



MARKET STUDY

Proposed COVA Coachella

83857 52ND AVENUE
COACHELLA, CALIFORNIA



SUBMITTED TO:

Mr. Grant King
Relevant Coachella Owner, LLC
1605 North Cahuenga Boulevard
Los Angeles, California 90028

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PREPARED BY:

HVS Consulting & Valuation
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November 14, 2025

Mr. Grant King
Relevant Coachella Owner, LLC
1605 North Cahuenga Boulevard
Los Angeles, California 90028

Re: Proposed COVA Coachella
Coachella, California
HVS Reference: 2025020823

Dear Mr. King:

HVS MIAMI

7561 SW 175 Street
Miami, Florida 33157
+1 (305) 525-8702
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www.hvs.com

Pursuant to your request, we herewith submit our market study pertaining to the above-captioned property. We have inspected the real estate and analyzed the market conditions in the Coachella Valley, California, area. We have studied the proposed project, and the results of our fieldwork and analysis are presented in this report. We have also reviewed the proposed improvements for this site.

We hereby certify that we have no undisclosed interest in the property, and our employment and compensation are not contingent upon our findings. This study is subject to the comments made throughout this report and to all assumptions and limiting conditions set forth herein.

Sincerely,
HVS Consulting & Valuation

DRAFT DOCUMENT

Gary L. Johnson, Senior Vice President - Shared Ownership
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1. Executive Summary

Subject of the Market Study

The subject of the market study is a site measuring 3,713,926 square feet (85.26 acres) that is planned to be improved with a phased luxury-level, wellness focused mixed- use project featuring residential, hotel, club, and co-ownership components; the hotel and residences are anticipated to be associated with a to-be-determined brand. The preliminary brands under consideration include Auberge, Rosewood, One and Only, One Hotels, and Montage. We assume the brand will be one of the preliminary brands or a similar brand within the luxury hotel tier.

The property, which is expected to open on March 1, 2030 (Phase 1), will feature 402 rentable units, inclusive of the following components which will participate within in a rental program.

- 240-room Condo-Hotel Townhomes featuring one-bedroom units
- 51 three and four-bedroom whole ownership Villas
- 39 four and five-bedroom whole ownership Residences
- 6 eight-bedroom whole ownership Estates
- 5 whole ownership Sky Villas

The concept of the proposed subject property will be focused on wellness, and is designed to be the premier destination for wellness in the Coachella Valley, featured wellness focused facilities such as an on-site longevity clinic, two-story fitness center, luxury spa, immersive outdoor onsen, 25-meter lap pool, and an island dedicated to yoga and meditation. In addition, the resort will feature a ten-acre swimmable lagoon in the center of the site which will offer sandy beaches, nine food & beverage outlets, sports center, surf machine, club membership program, beach club and live music venue, library, event spaces, outdoor amphitheater, kid's club, kid's pool, splash pad, and working barn. The property will also contain ample parking capacity and all necessary back-of-the-house space.

The illustrated master plan for the proposed COVA Coachella is illustrated on the following page.

FIGURE 1-1 ILLISTRATED MASTER PLAN FOR THE PROPOSED COVA COACHELLA



RENDERING OF THE PROJECT



The subject site's location is 83857 52nd Avenue, Coachella, California 92236.

Summary of Pertinent Projections

A summary of pertinent projections for the property's hotel, whole ownership, co-ownership, and members club components, are presented in the following tables,

FORECASTS OF HOTEL OCCUPANCY, AVERAGE RATE, AND REVPAR

Year	Occupancy	Average Rate Before Discount	Discount	Average Rate After Discount	ADR % Change	RevPAR	RevPAR % Change
2030/31	61 %	\$1,702.20	10.0 %	\$1,531.98	-7.3	\$934.51	—
2031/32	65	1,753.26	0.0	1,753.26	14.4	1,139.62	21.9
2032/33	69	1,805.86	0.0	1,805.86	3.0	1,246.05	9.3
2033/34	69	1,860.04	0.0	1,860.04	3.0	1,283.43	3.0

FORECAST OF HOTEL REVENUE AND EXPENSE CONCLUSION

	Year	Total Revenue		Gross Operating Profit		House Profit Ratio	EBITDA Less Replacement Reserve		
		Total	% Change	Total	% Change		Total	% Change	As a % of Ttl Rev
Projected	2030/31	\$134,487,000	—	\$56,470,000	—	42.0 %	\$38,235,000	—	28.4 %
	2031/32	180,615,000	34.3 %	94,507,000	67.4 %	52.3	61,613,000	61.1 %	34.1
	2032/33	215,355,000	19.2	114,630,000	21.3	53.2	66,036,000	7.2	30.7
	2033/34	226,624,000	5.2	121,319,000	5.8	53.5	61,747,000	(6.5)	27.2
	2034/35	233,423,000	3.0	124,959,000	3.0	53.5	55,920,000	(9.4)	24.0

WHOLE OWNERSHIP SALES PROJECTION

	Units Sold	Total SF Sold	Avg. Sales Price per SF	Sales Volume
2028/30 ^A	56	96,808	\$1,300	\$125,851,000
2030/31 ^B	41	82,052	1,365	112,001,400
2031/32 ^C	52	118,819	1,433	170,297,222
2032/33 ^D	54	136,521	1,505	205,452,044
2033/34 ^E	45	91,130	1,580	143,999,324
2034/35 ^F	41	84,786	1,659	140,673,541
	289	610,116	\$1,472	\$898,274,529

A - Pre-sales, 45 condo hotel units, 4 residences, 2 Sky Villas, and 5 Villas

B - 30 condo hotel units, 7 residences, 1 Sky Villa, and 3 Villas

C - 30 condo hotel units, 1 Estate, 8 residences, 2 Sky Villas, and 11 Villas

D - 30 condo hotel units, 5 Estates, 8 residences, and 11 Villas

E - 28 condo hotel units, 6 residences, and 11 Villas

F - 25 condo hotel units, 6 residences, and 10 Villas

CO-OWNERSHIP INTEREST SALES PROJECTION

	1/8th Shares Sold	1/4th Shares Sold	1/8th Share Price	1/4th Share Price	Total Sales Volume
2028/30 *	20	15	\$634,000	\$1,267,500	\$31,692,500
2030/31	35	22	665,700	1,330,875	52,578,750
2031/32	43	22	698,985	1,397,419	60,799,568
2032/33	50	21	733,934	1,467,290	67,509,796
2033/34	50	20	770,631	1,540,654	69,344,632
2034/35	50	20	809,163	1,617,687	72,811,863
	248	120	\$11,920	\$2,956,143	\$354,737,108

* Pre-sales, March 1, 2028 through February 28, 2030

MEMBERSHIP CLUB SALES PROJECTION

Membership	2030/31	2031/32	2032/33	2033/34	2034/35
New Members	1,000	1,050	100	100	100
Members Turnover (5%)		(50)	(100)	(100)	(100)
Total Members	1,000	2,000	2,000	2,000	2,000
Membership - Initiation Rate	\$250	\$258	\$265	\$273	\$281
Membership - Annual Rate	\$2,500	\$2,575	\$2,652	\$2,732	\$2,814
Membership - Initiation Fees	\$250,000	\$270,375	\$26,523	\$27,318	\$28,138
Membership - Annual Dues	\$2,500,000	\$5,150,000	\$5,304,500	\$5,463,635	\$5,627,544
Total Membership Revenue	\$2,750,000	\$5,420,375	\$5,331,023	\$5,490,953	\$5,655,682
Less Membership Expense (5%)	\$137,500	\$271,019	\$266,551	\$274,548	\$282,784
Net Membership Revenue	\$2,612,500	\$5,149,356	\$5,064,471	\$5,216,406	\$5,372,898

Pertinent Dates

The date of the report is November 11, 2025. The subject site was inspected by Gary L. Johnson on October 13, 2025. The first phase of the property is expected to open on March 1, 2030. The additional phases of the resort are anticipated to open on December 1, 2030, November 1, 2031, and September 1, 2032.

The phasing plan is illustrated in the following bullet points.

Phase 1 – Opening March 1, 2030

- 208 Condo-Hotel Units
- 12 Residences
- 9 Villas
- 6 Co-Ownership Villas
- 5 Sky Villas

Phase 2 – Opening December 1, 2030

- 55 Co-Ownership Villas
- 42 Villas (Whole Ownership)
- 32 Condo-Hotel Units
- 4 Estates

Phase 3 – Opening November 1, 2031

- 14 Residences

Phase 4 – September 1, 2032

- 13 Residences
- 2 Estates

Ownership of the Subject Site

The current owner of the subject site is Relevant Coachella Owner, LLC; the parent company of this owning entity is Relevant Partners, which is based in Hollywood, California. Relevant Partners is a vertically integrated real estate company specializing in highly branded, hospitality-centric residential development and investment. The partners have combined over 80 years of developing and financing projects, have raised over three billion for US real estate and private equity across over 30 projects, and have a network of over 600 limited partners across eight projects.

Management and Franchise Assumptions

Details pertaining to management terms were not yet determined at the time of this report; however, we assume that the proposed hotel will be managed by a professional hotel-operating company, with fees deducted at rates consistent with current market standards. Our projections reflect a total management fee of 3.0% of total revenues.

The preliminary brands under consideration include Auberge, Rosewood, One and Only, One Hotels, and Montage. Although a specific franchise affiliation and/or brand has yet to be finalized, based upon a review of several published franchise fees for brands that fall within the recommended product tier. The proposed hotel will reportedly be managed by the brand throughout the forecast period; as such, it will not be subject to franchise fees.

The subject whole ownership and co-ownership components are anticipated to be privately owned by third parties but will be required to participate in a rental program to be marketed for hotel use. Terms of the agreement were not yet determined at the time of this report. Based on our conversation with the developer, we have assumed the revenue generated by the rental program will be split between the unit owners and property ownership (50.0%/50.0%) after a 12.0% service charge.

Scope of Work

The methodology used to develop this study is based on the market research and valuation techniques set forth in the textbooks authored by Hospitality Valuation Services for the American Institute of Real Estate Appraisers and the Appraisal Institute, entitled *The Valuation of Hotels and Motels*,¹ *Hotels, Motels and Restaurants: Valuations and Market Studies*,² *The Computerized Income Approach to Hotel/Motel Market Studies and Valuations*,³ *Hotels and Motels: A Guide to Market Analysis, Investment Analysis, and Valuations*,⁴ and *Hotels and Motels – Valuations and Market Studies*.⁵

¹ Stephen Rushmore, *The Valuation of Hotels and Motels*. (Chicago: American Institute of Real Estate Appraisers, 1978).

² Stephen Rushmore, *Hotels, Motels and Restaurants: Valuations and Market Studies*. (Chicago: American Institute of Real Estate Appraisers, 1983).

³ Stephen Rushmore, *The Computerized Income Approach to Hotel/Motel Market Studies and Valuations*. (Chicago: American Institute of Real Estate Appraisers, 1990).

⁴ Stephen Rushmore, *Hotels and Motels: A Guide to Market Analysis, Investment Analysis, and Valuations* (Chicago: Appraisal Institute, 1992).

⁵ Stephen Rushmore and Erich Baum, *Hotels and Motels – Valuations and Market Studies*. (Chicago: Appraisal Institute, 2001).

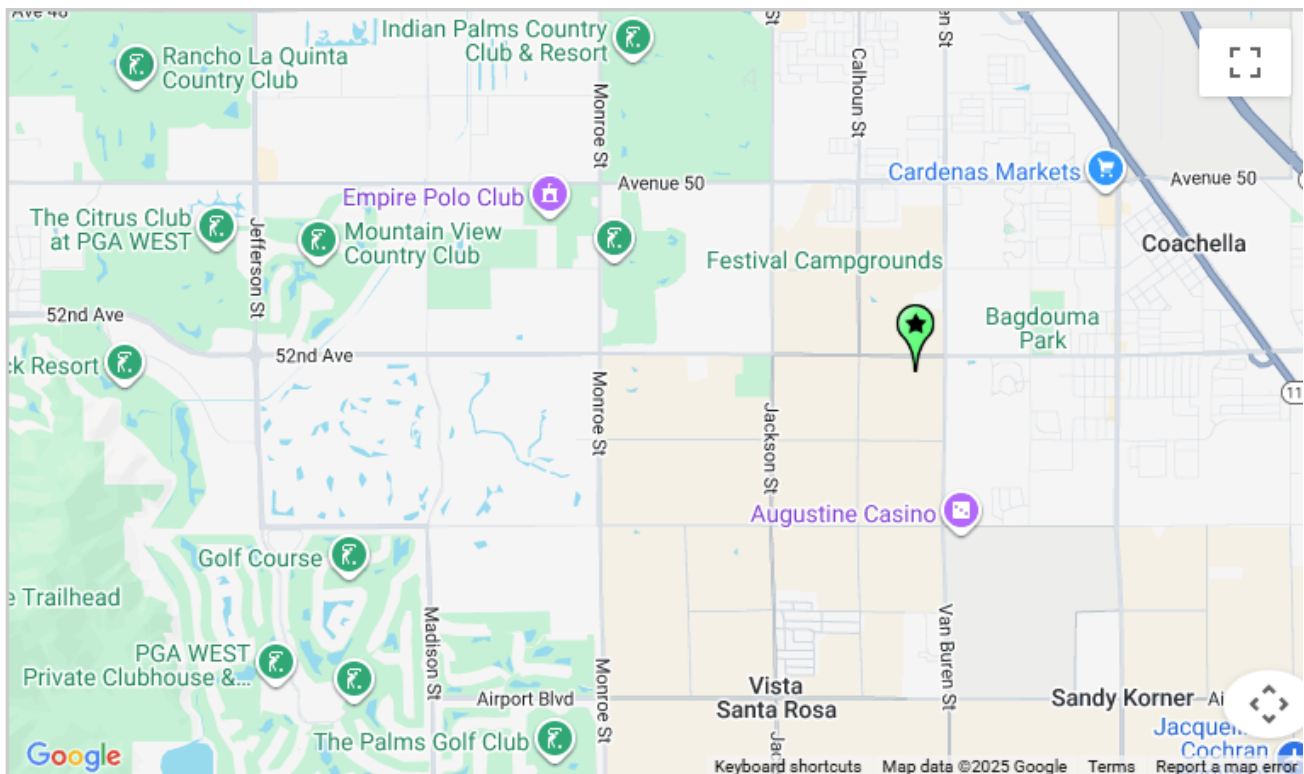
1. All information was collected and analyzed by the staff of HVS Consulting & Valuation. Information was supplied by the client and/or the property's development team.
2. The subject site has been evaluated from the viewpoint of its physical utility for the future operation of a mixed-use resort, as well as access, visibility, and other relevant factors.
3. The subject property's proposed improvements have been reviewed for their expected quality of construction, design, and layout efficiency.
4. The surrounding economic environment, on both an area and neighborhood level, has been reviewed to identify specific hospitality-related economic and demographic trends that may have an impact on future demand for hotels, co-ownership, and whole ownership.
5. Dividing the market for hotel accommodations into individual segments defines specific market characteristics for the types of travelers expected to utilize the area's hotels. The factors investigated include purpose of visit, average length of stay, facilities and amenities required, seasonality, daily demand fluctuations, and price sensitivity.
6. An analysis of existing and proposed competition provides an indication of the current accommodated demand, along with market penetration and the degree of competitiveness.
7. Documentation for an occupancy and ADR projection is derived utilizing the build-up approach based on an analysis of lodging activity.
8. Comparable whole ownership sales from Coachella Valley, as well as other comparable markets, were researched and reviewed to determine the appropriate market-based price points that could reasonably be achieved for the subject whole ownership components.
9. Review of reasonable commissions and closing costs, inclusive of administrative and general expenses, marketing, legal and other expenses were deducted to arrive at the forecast net sale proceeds for the proposed subject whole ownership components.
10. A detailed projection of income and expense made in accordance with the Uniform System of Accounts for the Lodging Industry (USALI) sets forth the anticipated economic benefits of the subject property's hotel component.

2. Description of the Site and Neighborhood

The suitability of the land for the operation of a mixed-use property is an important consideration affecting the economic viability of a property and its ultimate marketability. Factors such as size, topography, access, visibility, and the availability of utilities have a direct impact on the desirability of a particular site.

The subject site is located in an affluent neighborhood on the west side of Coachella, in the southwest quadrant of the intersection formed by Van Buren Street and 52nd Avenue. The subject site is proximate to the renowned Madison Club, The Hideaway Golf Club, and the Coachella Music Festival grounds. This site is in the city of Coachella, California.

LOCATION MAP



Physical Characteristics

The subject site comprises three contiguous parcels, which collectively measure approximately 85.26 acres, or 3,713,926 square feet. Identification of the subject parcel's is illustrated in the following table.

FIGURE 2-1 IDENTIFICATION OF THE SUBJECT PARCELS

Property ID #	Square Feet	Acres
780040003	2,862,328	65.71
780060002	428,630	9.84
780060001	422,968	9.71
Total	3,713,926	85.26

The parcel's adjacent uses are set forth in the following table.

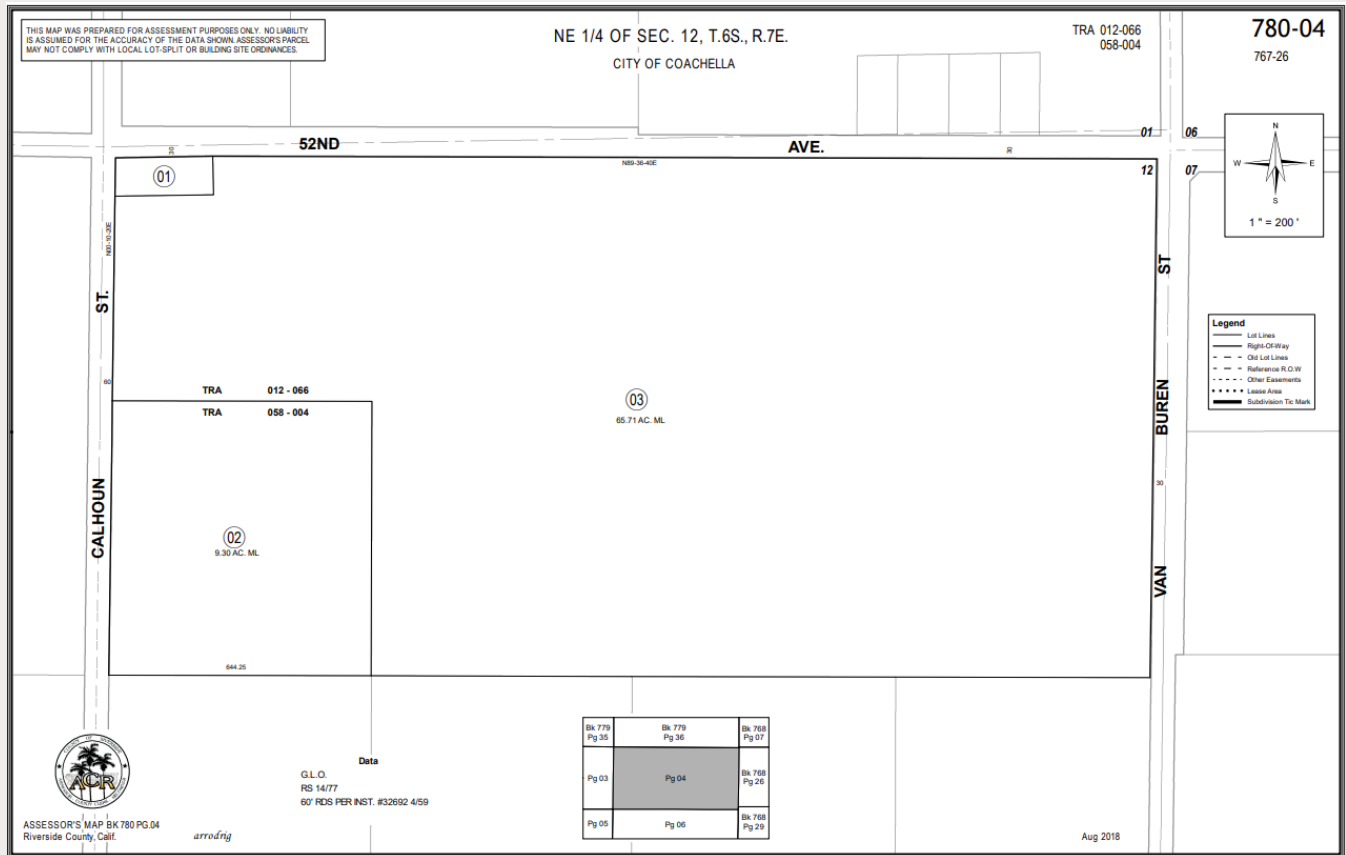
FIGURE 2-2 SUBJECT PARCEL'S ADJACENT USES

Direction	Adjacent Use
North	52nd Avenue
East	Van Buren Street
South	Agriculture
West	Calhoun Street, Agriculture

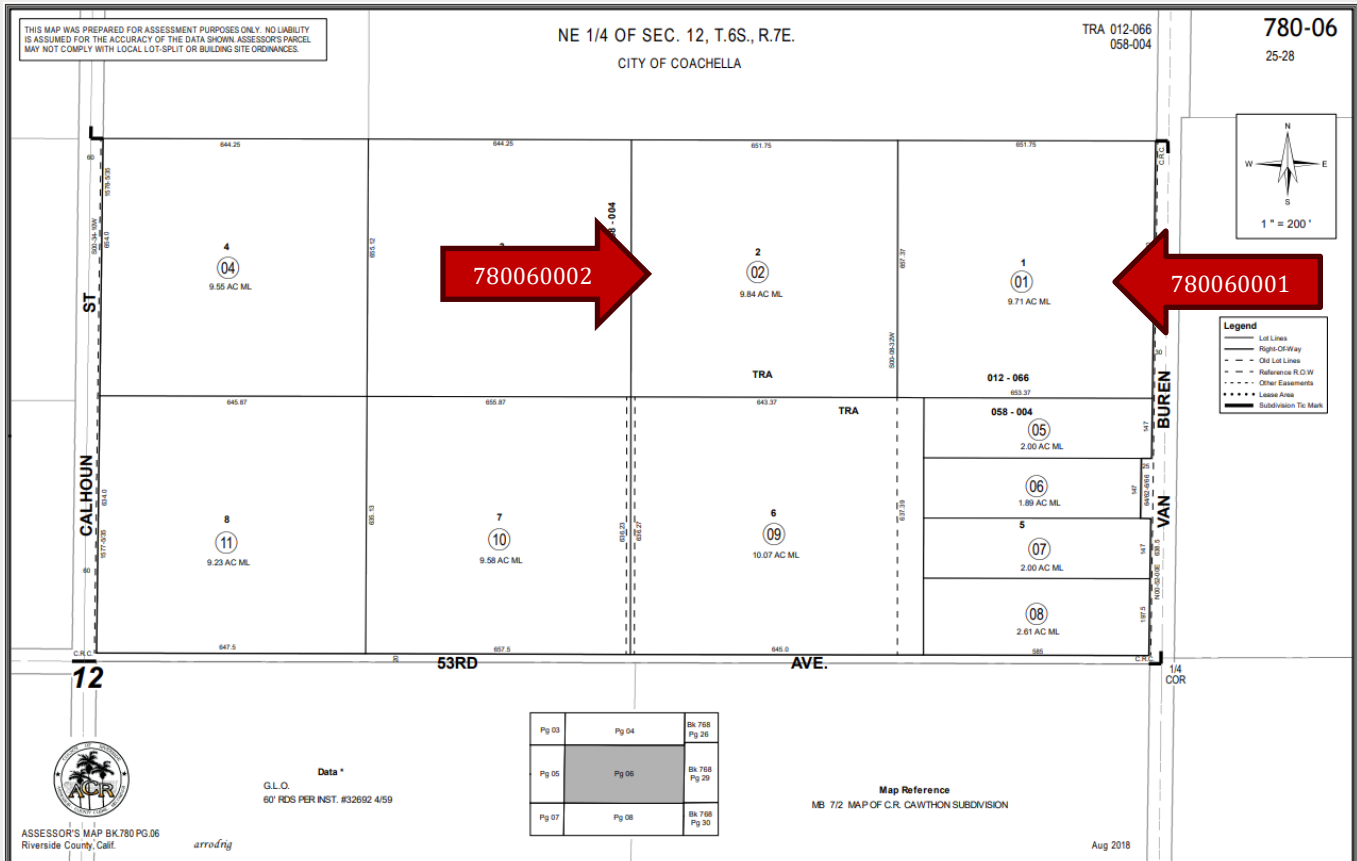
Topography and Site Utility

The topography of the site is generally flat and its shape should permit efficient use of the site for the buildings and other improvements, as well as ingress and egress. Upon completion of all construction efforts, the subject site will not contain any significant portion of undeveloped land that could be sold, entitled, and developed for alternate use. It is expected that the site will be developed fully with building and site improvements, thus contributing to the overall profitability of the resort.

RIVERSIDE COUNTY ASSESSOR'S MAP - PARCEL ID #78004003



RIVERSIDE COUNTY ASSESSOR'S MAP – PARCEL ID #780060002 AND #780060001



AERIAL VIEW OF SUBJECT SITE

VIEW OF SUBJECT SITE, AS OF OCTOBER 13, 2025



VIEW FROM SITE TO THE NORTHEAST



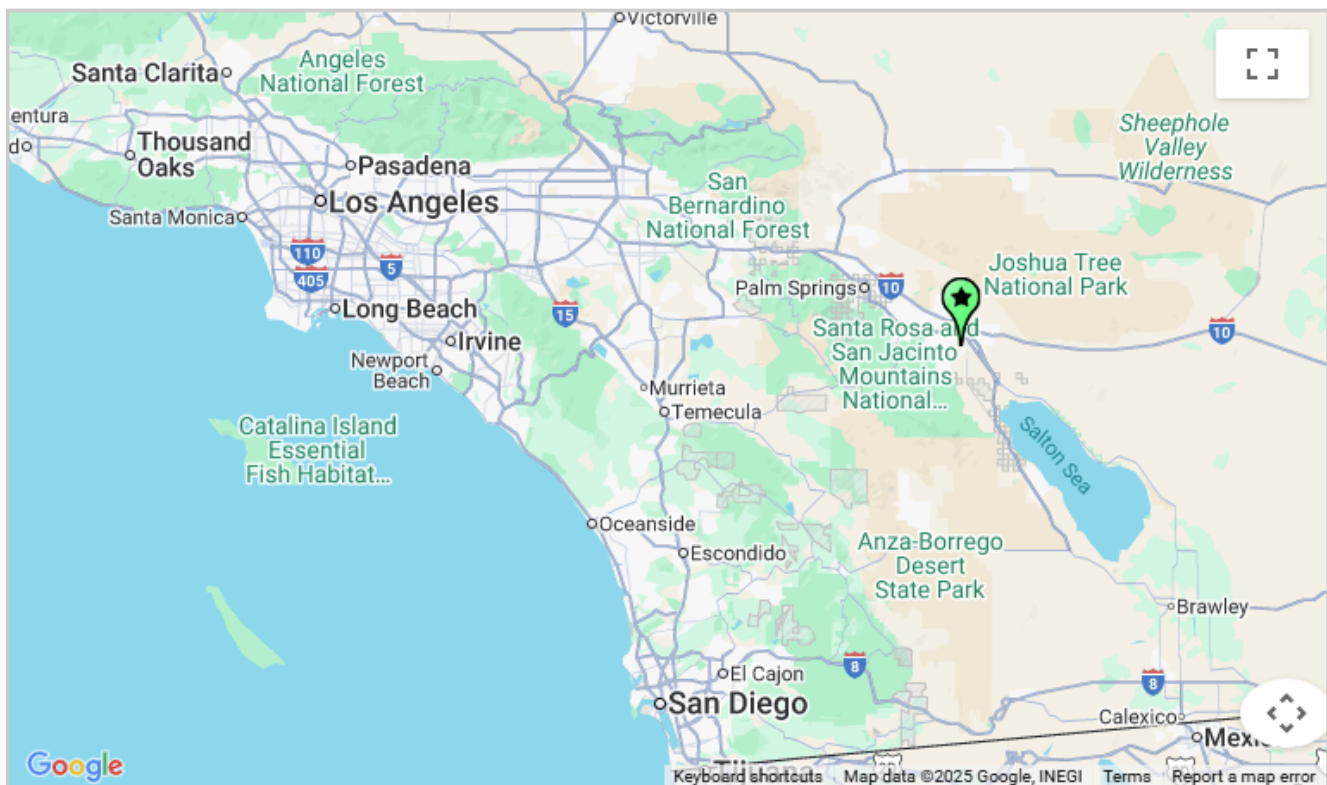
VIEW FROM SITE TO THE NORTHWEST



Access and Visibility

It is important to analyze the site with respect to regional and local transportation routes and demand generators, including ease of access. The subject site is readily accessible to a variety of local and county roads, as well as state and interstate highways.

MAP OF REGIONAL ACCESS ROUTES



Primary regional access through the area is provided by east/west Interstate 10, which extends to such cities as Phoenix, Arizona, to the east and the Los Angeles metro area to the west. North/south State Highway 111 is another major route, which provides local access to the desert cities of Palm Springs, Cathedral City, Palm Desert, Indian Wells, La Quinta, and Indio, and generally parallels Interstate 10 roughly five miles southwest of the interstate. State Highways 62, 74, and 86 also extend from Interstate 10 in this region and provide access to smaller communities in this part of the state.

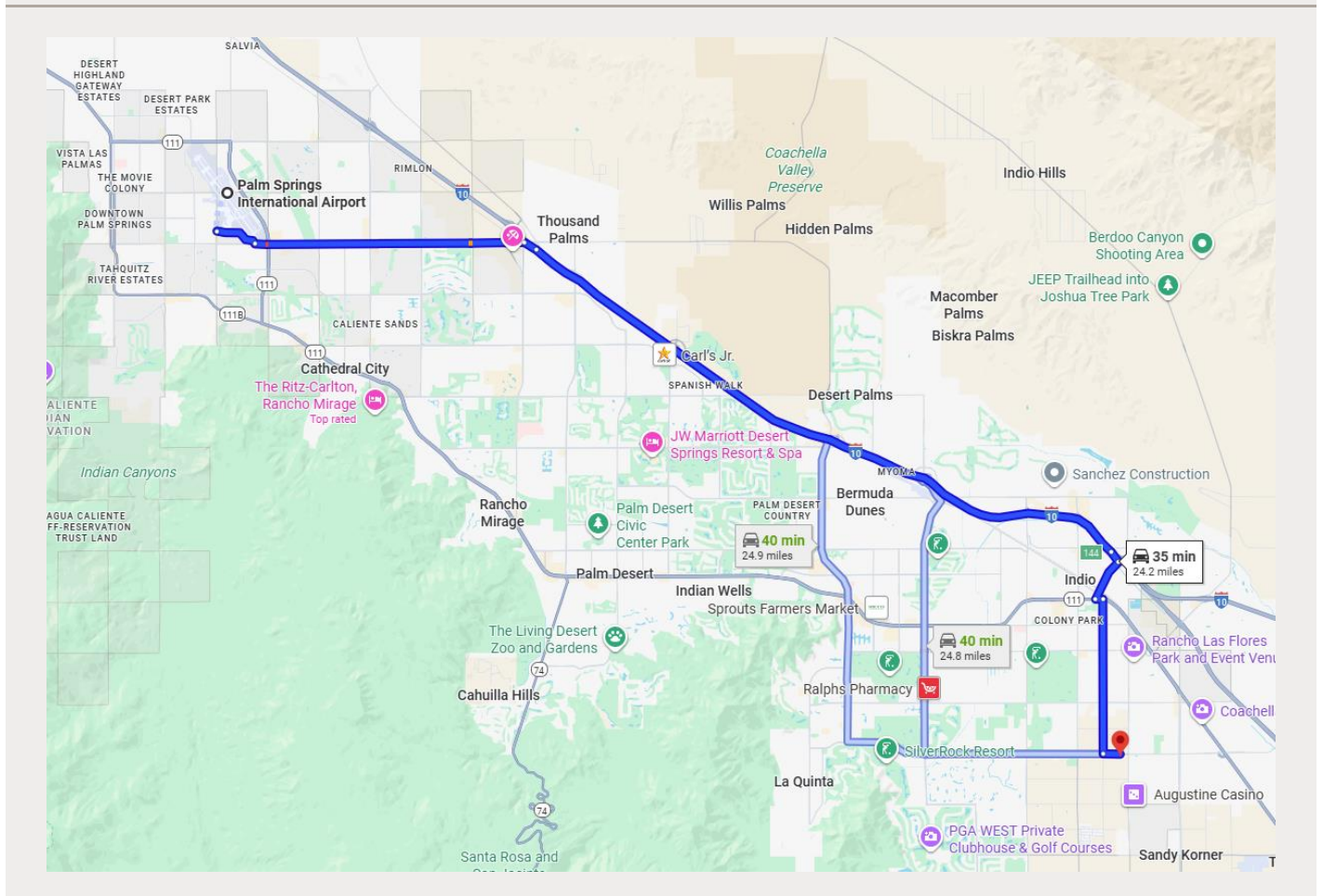
Primary vehicular access to the subject site is provided by 52nd Avenue. Access is also be available from Van Buren Street. The subject site is located near a busy intersection and is relatively simple to locate from Interstate 10, which is the

nearest major highway. The proposed subject property is anticipated to have adequate signage at the street. Overall, the subject site benefits from good accessibility, and the proposed resort is expected to enjoy good visibility from within its local neighborhood.

