track charges for internet and minibar. The PMS is bundled with two interfaces: the call accounting interface, the credit card/EMV interface and the Best Western Two-Way Interface. You will also be required to purchase Lodging Link, a product offered by Comtrol Corporation that provides connectivity and integration of the PMS into other guest and hotel service systems (e.g. Call Accounting, PBX, in-room entertainment, Key Card, etc.).

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.

As noted above, System Hotels are required to connect to our reservations systems via two-way connectivity. We will have 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 systems 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 SureStay QA assessment, and compliance with all branding requirements.

Operations Manual

We do not maintain or provide Hotel Owners a formal operations or procedural manual.

We may provide our standards for a lower-midscale/upper economy 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 version of our SureStay Collection by Best Western® QA Assessment Process & Procedures is attached as Exhibit I. 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 systems 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 <u>and licensees</u>, 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, Best Western International and certain of our and Best Western International's affiliates and subsidiaries operate hotels under the Best Western[®], Best Western Plus[®], Best Western Premier[®], BW Premier Collection[®], BW Signature Collection[®], Executive Residency by Best Western[®], @Home by Best Western, Vīb[®], GLō[®], Aiden[®], Sadie[®]BW Premier Collection, BW Signature Collection, SureStay Hotel—by Best Western, SureStay Studio by Best Western, and WorldHotels[®]- Collection names. (We disclose the principal business address for Best

Western International in Item 1.) We share offices with Best Western International and some of our and Best Western International's affiliates and subsidiaries. We, Best Western International and our and Best Western International'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, Best Western International, or our and Best Western International's affiliates or subsidiaries may currently or in the future be located in or near your Restricted Area. 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, Best Western International, or our or Best Western International's affiliates or subsidiaries.

You are not permitted to relocate the Hotel.

[Remainder of page left blank intentionally]

ITEM 13

TRADEMARKS

You may use the Licensed Marks in operating the System Hotel. The current principal Licensed Marks our parent Best Western International has registered on the Principal Register of the United States Patent and Trademark Office ("USPTO") are:

Trademark	REGISTRATION TRADEMARK NUMBER			
SureStay Collection	Reg. 5402515	Reg. 2/23/18		
SureStay Collection by Best Western	Reg. 5590272	Reg. 10/23/18		
SureStay COLLECTION by BEST WESTERN SureStay COLLECTION by BEST WESTERN	Reg. 5589420	Reg. 10/23/18		

Best Western International has licensed us to use, and to grant franchisees and licensees the right to use, the Licensed Marks and the System in a master license agreement dated as of August 29, 2016. The master license agreement provides for a term equal to the entire term of the Licensed Marks' registration and protection including any renewals or extensions thereof, unless earlier terminated in accordance with its provisions.

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 Hotel'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 systems, 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) meet or exceed the SureStay North America MedalliaGSS Program Overall Experience threshold; (ii) maintain the Hotel and provide amenities as we determine from time to time consistent with a lower-midscale/upper economy hotel; and (iii) maintain a passing SureStay quality assurance ("QA") assessment rating. There is no limit on our right to make changes to our standards for a lower-midscale/upper economy 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.

[Remainder of page left blank intentionally]

<u>ITEM 17</u>

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 systems and ends on December 31st of the year that is the 10th anniversary("Term").
b. Renewal or extension of the term	Section 1(a) of Distribution Agreement.	The Term automatically renews for successive 510-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 510-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 Distribution Agreement.	The Hotel Owner can terminate the Distribution Agreement: (1) at any time upon providing 1 years' 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

Provision	SECTION IN DISTRIBUTION AGREEMENT	Summary
		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.
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	Not applicable.	Not applicable.

Provision	SECTION IN DISTRIBUTION AGREEMENT	Summary
Owner's business		
p. Death or disability of Hotel Owner	Not applicable.	Not applicable.
q. Non-competitio n covenants during the term of the franchise	Not applicable.	Not applicable.
r. Non-competitio n 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.
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(1) 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(1) of the Distribution	The Distribution Agreement will be governed by the laws of the State of Arizona. (Subject to state law).

Provision	Section in Distribution Agreement	Summary
	Agreement.	

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.

[Remainder of page left blank intentionally]

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1 System-wide Outlet Summary For years 20242 to 20234*

Column 1	Column 2	Column 3	Column 4	Column 5
		Outlets at the	Outlets at the	
Outlet Type	Year	Start of Year	End of Year	Net Change
Licensed		0	0	0

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
	2021			
Licensed	2022	0	0	0
<u>Licensed</u>	2023	0	0	0
Company Owned	202 <mark>14</mark>	0	0 <u>4</u>	<u>0+4</u>
Company Owned	2022	0	0	0
	2023	0	0	0
Fotal Outlets	202 <mark>14</mark>	0	0	0
Total Outlets	2022	0	0	0
	2023	0	0	0
	<u>2024</u>	<u><u>0</u></u>	<u>4</u>	<u>+4</u>

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 20212 to 20234*

Column 1	Column 2	Column 3
State	Year	Number of Transfers
All States	2021	0
All Gr	2022	0
All States	2023	0
Fotals	202 <mark>1</mark> 4	0
	2022	0
<u>Totals</u>	2023	0
	<u>2024</u>	<u>0</u>

Table No. 3 Status of Franchised Outlets For years 20242 to 20234*

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opene d	Col. 5 Termination s	Col. 6 Non- Renewal s	Col. 7 Reacquire d By Franchisor	Col. 8 Ceased Operation s - Other Reasons	Col. 9 Outlets at End of the Year
ATI	202 <mark>12</mark>	0	0	0	0	0	0	0
All- States Arizona	202 <mark>2</mark> 3	0	0	0	0	0	0	0
rtates ATIZOIIA	<u>2024</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Louisiana	2023	0	0	0	0	0	0	0
	<u>2024</u>	<u>0</u>	1	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	1
T . 1	202 <mark>12</mark>	0	0	0	0	0	0	0
Totals Michigan	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>ricingan</u>	<u>2024</u>	<u>0</u>	1	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	1
	2022	0	0	0	0	0	0	0
<u>Totals</u>	2023	0	0	0	0	0	0	0
	<u>2024</u>	<u>0</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>

Table No. 4
Status of Company-Owned Outlets
For years 20212 to 20234

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
	202 <mark>1 2</mark>	0	0	0	0	0	0
All States	202 <mark>2</mark> <u>3</u>	0	0	0	0	0	0
	202 <mark>3 <u>4</u></mark>	0	0	0	0	0	0
Totals	202 1	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
	<u>2</u>						
	202 2 <u>3</u>	0	0	0	0	0	0
	202 <mark>3</mark> 4	0	0	0	0	0	0

Table No. 5
Projected Openings As of November 30, 20234

Column 1	Column 2	Column 3	Column 4
State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In The Next Fiscal Year
California Illinoi	<u>01</u>	1	0
<u>\$</u>			
Florida Totals	<u>01</u>	1	0
Tennessee	0	4	0
Totals	0	3	0

^{*} As described in Item 1, we offered hotel franchises using the "SureStay Collection by Best Western" mark under a different disclosure document from 2016 until we began offering licenses for System Hotels under this Disclosure Document in March, 2024. Once there are System Hotels that are operated by licensees that enter into distribution agreements with us, they will be reflected in the tables above. The SureStay Collection by Best Western hotels that are operated by franchisees that entered into franchise agreements with us are not 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 Hotel Owners have signed confidentiality clauses that restrict them from discussing with you their experiences as a Hotel Owner in the System.

There are currently no trademark-specific franchisee organizations.

ITEM 21

FINANCIAL STATEMENTS

Exhibit E contains the audited consolidated financial statements (and the related notes) of Best Western International as of and for the years ended November 30, 20234, November 30, 20242 and November 30, 20212.

Best Western International absolutely and unconditionally guarantees to assume our duties and obligations under the Franchise Agreement should we become unable to perform **itsour** duties and obligations under the Franchise Agreement. Best Western International's guaranty of performance is included in Exhibit E.

ITEM 22

CONTRACTS

The following agreements are exhibits:

Exhibit C-1 Distribution Agreement

Exhibit C-2 State Addenda to Distribution Agreement

Exhibit H-1 AutoClerk Cloud PMS Software as a Service Agreement

Exhibit H-2 AutoClerk PMS End User License Agreement

ITEM 23

RECEIPTS

Our and your copies of the receipt to this Disclosure Document are located on Exhibit 11, 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 6270662701
(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

Division of Financial Regulation, Corporate Securities Section 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) 972-85598565

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 6270662701 (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 Consumer Protection—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 Finance and Corporate
Securities Financial Regulation
350 Winter Street NE, Room 410
Salem, Oregon 97301-3881
(503) 378-43874140

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





DISTRIBUTION AGREEMENT

DISTRIBUTION AGREEMENT

FEBRUARY 2024 CONFIDENTIAL

· · ·			
This Distribution Agreement ("Agreement") is entered into as of thisday of	,		
202_ ("Effective Date") by and SureStay, Inc. ("SureStay"), a corporation organized and existing under the			
laws of the State of Arizona, United Statesof America, and	-("Hotel		
Owner") operatinga hotel located at (the "	Hotel").		
SureStay 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:			

Property |

SureStay 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 BWHSMBWH® Hotels' ("BWH") Reservation Channels (e.g., bestwestern.com, the BWH reservations call center, and BWH connections to the Global Distribution System ("GDS")) (the "Term"). The Term shall automatically renew for successive fiveten (510) 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 thencurrent 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 SureStay liquidated damages in an amount calculated by taking the average of the prior twelve (12) months of fees owed to SureStay (but if fees have been owed to SureStay 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 **thethis** 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 **thethis** Agreement (e.g., if **the**-Hotel fails to meet an obligation listed in Section 3 of **thethis** Agreement or there is a transfer or assignment in violation of paragraph 4.h.). In the event SureStay cancels **thethis** Agreement for cause, Hotel will pay SureStay

liquidated damages in an amount calculated by taking the average of the prior twelve (12) months of fees owed to SureStay (but if fees have been owed to SureStay 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 BWH'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. <u>SureStay Obligations</u>. SureStay agrees and shall:

- a. Use commercially reasonable efforts to market the Hotel on BWH 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 BWH 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 TravelGift Card® ("TravelGift 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 BWH Reservation Channels.
- g. Indemnify, hold harmless and assume the defense of Hotel with regard to SureStay 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®, SureStay®, BWR, and the agreed to brand as noted above (i.e., SureStay 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 BWH online education and training resources, to include BWH's learning management system ("LMS") (BWH's online education website that offers online learning opportunities for continuing education).
- k. Provide to Hotel access to guest satisfaction surveys through Medallia. Hotel will be responsible for a per month Medallia guest service satisfaction ("GSS") usage fee.
- 3. Hotel Obligations. Hotel agrees and shall:
 - a. Meet or exceed, for the duration of the Term and any subsequent Term, the SureStay North America MedalliaGSS Program Overall Experience threshold, and pay the overall experience threshold fee set forth in Exhibit A with respect to any instances of underperformance.
 - b. Maintain the Hotel and provide amenities as determined by SureStay from time to time consistent with the Hotel's competitive set.
 - c. 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 BWH Reservation Channels.
 - d. Complete a deep-clean program prior to activation on BWH Reservation Channels.
 - e. Maintain a preventative maintenance program.
 - f. Achieve a passing SureStayComply with all quality assurance ("QA") processes and procedures, achieve a passing SureStay QA assessment rating prior to activation on BWH Reservation Channels, and maintain a passing rating for the duration of the 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.
 - g. Provide: (i) a paid <u>or</u> complimentary breakfast to guests as determined by the Hotel with requirements consistent with the Hotel's competitive set and guidelines established by SureStay; and (ii) complimentary high-speed internet access.
 - h. Pay fees and/or charges to SureStay as detailed in *Exhibit A*.

- i. Make all Hotel non-booked rooms available (i.e., last room availability) for display on, and bookable through, BWH Reservation Channels, BWH distribution partner channels, including B2B channels such as the GDS, and online travel agencies that have a distribution contract with BWH that allows for the sale of Hotel's rooms.
- j. Use the <u>BestREV software</u>, or any other software designated by <u>SureStay for revenue</u> management in conjunction with the BWH two-way interface and the AutoClerk property management system.
- k. Provide to SureStay 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 SureStay's rate integrity requirements.
- 1. Use SureStay as its exclusive hotel brand distribution partner.
- m. 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 SureStay its PCI compliance. Hotel shall immediately notify SureStay of any Hotel data breach or compromise of its systems. SureStay shall have the right to stop the transfer of data or restrict access to BWH 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.
- n. Use best efforts to provide Hotel Information to SureStay.
- o. Authorize SureStay 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.
- p. 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 SureStay, 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, SureStay may withhold services,

including access to BWH Reservation Channels by Hotel. SureStay 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, SureStay shall have no obligation to restore such service unless and until the accounts have been paid down to a current status.

- q. Use the Licensed Marks in accordance with SureStay's brand identity standards (e.g., prominently display the required plaques at the Hotel's front entrance and at the registration desk).
- r. Participate in the BWR and the **TravelGift** Card programs as required by SureStay.
- s. Allow SureStay 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 SureStay with cause. Hotel shall correct any identified deficiencies in a timely manner.
- t. Provide appropriate documentation (e.g., monthly gross rooms revenue, occupancy tax records, etc.) to SureStay as requested such that SureStay may calculate fees, charges and credits.
- u. Allow SureStay, at SureStay'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 SureStay for the cost of such audit.
- v. Allow SureStay to automatically debit Hotel's bank account each month in the amount owing SureStay. If Hotel chooses to opt out of the automatic payment feature, Hotel shall remit required payments to SureStay 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, SureStay shall have the right to require automatic debit of Hotel's bank account. Hotel agrees to receive monthly statements electronically.
- w. Accept credit cards as required by SureStay. At the option of Hotel, Hotel may allow consumers to prepay reservations through BWH's prepayment reservations system. This

- prepayment reservation system requires the Hotel to participate in a BWH designated credit card program, which enables the prepayment to directly transfer to Hotel's merchant account.
- x. 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.
- y. 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 BWH sales client (e.g., corporate, MICE or leisure); or (ii) the issuance of a confirmation generated by BWH sales staff documenting the Hotel's agreement to rates and availability.
- z. Respond to requests for proposals (e.g., transient, group, etc.) by the due date indicated on the bid.
- aa. Not treat any guest that books through BWH any differently than any guest who books through a non-BWH channel (e.g., cancellations, no-shows, relocations for overbooking).
- bb. Respond to customer complaints in a prompt, courteous, reasonable manner. Hotel will participate in the SureStay customer complaint program and pay those related fees as detailed in *Exhibit A*.
- cc. Participate in a customer feedback program (currently Medallia).
- dd. Provide a service guarantee as determined by SureStay from time to time (e.g., "If something goes wrong, we will make it right.").
- ee. Participate in and comply with the SureStay Low Rate, Guaranteed! program.
- ff. Subscribe to and participate in the Smith Travel Research ("STR") weekly reporting program. SureStay will automatically submit data for Hotel if it is connected to BWH via two-way interface; otherwise, hotel must submit data manually to STR.
- gg. 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) BWH's Privacy Policy as posted on its website at http://www.bestwestern.com, and as may be amended by SureStay from time to time, and (ii) with any applicable local, national, regional, or international privacy and security laws, rules and regulations.
- hh. Name SureStay 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

Assault and battery, abuse and molestation, and eCarbon monoxide exposure shall not be excluded from this coverage and must be covered to the full extent of the general liability limit(s) without limitation. It is strongly recommended that assault and battery, abuse and molestation, and human trafficking liability coverage not be limited or excluded.

- ii. Hotel shall have employment practices liability insurance with an annual aggregate of coverage of not less than one million dollars U.S. (\$1,000,000 USD).
- iii. 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).
- iv. 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.
- <u>V.</u> Hotel shall have worker's compensation insurance as required by law.
 Hotel shall submit to SureStay 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 SureStay 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 SureStay 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 SureStay on the date and at the time that insurance coverage terminates unless agreed to otherwise in writing by SureStay. Said failure shall constitute "cause" under the provisions of Section 1.c. Hotel covenants and agrees to cooperate fully with SureStay in defense of any claim made against SureStay 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 SureStay of the proposed settlement and shall use best efforts to secure the release of SureStay from liability.

- ii. Hotel agrees to indemnify, hold harmless and assume the defense of SureStay with regard to Hotel operations and the providing of accommodations, food, beverages, transportation, and services at the Hotel.
- jj. Provide to SureStay a non-exclusive, limited, non-transferable license to use during the Term the words and marks associated with Hotel (if any).
- kk. ii. Hotel Owner and Hotel are jointly and severally liable to SureStay for the responsibilities and obligations of the other.
- **II.** Hotel Owner agrees to display a courteous and professional attitude toward officers, directors, employees, and staff of SureStay and Best Western International, Inc. ("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 BWH-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. BWI** Membership association.
- g. SureStay 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. SureStay 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 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 SureStay 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 SureStay in its most recent franchise disclosure document

- (including exhibits and amendments) delivered to Hotel Owner or its representative.
- j. The Parties agree that SureStay 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.

[Signature page follows]

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

SURESTAY, INC.

