

**ENDEAVOR HOSPITALITY**  
INVESTMENTS LLC

Investor Presentation

July 2023

Endeavor Hotel Group LLC

## Disclaimers, Disclosures and Risk Factors

This document (“Investment Presentation”) describes the Endeavor Hotel Group LLC and its affiliates approach towards commercial hospitality real estate investment.

INVESTMENT IN SMALL BUSINESSES INVOLVES A HIGH DEGREE OF RISK, AND INVESTORS SHOULD NOT INVEST ANY FUNDS IN FUTURE OFFERINGS UNLESS THEY CAN AFFORD TO LOSE THEIR ENTIRE INVESTMENT.

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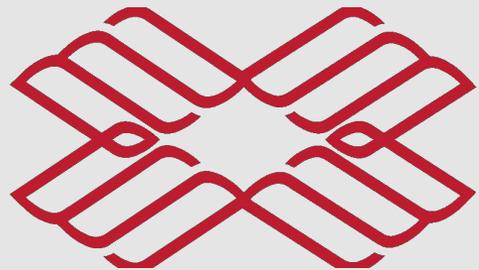
Disclosures made in this Presentation are intended to supersede all prior written or oral communication and understanding regarding the potential offering and may be used as a defense in legal proceedings related to the Company. In the event of any conflict between provisions of the operating agreement for the Company (the “Operating Agreement”) and other information contained herein, the provisions of the Operating Agreement shall govern and control. Prospective investors are advised to read all documentation in this Presentation carefully and to review it with their legal and tax advisors.

## FORWARD-LOOKING STATEMENTS

This Presentation contains certain forward-looking statements that are based on current expectations (but which are not based on any prior operating history).

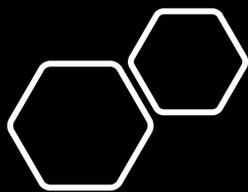
In light of the numerous factors that can materially affect results, including those set forth in this Presentation, the inclusion of any such forward looking information herein should not be regarded as a representation by the Company, its manager or any other person that the Company’s objectives will be achieved.

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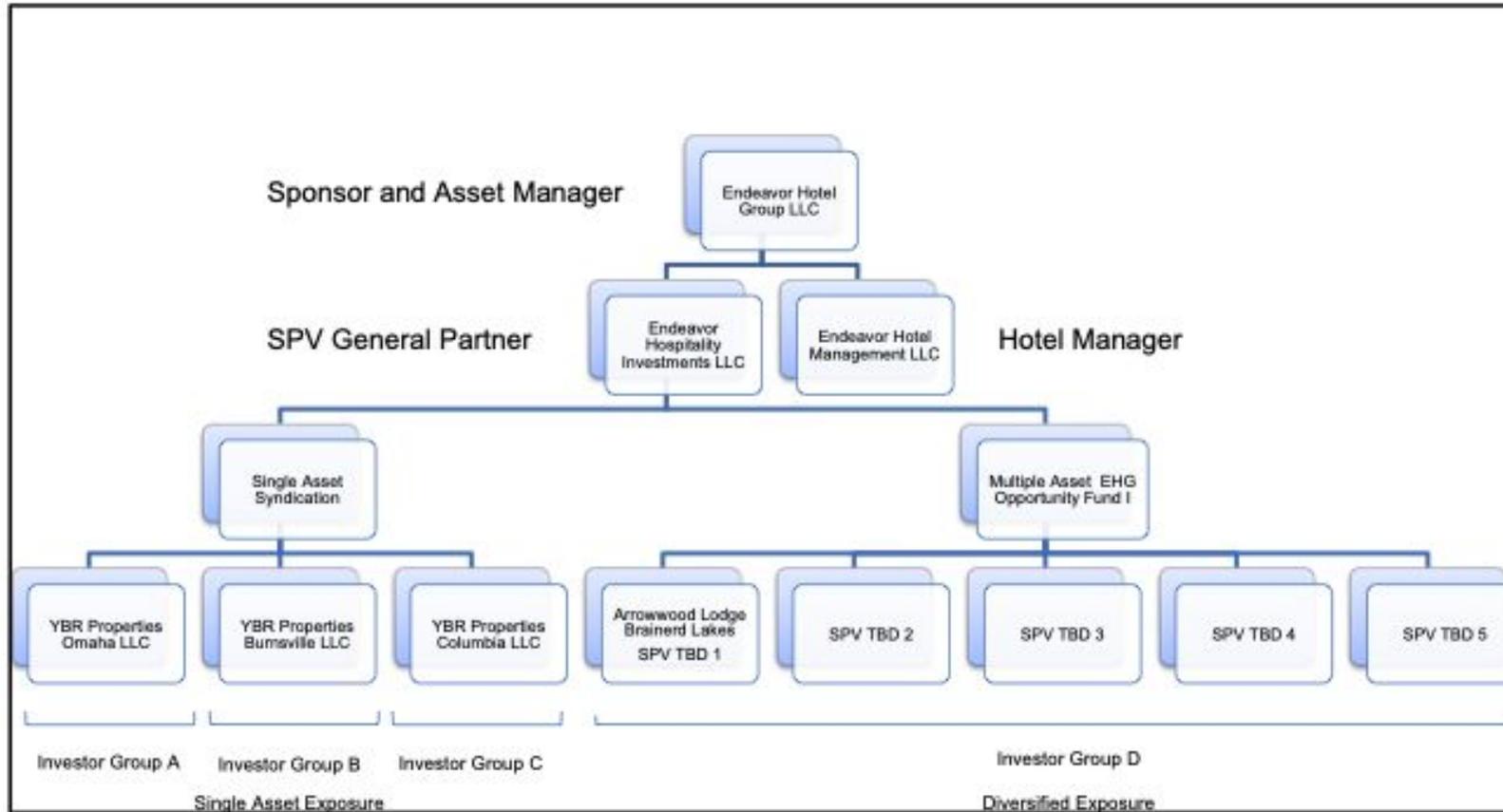
# EHG Enterprise Objectives