Airport Access

The proposed subject property will be served by Palm Springs International Airport, which is located approximately 18 miles to the northwest of the subject site.

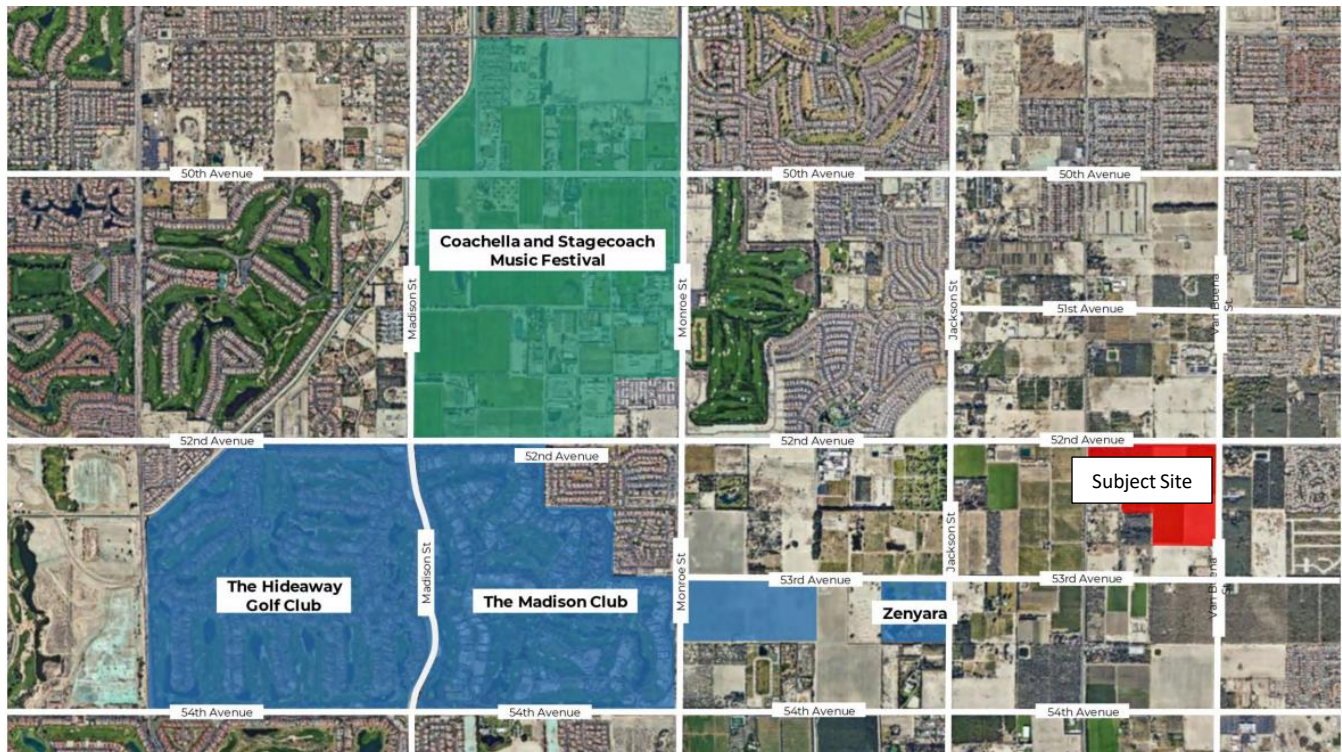
MAP OF AIRPORT ACCESS ROUTES



Neighborhood

The neighborhood that surrounds the subject site is generally defined by 48th Avenue to the north, Harrison Street to the east, Airport Boulevard to the south, and Jefferson Street to the west. The neighborhood is characterized by luxury residential area, golf courses, and agricultural area, primarily citrus fruit and date palms. Some specific entities in the area include the Coachella and Stagecoach Music Festival grounds, Madison Club, Hideaway Club, and Zenyara Luxury Resort Villas. Prominent golf courses in the vicinity include the Mountain View Country Club, PGA West, and The Quarry at La Quinta.

AERIAL MAP OF NEIGHBORHOOD



In general, this neighborhood is in the stable stage of its life cycle. Recent notable changes in the greater neighborhood include the planned development of a 2,200-acre master planned La Entrada community in Coachella. La Entrada is an approved plan that will include 7,800 master planned residential units in several distinct villages linked by over 550 acres of open space. Plans also include over 1.5 million square feet of retail and mixed use space, along with over 175 acres of sports/entertainment uses at a planned freeway interchange located at Avenue 50

and Interstate 10. The project's freeway interchange at Interstate 10 is expected to commence construction in late 2017 and open in early 2019.

Another significant development in the market is the construction of the Montage project in La Quinta; however, after numerous delays that put the developer, SilverRock Development Company in breach of contract with the city, the developer defaulted on the project and filed for bankruptcy on August 5, 2024. A motion to sell the raw and partially improved land to Turnbridge Equities was filed by the debtors on August 15, 2015. On October 21, 2025, a bankruptcy judge granted a motion for the sale to Turnbridge Equities allow the property to enter into escrow. The La Quinta City Council approved a reinstated and amended development agreement for the project under the new ownership, which is outlined as follows:

- One luxury hotel with approximately 154 guestrooms.
- 55,000-square-foot banquet/shared use facilities.
- 445 residences to include 29 branded residences north of the hotel with a private clubhouse, 70 condos and 293 homes east of the hotel, which can be short-term vacation rentals from which the city would receive TOT.
- 40,000-square-foot commercial area.
- 17,000-square-foot public golf clubhouse which will be moved closer to the entrance off of Avenue 52 and other public amenities for easier public access.
- 20,000-square-foot residential amenities building.

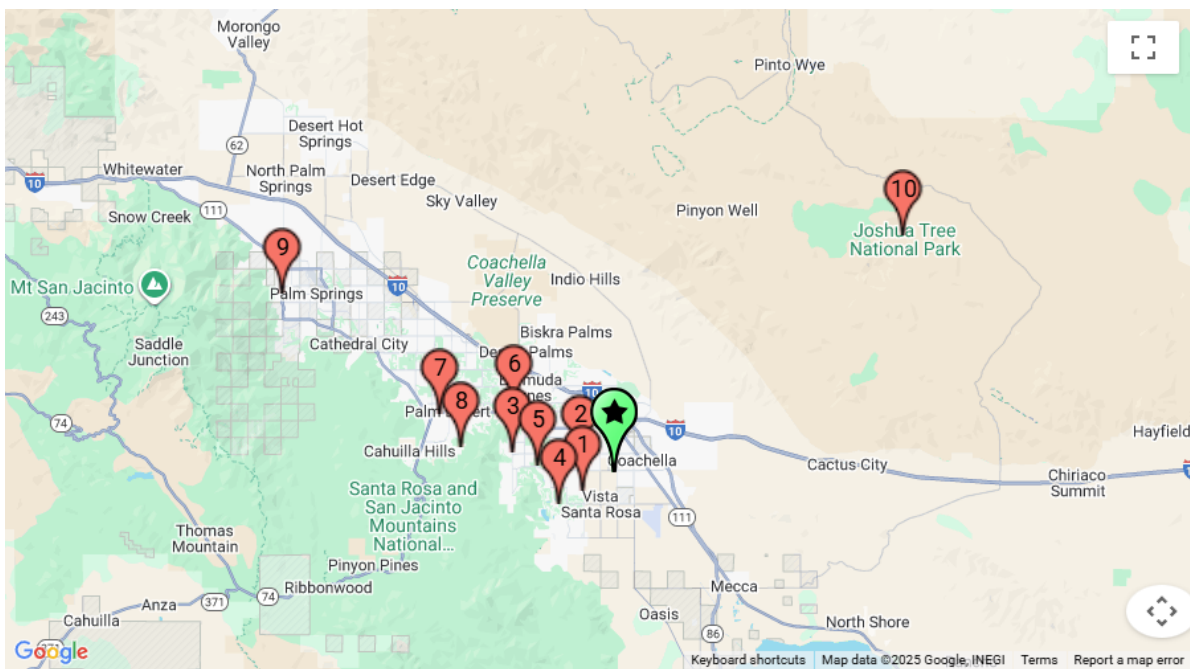
It is rumored but not yet confirmed that the project will be affiliated with Four Seasons Hotels and Resorts.

Overall, the supportive nature of the development in the immediate area is considered appropriate for and conducive to the operation of a fractional ownership resort.

Proximity to Local Demand Generators and Attractions

The subject site is located near the area's primary generators of lodging demand. A sample of these demand generators is reflected on the following map, including respective distances from and drive times to the subject site. Overall, the subject site is well situated with respect to demand generators.

ACCESS TO DEMAND GENERATORS AND ATTRACTIONS



	<u>Demand Generator</u>	<u>Approx. Time from Subject Property</u>	<u>Approx. Distance</u>
	Subject Property		
1	Coachella Valley Music and Arts Festival	7 minutes	3.3 miles
2	Empire Polo Club	8 minutes	3.5 miles
3	The La Quinta Country Club	15 minutes	8.0 miles
4	PGA WEST Pete Dye Stadium Course	13 minutes	6.1 miles
5	Old Town La Quinta	13 minutes	6.9 miles
6	Indian Wells Tennis Garden	20 minutes	10.3 miles
7	El Paseo Shopping District	28 minutes	14.4 miles
8	The Living Desert Zoo and Gardens	30 minutes	15.2 miles
9	Downtown Palm Springs	43 minutes	29.9 miles
10	Joshua Tree National Park	1 hour, 17 minutes	63.3 miles

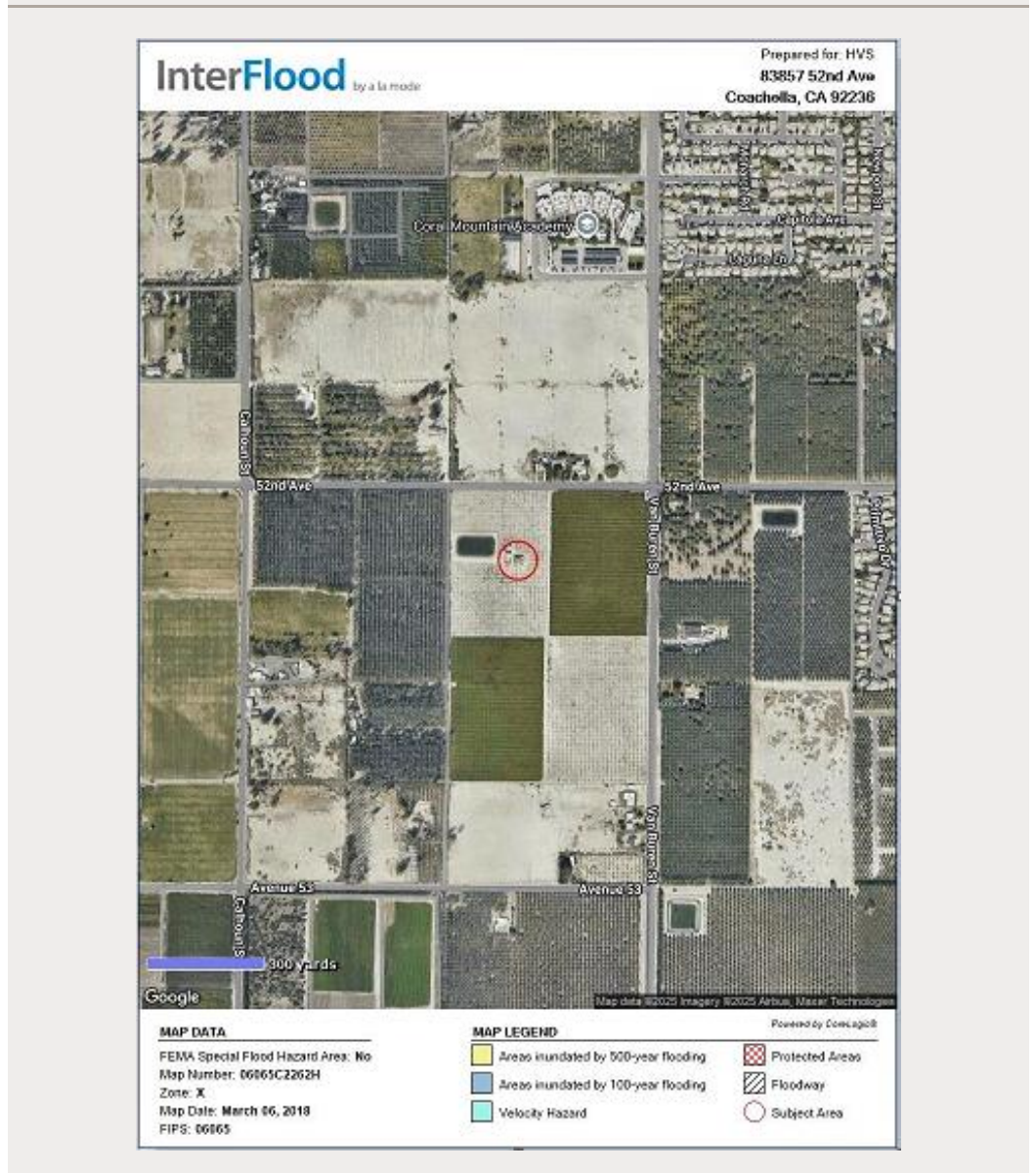
Utilities

The subject site is assumed to be served by all necessary utilities.

Flood Zone

According to the Federal Emergency Management Agency, the subject site is located in flood zone X.

FIGURE 2-3 COPY OF FLOOD MAP AND COVER



Zoning

The flood zone definition for the Zone X designation is as follows: the flood insurance rate zone that corresponds to areas outside the 100-year floodplains, areas of 100-year sheet flow flooding where average depths are less than 1 foot, areas of 100-year steam flooding where the contributing drainage area is less than 1 square mile, or areas protected from the 100-year flood by levees. No Base Flood elevations or depths are shown within this zone.

According to the local planning office, the subject property is zoned as follows: R-C - Regional Commercial. Additional details pertaining to the proposed subject property's zoning regulations are summarized in the following table.

FIGURE 2-4 ZONING

Municipality Governing Zoning	City of Coachella
Current Zoning	Regional Commercial
Current Use	Agricultural
Is Current Use Permitted?	Yes
Is Change in Zoning Likely?	No
Permitted Uses	Retail, Lodging, Entertainment, and Residential
Legally Non-Conforming	Not Applicable

According to the local planning office website, the subject project is currently under review for approval.

We assume that all necessary permits and approvals will be secured (including the appropriate liquor license as applicable) and that the subject property will be constructed in accordance with local zoning ordinances, building codes, and all other applicable regulations. Our zoning analysis should be verified before any physical changes are made to the site.

Conclusion

We have analyzed the issues of size, topography, access, visibility, and the availability of utilities. The subject site is favorably located near affluent residential developments and supporting amenities. In general, the site should be well suited for future hotel, residential, and co-ownership use, with acceptable access, visibility, and topography for an effective operation.

3. Description of the Proposed Improvements

Project Overview

The Proposed COVA Coachella will be a phased luxury-level, wellness focused mixed- use project featuring residential, hotel, membership club, and co-ownership components; the hotel and residences are anticipated to be associated with a to-be-determined brand. The preliminary brands under consideration include Auberge, Rosewood, One and Only, One Hotels, and Montage. We assume the brand will be one of the preliminary brands or a similar brand within the luxury hotel tier.

The property, which is expected to open on March 1, 2030 (Phase 1), will feature 402 rentable units, inclusive of the following components, which will participate within in a rental program.

- 240-room Condo-Hotel Townhomes featuring one-bedroom units
- 51 three and four-bedroom whole ownership Villas
- 39 four and five-bedroom whole ownership Residences
- 6 eight-bedroom whole ownership Estates
- 5 whole ownership Sky Villas

The first phase of the property is expected to open on March 1, 2030. The additional phases of the resort are anticipated to open on December 1, 2030, November 1, 2031 and September 1, 2032. Further details regarding the phased developments is provided later in this narrative,

The concept of the proposed subject property will be focused on wellness, and is designed to be the premier destination for wellness in the Coachella Valley, featured wellness focused facilities such as an on-site longevity clinic, two-story fitness center, luxury spa, immersive outdoor onsen, 25-meter lap pool, and an island dedicated to yoga and meditation. In addition, the resort will feature a ten-acre swimmable lagoon in the center of the site which will offer sandy beaches, eleven food & beverage outlets, sports center, surf machine, club membership program, beach club and live music venue, library, event spaces, outdoor amphitheater, kid's club, kid's pool, splash pad, and working barn. The property will also contain ample parking capacity and all necessary back-of-the-house space.

The illustrated master plan for the proposed COVA Coachella is illustrated on the following page.

FIGURE 3-1 ILLISTRATED MASTER PLAN FOR THE PROPOSED COVA COACHELLA



Summary of the Facilities

Based on information provided by the proposed subject hotel's development representatives, the following table summarizes the facilities that are expected to be available at the proposed subject property.

FIGURE 3-2 PROPOSED FACILITIES SUMMARY

Residential Unit Configuration	Number of Units
Condo Hotel Units	240
Villas - Whole Ownership	51
Villas - Co-Ownership	61
Residences	39
Estates	6
Sky Villas	5
Total	402
Food & Beverage Facilities	Seating Capacity
Cova Bistro	181
Asador	153
Cova Island	TBD
Lobby Bar + Rooftop Bar	195-260
Coffee by Cova	TBD
Vino Vinile	168
La Fleur	500
Cova Coastal	318
Cova Beach Club	258
Amenities & Services	
Ten-Acre Swimable Lagoon	Beaches
Sports Center	Fitness Center
Surf Machine	Live Music Venue
Library	Working Barn
Longevity Clinic	Full-Service Spa
Lap Pool	Oxygen Onsen
Event Spaces	Outdoor Amphitheater
Membership Club	Working Barn
Kid's Club	Kid's Pool/Splash Pad

The phasing plan is illustrated in the following table.

FIGURE 3-2 PHASING PLAN

	Phase 1	Phase 2	Phase 3	Phase 4	Total
One-Bedroom Condo-Hotel Units	208	32			240
Villas - Whole Ownership	9	42			51
Villas - Co-Ownership	6	55			61
Residences	12		14	13	39
Estates		4		2	6
Sky Villas	5				5

Food and Beverage Facilities

The proposed subject property's food and beverage operation is anticipated to be an important component of the resort. The food and beverage program is strategically designed to operate as one cohesive system, establishing the property as a culinary hub for the entire region. With six distinct outlets for the hotel and residences and three for the Beach Club, the programming is deliberately balanced to prevent self-cannibalization. The planned cuisines – American, Mexican, Seafood, Mediterranean, Italian, and Tropical – ensure a broad appeal with over-saturation. This multi-outlet approach is a deliberate strategy to attract the high-end local population. The program is designed to serve as a wellness and social anchor, seamlessly transitioning from daytime leisure at the pool, lagoon, or beach to vibrant evening experiences. Furthermore, the entire program is built to be an event-connected value, with operational models and design features that can scale to meet the needs of peak-season festivals and events.

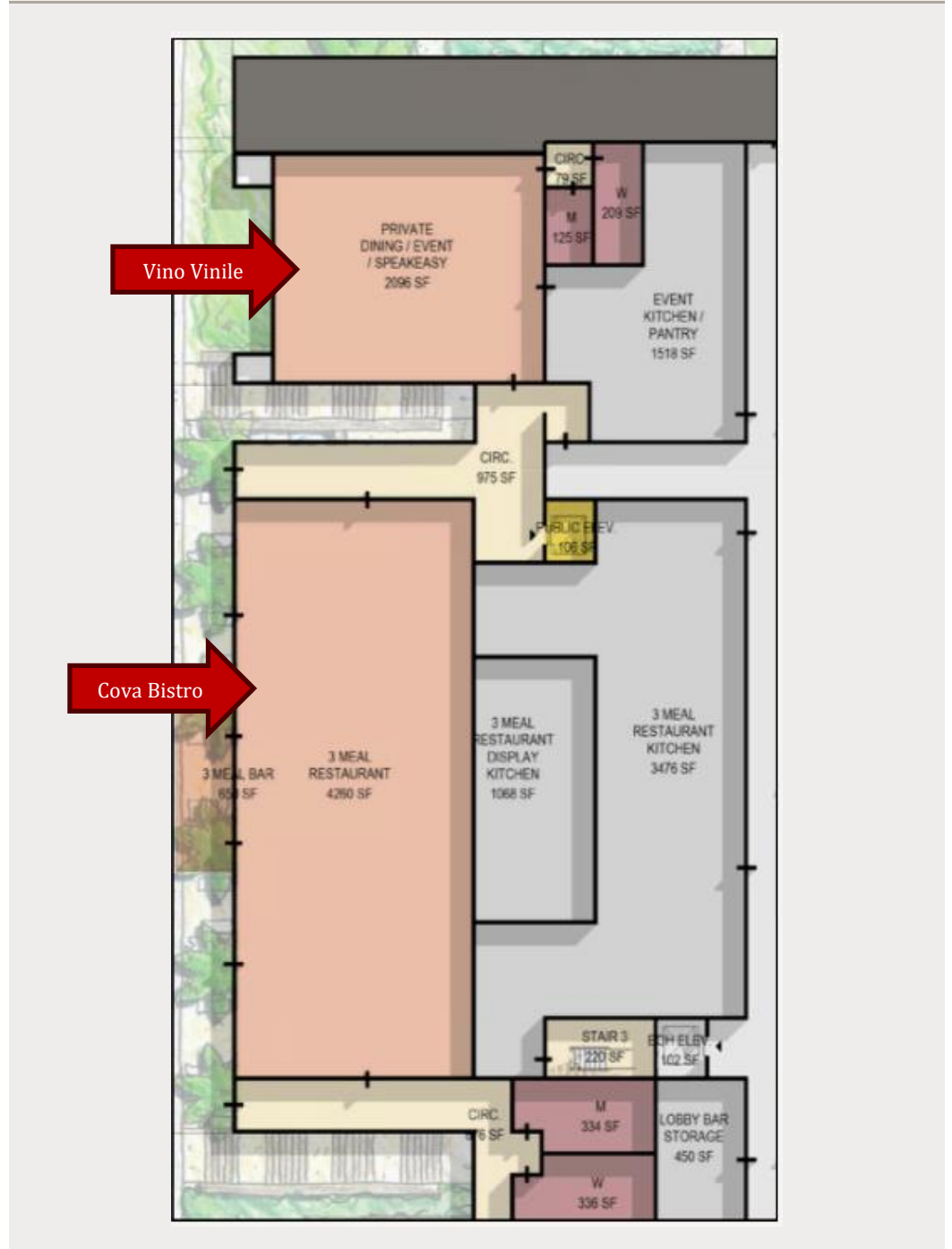
Cova Bistro

Cova Bistro will be the hotel's main restaurant and will be open for three meals a day. The concept will be a refined wine country bistro offering a seasonal menu from breakfast to dinner, with a focus on expertly prepared dishes and an international wine program. The culinary experience will be elevated by an in-house pastry chef, creative cocktails, and special services like tableside fish de-boning.

Vino Vinile

The concept for Vino Vinile will be an exclusive, intimate bar at the hotel that will combine a high-end beverage and light food program with a curated, intentional vinyl listening experience to foster social connection. The atmosphere will be designed for a multi-sensory indulgence, making music a central part of the experience.

COVA BISTRO AND VINO VINILE



Asador

Asador will be a Spanish-themed restaurant, where guests can embark on a culinary journey to the Iberian Peninsula, savoring traditional dishes prepared with an authentic Asador grill and enjoying large, communal platters of food. The refined yet relaxed ambiance, extensive Spanish wine list, and charcuteria boards is designed to create an immersive dining experience to feel like a castle veranda overlooking the coast.

ASADOR



Cova Island

The concept for Cova Island is to offer a relaxed, tiki-style escape on a private island, featuring cocktails, wines, and simple fresh food like ahi bowls and conch fritters.

Lobby Bar + Rooftop Bar

This two-story bar located at the hotel will be a social hub that will transition from a coffee bar in the morning to a sophisticated evening lounge and will feature views from the second-floor windows.

LOBBY BAR + ROOFTOP BAR



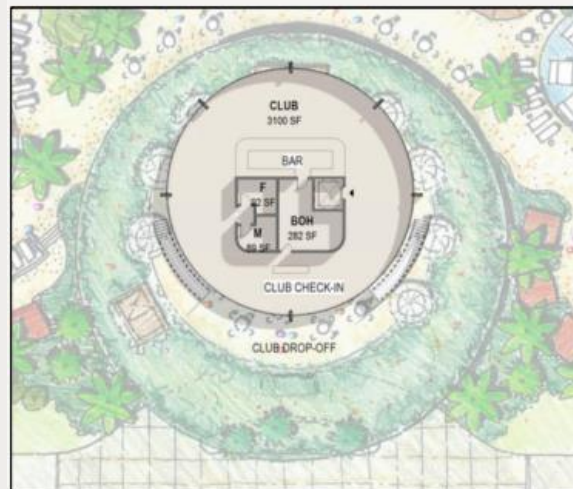
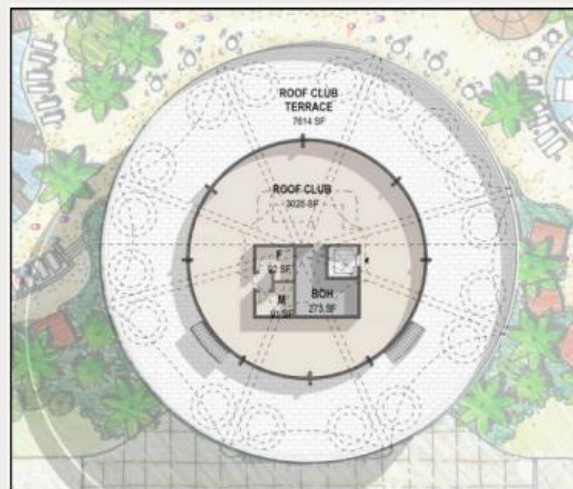
Coffee by Cova

In collaboration with the hotel's main restaurant (Cova Bistro), Coffee by Cova will offer a selection of artisanal, seasonal pastries and coffee.

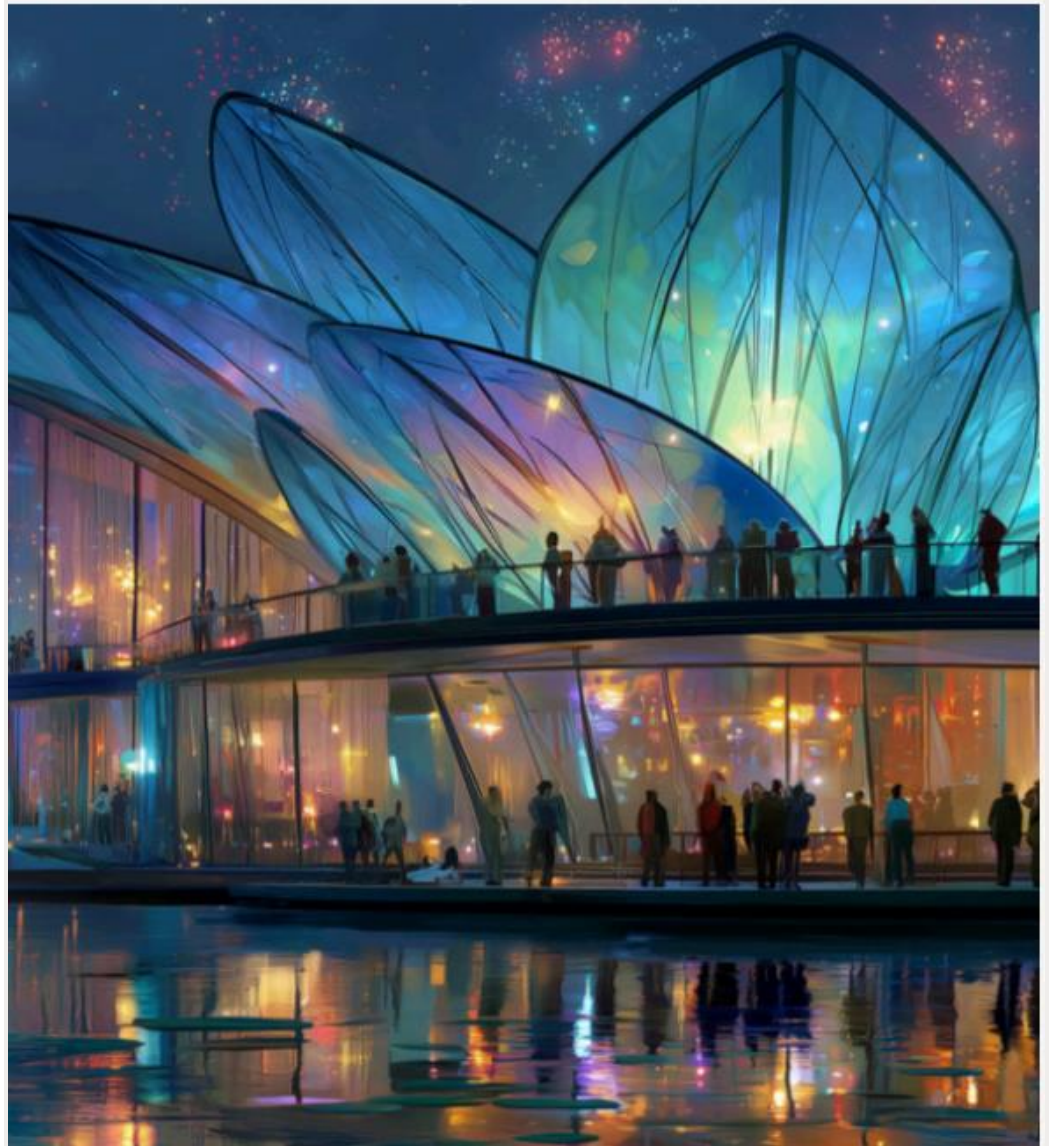
La Fleur

La Fleur will be the main bar and architectural centerpiece of the COVA Beach Club, offering a sophisticated, indoor-outdoor atmosphere and panoramic views from its second-floor location. Its cocktail program will feature large-format drinks for sharing and a signature menu of floral and botanical-infused concoctions, complimenting the space's vibrant energy.