By:		
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Pro <mark>PudpeNty</mark>			
HOTEL OWNER.			
HOTEL OWNER			
By:			
By:Name:			
Title:			

Exhibit A

This table identifies fees, charges and credits billed to Hotel and due to SureStay monthly, except as otherwise indicated annually. Fn 1 Additional fees and charges may apply. SureStay 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	Sales, marketing, and technology fee, due	5% of monthly Gross Rooms
•	and owing on a monthly basis.	Revenue. Fn 2
	SERVICES AND COSTS	
Fees, Charges, Credits	Description	Amount in USD
Global Distribution Systems	Fee for reservations booked through GDS	\$7.90 per booking.
(GDS) Fee	and GDS internet travel sites.	-
Third-Party	Fee for reservations booked through third-party	\$4.60 per booking.
Internet Booking	internet booking sites via Pegasus, HBSi, etc.	
Fee		
Third Party Partner Online Travel Agency ("OTA") Booking Fee	Payable for reservations booked through our third-partythird-party partner	<u>\$1.00 -</u> \$2.00 per booking.
Best Western Rewards®	Fee for BWR points or airline program	\$0.0055 per point issued.
(BWR®) Fee	miles issued by Hotel to BWR members	
, , , , , , , , , , , , , , , , , , ,	(10 points issued for each revenue dollar).	
BWR Enrollment Fee	Rebate of BWR fee imposed when a	5.5% of Monthly Gross
Rebate	new BWR member is enrolled.	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.
		maximum \$300.
		\$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	The credit portion for BWR®
1 4, 11111 1 011165	combination of BWR points and an	points redeemed:
	alternative payment method. The Hotel	pomis reaconica.
	retains the non-points portion of the stay	If 90% occupied or
	and receives a credit for the points	greaterhigher, a credit
	and receives a credit for the points	greater mgner, a credit

portion. equal to the number of points times \$0.005 times 90%. If 70% or greater but lethan 90% occupied, a cequal to the number of times	ss credit
than 90% occupied, a cequal to the number of times	redit
\$0.005 times 70%.	pomis
If less than 70% occupied, a credit equato the number of points times \$0.005 times 40%	S
The cash paid (non-population of Pay with Population of Pay with Pop	ints is
BWR Elite Fee for BWR Customer Care agent in Fee per occurrence ra	nges
Member Property Phoenix to respond to and resolve a from \$0 to \$250 based	
Recognition complaint related to BWR Elite number of complaints	
<u>Program</u> <u>Member recognition requirement on</u> <u>fiscal year and hotel s</u>	
first enrollment. Guest is awarded 500 For Elite guest, a fee	<u>of</u>
points payable by the Hotel. \$2.75 per stay.	
Free Night Vouchers Credit for BWR free night voucher redeemed at Hotel. 80% of the Hotel's Ave Monthly Rate ("AMR"	_
Best Western TravelGift Card® ("Gift Card") Credit for travelgift cards redeemed at Hotel. Amount of travelgift cards redeemed less 10% commission.	ırd
It is optional for Hotel to sell travelgift cards. Charge for travelgift cards sold or reloaded at Hotel. Related commission is a credit to Hotel. Charge for travelgift cards sold or reloaded at reloaded is charged; reloaded is charged; reloaded.	elated
BestCheque Fee for administering the centralized travel agent commissions program. \$0.71 per commissional transaction.	ole
BestCheque Consortia Per booking fee for reservations received from Consortia partners. Fee of \$3.00 per net roomight reservation booked.	
Travel Agent Commissions Pass-through commission charge for travel agent Commission on Gross F	looms
reservations. Commission varies by travel Revenue that varies by	<u>y</u>
agent and agreement. Commission charge travel agent and	
for reservations booked through agreement. Fn 2	
for reservations booked through third-party travel agents that are passed onto the Hotel without mark-up.	
for reservations booked through third-party travel agents that are passed agreement. Fn 2	sumed
Fee for revenue generated through agreement. Fin 2 agreement. Fin 2 agreement. Fin 2	
Fee for revenue generated through advertising (i.e., paid search). In third-party travel agents that are passed onto the Hotel without mark-up. Performance Fee for revenue generated through paid advertising (i.e., paid search). In third-party travel agents that are passed onto the Hotel without mark-up. 10% commission on compression of the property of Gross Room revenue Fin 2 for each	<u>S</u>
Fee for revenue generated through agreement. Fin 2 agreement. Fin 2 agreement. Fin 2	<u>S</u>
Fee for revenue generated through advertising (i.e., paid search). In third-party travel agents that are passed onto the Hotel without mark-up. Performance Fee for revenue generated through paid advertising (i.e., paid search). In third-party travel agents that are passed onto the Hotel without mark-up. 10% commission on compression of the property of Gross Room revenue Fin 2 for each	§ from

	result from a banner ad placed on a publisher's	Revenue Fn Fn 2 for each
	network.	reservation associated
	network.	
		with <u>a</u> banner ads.
Travel	Preferred partnership status.	Varies by TMC; but generally
Management		annual participation fees are
Companies		\$350 - \$1,100 per TMC, or
(TMC)		Pay for Performance at \$3.00
(11110)		per consumed room night
		plus
G G : :	DWII 4 11	a 10% agency commission.
Group Commissions	BWH centrally pays group commissions for	As negotiated between
	worldwide sales group intermediary partners	Hotel and client.
	(currently HelmsBriscoe and HotelPlanner)	Mandatory 10%
	after receiving confirmation of the group pick	commission on Gross
	up and commission due from Hotel. SureStay	Rooms Revenue Fn Fn 2 for
	then invoices Hotel.	HelmsBriscoe and
		HotelPlanner.
Two-Way Support Fee	One-time installation fee and monthly	One-time installation
1 WO- Way Support I'ce	maintenance fee for the PMS's Best	fee of \$1,500 and a
	Western Two-Way Interface.	monthly maintenance
		<u>fee that ranges from</u>
		\$41 to \$65 per month
Hotel Managed Security	One-time installation fee and monthly	One-time fee for
Service ("HMSS")	maintenance fee, both payable to us, for	installation of HMSS
	HMSS, an internet-based solution through	typically ranging from
	a BWI endorsed vendor for sending and	\$2,100 to \$3,500 and a
	receiving reservations. The HMSS provides	monthly maintenance
	hotels with secure communications to our	fee of \$130 per month
	data centers and increased security	upon installation of
	between hotels and approved PMS	<u>HMSS.</u>
DED T. 1E	providers.	#12 0
RFP Tool Fee	Fee for tool to participate in RFP process.	\$120 per year.
BWH Groups RFP Tool	Fee for tool to participate in Groups RFP	\$120 per year.
Fee	process.	
Property Management	Payable as a support fee for the required	Currently, \$3.97 per guest
	PMS for System Hotels. Statements are	room (billed monthly) for
<u>Fee</u>	sent monthly for the AutoClerk Cloud PMS. If the Hotel has a waiver from the	the AutoClerk Cloud PMS. PMS Support Fee includes
	requirement to use the PMS, you must still	\$1.45 per guest room
	pay the fee for the GMS. You will be	(billed monthly) for the
	required to either allow us/our affiliate to	Canary Guest
	automatically debit the Hotel's bank	Management System
	account in the amount owing, or to set up	<u>("GMS").</u>
	automatic payments on a credit card.	
Distribution System	Fee for online still photographs. System	<u>\$1,150-\$5,000 per Hotel</u>
Photographs Fee	Hotels are required to renew their photos	plus the cost of any
	every three (3) years.	additional photographs a
		hotel may choose to have
		taken outside the standard photography package.
Overall Experience	Fee assessed for Hotel's second and each	\$2,500 fee per default.
Threshold Fee	subsequent consecutive instance of failing	vajovo ice poi deidditi.
	to meet or exceed the SureStay North	
	America GSS Program Overall Experience	
	threshold.	

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.	\$2,1,000 cost recovery fee. Hotel is also required to provide a free room night to the QA Inspector.
Guest Service Satisfaction	Fee for guest satisfaction survey.	\$25 monthly usage fee-
(GSS) Program Fee	Statements are dated on the 1st of the month	required.
	and are sent electronically within 6 business	-
	days.	
Customer Care/First Contact Resolution ("FCR")	Payable as a fee for customer care handling of customer complaints.	\$50.00 ticket fee charged on certain contacts. First 4 Complaints annually:
		Free
		Complaints 5-10 annually: \$100 Each
		Complaints 11+ annually: \$250 Each Applicable taxes- per file fee will be assessed
		plus cost of resolution.
		Non-FCR - \$75 per
		non-response, plus cost of any compensation to customer.
Medallia Fee	Fee to provide Hotel access to guest satisfaction surveys through Medallia.	\$25 monthly usage fee- required.
Rate Shopping	Competitive software subscription rate	Varies depending on
Service Parity	shopping service that allows hotels to shop up-	market but generally
	to 8 competitors Administrative fee charged	between \$59 and \$99 per
	to hotels for rate parity violations. Due and	month System Hotels
	payable upon statement receipt.	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.
Online Travel Agency	Annual marketing fee for costs of OTA	\$250 annual fee per
("OTA") Marketing Fund	advertising and marketing.	System Hotel.

Finance Service Charge Finance charge for late payment of account, assessed after 45 days. Finance charge for late payment of account, assessed after 45 days. Finance charge for late payment of account, assessed after 45 days. Fransfer Fee Fee to transfer or assign the Agreement (requires SureStay consent). Business Travel Business travel support and services. Representation Leisure Travel Leisure travel support and services. No additional cost. No addition	Assessment		
Representation	-	assessed after 45 days.	account balance assessed monthly (18% Annual Percentage Rate).
Leisure Travel Leisure travel support and services. No additional cost.	Transfer Fee		\$10,000
Representation Digital Marketing Digital Marketing consulting services. No additional cost. Supply Access to supply procurement/negotiated brand pricing using the BWH Supply Endorsed Program. Access to BWH online education and training resources. Rate Parity Best REV System Hotels that repeatedly violate rate parity are subject to administrative fee which range up to \$4,000 per violation depending on the number of violations annually Payable for use of demand forecasting and rate optimization software subscription program. Two Way Support Fee A one time installation fee of \$1,500 and a Two Way Monthly Support fee that ranges from \$11 to \$65 per month (based on the latel's property management system). Hotel Managed Security Service ("HMSS.") One time fee for installation of HMSS-ranging from \$2,100 to \$3,500 and a monthly installation of HMSS. Pees, Charges, Credits Partner Forum Rate Shopping Service OPTIONAL SERVICES AND COSTS Fee, Charges, Credits Partner Forum BWH sales and marketing event. Competitive software subscription rate shopping service that allows hotels to shop up to 10 competitors. Property Revenue for three Manager ("PRFHM") Program Access to supply procurement/negotiated brand pricing to the participate in the optional program for experienced and certified PRFHM services. BWH two-way interface is required in order to participate in the optional program for experienced and certified PRFHM services. BWH two-way interface is required in order to participate in the Optional program for experienced and certified PRFHM services. BWH two-way interface is required in order to participate in the Optional program for experienced and certified PRFHM services. BWH two-way interface is required in order to participate in the Optional program for experienced and certified PRFHM services. BWH two-way interface is required in order to participate in the Optional program for experienced and certified PRFHM services. BWH two-way interface is required in order to participate in the Optional progra		Business travel support and services.	No additional cost.
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BWH LMS Access to BWH online education and training resources. Rate Parity BestREV System Hotels that repeatedly violate rate parity are subject to administrative fees which range up to \$4,000 per violations depending on the number of violations annually Payable for use of demand forecasting and rate optimization software subscription program. Two Way Support Fee A one time installation fee of \$1,500 and a maintenance. Two Way Monthly Support fee that ranges from \$41 to \$65 per month (based on the hotel's property management system). One time fee for installation of HMSS. Tanging from \$2,100 to \$3,500 and a monthly maintenance fee of \$130 per month upon installation of HMSS. OPTIONAL SERVICES AND COSTS Fees, Charges, Credits Partner Forum Rate Shopping Service BWH sales and marketing event. Competitive software subscription rate shopping service that allows hotels to shop up to 10 competitors. Property Revenue for the optional program for experienced and certified PRFHM services. BWH two-way interface is required in order to participate in the PRFHM program. No additional cost. Administrative fee charged to hotels from the participate in the optional program for experienced and certified PRFHM services. BWH two-way interface is required in order to participate in the PRFHM program.		Digital Marketing consulting services.	No additional cost.
Rate Parity BestREV Property Revenue for Britannia BWH sales and marketing event. Rate Shopping Service Property Revenue for Hise Manager ("PRFHM") Program Tesources. System Hotels that repeatedly violate rate parity are subject to administrative fees which range up to \$4,000 per violations annually Payable for use of demand forecasting and rate optimization software subscription program. A one-time installation fee of \$1,500 and a Two Way Monthly Support fee that ranges from \$41 to \$65 per month (based on the hotel's property management system). One-time fee for installation of HMSS-ranging from \$2,100 to \$3,500 and a monthly maintenance fee of \$130 per month upon installation of HMSS. OPTIONAL SERVICES AND COSTS Fees, Charges, Credits Description Rate Shopping Service Property Revenue for the optional program for experienced and certified PRFHM services. BWH two-way interface is required in order to participate in the Optional program for experienced and certified PRFHM services. BWH two-way interface is required in order to participate in the PRFHM program. Property Revenue for the optional program for experienced and certified PRFHM services. BWH two-way interface is required in order to participate in the PRFHM program. Property Revenue for the optional program for experienced and certified PRFHM services. BWH two-way interface is required in order to participate in the PRFHM program.	Supply	pricing using the BWH Supply Endorsed	No additional cost.
parity are subject to administrative fees which range up to \$4,000 per violation depending on the number of violations annually Payable for use of demand forecasting and rate optimization software subscription program. Two Way Support Fee A one time installation fee of \$1,500 and a Two Way Monthly Support fee that ranges from \$41 to \$65 per month (based on the hotel's property management system). Hotel Managed Security Service ("HMSS") One time fee for installation of HMSS-ranging from \$2,100 to \$3,500 and a monthly maintenance fee of \$130 per month upon installation of HMSS. OPTIONAL SERVICES AND COSTS Fees, Charges, Credits Partner Forum BWH sales and marketing event. Competitive software subscription rate shopping service that allows hotels to shop up to 10 competitors. Property Revenue for HireManager ("PRFHM") Program Two Way Support fee that ranges from the optional program for experienced and certified PRFHM services. BWH two-way interface is required in order to participate in the PRFHM program. Property Revenue for the program for experienced and certified PRFHM services. BWH two-way interface is required in order to participate in the PRFHM program.	BWH LMS		No additional cost.
Two Way Monthly Support fee that ranges from \$41 to \$65 per month (based on the hotel's property management system). Hotel Managed Security Service ("HMSS") Due and payable monthly apportatement receipt. Due and payable monthly upon statement receipt.	Rate Parity Best REV	parity are subject to administrative fees which range up to \$4,000 per violation depending on the number of violations annually Payable for use of demand forecasting and rate optimization software subscription	charged to hotels for rate parity violations. Due and payable upon statement receipt Cost recovery set-up fee plus \$175 per month for licensing, support
One time fee for installation of HMSS ranging from \$2,100 to \$3,500 and a monthly upon statement receipt.	Two-Way Support Fee	Two-Way Monthly Support fee that ranges from \$41 to \$65 per month (based on the	
Partner Forum BWH sales and marketing event. Rate Shopping Service Competitive software subscription rate shopping service that allows hotels to shop up to 10 competitors. Property Revenue for HireManager ("PRFHM") Program Fee charged to hotels that participate in the optional program for experienced and certified PRFHM services. BWH two-way interface is required in order to participate in the PRFHM program. Property Revenue for the Hotel: Syp5 for 1-120 rooms \$1,395 for 201+ rooms		One-time fee for installation of HMSS ranging from \$2,100 to \$3,500 and a monthly maintenance fee of \$130 per month upon installation of HMSS.	
Rate Shopping Service Competitive software subscription rate shopping service that allows hotels to shop up to 10 competitors. Yaries depending on market but generally between \$59 and \$99 per month.			
Rate Shopping Service Shopping service that allows hotels to shop up to 10 competitors. Property Revenue for HireManager ("PRFHM") Program Fee charged to hotels that participate in the optional program for experienced and certified PRFHM services. BWH two-way interface is required in order to participate in the PRFHM program. Property Revenue for the optional program for experienced and certified PRFHM services. BWH two-way interface is required in order to participate in the PRFHM program. Solution The property Revenue for the optional program for experienced and certified PRFHM program. Solution The property Revenue for the optional program for experienced and certified PRFHM program. Solution The property Revenue for the optional program for experienced and certified PRFHM program. Solution The property Revenue for the optional program for experienced and certified PRFHM program. Solution The property Revenue for the optional program for experienced and certified PRFHM program. Solution The property Revenue for the optional program for experienced and certified PRFHM program. Solution The property Revenue for the optional program for experienced and certified PRFHM program. Solution The property Revenue for the optional program for experienced and certified PRFHM program. Solution The property Revenue for the optional program for experienced and certified PRFHM program. Solution The property Revenue for the optional program for experienced and certified PRFHM program.			
Property Revenue for HireManager ("PRFHM") Program Fee charged to hotels that participate in the optional program for experienced and certified PRFHM services. BWH two-way interface is required in order to participate in the PRFHM program. Per month fee based on size of the Hotel: \$995 for 1-120 rooms \$1,395 for 201+ rooms		Competitive software subscription rate	Varies depending on
the optional program for experienced and certified PRFHM services. BWH two-way interface is required in order to participate in the PRFHM program. The infinitive based of size of the Hotel: \$995 for 1-120 rooms \$1,195 for 121-200 rooms \$1,395 for 201+ rooms		up to 10 competitors.	between \$59 and \$99 per
Property Sales Monthly charge of \$2,300 per property (or Due and payable upon	Hire Manager	the optional program for experienced and certified PRFHM services. BWH two-way interface is required in order to participate in the PRFHM program.	Per month fee based on size of the Hotel: \$995 for 1-120 rooms \$1,195 for 121-200 rooms
	Property Sales	Monthly charge of \$2,300 per property (or	Due and payable upon

CONFIDENTIAL

Management Program	discount rate of \$2,100 for the multi-properties) Due and payable upon statement receipt.	statement receipt Monthly charge of \$2,300 per property (or discount rate of \$2,100 for the multi-properties).
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.Optional program fee to have calls transferred from the hotel to Central Reservations. System Hotels not participating are subject to a fee per call transferred.	Participating hotel: 3% commission per reservation booked with a cap of three (3) nights for a single reservation. Non-participating hotel: Due and payable monthly upon statement receipt. \$5 for each call transferred.
High Speed Internet Access ("HSIA")	Our Hotel HSIA solution.	\$65 per month for the first 50 rooms, and \$1.25 per month for each additional room over 50 rooms, plus \$1.50 per minute for HSIA support telephone calls.
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.