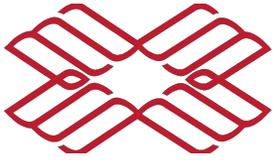
Our intent is to build a world-class Regional Enterprise with top talent managing a balanced portfolio of quality assets weighted to larger full-service hotels that in four years will deliver \$214+ million in revenue and \$56+ million in EBITDA; providing capital preservation, attractive risk adjusted current income distributions to our investors, and the opportunity for significant capital appreciation.

We envision an enterprise that is more than a collection of individual assets. All hotels will share business systems of record, branding, culture and vision and collectively be more valuable than the sum of the individual assets. EHG will be rewarded along with investors in this elevated value creation strategy.



## Organizational Structure and Ways-to-Invest





# Endeavor Management Team

<b>Roy Arnold, President and Chief Executive Officer</b>	Retired Marine Colonel with distinguished career spanning 30 years	Former CEO of Arlington Park International Racecourse	<b>Extensive track record in the public and private sector leading multiple functions and disciplines within and without the hospitality industry</b>
	Served as Managing Director of Lodging Enterprises, a 46 hotel and 22 restaurant company	Served as Chief Talent Officer at Centerplate, a global hospitality food and beverage business	
<b>Brian Farr, Chief Financial Officer</b>	CPA, CFA Charterholder and "Big 4" Alumnus	Builder of back office operations coupled with responsibility for vetting acquisitions and raising debt and equity for privately-held real estate companies	<b>20+ years of senior finance experience including 17 years as CFO of growing real estate companies</b>
<b>Ryan White, Director of Hotel Operations</b>	Brings 19 years of hospitality operating experience at various midscale hotels in the midwestern United States (similar asset type and locational focus of Endeavor Hotel Group)	Served as VP of Operations at Lodging Advisory Group, overseeing a portfolio of 16 hotels	<b>Experienced hotel operator with the ability to think strategically while effectively managing the daily challenges of operating hotels</b>
<b>Leroy Stocks, Director of Facilities Engineering</b>	25 years of facilities engineering experience in new construction and existing properties	Served as Director of Facilities for a large Extended Stay America portfolio	<b>Versatile and experienced construction and project manager capable of managing ground up construction, deep renovations and day to day maintenance issues</b>

## Management Team focused on value creation through the following strategic objectives

### Optimize Asset Performance

- Revenue Management drives occupancy and RevPAR
- Focus on margin enhancement enhances cash flows
- Operational plans for each hotel with measurable goals
- Attract and retain top talent and invest in training
- Focused capex to maximize return on investment