LA FLEUR



RENDERING OF LA FLEUR



Cova Coastal

Located within the COVA Beach Club, the Coca Coastal oyster bar will offer a refined coastal dining experience with complimentary entertainment. Cova Coastal will feature fresh raw bar selections, seafood towers, and classic dishes, and operational ability to serve large crowds.

Cova Cantina

The concept for Cova Cantina will be a vibrant cantina offering an upscale, street-food-inspired dining experience, featuring crafted tacos and other Mexican fare, along with a bar boasting over 300 tequilas and an assortment of margaritas.

COVA CANTINA



The COVA Beach club layout is illustrated in the following rendering.

COVA BEACH CLUB LAYOUT



The following renderings provide the reader will views of the proposed resort's selected facilities and amenities.

HOTEL ARRIVAL VIEW



LOBBY BAR VIEW**SPORTS COURT VIEW**

PUBLIC BEACH CLUB – SKY VILLA VIEW**PUBLIC BEACH CLUB – NIGHT CLUB VIEW 1**

PUBLIC BEACH CLUB – NIGHT CLUB VIEW 2**CLUBHOUSE LAGOON**

RESIDENCE LAGOON VIEW



ESTATE LAGOON VIEW



VILLAS LAGOON VIEW**ADA and
Environmental**

We assume that the resort buildings will be built according to all pertinent codes and brand standards. Moreover, we assume its construction will not create any environmental hazards (such as mold) and that the property will fully comply with the Americans with Disabilities Act.

Capital Expenditures

Our analysis assumes that, after its opening, the hotel will require ongoing upgrades and periodic renovations in order to maintain its competitive level in this market and to remain compliant with brand standards. These costs should be adequately funded by the forecasted reserve for replacement, as long as a successful, ongoing preventive-maintenance program is employed by hotel staff.

Construction Budget

The construction budget for the Proposed COVA Coachella, as provided by the project developer, is preliminarily estimated to be \$858,000,000. A detailed construction budget was not available at the time of this report.

4. Market Area Analysis

The economic vitality of the market area and neighborhood surrounding the subject site is an important consideration in forecasting lodging demand and future income potential. Economic and demographic trends that reflect the amount of visitation provide a basis from which to project lodging demand. The purpose of the market area analysis is to review available economic and demographic data to determine whether the local market will undergo economic growth, stabilize, or decline. In addition to predicting the direction of the economy, the rate of change must be quantified. These trends are then correlated based on their propensity to reflect variations in lodging demand, with the objective of forecasting the amount of growth or decline in visitation by individual market segment (e.g., commercial, meeting and group, and leisure).

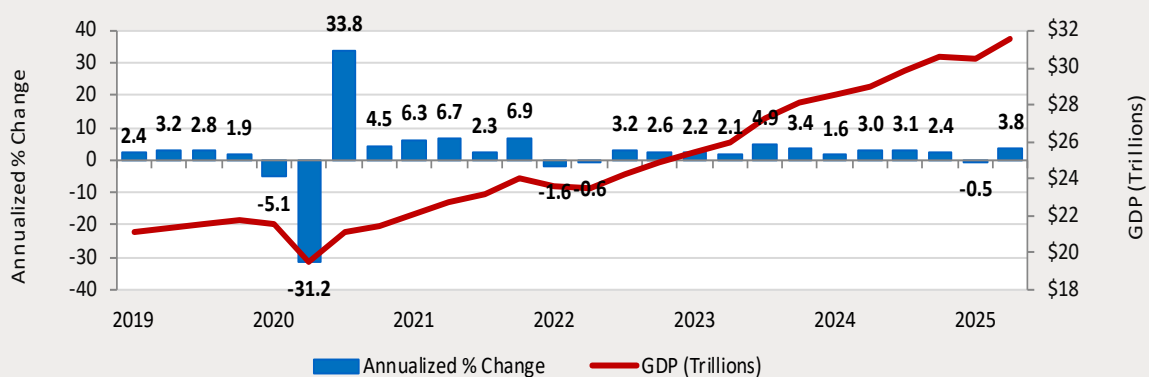
National Economic Overview

The local market and economy are influenced by national trends; thus, consideration of these trends is an important premise to this market-area analysis. The U.S. economy was severely affected by the COVID-19 pandemic, as illustrated in the following discussion. The onset of the pandemic resulted in decreased business activity, causing widespread economic hardships, including higher levels of unemployment. The depth and duration of this impact was influenced by the course of the pandemic and the nature and extent of restrictions on business and travel activity; the period of greatest impact was 2020. The shift of work locations from office environments to home offices also limited corporate transient and group travel. By all measures, the national economy had recovered from this downturn by year-end 2024, having recorded notable growth, while some select markets and sectors had experienced slower growth and were continuing to recover as of early 2025.

Gross domestic product (GDP) is a key measure of a country's economic health and trends. Research has also identified a high degree of correlation between GDP and lodging demand. For the eight quarters leading up to 2020, GDP quarterly growth ranged between 0.9% and 3.8%, reflecting moderate economic expansion. The impact of the pandemic was considerable in 2020. As shutdowns halted major components of the U.S. economy from mid-March through May, GDP contracted by an annualized rate of 31.2% in Q2 2020, the largest such decline in U.S. history. While shocking, this GDP decline was offset by a significant rebound in economic activity in Q3 2020, greatly moderating the overall impact for the year. The U.S. economy grew by 33.8% on an annualized basis in the third quarter, followed by more modest gains in the five quarters that followed through the end of 2021, with GDP having surpassed the pre-pandemic peak by Q1 2021. A pullback during the

first half of 2022 was driven by the trade deficit and decreases in government spending and inventory investment, although the decline was offset by gains during the second half of the year.

FIGURE 4-1 UNITED STATES GDP GROWTH RATE



Sources: tradingeconomics.com, Bureau of Economic Analysis

The positive trend continued through 2023 and 2024, registering 2.5% and 2.4% increases for the year, respectively. GDP then declined slightly (-0.5%) and bounced back by 3.8% in the first two quarters of 2025, respectively. According to the July 30, 2025, report from the Bureau of Economic Analysis, "The increase in real GDP in the second quarter primarily reflected a decrease in imports, which are a subtraction in the calculation of GDP, and an increase in consumer spending. These movements were partly offset by decreases in investment and exports." Within the hotel sector, 2025 was expected to bring a more active deal environment given this recent stability in growth; however, a pullback in international travel to the United States and the uncertainty surrounding what effect the tariffs would have on prices, trade, employment, and domestic travel prompted some buyers to retreat. As such, transaction activity has been relatively muted thus far in 2025. We will be closely monitoring how these changes impact employment, hotel demand, ADRs, transaction activity and, ultimately, hotel values.

The Wall Street Journal (WSJ) publishes an economic forecasting survey each quarter. Per the latest survey (July 2025), economists were newly optimistic that the United States would avoid a recession, reporting an average 33.0% probability that the country would experience a recession during the next twelve months (22.0% and 45.0% were the average probability levels for the same question in January 2025 and April 2025, respectively). Chad Moutray, chief economist at the

National Restaurant Association, was quoted, “Despite numerous headwinds, the U.S. economy is proving stubbornly resilient. Consumers are continuing to spend, but the mood has clearly shifted from bold to careful.” Key averages from the latest release are illustrated in the following table.

FIGURE 4-2 GDP, CPI, AND UNEMPLOYMENT PREDICTIONS

Real GDP, Quarterly Annualized Growth Rate

2nd Quarter 2024	1.60
3rd Quarter 2024	1.35
4th Quarter 2024	1.47
1st Quarter 2025	1.77

Real GDP, Year-Over-Year Growth Rate

2024	1.72
2025	1.90
2026	2.01

CPI, Year-Over-Year Change

June 2024	3.11
December 2024	2.73
June 2025	2.32
December 2025	2.29

Unemployment, Annual Level

June 2024	3.89
December 2024	4.11
June 2025	4.17
December 2025	4.17

Source: Wall Street Journal Economic Forecasting Survey, April 2024

Driven by supply-chain disruptions and pent-up consumer demand, prices for most goods and services increased substantially in the wake of the pandemic; the CPI increased by 7.0% in 2021 and 6.5% in 2022. The Fed addressed inflation through successive interest-rate hikes (seven in 2022, and another four in 2023), and the pace of inflation decelerated, falling to the low 3.0% range by the end of 2023. While inflation increased to 3.5% by March 2024, it has since illustrated a slow and gradual decline, registering a relatively low 2.4% as of September 2024. In September, the Fed cut the federal funds rate for the first time since the COVID-19 pandemic, acknowledging the positive economic data and lower inflation in recent months, and two additional cuts followed in November and December. Prior to the September 2024 meeting, the target rate was between 5.25% and 5.5%. As of mid-

year 2025, it stood between 4.25% and 4.5%. On September 17, 2025, the Fed cut interest rates by a quarter percentage point, to a range of 4.0% to 4.25% (its first reduction of 2025), and projected two more cuts later this year. "Job gains have slowed," Fed officials said in a statement released following the meeting, "and the unemployment rate has edged up," noting that unemployment still remains relatively low.

The successive increases in GDP, lower inflation levels, cuts to the Fed rate in 2024, and strong job growth through Q1 2025 painted a positive picture of the U.S. economy. However, the first week of April 2025 sparked a notable change for this picture with the announcement of significant tariffs. As the year has progressed, many have been revised downward; these revisions, combined with the continued resiliency of the U.S. economy and gains in employment, have bolstered markets. Over time, expectations emerged that a recession in the near term was less likely, compared to the sentiment in March/April. Nevertheless, it remains unclear how the new policies of the current administration will ultimately impact the economy and the hotel sector.

Per the WSJ survey, unemployment levels are anticipated to remain relatively stable, hovering near the 4.4% mark. In the July 2025 survey, economists were asked what effect the current administration's preferences regarding interest rates would have under the next Fed chairman. Roughly 36.0% of respondents said that interest rates would be lower than otherwise based on the administration's influence, with 57.0% responding that no influence or change would occur based on this factor. Accordingly, economists surveyed expect the Fed funds rate to end 2025 at just under 4.0% and moderate downward by 70 basis points by the end of 2026. Moreover, inflation is anticipated to remain somewhat elevated, at just over 3.0% by December 2025, followed by a decline, falling to roughly 2.6% by the end of 2026.

Within the hospitality industry, labor availability and costs remain a concern for hotel operators, although these issues have diminished somewhat since the height of the pandemic. Inflation benefited the industry by supporting strong ADR growth in most markets but also resulted in increased expenses, which put pressure on profitability. Inflation moderated significantly and was approaching the Fed's target of 2.0% as of mid-year 2025, which was considered a positive factor; however, the impact of the newly announced tariffs in July 2025 may reverse this trend of inflation. We continue to closely monitor how these policy changes are affecting the U.S. lodging market and the local market analyzed within this report, as explained in the following chapter.

In preparing this report, we have considered the impact of these factors on the lodging and investment markets to the best of our ability. However, our analysis

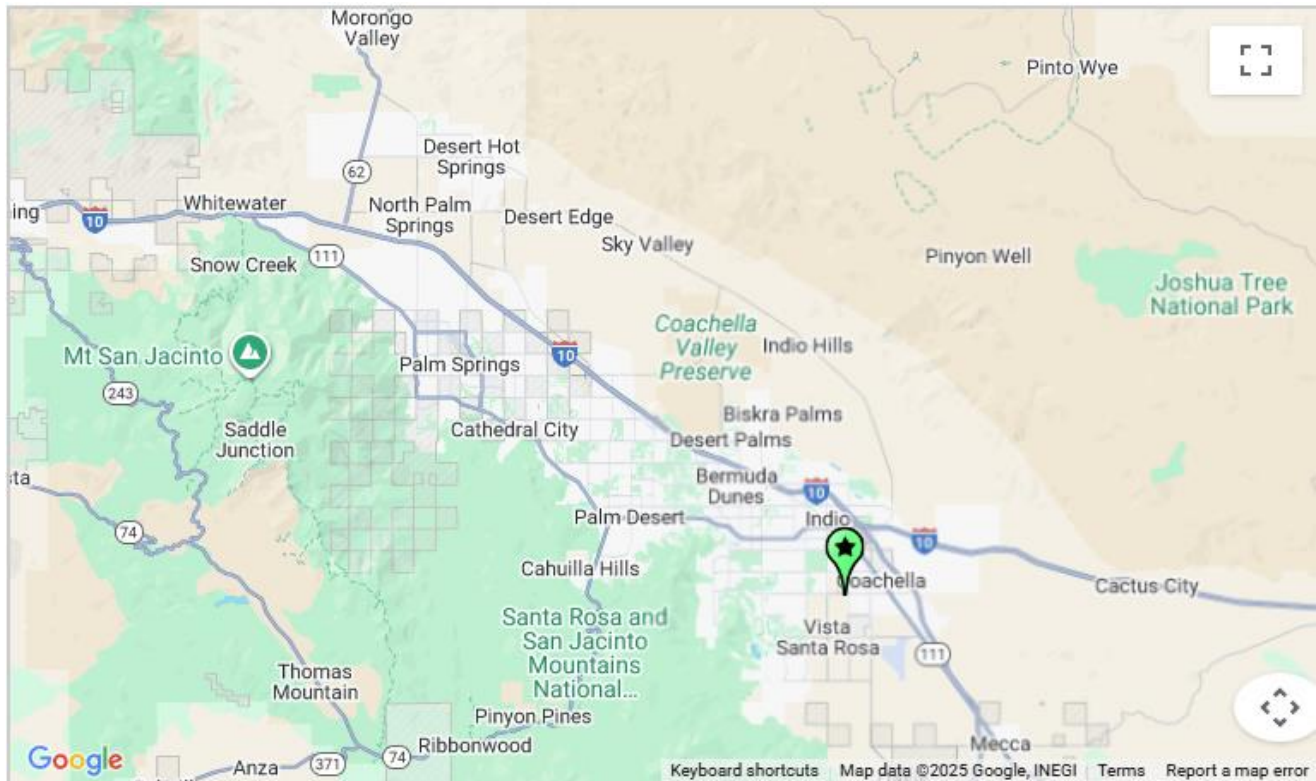
only considers what is known at the time of the effective date of the report, and there is a high degree of uncertainty currently influencing the market and the economy.

Market Area Definition

The market area for a lodging facility is the geographical region where the sources of demand and the competitive supply are located. The subject site is located in the city of Coachella, the county of Riverside, and the state of California. The Coachella Valley extends for approximately 45 miles in Riverside County and comprises the following nine cities: Palm Springs, Rancho Mirage, Palm Desert, La Quinta, Indio, Indian Wells, Desert Hot Springs, Coachella, and Cathedral City. The popular resort community of Palm Springs sits at the northwest end of the Valley. Palm Springs is often described as a small city with the cultural amenities of an urban area, featuring eclectic boutiques, mid-century-inspired furniture and home décor stores, dining, and recreational opportunities. Typically, the population nearly doubles during the winter months with part-time residents from colder climates who own second homes in the area due to its warmer temperatures. Tourism is typically the major industry in this area, with a variety of attractions and special events drawing significant numbers of leisure travelers.

The subject property's market area can be defined by its Combined Statistical Area (CSA): Los Angeles-Long Beach, CA. The CSA represents adjacent metropolitan and micropolitan statistical areas that have a moderate degree of employment interchange. Micropolitan statistical areas represent urban areas in the United States based around a core city or town with a population of 10,000 to 49,999; the MSA requires the presence of a core city of at least 50,000 people and a total population of at least 100,000 (75,000 in New England). The following exhibit illustrates the market area.

MAP OF MARKET AREA



Economic and Demographic Review

A primary source of economic and demographic statistics used in this analysis is the *Complete Economic and Demographic Data Source* published by Woods & Poole Economics, Inc.—a well-regarded forecasting service based in Washington, D.C. Using a database containing more than 900 variables for each county in the nation, Woods & Poole employs a sophisticated regional model to forecast economic and demographic trends. Historical statistics are based on census data and information published by the Bureau of Economic Analysis. Projections are formulated by Woods & Poole, and all dollar amounts have been adjusted for inflation, thus reflecting real change.

These data are summarized in the following table.

FIGURE 4-3 ECONOMIC AND DEMOGRAPHIC DATA SUMMARY

	2010	2020	2024	2029	Avg. Annual Compounded Chg.		
					2010-20	2010-24	2024-29
Resident Population (Thousands)							
Riverside County	2,200.2	2,423.0	2,535.4	2,755.3	1.0 %	1.0 %	1.7 %
Riverside-San Bernardino-Ontario, CA MSA	4,241.1	4,606.4	4,753.5	5,083.8	0.8	0.8	1.4
Los Angeles-Long Beach, CA CSA	17,906.4	18,628.3	18,444.1	19,061.1	0.4	0.2	0.7
State of California	37,322.9	39,503.2	39,259.5	40,701.2	0.6	0.4	0.7
United States	309,382.3	331,526.9	337,214.9	348,565.1	0.7	0.6	0.7
Per-Capita Personal Income*							
Riverside County	\$34,214	\$46,125	\$45,867	\$48,913	3.0	2.1	1.3
Riverside-San Bernardino-Ontario, CA MSA	33,397	45,084	45,511	48,490	3.0	2.2	1.3
Los Angeles-Long Beach, CA CSA	45,239	60,996	63,550	68,348	3.0	2.5	1.5
State of California	47,658	66,955	69,861	74,871	3.5	2.8	1.4
United States	44,807	56,530	59,191	63,789	2.4	2.0	1.5
W&P Wealth Index							
Riverside County	79.1	81.1	78.1	77.7	0.3	(0.1)	(0.1)
Riverside-San Bernardino-Ontario, CA MSA	76.6	78.7	76.9	76.2	0.3	0.0	(0.2)
Los Angeles-Long Beach, CA CSA	101.3	105.5	106.2	105.9	0.4	0.3	(0.0)
State of California	106.3	115.3	116.1	115.5	0.8	0.6	(0.1)
United States	100.0	100.0	100.0	100.0	0.0	0.0	0.0
Food and Beverage Sales (Millions)*							
Riverside County	\$2,842	\$3,712	\$4,930	\$5,841	2.7	4.0	3.5
Riverside-San Bernardino-Ontario, CA MSA	5,423	6,858	8,970	10,395	2.4	3.7	3.0
Los Angeles-Long Beach, CA CSA	31,735	40,575	50,520	56,632	2.5	3.4	2.3
State of California	65,211	83,734	104,641	117,800	2.5	3.4	2.4
United States	502,827	611,998	777,882	881,337	2.0	3.2	2.5
Total Retail Sales (Millions)*							
Riverside County	\$27,838	\$37,707	\$45,617	\$52,685	3.1	3.6	2.9
Riverside-San Bernardino-Ontario, CA MSA	53,905	75,245	89,693	101,877	3.4	3.7	2.6
Los Angeles-Long Beach, CA CSA	257,633	332,363	380,224	417,308	2.6	2.8	1.9
State of California	539,665	705,532	807,598	889,442	2.7	2.9	1.9
United States	4,638,710	5,826,739	6,781,526	7,456,593	2.3	2.7	1.9

* Inflation Adjusted

Source: Woods & Poole Economics, Inc.

Workforce Characteristics

The U.S. population grew at an average annual compounded rate of 0.6% from 2010 through 2024. The county's population has increased at a quicker pace than the nation's population; the average annual growth rate of 1.0% between 2010 and 2024 reflects a gradually expanding area. Per-capita personal income increased modestly, at 2.1% on average annually for the county between 2010 and 2024. Local wealth indexes have remained stable in recent years, registering a low 78.1 level for the county in 2024.

Food and beverage sales totaled \$4,930 million in the county in 2024, versus \$2,842 million in 2010. This reflects a 4.0% average annual change. The pace of growth is anticipated to be 3.5% through 2029. The retail sales sector demonstrated an annual increase of 3.6% from 2010 to 2024. An increase of 2.9% average annual change is expected in county retail sales through 2029.

The characteristics of an area's workforce provide an indication of the type and amount of transient visitation likely to be generated by local businesses. Sectors such as finance, insurance, and real estate (FIRE); wholesale trade; and services produce a considerable number of visitors who are not particularly rate sensitive. The government sector often generates transient room nights, but per-diem reimbursement allowances often limit the accommodations selection to budget and mid-priced lodging facilities. Contributions from manufacturing, construction, transportation, communications, and public utilities (TCPU) employers can also be important, depending on the company type.

The following table sets forth the county workforce distribution by business sector in 2010, 2020, and 2024, as well as a forecast for 2029.

FIGURE 4-4 HISTORICAL AND PROJECTED EMPLOYMENT (000S)

Industry	2010	Percent of Total	2020	Percent of Total	2024	Percent of Total	2029	Percent of Total	Avg. Annual Compounded Chg.		
									2010-2020	2020-2024	2024-2029
Farm	7.5	0.9 %	8.0	0.7 %	7.0	0.6 %	6.6	0.5 %	0.6 %	(3.2) %	(1.1) %
Forestry, Fishing, Related Activities And Other	7.6	0.9	6.6	0.6	6.7	0.5	6.5	0.5	(1.3)	0.4	(0.7)
Mining	2.0	0.2	1.8	0.2	1.7	0.1	1.7	0.1	(0.9)	(1.7)	(0.2)
Utilities	1.8	0.2	1.8	0.2	1.9	0.2	1.9	0.1	0.1	1.3	0.2
Construction	55.7	6.9	93.3	8.7	100.8	8.1	104.4	7.6	5.3	2.0	0.7
Manufacturing	41.8	5.2	48.9	4.5	51.0	4.1	51.2	3.7	1.6	1.1	0.0
Total Trade	124.7	15.5	145.8	13.5	161.7	13.0	168.6	12.2	1.6	2.6	0.8
Wholesale Trade	24.8	3.1	31.2	2.9	35.8	2.9	38.7	2.8	2.3	3.5	1.6
Retail Trade	99.9	12.4	114.6	10.6	126.0	10.1	130.0	9.4	1.4	2.4	0.6
Transportation And Warehousing	26.5	3.3	92.9	8.6	118.6	9.5	129.9	9.4	13.4	6.3	1.8
Information	13.0	1.6	8.2	0.8	10.0	0.8	10.4	0.8	(4.5)	5.3	0.7
Finance And Insurance	31.1	3.9	41.3	3.8	50.7	4.1	54.8	4.0	2.9	5.3	1.6
Real Estate And Rental And Lease	45.3	5.6	51.5	4.8	67.1	5.4	80.6	5.8	1.3	6.8	3.7
Total Services	323.5	40.1	443.8	41.2	531.0	42.6	617.2	44.8	3.2	4.6	3.1
Professional And Technical Services	40.5	5.0	50.7	4.7	57.7	4.6	62.6	4.5	2.3	3.3	1.6
Management Of Companies And Enterprises	3.4	0.4	4.2	0.4	4.7	0.4	4.6	0.3	2.2	2.7	(0.6)
Administrative And Waste Services	59.0	7.3	80.5	7.5	92.5	7.4	110.2	8.0	3.2	3.5	3.6
Educational Services	10.6	1.3	13.7	1.3	16.8	1.3	20.5	1.5	2.6	5.1	4.1
Health Care And Social Assistance	71.7	8.9	126.1	11.7	148.7	11.9	180.9	13.1	5.8	4.2	4.0
Arts, Entertainment, And Recreation	18.9	2.3	20.2	1.9	25.1	2.0	28.1	2.0	0.7	5.6	2.3
Accommodation And Food Services	64.1	7.9	77.2	7.2	104.5	8.4	121.2	8.8	1.9	7.8	3.0
Other Services, Except Public Administration	55.3	6.9	71.1	6.6	81.1	6.5	89.2	6.5	2.5	3.4	1.9
Total Government	126.5	15.7	132.5	12.3	138.4	11.1	145.1	10.5	0.5	1.1	1.0
Federal Civilian Government	7.7	1.0	7.8	0.7	7.7	0.6	8.0	0.6	0.2	(0.3)	0.7
Federal Military	3.7	0.5	4.0	0.4	3.9	0.3	3.9	0.3	0.8	(0.4)	(0.2)
State And Local Government	115.2	14.3	120.7	11.2	126.7	10.2	133.3	9.7	0.5	1.2	1.0
TOTAL	807.0	100.0 %	1,076.3	100.0 %	1,246.7	100.0 %	1,378.9	100.0 %	2.9 %	3.7 %	2.0 %
MSA	1,638.8	—	2,150.1	—	2,472.3	—	2,692.6	—	2.8 %	3.6 %	1.7 %
U.S.	172,901.7	—	195,286.6	—	218,894.3	—	232,833.6	—	1.2	2.9	1.2

Source: Woods & Poole Economics, Inc.

The preceding data illustrate the long-term employment trends in this market, including the recent impact of the pandemic and the subsequent recovery. Forecasts developed by Woods & Poole Economics, Inc. anticipate that total employment in the county will change by 2.0% on average annually through 2029. The trend is above the forecast rate of change for the United States as a whole during the same period.

The following table illustrates historical and projected employment, households, population, and average household income data, as provided by REIS for the overall San Bernardino/Riverside market, inclusive of the Coachella Valley.

FIGURE 4-5 HISTORICAL & PROJECTED EMPLOYMENT, HOUSEHOLDS, POPULATION, AND HOUSEHOLD INCOME STATISTICS

Year	Total Employment	% Chg	Office Employment	% Chg	Industrial Employment	% Chg	Households	% Chg	Population	% Chg	Household Avg. Income	% Chg
2012	1,196,200	—	321,217	—	153,147	—	1,341,160	—	4,330,360	—	\$107,135	—
2013	1,250,600	4.5 %	331,040	3.1 %	158,899	3.8 %	1,354,610	1.0 %	4,362,510	0.7 %	107,029	(0.1) %
2014	1,315,230	5.2	348,440	5.3	165,870	4.4	1,366,030	0.8	4,401,520	0.9	111,891	4.5
2015	1,381,700	5.1	363,776	4.4	172,962	4.3	1,377,620	0.8	4,441,060	0.9	117,018	4.6
2016	1,417,630	2.6	363,619	(0.0)	174,215	0.7	1,392,230	1.1	4,486,670	1.0	121,799	4.1
2017	1,475,570	4.1	374,215	2.9	177,311	1.8	1,404,350	0.9	4,530,840	1.0	124,827	2.5
2018	1,520,270	3.0	382,381	2.2	181,874	2.6	1,418,990	1.0	4,562,170	0.7	130,153	4.3
2019	1,578,230	3.8	396,614	3.7	184,010	1.2	1,432,690	1.0	4,590,390	0.6	136,650	5.0
2020	1,517,630	(3.8)	372,601	(6.1)	172,881	(6.0)	1,437,170	0.3	4,627,560	0.8	151,110	10.6
2021	1,620,630	6.8	397,207	6.6	180,503	4.4	1,473,760	2.5	4,661,810	0.7	155,338	2.8
2022	1,663,970	2.7	403,067	1.5	183,766	1.8	1,493,140	1.3	4,689,340	0.6	160,662	3.4
2023	1,693,070	1.7	407,163	1.0	181,379	(1.3)	1,507,930	1.0	4,722,160	0.7	165,936	3.3
2024	1,707,230	0.8	410,842	0.9	178,620	(1.5)	1,534,780	1.8	4,778,040	1.2	175,101	5.5
Forecasts												
2025	1,718,860	0.7 %	414,179	0.8 %	179,756	0.6 %	1,553,030	1.2 %	4,814,480	0.8 %	182,533	4.2 %
2026	1,720,570	0.1	415,102	0.2	179,789	0.0	1,564,390	0.7	4,832,220	0.4	190,366	4.3
2027	1,726,920	0.4	417,841	0.7	180,111	0.2	1,572,620	0.5	4,842,160	0.2	197,904	4.0
2028	1,735,680	0.5	421,146	0.8	180,290	0.1	1,580,250	0.5	4,848,050	0.1	205,252	3.7
2029	1,746,890	0.6	424,964	0.9	180,467	0.1	1,589,670	0.6	4,857,780	0.2	213,095	3.8
Average Annual Compound Change												
2012 - 2024		3.0 %		2.1 %		1.3 %		1.1 %		0.8 %		4.2 %
Forecast 2025 - 2029		0.4 %		0.6 %		0.1 %		0.6 %		0.2 %		3.9 %

Source: REIS Report, 1st Quarter, 2025

For the San Bernardino/Riverside market, of the roughly 1,700,000 persons employed, 24% are categorized as office employees, while 10% are categorized as industrial employees. Total employment is expected to expand by 0.7% in 2025, while office employment is forecast to expand by 0.8% in 2025.

The number of households is forecast to expand by 0.6% on average annually between 2025 and 2029. Population is forecast to expand during this same period, at an average annual compounded rate of 0.2%. Household average income is forecast to grow by 3.9% on average annually from 2025 through 2029.

Radial Demographic Snapshot

The following table reflects radial demographic trends for our market area measured by three points of distance from the subject site.

FIGURE 4-6 DEMOGRAPHICS BY RADIUS

	0.00 - 1.00 miles	0.00 - 3.00 miles	0.00 - 5.00 miles
Population			
2030 Projection	9,268	65,372	129,656
2025 Estimate	9,123	64,812	128,328
2020 Census	8,840	63,712	125,741
Percent Change: 2025 to 2030	1.6%	0.9%	1.0%
Percent Change: 2020 to 2025	3.2%	1.7%	2.1%
Households			
2030 Projection	2,217	17,728	38,990
2025 Estimate	2,175	17,454	38,266
2020 Census	2,097	16,906	36,984
Percent Change: 2025 to 2030	1.9%	1.6%	1.9%
Percent Change: 2020 to 2025	3.7%	3.2%	3.5%
Income			
2025 Est. Average Household Income	\$74,992	\$82,056	\$97,373
2025 Est. Median Household Income	54,345	60,995	68,499
2025 Est. Civ. Employed Pop 16+ by Occupation			
Architecture/Engineering	1	186	436
Arts/Design/Entertainment/Sports/Media	12	394	737
Building/Grounds Cleaning/Maintenance	567	3,333	5,589
Business/Financial Operations	67	569	1,384
Community/Social Services	50	290	853
Computer/Mathematical	6	52	319
Construction/Extraction	295	2,785	4,888
Education/Training/Library	111	762	1,888
Farming/Fishing/Forestry	169	1,572	1,978
Food Preparation/Serving Related	307	1,921	4,208
Healthcare Practitioner/Technician	64	759	1,655
Healthcare Support	177	1,271	2,686
Installation/Maintenance/Repair	285	1,666	3,092
Legal	3	77	272
Life/Physical/Social Science	5	52	289
Management	325	1,978	4,340
Office/Administrative Support	488	2,570	5,204
Production	169	865	1,907
Protective Services	30	504	1,152
Sales/Related	478	3,603	6,562
Personal Care/Service	60	995	2,223
Transportation/Material Moving	400	2,906	5,031

Source: Environics Analytics

Unemployment Statistics

This source reports a population of 128,328 and 38,266 households within a five-mile radius of the subject site. The average household income within this radius is reported at \$97,373, while the median is \$68,499.

The following table presents historical unemployment rates for the proposed subject hotel's market area.