Property No.

EXHIBIT C-2 TO FDD

STATE ADDENDA TO DISTRIBUTION AGREEMENT TO DISTRIBUTION $\underline{ \text{AGREEMENT} }$

Property No.	

RIDER TO THE SURESTAY, INC. DISTRIBUTION AGREEMENT FOR USE IN CALIFORNIA, HAWAII, INDIANA, MICHIGAN, SOUTH DAKOTA, VIRGINIA HAWAII, INDIANA, MICHIGAN, SOUTH DAKOTA, VIRGINIA AND WISCONSINWISCONSIN

"Hotel Owner").	-	(, 0 , 0	j jour, j or
		("vou-	", "your,", or
"our ₅ " •	or	"SureStay"),	and
its principal busines	ss address at 6201 N. 24	4th Parkway, Phoenix, Arizona 850	016 ("we," "us" <u>.</u>
•	· · · · · · · · · · · · · · · · · · ·	d between SureStay, Inc., an Arizona	•
	,	d entered into as of the Effective Da	

- 1.—<u>Background</u>. 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.

Property No.

HOTEL OWNER:	SURESTAY:
[INSERT HOTEL OWNER ENTITY], a [INSERT TYPE OF ENTITY]	SureStay, Inc., an Arizona corporation
By:	By:
Name:	Name:
Title:	Title:
Executed on:	Executed on:

Property No.

RIDER TO THE SURESTAY, INC. DISTRIBUTION AGREEMENT FOR USE IN ILLINOIS

This l	Rider (the "Rider") is 1	made and entered	into as of the Effective Date as	stated in the
Distribution A	Agreement (defined bel	low), by and betw	een SureStay, Inc., an Arizona	corporation
with its princ	cipal business address	at 6201 N. 24th 1	Parkway, Phoenix, Arizona 85	5016 ("we , ",
"us" <u>.</u>	"our <mark>," </mark>	or	"SureStay"),	and
			("you <mark>,",</mark> "your	;"• or " Hote l
Owner").				

- 1. Background. SureStay 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 $\frac{3}{4}$. 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.

Property No.

HOTEL OWNER:	SURESTAY:
[INSERT HOTEL OWNER ENTITY], a [INSERT TYPE OF ENTITY]	SureStay, Inc., an Arizona corporation
By:	By:
Name:	Name:
Title:	Title:

Property No.	

RIDER TO THE SURESTAY, INC. DISTRIBUTION AGREEMENT FOR USE IN MARYLAND

"Hotel Ow	ner")					1, <u>1</u>	ui, <u>,</u> oi
					("voi	1;", "yo	ur_'' or
85016	("we , ",	"us" <u>.</u>	"our , " <u>.</u>	or	"SureS	tay"),	and
corporation	with its princ	cipal business	address at	6201 N. 24th	Parkway,	Phoenix,	Arizona
the Distrib	ution Agreeme	ent (defined	below), by	and between	SureStay,	Inc., an	Arizona
This	s Rider (the "I	Rider ") is ma	de and enter	ed into as of the	he Effective	e Date as	stated in

- 1. Background. SureStay 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 of 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 4.1 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. <u>Miscellaneous</u>.

- a. Section 4.j of the Distribution Agreement is deleted in its entirety.
- b. The following language is added as a new Section 4.0 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.
- c. 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.

Property No.	

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.

Property No.				
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HOTEL OWNER:	SURESTAY:
[INSERT HOTEL OWNER ENTITY], a [INSERT TYPE OF ENTITY]	SureStay, Inc., an Arizona corporation
By:	By:
Name:	Name:
Title:	Title:
Executed on:	

Property No.

RIDER TO THE SURESTAY, INC. DISTRIBUTION AGREEMENT FOR USE IN MINNESOTA

Owner").			\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	-
			("you _• ", "your	;", or "Hote
"us" <u>.</u>	"our <mark>," </mark>	or	"SureStay"),	and
with its prin	cipal business address a	t 6201 N. 24th P	arkway, Phoenix, Arizona 83	5016 ("we <mark>,</mark> " <u>,</u>
	Č	/ ·	een SureStay, Inc., an Arizona	1
This Rider	(the "Rider") is made a	and entered into	as of the Effective Date as	stated in the

- 1. Background. SureStay 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 3.00 of the Distribution Agreement:

To the extent required by Minnesota Stat. Sec. 80C.12, Subd. 1(g), SureStay 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. 3. Termination. The following is added to the end of Sections 1.a, 1.b, 1.c and 3.qp of the Distribution Agreement:

However, with respect to franchises governed by Minnesota law, SureStay 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. 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 SureStay 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

Property No.	
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any procedure, forum, or remedies provided for by the laws of the jurisdiction.

5. <u>Limitations of Claims</u>. The following language is added as a new Section 4.0 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.

Property No.

HOTEL OWNER:	SURESTAY:
[INSERT HOTEL OWNER ENTITY], a [INSERT TYPE OF ENTITY]	SureStay, Inc., an Arizona corporation
By:	By:
Name:	Name:
Title:	Title:

RIDER TO THE SURESTAY, INC. DISTRIBUTION AGREEMENT FOR USE IN NEW YORK

Owner").			() / = 0	/ ±
			("you ₌ ", "your	or "Hotel
"us" <u>.</u>	"our _• " <u>•</u>	or	"SureStay"),	and
with its prin-	cipal business address at	6201 N. 24th I	Parkway, Phoenix, Arizona 85	5016 ("we <mark>,</mark> " <u>,</u>
Distribution	Agreement (defined below	w), by and betw	een SureStay, Inc., an Arizona	corporation
	,		as of the Effective Date as s	

- 1. Background. SureStay 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. Coverning 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 4.0 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 SureStay's good faith judgment, is willing and able to assume SureStay'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:

Property No.

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 SureStay 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.

Property No.				
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HOTEL OWNER:	SURESTAY:
[INSERT HOTEL OWNER ENTITY], a [INSERT TYPE OF ENTITY]	SureStay, Inc., an Arizona corporation
By:	By:
Name:	Name:
Title:	Title:
Executed on:	

Property No.	

RIDER TO THE SURESTAY, INC. DISTRIBUTION AGREEMENT FOR USE IN NORTH DAKOTA

	`	/ ·	veen SureStay, Inc., Parkway, Phoenix,		
"us" <u>.</u>	"our _• " <u>•</u>	or	"SureSta	y "),	and
0 ""			("yo	ou <mark>," </mark>	"Hotel
Owner'').					

- 1. 1. Background. SureStay 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, SureStay and Hotel Owner agree to enforce these provisions to the extent the law allows.

3. 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.

Property No.

HOTEL OWNER:	SURESTAY:
[INSERT HOTEL OWNER ENTITY], a [INSERT TYPE OF ENTITY]	SureStay, Inc., an Arizona corporation
By:	By:
Name:	Name:
Title:	Title:
Executed on:	Executed on:

RIDER TO THE SURESTAY, INC. DISTRIBUTION AGREEMENT FOR USE IN RHODE ISLAND

Owner").			(5 0 0) 3 0 0 0 0	, , =
			("you _z ", "your	or "Hotel
"us" <u>•</u>	"our _• " <u>•</u>	or	"SureStay"),	and
with its prin	cipal business address a	t 6201 N. 24th F	arkway, Phoenix, Arizona 85	5016 ("we <mark>,</mark> " <u>,</u>
	`	,, ·	een SureStay, Inc., an Arizona	
	,		as of the Effective Date as s	

- <u>1.</u> <u>1.</u> <u>Background</u>. SureStay 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. Coverning 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.

Property No	
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HOTEL OWNER	SURESTAY:
HOTEL OWNER:	
[<u>INSERT</u> HOTEL OWNER <u>ENTITY</u>], a	SureStay, Inc., an Arizona corporation
[INSERT TYPE OF ENTITY]	
Rv·	Rv.
By:	By:
	Name:
	Name:
Title:	Name:Title:

Property No.

RIDER TO THE SURESTAY, 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 Agre	eement (defined be	low), by and between	een SureStay, Inc., an Arizon	a corporation
with its principa	l business address	at 6201 N. 24th P	Parkway, Phoenix, Arizona 8	5016 ("we ₅ " ₂
"us" •	"our <mark>,",</mark>	or	"SureStay"),	and
			("you <mark>-," </mark>	r;" or "Hotel
Owner").				_

- 1. Background. SureStay 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 SureStay, 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 SureStay 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 SureStay 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.

y, Inc., an Arizona corporation
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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) ASSETS CURRENT ASSETS: Cash and cash equivalents Restricted cash Short-term investments Accounts receivable, principally from Members, net Prepaid expenses and other current assets Income taxes receivable	\$ 162,790 11,849 16,824 64,917 18,581 10,105	\$ 161,159 12,194 15,939 61,858
CURRENT ASSETS: Cash and cash equivalents Restricted cash Short-term investments Accounts receivable, principally from Members, net Prepaid expenses and other current assets Income taxes receivable TOTAL CURRENT ASSETS	11,849 16,824 64,917 18,581	12,194 15,939
Cash and cash equivalents Restricted cash Short-term investments Accounts receivable, principally from Members, net Prepaid expenses and other current assets Income taxes receivable TOTAL CURRENT ASSETS	11,849 16,824 64,917 18,581	12,194 15,939
Cash and cash equivalents Restricted cash Short-term investments Accounts receivable, principally from Members, net Prepaid expenses and other current assets Income taxes receivable TOTAL CURRENT ASSETS	11,849 16,824 64,917 18,581	12,194 15,939
Restricted cash Short-term investments Accounts receivable, principally from Members, net Prepaid expenses and other current assets Income taxes receivable TOTAL CURRENT ASSETS	11,849 16,824 64,917 18,581	12,194 15,939
Accounts receivable, principally from Members, net Prepaid expenses and other current assets Income taxes receivable TOTAL CURRENT ASSETS	64,917 18,581	
Prepaid expenses and other current assets Income taxes receivable TOTAL CURRENT ASSETS	18,581	61,858
Income taxes receivable TOTAL CURRENT ASSETS		- ,
TOTAL CURRENT ASSETS	10,105	18,017
	<u> </u>	9,748
Property againment and computer software not	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
Accounts payable and accrued liabilities Current frequent stay program liability Current deferred revenue Deposits Line of credit	\$ 82,638 118,299 17,218 9,984	\$ 81,708 117,949 16,845 10,109
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

See accompanying notes to consolidated financial statements.



Consolidated Statements of Revenues and Expenses

(in thousands)	Years Ended 2024	d November 30, 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	



Consolidated Statements of Other Comprehensive Revenues and Expenses

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



Consolidated Statements of Cash Flows

(in thousands)	Years Ended	d November 30, 2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenues over expenses	\$ 65,117	\$ 89,020
Adjustments to reconcile excess of revenues over	Ψ σσγ	Ψ 0.70=0
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, Amortization/(accretion) of premiums/(discounts)		79
on available-for-sale debt securities, net	(1,990)	(1,732)
Accrued interest on held-to-maturity debt securites, 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 Changes in assets and liabilities:	13	27
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 Ende 2024	d Novemb	er 30, 2023
CASH FLOWS FROM FINANCING ACTIVITIES: Repayment of construction loans Proceeds from construction loans	\$	(1,044) 100	\$	(456) 1,135
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES		(944)		679
Net increase (decrease) in cash and cash equivalents, and restricted cash Effect of foreign exchange rate changes on cash and cash equivalents, and restricted cash Cash and cash equivalents, and restricted cash at beginning of period		1,354 (68) 173,353	į	(77,359) 197 250,515
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 Income taxes	\$	1,316 19,898	\$	1,386 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 activites: Amortization of operating lease right-of-use assets Net increase in operating lease right-of-use assets and operating lease liabilities due to adoption of ASC 842 Right-of-use assets obtained in exchange for operating lease liabilities Non-cash impact to right-of-use assets and lease liabilities due to lease cancellation	\$	960 - 830 -	\$	958 2,191 330 (39)
Non-cash investing activities: Disposal of fully depreciated property, equipment and computer software Accrued additions to hotel investments Accrued additions to property, equipment and computer software Employee contributions to the Restricted Rabbi Trust investments Distributions from Restricted Rabbi Trust investments	\$	4,829 - 430 125 4,183	\$	8,156 104 57 176 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-controlli Interests in Consolidate Subsidiarie	Total d Net
Balance - November 30, 2022 \$	144,213	\$ 576	\$ 1,954	\$ 146,743
Total excess of revenues over expenses (expenses over revenue) Foreign currency translation adjustment, net of tax Unrealized (losses) on available-for-sale debt securities, net of tax Contributions from non-controlling interests	89,319 - - -	(755) (3,346) -	(299) - - 175	89,020 (755) (3,346) 175
Balance - November 30, 2023	233,532	(3,525)	1,830	231,837
Total excess of revenues over expenses (expenses over revenue) Foreign currency translation adjustment, net of tax Unrealized gains on available-for-sale debt securities, net of tax Contributions from non-controlling interests	65,388 - - -	(11) 2,709	(271) - - 75	65,117 (11) 2,709 75
Balance - November 30, 2024 \$	298,920	\$ (827)	\$ 1,634	\$ 299,727





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.





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:

As of November 3				
2024	2023			
162,790	\$ 161,159			
11,849	12,194			
174,639	\$ 173,353			
	174,639			

(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.



November 30, 2024

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

November 30, 2024

			air Value
(in thousands)	Carrying 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



November 30, 2024

Carrying Value vs. Fair Value Measurements

November 30, 2023

		F	air Value
(in thousands)	Carrying 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



November 30, 2024

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).

(I) 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





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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



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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:

	As of November 30,					
(in thousands)	2024	2023				
Current contract assets Non-current contract assets	\$ 954 12,229	\$ 957 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:

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

	As of November 30,			
(in thousands)	2024	2023		
Liability related to the loyalty program Affiliation fees received from hoteliers	\$ 308,058 49,999	\$ 292,438 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.

(g) 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.





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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.



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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:

As of November 30,					
	2024				
\$	16,425	\$	17,373		
	2,135		1,478		
	1,006		794		
	(3,914)		(3,220)		
\$	15,652	\$	16,425		
		2024 \$ 16,425 2,135 1,006	2024 \$ 16,425 \$ 2,135		



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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:

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

	As of November 30,			
(in thousands)	2024	2023		
Long-term debt securities available-for-sale (at fair value) Long-term equity securities (at fair value)	\$ 196,185 162,231	\$ 161,394 119,700		
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 **Available-For-Sale Debt Securities** Gross Gross **Amortized** Unrealized Unrealized Fair (in thousands) **Cost Basis** Gains (Losses) Value 83.972 586 83,695 Mortgage and asset-backed securities (863)76,661 904 (439)Corporate bonds 77,126 U.S. treasury and government agency bonds 50,257 168 (1,938)48,487 Municipal and provincial notes and bonds 3,701 3,680 30 (9)Total available-for-sale debt securities \$ 214,570 (3,249)1,688 \$ 213,009



November 30, 2024

November 30, 2023		Available-For-Sale Debt Sec						urities	
(in thousands)		Amortize Cost Bas	-	Gross Unrealize Gains	ed	Gross Unrealize (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:

	Available-For-Sale Debt Securities							
	Less Tha	n 12 Months	12 Months or More	Tot	:al			
(in thousands)	Fair Value	Gross Unrealized (Losses)	Gross Unrealized Fair Value (Losses)	Fair Value	Gross Unrealized (Losses)			
November 30, 2024								
Mortgage and asset-backed securities Corporate bonds	\$ 27,352 22,052	\$ (297) (259)	\$ 10,532 \$ (566) 5,657 (180)	\$ 37,884 27,709	\$ (863) (439)			
U.S. treasury and government agency bonds Municipal and provincial notes	19,018	(464)	10,633 (1,474)	29,651	(1,938)			
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)			



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	Available-For-Sale Debt Securities								
	Less Than 12 Months 1		12 Mont	hs or More	Total				
(in thousands)	Fair Value	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)			
November 30, 2023									
Mortgage and asset-backed securities Corporate bonds U.S. treasury and	\$ 47,833 35,061	\$ (1,208) (715)	\$ 7,559 9,117	\$ (640) (453)	\$ 55,392 44,178	\$ (1,848) (1,168)			
government agency bonds Municipal and provincial notes	25,638	(1,714)	3,587	(889)	29,225	(2,603)			
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) Due in one year or less	Available-For-Sale	Available-For-Sale Debt Securities				
	As of Novemb	As of November 30, 2024				
	Amortized cost	Fair Value				
	\$ 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:

	He	Held-To-Maturity Debt Securities				
		As of Nov	ember 30,			
(in thousands)		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)	thousands)				Years End housands) 2024		
Net unrealized gains recognized during the period on equity securites still held Net realized gains recognized during the period on equity	\$	28,211	\$ 11,13				
securities sold during the period		3,521	760				
Net gains recognized during the period on equity securities	\$	31,732	\$ 11,89				



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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:

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

		November 30,
(in thousands)	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 2024	November 30, 2023		
	\$	%	\$	%	
Income taxes computed at statutory rates	\$ 17,9	21.0%	\$ 24,478	21.0%	
State taxes, net of federal benefit	3,3	3.9%	4,445	3.8%	
Valuation allowance	1,1	67 1.4%	150	0.1%	
Non-deductible meals and entertainment	7	30 0.8%	775	0.7%	
Other non-deductible items	1	66 0.2%	272	0.2%	
Research and development and foreign tax credits	(1,2	(1.5%)	(1,041)	(0.9%)	
Other	8)	371) (1.0%)	(367)	(0.3%)	
Foreign-derived intangible income	(7	(49) (0.9%)	(1,214)	(1.0%)	
Income tax provision	\$ 20,4	80 23.9%	\$ 27,498	23.6%	



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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:

	As of No	As of November 30,			
(in thousands)	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			
		<u> </u>			

(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.