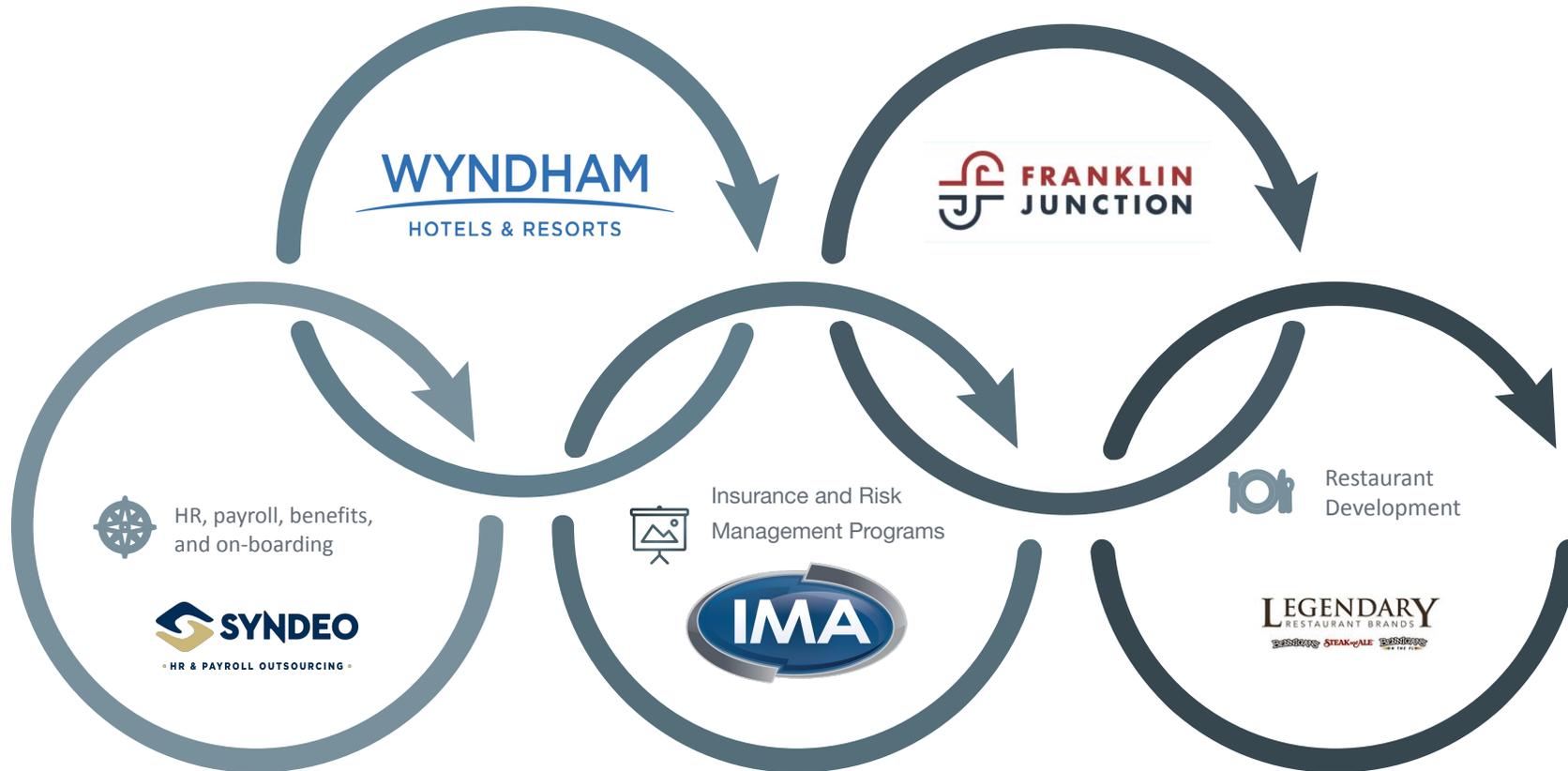
### Growth and Capital Recycling

- Stability of cash flow provides support for growth
- Maintain financial discipline while executing growth opportunities
- Fund growth with an effective mix of equity and debt
- Harvest capital through sale of non-core assets

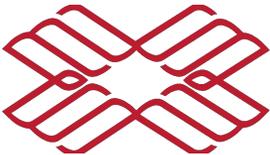
### Financial Position

- Maintain Suitable Liquidity
- Manage capital structure to reduce cost of capital
- Be financially positioned to pursue accretive opportunities
- Increase mix of institutional investors over time
- Maintain asset distributions at a sustainable level for the long term