FIGURE 4-7 UNEMPLOYMENT STATISTICS

Year	County	State	U.S.
2015	6.7 %	6.2 %	5.3 %
2016	6.2	5.5	4.9
2017	5.4	4.8	4.4
2018	4.5	4.3	3.9
2019	4.3	4.1	3.7
2020	10.2	10.1	8.1
2021	7.4	7.3	5.4
2022	4.3	4.3	3.6
2023	4.8	4.7	3.6
2024	5.3	5.3	4.0
<i>Recent Month - Jul</i>			
2024	6.0 %	5.9 %	4.2 %
2025	6.5	6.1	4.2

Source: U.S. Bureau of Labor Statistics

Prior to the pandemic, U.S. unemployment levels were firmly below the 4.6% level recorded in 2006 and 2007, the peak years of the economic cycle prior to the Great Recession. The national unemployment rate during the months leading up to the COVID-19 pandemic were in the 3.5%–3.7% range, reflecting a trend of stability and strength. However, in April 2020, after the onset of the pandemic, unemployment rose to 14.7%, while employment dropped by 20.7 million. Steady gains in employment have generally been registered since that time; however, job gains have fluctuated in recent months. The national unemployment rate was 4.3% in August 2025; approximately 79,000 and 22,000 new jobs were registered in July and August, respectively, following a contraction of about 13,000 jobs in June. In August, gains in healthcare employment were partially offset by losses in federal government jobs and in mining, quarrying, and oil and gas (O&G) extraction employment.

Major Business and Industry

Locally, the unemployment rate was 5.3% in 2024; for this same area in 2025, the most recent month's unemployment rate was registered at 6.5%, versus 6.0% for the same month in 2024. As illustrated in the table, unemployment declined in 2016, and this positive trend generally continued through 2019. Economic development officials noted that local employment remained strong within the tourism and healthcare sectors. However, unemployment data for 2020 illustrate a sharp increase given the effects of the COVID-19 pandemic and related global economic crisis, which resulted in temporary closures of area resorts and attractions. Unemployment declined in 2021 and 2022 as the economy began to rebound, and the most recent comparative period shows where the local market stands in 2025 relative to the same month of 2024. The increase in the year-to-date period can be attributed to the slowdown in retail trade due to the inflationary environment.

Providing additional context for understanding the nature of the regional economy, the following table presents a list of the major employers in the proposed subject property's market.

FIGURE 4-8 MAJOR EMPLOYERS

Rank	Employer	Number of Employees
1	Palm Springs Unified School District	2,716
2	Desert Regional Medical Center	2,591
3	Agua Caliente Casino Palm Springs	621
4	City of Palm Springs	515
5	Walmart Supercenter	378
6	California Nursing and Rehabilitation Center	257
7	Margaritaville Resort Palm Springs	251
8	The Home Depot	222
9	Palm Springs Health Care and Rehabilitation Center	156
10	Lowe's Home Improvement	134

Source: City of Palm Springs, CAFR 2024

Tourism has been the cornerstone of the local economy for some time, and this sector has realized notable growth during the last decade, as a younger generation is discovering the Coachella Valley and as certain submarkets are being revitalized. The popularity of special events and festivals, such as the Coachella Valley Music & Arts Festival, has been intensifying over the years, as well. The \$250-million, 10,000-seat Coachella Valley Arena in Palm Desert opened in December 2022; it hosts the Seattle Kraken's American Hockey League team, as well as entertainment

events throughout the year. In October 2021, Los Angeles-based concert promoter Goldenvoice assumed operation of the Empire Polo Club in Indio, which allowed it to continue to host festivals, such as the Coachella Valley Music Festival, and to open up the facility to a broader spectrum of special events and private functions. In nearby Rancho Mirage, a 600-acre Disney-themed residential community known as Cotino broke ground in 2022, and the first residents are expected to arrive in the fall of 2025. The Agua Caliente Cultural Plaza opened in 2023, featuring a 48,000-square-foot museum. Despite the COVID-19 pandemic, the Coachella Valley has emerged as one of the top drive-to destinations in California given its proximity to three metropolitan areas, the attractiveness of the sprawling resort layouts, and the abundance of outdoor activities. In 2024, according to the Greater Palm Springs Tourism Authority, 14.5 million visitors spent \$7.4 billion in the Greater Palm Springs economy, with year-over-year increases of 1.0% and 1.1%, respectively. Visitor activity generated a total economic impact of \$9.1 billion.

Convention Activity

A convention center serves as a gauge of visitation trends to a particular market. Convention centers also generate significant levels of demand for area hotels and serve as a focal point for community activity. Typically, hotels within the closest proximity to a convention center—up to three miles away—will benefit the most. Hotels serving as headquarters for an event benefit the most by way of premium rates and hosting related banquet events. During the largest of conventions, peripheral hotels may benefit from compression within the city as a whole.

The Palm Springs Convention Center (PSCC) contains a total of 261,000 square feet of new rentable space, which includes 120,000 square feet of exhibit space divisible into five sections, 21 breakout rooms of various sizes, and an 18,000-square-foot lobby with panoramic mountain views. Following a \$32.3 million expansion, the Center reopened in the fall of 2005 as a new state-of-the-art facility, offering a twelve-bay loading dock, outdoor function space, and high-speed Internet access. The Center is proximate to downtown hotels and restaurants and is located only a few minutes' drive from the Palm Springs International Airport. The other major meeting venue in the Coachella Valley region is the Desert Springs JW Marriott Resort & Spa in Palm Desert. The resort features 210,000 square feet of indoor and outdoor meeting space, 833 guestrooms, and 51 suites. This facility is considered one of the area's premier meeting destinations.

PALM SPRINGS CONVENTION CENTER



The following table illustrates recent usage statistics for this facility.

FIGURE 4-9 CONVENTION CENTER STATISTICS

Year	Number of Conventions	Percent Change	Number of Delegates	Percent Change
2016	105	—	141,824	—
2017	110	4.8 %	130,592	(7.9) %
2018	102	(7.3)	120,437	(7.8)
2019	120	17.6	135,375	12.4
2020	37	(69.2)	61,059	(54.9)
2021	54	45.9	43,835	(28.2)
2022	88	63.0	129,794	196.1
2023	102	15.9	72,651	(44.0)

Source: Palm Springs Convention Center

The year-end 2024 statistics were not available at the time of this report.

Airport Traffic

Airport passenger counts are important indicators of lodging demand. Depending on the type of service provided by a particular airfield, a sizable percentage of arriving passengers may require hotel accommodations. Trends showing changes in passenger counts also reflect local business activity and the overall economic health of the area.

Palm Springs International Airport (PSP), a public airport offering commercial airline service in Riverside County, serves a population of over 500,000 permanent residents in the Coachella Valley. The airport covers 940 acres, featuring two runways and one single terminal. PSP is highly seasonal, in that many flights do not operate during the summer. Major commercial airlines provide nonstop service to/from cities such as Dallas, Denver, Los Angeles, Phoenix, San Francisco, and Seattle, among others. Due to the increased passenger traffic, the City plans to spend approximately \$100 million on airport infrastructure projects, including a remodel of the ticketing hall and construction of a new baggage-handling system. The baggage system was added in 2021, and the airport recently completed a \$5.7-million renovation and expansion of the baggage handling area in 2023. Additionally, expansions to TSA checkpoints and restrooms, as well as new carpeting throughout the airport, are planned as part of the Airport Master Plan approved in 2015, which is slated for completion by 2026. Other long-term plans include expansions or additions of terminals and a new rental-car center; however, timelines for these projects have yet to be set.

The following table illustrates recent operating statistics for the Palm Springs International Airport, which is the primary airport facility serving the proposed subject property's submarket.

FIGURE 4-10 AIRPORT STATISTICS - PALM SPRINGS INTERNATIONAL AIRPORT

Year	Passenger Traffic	Percent Change*	Percent Change**
2015	1,888,657	—	—
2016	1,998,206	5.8 %	5.8 %
2017	2,100,072	5.1	5.4
2018	2,327,018	10.8	7.2
2019	2,563,955	10.2	7.9
2020	1,252,094	(51.2)	(7.9)
2021	2,092,943	67.2	1.7
2022	2,981,844	42.5	6.7
2023	3,237,325	8.6	7.0
2024	3,230,914	(0.2)	6.1
Year-to-date, Jul			
2024	2,065,467	—	#DIV/0!
2025	2,155,547	4.4 %	—

*Annual average compounded percentage change from the previous year

**Annual average compounded percentage change from first year of data

Source: Palm Springs International Airport

This facility recorded 3,230,914 passengers in 2024. The change in passenger traffic between 2023 and 2024 was -0.2%. The average annual change during the period shown was 6.1%. Data from 2020 illustrate a significant decline given the impact of the COVID-19 pandemic and the travel restrictions that were implemented. However, the 2021 data show a substantial rebound in passenger traffic, a trend that continued through 2022 and 2023 when passenger volume surpassed the level achieved in 2019, driven largely by Palm Springs' popularity as a leisure destination. This positive trend continued in the year-to-date 2024 period, albeit at a slower pace.

Tourist Attractions

The subject market benefits from a variety of tourism and leisure attractions in the area. Tourism in the Coachella Valley is strongest from January through April, when the area enjoys cooler desert temperatures but a warmer climate than most other cities; the weather is especially welcoming to those visiting from the northern regions. The area is popular as a resort, golf, and tennis destination. Other leisure demand generators include Downtown Palm Springs, Fantasy Springs Resort Casino, and Agua Caliente Casino. Special events also play a role during key

weekends, with major events usually occurring in March or April. Over three weekends, Indio's Empire Polo Club hosts the world-renowned Coachella Valley Music & Arts Festival, as well as the Stagecoach Country Music Festival. Although the festivals were canceled in 2020 and 2021 due to COVID-19 precautions within Riverside County, the valley's events were back in full swing beginning in 2022. Other key events that take place in the Coachella Valley include the BNP Paribas Open tennis championships, which were held in March 2023, and Palm Springs International Film Festival, which was held in January 2023. Now that conditions are beginning to normalize, no major changes related to these attributes of the market are expected over the long term.

EMPIRE POLO CLUB



Conclusion

This section discussed a wide variety of economic indicators for the market area. The Coachella Valley market area has experienced an economic rebound following the impacts of the COVID-19 pandemic. As noted previously, the local economy is primarily led by the tourism industry and the popularity of special events in the region. Tourism rebounded in the summer of 2021 and strengthened through year-to-date 2025 given the area's location within driving distance of the Los Angeles and San Diego metropolitan areas. Thus, the near-term market outlook is overall

positive given the return of special events, the area's reputation as one of the nation's premier leisure destinations.

5. Hotel Supply and Demand Analysis

In the lodging industry, price varies directly, but not proportionately, with demand and inversely, but not proportionately, with supply. Supply is measured by the number of guestrooms available, and demand is measured by the number of rooms occupied; the net effect of supply and demand toward equilibrium results in a prevailing price, or average daily rate (ADR). The purpose of this section is to investigate current supply and demand trends, as indicated by the current competitive market, and to set forth a basis for the projection of future supply and demand growth.

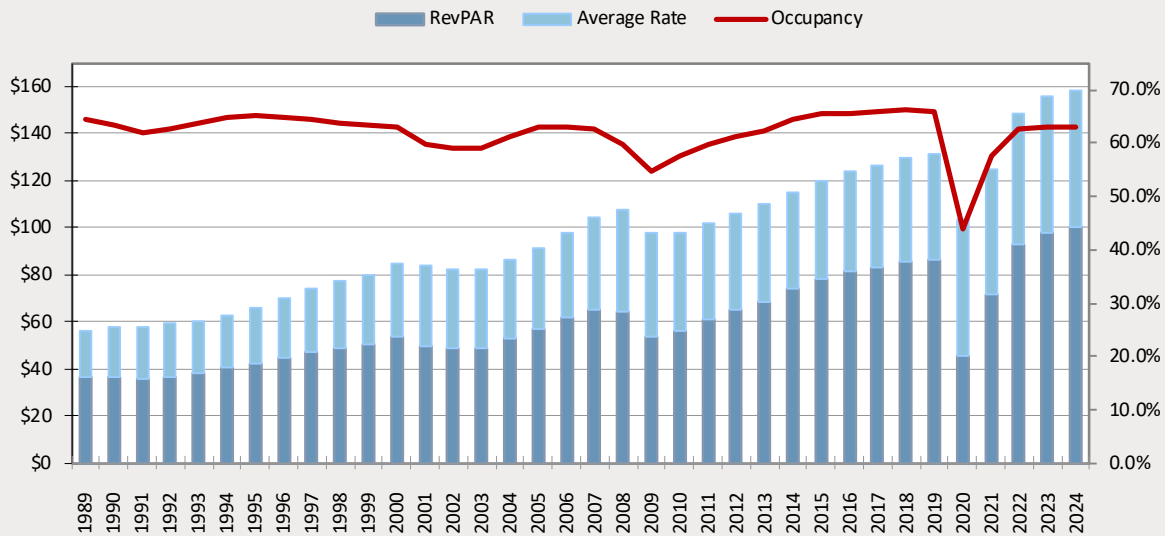
Definition of Subject Hotel Market

The subject site is located in the greater Coachella Valley lodging market. The proposed subject hotel is expected to compete with five hotels on a primary level based on their location in the subject market. We have considered an additional nine hotels located in comparable markets that were selected as benchmarks because they reflect similar characteristics as the proposed subject property.

National Trends Overview

A hotel's local lodging market is most directly affected by the supply and demand trends within the immediate area. However, individual markets are also influenced by conditions in the national lodging market. We have reviewed national lodging trends to provide a context for the forecast of the supply and demand for the proposed subject hotel's competitive set.

STR is an independent research firm that compiles data on the lodging industry, and this information is routinely used by typical hotel buyers. The following STR diagram presents annual hotel occupancy, ADR, and rooms revenue per available room (RevPAR) data since 1989. RevPAR is calculated by multiplying occupancy by ADR and provides an indication of how well rooms revenue is being maximized.

FIGURE 5-1 NATIONAL OCCUPANCY, ADR, AND REVPAR TRENDS

Source: STR

The preceding chart illustrates the impact of the recessions of the early 1990s, 2000s, the financial crisis of 2008/09, and the 2020/21 pandemic on the U.S. lodging industry. In each case, the downturn caused lodging demand to drop, resulting in an occupancy decline. The aggregate ADR also fell, as hoteliers used price as a marketing tool to attract demand and support occupancy levels. As occupancy recovered, ADR growth resumed, although the ADR recovery lagged somewhat behind occupancy levels, as price discounts contributed to the initial recovery of demand. Following the financial crisis of the Great Recession, occupancy fell by over eight points, and ADR declined by 5.9%, resulting in an 18.3% decrease in RevPAR. The market recovered steadily thereafter, with occupancy surpassing the 65.0% mark in 2015, and ADR also consistently growing, albeit at a decelerating pace.

FIGURE 5-2 NATIONAL OCCUPANCY AND ADR TRENDS

	Occupancy					Average Rate					RevPAR				
	2019	2021	2022	2023	2024	2019	2021	2022	2023	2024	2019	2021	2022	2023	2024
United States	66.0 %	57.5 %	62.6 %	63.0 %	63.0 %	\$131.23	\$124.96	\$149.24	\$156.00	\$158.67	\$86.64	\$71.88	\$93.39	\$98.22	\$99.94
Region															
New England	64.7 %	55.5 %	63.4 %	63.3 %	64.1 %	\$161.08	\$155.80	\$179.29	\$190.86	\$195.48	\$104.25	\$86.54	\$113.78	\$120.86	\$125.36
Middle Atlantic	69.0	55.2	62.6	65.0	66.3	166.27	144.08	179.82	192.15	200.48	114.81	79.56	112.48	124.96	132.92
South Atlantic	67.5	59.8	64.7	64.5	64.9	128.41	130.45	152.61	156.33	157.87	86.68	77.95	98.70	100.89	102.51
E. North Central	61.1	52.3	57.2	57.5	57.9	112.64	105.25	123.33	129.12	133.91	68.82	55.09	70.52	74.26	77.48
E. South Central	62.4	59.5	61.0	61.0	59.1	103.58	104.70	119.73	126.05	127.25	64.61	62.30	73.04	76.88	75.17
W. North Central	58.3	51.0	55.3	56.1	55.7	99.28	97.34	109.00	115.04	118.30	57.88	49.68	60.27	64.51	65.89
W. South Central	62.6	58.1	59.9	60.2	60.2	101.84	95.75	112.13	116.19	119.69	63.77	55.64	67.20	69.92	72.09
Mountain	66.9	59.3	66.3	67.2	66.1	121.89	125.74	153.87	166.61	169.15	81.54	74.59	101.94	111.97	111.85
Pacific	73.6	60.2	66.9	66.6	66.7	171.40	157.79	190.58	196.22	194.67	126.16	95.00	127.42	130.67	129.89
Class															
Luxury	70.9 %	52.5 %	65.3 %	66.0 %	66.7 %	\$304.11	\$322.00	\$376.48	\$384.66	\$387.74	\$215.73	\$168.95	\$245.93	\$153.96	\$258.56
Upper-Upscale	72.6	50.0	63.4	67.1	67.6	188.24	175.05	213.96	221.11	223.88	136.67	87.49	135.70	148.29	151.46
Upscale	71.5	59.3	66.8	68.7	69.1	143.60	132.34	156.30	163.81	166.20	102.68	78.42	104.39	112.53	114.80
Upper-Midscale	67.5	61.2	65.7	65.8	65.7	115.91	114.14	128.53	133.40	135.01	78.20	69.83	84.50	87.73	88.68
Midscale	59.5	56.8	59.7	58.7	58.4	95.82	98.83	100.19	101.41	101.85	57.03	56.10	59.83	59.57	59.46
Economy	59.4	58.7	56.4	54.3	53.5	75.50	76.14	77.65	79.32	78.90	44.83	44.72	43.80	43.04	42.24
Location															
Urban	73.2 %	51.8 %	63.3 %	66.4 %	67.5 %	\$183.20	\$152.81	\$196.47	\$207.36	\$213.04	\$134.12	\$79.12	\$124.44	\$137.66	\$143.84
Suburban	66.7	59.9	63.8	63.4	63.6	111.26	104.93	126.13	126.32	127.97	74.24	62.90	80.45	80.06	81.34
Airport	73.7	60.3	67.9	69.5	69.4	119.22	104.82	126.57	134.50	135.87	87.85	63.18	85.91	93.43	94.36
Interstate	57.9	57.8	58.5	57.7	57.1	87.86	92.22	100.90	106.58	108.69	50.85	53.31	59.04	61.54	62.01
Resort	70.0	57.7	66.8	68.6	67.8	182.74	209.77	236.76	238.86	239.05	127.85	121.06	158.20	163.82	162.10
Small Town	57.8	56.7	57.5	55.8	55.4	107.26	116.96	124.72	133.63	136.86	61.98	66.34	71.72	74.63	75.86
Chain Scale															
Luxury	73.8 %	48.0 %	63.1 %	65.8 %	67.7 %	\$343.02	\$383.48	\$435.46	\$427.97	\$426.43	\$253.17	\$184.12	\$274.64	\$281.53	\$288.49
Upper-Upscale	73.9	48.7	63.9	67.7	68.5	189.25	176.66	215.96	223.19	226.90	139.80	86.11	138.05	151.12	155.53
Upscale	72.6	59.6	67.4	69.2	69.5	142.38	128.62	155.28	161.85	164.20	103.32	76.68	104.58	112.00	114.20
Upper-Midscale	67.5	61.6	65.8	66.1	66.0	112.80	111.14	127.56	132.16	133.95	76.14	68.47	83.93	87.34	88.44
Midscale	58.1	56.5	60.1	59.0	58.7	86.61	89.48	95.19	95.94	96.69	50.30	50.59	57.18	56.65	56.77
Economy	58.7	59.7	57.2	55.0	54.4	63.70	66.88	72.24	72.69	72.12	37.36	39.90	41.34	40.00	39.26
Independents	63.5	56.9	60.0	59.2	58.6	133.08	137.44	155.20	162.24	163.39	84.44	78.24	93.05	96.00	95.81

Source: Year-End STR Lodging Reviews

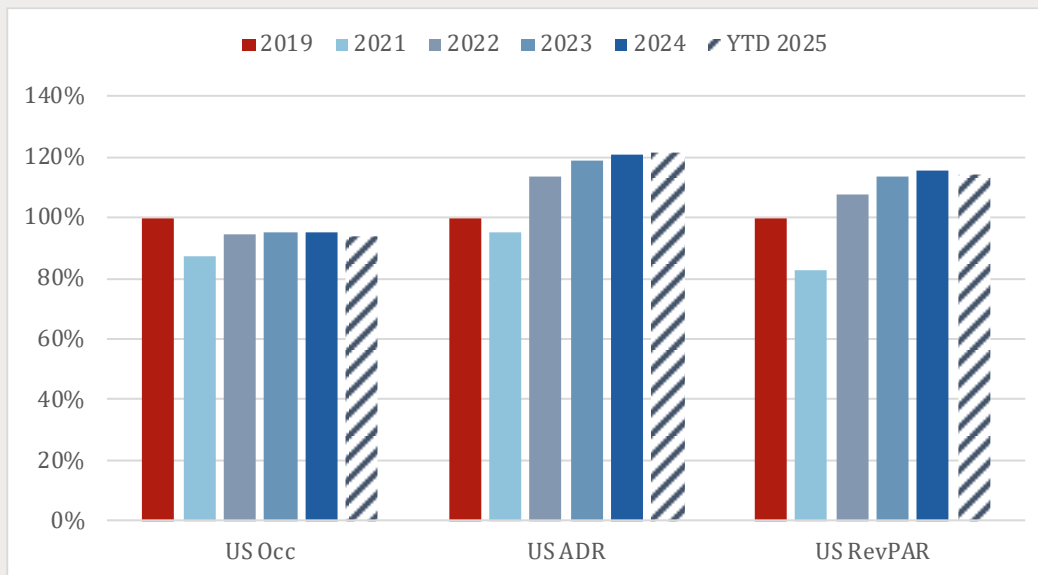
FIGURE 5-3 RECENT NATIONAL OCCUPANCY AND ADR TRENDS

	Occupancy - YTD September			Average Rate - YTD September			RevPAR - YTD September			Percent Change	
	2024	2025	% Change	2024	2025	% Change	2024	2025	% Change	Rms. Avail.	Rms. Sold
United States	64.0 %	63.4 %	(0.9) %	\$159.07	\$160.48	0.9 %	\$101.84	\$101.79	0.0 %	0.7 %	(0.2) %
Region											
New England	65.2 %	63.9 %	(1.9) %	\$198.12	\$199.33	0.6 %	\$129.11	\$127.44	(1.3) %	0.5 %	(1.4) %
Middle Atlantic	66.5	66.6	0.2	191.80	198.08	3.3	127.61	131.99	3.4	0.6	0.7
South Atlantic	65.2	65.0	(0.4)	158.91	162.08	2.0	103.62	105.28	1.6	0.8	0.4
E. North Central	59.2	59.9	1.2	134.71	135.90	0.9	79.73	81.38	2.1	0.8	2.0
E. South Central	60.2	59.4	(1.3)	127.57	126.54	(0.8)	76.75	75.14	(2.1)	2.2	0.9
W. North Central	57.1	57.1	0.0	119.53	120.87	1.1	68.31	69.06	1.1	0.1	0.1
W. South Central	61.2	59.4	(3.0)	119.13	120.01	0.7	72.93	71.24	(2.3)	0.8	2.2
Mountain	68.3	66.0	(3.4)	172.31	168.36	(2.3)	117.70	111.04	(5.7)	0.4	(3.0)
Pacific	68.1	68.1	0.0	197.14	198.45	0.7	134.29	135.23	0.7	0.4	0.5
Class											
Luxury	68.1 %	68.1 %	0.0 %	\$383.15	\$394.34	2.9 %	\$261.07	\$268.57	2.9 %	2.5 %	2.5 %
Upper-Upscale	68.7	68.1	(0.7)	223.07	225.52	1.1	153.15	153.68	0.3	0.7	(0.1)
Upscale	70.1	69.6	(0.8)	166.79	166.00	(0.5)	116.95	115.47	(1.3)	1.3	0.4
Upper-Midscale	66.9	66.1	(1.2)	136.14	135.84	(0.2)	91.02	89.74	(1.4)	1.7	0.5
Midscale	59.4	58.8	(0.9)	102.46	101.36	(1.1)	60.87	59.64	(2.0)	0.2	(0.7)
Economy	54.3	53.5	(1.6)	79.53	78.36	(1.5)	43.22	41.90	(3.1)	(0.9)	(2.5)
Location											
Urban	68.3 %	67.9 %	(0.5) %	\$208.74	\$212.74	1.9 %	\$142.53	\$144.52	1.4 %	1.2 %	0.7 %
Suburban	64.4	63.8	(1.0)	128.79	129.21	0.3	83.00	82.43	(0.7)	0.9	(0.2)
Airport	70.5	69.5	(1.4)	136.88	136.34	(0.4)	96.51	94.79	(1.8)	0.5	(0.9)
Interstate	58.0	57.8	(0.4)	109.24	110.02	0.7	63.40	63.58	0.3	0.8	0.4
Resort	69.4	68.0	(2.0)	241.27	243.57	1.0	167.48	165.68	(1.1)	(0.1)	(2.1)
Small Town	56.7	56.4	(0.4)	139.51	141.45	1.4	79.04	79.80	1.0	0.6	0.1
Chain Scale											
Luxury	68.3 %	68.3 %	0.0 %	\$415.04	\$435.41	4.9 %	\$283.47	\$297.26	4.9 %	4.7 %	4.7 %
Upper-Upscale	69.6	69.2	(0.6)	226.21	228.62	1.1	157.50	158.30	0.5	1.9	1.3
Upscale	70.6	70.0	(0.8)	164.52	164.51	0.0	116.10	115.11	(0.8)	1.4	0.6
Upper-Midscale	67.2	66.5	(1.1)	135.03	135.09	0.1	90.77	89.81	(1.0)	1.7	0.6
Midscale	59.7	59.4	(0.6)	97.62	97.39	(0.2)	58.33	57.85	(0.8)	2.6	2.0
Economy	55.1	54.4	(1.3)	72.49	71.69	(1.1)	39.96	39.03	(2.3)	(0.7)	(2.0)
Independents	59.8	58.9	(1.5)	165.05	165.41	0.2	98.70	97.45	(1.3)	(1.4)	(2.8)

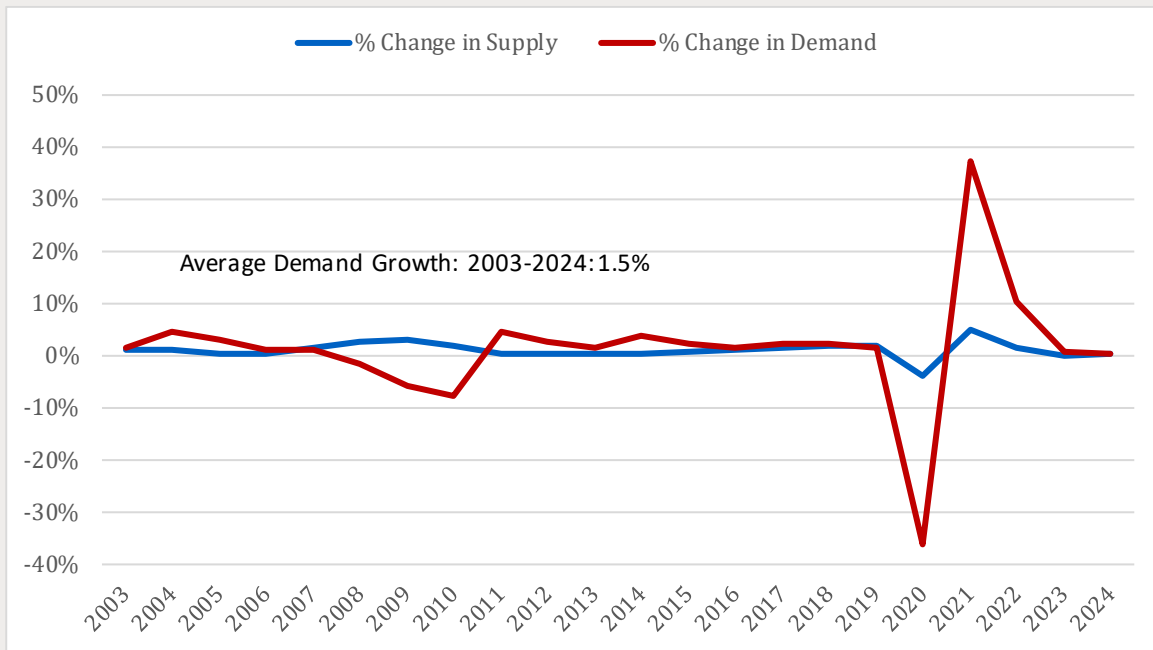
Source: STR - September 2025 Lodging Review

The following graph illustrates the performance of the U.S. lodging industry from 2019 through year-to-date 2025, expressed as a percentage of 2019 levels of occupancy, ADR and RevPAR, demonstrating the pace and pattern of the recovery.

FIGURE 5-4 NATIONAL PERFORMANCE COMPARED TO 2019 LEVELS



A lodging market's performance is influenced by changes in supply and demand levels. The following graph illustrates the percentage change in these two metrics for the U.S. lodging industry as a whole since 2003, as reported by STR.

FIGURE 5-5 HISTORICAL CHANGES IN SUPPLY AND DEMAND – U.S. LODGING INDUSTRY

Source: STR

Excluding fluctuations due to the Great Recession in 2008/09 and the pandemic from 2020 to 2022, supply growth ranged between 0.4% to 2.0%, averaging 1.1% in these years. The pace of supply growth slowed significantly in the two to three years following the downturns in 2001/02, 2008/09, and 2020/21, reflecting the decline in new project-starts during these periods. As the market moved out of these cycles, supply growth accelerated. The impact of the pandemic caused a decline in supply, as hotels temporarily suspended operations or closed, in many cases for conversion to alternate use. The reopening of the temporarily closed properties caused an artificial spike in supply growth. Supply growth in 2023 through early 2025 reflects the high cost of construction, as well as the limited availability of financing for new construction. Thus, the pace of supply growth is expected to remain muted through 2026.

The changes in demand, as measured by the number of occupied rooms, display similar patterns. The years following the noted recessionary periods reflect relatively strong growth, as the market recovered from these downturns. Excluding the years of downturn and recovery, demand growth ranged from 1.0% to 4.6%.

Historical Supply and Demand Data

STR is an independent research firm that compiles and publishes data on the lodging industry, routinely used by typical hotel buyers. HVS has ordered and analyzed an STR Trend Report of historical supply and demand data for a group of hotels considered applicable to this analysis for the proposed subject hotels. This information is presented in the following table, along with the market-wide occupancy, ADR, and RevPAR.

In response to the travel restrictions and the decline in demand associated with the COVID-19 pandemic, numerous hotels in markets across the nation temporarily suspended operations. During these suspensions, hotels were typically closed to the public, with the majority of staff furloughed, although key management and maintenance staff were retained to preserve the property and prepare for reopening. We note that ten hotels in the defined competitive set temporarily suspended operations because of the COVID-19 pandemic; however, all have since reopened. It is important to note that we have adjusted STR data to reflect the total available rooms in the market and true occupancy, regardless of suspended operations at competitive hotels.

The second chart presents the monthly data for 2020 through the year-to-date 2025 period, illustrating the fluctuations in occupancy and ADR. The impact of the pandemic and the timing and pace of the subsequent recovery are reflected in the data.