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(6) Property, Equipment and Computer Software, net

Property, equipment and computer software consisted of the following:

	As of Nove	As of November 30,		
(in thousands)	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:

		Years End	ed Novem	-
(in thousands)		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.



November 30, 2024

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:

	As of N	As of November 30,			
(in thousands)	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			
,	¥ 00/:=:	<u> </u>			

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:

	As of November 30,			
	2024	2023		
\$	29,935	\$ 27,155		
	25,340	26,273		
	21,878	21,851		
	3,716	4,542		
	1,079	1,039		
	690	848		
\$	82,638	\$ 81,708		
_	\$	\$ 29,935 25,340 21,878 3,716 1,079 690		

(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.





November 30, 2024

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:

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

		Year Ended November 30				
(in thousands)		2024	2023			
Operating lease expense Variable lease expense	\$	960 11	\$ 958 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%.



November 30, 2024

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):

Oper	ating Leases
\$	731
	333
	264
	207
	50
	1,585
	(84)
\$	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, 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 \$0.7 million, for the year ended November 30, 2024, and were realized gains of \$0.3 million and unrealized gains of \$0.7 million,





November 30, 2024

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.



November 30, 2024

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:

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



November 30, 2024

	As	As of November 30, 2023					
(in thousands)	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.





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





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.

Ernst + Young LLP



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.

Phoenix, Arizona February 23, 2024



Consolidated Statements of Financial Position

		f November 30,		
(in thousands)	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 Income taxes receivable	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		
Accounts payable and accrued liabilities Current frequent stay program liability Current deferred revenue Deposits Line of credit TOTAL CURRENT LIABILITIES Non-current frequent stay program liability	117,949 16,845 10,109 - 226,611 175,298	96,193 16,327 12,460 - 203,022 198,148		
Non-current deferred affiliation fee revenue	45,980	48,558		
Non-current deferred compensation plans liability	15,358	17,183		
Non-current construction loans Non-current lease liability	37,963 790	37,861		
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				
TOTAL LIABILITIES AND INET ASSETS	\$ 733,837	\$ 651,515		





Consolidated Statements of Revenues and Expenses

(in thousands)	Years Ended November 2023 2			
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		





Consolidated Statements of Other Comprehensive Revenues and Expenses

thousands)		Years Ende	d November 30, 2022	
XCESS 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 t Net unrealized (losses) on available-for-sale debt securities Adjustment for net losses realized and included in excess of revenues over expenses		(3,825) 479		(675) 134
Total change in net unrealized losses on available-for-sale debt securities		(3,346)		(541)
Comprehensive excess of revenues over expenses Comprehensive excess of expenses over revenues		84,919		88,210
attributable to non-controlling interests		299		310
OMPREHENSIVE EXCESS OF REVENUES OVER EXPENSES ATTRIBUTABLE TO BEST WESTERN INTERNATIONAL, INC.	\$	85,218	\$	88,520





Consolidated Statements of Cash Flows

	Years Ended Novemb	
(in thousands)	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)	, ,	131
on available-for-sale debt securities, net	(1,732)	(144)
Change in accrued interest on held-to-maturity securites, 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)
INET CASH OSED IIN IINVESTIING ACTIVITIES	(100,313)	(117,701)

Continues on next page.





Consolidated Statements of Cash Flows

(in thousands)	 Years Ende 2023	d Novemb	November 30, 2022		
CASH FLOWS FROM FINANCING ACTIVITIES: Repayment of construction loan Proceeds from construction loans	\$ (456) 1,135	\$	- 12,515		
NET CASH PROVIDED BY FINANCING ACTIVITIES	679		12,515		
Net decrease in cash and cash equivalents, and restricted cash Effect of foreign exchange rate changes on cash and cash equivalents, and restricted cash Cash and cash equivalents, and restricted cash at beginning of period	(77,359) 197 250,515		(4,476) (177) 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 Income taxes	\$ 1,386 26,317	\$	501 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 activites: Amortization of operating lease right-of-use assets Net increase in operating lease right-of-use assets and operating lease liabilities due to adoption of ASC 842 Right-of-use assets obtained in exchange for operating lease liabilities Non-cash impact to right-of-use assets and lease liabilities due to lease cancellation	\$ 958 2,191 330 (39)	\$	- - - -		
Non-cash investing activities: Disposal of fully depreciated property, equipment and computer software Accrued additions to hotel investments Accrued additions to property, equipment and computer software Employee contributions to the Restricted Rabbi Trust investments Distributions from Restricted Rabbi Trust investments	\$ 8,156 104 57 176 3,483	\$	5,365 1,364 780 312 4,426		
Non-cash financing activities: Equity contribution from joint venture partner	\$ 175	\$	239		





Consolidated Statements of Changes in Net Assets

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





November 30, 2023

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.





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:

	As of November 30,		
(in thousands)	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	\$173,353	\$250,515	

(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.



November 30, 2023

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

November	30,	2023
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(in thousands)		Fair Value			
	Carrying Value	Total	Quoted Prices in S 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	\$ -	

November 30, 2022

(in thousands)		Fair Value		
	Carrying Value	Total	Quoted Prices in S Active Markets for Identical Assets (Level 1)	
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	\$ -



November 30, 2023

(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).

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.





November 30, 2023

(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





November 30, 2023

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.



November 30, 2023

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:

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



November 30, 2023

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:

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

	As of November 30,					
(in thousands)	2023					
Liability related to the loyalty program Affiliation fees received from hoteliers	\$ 292,438 51,343	\$ 292,993 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.

(a) Advertising Costs

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



November 30, 2023

(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.





November 30, 2023

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

(in thousands)	As of Nov	-	Effect of Adoption 2016	of ASU	As of December 1, 2022		
Other assets, net	\$	23,293	\$	2,191	\$	25,484	
Accounts payable and accrued liabilities Non-current lease liability		78,042 -		846 1,345		72,888 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 No	vember 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.





November 30, 2023

(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:

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

	As of November 30,						
(in thousands)	2023	2022					
Long-term debt securities available-for-sale (at fair value) Long-term equity securities (at fair value) Long-term debt securities held-to-maturity (at cost)	\$ 161,394 119,700	\$ 68,573 37,630 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			rities				
(in thousands)		Amortize Cost bas	 Gross Unrealize Gains	ed	Gross Unrealize (Losses		Fair Value
Mortgage and asset-backed securities Corporate bonds U.S. treasury and government agency bonds Municipal and provincial notes and bonds	\$	76,129 63,165 35,236 3,668	\$ 170 318 16 13	\$	(1,848) (1,168) (2,603) (59)	\$	74,451 62,315 32,649 3,622
Total available-for-sale debt securities	\$	178,198	\$ 517	\$	(5,678)	\$	173,037

November 30, 2022		Available-For-Sale Debt Securities									
(in thousands)		Amortize Cost bas		Gross Unrealize Gains	ed	Gross Unrealize (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			





November 30, 2023

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:

	Available-For-Sale Debt Securities								
	Less Tha	n 12 Months	12 Montl	ns or More	Tot	Total			
(in thousands)	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)			

	Available-For-Sale Debt Securities												
		Less Than	ո 12	Months	12	Month	s or N	/lore		Tot	al		
(in thousands)	F	air Value	Un	Gross realized .osses)	Fair	Value	Unre	oss alized sses)	Fa	air Value	Ur	Gross realized Losses)	
November 30, 2022													
Corporate bonds	\$	18,638	\$	(710)	\$	-	\$	-	\$	18,638	\$	(710)	
Mortgage and asset-backed securities U.S. treasury and		15,205		(497)		-		-		15,205		(497)	
government agency bonds Municipal and provincial notes		7,926		(551)		-		-		7,926		(551)	
and bonds		1,725		(91)		-		-		1,725		(91)	
Total available-for-sale debt securities	\$	43,494	\$	(1,849)	\$	-	\$	-	\$	43,494	\$	(1,849)	



November 30, 2023

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

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

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

	Held-To-Maturity Debt Securities			
		As of Noven	ber 30, 20	023
(in thousands)		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)	ousands) Years Ended Notes and the second se		
Net unrealized gains recognized during the period on equity securites still held Net realized gains (losses) recognized during the period on equity	\$ 11,137	\$	762
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.





November 30, 2023

Prepaid expenses and other current assets consisted of the following:

(in thousands)	Years Ended November 30,			
	2023	202		
Prepaid expenses and other current assets Current contract assets	\$ 17,060 957	\$ 16,30 96		
Total	\$ 18,017	\$ 17,26		

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)	20	Years Ende)23	l November 30, 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.



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:

	As of November 30,			
	2023	2	022	
\$ 3	32,756	\$	33,375	
	9,492		10,017	
	4,977		5,766	
	4,053		4,286	
	3,521		3,367	
	3,436		-	
	1,779		1,519	
	626		690	
	572		572	
	506		646	
	198		333	
6	1,916		60,571	
\$		\$	6,354	
			1,614	
	1,191		(814)	
	140		195	
1	0,472		7,349	
	(4,168)		(4,018)	
\$ 4	17,276	\$	49,204	
	\$	\$ 32,756 9,492 4,977 4,053 3,521 3,436 1,779 626 572 506 198 61,916 \$ 7,350 1,791 1,191 140 10,472 (4,168)	\$ 32,756 \$ 9,492 4,977 4,053 3,521 3,436 1,779 626 572 506 198 61,916 \$ 7,350 \$ 1,791 1,191 140 10,472 (4,168)	

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.



November 30, 2023

(6) Property, Equipment and Computer Software, net

Property, equipment and computer software consisted of the following:

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





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:

	As of No	As of November 30,			
(in thousands)	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.

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.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following:

	ember 30,
2023	2022
\$ 27,155	\$ 26,034
26,273	24,180
21,851	22,931
4,542	4,398
1,039	499
848	-
\$ 81,708	\$ 78,042
\$	\$ 27,155 26,273 21,851 4,542 1,039 848

(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.



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 N	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	d November 30, 2023
Operating lease cost Variable lease cost	\$	958 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%.



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,		ating Leases
2024 2025 2026 2027 2028 and thereafter	\$	891 607 109 82 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	E	quipment	M	Total inimum 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.





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 longterm 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.



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	0, 2023
(in thousands)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount at November 30
Amortizing goodwill: WorldHotels AutoClerk Amortizing other intangible assets:	\$ 4,554 2,198	\$ (1,750) (953)	\$ 2,804 1,245
Acquired customers: AutoClerk Developed technology: AutoClerk	1,500 1,900	(867) (1,029)	633 871



November 30, 2023

	As	of November 30	0, 2022
(in thousands)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount at November 30
Amortizing goodwill: WorldHotels AutoClerk Amortizing other intangible assets: Acquired customers:	\$ 4,554 2,198	\$ (1,211) (733)	\$ 3,343 1,465
AutoClerk Developed technology:	1,500	(667)	833
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 Vib-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.



(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



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.

GUARANTY OF PERFORMANCE

For value received, Best Western International, Inc., located at 6201 N. 24th Parkway, Phoenix, Arizona 85016 (the "Guarantor"), absolutely and unconditionally guarantees to assume the duties of SureStay, Inc., located at 6201 N. 24th Parkway, Phoenix, Arizona 85016 (the "Franchisor") under its franchise registration in each state where its franchise is registered or exempt from registration, as applicable, and under its Franchise Agreement as identified in its 2025 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended, from time to time. This guaranty continues until all such obligations of the Franchisor under the franchise registration or franchise exemption (as applicable) and Franchise Agreement are satisfied or until liability of the Franchisor under the Franchise Agreement has been completely discharged, whichever first occurs. Guarantor is not discharged from liability if a claim by the franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and on its successors and assigns.

The Guarantor signs this guarantee at Phoenix, Arizona on the <u>26th</u> day of <u>eoruary</u>, 2025.

Guarantor:

BEST WESTERN INTERNATIONAL, INC.

By: Mark Straszynski

Title: Senior Vice President and Chief

Financial Officer

EXHIBIT E TO FDD

LISTS OF CURRENT AND FORMER HOTEL OWNERS

NONE
Hotel Owners since the Prior Fiscal Year End:
NONE
Former Hotel Owners that Departed the Franchise Network during the Prior Fiscal
The name, city and state, and current business telephone number (or if unknown, the
known home telephone number) of each hotel owner who had an outlet termicanceled, not renewed, transferred, or otherwise voluntarily or involuntarily ceased

owners may be contacted are not necessarily the same states in which the former hotel owners' franchised businesses were located. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

NONE

Open Hotels as of 11/30/24

1	Hotel Name	Franchisee Entity	Franchisee Contact	<u>Address</u>	<u>City</u>	<u>State</u>	ZIP	Phone
1	The Hotel Serene Glendale Peoria, Surestay Collection by	The Glendale Inn LLC	<u>Hamir Bansal</u>	7885 W. Arrowhead Town Ctr	<u>Glendale</u>	<u>AZ</u>	<u>85308-8615</u>	(623) 412-2000
İ	The Kennedy Tucson, SureStay Collection by Best	Ville 810 LLC	Erick Hunsaker	810 E. Benson Hwy	Tucson	AZ	<u>85713-5024</u>	(520) 355-8900
ĺ	Express Inn Leesville Ft Johnson, SureStay Collection by	Laxmi of Leesville, LLC	Mayur Patel	122 Express Blvd	<u>Leesville</u>	LA	71446-5847	(337) 239-2122
ĺ	Skyline Hotel Detroit Airport, SureStay Collection by BW	DMMI Associates LLC	Jeffrey Kolessar	31500 Wick Rd	Romulus	MI	48174	(734) 721-3315

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

Hotel Name	Franchisee Contact	<u>Address</u>	<u>City</u>	<u>State</u>	Zip Code	<u>Phone</u>
Hotel Chicago West Loop, SureStay Collection by Best Western	Joseph James Perillo Sr	1622 W. Jackson Blv	d Chicago	IL	60612-320	8 (312) 243-2900

Left System Between 12/1/2023 and 11/30/2024	Left Sv	stem Between	12/1/2023	and 11/30/2024
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NONE

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

Transfe	rred Hote	ls Between	12/1/23	and 11	/30/24
Hallste	illeu note	IS DELWEEN	12/1/23	, allu II	/ 30 / 24

NONE

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 SURESTAY, INC.

The following are additional disclosures for the Franchise Disclosure Document of SureStay, 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.surestayhotels.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	1.5% of delinquent account balance assessed monthly (18% Annual Percentage Rate) (10% in	Due and payable upon statement receipt.	Finance charge for late payment of account, assessed after 45 days.
	California)		

5. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

<u>California Law Regarding Termination and Nonrenewal</u>. 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.

<u>Material Modification</u>. 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.

HAWAII

The following is added to the State Cover Page of the Disclosure Document:

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING

CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE. THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

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 <u>Choice of forum</u>, of the Disclosure Document is amended by adding the following:

A Hotel Owner 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 reasonably 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

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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 <u>Requirements for Hotel</u> <u>Owner to renew or extend</u>, and 17(m), entitled <u>Conditions for licensor approval of transfer</u>, 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 <u>Termination by Hotel Owner</u>, 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 <u>Choice of forum</u>, and 17(w), entitled <u>Choice of law</u>, of the Distribution Agreement chart in the Disclosure Document are amended by adding the following:

1

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 <u>Hotel Owner's obligations on termination/non-renewal</u>, 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 <u>Choice of Forum</u>, 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 <u>Choice of law</u>, 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.

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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



Please complete this Application in its entirety and provide all required documents.