# Outsourced Services and Capabilities



Outsourcing keeps overhead low, accelerates and derisks scaling, ensures hotel teams have best possible support

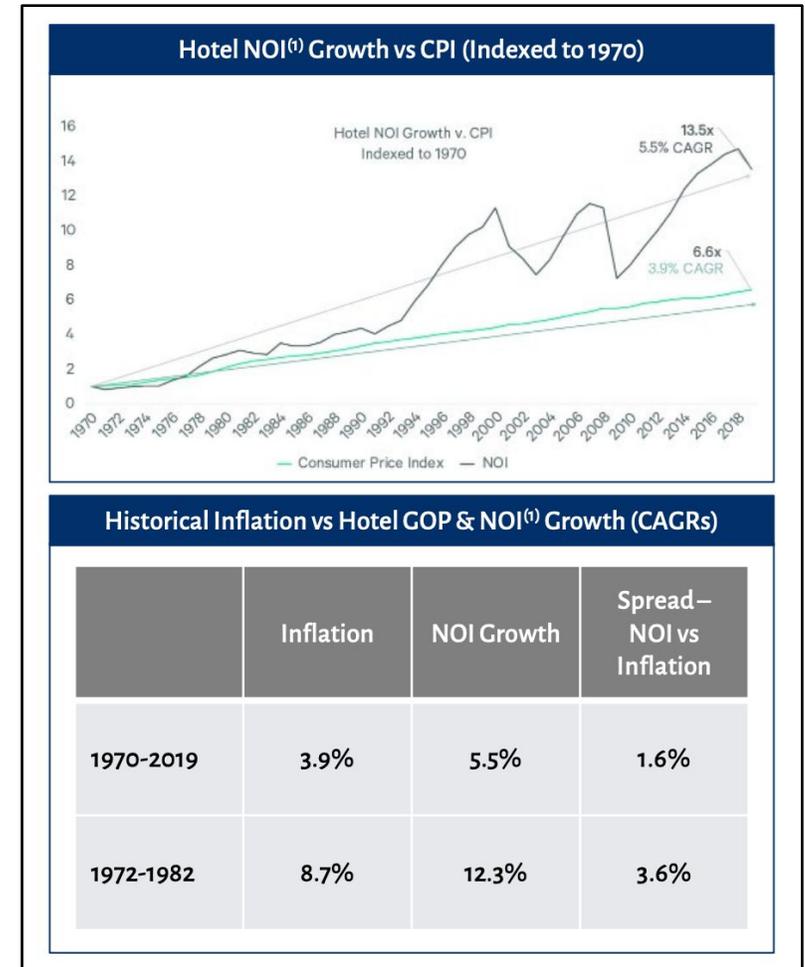


# Endeavor Investment Thesis

<b>Target Hotel Investments</b>	Geographic Focus: Heartland (Value) vs. Coastal (Growth Dependent)	Value Theme (Continued): Sub \$100 Price/SF, Sub 2x Rev/PP, In-Place Cap Rate 10%+/-	Mid- and Upper-Scale with Value Add via Re-Flag and/or Renovation
	Full-Service: Leverage Operational Expertise with Potential to Re-Brand	In-Place Occupancy Opportunities via Corporate, Transportation or Government Bulk Bookings	Real Estate & Operating Company Hybrid
<b>Value Creation</b>	Active Management / Driving Occupancy	Control Costs (Key with Seasonal Nature of Business)	Complete Control: No Outsourcing of Management
	Local Expertise	Obtain EBITDA Goals - Less Dependence on Capital Markets	Operational Focus
<b>Investment Metrics</b>	Splits: GP is Heavily Incentivized: Investors Should Understand "How We Get Paid"	Target Average 5-Year Cash on Cash of 12+% ("Can't Eat IRR")	Tax Friendly (Deferral Not Avoidance and Implications)
	Refinance and Return Equity or Keep Status Quo (Free to Prepay)	Returns Primarily from Operations (Not Dependent on Home Run Sale)	Attractive Risk-Adjusted Returns

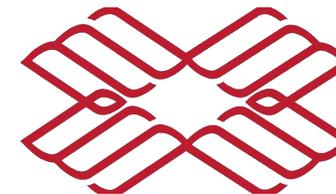
# The Case for Hotel Real Estate in an Inflationary Environment

- The hotel industry has historically demonstrated to be inflation-resistant given its ability to reset rates daily which allows it to pass on increased costs to consumers.
- During the period of highest U.S. inflation over the last 50 years, hotel NOI achieved a 12.3% CAGR, which was materially higher than the CAGR for the U.S. consumer price index over the same period (8.7%).
- If this pattern is to persist and given the similarities between the current economic cycle and inflationary periods in the past, hotel investors can expect outsized NOI growth, which will only be amplified as demand returns to Pre-COVID levels.