FIGURE 5-6 HISTORICAL SUPPLY AND DEMAND TRENDS

Year	Average Daily Room Count	Available Room Nights	Change	Occupied Room Nights	Change	Occupancy	Average Rate	Change	RevPAR	Change
2017	3,633	1,325,970	—	835,658	—	63.0 %	\$335.91	—	\$211.70	—
2018	3,726	1,359,856	2.6 %	830,218	(0.7) %	61.1	355.23	5.8 %	216.87	2.4 %
2019	3,794	1,384,878	1.8	847,478	2.1	61.2	363.01	2.2	222.15	2.4
2020	2,587	944,433	(31.8)	359,670	(57.6)	38.1	431.04	18.7	164.15	(26.1)
2021	3,867	1,411,531	49.5	610,580	69.8	43.3	496.33	15.1	214.69	30.8
2022	3,964	1,446,682	2.5	824,261	35.0	57.0	535.83	8.0	305.29	42.2
2023	3,987	1,455,177	0.6	846,856	2.7	58.2	529.02	(1.3)	307.87	0.8
2024	3,987	1,455,087	(0.0)	821,104	(3.0)	56.4	540.38	2.1	304.94	(1.0)

Year-to-Date Through May

2024	3,965	598,659	—	365,560	—	61.1	\$602.27	—	\$367.76	—
2025	3,927	593,048	(0.9) %	414,208	13.3 %	69.8	606.36	0.7 %	423.51	15.2 %

Average Annual Compounded Change:

2017 – 2019	2.2 %	0.7 %	4.0 %	2.4 %
2017 – 2024	1.3	(0.3)	7.0	5.4

Hotels Included in Sample	Class	Competitive Status	Number of Rooms	Year Affiliated	Year Opened
Hotel Jerome, Auberge Resorts Collection	Luxury Class	Secondary	99	Dec 2012	Jan 1900
La Quinta Resort & Club, Curio Collection by Hilton	Upper Upscale Class	Primary	783	Nov 2021	Jun 1926
Parker Palm Springs	Luxury Class	Primary	144	Feb 2021	Jun 1959
Grand Hyatt Indian Wells Resort & Spa	Luxury Class	Primary	531	Sep 2024	Dec 1986
JW Marriott Desert Springs Resort & Spa	Luxury Class	Primary	884	Sep 2020	Feb 1987
The Ritz-Carlton Rancho Mirage	Luxury Class	Primary	252	Aug 2020	Mar 1988
The Little Nell	Luxury Class	Secondary	92	Jun 2020	Jan 1990
Goldener Hirsch, Auberge Resorts Collection	Luxury Class	Secondary	66	Dec 2020	Dec 1990
The St. Regis Aspen Resort	Luxury Class	Secondary	179	Jun 2020	Oct 1992
Carneros Resort and Spa, an SLH Hotel	Luxury Class	Secondary	100	Nov 2003	Nov 2003
The Meritage Resort and Spa	Luxury Class	Secondary	467	Jul 2006	Jul 2006
Madeline Hotel & Residences, Auberge Resorts Collection	Luxury Class	Secondary	137	Jun 2020	Feb 2009
Andaz Napa	Luxury Class	Secondary	141	Jun 2020	Jul 2009
Stanly Ranch, Auberge Resorts Collection, Napa Valley	Luxury Class	Secondary	135	Apr 2022	Apr 2022

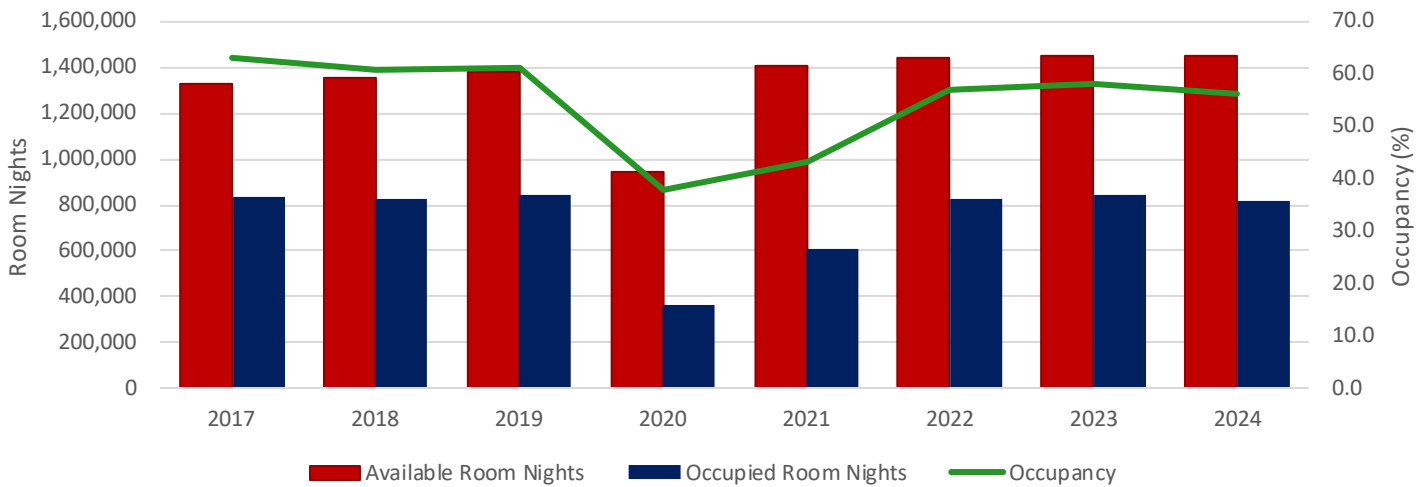
Total 4,010

Source: STR

FIGURE 5-7 HISTORICAL SUPPLY AND DEMAND TRENDS (MONTHLY)

Month	2020		2021		2022		2023		2024		2025	
	Occupancy	ADR	Occupancy	ADR	Occupancy	ADR	Occupancy	ADR	Occupancy	ADR	Occupancy	ADR
January	65.0 %	\$391.75	15.0 %	\$504.84	44.3 %	\$605.28	57.9 %	\$573.24	53.7 %	\$583.85	65.1 %	\$599.47
February	73.8	434.77	32.5	467.82	66.2	638.69	70.9	619.57	63.4	663.99	71.7	653.20
March	27.2	424.67	45.2	536.29	77.0	648.76	74.5	668.49	70.0	712.67	75.6	704.64
April	0.0	N/A	45.7	435.65	66.1	575.39	64.1	570.80	62.0	566.36	69.7	579.49
May	0.0	N/A	39.2	426.01	56.6	452.44	57.0	441.52	56.4	454.19	66.9	470.33
June	21.6	496.53	45.3	444.40	54.4	456.41	61.2	435.48	54.7	460.20	—	—
July	42.4	642.70	49.5	534.52	53.4	509.31	52.0	499.83	50.6	505.43	—	—
August	35.3	527.30	41.9	520.19	46.0	486.47	46.3	477.57	48.2	522.17	—	—
September	29.4	410.28	46.1	510.97	56.9	484.38	52.6	483.94	50.7	477.06	—	—
October	32.6	352.53	56.2	473.27	56.0	457.97	58.7	454.27	58.2	438.11	—	—
November	28.7	368.30	52.9	435.72	55.9	425.17	53.4	413.16	55.0	411.91	—	—
December	18.3	553.27	48.3	649.58	52.6	645.89	50.9	637.04	54.9	623.25	—	—
Annual Averages	38.1 %	\$431.04	43.3 %	\$496.33	57.0 %	\$535.83	58.2 %	\$529.02	56.4 %	\$540.38	—	—
Year-to-Date	54.7 %	\$415.44	35.7 %	\$471.11	61.9 %	\$587.63	64.8 %	\$581.45	61.1 %	\$602.27	69.8 %	\$606.36
Change from Prior Year	2020		2021		2022		2023		2024		2025	
	Occupancy	ADR	Occupancy	ADR	Occupancy	ADR	Occupancy	ADR	Occupancy	ADR	Occupancy	ADR
January	4.1 pts	-3.9 %	-50.0 pts	28.9 %	29.3 pts	19.9 %	13.6 pts	-5.3 %	-4.2 pts	1.9 %	11.4 pts	2.7 %
February	4.6	5.2	-41.3	7.6	33.7	36.5	4.6	-3.0	-7.5	7.2	8.4	-1.6
March	-54.0	-6.0	18.0	26.3	31.8	21.0	-2.5	3.0	-4.5	6.6	5.7	-1.1
April	-66.9	—	45.7	—	20.4	32.1	-2.0	-0.8	-2.1	-0.8	7.7	2.3
May	-64.2	—	39.2	—	17.4	6.2	0.4	-2.4	-0.5	2.9	10.5	3.6
June	-37.0	62.6	23.7	-10.5	9.1	2.7	6.8	-4.6	-6.5	5.7	—	—
July	-14.7	93.2	7.2	-16.8	3.8	-4.7	-1.3	-1.9	-1.4	1.1	—	—
August	-15.4	54.2	6.6	-1.3	4.1	-6.5	0.3	-1.8	1.9	9.3	—	—
September	-25.9	30.4	16.6	24.5	10.8	-5.2	-4.3	-0.1	-1.9	-1.4	—	—
October	-26.4	13.9	23.5	34.2	-0.2	-3.2	2.7	-0.8	-0.5	-3.6	—	—
November	-27.6	22.7	24.2	18.3	3.0	-2.4	-2.4	-2.8	1.5	-0.3	—	—
December	-37.3	32.2	30.0	17.4	4.3	-0.6	-1.7	-1.4	4.0	-2.2	—	—
Annual Change	-23.1 pts	18.7 %	5.2 pts	15.1 %	13.7 pts	8.0 %	1.2 pts	-1.3 %	-1.8 pts	2.1 %	—	—
Year-to-Date	-13.8	4.0 %	-19.0	13.4 %	26.3	24.7	2.9	-1.1	-3.7	3.6	8.8 pts	0.7 %

Source: STR

FIGURE 5-8 HISTORICAL SUPPLY AND DEMAND TRENDS (STR)

It is important to note some limitations of the STR data. Hotels are occasionally added to or removed from the sample; furthermore, not every property reports data in a consistent and timely manner. These factors can influence the overall quality of the information by skewing the results, and these inconsistencies may also cause the STR data to differ from the results of our competitive survey. Nonetheless, STR data provide the best indication of aggregate growth or decline in existing supply and demand; thus, these trends have been considered in our analysis. Opening dates, as available, are presented for each reporting hotel on the previous table.

The STR data for the competitive set reflect a market-wide occupancy level of 2024 in 56.4%, which compares to 58.2% for 2023. The STR data for the competitive set reflect a market-wide ADR level of \$540.38 in 2024, which compares to \$529.02 for 2023. These occupancy and ADR trends resulted in a RevPAR level of \$304.94 in 2024.

The following table illustrates the monthly occupancy, ADR, and RevPAR for the competitive set measured as a percentage of 2019 levels.

FIGURE 5-9 OCCUPANCY, ADR, AND REVPAR AS A PERCENTAGE OF 2019 LEVELS

	2022			2023			2024			2025		
	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR
January	72.7 %	148.5 %	108.0 %	95.1 %	140.6 %	133.7 %	88.3 %	143.2 %	126.4 %	107.0 %	147.1 %	157.3 %
February	95.7	154.6	147.9	102.4	150.0	153.5	91.5	160.7	147.1	103.6	158.1	163.8
March	94.8	143.6	136.2	91.8	148.0	135.8	86.2	157.8	135.9	93.2	156.0	145.3
April	98.8	143.0	141.2	95.8	141.8	135.8	92.6	140.7	130.4	104.1	144.0	149.9
May	88.2	147.2	129.8	88.8	143.7	127.6	87.9	147.8	129.9	104.3	153.0	159.6
June	92.9	149.4	138.8	104.4	142.6	148.9	93.3	150.7	140.6	—	—	—
July	93.6	153.1	143.2	91.2	150.2	137.0	88.8	151.9	134.9	—	—	—
August	90.7	142.3	129.0	91.2	139.7	127.4	95.0	152.7	145.1	—	—	—
September	102.8	153.9	158.3	95.0	153.8	146.1	91.7	151.6	139.0	—	—	—
October	94.9	147.9	140.4	99.4	146.7	145.9	98.7	141.5	139.6	—	—	—
November	99.4	141.7	140.8	95.0	137.7	130.8	97.8	137.2	134.2	—	—	—
December	94.5	154.3	145.8	91.5	152.2	139.2	98.7	148.9	147.0	—	—	—
Annual Averages	93.1 %	147.6 %	137.4 %	95.1 %	145.7 %	138.6 %	92.2 %	148.9 %	137.3 %	—	—	—
Year-to-Date	90.4	147.1	133.0	94.6	145.5	137.7	89.1	150.7	134.4	102.0 %	151.8 %	154.8 %

Source: STR

Seasonality

The market's seasonal trends are presented in the following table.

FIGURE 5-10 SEASONALITY

	2018	2019	2020	2021	2022	2023	2024	2025
High Season - February, March, April								
Occupancy	75.7 %	72.6 %	49.3 %	41.4 %	69.9 %	69.8 %	65.2 %	72.4 %
Average Rate	\$415.89	\$424.88	\$431.84	\$481.91	\$621.87	\$622.66	\$651.52	\$648.01
RevPAR	315.04	308.54	212.99	199.44	434.67	434.92	424.96	469.15
Shoulder Season - January, May, October, November, December								
Occupancy	57.8 %	59.2 %	36.1 %	42.4 %	53.1 %	55.6 %	55.7 %	— %
Average Rate	\$347.47	\$348.49	\$399.36	\$498.46	\$512.15	\$503.25	\$501.68	—
RevPAR	200.89	206.23	144.26	211.34	271.88	279.77	279.21	—
Low Season - June, July, August, September								
Occupancy	54.7 %	55.4 %	31.7 %	45.7 %	52.6 %	53.0 %	51.0 %	— %
Average Rate	\$306.13	\$323.33	\$497.91	\$503.38	\$484.16	\$472.73	\$490.60	—
RevPAR	167.51	179.11	157.75	230.00	254.76	250.31	250.39	—

Source: STR

The illustrated occupancy and ADR patterns reflect important seasonal characteristics. We have reviewed these trends in developing our forthcoming forecast of market-wide demand and average rate. The peak season for Coachella Valley typically extends from late January through April. In particular, the strongest months are March and April; during that time, the number of special events throughout the Coachella Valley usually spikes, drawing thousands of travelers to

the area. The months of May and the fall months represent shoulder periods but still attract significant levels of visitation given the favorable climate. The hot summer months and the cooler December through early January period are considered the area's off-season. During the off-season, weekend occupancies can still remain high; however, as hotel operators typically offer significant rate discounts and group incentives to attract travelers. We note that seasonality dynamics in this market have somewhat shifted in the wake of the COVID-19 pandemic as increased lifestyle flexibility, such as the ability to work from home, has resulted in demand during non-traditional periods.

Patterns of Demand

A review of the trends in occupancy and ADR by day of the week provides some insight into the impact that the current economic conditions have had on the competitive lodging market. The data, as provided by STR, are illustrated in the following tables.

FIGURE 5-11 OCCUPANCY BY DAY OF WEEK (TRAILING 12 MONTHS)

Month	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Month
Jun - 24	42.3 %	45.9 %	46.2 %	48.2 %	55.8 %	69.0 %	73.7 %	54.7 %
Jul - 24	40.6	38.5	40.4	48.2	58.9	65.7	68.4	50.6
Aug - 24	37.9	37.1	37.5	36.6	46.0	62.8	70.7	48.2
Sep - 24	48.3	43.7	40.8	46.6	52.6	60.4	65.4	50.7
Oct - 24	47.5	56.3	58.0	53.6	54.2	67.4	72.6	58.2
Nov - 24	43.5	45.5	49.1	55.8	57.6	64.4	64.3	55.0
Dec - 24	46.8	50.1	53.5	49.0	54.3	61.9	72.6	54.9
Jan - 25	56.1	59.7	61.5	64.8	65.1	72.3	74.9	65.1
Feb - 25	62.2	69.0	75.2	70.9	70.4	75.5	79.0	71.7
Mar - 25	63.9	68.2	74.1	76.1	80.4	83.9	85.1	75.6
Apr - 25	64.3	60.2	65.0	68.1	72.2	78.4	81.1	69.7
May - 25	57.7	56.6	66.2	66.4	64.5	72.0	80.9	66.9
Average	50.8 %	52.4 %	55.4 %	57.1 %	60.7 %	69.3 %	74.1 %	60.0 %

Source: STR

FIGURE 5-12 ADR BY DAY OF WEEK (TRAILING 12 MONTHS)

Month	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Month
Jun - 24	\$463.04	\$438.69	\$431.79	\$426.36	\$448.11	\$496.37	\$481.45	\$460.20
Jul - 24	478.73	487.33	483.00	504.35	510.02	539.73	514.65	505.43
Aug - 24	497.04	493.19	503.34	490.04	560.14	536.23	529.24	522.17
Sep - 24	470.97	438.93	446.98	439.30	481.81	521.55	515.28	477.06
Oct - 24	417.56	395.70	380.07	398.49	452.02	510.25	498.96	438.11
Nov - 24	369.01	333.43	354.80	393.73	442.86	472.67	444.07	411.91
Dec - 24	660.96	654.88	645.25	519.24	583.25	645.45	626.51	623.25
Jan - 25	581.36	509.40	510.67	610.65	632.52	653.86	644.04	599.47
Feb - 25	691.61	598.95	553.58	572.21	661.11	753.73	734.66	653.20
Mar - 25	673.44	641.43	660.74	672.62	716.81	778.51	764.73	704.64
Apr - 25	656.08	452.11	442.30	449.69	556.71	756.80	735.96	579.49
May - 25	495.16	399.27	411.59	426.51	447.09	515.30	541.66	470.33
Average	\$553.79	\$501.00	\$492.31	\$500.40	\$548.65	\$602.91	\$590.51	\$545.79

Source: STR

FIGURE 5-13 OCCUPANCY AND ADR BY DAY OF WEEK (TRAILING 12 MONTHS)

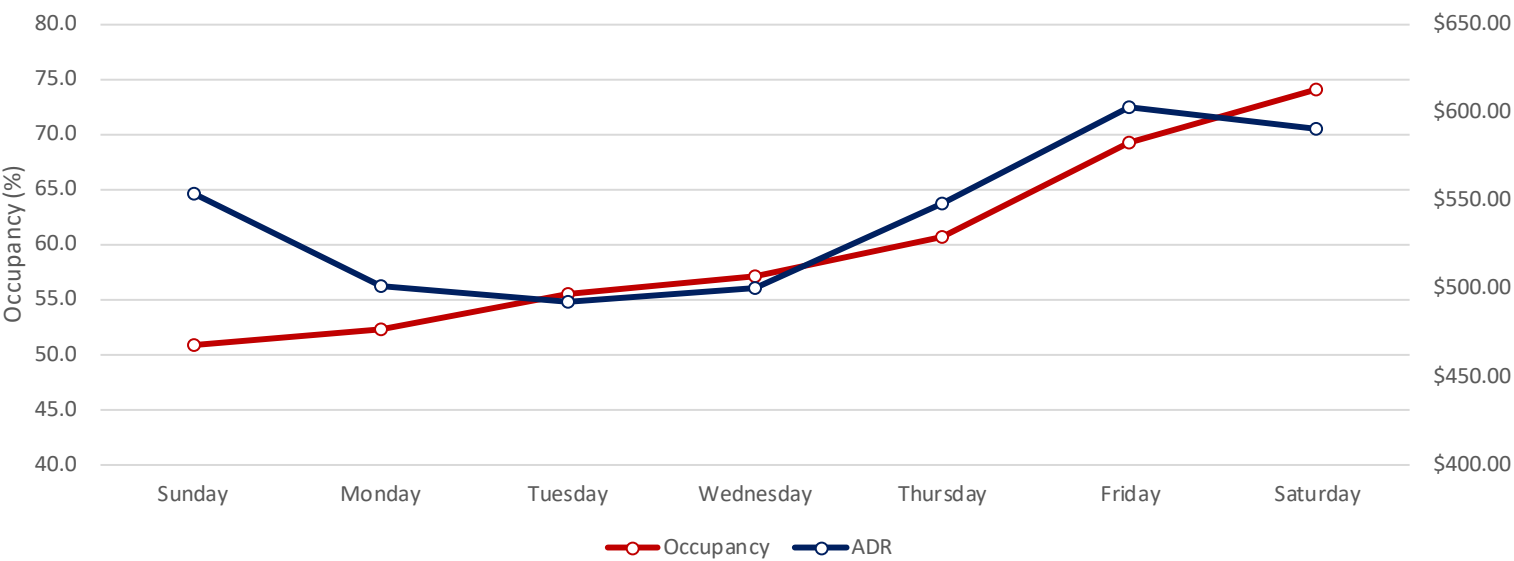


FIGURE 5-14 OCCUPANCY, ADR, AND REVPAR BY DAY OF WEEK (MULTIPLE YEARS)

Occupancy (%)	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Year
Jun 22 - May 23	49.3 %	50.2 %	54.5 %	56.5 %	59.2 %	66.7 %	71.0 %	58.2 %
Jun 23 - May 24	48.7	47.5	51.8	53.9	57.3	65.9	71.3	56.6
Jun 24 - May 25	50.8	52.4	55.4	57.1	60.7	69.3	74.1	60.0
<u>Change (Occupancy Points)</u>								
FY 23 - FY 24	(0.7)	(2.7)	(2.7)	(2.6)	(1.9)	(0.8)	0.3	(1.5)
FY 24 - FY 25	2.2	4.9	3.6	3.2	3.4	3.4	2.8	3.4
ADR (\$)	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Year
Jun 22 - May 23	\$548.39	\$484.03	\$469.28	\$479.71	\$534.91	\$598.45	\$594.43	\$534.48
Jun 23 - May 24	554.76	500.02	479.28	493.32	528.64	587.11	582.54	536.73
Jun 24 - May 25	553.79	501.00	492.31	500.40	548.65	602.91	590.51	545.79
<u>Change (Dollars)</u>								
FY 23 - FY 24	\$6.36	\$15.99	\$10.01	\$13.61	(\$6.27)	(\$11.34)	(\$11.88)	\$2.25
FY 24 - FY 25	(0.97)	0.98	13.03	7.08	20.01	15.80	7.96	9.07
<u>Change (Percent)</u>								
FY 23 - FY 24	1.2 %	3.3 %	2.1 %	2.8 %	(1.2) %	(1.9) %	(2.0) %	0.4 %
FY 24 - FY 25	(0.2)	0.2	2.7	1.4	3.8	2.7	1.4	1.7
RevPAR (\$)	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Year
Jun 22 - May 23	\$270.62	\$242.88	\$255.96	\$270.91	\$316.46	\$399.36	\$421.78	\$311.04
Jun 23 - May 24	270.06	237.28	248.39	266.01	302.71	387.06	415.11	304.04
Jun 24 - May 25	281.53	262.30	272.92	285.61	332.98	417.98	437.44	327.50
<u>Change (Dollars)</u>								
FY 23 - FY 24	(\$0.56)	(\$5.60)	(\$7.57)	(\$4.90)	(\$13.75)	(\$12.30)	(\$6.67)	(\$7.00)
FY 24 - FY 25	11.48	25.02	24.53	19.60	30.27	30.92	22.33	23.46
<u>Change (Percent)</u>								
FY 23 - FY 24	(0.2) %	(2.3) %	(3.0) %	(1.8) %	(4.3) %	(3.1) %	(1.6) %	(2.3) %
FY 24 - FY 25	4.2	10.5	9.9	7.4	10.0	8.0	5.4	7.7

Source: STR

Demand typically spikes in the Coachella Valley market on Friday and Saturday nights, primarily due to the leisure focus in the area. Demand levels typically drop off considerably on Monday, Tuesday, and Wednesday nights. Our research revealed that demand has increased on Thursday and Monday nights during and after the

pandemic as travelers extend their trips due to the more flexible working schedules in a remote working environment.

SUPPLY

Based on an evaluation of the occupancy, rate structure, market orientation, chain affiliation, location, facilities, amenities, reputation, and quality of each area hotel, as well as the comments of management representatives, we have identified properties that are expected to be competitive with the Proposed COVA Coachella.

Primary Competition

The following table summarizes the important operating characteristics of the future primary competitors and the aggregate secondary competitors. This information was compiled from personal interviews, inspections, online resources, and our in-house database of operating and hotel facility data. In cases where exact operating data for an individual property (or properties) were not available, we have used these resources, as well as the STR data, to estimate positioning within the market.

FIGURE 5-15 LOCATIONALLY RELEVANT COMPETITORS – OPERATING PERFORMANCE

Property	Est. Segmentation			Estimated 2023				Estimated 2024					
	Number of Rooms	Transient	Meeting and Group	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Grand Hyatt Indian Wells Resort & Villas	531	55 %	45 %	530	45 - 50 %	\$325 - \$350	\$160 - \$170	531	50 - 55 %	\$325 - \$350	\$170 - \$180	90 - 95 %	60 - 65 %
JW Marriott Desert Springs Resort	884	55	45	884	60 - 65	300 - 325	190 - 200	884	60 - 65	300 - 325	190 - 200	110 - 120	65 - 70
La Quinta Resort & Club, Curio Collection by Hilton	783	60	40	783	55 - 60	375 - 400	220 - 230	783	50 - 55	375 - 400	200 - 210	90 - 95	70 - 75
Parker Palm Springs	144	80	20	144	45 - 50	675 - 700	325 - 350	144	45 - 50	675 - 700	325 - 350	80 - 85	110 - 120
Ritz-Carlton Rancho Mirage	252	70	30	244	55 - 60	550 - 575	300 - 325	252	55 - 60	575 - 600	325 - 350	100 - 110	110 - 120
Sub-Totals/Averages	2,594	59 %	41 %	2,585	58.6 %	\$376.75	\$220.65	2,594	56.2 %	\$384.36	\$216	100 %	76.7 %
Secondary Competitors	1,416	62 %	38 %	998	57.3 %	\$784.65	\$449.76	998	57.0 %	\$792.98	\$452	101 %	160.5 %
Totals/Averages	4,010	60 %	40 %	3,583	58.2 %	\$488.60	\$284.46	3,592	56.4 %	\$499.05	\$281	100 %	100.0 %

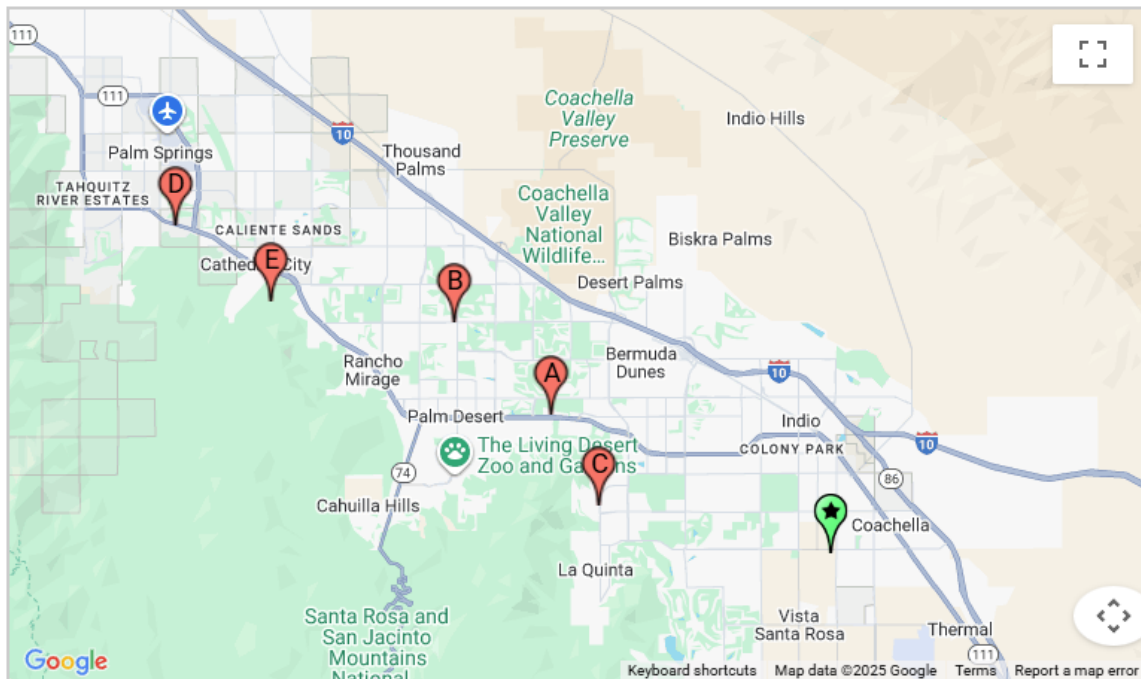
* Specific occupancy and average rate data were utilized in our analysis, but are presented in ranges in the above table for the purposes of confidentiality.

FIGURE 5-16 LOCATIONALLY RELEVANT COMPETITORS – FACILITY PROFILES

Property	Number of Rooms	Year Opened	Approx. Miles To Subject Property	Food and Beverage Outlets	Indoor Meeting Space (SF)	Meeting Space per Room	Facilities & Amenities
Grand Hyatt Indian Wells Resort & Villas 44600 Indian Wells Lane	531	1986	6.6	Tia Carmen; Carmocha; Vista Square Kitchen; The WELL	38,453	72.4	Business Center; Guest Laundry Area; Gift Shop; Full-Service Spa; Outdoor Swimming Pool; Tennis Court(s); Fitness Center; Indoor Whirlpool; Water Park; Waterslide(s); Lazy River
JW Marriott Desert Springs Resort 74855 Country Club Drive	884	1987	9.5	Fisherman's Landing; Mikado Japanese Steakhouse; Rockwood Grill; T&T Innovation Kitchen; Lobby	58,126	65.8	Business Center; Guest Laundry Area; Concierge; Retail Outlet/Boutique; Room Service; Gift Shop; Golf Course(s); Full-Service Spa; Outdoor Swimming Pool; Tennis Court(s); Indoor Whirlpool; Game Room; Sauna
La Quinta Resort & Club, Curio Collection by Hilton 49-499 Eisenhower Drive	783	1926	5.8	Adobe Grill; Centre Court Cafe; Morgan's in The Desert; Twenty6; The Marketplace	43,600	55.7	Business Center; Retail Outlet/Boutique; Full-Service Spa; Outdoor Swimming Pool; Tennis Court(s); Fitness Center; Outdoor Whirlpool; Putting Green
Parker Palm Springs 4200 East Palm Canyon Drive	144	2003	17.3	Norma's; Mister Parker's; Mini Bar; Counter Reformation	7,013	48.7	Business Center; Guest Laundry Area; Concierge; Retail Outlet/Boutique; Room Service; Gift Shop; Full-Service Spa; Indoor Swimming Pool; Outdoor Swimming Pool; Tennis Court(s); Fitness Center; Indoor Whirlpool; Sauna
Ritz-Carlton Rancho Mirage 68900 Frank Sinatra Drive	252	1988	14.4	State Fare; The Edge Steakhouse; Pool Bar; Lobby Lounge;	15,048	59.7	Business Center; Gift Shop; Full-Service Spa; Outdoor Swimming Pool; Fitness Center; Outdoor Whirlpool

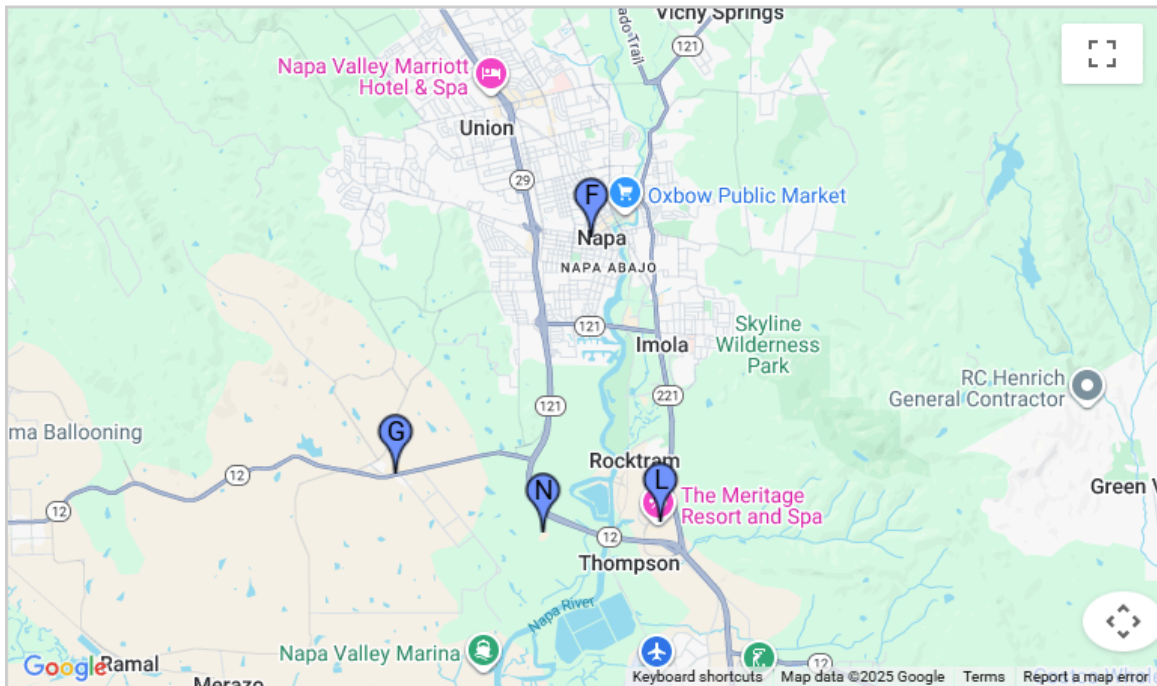
The following map illustrates the locations of the proposed subject property and its future competitors.