The following terms and conditions apply to the Application.

- 1. SureStay, Inc. ("SureStay") requires payment of a \$4,000 *non-refundable* Application Fee (includes costs associated with a SureStay evaluation site visit).
- 2. SureStay will not consider the Application until the Affiliation Fee is received via electronic wire transfer, (*See Exhibit A*), which will be held by SureStay 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 Affiliation 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 SureStay. By submitting this Application, Applicant acknowledges and agrees that the Application may be denied for any reason or for no reason.
- 5. Applicant must execute the Agreement and pay the Initial Fee prior to execution by SureStay. Unless otherwise agreed, (i) if a conversion hotel, Applicant will have ninety (90) days from the Effective Date of the Agreement to activate as a SureStay Collection by Best Western branded hotel. Applicant may not hold the hotel out to the public (e.g., market, sell, advertise, promote, etc.) as a SureStay Collection by Best Western branded hotel until all conditions and requirements are met.
- 6. Best Western International, Inc.'s ("Best Western") 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. Applicant agrees that it shall have no recourse of any kind against Best Western, SureStay, and their respective directors, officers, employees, agents or hotels if this Application is denied.

I. HOTEL INFORMATION

Please provide the following with regard to the hotel:

Hotel Name		
Current Number of Guest Rooms Proposed number of Gues	st Rooms (if different)Number of Floors	
Explain variance between current and proposed number of Guest R	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 I	Property fax number	
Year built Addition(s) (year(s) built)	
Select applicable boxes and list any other services and ameni	ties.	
Water park	Business center	
☐ Indoor swimming pool ☐ A	Airport courtesy car	
Outdoor swimming pool	Concierge	
Fitness room	Gift Shop Owned Leased	
Sauna	Cennis courts On premises O Adjacent	
☐ Whirlpool ☐ C	Golf Course On premises O Adjacent	
Game room In	nterior corridors	
Guest laundry E	Exterior corridors	
Elevator (#)	Continental breakfast	
Sundry	Complimentary	
Banquet service	Cocktail lounge on premises	
Meeting/function space total sq. ft	Owned Leased	
	Restaurant on premises (inside, within or attached o the hotel)	
Other (explain):	Owned Leased	

EXISTING PROPERTY

Hot	el Status:		
0	Property is open and		
	operating O Property is		
	presently closed		
0	Property will be closed during reno	vation	
	If renovating, estimated completion/oper (Month/Year)	ning date	
Plea	se outline intentions for renovations, e.g.,	exterior and or interior modifications	s, room additions/removals, etc. Also
	nit any color boards and/or renderings,		, , ,
Plea	se list associated buildings and facilities	other than hotel on the site (e.g., rest	aurant, lounge, gift shop, etc.), noting
	will be subject to Best Western inspection		, 0,0 1, ,,
Cur	rent Room Type Inventory: Comple	te the information below and sub i	mit a property map showing the
	tion of unit types.		and a property map and wing the
	<i>J</i> 1		
	Room Type	Number of Rooms	
	Queen		
	Double Queen		
	ADA Queen		
	King		
	ADA King		
	Suites		
	2-Room Suites		
	Other		
	ne hotel currently or has it previous	ly been affiliated with any chain	, franchise, or other hotel/
lod	ging company?		
	O Yes O No		
If v	es, provide the name and date of each	n affiliation and the reason for th	e termination of the affiliation.
,	,,		
Bra	and name*		
	ntract start date		
Co	ntract end date		
Re	ason for termination:		

* Please provide copies of the Hotel's three (3) most recent inspections.

ACTIVE 695741064v1

PROPOSED CONSTRUCTION/UNDER CONSTRUCTION PROJECT

Select one: Proposed construction hotel Estimated date when construction will begin _____ (Mo/Yr) O 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. O Preliminary O 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 ADR\$ Percent occupancy Operating projections **Proposed financing** Provide proposed sources of equity and the percentage of total development cost the equity represents. Is financing in place? O Yes O 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:		
,	the Property (provide a copy of the Bill of Sale, I nership or potential ownership of the Property	-
Date Property Purchased/	Estimated Close of Escrow (Mo/Day/Yr)	
O Applicant leases/will lease	the Property (provide a copy of the lease or evid	dence of intent to lease).
Start of Lease/Estimated S	tart of Lease (Mo/Day/Yr)	
Salast overnorship/lasses trme		
Select ownership/lessee type:	☐Trust	
Limited Liability Company	☐ Individuals	
☐ Limited Partnership ☐ Partnership	Other Entity (state en	ntity type):
A.TITY BREAKDOWN		
A. Complete the following for the en must be completed.	ntity that holds the ownership or leasing interest in	the Property. Attachment A (page 12)
Name of Entity		_
Address		
City	State/Province	Zip/Postal code
Phone number	Ex5xtension_	
Date entity formed (Mo/Day/Yr) _	State/Province where en	ntity formed

III. BACKGROUND INFORMATION

1. Have any applicant entities or individuals exproperties? Use additional pages if necessary.		ed any Best Western or SureStay
O Yes O 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? O Yes ONo		
Name of Property		
Address	City	State/Province
Name of individual	Own	Lease Operate
Percent interest	From (Mo/Yr)	To (Mo/Yr)
Is the Property still BW branded? O Yes ONo	If not, explain why not:	
Name of Property		_ Property Number
Address	City	State/Province
Name of individual	Own	Lease Dperate
Percent interest	From (Mo/Yr)	To (Mo/Yr)
Is the Property still BW branded? OYes ONo	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? OYes O No	If not, explain why not: _	

2. Have any applicant entities or individuals or properties in the past 5 years? Use addition		y non-Best Western or non-SureStay
O Yes O No	r - g - c - c - c - c - c - c - c - c - c -	
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 Prope	erty terminated from a brand?	O _{Yes} O _{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 Prope	erty terminated from a brand?	Oyes Ono
If yes, why?		
Name of Property		
Address		
Name of individual	Own	Lease Operate
Percent interest	From (Mo/Yr)	To (Mo/Yr)
While owned, leased or operated, was the Prope	erty terminated from a brand?	$O_{ ext{Yes}}$ $O_{ ext{No}}$
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 Prope	erty terminated from a brand?	$O_{ ext{Yes}}$ $O_{ ext{No}}$
If yes why?		

	oplicant entities or individuals been Use additional pages if necessary.	involved in any litigation or dispute with Best Western or
O Yes	O No	
Name of entity	or individual	Property Number
Explain litigatio	on or dispute	
Date resolved _		
	licant entity or an owner been placed sure action within the last 10 years?	d in bankruptcy or receivership, or been subject to a judicial or non- Use additional pages if necessary.
O Yes*	O No	
Name of entity	or individual	
Explain bankru	ptcy, receivership, foreclosure, other	·
Date resolved _		
Name of entity	or individual	
Explain bankru	ptcy, receivership, foreclosure, other	·
Date resolved _		
* Provide final	documentation.	
	plicant entity or an owner been invol nn for minor traffic violations)? Use a	ved in any civil or criminal action or litigation within the last 10 dditional pages if necessary.
O Yes **	O No	
Name of entity	or individual	
Nature of action	n	
Date		
Name of entity	or individual	
Nature of action	n	
Date		
* Provide docum	mentation of Court decision	

IV. MANAGEMENT COMPANY INFORMATION

Regarding the Property's operations, a ma	nagement company:	
WILL NOT BE USEDWILL BE USED (complete below)TO BE DETERMINED		
If a management company will be Property, please list the management		peen selected or is already in place at the below:
Name of management company		
Address		Unit #
City	State/Province	Postal code
Phone number Ext	Fax number	
Email address		
2. List all hotels <i>currently</i> owned and if necessary.	or operated by the man	agement company. Use additional pages
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)	

roperty Name		
Address	City	State/Province
Position held	From (Mo/Yr)	To (Mo/Yr)
roperty Name		
Address	City	State/Province
Position held	From (Mo/Yr)	To (Mo/Yr)
roperty Name		
.ddress	City	State/Province
osition held	From (Mo/Yr)	To (Mo/Yr)
operty Name		
ddress	City	State/Province
osition held	From (Mo/Yr)	To (Mo/Yr)

3. List all hotels *previously* (past 5 years) owned and/or operated by the management company.

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, a (reference Page 8, Background Inform		non-judicial foreclosure action		
Documentation of Court decision for a Page 8, Background Information)	any civil or criminal actio	on or litigation (reference		
Application Fee - \$4,000 USD (or CA)	D equivalent) paid via el	ectronic wire transfer		
VI. CI	ERTIFICATION			
ACCURATE. BY EXECUTING THIS APPLICATION WARRANTS THAT IT HAS THE PROPER AUTHORS. TO SUBMIT OTHER INTERESTED PARTIES TO THE TRANS "APPLICANT"). I UNDERSTAND AND AGREE THAT FALSIFICADENIAL OF THE APPLICATION OR TERMINAT	ORITY AND CONSENT, WITHIS APPLICATION ON ACTION CONTEMPLATE	WHETHER DULY GRANTED BY I BEHALF OF ANY AND ALL D HEREUNDER (THE TION SHALL BE GROUNDS FOR		
Signature of Authorized Representative	Office Phone No.	Cell Phone No.		
Name of Authorized Representative	Fax No.	Email Address		
Title	Street Address (no I	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 shareholder	s (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#	0/0

EXHIBIT H-1 TO FDD

AUTOCLERK CLOUD PMS SOFTWARE AS A SERVICE AGREEMENT



AutoClerk® Software as a Service Agreement

This Software as a Service Agreement (this "Agreement") governs your use of the Service (defined below). By accepting this Agreement, either by clicking the "Accept Terms of Use" or by executing a purchase order that references this Agreement, you agree to the terms and conditions of this Agreement. If you are entering into this Agreement on behalf of a company or other legal entity, you represent that you have the authority to bind that entity and its Affiliates (as defined below) to these terms and conditions, in which case the term "Customer" shall refer to that entity and its Affiliates. If you do not have the authority, or if you do not agree with these terms and conditions, you must not accept this Agreement and you may not use the Service. This Agreement was last updated on October 1, 2019. This Agreement is effective between Customer and AutoClerk, Inc. ("AutoClerk") as of the date that Customer accepts this Agreement (the "Effective Date").

1. <u>Definitions</u>.

- "Action" means any claim, suit, or proceeding.
- "Affiliate" means a legal entity controlling, controlled by, or under common control with a party.
- "<u>AutoClerk Systems</u>" means the information technology infrastructure used by or on behalf of AutoClerk in performing the Service, including all computers, software, hardware, databases, electronic systems.
- "Customer Content" data and other content, in any form or medium, that is collected, downloaded or otherwise received, directly or indirectly from Customer by or through the Service.
- "<u>Customer Systems</u>" means Customer's information technology infrastructure, including computers, software, hardware, databases, and networks, including those provide by a third party for Customer.
- "<u>Documentation</u>" means manuals, documents, specifications, and other instruments AutoClerk provides to Customer in connection with the Service.
- "Intellectual Property Rights" means common law, statutory and other intellectual property rights, including copyrights, trademarks, trade secrets, patents and other proprietary rights issued, honored or enforceable under any applicable laws anywhere in the world, and all moral rights related thereto.
- "Law" means any local, state, national, tribal, and/or foreign law, treaties, and/or regulations.
- "Loss" means losses, damages, liabilities, claims, actions, judgments, settlements, awards, penalties, fines, costs and expenses, including reasonable attorneys' fees.
- "Person" means an individual, corporation, partnership, organization, association, government authority, or other entity.

"Service" means the AutoClerk SaaS application known as AutoClerk myHMS Property Management System, including software applications, Documentation, and all Updates.

"Territory" means the United States and Canada.

"<u>Updates</u>" means updates, upgrades, releases, improvements, changes, new versions, and other modifications to the Service.

2. <u>Use of the Service; Restrictions and Obligations.</u>

2.1 Authorized Use.

- (a) Subject to the terms and conditions of this Agreement, AutoClerk authorizes Customer to access and use, solely in the Territory and during the Term (defined below), the Service in accordance with this Agreement and the Documentation. This authorization is non-exclusive and non-transferable.
- (b) AutoClerk shall use commercially reasonable efforts to provide to Customer the Service twenty-four (24) hours per day, seven (7) days per week, except for: (i) scheduled downtime; (ii) downtime or degradation due to a Force Majeure Event (defined below); (iii) Customer's acts or omissions or use of the Service that does not comply with this Agreement and the Documentation; (iv) failure, interruption, outage or other problem with any software, system, network, facility or other matter not supplied by AutoClerk, including Customer Systems and Internet connectivity; (v) disabling, suspension, or termination of the Service in accordance with this Agreement; or (vi) any other circumstances beyond AutoClerk's reasonable control.

2.2 The Service and System Control.

- (a) Except as otherwise expressly provided in this Agreement, AutoClerk has and will retain sole control over (i) the operation, provision, maintenance and management of the Service, including, AutoClerk Systems; (ii) the selection, deployment, modification and replacement of the Service; (iii) and the performance of Updates.
- (b) Except as otherwise expressly provided in this Agreement, Customer has and will retain sole control over the operation, maintenance, and management of, and all access to and use of, the Customer Systems, and sole responsibility for all access to and use of the Service.
- 2.3 <u>Changes, Suspension or Termination of the Service</u>. AutoClerk reserves the right, in its sole discretion, to make any Updates to the Service that it deems necessary or useful, including to maintain or enhance the Service, the competitive strength of the Service, the Service's cost or performance, or to comply with applicable Law.
- 2.4 <u>Suspension or Termination of the Service</u>. AutoClerk may, directly or indirectly, and by use of any disabling device or any other lawful means, suspend, terminate or otherwise deny Customer's or any other Person's access to or use of all or any part of the Service, without incurring any obligation or liability, if: (i) AutoClerk receives a judicial or other governmental demand or order, subpoena or law enforcement request that requires AutoClerk to do so; or (ii) AutoClerk believes, in its sole discretion, that: (a) Customer has failed to comply with this Agreement or the Documentation; (b) Customer is, has been, or is likely to be involved in any unlawful activities; or (c) this Agreement expires or is terminated. This Section does not limit AutoClerk's other rights or remedies, whether at law, in equity, or under this Agreement.

2.5 Reservation of Rights; Restrictions.

- (a) Nothing in this Agreement grants any right, title, or interest in or to the Service (including any license) or any Intellectual Property Rights related to the Service, whether expressly, by estoppel or otherwise. All right, title, and interest in and to the Services (including all Intellectual Property Rights) are and will remain with AutoClerk and the respective rights holders.
- (b) Customer shall not and shall not assist or permit any other Person to: (i) copy, modify, translate, enhance, prepare derivative works, or improvements of the Service; (ii) rent, sell, sublicense, assign, distribute, publish, transfer or otherwise make available the Service to any Person; (iii) reverse engineer, disassemble, decompile, decode or adapt the Service, or otherwise attempt to derive or gain access to the source code of the Service; (iv) breach any security device of the Service; (v) input, upload, transmit or provide to or through the Service any information or materials that are unlawful or injurious; (vi) damage, destroy, disable, impair or otherwise impede in any manner the Service or AutoClerk's provision of services to any Person; (vii) remove, or change any terms of the Service, including warranties, disclaimers, or Intellectual Property Rights notices; (viii) use the Service in any manner or for any purpose that infringes, misappropriates or violates any Intellectual Property Rights or other right of any Person, or that violates any applicable Law; (ix) use the Service for purposes of developing, using or providing a competing service or any other purpose to AutoClerk's detriment or commercial disadvantage; or (x) use the Service expect as expressly permitted by this Agreement.

2.6 <u>Service Level and Support.</u>

- (a) Customer acknowledges that (i) it is not possible for AutoClerk to guarantee that the Service will be available or will function properly at all times and (ii) from time to time the Service will not be available because of the need to conduct routine or non-routine Updates. AutoClerk will use reasonable efforts to ensure that, when possible, downtime will be scheduled with Customer in advance. AutoClerk will use commercially reasonable efforts to make the Service available 99.0% of the time, subject to the exceptions listed in this Agreement, including Section 2.1.
- (b) AutoClerk will provide telephone support twenty-four (24) hours per day, seven (7) days per week. Generally, Customer will receive an initial response within thirty (30) minutes during hours between 9:00 a.m. and 5:00 p.m. PT Monday through Friday and within two (2) hours at all other times. AutoClerk will use reasonable efforts to solve all issues promptly. However, Customer acknowledges and agrees that (i) at certain times, for reasons that may be outside AutoClerk's control, demand for customer support may exceed availability and (ii) particularly complex issues may require a higher degree of support from that which can be provided by the first response and therefore may take longer to provide.
- 2.7 <u>Data Backup</u>. Customer Content uploaded to the Service by Customer will be backed-up daily. Content that is backed-up will be stored until the next daily backup. The Service does not replace the need for Customer to maintain regular data backups or redundant data archives.
- 2.8 <u>Security</u>. In connection with the use of the Service, Customer will be provided with passwords that will permit persons authorized by Customer to access Content and to use the Service. Customer is solely responsible for implementing appropriate security measures regarding authorized use of all passwords.