# Fundamental Hotel Data---Increasing Demand and Decreasing Supply

- Hotel demand growth has significantly rebounded from its pandemic induced lows and nearly caught up to supply growth in 2023. Prior to the pandemic hotel demand growth had outpaced supply growth for a decade.
- After nearly a decade of growth for U.S. hotel rooms under construction, new construction starts have materially declined over the last two years.
- This slowdown in new supply is driven by a confluence of factors, including decreased demand, labor market issues and a disrupted supply chain.
- Our geographic focus on the Midwest and Mountain states reinforces this trend as these two regions have the lowest forecast for new supply in the Nation.

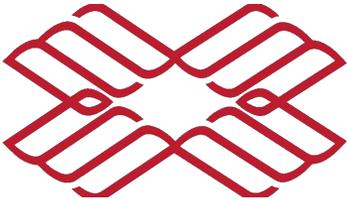


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# Indications of Corporate Segment Recovery

- The industry has seen improving trends relating to corporate demand. GDS, which stands for Global Distribution System, is a distribution channel whereby travel agents book hotel rooms on behalf of business travelers from other companies. GDS revenue vs 2019 has seen an improving trend reaching 0.85x Q1 2023.
- The Negotiated segment refers to room nights that are governed by an agreement between a hotel and a corporate group or other organization. Negotiated revenue vs 2019 has also been increasing, reaching 0.781x in Q1 2023 vs 2019.
- Finally, F&B revenue can be used as a proxy for returning corporate demand, as a large portion of F&B revenue is driven by corporate group functions and meeting room rentals. F&B revenue has had a more gradual recovery but had a large jump in Q1-2023 reaching 0.84x vs 2019.
- As we look to add full-service hotels to our portfolio based on current performance valuations, we believe these emerging trends will provide a tailwind driving hotel performance and amplifying our “value creation” results.

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
GDS % of Room Nights vs 2019 <sup>(2)</sup>	0.59x	0.69x	0.71x	0.72x	0.77x	0.88x	0.88x	0.89x	0.92x
Negotiated Segment Revenue vs 2019	0.49x	0.60x	0.65x	0.61x	0.65x	0.78x	0.76x	0.78x	0.81x
F&B Revenue vs 2019	0.19x	0.30x	0.45x	0.44x	0.49x	0.67x	0.80x	0.74x	0.84x
Weekday Occupancy vs 2019 <sup>(3,2)</sup>	0.77x	0.81x	0.82x	0.87x	0.81x	0.86x	0.88x	0.91x	0.85x

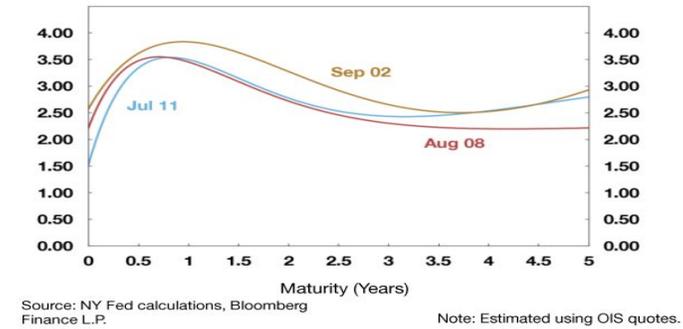


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# Commercial Hospitality Real Estate as an Asset Class in a Turbulent Economy

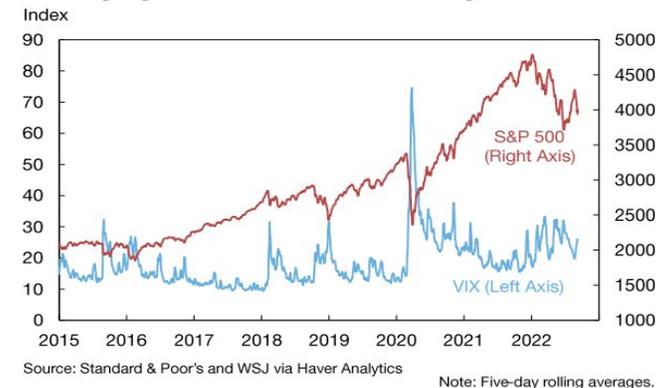
- Core inflation. Year-over-year stands at 5.33% an increase over the historic average of 3.67% and may lead to further Fed rate hikes.
- Likelihood of another two federal funds rate hikes in remainder of 2023.
- Rising interest rates will impact rate sensitive equities depressing earnings and valuations.