MAP OF COMPETITION IN COACHELLA VALLEY, CALIFORNIA



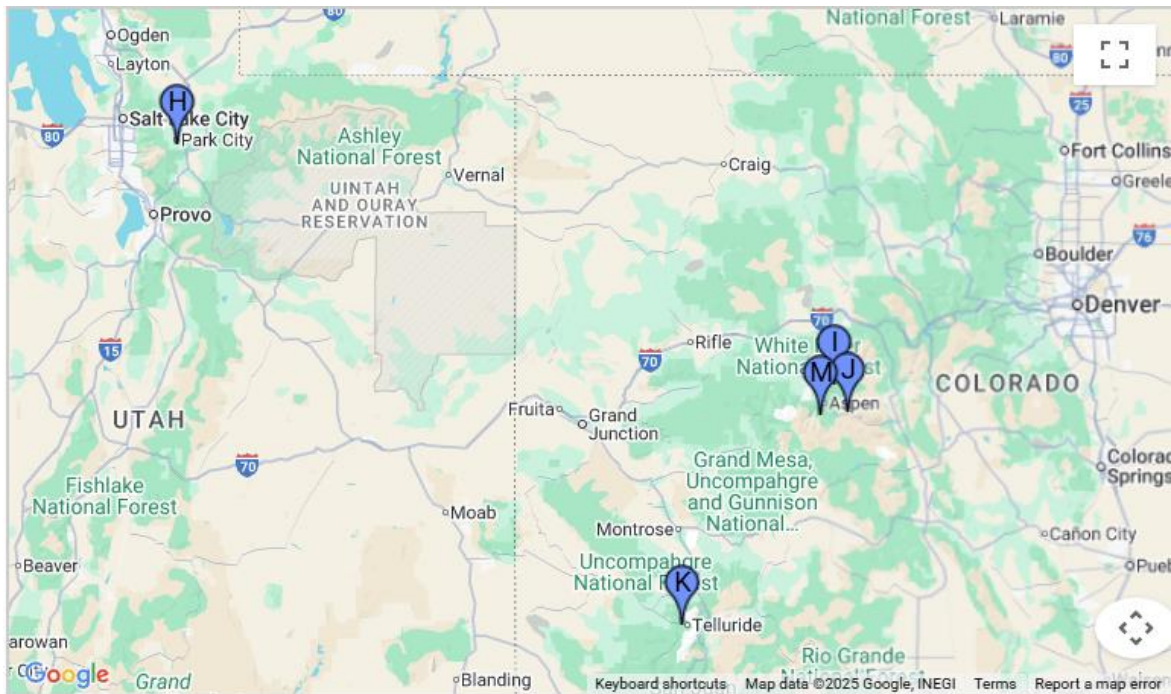
- | | | | |
|---|---|---|---|
|  | Proposed COVA Coachella |  | Goldener Hirsch, Auberge Resorts Collection (Secondary) |
|  | Grand Hyatt Indian Wells Resort & Villas (Primary) |  | Hotel Jerome An Auberge Resort (Secondary) |
|  | JW Marriott Desert Springs Resort (Primary) |  | Little Nell Hotel (Secondary) |
|  | La Quinta Resort & Club, Curio Collection by Hilton (Primary) |  | Madeline Hotel & Residences, Auberge Resorts Collection (Secondary) |
|  | Parker Palm Springs (Primary) |  | Meritage Resort at Napa (Secondary) |
|  | Ritz-Carlton Rancho Mirage (Primary) |  | St. Regis Aspen (Secondary) |
|  | Andaz Napa (Secondary) |  | Stanly Ranch Napa Auberge Resorts Collection (Secondary) |
|  | Carneros Resort & Spa (Secondary) | | |

MAP OF COMPETITION IN NAPA, CALIFORNIA



- | | | | |
|---|---|---|---|
|  | Proposed COVA Coachella |  | Goldener Hirsch, Auberge Resorts Collection (Secondary) |
|  | Grand Hyatt Indian Wells Resort & Villas (Primary) |  | Hotel Jerome An Auberge Resort (Secondary) |
|  | JW Marriott Desert Springs Resort (Primary) |  | Little Nell Hotel (Secondary) |
|  | La Quinta Resort & Club, Curio Collection by Hilton (Primary) |  | Madeline Hotel & Residences, Auberge Resorts Collection (Secondary) |
|  | Parker Palm Springs (Primary) |  | Meritage Resort at Napa (Secondary) |
|  | Ritz-Carlton Rancho Mirage (Primary) |  | St. Regis Aspen (Secondary) |
|  | Andaz Napa (Secondary) |  | Stanly Ranch Napa Auberge Resorts Collection (Secondary) |
|  | Carneros Resort & Spa (Secondary) | | |

MAP OF COMPETITION IN COLORADO AND UTAH



- | | | | |
|---|---|---|---|
|  | Proposed COVA Coachella |  | Goldener Hirsch, Auberge Resorts Collection (Secondary) |
|  | Grand Hyatt Indian Wells Resort & Villas (Primary) |  | Hotel Jerome An Auberge Resort (Secondary) |
|  | JW Marriott Desert Springs Resort (Primary) |  | Little Nell Hotel (Secondary) |
|  | La Quinta Resort & Club, Curio Collection by Hilton (Primary) |  | Madeline Hotel & Residences, Auberge Resorts Collection (Secondary) |
|  | Parker Palm Springs (Primary) |  | Meritage Resort at Napa (Secondary) |
|  | Ritz-Carlton Rancho Mirage (Primary) |  | St. Regis Aspen (Secondary) |
|  | Andaz Napa (Secondary) |  | Stanly Ranch Napa Auberge Resorts Collection (Secondary) |
|  | Cameros Resort & Spa (Secondary) | | |

COMPETITOR #1 - GRAND HYATT INDIAN WELLS RESORT & VILLAS

**Grand Hyatt Indian
Wells Resort & Villas
44600 Indian Wells
Lane
Indian Wells, CA**

FIGURE 5-17 ESTIMATED HISTORICAL OPERATING STATISTICS

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Est. 2019	530	55 - 60 %	\$220 - \$230	\$130 - \$140	90 - 95 %	60 - 65 %
Est. 2021	530	40 - 45	325 - 350	130 - 140	95 - 100	65 - 70
Est. 2022	530	60 - 65	325 - 350	200 - 210	100 - 110	70 - 75
Est. 2023	530	45 - 50	325 - 350	160 - 170	85 - 90	55 - 60
Est. 2024	531	50 - 55	325 - 350	170 - 180	90 - 95	60 - 65

The Grand Hyatt Indian Wells Resort & Spa features a new waterpark with dueling slides, a lazy river, and a splash pad, as well as additional pools, five food and beverage outlets, a full-service spa and fitness center, and tennis facilities. This hotel benefits from its family friendly recreational amenities, recent renovations, and location near the Indian Wells Tennis Garden. Following its most recent sale in 2022, the hotel completed an extensive \$50 million (\$94,700 per room) renovation and was rebranded as a Grand Hyatt. Overall, the property was reported to be in very good condition. Its location is similar to that of the Proposed COVA Coachella.

COMPETITOR #2 - JW MARRIOTT DESERT SPRINGS RESORT



**JW Marriott Desert
Springs Resort
74855 Country Club
Drive
Palm Desert, CA**

FIGURE 5-18 ESTIMATED HISTORICAL OPERATING STATISTICS

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Est. 2019	884	55 - 60 %	\$220 - \$230	\$130 - \$140	90 - 95 %	60 - 65 %
Est. 2021	884	35 - 40	180 - 190	65 - 70	85 - 90	30 - 35
Est. 2022	884	60 - 65	300 - 325	180 - 190	100 - 110	60 - 65
Est. 2023	884	60 - 65	300 - 325	190 - 200	110 - 120	65 - 70
Est. 2024	884	60 - 65	300 - 325	190 - 200	110 - 120	65 - 70

The JW Marriott Desert Springs Resort, which opened in 1987, features 884 rooms, four restaurants, three bars, a poolside bar, and a coffee shop, 58,126 square feet of meeting space, five outdoor pools, two outdoor whirlpools, two 18-hole golf courses, 20 tennis courts, a fitness center, a full-service spa, an entertainment zone, a business center, a rental car center, and leased retail outlets. This hotel benefits from its extensive meeting and recreational facilities. Overall, the property was reported to be in very good condition. Its location is similar to that of the Proposed COVA Coachella.

COMPETITOR #3 - LA QUINTA RESORT & CLUB, CURIO COLLECTION BY HILTON

**La Quinta Resort &
Club, Curio Collection
by Hilton
49-499 Eisenhower
Drive
La Quinta, CA**

FIGURE 5-19 ESTIMATED HISTORICAL OPERATING STATISTICS

Year	Wtd. Annual Room Count	This historic			Occupancy Penetration	Yield Penetration
		Occupancy	Average Rate	RevPAR		
Est. 2019	785	60 - 65 %	\$290 - \$300	\$180 - \$190	100 - 110 %	85 - 90 %
Est. 2021	783	40 - 45	350 - 375	160 - 170	100 - 110	80 - 85
Est. 2022	785	55 - 60	400 - 425	220 - 230	90 - 95	75 - 80
Est. 2023	783	55 - 60	375 - 400	220 - 230	100 - 110	75 - 80
Est. 2024	783	50 - 55	375 - 400	200 - 210	90 - 95	70 - 75

This historic property opened in 1926 with 51 casitas and limited hotel facilities and quickly became a popular getaway for Hollywood stars. The La Quinta Resort is located among high-end residential developments and private golf clubs, thereby providing a sense of seclusion relative to the more developed Coachella Valley cities such as Palm Desert, Indian Wells, and Rancho Mirage. In November 2021, the resort was rebranded from Waldorf Astoria to Hilton's Curio Collection. The property is currently undergoing a multi-phase \$70 million (\$89,400 per room) guestroom renovation, which is expected to be completed by 2029. Overall, the property was reported to be in good condition. Its location is similar to that of the Proposed COVA Coachella.

COMPETITOR #4 - PARKER PALM SPRINGS



Parker Palm Springs
4200 East Palm Canyon
Drive
Palm Springs, CA

FIGURE 5-20 ESTIMATED HISTORICAL OPERATING STATISTICS

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Est. 2019	144	60 - 65 %	\$400 - \$425	\$250 - \$260	100 - 110 %	120 - 130 %
Est. 2021	144	35 - 40	675 - 700	260 - 270	85 - 90	130 - 140
Est. 2022	144	50 - 55	700 - 725	350 - 375	85 - 90	120 - 130
Est. 2023	144	45 - 50	675 - 700	325 - 350	80 - 85	110 - 120
Est. 2024	144	45 - 50	675 - 700	325 - 350	80 - 85	110 - 120

This hotel is known for its unique décor, manicured gardens, and popular food and beverage outlets. The hotel is decorated by renowned interior designer Jonathan Adler. The property's interior grounds are maintained exclusively for hotel guests, which adds to its luxury allure. The hotel's expansive spa was renovated in early 2019, and the hotel also offers a private residence and large villas; these larger rooms increase the overall average rate of this property. Overall, the property was reported to be in good condition. Its location is similar to that of the Proposed COVA Coachella.

COMPETITOR #5 - RITZ-CARLTON RANCHO MIRAGE

**Ritz-Carlton Rancho
Mirage
68900 Frank Sinatra
Drive
Rancho Mirage, CA**

FIGURE 5-21 ESTIMATED HISTORICAL OPERATING STATISTICS

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Est. 2019	244	70 - 75 %	\$375 - \$400	\$280 - \$290	110 - 120 %	130 - 140 %
Est. 2021	244	45 - 50	650 - 675	300 - 325	100 - 110	150 - 160
Est. 2022	244	60 - 65	575 - 600	350 - 375	100 - 110	120 - 130
Est. 2023	244	55 - 60	550 - 575	300 - 325	95 - 100	110 - 120
Est. 2024	252	55 - 60	575 - 600	325 - 350	100 - 110	110 - 120

The property was closed in 2006 for a property-wide renovation, but the project was delayed given the Great Recession and the subsequent default of the previous owner; the hotel reopened in 2014 after a change in ownership and an extensive renovation. The Ritz-Carlton Rancho Mirage is the largest luxury property on the west end of the Coachella Valley and offers sweeping views owing to its mountainside configuration. The hotel benefits from a favorable reputation for attentive service and a very high standard for its food and beverage operation. Overall, the property was reported to be in good condition. Its location is similar to that of the Proposed COVA Coachella.

**Secondary
Competitors**

We have also reviewed other hotels in separate markets for properties that share similar characteristics with the Proposed COVA Coachella as additional benchmarks, which were weighted on a secondary basis. The room count of each secondary competitor has been weighted based on its assumed degree of similarity with the proposed subject hotel. The following table sets forth the pertinent operating characteristics of the secondary competitors.

FIGURE 5-22 SECONDARY COMPETITORS – OPERATING PERFORMANCE

Property	Est. Segmentation				Weighted Annual Room Count	Estimated 2023			Weighted Annual Room Count	Estimated 2024		
	Number of Rooms	Transient	Meeting and Group	Total Competitive Level		Occ.	Average Rate	RevPAR		Occ.	Average Rate	RevPAR
Andaz Napa	141	85 %	15 %	75 %	106	65 - 70 %	\$400 - \$425	\$280 - \$290	106	65 - 70 %	\$375 - \$400	\$260 - \$270
Carneros Resort & Spa	100	75	25	75	75	45 - 50	875 - 900	400 - 425	75	45 - 50	925 - 950	450 - 475
Goldener Hirsch, Auberge Resorts Collection	66	90	10	65	43	45 - 50	1,225 - 1,250	600 - 625	43	50 - 55	1,300 - 1,325	650 - 675
Hotel Jerome An Auberge Resort	99	80	20	65	64	55 - 60	975 - 1,000	575 - 600	64	55 - 60	975 - 1,000	525 - 550
Little Nell Hotel	92	70	30	60	55	65 - 70	1,500 - 2,000	1,250 - 1,275	55	65 - 70	1,500 - 2,000	1,150 - 1,175
Madeline Hotel & Residences, Auberge Resorts Collection	137	75	25	65	89	35 - 40	1,125 - 1,150	450 - 475	89	35 - 40	1,075 - 1,100	425 - 450
Meritage Resort at Napa	467	40	60	75	350	55 - 60	350 - 375	210 - 220	350	55 - 60	350 - 375	210 - 220
St. Regis Aspen	179	65	35	60	107	60 - 65	1,000 - 1,025	650 - 675	107	60 - 65	1,150 - 1,175	700 - 725
Stanly Ranch Napa Auberge Resorts Collection	135	60	40	80	108	45 - 50	1,200 - 1,225	600 - 625	108	50 - 55	1,175 - 1,200	650 - 675
Totals/Averages	1,416	62 %	38 %	70 %	998	57.3 %	\$784.65	\$449.76	998	57.0 %	\$792.98	\$451.80

* Specific occupancy and average rate data was utilized in our analysis, but is presented in ranges in the above table for the purposes of confidentiality.

Supply Changes

It is important to consider any new hotels that may have an impact on the proposed subject hotel's operating performance. Potentially competitive hotels that have recently opened, are under construction, or that may be in the early development stages are noted below. The list is categorized by the principal submarkets within the city.

FIGURE 5-23 POTENTIALLY COMPETITIVE HOTEL DEVELOPMENT ACTIVITY

Proposed Hotel Name	Estimated Number of Rooms	Hotel Product Tier	Development Stage
<i>Coachella Valley, California</i>			
Former Montage (rumored Four Seasons), La Quinta	154	Luxury	Speculative
Thompson Palm Springs, Palm Springs	168	Luxury	Recently Opened
Orchard Tree, an Auberge Resort, Palm Springs	64	Luxury	Development on Hold
<i>Napa Area, California</i>			
Calistoga Hills, a Rosewood Resort, Calistoga	110	Luxury	Site Work Underway
Six Senses Napa, Pope Valley	95	Luxury	Early Development
French Laundry Hotel, Yountville	TBD	Luxury	Development on Hold
<i>Utah</i>			
Grand Hyatt Deer Valley, Park City	387	Luxury	Recently Opened
Ameyalli Resort, Midway	80	Luxury	Under Construction
Spirit Mountain Resort, Orderville	40	Luxury	Site Work Underway

Of the hotels listed in the preceding table, we have identified the following new supply that is expected to have some degree of competitive interaction with the proposed subject hotel based on location, anticipated market orientation and price point, and/or operating profile.

FIGURE 5-24 NEW SUPPLY

Proposed Property	Number of Rooms	Total Competitive Level	Weighted Room Count	Estimated Opening Date	Development Stage
Proposed COVA Coachella	222	100 %	222	March 1, 2030	Early Development
Former Montage (rumored Four Seasons), La Quinta	154	50	77	January 1, 2028	Speculative
Totals/Averages	376		299		

The former Montage project in La Quinta was originally planned to be developed with a Montage Hotel and Residences; however, after numerous delays that put the developer, SilverRock Development Company in breach of contract with the city, the developer defaulted on the project and filed for bankruptcy on August 5, 2024. A motion to sell the raw and partially improved land to Turnbridge Equities was filed by the debtors on August 15, 2015. On October 21, 2025, a bankruptcy judge granted a motion for the sale to Turnbridge Equities allow the property to enter into escrow. The La Quinta City Council approved a reinstated and amended development agreement for the project under the new ownership, which is outlined as follows:

- One luxury hotel with approximately 154 guestrooms.
- 55,000-square-foot banquet/shared use facilities.
- 445 residences to include 29 branded residences north of the hotel with a private clubhouse, 70 condos and 293 homes east of the hotel, which can be short-term vacation rentals from which the city would receive TOT.
- 40,000-square-foot commercial area.
- 17,000-square-foot public golf clubhouse which will be moved closer to the entrance off of Avenue 52 and other public amenities for easier public access.
- 20,000-square-foot residential amenities building.

It is rumored but not yet confirmed that the project will be affiliated with Four Seasons Hotels and Resorts. Given the uncertainty of this project going forward, it has been weighted secondarily competitive in our analysis.

The subject units that will be available for rental will be developed in phases. It is important to note that the developer plans to retain ownership of 52 condo-hotel units that we assume will be developed in the first phase. All remaining units, exclusive of 61 units which will be sold for co-ownership use, will be sold to third parties who will be required to participate in a rental program. Based on the discussions with the developer, owner usage will range from 21 to 30 days. We have assumed an average of 25 days for owner usage in our analysis. To account for owner usage, we have reflected the average annual number of units that will be available for rental, as illustrated in the following table. Note that the rental availability factor is calculated by 340 annual rental days divided by 365 days (equals 93.15%).

FIGURE 5-25 SUBJECT UNIT CALCULATION

Phase	Total Units	Rental	Available	Rounded
		Availability Factor	Units for Rental	
Phase 1 - Developer Owned Units	52	100.00%	52.00	52
Phase 1 - Third-Party Owned Units	182	93.15%	169.53	170
Phase 1 - Total Units	234			222
Phase 2 - Third-Party Owned Units	78	93.15%	72.66	73
Phase 3 - Third-Party Owned Units	14	93.15%	13.04	13
Phase 4 - Third-Party Owned Units	15	93.15%	13.97	14
Total	341			322

The 222 units in Phase 1 are included in new supply in our analysis. The remaining phases are included as expansions in our analysis.

In response to the travel restrictions and the decline in demand associated with the COVID-19 pandemic, numerous hotels in markets across the nation temporarily suspended operations. During these suspensions, hotels were typically closed to the public, with the majority of staff furloughed, although key management and maintenance staff were retained to preserve the property and prepare for reopening. We note that ten hotels in the defined competitive set temporarily suspended operations because of the COVID-19 pandemic; however, all have since reopened. It is important to note that we have adjusted STR data to reflect the total available rooms in the market and true occupancy, regardless of suspended operations at competitive hotels.

While we have taken reasonable steps to investigate proposed hotel projects and their status, due to the nature of real estate development, it is impossible to determine with certainty every hotel that will be opened in the future or what their marketing strategies and effect on the market will be. Depending on the outcome of current and future projects, the operating potential of the proposed subject hotel may be affected. Future improvement in market conditions will raise the risk of increased competition. Our forthcoming forecast of stabilized occupancy and ADR is intended to reflect such risk.

Supply Conclusion

We have identified various properties that are expected to be competitive to some degree with the proposed subject hotel. We have also investigated potential increases in competitive supply. The Proposed COVA Coachella should enter a dynamic market of varying product types and price points. Next, we will present our forecast for demand change, using the historical supply data presented as a starting point.

DEMAND

The following table presents the most recent trends for the subject hotel market as tracked by HVS. These data pertain to the competitors discussed previously in this section; performance results are estimated, rounded for the competition, and weighted if there are secondary competitors present. In this respect, the information in the table differs from the previously presented STR data and is consistent with the supply-and-demand analysis developed for this report.

FIGURE 5-26 HISTORICAL MARKET TRENDS

Year	Accommodated		Room Nights		Market			Market	
	Room Nights	% Change	Available	% Change	Occupancy	Market ADR	% Change	RevPAR	% Change
Est. 2019	783,915	—	1,273,576	—	61.6 %	\$338.74	—	\$208.50	—
Est. 2020	361,963	(53.8) %	1,273,576	0.0 %	28.4	397.96	17.5 %	113.10	(45.8) %
Est. 2021	545,327	50.7	1,273,576	0.0	42.8	458.08	15.1	196.14	73.4
Est. 2022	766,899	40.6	1,298,769	2.0	59.0	489.25	6.8	288.89	47.3
Est. 2023	761,375	(0.7)	1,307,759	0.7	58.2	488.60	(0.1)	284.46	(1.5)
Est. 2024	739,373	(2.9)	1,311,044	0.3	56.4	499.05	2.1	281.44	(1.1)
Avg. Annual Compounded									
Chg., Est. 2019-Est. 2024:		(1.2) %		0.6 %			8.1 %		6.2 %

Although not shown in the preceding table, as a point of comparison, the year-to-date 2025 STR trend data indicates a market occupancy level of 69.8% versus 61.1% for the same period of time in 2024. Moreover, ADR registered \$606.36 for the year-to-date 2025 period, reflecting a change of 0.7 % when compared with the ADR for the same period of time in 2024.

Demand Analysis Using Market Segmentation

For the purpose of demand analysis, the overall market is divided into individual segments based on the nature of travel. Based on our fieldwork, area analysis, and knowledge of the local lodging market, we estimate the 2024 distribution of accommodated-room-night demand as follows.

FIGURE 5-27 BASE-YEAR ACCOMMODATED-ROOM-NIGHT DEMAND

Market Segment	2024 Marketwide	
	Accommodated Demand	Percentage of Total
Transient	442,141	60 %
Meeting and Group	297,232	40
Total	739,373	100 %

In the base year, the market's demand mix comprised transient demand, with this segment representing roughly 60% of the accommodated room nights in this Coachella submarket. The meeting and group segment comprised 40% of the total.

Using the distribution of accommodated hotel demand as a starting point, we will analyze the characteristics of each market segment in an effort to determine future trends in room-night demand.

Transient Segment

Transient demand consists of individuals and families spending time in an area or passing through en route to other destinations; this segment represents travelers that are not associated with a group or room-night contract. Travel purposes include business, sightseeing, recreation, or visiting friends and relatives. Transient demand also includes room nights booked through Internet sites such as Expedia, Hotels.com, and Priceline; however, this demand may include group and convention attendees who use these channels to take advantage of any discounts that may be available on these sites. In resort destinations, transient demand is strongest Friday and Saturday nights, and all week during holiday periods and the summer months. In urban and suburban destinations, transient demand is typically strongest on Tuesday, Wednesday, and Thursday nights. The typical length of stay ranges from one to four days, depending on the destination and travel purpose. The rate of double occupancy typically ranges from 1.0 to 3.0 people per room, with higher double occupancy occurring in resort destinations. Price sensitivity tends to vary with product type. All-suite properties with inclusive food and beverage or luxury

destination properties tend to drive strong transient room rates, with discounted rates offered at older or value-oriented hotels with limited amenities. For destination locations, future transient demand is related to the overall economic health of the primary source cities for visitation; the overall economic health of the surrounding neighborhood is considered for urban and suburban locations.

The San Diego, Orange County, and Los Angeles metropolitan markets have consistently been the primary feeder markets for transient demand in the Coachella Valley, as visitors to the area typically travel by car. The area is also popular among Canadians and northern U.S. residents who typically visit the area during the winter months because of the warmer climate. Transient visitation to the Coachella Valley traditionally slows in the summer months given the extreme desert heat; however, summer demand has risen in recent years with the growth of day-club and music-event marketing. However, transient demand declined significantly in 2020 and early 2021 because of the COVID-19 pandemic. A notable rebound commenced in the spring of 2021 once restrictions had been lifted, with transient demand increasing through 2022 due to strong demand for drive-to destinations, such as Coachella Valley. Demand in this segment declined in 2023 as domestic leisure demand moderated following the easing of international travel restrictions. We expect transient demand to increase in 2025, which is supported by the year-to-date data in the STR report. Despite the headwinds impacting the hotel performance in general in 2025, performance strength remains in high-end chain scales (luxury tier), especially in the leisure transient segment, with international markets making up for the decline in travelers from the U.S. and Canada. Thereafter, moderate growth is forecast through the stabilized year, which should be supported by strengthening economic conditions, increase airlifts, and given the relatively recent opening of the Acrisure Arena.

Meeting and Group Segment

The meeting-and-group market includes meetings, seminars, conventions, trade association shows, and similar gatherings of ten or more people. Peak convention demand typically occurs in the spring and fall. Although there are numerous classifications within the meeting-and-group segment, the primary categories considered in this analysis are corporate groups, associations, and SMERFE (social, military, ethnic, religious, fraternal, and educational) groups. Corporate groups typically meet during the business week, most commonly in the spring and fall months. These groups tend to be the most profitable for hotels, as they typically pay higher rates and usually generate ancillary revenues including food and beverage and/or banquet revenue. SMERFE groups are typically price-sensitive and tend to meet on weekends and during the summer months or holiday season, when greater discounts are usually available; these groups generate limited ancillary revenues. Association demand is generally divided on a geographical basis, with national, regional, and state associations representing the most common sources. Professional associations and/or those supported by members' employers often

meet on weekdays, while other associations prefer to hold events on weekends. The profile and revenue potential of associations varies depending on the group and the purpose of the meeting or event.

The Coachella Valley competes with San Diego, coastal Orange County, Arizona cities (such as Phoenix, Scottsdale, and Tucson), and Las Vegas for group business. Increased airlift at Palm Springs International Airport and the general improvement in local hotel product have resulted in a significant strengthening of group business overall. Corporate retreats, social events, and SMERFE-related groups have increased along the growing popularity of the Coachella Valley. However, meeting and group demand was nearly non-existent in 2020 given the implications associated with the COVID-19 pandemic. Groups slowly returned to the market in late 2021, with more groups returning in 2022 through 2024. Moderate growth in the meeting and group segment is forecast through the stabilized year. The opening of subject property should induce demand given its brand-new high quality event facilities.

Base Demand Growth Rates

The purpose of segmenting the lodging market is to define each major type of demand, identify customer characteristics, and estimate future growth trends. Starting with an analysis of the local area, two segments were defined as representing the proposed subject hotel's lodging market. Various types of economic and demographic data were then evaluated to determine their propensity to reflect changes in hotel demand. Based on this procedure, we forecast the following average annual compounded market-segment growth rates.

FIGURE 5-28 AVERAGE ANNUAL COMPOUNDED MARKET-SEGMENT GROWTH RATES

Market Segment	Annual Growth Rate									
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Transient	2.0 %	2.0 %	2.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	0.0 %
Meeting and Group	3.0	3.0	3.0	2.0	1.0	1.0	1.0	1.0	1.0	0.0
Base Demand Growth	2.4 %	2.4 %	2.4 %	1.4 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	0.0 %

Accommodated Demand and Market-wide Occupancy

Based upon a review of the market dynamics in the proposed subject hotel's competitive environment, we have forecast growth rates for each market segment. Using the calculated potential demand for the market, we have determined market-wide accommodated demand based on the inherent limitations of demand fluctuations and other factors in the market area.

The following table details our projection of lodging demand growth for the subject market, including the total number of occupied room nights and any residual unaccommodated demand in the market.