AutoClerk has partnered with Shift4 Corporation ("Shift4") and other third Party Processing Entities ("PPE") to ensure the Service's data center does not store, process or transmit Sensitive Credit Card Information. Sensitive Credit Card Information includes the Card Number or PAN, Card Swipe information and Security code such as the CVV. To use this Service, Customer must at minimum contract with Shift4 (or PPE) to obtain a Shift4 Account (or PPE Account) to allow Customer to use Shift4 (or PPE) security services. A Shift4 Account for only tokenization purposes can be obtained by Customer directly from Shift4 or through the AutoClerk Account. Customer may optionally extend the contract with Shift4 (or PPE) to provide gateway

services to enable the Service to be integrated with Customer's preferred Merchant Processor in North America. Shift4 (or PPE) will charge Customer for these extended services. Customer understands that in order for the Service to be secure Customer must ensure that Sensitive Credit Card Information is only entered in data entry screens that have been designed to hold this information. If Customer opts to use the Service's Central Reservation System ("CRS") interface, then Customer agrees to have Customer's CRS to deliver all CRS reservations to the Shift4 4ResTM proxy gateway (or PPE proxy gateway) for the purpose of performing True Tokenization® (or PPE tokenization) of all Sensitive Credit Card Information before the reservation is delivered to the Service's data center. Entering Card Holder Information in ways other than documented within the Service or Shift4 User information or PPE User information is a violation of Payment Card Industry Data Security Standards, PCI DSS, and Customer would be responsible for all penalties.

2.9 Additional Customer Obligations.

- (a) Customer is solely responsible for: (i) all Customer Content, including its content and use; (ii) all information, instructions and materials provided by or on behalf of Customer in connection with the Service; (iii) Customer's Systems, including Internet access to ensure effective connectivity; (iv) the security and use of Customer's access credentials; and (v) all access to and use of the Service directly or indirectly by or through the Customer Systems, with or without Customer's knowledge or consent.
- (b) Customer is solely responsible for providing current and accurate information regarding Customer's cancellation policies, minimum stay requirements, rates, availability, amenities, location, or any other information that may reflect the current positioning of Customer's properties through the use of the Service.

3. Intellectual Property Rights.

- 3.1 <u>The Service</u>. All right, title, and interest in and to the Service, including all Intellectual Property Rights therein, are and will remain with AutoClerk and the respective rights holders. Customer has no right, license, or authorization with respect to the Service except as expressly set forth in this Agreement. All other rights in and to the Service are expressly reserved by AutoClerk and the respective rights holders.
- 3.2 <u>Customer Content.</u> As between Customer and AutoClerk, Customer is and will remain the sole and exclusive owner of all right, title and interest in and to all Customer Content, including all Intellectual Property Rights related thereto.
- 3.3 <u>Consent to Use Customer Content</u>. Customer hereby irrevocably grants all rights and permissions in or related to Customer Content to AutoClerk and its subcontractors as are necessary or useful to perform the Service and as necessary or useful to enforce this Agreement and to exercise AutoClerk's rights and perform its obligations.

4. Indemnification; Limitation of Liability.

4.1 <u>AutoClerk's Indemnification</u>. AutoClerk shall indemnify, defend and hold harmless Customer from and against Losses incurred by Customer arising out of or related to an Action by a third party that Customer's use of the Service in accordance with this Agreement infringes any U.S. Intellectual Property Right.

The foregoing obligation does not apply to the extent that an Action or Loss arises from or is related to: (i) access to or use of the Service in combination with any hardware, system, network, or other service not provided or authorized by AutoClerk, including Customer Content or any third party materials; (ii) modification of the Service other than by AutoClerk or with AutoClerk's express written authorization; (iii) failure to timely implement Updates provided by AutoClerk; (vi) use of the Service after AutoClerk's notice to Customer about

alleged or actual infringement, misappropriation or other violation of a Person's rights; (v) use of the Service by or on behalf of Customer that is outside the purpose or scope authorized by this Agreement; (vi) events or circumstances outside of AutoClerk's commercially reasonable control; or (vii) Actions or Losses for which Customer is obligated to indemnify AutoClerk pursuant to this Agreement.

- 4.2 <u>Customer's Indemnification</u>. Customer shall indemnify, defend and hold harmless AutoClerk and its Affiliates, and each of its and their respective officers, members, directors, employees, agents, subcontractors, successors and assigns (each, including AutoClerk, an "<u>AutoClerk Indemnitee</u>") from and against any and all Losses incurred by the AutoClerk Indemnitees in connection with any Action by a third party arising out of or related to: (i) Customer Content; (ii) use of the Service by or on behalf of Customer with any hardware, software, system, or service that is neither provided by AutoClerk nor authorized by AutoClerk; (iii) a breach by or on behalf of Customer of any representation, warranty, covenant or obligation under this Agreement; (iv) any gross negligence, misuse or act or omission by or on behalf of Customer with respect to the Service or in connection with this Agreement; or (v) use of the Service by or on behalf of Customer that is outside the use authorized by this Agreement.
- 4.3 <u>Indemnification Procedure</u>. Each party shall promptly notify the other party in writing of any Action for which that party believes it is entitled to be indemnified. The party seeking indemnification (the "<u>Indemnitee</u>") shall cooperate with the other party (the "<u>Indemnitor</u>") at the Indemnitor's sole cost and expense. The Indemnitor shall immediately take control of the defense and investigation of the Action and shall employ counsel of its choice at the Indemnitor's sole cost and expense. The Indemnitee's failure to perform any obligations under this <u>Section 4</u> will not relieve the Indemnitor of its obligations except to the extent that the Indemnitor can demonstrate that it has been prejudiced as a result of that failure. The Indemnitee may participate in the proceedings at its own cost and expense with counsel of its own choosing.
- 4.4 <u>Mitigation</u>. If the Service, or any part of the Service, is, or in AutoClerk's opinion is likely to infringe, misappropriate or otherwise violate any third party's Intellectual Property Rights, or if Customer's use of the Service is enjoined or threatened to be enjoined, AutoClerk may, at its option: (i) obtain the right for Customer to continue to use the Service as contemplated by this Agreement; (ii) modify or replace the Service; or (iii) terminate this Agreement, in its entirety or with respect to the affected feature of the Service, effective immediately on written notice to Customer. In the event this Agreement is terminated pursuant to the foregoing, Customer shall cease all use of the Service, and AutoClerk shall refund to Customer, a pro rata share of any Fees prepaid by Customer for the remaining portion of the Term.
- 4.5 <u>Sole Remedy. SECTION 4</u> SETS FORTH CUSTOMER'S SOLE REMEDIES AND AUTOCLERK'S AND ITS AFFILIATES' SOLE LIABILITY AND OBLIGATION FOR ANY ACTUAL, THREATENED OR ALLEGED ACTIONS THAT THIS AGREEMENT OR ANY SUBJECT MATTER HEREOF (INCLUDING THE SERVICE) INFRINGES, MISAPPROPRIATES OR OTHERWISE VIOLATES ANY INTELLECTUAL PROPERTY RIGHTS OF ANY PARTY.
- 4.6 <u>LIMITATION OF LIABILITY</u>. EXCEPT AS OTHERWISE PROVIDED IN THIS <u>SECTION</u> 4, IN NO EVENT WILL THE AGGREGATE LIABILITY OF AUTOCLERK AND ITS AFFILIATES, ARISING OUT OF OR RELATED TO THIS AGREEMENT, WHETHER ARISING UNDER OR RELATED TO BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR ANY OTHER LEGAL OR EQUITABLE THEORY, EXCEED THE AMOUNTS PAID TO AUTOCLERK UNDER THIS AGREEMENT DURING THE TWLEVE (12) MONTH PERIOD PRECEDING THE EVENT GIVING RISE TO THE ACTION. THE FOREGOING LIMITATIONS APPLY EVEN IF A REMEDY FAILS OF ITS ESSENTIAL PURPOSE. THE LIMITATIONS IN THIS SECTION DO NOT APPLY TO EACH PARTY'S INDEMNIFICATION OBLIGATION, BREACH OF CONFIDENTIALITY, FRAUD, OR WILLFUL MISCONDUCT.

5. Disclaimer of Warranties.

AUTOCLERK MAKES NO REPRESENTATION OR WARRANTY TO CUSTOMER WITH RESPECT TO THE SERVICE EXCEPT AS EXPRESSLY STATED HEREIN. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, AUTOCLERK DISCLAIMS ALL EXPRESS OR IMPLIED WARRANTIES INCLUDING, WITHOUT LIMITATION, ALL IMPLIED WARRANTIES ARISING FROM COURSE OF DEALING OR COURSE OF PERFORMANCE. AUTOCLERK DISCLAIMS ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE AND NON-INFRINGEMENT. WITHOUT LIMITING THE FOREGOING, AUTOCLERK MAKES NO WARRANTY OF ANY KIND THAT THE SERVICE, ANY OTHER GOODS, SERVICES WILL MEET CUSTOMER'S OR OTHER THIRD PARTY'S REQUIREMENTS, OPERATE INTERRUPTION, BE COMPATIBLE WITH ANY OTHER GOODS, SERVICES, OR TECHNOLOGY, OR BE SECURE, ACCURATE, COMPLETE, FREE OF HARMFUL CODE OR ERROR FREE, AUTOCLERK AND ITS AFFILIATES SHALL NOT BE LIABLE FOR ANY LOSS OF DATA, INTERRUPTION OR LOSS OF BUSINESS CAUSED BY OR RESULTING FROM THE USE OF THE SERVICE. AUTOCLERK AND ITS AFFILIATES SHALL NOT BE LIABLE FOR ANY ACTUAL OR ALLEGED SECURITY BREACHES INTO CUSTOMER'S COMPUTER SYSTEMS OR NETWORKS, OR FROM ANY RESULTING ACTIONS TAKEN AGAINST CUSTOMER.

AUTOCLERK DOES NOT AND CANNOT CONTROL THE FLOW OF DATA TO OR FROM THE WEBSITE FROM WHICH THE SERVICE IS PROVIDED OR OTHER PORTIONS OF THE INTERNET. THAT FLOW DEPENDS IN LARGE PART ON THE PERFORMANCE OF INTERNET SERVICES PROVIDED OR CONTROLLED BY THIRD PARTIES. AT TIMES, ACTIONS OR INACTIONS CAUSED BY THESE THIRD PARTIES CAN PRODUCE SITUATIONS IN WHICH AUTOCLERK'S OR CUSTOMER'S CONNECTIONS THROUGH THE INTERNET (OR PORTIONS THEREOF) MAY BE IMPAIRED OR DISRUPTED. AUTOCLERK CANNOT GUARANTEE THAT THESE EVENTS WILL NOT OCCUR. ACCORDINGLY, AUTOCLERK DISCLAIMS ANY AND ALL LIABILITY RESULTING FROM OR RELATED TO THOSE EVENTS.

6. Term and Termination.

6.1 <u>Term.</u> This Agreement shall have an initial term of one (1) year ("<u>Initial Term</u>"), and will automatically renew for additional one (1) year terms unless terminated earlier pursuant to this Agreement or either party gives the other party written notice of non-renewal at least ninety (90) days prior to the expiration of the then-current term (each a "<u>Renewal Term</u>" and together with the Initial Term, the "Term").

6.2 <u>Termination for Cause</u>. This Agreement may be terminated:

- (a) by AutoClerk, effective on written notice to Customer, if Customer fails to pay any amount due under this Agreement, and that failure continues for more than thirty (30) days after AutoClerk's delivery of the written notice;
- (b) by either Party, upon thirty (30) days prior written notice to the other Party if the other Party breaches this Agreement and the breach remains uncured thirty (30) days after the non-breaching Party provides the breaching Party with written notice of that breach;
- (c) by either party, effective immediately, if the other party: (i) is dissolved or liquidated or takes any corporate action for such purpose; (ii) becomes insolvent or is generally unable to pay its debts; (iii) becomes the subject of any voluntary or involuntary bankruptcy proceeding under any domestic or foreign bankruptcy or insolvency Law; (iv) makes or seeks to make a general assignment for the benefit of its creditors; or (v) applies for, or consents to, the appointment of a trustee, receiver or custodian for a substantial part of its property.

- 6.3 <u>Early Termination</u>. If, for any reason other than material breach of this Agreement by AutoClerk, Customer requests termination or terminates this Agreement prior to completion of the current Term, and provided that AutoClerk agrees to the early termination of this Agreement, the following early termination fee shall be paid by Customer to AutoClerk prior to AutoClerk releasing Customer from its obligations under this Agreement: Average monthly subscription fee paid by Customer to AutoClerk from the Effective Date multiplied by the number of months remaining in the Term. Regardless of the number of months remaining in the Term, the early termination fee paid to AutoClerk by the Customer shall be a minimum of six (6) months average fee.
- 6.4 <u>Effect of Termination</u>. Except as otherwise set forth in this Agreement, on the expiration or early termination of this Agreement: (i) all rights, licenses and authorizations granted to Customer hereunder will immediately terminate and Customer shall immediately cease all use of the Service; (ii) within thirty (30) days, Customer shall deliver to AutoClerk, or at AutoClerk's written request, destroy, and permanently delete from all devices and systems the Service and AutoClerk's Confidential Information; (iii) certify to AutoClerk in writing that it has complied with the requirements of this <u>Section 6.4</u>; and (iv) Customer shall pay, within thirty (30) days, all amounts payable by Customer under this Agreement. Except as otherwise required by applicable Law, upon termination for any reason, all Customer Content will be immediately and irrevocably deleted from the Service.

7. Fees; Payment Terms.

- 7.1 <u>Fees</u>. Customer shall pay AutoClerk the fees, including any reimbursable expenses, set forth in **Exhibit A** ("Fees") in accordance with this <u>Section 7</u>.
- 7.2 <u>Fee Increases</u>. AutoClerk may increase the Fees upon thirty (30) days written notice to Customer. The increased Fees shall become effective on the date specified in the notice unless Customer terminates this Agreement by providing written notice to AutoClerk on or before the date on which the increased Fees would otherwise go into effect.
- 7.3 <u>Taxes</u>. All Fees and other amounts payable by Customer under this Agreement are exclusive of taxes and similar assessments. Without limiting the foregoing, Customer is responsible for all sales, service, use and excise taxes, and any other similar taxes, duties and charges of any kind imposed by any federal, state or local governmental or regulatory authority on any amounts payable by Customer hereunder, other than taxes imposed on AutoClerk's income.
- 7.4 <u>Payment</u>. Fees are payable to AutoClerk by credit card payment or Automated Clearing House (ACH) transfer within thirty (30) days of the invoice date. All Fees are payable in U.S. funds to AutoClerk's corporate address at: 1981 North Broadway, Suite 430, Walnut Creek, California 94596 or such other address as AutoClerk provides to Customer from time to time.

All amounts over thirty (30) days past due shall bear interest from the date due at 1.5% of the outstanding balance or a \$50.00 late fee (whichever is greater) billed monthly. If the invoice is over sixty (60) days past due, Customer's use of the Service will be suspended and subject to a \$500.00 reinstatement fee and potential termination. Customer shall be responsible for all fees and Losses AutoClerk incurs in the collecting of past due amounts including attorneys' fees, expenses and court costs.

7.5 <u>Refunds</u>. Except as set forth in this Agreement, no refunds of any amounts will be paid to Customer in the event of termination of this Agreement.

8. Confidentiality.

8.1 <u>Confidential Information</u>. "<u>Confidential Information</u>" means all confidential, proprietary, and trade secret information of the disclosing party, in tangible or intangible form, disclosed to the receiving party. Confidential Information includes: (i) information designated by the disclosing party as confidential; (ii) information that contains, or that relates to, the disclosing party's plans, pricing, methods, methodologies, processes, financial data, lists, Intellectual Property Rights, customer information, programs, research, development, and information technology; and (iii) the terms and conditions of this Agreement.

The Parties agree that Confidential Information provided by the disclosing party is and will remain the property of the disclosing party and that nothing contained in this Agreement is to be construed to be a grant of, or as an intention or commitment to grant to the receiving party, any right, title or interest of any nature in or to the Confidential Information or any property derived therefrom. The Parties further agree that all rights and title in and to the Confidential Information will remain at all times in the disclosing party.

8.2 <u>Obligations of the Receiving Party</u>. The receiving party agrees (i) it will hold in strict confidence all Confidential Information received from the disclosing party; (ii) it will use the Confidential Information only as authorized by the disclosing party; and (iii) it will not make any use of the Confidential Information for its own benefit at any time, and will not knowingly permit or facilitate such use by any other Person, without the prior written consent of the disclosing party.

Notwithstanding the foregoing, the receiving party may disclose Confidential Information without the disclosing party's prior written consent to any of its officers, employees, or representatives (collectively, the "Representatives"), but only to those Representatives that (i) have a "need to know" in order to carry out the purposes of this Agreement or to provide professional advice in connection with this Agreement, (ii) are legally bound to the receiving party to protect information such as the Confidential Information under terms at least as restrictive as those provided herein, and (iii) have been informed by the receiving party of the confidential nature of the Confidential Information and the requirements regarding restrictions on disclosure and use as set forth in this Section. The receiving party shall be liable to the disclosing party for the acts or omissions of any Representatives to which it discloses Confidential Information which, if done by the receiving party, would be a breach of this Agreement.