**Implied Fed Funds Rate**

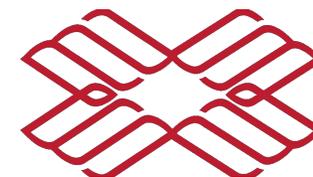


Implied Path Shifted Up

**U.S. Equity Market Index and Volatility**



Equity Prices Declining



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## AIMING TO BE THE LARGEST OWNER AND OPERATOR OF CONFERENCE HOTELS IN THE MIDWEST

### Rethinking the Conference Hotel Experience and Business Model to Diversify Revenue and Drive Value Creation



Rebrand, Reimagine, Reposition

#### Acquire Legacy Assets in Key Markets at Attractive Discounts

- Covid Disruption—  
Conference Hotels out of Favor and Trading at Discounts
- Barriers to Entry—  
Cost of Replacement as much as 3-4x Acquisition Cost
- Favorable Legacy Big Box Characteristics—  
Concrete and Steel Construction, Large Parcel Size

#### Consortium Approach to Acquisition and Development

- Endeavor Hospitality Investments as GP and Sponsor—  
Deal Sourcing, Vision and Value-Add Leadership
- Wyndham Hotel and Resorts—  
World's Largest Hotel Company as Brand Partner
- Legendary Restaurant Brands—  
Restaurant Branding

## BUILDING HOSPITALITY HERITAGE AND CULTURE

### Preserving Sincere Hospitality while Innovating the Guest and Conference Client Experience



Columbia Conference Center Atrium

#### Elevating the Guest Experience

Elegant Surroundings—  
Aspirational Lifestyle, Experiential Excitement, Sincere Hospitality

A Focus on Guest Room Experience—  
Smart Room Technology, Casting, Automation, AI Directory

Diversified Entertainment and Hospitality Options—  
Special Events, Entertainment, Casual and Fine Dining Options

#### Elevating the Conference Client Experience

Conference Innovation—  
Turnkey Planning and Circuit Development

Event Day Control and Culinary Curation—  
Digital Navigation, Flow and Venue Specialization

Remote Guest Experience—  
Interact with Live attendees, Explore Virtual “on-site” Experiences