FIGURE 5-29 FORECAST OF MARKET OCCUPANCY

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Transient										
Total Demand	442,141	450,984	460,003	469,203	473,896	478,634	483,421	488,255	493,138	498,069
Growth Rate		2.0 %	2.0 %	2.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %
Meeting and Group										
Total Demand	297,232	306,149	315,333	324,793	331,289	334,602	337,948	341,327	344,741	348,188
Growth Rate		3.0 %	3.0 %	3.0 %	2.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %
Totals										
Total Demand	739,373	757,133	775,337	793,997	805,185	813,236	821,369	829,583	837,878	846,257
less: Residual Demand	0	680	2,274	5,075	4,250	5,539	842	228	461	1,195
Total Accommodated Demand	739,373	756,453	773,062	788,922	800,935	807,697	820,527	829,355	837,417	845,062
Overall Demand Growth	(2.9) %	2.3 %	2.2 %	2.1 %	1.5 %	0.8 %	1.6 %	1.1 %	1.0 %	0.9 %
Market Mix										
Transient	59.8 %	59.6 %	59.3 %	59.1 %	58.9 %	58.9 %	58.9 %	58.9 %	58.9 %	58.9 %
Meeting and Group	40.2	40.4	40.7	40.9	41.1	41.1	41.1	41.1	41.1	41.1
Existing Hotel Supply	3,592	3,592	3,592	3,592	3,592	3,592	3,586	3,517	3,501	3,492
Proposed Hotels										
Proposed COVA Coachella	¹						192	297	313	322
Former Montage (rumored Four Seasons), La Quinta	²				77	77	77	77	77	77
Change to Existing Hotels										
Proposed COVA Coachella	^A						6	73	73	73
Proposed COVA Coachella	^B							2	13	13
Proposed COVA Coachella	^C								5	14
Available Room Nights per Year	1,311,044	1,311,044	1,311,044	1,311,044	1,339,149	1,339,149	1,409,344	1,447,617	1,453,277	1,456,679
Nights per Year	365	365	365	365	365	365	365	365	365	365
Total Supply	3,592	3,592	3,592	3,592	3,669	3,669	3,861	3,966	3,982	3,991
Rooms Supply Growth		0.0 %	0.0 %	0.0 %	2.1 %	0.0 %	5.2 %	2.7 %	0.4 %	0.2 %
Marketwide Occupancy	56.4 %	57.7 %	59.0 %	60.2 %	59.8 %	60.3 %	58.2 %	57.3 %	57.6 %	58.0 %
¹ Opening in March 2030 of the 100% competitive, 222-room Proposed COVA Coachella										
² Opening in January 2028 of the 50% competitive, 154-room Former Montage (rumored Four Seasons), La Quinta										
^A Change of room count in December 2030 of the 100% competitive, Proposed COVA Coachella										
^B Change of room count in November 2031 of the 100% competitive, Proposed COVA Coachella										
^C Change of room count in September 2032 of the 100% competitive, Proposed COVA Coachella										

The defined competitive market of hotels experienced a sharp occupancy decline in 2020 and early 2021 because of the severe downturn in travel associated with the COVID-19 pandemic. Year-to-date trends in 2025 reflect that improvement is occurring in the luxury tier. Projected growth through the stabilized year should be supported by the ongoing return of group events, the improved airlift, and the continued return of growth in the popularity of Coachella Valley as a resort destination.

6. Projection of Hotel Occupancy and Average Rate

Along with average rate results, the occupancy levels achieved by a hotel are the foundation of the property's financial performance. Most of a lodging facility's other revenue sources (such as food and beverage, other operated departments, and miscellaneous income) are driven by the number of guests, and many expense levels also vary with occupancy. To a certain degree, occupancy attainment can be manipulated by management. For example, hotel operators may choose to lower rates in an effort to maximize occupancy. Our forecasts reflect the operating strategy that we believe would be implemented by a typical, professional hotel management team to achieve an optimal mix of occupancy and average rate.

Penetration Rate Analysis

The proposed subject hotel's forecasted market share and occupancy levels are based upon its anticipated competitive position within the market, as quantified by its penetration rate. The penetration rate is the ratio of a hotel's market share to its fair share.

Base-Year Penetration Rates by Market Segment

In the following table, the penetration rates attained by the primary competitors and the aggregate secondary competitors are set forth for each segment for the base year.

FIGURE 6-1 HISTORICAL PENETRATION RATES

Property	Meeting and		Overall
	Transient	Group	
Grand Hyatt Indian Wells Resort & Villas	84 %	102 %	91 %
JW Marriott Desert Springs Resort	103	126	112
La Quinta Resort & Club, Curio Collection by Hilton	94	93	93
Parker Palm Springs	114	42	85
Ritz-Carlton Rancho Mirage	118	75	101
Secondary Competition	104	96	101

The Ritz-Carlton Rancho Mirage achieved the highest penetration rate within the transient segment. The highest penetration rate in the meeting and group segment was achieved by the JW Marriott Desert Springs Resort.

**Forecast of Subject
Property's Occupancy**

Because the supply and demand balance for the competitive market is dynamic, there is a circular relationship between the penetration factors of each hotel in the market. The performance of individual new hotels has a direct effect upon the aggregate performance of the market and, consequently, upon the calculated penetration factor for each hotel in each market segment. The same is true when the performance of existing hotels changes, either positively (following a refurbishment, for example) or negatively (when a poorly maintained or marketed hotel loses market share).

A hotel's penetration factor is calculated as its achieved market share of demand divided by its fair share of demand. Thus, if one hotel's penetration performance increases, thereby increasing its achieved market share, this leaves less demand available in the market for the other hotels to capture, and the penetration performance of one or more of those other hotels consequently declines (other things remaining equal). This type of market share adjustment takes place every time there is a change in supply or a change in the relative penetration performance of one or more hotels in the competitive market. Our projections of penetration, demand capture, and occupancy performance for the proposed subject hotel account for these types of adjustments to market share within the defined competitive market.

The proposed subject hotel's occupancy forecast is set forth as follows, with the adjusted projected penetration rates used as a basis for calculating the amount of captured market demand.

FIGURE 6-2 FORECAST OF SUBJECT PROPERTY'S OCCUPANCY

Market Segment	2030	2031	2032	2033	2034
Transient					
Demand	483,421	488,255	493,138	498,069	498,069
Market Share	5.4 %	8.9 %	9.6 %	9.9 %	9.9 %
Capture	26,327	43,241	47,445	49,170	49,170
Penetration	109 %	118 %	123 %	123 %	123 %
Meeting and Group					
Demand	337,948	341,327	344,741	348,188	348,188
Market Share	4.7 %	7.9 %	8.9 %	9.2 %	9.2 %
Capture	16,046	26,798	30,810	31,937	31,937
Penetration	95 %	105 %	114 %	114 %	114 %
Total Room Nights Captured	42,373	70,039	78,254	81,106	81,106
Available Room Nights	70,195	108,468	114,114	117,530	117,530
Subject Occupancy	60 %	65 %	69 %	69 %	69 %
Market-wide Available Room Nights	1,409,344	1,447,617	1,453,277	1,456,679	1,456,679
Fair Share	5 %	7 %	8 %	8 %	8 %
Market-wide Occupied Room Nights	820,527	829,355	837,417	845,062	845,062
Market Share	5 %	8 %	9 %	10 %	10 %
Market-wide Occupancy	58 %	57 %	58 %	58 %	58 %
Total Penetration	104 %	113 %	119 %	119 %	119 %

The proposed subject hotel's transient penetration level is positioned at an above-market-average level, supported by its anticipated lifestyle hotel product focused on wellness in a highly amenitized resort setting. Furthermore, the proposed subject property should benefit from its planned luxury brand affiliation, Auberge, Rosewood, One and Only, One Hotels, Montage or similar, and its unique location with proximity to numerous private golf clubs, high-end residential developments, and special event venues. The proposed subject hotel's penetration in the meeting and group segment is also positioned at an above-market-average level given its planned offering of resort amenities and outdoor venues, which should allow it to become a popular destination for incentive groups, executive level meetings, and social events such as weddings.

These positioned segment penetration rates result in the following market segmentation forecast.

FIGURE 6-3 MARKET SEGMENTATION FORECAST – SUBJECT PROPERTY

	2030	2031	2032	2033	2034
Transient	62 %	62 %	61 %	61 %	61 %
Meeting and Group	38	38	39	39	39
Total	100 %	100 %	100 %	100 %	100 %

Based on our analysis of the proposed subject hotel and market area, we have selected a stabilized occupancy level of 69%. The stabilized occupancy is intended to reflect the anticipated results of the property over its remaining economic life given all changes in the life cycle of the hotel. Thus, the stabilized occupancy excludes from consideration any abnormal relationship between supply and demand, as well as any nonrecurring conditions that may result in unusually high or low occupancies. Although the proposed subject hotel may operate at occupancies above this stabilized level, we believe it equally possible for new competition and temporary economic downturns to force the occupancy below this selected point of stability.

Average Rate Analysis

One of the most important considerations in estimating the potential performance of a lodging facility is a supportable forecast of its attainable average rate (ADR), which is more formally defined as the average rate per occupied room; ADR can be calculated by dividing the total rooms revenue achieved during a specified period by the number of rooms sold during the same period. The projected ADR and the anticipated occupancy percentage are used to forecast rooms revenue, which in turn provides the basis for estimating most other income and expense categories.

Competitive Position

Although the ADR analysis presented here follows the occupancy projection, these two statistics are highly correlated; in reality, one cannot project occupancy without making specific assumptions regarding ADR. This relationship is best illustrated by revenue per available room (RevPAR), which reflects a property's ability to maximize rooms revenue. The following table summarizes the historical ADR and RevPAR levels of the proposed subject hotel's future primary competitors.

FIGURE 6-4 BASE-YEAR ADR AND REVPAR OF THE COMPETITORS

Property	Estimated 2024 Average Room Rate	Average Room Rate Penetration	Occupancy	Occupancy Penetration	Rooms Revenue Per Available Room (RevPAR)	RevPAR Penetration
Grand Hyatt Indian Wells Resort & Villas	\$325 - \$350	65 - 70 %	50 - 55 %	90 - 95 %	\$170 - \$180	60 - 65 %
JW Marriott Desert Springs Resort	300 - 325	60 - 65	60 - 65	110 - 120	190 - 200	65 - 70
La Quinta Resort & Club, Curio Collection by Hilton	375 - 400	75 - 80	50 - 55	90 - 95	200 - 210	70 - 75
Parker Palm Springs	675 - 700	130 - 140	45 - 50	80 - 85	325 - 350	110 - 120
Ritz-Carlton Rancho Mirage	575 - 600	110 - 120	55 - 60	100 - 110	325 - 350	110 - 120
Average - Primary Competitors	\$384.36	77.0 %	56.2 %	99.6 %	\$215.90	76.7 %
Average - Secondary Competitors	792.98	158.9	57.0	101.0	451.80	160.5
Overall Average	\$499.05	100.0 %	56.4 %	100.0 %	\$281.44	100.0 %
Subject As If Stabilized (In 2024 Dollars)	\$1,497.30	300.0 %	67.1 %	119.0 %	\$1,004.47	356.9 %

The Parker Palm Springs achieved the highest estimated average rate in the local competitive set, by a significant margin, because of their luxury product offering, popularity with-end clientele, and resort-style amenities.

It is important for the reader to understand that the average rate projection is inclusive of all units that will be included in the subject rental program, which will include the condo-hotel, villas, residences, sky villas, and estates. We have selected the rate position of \$670, in base-year dollars (2024), for the proposed subject property's condo hotel rooms. We have positioned the condo-hotel room's ADR in the 2024 base year in consideration of its wellness-focused wellness facilities, new facility, large room units which will average 1,248 square feet, and its location. The ADR positioning of the villas, residences, sky villas, and estates was estimated based on considerations of the size of the units, and review of price premiums of similar units at selected Auberge and Four Seasons affiliated branded residences. The following table illustrates that the overall rate position, inclusive of the condo-hotel, villas, residences, sky villas, and estates is \$1,490, in base-year dollars (2024).

FIGURE 6-5 BASE-YEAR ADR POSITIONING BY UNIT TYPE

Unit Types	Total Units	Rentable Units	Implied Stabilized Occupancy	Base Year ADR	Implied Occupied Rooms	Implied Rooms Revenue
Condo Hotel	240	228	70%	\$670	58,254	\$39,030,180
Villas	51	47	68%	3,150	11,665	36,746,010
Residences	39	36	66%	3,450	8,672	29,919,780
Sky Villas	5	5	50%	4,050	913	3,695,625
Estates	6	6	62%	8,150	1,358	11,066,070
Totals	341	322	69%	\$1,490	80,862	\$120,457,665

The following table presents the ADR forecast for the market and the proposed subject hotel on a calendar-year basis, as well as the resulting ADR penetration level. The proposed subject hotel's projected ADR (as if stabilized) is then fiscalized to correspond with the hotel's anticipated date of opening for each forecast year.

FIGURE 6-6 ADR FORECAST – LOCAL MARKET AND PROPOSED SUBJECT PROPERTY

Calendar Year	Historical 2024	2025	2026	2027	2028	2029	2030	2031	2032
Market ADR	\$499.05	\$501.54	\$506.56	\$516.69	\$532.19	\$548.15	\$564.60	\$581.54	\$598.98
Projected Market ADR Growth Rate		0.5%	1.0%	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Proposed Subject Property ADR (As-If Stabilized)	\$1,490.00	\$1,497.45	\$1,512.42	\$1,550.24	\$1,596.74	\$1,644.64	\$1,693.98	\$1,744.80	\$1,797.15
ADR Growth Rate		0.5%	1.0%	2.5%	3.0%	3.0%	3.0%	3.0%	3.0%
Proposed Subject Stabilized ADR Penetration	299%	299%	299%	300%	300%	300%	300%	300%	300%
Fiscal Year				2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
Proposed Subject Property Average Rate				\$1,557.75	\$1,604.49	\$1,652.62	\$1,702.20	\$1,753.26	\$1,805.86
Opening Discount				0.0%	0.0%	0.0%	10.0%	0.0%	0.0%
Average Rate After Discount				\$1,557.75	\$1,604.49	\$1,652.62	\$1,531.98	\$1,753.26	\$1,805.86
Real Average Rate Growth				—	3.0%	3.0%	-7.3%	14.4%	3.0%
Market ADR				\$519.19	\$534.77	\$550.81	\$567.34	\$584.36	\$601.89
Proposed Subject ADR Penetration (After Discount)				300%	300%	300%	270%	300%	300%
ADR Expressed in Base-Year Dollars Deflated @ Inflation Rate				\$1,418.56	\$1,418.56	\$1,418.56	\$1,276.70	\$1,418.56	\$1,418.56

Market-wide rates generally trended up through 2022, with significant gains realized between 2020 and 2022 due to strong demand for resort destinations during the pandemic. Average rates corrected marginally in 2023 due to a pullback in domestic leisure transient demand and an increase in lower-rated meeting and group demand. As forecast, the competitive market's modest ADR forecast for 2025 reflect recent year-to-date trends. Thereafter, we expect rates to continue to increase through the stabilized year in consideration of strengthening economic conditions, increased airlift, and continued growth in the popularity of Coachella Valley as a resort destination.

The proposed subject hotel's ADR penetration level is forecast to reach approximately 300% by the stabilized period, consistent with our stabilized ADR positioning which is inclusive of all the product which will participate in the rental program. Based on our review of the proposed improvements and the anticipated profile of the hotel product and its operation, it is our opinion that the ADR penetration level should be achieved with appropriate management and marketing. The proposed hotel's positioned stabilized ADR is projected to increase at the same rate as the overall market's ADR, prior to consideration of any ADR discounting during the hotel's ramp-up period.

The following table sets forth our forecast of the proposed subject hotel's occupancy, ADR, and RevPAR, with corresponding penetration levels, for the first projection year through the stabilized year of operation. The competitive market's historical and projected occupancy, ADR, and RevPAR levels are presented for comparison.

FIGURE 6-7 COMPARISON OF HISTORICAL AND PROJECTED OCCUPANCY, ADR, AND REVPAR – PROPOSED SUBJECT PROPERTY AND LOCAL MARKET

							Calendar Year Projections Prior to Rate Discounting									
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Proposed COVA Coachella																
Occupancy							—	—	—	—	—	60.4 %	64.6 %	68.6 %	69.0 %	69.0 %
Change in Points							—	—	—	—	—	—	4.2	4.0	0.4	0.0
Occupancy Penetration							—	—	—	—	—	103.7 %	112.7 %	119.0 %	119.0 %	119.0 %
Average Rate						\$1,490.00	\$1,497.45	\$1,512.42	\$1,550.24	\$1,596.74	\$1,644.64	\$1,693.98	\$1,744.80	\$1,797.15	\$1,851.06	\$1,906.59
Change							—	1.0 %	2.5 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %
Average Rate Penetration							298.6 %	298.6 %	300.0 %	300.0 %	300.0 %	300.0 %	300.0 %	300.0 %	300.0 %	300.0 %
RevPAR							—	—	—	—	—	\$1,022.57	\$1,126.64	\$1,232.40	\$1,277.40	\$1,315.72
Change							—	—	—	—	—	—	10.2 %	9.4 %	3.7 %	3.0 %
RevPAR Penetration							—	—	—	—	—	311.1 %	338.2 %	357.1 %	356.9 %	356.9 %
	Historical						Projected									
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Competitive Set																
Occupancy	61.6 %	38.3 %	42.8 %	59.0 %	58.2 %	56.4 %	57.7 %	59.0 %	60.2 %	59.8 %	60.3 %	58.2 %	57.3 %	57.6 %	58.0 %	58.0 %
Change in Points	—	(23.2)	4.5	16.2	(0.8)	(1.8)	1.3	1.3	1.2	(0.4)	0.5	(2.1)	(0.9)	0.3	0.4	0.0
Average Rate	\$338.74	\$397.96	\$458.08	\$489.25	\$488.60	\$499.05	\$501.54	\$506.56	\$516.69	\$532.19	\$548.15	\$564.60	\$581.54	\$598.98	\$616.95	\$635.46
Change	—	17.5 %	15.1 %	6.8 %	(0.1) %	2.1 %	0.5 %	1.0 %	2.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %
RevPAR	\$208.50	\$152.52	\$196.14	\$288.89	\$284.46	\$281.44	\$289.38	\$298.69	\$310.92	\$318.30	\$330.61	\$328.71	\$333.17	\$345.15	\$357.91	\$368.65
Change	—	(26.8) %	28.6 %	47.3 %	(1.5) %	(1.1) %	2.8 %	3.2 %	4.1 %	2.4 %	3.9 %	(0.6) %	1.4 %	3.6 %	3.7 %	3.0 %

A discount of 10% has been applied to the stabilized room rates projected for the first two years of operation, as would be expected for a new property of this type as it builds its reputation and becomes established in the market. Note that our forecast of income and expense, which follows later in this report, assumes an underlying inflation rate of 3.0%.

The following occupancies and average rates will be used to project the proposed subject hotel's rooms revenue; this forecast reflects years beginning on March 1, 2030, which correspond with our financial projections.

FIGURE 6-8 FORECASTS OF OCCUPANCY, AVERAGE RATE, AND REVPAR

Year	Occupancy	Average Rate		Average Rate	ADR %	RevPAR	RevPAR %
		Before Discount	Discount	After Discount	Change		Change
2030/31	61 %	\$1,702.20	10.0 %	\$1,531.98	-7.3	\$934.51	—
2031/32	65	1,753.26	0.0	1,753.26	14.4	1,139.62	21.9
2032/33	69	1,805.86	0.0	1,805.86	3.0	1,246.05	9.3
2033/34	69	1,860.04	0.0	1,860.04	3.0	1,283.43	3.0

7. Projection of Hotel Income and Expense

In this chapter of our report, we have compiled a forecast of income and expense for the proposed subject hotel. This forecast is based on the facilities program set forth previously, as well as the occupancy and ADR forecast discussed previously.

The forecast of income and expense is expressed in current dollars for each year. The stabilized year is intended to reflect the anticipated operating results of the property over its remaining economic life given any or all applicable stages of build-up, plateau, and decline in the life cycle of the hotel. Thus, income and expense estimates from the stabilized year forward exclude from consideration any abnormal relationship between supply and demand, as well as any nonrecurring conditions that may result in unusual revenues or expenses. The ten-year period reflects the typical holding period of large real estate assets such as hotels. In addition, the ten-year period provides for the stabilization of income streams and comparison of yields with alternate types of real estate. The forecasted income streams reflect the future benefits of owning specific rights in income-producing real estate.

Comparable Operating Statements

In order to project future income and expense for the proposed subject hotel, we have included a sample of individual comparable operating statements from our database of hotel statistics. All financial data are presented according to the three most common measures of industry performance: ratio to sales (RTS), amounts per available room (PAR), and amounts per occupied room night (POR). These historical income and expense statements will be used as benchmarks in our forthcoming forecast of income and expense. The proposed subject hotel's stabilized statement of income and expense, deflated to 2024 dollars, is also presented.

FIGURE 7-1 COMPARABLE OPERATING STATEMENTS: RATIO TO SALES

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2021/22	2019	2019	2019	2023	2024
Number of Rooms:	120 to 160	90 to 110	210 to 270	690 to 860	420 to 520	318
Occupied Rooms:	27,012	24,408	64,390	175,835	100,992	80,088
Days Open:	365	365	365	365	365	365
Occupancy:	54%	67%	72%	62%	59%	69%
Average Rate:	\$722	\$805	\$395	\$289	\$355	\$1,419
RevPAR:	\$390	\$538	\$286	\$179	\$210	\$979
REVENUE						
Rooms	65.0 %	51.7 %	50.1 %	46.6 %	44.9 %	65.7 %
Food	24.3	37.1	29.0	26.3	35.6	27.9
Beverage	0.0	0.0	9.4	8.9	7.1	0.0
Food & Beverage	24.3	37.1	38.5	35.2	42.7	27.9
Other Operated Departments	9.4	5.9	9.2	17.2	10.9	5.9
Miscellaneous Income	1.3	5.3	2.2	1.0	1.5	0.5
Total	100.0	100.0	100.0	100.0	100.0	100.0
DEPARTMENTAL EXPENSES*						
Rooms	21.7	29.4	26.1	25.4	26.5	26.2
Food & Beverage	84.0	77.2	75.4	58.4	69.8	71.0
Other Operated Departments	44.7	88.6	60.7	71.9	39.5	42.6
Total	38.7	49.0	47.7	44.7	46.0	39.5
DEPARTMENTAL INCOME	61.3	51.0	52.3	55.3	54.0	60.5
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	8.7	8.3	8.6	7.5	7.1	2.5
Info. and Telecom. Systems	1.3	1.2	1.3	0.9	1.6	0.4
Marketing	4.5	5.7	6.8	6.5	9.1	2.1
Franchise Fee	1.8	0.0	0.0	2.0	0.0	0.0
Property Operations & Maintenance	2.2	4.8	4.8	4.7	4.2	1.3
Utilities	1.6	3.6	2.7	2.0	2.7	0.7
Total	20.1	23.6	24.2	23.7	24.8	7.0
GROSS OPERATING PROFIT	41.2	27.4	28.1	31.6	29.2	53.5
Management Fee	2.0	1.0	2.9	3.1	3.0	3.0
INCOME BEFORE NON-OPER. INC. & EXP.	39.2	26.4	25.2	28.5	26.2	50.5

* Departmental expense ratios are expressed as a percentage of departmental revenues

FIGURE 7-2 COMPARABLE OPERATING STATEMENTS: AMOUNTS PER AVAILABLE ROOM

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2021/22	2019	2019	2019	2023	2024
Number of Rooms:	120 to 160	90 to 110	210 to 270	690 to 860	420 to 520	318
Occupied Rooms:	27,012	24,408	64,390	175,835	100,992	80,088
Days Open:	365	365	365	365	365	365
Occupancy:	54%	67%	72%	62%	59%	69%
Average Rate:	\$722	\$805	\$395	\$289	\$355	\$1,419
RevPAR:	\$390	\$538	\$286	\$179	\$210	\$979
REVENUE						
Rooms	\$142,383	\$196,387	\$104,211	\$65,495	\$76,668	\$357,264
Food	53,138	140,836	60,315	36,891	60,850	151,394
Beverage	0	0	19,619	12,522	12,055	0
Food & Beverage	53,138	140,836	79,935	49,413	72,906	151,394
Other Operated Departments	20,515	22,289	19,042	24,135	18,553	31,869
Miscellaneous Income	2,862	20,214	4,632	1,471	2,564	2,979
Total	218,897	379,725	207,819	140,514	170,691	543,507
DEPARTMENTAL EXPENSES						
Rooms	30,944	57,717	27,229	16,620	20,293	93,617
Food & Beverage	44,634	108,781	60,251	28,865	50,880	107,490
Other Operated Departments	9,171	19,743	11,553	17,355	7,331	13,567
Total	84,749	186,242	99,033	62,840	78,504	214,674
DEPARTMENTAL INCOME	134,148	193,484	108,786	77,674	92,188	328,833
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	19,125	31,551	17,838	10,584	12,153	13,805
Info. and Telecom. Systems	2,751	4,543	2,655	1,291	2,686	2,330
Marketing	9,844	21,666	14,199	9,118	15,564	11,216
Franchise Fee	3,976	0	0	2,810	0	0
Property Operations & Maintenance	4,874	18,381	9,895	6,635	7,187	6,816
Utilities	3,476	13,571	5,711	2,876	4,672	3,710
Total	44,048	89,712	50,299	33,314	42,262	37,876
GROSS OPERATING PROFIT	90,100	103,772	58,487	44,360	49,926	290,957
Management Fee	4,381	3,706	6,034	4,370	5,133	16,305
INCOME BEFORE NON-OPER. INC. & EXP.	85,719	100,066	52,453	39,990	44,792	274,652

FIGURE 7-3 COMPARABLE OPERATING STATEMENTS: AMOUNTS PER OCCUPIED ROOM

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2021/22	2019	2019	2019	2023	2024
Number of Rooms:	120 to 160	90 to 110	210 to 270	690 to 860	420 to 520	318
Occupied Rooms:	27,012	24,408	64,390	175,835	100,992	80,088
Days Open:	365	365	365	365	365	365
Occupancy:	54%	67%	72%	62%	59%	69%
Average Rate:	\$722	\$805	\$395	\$289	\$355	\$1,419
RevPAR:	\$390	\$538	\$286	\$179	\$210	\$979
REVENUE						
Rooms	\$722.14	\$804.60	\$394.90	\$289.42	\$354.52	\$1,418.56
Food	269.50	577.01	228.56	163.02	281.38	601.13
Beverage	0.00	0.00	74.35	55.34	55.75	0.00
Food & Beverage	269.50	577.01	302.91	218.35	337.13	601.13
Other Operated Departments	104.05	91.32	72.16	106.65	85.79	126.54
Miscellaneous Income	14.51	82.82	17.55	6.50	11.86	11.83
Total	1,110.20	1,555.74	787.51	620.92	789.30	2,158.06
DEPARTMENTAL EXPENSES						
Rooms	156.94	236.47	103.18	73.44	93.84	371.72
Food & Beverage	226.37	445.68	228.32	127.55	235.28	426.80
Other Operated Departments	46.52	80.89	43.78	76.69	33.90	53.87
Total	429.83	763.03	375.28	277.68	363.01	852.39
DEPARTMENTAL INCOME	680.37	792.71	412.23	343.23	426.29	1,305.67
UNDISTRIBUTED OPERATING EXPENSES						
Administrative & General	97.00	129.26	67.60	46.77	56.20	54.81
Info. and Telecom. Systems	13.95	18.61	10.06	5.70	12.42	9.25
Marketing	49.93	88.77	53.81	40.29	71.97	44.54
Franchise Fee	20.17	0.00	0.00	12.42	0.00	0.00
Property Operations & Maintenance	24.72	75.31	37.50	29.32	33.23	27.06
Utilities	17.63	55.60	21.64	12.71	21.61	14.73
Total	223.40	367.55	190.60	147.21	195.43	150.39
GROSS OPERATING PROFIT	456.97	425.16	221.63	196.02	230.86	1,155.28
Management Fee	22.22	15.18	22.87	19.31	23.73	64.74
INCOME BEFORE NON-OPER. INC. & EXP.	434.75	409.97	198.77	176.71	207.13	1,090.54

The departmental income of the comparable properties ranged from 51.0% to 61.3% of total revenue. Our forecast anticipates that the proposed subject hotel's departmental income will stabilize at 60.7%. The comparable properties achieved a gross operating profit (GOP) ranging from 27.4% to 41.2% of total revenue. It is important to note the primary consideration was given to the ratio of sales given the subject property's higher rates for the larger unit types participating in the rental program, relative to the comparable properties. We will refer to the comparable operating data in our discussion of each line item, which follows later in this section of the report.

Fixed and Variable Component Analysis

HVS uses a fixed and variable component model to project a lodging facility's revenue and expense levels. This model is based on the premise that hotel revenues and expenses have one component that is fixed and another that varies directly with occupancy and facility usage. A projection can be made by taking a known level of revenue or expense and calculating its fixed and variable components. The fixed component is then increased in tandem with the underlying rate of inflation, while the variable component is adjusted for a specific measure of volume such as total revenue.

The actual forecast is derived by adjusting each year's revenue and expense by the amount fixed (the fixed expense multiplied by the inflated base-year amount) plus the variable amount (the variable expense multiplied by the inflated base-year amount) multiplied by the ratio of the projection year's occupancy to the base-year occupancy (in the case of departmental revenue and expense) or the ratio of the projection year's revenue to the base year's revenue (in the case of undistributed operating expenses). Fixed expenses remain fixed, increasing only with inflation. Our discussion of the revenue and expense forecast in this report is based upon the output derived from the fixed and variable model. This forecast of revenue and expense is accomplished through a systematic approach, following the format of the Uniform System of Accounts for the Lodging Industry (USALI). Each category of revenue and expense is estimated separately and combined at the end in the final statement of income and expense.

Inflation and Appreciation Assumptions

In consideration of the trends in the Consumer Price Index (CPI), inflation factors that directly influence lodging properties, projections set forth by economists surveyed, and the Federal Reserve's target inflation rate, we have applied a 3.0% underlying inflation rate in our analysis.

This annual rate of growth is applied to income and expenses after the stabilized year to reflect the longer-term expectation of asset appreciation by typical investors. This position is based on interviews with numerous market participants indicating a distinction in the expectations of near-term cost inflation (e.g., related to labor and supplies) versus long-term income growth that drives appreciation. Any exceptions to the application of the assumed underlying inflation and EBITDA Less Replacement Reserve growth rates are discussed in our write-ups of individual income and expense items.

**Forecast of Revenue
and Expense**

Based on an analysis that will be detailed throughout this section, we have formulated a revenue-and-expense forecast through the fifth projection year, including amounts per available room and per occupied room, as illustrated in the following table. The second table illustrates our ten-year forecast of income and expense, presented with a lesser degree of detail. The forecasts pertain to years that begin on March 1, 2030, expressed in inflated dollars for each year (figures in the forecast year columns have been divided by 1,000 and reflect thousands of dollars).