8.3 Exceptions to the Obligation of Confidentiality. The receiving party will not be liable for the disclosure of any Confidential Information which is: (i) generally made available publicly or to third parties by the disclosing party without restriction on disclosure; (ii) rightfully received from a third party without any obligation of confidentiality; (iii) rightfully known to the receiving party without any limitation on disclosure prior to its receipt from the disclosing party; (iv) independently developed by employees of the receiving party without reference to the Confidential Information of the disclosing party, which can be demonstrated by written record; or (iv) required to be disclosed in accordance with applicable Laws, court, judicial, or other government order; provided, however, that the receiving party shall give the disclosing party reasonable notice prior to such disclosure (to the extent that it is legally permitted to do so) and shall comply with any applicable protective order.

9. Additional Provisions.

- 9.1 <u>Attorneys' Fees.</u> If any legal action is necessary to enforce the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees in addition to any relief to which that party may be entitled.
 - 9.2 Governing Law; Venue. This Agreement shall be deemed to have been made in, and shall be

construed pursuant to, the laws of the State of Arizona. Customer expressly agrees to submit to the venue and jurisdiction of the Federal and State courts located in Maricopa County, Arizona.

- 9.3 <u>Assignment</u>. Customer may not assign or delegate any or all of its rights, obligations and duties under this Agreement without the prior written consent of AutoClerk, which may be withheld in AutoClerk's sole discretion. This Agreement will bind and inure to the benefit of a party's permitted successors and assigns.
- 9.4 Force Majeure. In the event either party is delayed or prevented from performing this Agreement (except for payment obligations) due to any cause beyond its reasonable control and without its fault or negligence, including but not limited to, strike, labor or civil unrest or dispute, embargo, work stoppage, delay, protest, acts of God or acts of terrorism, such delay shall be excused during the continuance of such delay, and the period of performance shall be extended to such extent as may be reasonable to perform after the cause of delay has been removed. In the event any such delay continues for a period of more than thirty (30) days, either party may terminate the Agreement under which performance is delayed upon written notice to the other party.
- 9.5 <u>Survival</u>. All provisions of this Agreement, including without limitation confidentiality, indemnification, limitation of liability, and intellectual property, which by their nature reasonably should survive termination or expiration of this Agreement shall be deemed to so survive.
- 9.6 <u>Severability</u>. The invalidity or unenforceability of any particular provision or condition of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision had been omitted.
- 9.7 <u>Independent Contractors</u>. The parties agree that each shall perform its respective obligations under this Agreement as independent contractors and nothing herein shall be construed as creating any partnership, joint venture, employment, franchise or agency relationship between the parties. Nothing in this Agreement will constitute a party as a legal representative or agent of the other party, nor will a party have the right or authority to assume, create or incur any liability or any obligation of any kind, express or implied, against or in the name or on behalf of the other party or its related entities.
- 9.8 <u>Waiver</u>. No delay or failure of either party in exercising any right and no partial or single exercise of any right shall be deemed to constitute a waiver of that right or any other rights under this Agreement.
- 9.9 <u>Notices</u>. Any notice, request, demand, or other communication required or permitted under this Agreement will be given in writing, with all communication charges prepaid, to the party being notified. All communications will be deemed given only upon receipt. A party may change its address only by notifying the other party in writing in accordance with this notice provision, in which case this Agreement will be deemed to have been modified for that purpose.
- 9.10 <u>Entire Agreement</u>. This Agreement, including all exhibits attached hereto, is the complete and exclusive statement of the mutual understanding of the parties and it supersedes and cancels all previous written and oral agreements and communications relating to the subject matter of this Agreement.

EXHIBIT H-2 TO FDD

AUTOCLERK PMS END USER LICENSE AGREEMENT



AutoClerk® End-User License Agreement

This End-User License Agreement (this "Agreement") is entered into as of the last date signed below (the "Effective Date") by and between AutoClerk, Inc. ("Licensor") and the undersigned ("Licensee"). Licensor and Licensee may be referred to herein individually as a "Party" and collectively as the "Parties." Licensee desires to license the Software Product (defined below) from Licensor on the terms and conditions set forth in this Agreement.

In consideration of the mutual covenants, terms and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows.

1. <u>Definitions.</u>

"Action" means any claim, suit, or proceeding.

"Affiliate" means a legal entity controlling, controlled by, or under common control with a Party.

"<u>Documentation</u>" means manuals, documents, and other instruments Licensor provides to Licensee in connection with the Software Product.

"Intellectual Property Rights" means common law, statutory and other intellectual property rights, including copyrights, trademarks, trade secrets, patents and other proprietary rights issued, honored or enforceable under any applicable laws anywhere in the world, and all moral rights related thereto.

"Law" means any local, state, national, tribal, and/or foreign law, treaties, and/or regulations.

"<u>Loss</u>" means losses, damages, liabilities, claims, actions, judgments, settlements, awards, penalties, fines, costs, and expenses, including reasonable attorneys' fees.

"Person" means an individual, corporation, partnership, organization, association, government authority, or other entity.

"Site" means Licensee's property identified on Exhibit A.

"Software Product" means the software package known as the AutoClerk Property Management System that is licensed to Licensee pursuant to this Agreement. The Software Product includes Updates (defined below), Documentation, derivative works, and other modifications to the Software Product. The Software Product also includes the interface software identified on Exhibit A.

"<u>Updates</u>" means updates, upgrades, releases, improvements, changes or other modifications to the Software Product.

2. <u>License Grant, Restrictions and Requirements.</u>

- 2.1 <u>Authorized Use.</u> Subject to the terms and conditions set forth in this Agreement, Licensor grants to Licensee, during the Term (as defined below), a nonexclusive, non-assignable, revocable, non-sublicenseable limited license to use the Software Product in accordance with this Agreement. Licensee may use the Software Product for its internal use only, including for purposes of internal training by Licensee of its employees.
- 2.2 <u>Scope and Location</u>. The Software Product includes separate software that may reside on the Licensee's (i) network server; (ii) local computers at the Site; and (iii) remote computers located away from the Site, as set forth on <u>Exhibit A</u>. Licensee shall use the Software Product on the number of computers identified on <u>Exhibit A</u>. <u>Exhibit A</u> may be amended from time to time by purchase orders issued by Licensor and signed by both Parties.
- 2.3 Approved Hardware and Administrator. Licensor authorizes use of and support for the Software Product on computer systems that meet Licensor's hardware, network, and system specifications posted at https://www.myautoclerk.com, and that have sufficient quality and performance to run the Software Product in a stable and efficient manner. Additionally, Licensor requires that Licensee use a competent network administrator, as described at https://www.myautoclerk.com.
- 2.4 <u>Credit Card Processing.</u> If the Software Product requires a credit card interface, then Licensor, because of transaction security concerns, shall require that Licensee utilize software provided by a third party payment gateway provider that has been approved by Licensor or that is acceptable to Licensor, in its sole and absolute discretion, to process payment transactions involving the Software-Product. In no event will Licensor be responsible or liable for any consequences or alleged consequences stemming from Licensee's credit card processing. Licensor will also not be responsible or liable for Licensee's failure to adhere to applicable Laws, including applicable banking regulations, relating to the processing and storing of credit information.
- 2.5 Restrictions. Licensee shall not and shall not assist or permit any other Person to: (i) copy, modify, translate, or prepare derivative works or improvements of the Software Product; (ii) rent, sell, sublicense, assign, distribute, publish, transfer or otherwise make available the Software Product to any Person; (iii) reverse engineer, disassemble, decompile, decode or adapt the Software Product, or otherwise attempt to derive or gain access to the source code of the Software Product; (iv) breach any security device of the Software Product; (v) remove or change any terms of the Software Product, including warranties, disclaimers, or Intellectual Property Rights notices; (vi) use the Software Product in any manner or for any purpose that infringes, misappropriates or violates any Intellectual Property Rights or other rights of any Person, or that violates any applicable Law; (vii) use the Software Product for purposes of developing, using or providing a competing software product or any other purpose to Licensor's detriment or commercial disadvantage; (viii) move or transfer the Software Product from the Site; or (ix) use the Software Product except as expressly permitted by this Agreement and the Documentation.
- 2.6 <u>Training and Installation</u>. Only Licensor may install the Software Product. Installation is normally handled by remote access. Under no circumstances is Licensee authorized to install any portion of the Software Product. Licensor and Licensee will schedule dates for Software Product installation and Software Product training that are agreeable to both Parties. Licensee may elect to postpone either scheduled date, without penalty, if Licensee provides written notice of the postponement to Licensor at least thirty (30) days prior to a scheduled date. If Licensee unilaterally

postpones a scheduled date with thirty (30) days or less notice to Licensor, then Licensee will be charged a rescheduling fee equal to one-third of the labor charges.

2.7 <u>Additional Licensee Obligations</u>. Licensee is solely responsible for providing current and accurate information regarding Licensee's cancellation policies, minimum stay requirements, rates, availability, amenities, location, or any other information that may reflect the current positioning of Licensee's property through the use of the Software Product.

3. Intellectual Property Rights.

3.1 Intellectual Property Ownership. Licensee acknowledges and agrees that:

- (a) the Software Product is licensed, not sold, to Licensee by Licensor, and Licensee does not and will not have or acquire any ownership interest in the Software Product, or in any related Intellectual Property Rights;
- (b) Licensor is and will remain the sole and exclusive owner of all right, title and interest in and to the Software Product, including all related Intellectual Property Rights, subject only to the rights of any applicable third-party licensors; and
- (c) Licensee hereby unconditionally and irrevocably assigns to Licensor its entire right, title, and interest in and to any Intellectual Property Rights that Licensee may have in or to the Software Product (including any rights in derivative works, patent improvements, or feedback).

3.2 Licensee Cooperation Regarding Infringement. Licensee shall:

- (a) take all reasonable measures to safeguard the Software Product from infringement, misappropriation, misuse, or unauthorized access;
- (b) at Licensor's expense, take all necessary actions that Licensor may request to assist Licensor in maintaining the validity and Licensor's ownership of Licensor's Intellectual Property Rights;
- (c) promptly notify Licensor in writing if Licensee becomes aware of (i) any actual or suspected infringement or other violation of Licensor's Intellectual Property Rights; or (ii) any claim that the Software Product infringes, misappropriates or otherwise violates the Intellectual Property Rights or other rights of any Person; and
- (d) cooperate with and assist Licensor in all reasonable ways in the conduct of an Action by Licensor to prevent or stop any actual or threatened infringement or violation of Licensor's rights in or to the Software Product.
- 3.3 <u>No Implied Rights.</u> Except for the limited rights and licenses expressly granted under this Agreement, nothing in this Agreement grants, by implication, waiver, estoppel or otherwise, to Licensee or to any third party any Intellectual Property Rights or other right, title, or interest in or to the Software Product.

4. Indemnification; Limitation of Liability.

4.1 <u>Licensor's Indemnification</u>. <u>Licensor shall indemnify, defend, and hold harmless-Licensee from and against Losses incurred by Licensee arising out of or related to an Action by a third-party alleging that Licensee's use of the Software Product in accordance with this Agreement infringes any U.S. Intellectual Property Right.</u>

The foregoing obligation does not apply to the extent that an Action or Loss arises from or is related to: (i) open-source components or other third-party materials; (ii) patent issued or a patent application published after the Effective Date; (iii) use of the Software Product with technology or

 $\frac{service\ not\ provided\ by\ Licensor\ or\ specified\ in\ the\ Documentation;\ (iv)\ modification\ of\ the\ Software-Product\ other\ than\ by}{Product\ other\ than\ by}$

Licensor; (v) failure to timely implement any Updates provided by Licensor; (vi) use of the Software Product after Licensor's notice to Licensee about alleged or actual infringement or other violation of a Person's rights; (vii) use of the Software Product by or on behalf of Licensee that is outside the purpose or scope of this Agreement; (viii) events or circumstances outside of Licensor's commercially reasonable control; or (ix) Actions and Losses for which Licensee is obligated to indemnify Licensor pursuant to this Agreement.

- 4.2 <u>Licensee's Indemnification</u>. Licensee shall indemnify, defend, and hold harmless Licensor and its Affiliates, and its and their respective officers, members, directors, employees, agents, subcontractors, successors and assigns from and against Losses arising out of or related to: (i) use of the Software Product by or on behalf of Licensee with any hardware, software, system, or service that is neither provided by Licensor nor authorized by Licensor; (ii) information or technology directly or indirectly provided by Licensee to be installed or used with the Software Product; (iii) a breach by or on behalf of Licensee of any representation, warranty, covenant, or obligation under this Agreement; (iv) any gross negligence, misuse or act or omission by or on behalf of Licensee with respect to the Software Product or in connection with this Agreement; or (v) use of the Software Product by or on behalf of Licensee that is outside the purpose or scope authorized by this Agreement.
 - 4.3 <u>Indemnification Procedure</u>. Each Party shall promptly notify the other Party in writing of any

Action for which the Party believes it is entitled to be indemnified. The Party seeking indemnification (the "Indemnitee") shall cooperate with the other Party (the "Indemnitor") at the Indemnitor's sole cost and expense. The Indemnitor shall immediately take control of the defense and investigation of the Action and shall employ counsel of its choice at the Indemnitor's sole cost and expense. The Indemnitee's failure to perform any obligations under this Section 4 will not relieve the Indemnitor of its obligations except to the extent that the Indemnitor can demonstrate that it has been prejudiced as a result of that failure. The Indemnitee may participate in the proceedings at its own cost and expense with counsel of its own choosing.

- 4.4 <u>Mitigation</u>. If the Software Product, or any part of the Software Product, is, or in Licensor's opinion is likely to infringe, misappropriate or otherwise violate any third party's Intellectual Property-Rights, or if Licensee's use of the Software Product is enjoined or threatened to be enjoined, Licensormay, at its option: (i) obtain the right for Licensee to continue using the Software Product as contemplated by this Agreement; (ii) modify or replace the Software Product; or (iii) terminate this Agreement, in its entirety or with respect to the affected feature of the Software Product, effective immediately on written notice to Licensee. In the event this Agreement is terminated pursuant to the foregoing, Licensee shall cease all use of the Software Product, and Licensor shall refund to Licensee a pro rata share of any Fees prepaid by Licensee for the remaining portion of the Term.
- 4.5 <u>Sole Remedy. SECTION 4 SETS FORTH LICENSEE'S SOLE REMEDIES AND LICENSOR'S AND ITS AFFILIATES' SOLE LIABILITY AND OBLIGATION FOR ANY ACTUAL, THREATENED OR ALLEGED ACTIONS THAT THIS AGREEMENT OR ANY SUBJECT MATTER HEREOF (INCLUDING THE SOFTWARE PRODUCT) INFRINGES, MISAPPROPRIATES OR OTHERWISE VIOLATES ANY INTELLECTUAL PROPERTY RIGHTS OF ANY PARTY.</u>
- 4.6 <u>LIMITATION OF LIABILITY</u>. EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION 4, IN NO EVENT WILL THE AGGREGATE LIABILITY OF LICENSOR AND ITS AFFILIATES, ARISING OUT OF OR RELATED TO THIS AGREEMENT, WHETHER ARISING UNDER OR RELATED TO BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR ANY OTHER LEGAL OR EQUITABLE THEORY, EXCEED THE AMOUNTS PAID TO LICENSOR UNDER THIS AGREEMENT DURING THE TWENTY-FOUR (24) MONTH PERIOD PRECEDING THE EVENT GIVING RISE TO THE ACTION. THE

FOREGOING LIMITATIONS APPLY EVEN IF A REMEDY FAILS OF ITS ESSENTIAL PURPOSE. THE LIMITATIONS IN THIS SECTION DO NOT APPLY TO EACH PARTY'S INDEMNIFICATION OBLIGATION, BREACH OF CONFIDENTIALITY, FRAUD, OR WILLFUL MISCONDUCT.

- 5.1 <u>Limited Warranty</u>. Subject to the terms and conditions set forth in this Agreement, including Section 2.3, Section 5.2, and Section 5.3, Licensor warrants to Licensee that for a period of thirty (30) days from the Effective Date (the "Warranty Period"), the Software Product will-substantially conform in all material respects to the specifications set forth in the Documentation, when installed, operated, and used in accordance with the Documentation and this Agreement.
- 5.2 <u>Requirements.</u> The limited warranty applies only if Licensee: (i) notifies Licensor in writing about the alleged breach of warranty before the expiration of the Warranty Period and (ii) is incompliance with all terms and conditions of this Agreement, including installing all Updates.
- 5.3 Exceptions. The limited warranty does not apply to defects arising out of or related to: (i) modification, misuse, or damage to the Software Product by or on behalf of Licensee; (ii) any operation, use, or other activity related to the Software Product other than as specified in the Documentation and in compliance with this Agreement, including Licensee's failure to promptly installall Updates; (iii) Licensee's or a third party's system or network; (iv) any open-source components or software that Licensor makes available for testing or demonstration purposes; (v) Licensee's breach of any provision of this Agreement; or (vi) any other circumstances outside of Licensor's reasonable control.
- 5.4 Remedies. In the event of a breach of the warranties set forth in this Section 5, Licensor may, at its option: (i) amend or repair the Software Product; (ii) replace the Software Product with functionally equivalent software; or (iii) terminate this Agreement and refund to Licensee a prorata share of any Fees prepaid by Licensee for the remaining portion of the Term.
- 5.5 <u>Sole Remedy</u>. If Licensor does not cure a breach of warranty or terminate this Agreement as provided in this <u>Section 5</u>, within thirty (30) days after Licensor's receipt of writtennotice of the breach, then Licensee shall have the right to terminate this Agreement, and Licensor shall promptly refund to Licensee a pro rata share of any Fees prepaid by Licensee for the remaining portion of the Term.
- DISCLAIMER OF WARRANTIES. EXCEPT FOR THE EXPRESS LIMITED WARRANTIES SET FORTH IN SEECTION 5, THE SOFTWARE PRODUCT IS PROVIDED BY LICENSOR "AS IS." TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, LICENSOR DISCLAIMS ALL WARRANTIES, WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, AND DISCLAIMS ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, AND NON-INFRINGEMENT. WITHOUT LIMITING THE FOREGOING, LICENSOR MAKES NO WARRANTY OF ANY KIND THAT THE SOFTWARE PRODUCT OR ANY OTHER LICENSOR OR THIRD-PARTY GOODS, SERVICES, TECHNOLOGY OR MATERIALS WILL MEET LICENSEE'S OR OTHER THIRD PARTY'S REQUIREMENTS, OPERATE WITHOUT INTERRUPTION, ACHIEVE ANY INTENDED RESULT, BE COMPATIBLE, BE SECURE, ACCURATE, FREE OF HARMFUL CODE OR ERROR FREE. LICENSOR AND ITS AFFILIATES SHALL NOT BE LIABLE FOR ANY LOSS OF DATA, INTERRUPTION OR LOSS OF BUSINESS CAUSED BY OR RESULTING FROM THE USE OF THE SOFTWARE PRODUCT. LICENSOR AND ITS AFFILIATES SHALL NOT BE LIABLE FOR ANY ACTUAL OR ALLEGED SECURITY BREACHES INTO LICENSEE'S COMPUTER SYSTEMS OR NETWORKS, OR FROM ANY ACTIONS TAKEN AGAINST LICENSEE.