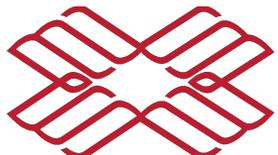




5-Year EHG Forecast based on acquiring 1000 keys per year



Proforma Summary							
	Year 1	Year 2	Year 3	Year 4	Year 5		Total
Room Revenue	\$ 12,775,000	\$ 38,325,000	\$ 63,875,000	\$ 89,425,000	\$ 114,975,000		\$ 319,375,000
Room Expenses	(9,581,250)	(28,743,750)	(47,906,250)	(67,068,750)	(86,231,250)		(239,531,250)
<b>Room Margin</b>	<b>\$ 3,193,750</b>	<b>\$ 9,581,250</b>	<b>\$ 15,968,750</b>	<b>\$ 22,356,250</b>	<b>\$ 28,743,750</b>		<b>\$ 79,843,750</b>
Event Revenue	\$ 6,250,000	\$ 18,750,000	\$ 31,250,000	\$ 43,750,000	\$ 56,250,000		\$ 156,250,000
Event Expenses	(3,750,000)	(11,250,000)	(18,750,000)	(26,250,000)	(33,750,000)		(93,750,000)
<b>Event Margin</b>	<b>\$ 2,500,000</b>	<b>\$ 7,500,000</b>	<b>\$ 12,500,000</b>	<b>\$ 17,500,000</b>	<b>\$ 22,500,000</b>		<b>\$ 62,500,000</b>
Restaurant Revenue	\$ 5,625,000	\$ 16,875,000	\$ 28,125,000	\$ 39,375,000	\$ 50,625,000		\$ 140,625,000
Restaurant Expenses	(4,500,000)	(13,500,000)	(22,500,000)	(31,500,000)	(40,500,000)		(112,500,000)
<b>Restaurant Margin</b>	<b>\$ 1,125,000</b>	<b>\$ 3,375,000</b>	<b>\$ 5,625,000</b>	<b>\$ 7,875,000</b>	<b>\$ 10,125,000</b>		<b>\$ 28,125,000</b>
Host Kitchen Revenue	\$ 6,159,375	\$ 18,478,125	\$ 30,796,875	\$ 43,115,625	\$ 55,434,375		\$ 153,984,375
Host Kitchen Expenses	(4,927,500)	(14,782,500)	(24,637,500)	(34,492,500)	(44,347,500)		(123,187,500)
<b>Host Kitchen Margin</b>	<b>\$ 1,231,875</b>	<b>\$ 3,695,625</b>	<b>\$ 6,159,375</b>	<b>\$ 8,623,125</b>	<b>\$ 11,086,875</b>		<b>\$ 30,796,875</b>
Sponsorship Revenue	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
Sponsorship Expenses	-	-	-	-	-		-
<b>Sponsorship Margin</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>
Commissions Revenue	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
Commissions Expenses	-	-	-	-	-		-
<b>Commission Margin</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>
<b>Total Margin</b>	<b>\$ 8,050,625</b>	<b>\$ 24,151,875</b>	<b>\$ 40,253,125</b>	<b>\$ 56,354,375</b>	<b>\$ 72,455,625</b>		<b>\$ 201,265,625</b>
Debt Service	(1,374,473)	(4,123,419)	(6,872,365)	(9,621,311)	(12,370,257)		(34,361,825)
<b>Cash Flow Before Reserves</b>	<b>\$ 6,676,152</b>	<b>\$ 20,028,456</b>	<b>\$ 33,380,760</b>	<b>\$ 46,733,064</b>	<b>\$ 60,085,368</b>		<b>\$ 166,903,800</b>
Reserves	(1,232,375)	(3,697,125)	(6,161,875)	(8,626,625)	(11,091,375)		(30,809,375)
<b>Free Cash Flow from Operations</b>	<b>\$ 5,443,777</b>	<b>\$ 16,331,331</b>	<b>\$ 27,218,885</b>	<b>\$ 38,106,439</b>	<b>\$ 48,993,993</b>		<b>\$ 136,094,425</b>
Net Gain on Sale	-	-	-	-	322,716,000		322,716,000
<b>Total Cash Flow</b>	<b>\$ 5,443,777</b>	<b>\$ 16,331,331</b>	<b>\$ 27,218,885</b>	<b>\$ 38,106,439</b>	<b>\$ 371,709,993</b>		<b>\$ 458,810,425</b>
Gross Cash on Cash	17.0%	25.5%	28.4%	29.8%	30.6%		
Net Cash on Cash	12.7%	19.0%	21.1%	22.2%	22.8%		
Gross IRR	94.3%			Gross MOIC	3.87		
Net IRR	71.1%			Net MOIC	2.98		



## Endeavor's Typical Acquisition Target

- Upscale Full Service Conference and Event, Upper Midscale Select-Service
- Distressed Sale or Owner Avoiding further Capital Injection
- Significant discount to Replacement and Market Value
- \$45K per key+\$15K-25K per key Repositioning
- Brand Partner Capital: \$7.5K - \$10K per key
- 50% Loan to Value
- Transaction Size: \$10M - \$30M
- Target IRR – 30%+
- 200 Key Average
- Midwest, Mountain States—Interstate, Suburban

## Endeavor Operating Strategy

- Change Management
- Reimagine, diversify revenues with innovation
- Rebrand, drive distribution and achieve operating efficiency
- Reposition, investment to drive guest experience

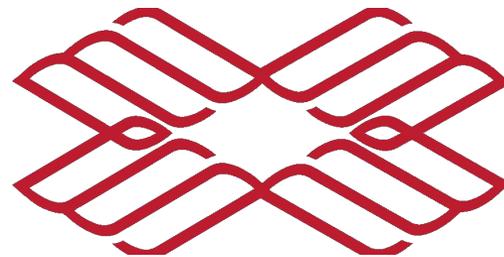


131 Room Upscale Event Hotel, \$65K per key after repositioning and brand capital infusion



298 Room Upscale Event Hotel, \$67.5K per key after repositioning and brand capital infusion

## Contact Us



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