6. Term and Termination.

6.1 <u>Term.</u> The term of this Agreement shall commence on the Effective Date and shall remain in effect for ten (10) years (the "<u>Term</u>") or until terminated by either Party as provided in this Agreement.

6.2 <u>Termination For Convenience</u>. Either Party may terminate this Agreement at any time by giving ninety (90) days prior written notice to the other Party.

6.3 Termination for Cause. This Agreement may be terminated:

- (a) by Licensor, effective on written notice to Licensee, if Licensee fails to pay any amount due under this Agreement, and that failure continues for more than thirty (30) days after Licensor's delivery of the written notice;
- (b) by either Party, upon thirty (30) days prior written notice to the other Party if the other Party breaches this Agreement and the breach remains uncured thirty (30) days after the non-breaching Party provides the breaching Party with written notice of that breach;
- (c) by Licensor, effective immediately, if the Licensee: (i) is dissolved or liquidated or takes any corporate action for such purpose; (ii) becomes insolvent or is generally unable to pay its debts; (iii) becomes the subject of any voluntary or involuntary bankruptcy proceeding under any domestic or foreign bankruptcy or insolvency Law; (iv) makes or seeks to make a general assignment for the benefit of its creditors; or (v) applies for, or consents to, the appointment of a trustee, receiver or custodian for a substantial part of its property.
- 6.4 <u>Effect of Termination</u>. Except as otherwise set forth in this Agreement, upon the expiration or early termination of this Agreement: (i) all rights, licenses and authorizations granted to Licensee hereunder will immediately terminate and Licensee shall immediately cease all use of the Software Product; (ii) within thirty (30) days, Licensee shall deliver to Licensor, or at Licensor's written-request, destroy, and permanently delete the Software Product and Licensor's Confidential Information; (iii) certify to Licensor in writing that it has complied with the requirements of this Section 6.4; and (iv) Licensee shall pay, within thirty (30) days, all amounts payable by Licensee underthis Agreement.

7. Fees; Payment Terms.

- 7.1 <u>Fees. Licensee shall pay Licensor the fees, including any reimbursable expenses, set forth in Exhibit A ("Fees") in accordance with this Section 7.</u>
- 7.2 Fee Increases. Licensor may increase the Fees upon thirty (30) days written notice to Licensee. The increased Fees shall become effective on the date specified in the notice unless Licensee terminates this Agreement by providing written notice to Licensor on or before the date on which the increased Fees would otherwise go into effect.
- 7.3 Taxes. All Fees and other amounts payable by Licensee under this Agreement are exclusive of taxes and similar assessments. Without limiting the foregoing, Licensee is responsible for all-sales, service, use and excise taxes, and any other similar taxes, duties and charges of any kind imposed by any federal, state or local governmental or regulatory authority on any amounts payable by Licensee hereunder, other than taxes imposed on Licensor's income.
- 7.4 <u>Payment</u>. Fees are payable to Licensor by credit card payment or Automated Clearing House (ACH) transfer within thirty (30) days of the invoice date. All Fees are payable in U.S. funds to Licensor's corporate address at: 1981 North Broadway, Suite 430, Walnut Creek, California 94596 or such other address as Licensor provides to Licensee from time to time.

All amounts over thirty (30) days past due shall bear interest from the date due at 1.5% of the outstanding balance or a \$50.00 late fee (whichever is greater) billed monthly. Licensee shall be responsible for all fees and Losses Licensor incurs in the collecting of past due amounts including attorneys' fees, expenses and court costs.

7.5 <u>Refu</u> cicensee in the event of	nds. Except as set forth f termination of this Agro	eement.	io retuinus or any anno	unts will be par

8. Confidentiality.

8.1 <u>Confidential Information</u>. "<u>Confidential Information</u>" means all confidential, proprietary, and trade secret information of the disclosing party, in tangible or intangible form, disclosed to the receiving party. Confidential Information includes: (i) information designated by the disclosing party as confidential; (ii) information that contains, or that relates to, the disclosing party's plans, pricing, methods, processes, financial data, lists, Intellectual Property Rights, customer information, programs, research, development, and information technology; and (iii) the terms and conditions of this Agreement.

The Parties agree that Confidential Information provided by the disclosing party is and will-remain the property of the disclosing party and that nothing contained in this Agreement is to be construed to be a grant of, or as an intention or commitment to grant to the receiving party, any right, title or interest of any nature in or to the Confidential Information or any property derived therefrom. The Parties further agree that all rights and title in and to the Confidential Information will remain at all times in the disclosing party.

8.2 Obligations of the Receiving Party. The receiving party agrees (i) it will hold in strict confidence all Confidential Information received from the disclosing party; (ii) it will use the Confidential Information only as authorized by the disclosing party; and (iii) it will not make any use of the Confidential Information for its own benefit at any time, and will not knowingly permit or facilitate such use by any other Person, without the prior written consent of the disclosing party.

Notwithstanding the foregoing, the receiving party may disclose Confidential Information-without the disclosing party's prior written consent to any of its officers, employees, or representatives (collectively, the "Representatives"), but only to those Representatives that (i) have a "need to know" in order to carry out the purposes of this Agreement or to provide professional advice in connection with this Agreement, (ii) are legally bound to the receiving party to protect information such as the Confidential Information under terms at least as restrictive as those provided herein, and (iii) have been informed by the receiving party of the confidential nature of the Confidential Information and the requirements regarding restrictions on disclosure and use as set forth in this Section. The receiving party shall be liable to the disclosing party for the acts or omissions of any Representatives to which it discloses Confidential Information which, if done by the receiving party, would be a breach of this Agreement.

8.3 Exceptions to the Obligation of Confidentiality. The receiving party will not be liable for the disclosure of any Confidential Information which is: (i) generally made available publicly or to third parties by the disclosing party without restriction on disclosure; (ii) rightfully received from a third party without any obligation of confidentiality; (iii) rightfully known to the receiving party without any limitation on disclosure prior to its receipt from the disclosing party; (iv) independently developed by employees of the receiving party without reference to the Confidential Information of the disclosing party, which can be demonstrated by written record; or (iv) required to be disclosed in accordance with applicable Laws, court, judicial, or other government order; provided, however, that the receiving party shall give the disclosing party reasonable notice prior to such disclosure (to the extent that it is legally permitted to do so) and shall comply with any applicable protective order.

9. Additional Provisions.

9.1 <u>Attorneys' Fees</u>. If any legal action is necessary to enforce the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees in addition to any relief to which that Partymay be entitled.

9.2 <u>Governing Law; Venue.</u> This Agreement shall be deemed to have been made in, and shall be construed pursuant to, the laws of the State of Arizona. Licensee expressly agrees to submit to the venue and jurisdiction of the Federal and State courts located in Maricopa County, Arizona.

- 9.3 <u>Assignment</u>. Licensee may not assign or delegate any or all of its rights, obligations and duties under this Agreement without the prior written consent of Licensor, which may be withheld in Licensor's sole discretion. This Agreement will bind and inure to the benefit of each Party's permitted successors and assigns.
- 9.4 Force Majeure. In the event either Party is delayed or prevented from performing this Agreement (except for payment obligations) due to any cause beyond its reasonable control and without its fault or negligence, including but not limited to, strike, labor or civil unrest or dispute, embargo, work stoppage, delay, protest, acts of God or acts of terrorism, such delay shall be excused during the continuance of such delay, and the period of performance shall be extended to such extent as may be reasonable to perform after the cause of delay has been removed. In the event any such delay continues for a period of more than thirty (30) days, either Party may terminate the Agreement under which performance is delayed upon written notice to the other Party.
- 9.5 <u>Survival</u>. All provisions of this Agreement, including without limitation confidentiality, indemnification, limitation of liability, and intellectual property, which by their nature reasonably should survive termination or expiration of this Agreement shall be deemed to so survive.
- 9.6 <u>Severability</u>. The invalidity or unenforceability of any particular provision or condition of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision had been omitted.
- 9.7 Independent Contractors. The Parties agree that each shall perform its respective obligations
 under this Agreement as independent contractors and nothing herein shall be construed as creating any partnership, joint venture, employment, franchise or agency relationship between the Parties.
 Nothing in this Agreement will constitute a Party as a legal representative or agent of the other Party, nor will a Party have the right or authority to assume, create or incur any liability or any obligation of any kind, express or implied, against or in the name or on behalf of the other Party or its related entities.
- 9.8 <u>Waiver</u>. No delay or failure of either Party in exercising any right and no partial or single exercise of any right shall be deemed to constitute a waiver of that right or any other rights under this Agreement.
- 9.9 Notices. Any notice, request, demand, or other communication required or permitted under this Agreement will be given in writing, with all communication charges prepaid, to the Party being notified. All communications will be deemed given only upon receipt. The addresses for Licensee for the purposes of all communications is listed on the signature page. A Party may change its address only by notifying the other Party in writing in accordance with this notice provision, in which case this Agreement will be deemed to have been modified for that purpose.
- 9.10 Entire Agreement; Counterparts. This Agreement, including all exhibits attached hereto, is the complete and exclusive statement of the mutual understanding of the Parties and it supersedes and cancels-all previous written and oral agreements and communications relating to the subject matter of this Agreement. Licensor and Licensee agree that signed facsimile copies of this Agreement are legally binding.

[Signatures Appear on the Following Page]

	<u>Licensee</u>	
l	Property Name:	
	Licensee:	
	Property Site Street Address:	
	Property Site City/State/Zip:	
	Property Phone Number:	
	General Manager Email Address:	
	Billing Street Address:	
	Billing City/State/Zip:	
	Billing Contact Name and/or Title:	
	Billing Contact Phone Number (with extension #:)	
	Billing email:	
	Authorized By (print name):	_ Title;
	Signature:	_ Date:
	<u>Licensor</u>	
l	Accepted By (print name):	Title:

Signature:	Date:	

	Payment Authorization
	Licensor offers two recurring payment methods, credit card or ACH debit transfer.
	To setup recurring payment by credit card, please call Licensor's bookkeeper, Melissa Brown, at (925)
	871-1822.
	To pay by ACH debit transfer, please complete the following:
	Name as it appears on bank account:
	Bank Routing Number:

Ronk Account Numbers		
Rank Account Number		

Exhibit A

AutoClerk PMS Purchase Order

Number of Guestrooms at the property:	_
Number of PMS Stations requested:	_
Includes:	

Product	Description	Monthly	Activation
Total Activation Fees (one	! time)	\$	
Total Monthly Fees (recu	rring)	\$	
Total Deposit Due		\$	

AutoClerk PMS version 9 Price Quote Valid for 30 Days

EXHIBIT I TO FDD

SURESTAY COLLECTION BY BEST WESTERN QA ASSESSMENT PROCESS AND PROCEDURES TABLE OF CONTENTS

SURESTAY COLLECTION BY BEST WESTERN® QA ASSESSMENT PROCESS & PROCEDURES # of **Pages Cover Page and Table of Contents** 6 **The Inspection** 1 **Visit Summary** 1 **Annual QA Assessment** 1/2 **QA Failure Consequences** 1/2 **Quality Assurance Program** 1 **General Requirements Areas of the Property Subject to Assessment** 1/2 **Public Areas and Guest Rooms** 1 **Assessment Procedures** 1 **Clean Deficiency** 1/4 **Condition Deficiency** 1/2 **Brand Standards Quality Assurance Assessment Report** 1/4 **Safety and Security** 1/3 **Process** 1/3 Audits 1/2 **SureStay Collections Brand Standards Detailed Definitions** 1/2 **Compliance and Non-Compliance** 1/2 **Future Requirements** 1/4 **Marginal Calls** 1/4 **Rounding Percentage Requirements** 1/3 **Arrival and Departure Experience** 3 **Restaurant On-Site (Optional)** 2 1/2 **SureStay Collection Requirements Comply/Non-Comply** 2 **Evening Reception-If Provided** 1/4 **Services and Facilities** 5 **Guest Rooms Bedroom Experience** 10 ½ **Entertainment/Work Space** 2 **Sleep Experience** 2 **Kitchen Experience (When Provided)** 1 **Bathroom Experience** 2 1/3 **Total Pages** 48

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	March 11, 2024
Hawaii	April 22, 202 4
Illinois	March 11, 2024
Indiana	March 11, 2024
Maryland	June 4, 2024
Michigan	March 12, 2024
Minnesota	May 10, 2024
New York	April 2, 2024
North Dakota	March 22, 2024
Rhode Island	March 13, 2024
South Dakota	March 11, 2024
Virginia	March 12, 2024
Washington	March 21, 2024
Wisconsin	March 11, 2024

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 IJ 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 SureStay, 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 SureStay, 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 SureStay, Inc., located at 6201 N. 24th Parkway, Phoenix, Arizona 85016. Its telephone number is (602) 957-4200.

•	5201 N. 24th Parkway, Phoenix, AZ 5201 N. 24th Parkway, Phoenix, AZ	*	
David Homero,	2011W2 mil arkway, 1 nochia, 122	05010, (110) 021 3	·
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restay, inc. autnori rticular state.	zes the respective state agencies idei	itified on Exhibit E	3 to receive service of process for it
ave received a discl	osure document dated March 11 Febr	uary 28 , 202 45 that	included the following Exhibits:
Exhibit A	List of State Administrators	Exhibit F	State Addenda to Disclosure
Exhibit B	List of State Agents for		Document
	Service of Process	Exhibit G	Application
Exhibit C-1	Distribution Agreement	Exhibit H -1	AutoClerk Cloud PMS Software
Exhibit C-2	State Addenda to Distribution		as a Service Agreement
	Agreement	Exhibit H-2	AutoClerk PMS End User
Exhibit D	Financial Statements		License Agreement
		Exhibit I	SureStay Collection by Best
Exhibit E	Lists of Current and Former		Western® QA Assessment
EXHIBIT E	Hotel Owners		Process & Procedures Table
	Hotel Owners	Exhibit IJ	of Contents Receipts
		Lamon 1	Receipts

Issuance date: March 11 February 28, 20245.

The franchise seller(s) for this offering is or are:

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 SureStay, 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.

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The franchisor is SureStay, Inc., located at 6201 N. 24th Parkway, Phoenix, Arizona 85016. Its telephone number is (602) 957-4200.

Issuance date: March 11 February 28, 20245.		
The franchise seller(s) for this offering is or are:		
 □ Brad LeBlanc, 6201 N. 24th Parkway, Phoenix, AZ 85016, 6 □ Thomas Giuliano, 6201 N. 24th Parkway, Phoenix, AZ 8501 □ Joshua Michl, 6201 N. 24th Parkway, Phoenix, AZ 8501 □ Jesse Heydorff, 6201 N. 24th Parkway, Phoenix, AZ 8501 □ David Romero, 6201 N. 24th Parkway, Phoenix, AZ 8501 	16, (443) 624-5 6, (443) 624-55 16, (443) 624-5	590; 90; 590;
SureStay, Inc. authorizes the respective state agencies identifie particular state.	d on Exhibit E	3 to receive service of process for it in the
I have received a disclosure document dated March 11 February	28 , 202 4<u>5</u> that	included the following Exhibits:
Exhibit A List of State Administrators Exhibit B List of State Agents for Service of Process Exhibit C-1 Distribution Agreement Exhibit C-2 State Addenda to Distribution Agreement Exhibit D Financial Statements	Exhibit F Exhibit G Exhibit H-1 Exhibit H-2	State Addenda to Disclosure Document Application AutoClerk Cloud PMS Software as a Service Agreement AutoClerk PMS End User License Agreement
Exhibit E Lists of Current and Former Hotel Owners	Exhibit I Exhibit IJ	SureStay Collection by Best Western® QA Assessment Process & Procedures Table of Contents Receipts
Date (Sign, Date and keep for your records)	Prospective I	