FIGURE 7-4 DETAILED FORECAST OF INCOME AND EXPENSE

	2030/31 Begins March				2031/32				2032/33				Stabilized				2034/35			
Number of Rooms:	239				295				311				318				318			
Occupancy:	61%				65%				69%				69%				69%			
Average Rate:	\$1,531.98				\$1,753.26				\$1,805.86				\$1,860.04				\$1,915.84			
RevPAR:	\$934.51				\$1,139.62				\$1,246.04				\$1,283.43				\$1,321.93			
Days Open:	365				365				365				365				365			
Occupied Rooms:	53,213	%Gross	PAR	POR	69,989	%Gross	PAR	POR	78,325	%Gross	PAR	POR	80,088	%Gross	PAR	POR	80,088	%Gross	PAR	POR
OPERATING REVENUE																				
Rooms	\$81,522	60.6 %	\$341,095	\$1,531.98	\$122,709	67.9 %	\$415,962	\$1,753.26	\$141,445	65.7 %	\$454,806	\$1,805.86	\$148,967	65.7 %	\$468,451	\$1,860.04	\$153,436	65.7 %	\$482,504	\$1,915.84
Food & Beverage	41,622	30.9	174,149	782.17	44,966	24.9	152,428	642.48	59,939	27.8	192,729	765.25	63,126	27.9	198,511	788.21	65,020	27.9	204,466	811.86
Other Operated Departments	5,620	4.2	23,515	105.61	6,317	3.5	21,415	90.26	6,778	3.1	21,793	86.53	7,040	3.1	22,138	87.90	7,251	3.1	22,802	90.54
Spa - Treatment Cabanas	2,946	2.2	12,327	55.37	3,501	1.9	11,868	50.02	3,845	1.8	12,363	49.09	4,012	1.8	12,617	50.10	4,133	1.8	12,996	51.60
Resort Fees	1,785	1.3	7,470	33.55	2,007	1.1	6,802	28.67	2,153	1.0	6,922	27.49	2,236	1.0	7,032	27.92	2,303	1.0	7,243	28.76
Miscellaneous Income	992	0.7	4,150	18.64	1,115	0.6	3,779	15.93	1,196	0.6	3,846	15.27	1,242	0.5	3,907	15.51	1,280	0.5	4,024	15.98
Total Operating Revenues	134,487	100.0	562,706	2,527.31	180,615	100.0	612,255	2,580.63	215,355	100.0	692,460	2,749.49	226,624	100.0	712,655	2,829.68	233,423	100.0	734,035	2,914.57
DEPARTMENTAL EXPENSES *																				
Rooms	29,867	36.6	124,967	561.27	34,528	28.1	117,043	493.33	37,491	26.5	120,549	478.65	39,035	26.2	122,752	487.40	40,206	26.2	126,434	502.02
Food & Beverage	30,800	74.0	128,871	578.80	32,376	72.0	109,748	462.59	42,556	71.0	136,838	543.33	44,820	71.0	140,943	559.63	46,164	71.0	145,171	576.42
Other Operated Departments	2,481	44.1	10,382	46.63	2,625	41.6	8,898	37.51	2,739	40.4	8,808	34.97	2,829	40.2	8,897	35.33	2,914	40.2	9,164	36.38
Spa - Treatment Cabanas	2,413	81.9	10,095	45.34	2,598	74.2	8,806	37.12	2,733	71.1	8,789	34.90	2,828	70.5	8,893	35.31	2,913	70.5	9,160	36.37
Total Expenses	65,561	48.7	274,314	1,232.04	72,126	39.9	244,496	1,030.54	85,520	39.7	274,983	1,091.85	89,512	39.5	281,484	1,117.66	92,197	39.5	289,928	1,151.19
DEPARTMENTAL INCOME	68,926	51.3	288,392	1,295.27	108,489	60.1	367,759	1,550.09	129,835	60.3	417,477	1,657.64	137,112	60.5	431,171	1,712.02	141,226	60.5	444,106	1,763.38
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	4,540	3.4	18,994	85.31	5,096	2.8	17,275	72.81	5,542	2.6	17,819	70.75	5,756	2.5	18,101	71.87	5,929	2.5	18,644	74.03
Info & Telecom Systems	766	0.6	3,205	14.40	860	0.5	2,915	12.29	935	0.4	3,007	11.94	971	0.4	3,054	12.13	1,000	0.4	3,146	12.49
Marketing	3,688	2.7	15,433	69.31	4,141	2.3	14,036	59.16	4,503	2.1	14,478	57.49	4,677	2.1	14,707	58.40	4,817	2.1	15,148	60.15
Prop. Operations & Maint.	2,241	1.7	9,378	42.12	2,516	1.4	8,529	35.95	2,736	1.3	8,798	34.93	2,842	1.3	8,937	35.49	2,927	1.3	9,205	36.55
Utilities	1,220	0.9	5,105	22.93	1,370	0.8	4,643	19.57	1,489	0.7	4,789	19.01	1,547	0.7	4,865	19.32	1,593	0.7	5,011	19.89
Total Expenses	12,455	9.3	52,115	234.07	13,982	7.8	47,398	199.78	15,205	7.1	48,891	194.13	15,793	7.0	49,664	197.20	16,267	7.0	51,154	203.11
GROSS OPERATING PROFIT	56,470	42.0	236,277	1,061.20	94,507	52.3	320,361	1,350.31	114,630	53.2	368,585	1,463.51	121,319	53.5	381,507	1,514.82	124,959	53.5	392,953	1,560.26
Management Fee	4,035	3.0	16,881	75.82	5,418	3.0	18,368	77.42	6,461	3.0	20,774	82.48	6,799	3.0	21,380	84.89	7,003	3.0	22,021	87.44
INCOME BEFORE NON-OPR. INC. & EXP.	52,436	39.0	219,396	985.38	89,088	49.3	301,993	1,272.89	108,169	50.2	347,811	1,381.03	114,521	50.5	360,128	1,429.93	117,956	50.5	370,932	1,472.83
NON-OPERATING INCOME & EXPENSE																				
Property Taxes	3,239	2.4	13,553	60.87	2,719	1.5	9,218	38.85	2,115	1.0	6,800	27.00	1,525	0.7	4,796	19.04	992	0.4	3,119	12.39
Insurance	453	0.3	1,895	8.51	466	0.3	1,581	6.66	480	0.2	1,545	6.13	495	0.2	1,556	6.18	510	0.2	1,603	6.36
RMP Revenue Distrubution	7,819	5.8	32,714	146.93	18,871	10.4	63,968	269.62	30,923	14.4	99,432	394.81	41,689	18.4	131,096	520.53	51,197	21.9	160,998	639.26
Total Expenses	11,511	8.5	48,162	216.31	22,056	12.2	74,768	315.14	33,519	15.6	107,777	427.94	43,709	19.3	137,448	545.76	52,699	22.5	165,720	658.01
EBITDA	40,925	30.5	171,234	769.07	67,032	37.1	227,226	957.75	74,651	34.6	240,034	953.08	70,812	31.2	222,679	884.17	65,257	28.0	205,212	814.82
Reserve for Replacement	2,690	2.0	11,254	50.55	5,418	3.0	18,368	77.42	8,614	4.0	27,698	109.98	9,065	4.0	28,506	113.19	9,337	4.0	29,361	116.58
EBITDA LESS RESERVE	\$38,235	28.4 %	\$159,980	\$718.53	\$61,613	34.1 %	\$208,858	\$880.33	\$66,036	30.7 %	\$212,336	\$843.10	\$61,747	27.2 %	\$194,173	\$770.99	\$55,920	24.0 %	\$175,850	\$698.23

*Departmental expenses are expressed as a percentage of departmental revenues.

FIGURE 7-5 TEN-YEAR FORECAST OF INCOME AND EXPENSE

	2030/31		2031/32		2032/33		2033/34		2034/35		2035/36		2036/37		2037/38		2038/39		2039/40	
Number of Rooms:	239		295		311		318		318		318		318		318		318		318	
Occupied Rooms:	53,213		69,989		78,325		80,088		80,088		80,088		80,088		80,088		80,088		80,088	
Occupancy:	61%		65%		69%		69%		69%		69%		69%		69%		69%		69%	
Average Rate:	\$1,531.98	% of	\$1,753.26	% of	\$1,805.86	% of	\$1,860.04	% of	\$1,915.84	% of	\$1,973.31	% of	\$2,032.51	% of	\$2,093.49	% of	\$2,156.29	% of	\$2,220.98	% of
RevPAR:	\$934.51	Gross	\$1,139.62	Gross	\$1,246.04	Gross	\$1,283.43	Gross	\$1,321.93	Gross	\$1,361.59	Gross	\$1,402.43	Gross	\$1,444.51	Gross	\$1,487.84	Gross	\$1,532.48	Gross
OPERATING REVENUE																				
Rooms	\$81,522	60.6 %	\$122,709	67.9 %	\$141,445	65.7 %	\$148,967	65.7 %	\$153,436	65.7 %	\$158,039	65.7 %	\$162,781	65.7 %	\$167,664	65.7 %	\$172,694	65.7 %	\$177,875	65.7 %
Food & Beverage	41,622	30.9	44,966	24.9	59,939	27.8	63,126	27.9	65,020	27.9	66,971	27.9	68,980	27.9	71,049	27.9	73,181	27.9	75,376	27.9
Other Operated Departments	5,620	4.2	6,317	3.5	6,778	3.1	7,040	3.1	7,251	3.1	7,469	3.1	7,693	3.1	7,923	3.1	8,161	3.1	8,406	3.1
Spa - Treatment Cabanas	2,946	2.2	3,501	1.9	3,845	1.8	4,012	1.8	4,133	1.8	4,257	1.8	4,384	1.8	4,516	1.8	4,651	1.8	4,791	1.8
Resort Fees	1,785	1.3	2,007	1.1	2,153	1.0	2,236	1.0	2,303	1.0	2,372	1.0	2,444	1.0	2,517	1.0	2,592	1.0	2,670	1.0
Miscellaneous Income	992	0.7	1,115	0.6	1,196	0.6	1,242	0.5	1,280	0.5	1,318	0.5	1,358	0.5	1,398	0.5	1,440	0.5	1,483	0.5
Total Operating Revenues	134,487	100.0	180,615	100.0	215,355	100.0	226,624	100.0	233,423	100.0	240,426	100.0	247,639	100.0	255,068	100.0	262,720	100.0	270,601	100.0
DEPARTMENTAL EXPENSES *																				
Rooms	29,867	36.6	34,528	28.1	37,491	26.5	39,035	26.2	40,206	26.2	41,412	26.2	42,655	26.2	43,934	26.2	45,252	26.2	46,610	26.2
Food & Beverage	30,800	74.0	32,376	72.0	42,556	71.0	44,820	71.0	46,164	71.0	47,549	71.0	48,976	71.0	50,445	71.0	51,958	71.0	53,517	71.0
Other Operated Departments	2,481	44.1	2,625	41.6	2,739	40.4	2,829	40.2	2,914	40.2	3,001	40.2	3,091	40.2	3,184	40.2	3,280	40.2	3,378	40.2
Spa - Treatment Cabanas	2,413	81.9	2,598	74.2	2,733	71.1	2,828	70.5	2,913	70.5	3,000	70.5	3,090	70.5	3,183	70.5	3,278	70.5	3,377	70.5
Total Expenses	65,561	48.7	72,126	39.9	85,520	39.7	89,512	39.5	92,197	39.5	94,963	39.5	97,812	39.5	100,746	39.5	103,769	39.5	106,882	39.5
DEPARTMENTAL INCOME	68,926	51.3	108,489	60.1	129,835	60.3	137,112	60.5	141,226	60.5	145,463	60.5	149,827	60.5	154,321	60.5	158,951	60.5	163,719	60.5
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	4,540	3.4	5,096	2.8	5,542	2.6	5,756	2.5	5,929	2.5	6,107	2.5	6,290	2.5	6,478	2.5	6,673	2.5	6,873	2.5
Info & Telecom Systems	766	0.6	860	0.5	935	0.4	971	0.4	1,000	0.4	1,030	0.4	1,061	0.4	1,093	0.4	1,126	0.4	1,160	0.4
Marketing	3,688	2.7	4,141	2.3	4,503	2.1	4,677	2.1	4,817	2.1	4,962	2.1	5,110	2.1	5,264	2.1	5,422	2.1	5,584	2.1
Prop. Operations & Maint.	2,241	1.7	2,516	1.4	2,736	1.3	2,842	1.3	2,927	1.3	3,015	1.3	3,106	1.3	3,199	1.3	3,295	1.3	3,394	1.3
Utilities	1,220	0.9	1,370	0.8	1,489	0.7	1,547	0.7	1,593	0.7	1,641	0.7	1,690	0.7	1,741	0.7	1,793	0.7	1,847	0.7
Total Expenses	12,455	9.3	13,982	7.8	15,205	7.1	15,793	7.0	16,267	7.0	16,755	7.0	17,258	7.0	17,775	7.0	18,309	7.0	18,858	7.0
GROSS OPERATING PROFIT	56,470	42.0	94,507	52.3	114,630	53.2	121,319	53.5	124,959	53.5	128,708	53.5	132,569	53.5	136,546	53.5	140,642	53.5	144,862	53.5
Management Fee	4,035	3.0	5,418	3.0	6,461	3.0	6,799	3.0	7,003	3.0	7,213	3.0	7,429	3.0	7,652	3.0	7,882	3.0	8,118	3.0
INCOME BEFORE NON-OPR. INC. & EXP.	52,436	39.0	89,088	49.3	108,169	50.2	114,521	50.5	117,956	50.5	121,495	50.5	125,140	50.5	128,894	50.5	132,761	50.5	136,744	50.5
NON-OPERATING INCOME & EXPENSE																				
Property Taxes	3,239	2.4	2,719	1.5	2,115	1.0	1,525	0.7	992	0.4	740	0.3	755	0.3	770	0.3	786	0.3	802	0.3
Insurance	453	0.3	466	0.3	480	0.2	495	0.2	510	0.2	525	0.2	541	0.2	557	0.2	574	0.2	591	0.2
RMP Revenue Distribution	7,819	5.8	18,871	10.4	30,923	14.4	41,689	18.4	51,197	21.9	56,752	23.6	58,454	23.6	60,208	23.6	62,014	23.6	63,874	23.6
Total Expenses	11,511	8.5	22,056	12.2	33,519	15.6	43,709	19.3	52,699	22.5	58,017	24.1	59,750	24.1	61,535	24.1	63,373	24.1	65,267	24.1
EBITDA	40,925	30.5	67,032	37.1	74,651	34.6	70,812	31.2	65,257	28.0	63,478	26.4	65,390	26.4	67,359	26.4	69,387	26.4	71,477	26.4
Reserve for Replacement	2,690	2.0	5,418	3.0	8,614	4.0	9,065	4.0	9,337	4.0	9,617	4.0	9,906	4.0	10,203	4.0	10,509	4.0	10,824	4.0
EBITDA LESS RESERVE	\$38,235	28.4 %	\$61,613	34.1 %	\$66,036	30.7 %	\$61,747	27.2 %	\$55,920	24.0 %	\$53,861	22.4 %	\$55,484	22.4 %	\$57,156	22.4 %	\$58,879	22.4 %	\$60,653	22.4 %

*Departmental expenses are expressed as a percentage of departmental revenues.

The following description sets forth the basis for the forecast of income and expense. We anticipate that it will take four years for the proposed subject hotel to reach a stabilized level of operation. Each revenue and expense item has been forecast based upon our review of the proposed subject hotel's operating budget and comparable income and expense statements. The forecast is based upon fiscal years beginning March 1, 2030, expressed in inflated dollars for each year.

Rooms Revenue

Rooms revenue is determined by two variables: occupancy and average rate (ADR). We projected occupancy and ADR in a previous section of this report. The proposed subject hotel is expected to stabilize at an occupancy level of 69% with an ADR of \$1,860.04 in 2033/34. Following the stabilized year, the proposed subject hotel's ADR is projected to increase along with the underlying rate of growth assigned to EBITDA Less Replacement Reserve.

Food & Beverage Revenue

Food and beverage (F&B) revenue is generated by a hotel's restaurants, lounges, coffee shops, snack bars, banquet rooms, and room service. In addition to providing a source of revenue, these outlets serve as an amenity that assists in the sale of guestrooms. With the exception of properties with active lounges or banquet facilities that draw local residents, in-house guests generally represent a substantial percentage of a hotel's F&B patrons. In the case of the Proposed COVA Coachella, the F&B department will include nine food and beverage outs; moreover, the resort will feature extensive event space. The proposed subject hotel's food and beverage operation is expected to be an important component of the hotel. We have relied on food and beverage projections based on a comprehensive food and beverage market analysis completed by Julian H. King.

Although F&B revenue varies directly with changes in occupancy, the small portion generated by banquet sales and outside capture is relatively fixed.

FIGURE 7-6 FOOD & BEVERAGE REVENUE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2030/31	Deflated Stabilized
Food & Beverage Revenue							
Percentage of Revenue	24.3 %	37.1 %	38.5 %	35.2 %	42.7 %	30.9 %	27.9 %
Per Available Room	\$53,138	\$140,836	\$79,935	\$49,413	\$72,906	\$174,149	\$151,394
Per Occupied Room	\$269.50	\$577.01	\$302.91	\$218.35	\$337.13	\$782.17	\$601.13

Other Operated Departments Revenue

According to the USALI, other operated departments include any major or minor operated department other than rooms and F&B. The proposed subject hotel's other operated departments revenue sources are expected to include items such as the hotel's parking operations, pool cabana rentals, the resort's gift shop, telephone charges, upgraded Internet charges, valet laundry, and dry cleaning fees, and other minor items. Based on our review of operations with a similar extent of offerings, we have positioned an appropriate revenue level for the proposed subject hotel.

FIGURE 7-7 OTHER OPERATED DEPARTMENTS REVENUE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2030/31	Deflated Stabilized
Percentage of Revenue	9.4 %	5.9 %	9.2 %	17.2 %	10.9 %	4.2 %	3.1 %
Per Available Room	\$20,515	\$22,289	\$19,042	\$24,135	\$18,553	\$23,515	\$16,883
Per Occupied Room	\$104.05	\$91.32	\$72.16	\$106.65	\$85.79	\$105.61	\$67.04

Spa/Treatment Cabanas Income

The proposed subject property's spa/treatment cabanas are expected to be an important amenity for the resort given its wellness-focused design and amenities. Based on our review of comparable operating statements, we have positioned an appropriate revenue level given the resort's planned facility and price point. We forecast the proposed subject hotel's spa/treatment cabanas to stabilize at \$27.61 per occupied room by the stabilized year, 2033/34.

FIGURE 7-8 SPA/TREATMENT CABANAS INCOME

Property	Year of Data	Number of Rooms	Occupancy	Average Daily Rate	Number of Treatment Rooms	% of Total Revenue	Revenue Per Occupied Room	Revenue Per Treatment Room	Spa Expense Ratio
Comp 1	2014/15	50	67.0 %	\$1,189	5	7.3 %	\$132.93	\$326,313	64.6 %
Comp 2	2018/19	200	65.0	542	7	4.1	40.38	263,135	87.5
Comp 3	2015/16	62	80.0	726	4	4.5	46.66	211,700	63.8
Comp 4	2021	162	78.3	299	6	9.3	44.87	346,294	31.2
Comp 5	2022/23	285	59.9	742	8	2.3	26.89	209,413	89.8
Averages		152	70.0 %	\$700	6	5.5 %	\$58.35	\$271,371	67.4 %
Proposed COVA Coachella									
Forecast Year 1		318	61.0 %	\$1,532	5	2.2 %	\$55.37	\$58,924	81.9 %
Deflated Stabilized		318	69.0	1,419	5	1.8	38.21	61,200	70.5

Resort Fees

The hotel is anticipated to generate additional revenue through resort fees, which typically include the use of services and amenities such as Internet access, local telephone calls, and other complimentary or discounted services such as access to preferred tee times or similar services. We have positioned revenues in this line item based on our review of the local comparable competitive operations. We have forecast a 60.0% capture rate, which is supported by our understanding of the area comps. The following table illustrates resort fees within the competitive set.

FIGURE 7-9 LOCAL COMPETITIVE SET – RESORT FEES

Property	Resort Fee
Ritz-Carlton Rancho Mirage	\$50.00
Parker Palm Springs	\$49.00
La Quinta Resort & club, Curio Collection	\$45.00
Grand Hyatt Indian Wells Resort & Spa	\$45.00
JW Marriott Desert Springs Resort	\$45.00
Proposed CAVA Coachella	\$45.00
Assumed Capture Rate	60.0%
Projected Resort Fee (Base-Year)	\$27.00

Miscellaneous Income

The miscellaneous income sources comprise those other than guestrooms, F&B, and the other operated departments. The proposed subject hotel's miscellaneous income revenues are expected to include attrition fees, cancellation charges, and other minor items. Based on our review of operations with a similar extent of offerings, we have positioned an appropriate revenue level for the proposed subject hotel. Changes in this revenue item through the projection period result from the application of the underlying inflation rate and projected changes in occupancy.

FIGURE 7-10 MISCELLANEOUS INCOME

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2030/31	Deflated Stabilized
Percentage of Revenue	1.3 %	5.3 %	2.2 %	1.0 %	1.5 %	0.7 %	0.5 %
Per Available Room	\$2,862	\$20,214	\$4,632	\$1,471	\$2,564	\$4,150	\$2,979
Per Occupied Room	\$14.51	\$82.82	\$17.55	\$6.50	\$11.86	\$18.64	\$11.83

Rooms Expense

Rooms expense consists of items related to the sale and upkeep of guestrooms and public space. Salaries, wages, and employee benefits account for a substantial portion of this category. Although payroll varies somewhat with occupancy, and managers can generally scale the level of service staff on hand to meet an expected occupancy level, much of a hotel's payroll is fixed. A base level of front desk personnel, housekeepers, and supervisors must be maintained at all times. As a result, salaries, wages, and employee benefits are only moderately sensitive to changes in occupancy.

Commissions and reservations are usually based on room sales and, thus, are highly sensitive to changes in occupancy and ADR. While guest supplies vary 100% with occupancy, linens and other operating expenses are only slightly affected by volume. The proposed subject hotel's rooms department expense has been positioned based upon our review of the comparable operating data and our understanding of the hotel's future service level and price point.

FIGURE 7-11 ROOMS EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2030/31	Deflated Stabilized
Percentage of Revenue	21.7 %	29.4 %	26.1 %	25.4 %	26.5 %	36.6 %	26.2 %
Per Available Room	\$30,944	\$57,717	\$27,229	\$16,620	\$20,293	\$124,967	\$93,617
Per Occupied Room	\$156.94	\$236.47	\$103.18	\$73.44	\$93.84	\$561.27	\$371.72

Food & Beverage Expense

Food expenses consist of items necessary for the primary operation of a hotel's food and banquet facilities. The costs associated with food sales and payroll are moderately to highly correlated to food revenues. Items such as dishware, linens, and uniforms are less dependent on volume. Although the other expense items are basically fixed, they represent a relatively insignificant factor. Beverage expenses consist of items necessary for the operation of a hotel's lounge and bar areas. The costs associated with beverage sales and payroll are moderately to highly correlated to beverage revenues. The proposed subject hotel's food and beverage operation is expected to be efficiently managed and operated at an expense level that is in line with other comparable operations.

FIGURE 7-12 FOOD & BEVERAGE EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2030/31	Deflated Stabilized
Percentage of Revenue	84.0 %	77.2 %	75.4 %	58.4 %	69.8 %	74.0 %	71.0 %
Per Available Room	\$44,634	\$108,781	\$60,251	\$28,865	\$50,880	\$128,871	\$107,490
Per Occupied Room	\$226.37	\$445.68	\$228.32	\$127.55	\$235.28	\$578.80	\$426.80

Other Operated Departments Expense

Other operated departments expense includes all expenses reflected in the summary statements for the divisions associated in these categories, as discussed previously in this chapter. The proposed subject hotel's other operated departments revenue sources are expected to include items such as the hotel's parking operations, pool cabana rentals, the resort's gift shop, telephone charges, upgraded Internet charges, valet laundry and dry cleaning fees, and other minor items. Based on our review of operations with a similar extent of offerings, we have positioned an appropriate revenue level for the proposed subject hotel.

FIGURE 7-13 OTHER OPERATED DEPARTMENTS EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2030/31	Deflated Stabilized
Percentage of Revenue	44.7 %	88.6 %	60.7 %	71.9 %	39.5 %	44.1 %	40.2 %
Per Available Room	\$9,171	\$19,743	\$11,553	\$17,355	\$7,331	\$10,382	\$6,785
Per Occupied Room	\$46.52	\$80.89	\$43.78	\$76.69	\$33.90	\$46.63	\$26.94

Spa/Treatment Cabanas Expense

The proposed subject property's spa/treatment cabanas is expected to be efficiently managed and operated at a market-appropriate level. We have projected a stabilized expense ratio of 70.0 in 2033/34.

Our projection of spa/treatment cabanas is presented in the following table.

FIGURE 7-14 SPA/TREATMENT CABANAS INCOME

Property	Year of Data	Number of Rooms	Occupancy	Average Daily Rate	Number of Treatment Rooms	% of Total Revenue	Revenue Per Occupied Room	Revenue Per Treatment Room	Spa Expense Ratio
Comp 1	2014/15	50	67.0 %	\$1,189	5	7.3 %	\$132.93	\$326,313	64.6 %
Comp 2	2018/19	200	65.0	542	7	4.1	40.38	263,135	87.5
Comp 3	2015/16	62	80.0	726	4	4.5	46.66	211,700	63.8
Comp 4	2021	162	78.3	299	6	9.3	44.87	346,294	31.2
Comp 5	2022/23	285	59.9	742	8	2.3	26.89	209,413	89.8
Averages		152	70.0 %	\$700	6	5.5 %	\$58.35	\$271,371	67.4 %
Proposed COVA Coachella									
Forecast Year 1		318	61.0 %	\$1,532	5	2.2 %	\$55.37	\$58,924	81.9 %
Deflated Stabilized		318	69.0	1,419	5	1.8	38.21	61,200	70.5

Administrative & General Expense

Administrative and general expense includes the salaries and wages of all administrative personnel who are not directly associated with a particular department. Expense items related to the management and operation of the property are also allocated to this category.

Most administrative and general expenses are relatively fixed. The exceptions are cash overages and shortages; commissions on credit card charges; provision for doubtful accounts, which are moderately affected by the number of transactions or total revenue; and salaries, wages, and benefits, which are very slightly influenced by volume. Based upon our review of the comparable operating data and the expected scope of facility for the proposed subject hotel, we have positioned the administrative and general expense level at a market- and property-supported level.

FIGURE 7-15 ADMINISTRATIVE & GENERAL EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2030/31	Deflated Stabilized
Percentage of Revenue	8.7 %	8.3 %	8.6 %	7.5 %	7.1 %	3.4 %	2.5 %
Per Available Room	\$19,125	\$31,551	\$17,838	\$10,584	\$12,153	\$18,994	\$13,805
Per Occupied Room	\$97.00	\$129.26	\$67.60	\$46.77	\$56.20	\$85.31	\$54.81

Information & Telecommunications Systems Expense

Information and telecommunications systems expense consists of all costs associated with a hotel's technology infrastructure. This includes the costs of cell phones, administrative call and Internet services, and complimentary call and Internet services. Expenses in this category are typically organized by type of technology or the area benefiting from the technology solution. We expect the proposed subject hotel's information and telecommunications systems to be well managed. Expense levels should stabilize at a typical level for a property of this type.

FIGURE 7-16 INFORMATION & TELECOMMUNICATIONS SYSTEMS EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2030/31	Deflated Stabilized
Percentage of Revenue	1.3 %	1.2 %	1.3 %	0.9 %	1.6 %	0.6 %	0.4 %
Per Available Room	\$2,751	\$4,543	\$2,655	\$1,291	\$2,686	\$3,205	\$2,330
Per Occupied Room	\$13.95	\$18.61	\$10.06	\$5.70	\$12.42	\$14.40	\$9.25

Marketing Expense

Marketing expense consists of all costs associated with advertising, sales, and promotion; these activities are intended to attract and retain customers. Marketing can be used to create an image, develop customer awareness, and stimulate patronage of a property's various facilities.

The marketing category is unique in that all expense items, with the exception of fees and commissions, are totally controlled by management. Most hotel operators establish an annual marketing budget that sets forth all planned expenditures. If the budget is followed, total marketing expenses can be projected accurately.

Marketing expenditures are unusual because, although there is a lag period before results are realized, the benefits are often extended over a long period. Depending on the type and scope of the advertising and promotion program implemented, the lag time can be as short as a few weeks or as long as several years. However, the favorable results of an effective marketing campaign tend to linger, and a property often enjoys the benefits of concentrated sales efforts for many months. Based upon our review of the comparable operating data and the expected scope of facility for the proposed subject hotel, we have positioned the marketing expense level at a market- and property-supported level.

FIGURE 7-17 MARKETING EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2030/31	Deflated Stabilized
Percentage of Revenue	4.5 %	5.7 %	6.8 %	6.5 %	9.1 %	2.7 %	2.1 %
Per Available Room	\$9,844	\$21,666	\$14,199	\$9,118	\$15,564	\$15,433	\$11,216
Per Occupied Room	\$49.93	\$88.77	\$53.81	\$40.29	\$71.97	\$69.31	\$44.54

Franchise Fee

As previously discussed, the proposed subject property is expected to be operated by the brand; as such, there will be no franchise agreement, and no franchise fees are expected to be required throughout the ten-year forecast period.

Property Operations & Maintenance

Property operations and maintenance expense is another expense category that is largely controlled by management. Except for repairs that are necessary to keep the facility open and prevent damage (e.g., plumbing, heating, and electrical items), most maintenance can be deferred for varying lengths of time.

Maintenance is an accumulating expense. If management elects to postpone performing a required repair, the expenditure has not been eliminated, only deferred until a later date. A lodging facility that operates with a lower-than-normal maintenance budget is likely to accumulate a considerable amount of deferred maintenance.

The age of a lodging facility has a strong influence on the required level of maintenance. A new or thoroughly renovated property is protected for several years by modern equipment and manufacturers' warranties. However, as a hostelry grows older, maintenance expenses escalate. A well-organized preventive maintenance system often helps delay deterioration, but most facilities face higher property operations and maintenance costs each year, regardless of the occupancy trend. The quality of initial construction can also have a direct impact on future maintenance requirements. The use of high-quality building materials and construction methods generally reduces the need for maintenance expenditures over the long term.

We expect the proposed subject hotel's maintenance operation to be well managed. Expense levels should stabilize at a typical level for a property of this type. Changes in this expense item through the projection period result from the application of the underlying inflation rate and projected changes in occupancy.

FIGURE 7-18 PROPERTY OPERATIONS & MAINTENANCE EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2030/31	Deflated Stabilized
Percentage of Revenue	2.2 %	4.8 %	4.8 %	4.7 %	4.2 %	1.7 %	1.3 %
Per Available Room	\$4,874	\$18,381	\$9,895	\$6,635	\$7,187	\$9,378	\$6,816
Per Occupied Room	\$24.72	\$75.31	\$37.50	\$29.32	\$33.23	\$42.12	\$27.06

Utilities Expense

The utilities consumption of a lodging facility takes several forms, including water and space heating, air conditioning, lighting, cooking fuel, and other miscellaneous power requirements. The most common sources of hotel utilities are electricity, natural gas, fuel oil, and steam. This category also includes the cost of water service.

Total energy cost depends on the source and quantity of fuel used. Electricity tends to be the most expensive source, followed by oil and gas. Although all hotels consume a sizable amount of electricity, many properties supplement their utility requirements with less expensive sources, such as gas and oil, for heating and cooking. The changes in this utilities line item through the projection period are a result of the application of the underlying inflation rate and projected changes in occupancy.

FIGURE 7-19 UTILITIES EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2030/31	Deflated Stabilized
Percentage of Revenue	1.6 %	3.6 %	2.7 %	2.0 %	2.7 %	0.9 %	0.7 %
Per Available Room	\$3,476	\$13,571	\$5,711	\$2,876	\$4,672	\$5,105	\$3,710
Per Occupied Room	\$17.63	\$55.60	\$21.64	\$12.71	\$21.61	\$22.93	\$14.73

Management Fee

Management expense consists of the fees paid to the managing agent contracted to operate the property. Some companies provide management services and a brand-name affiliation (first-tier management company), while others provide management services alone (second-tier management company). Some management contracts specify only a base fee (usually a percentage of total revenue), while others call for both a base fee and an incentive fee (usually a percentage of defined profit). Basic hotel management fees are often based on a percentage of total revenue, which means they have no fixed component. While base fees typically range from 2.0% to 4.0% of total revenue, incentive fees are deal specific and often are calculated as a percentage of income available after debt

service and, in some cases, after a preferred return on equity. Total management fees for the proposed subject hotel have been forecast at 3.0% of total revenue.

Property Taxes

Real estate in the state of California is assessed at 100% of market value upon the sale, expansion, or new construction of a property. Once established, the assessed value of a property can increase by no more than 2.0% per year, according to state law. A reassessment is triggered by the sale, expansion, or improvement of a property. For purposes of this analysis, we have calculated the first year's property tax burden based on the estimated market value of the subject property determined by our analysis. Real and personal property are taxed at the same rate.

In most states, the comparison of a hotel's assessed value with that of comparable hotels in the same taxing jurisdiction can provide insight into whether or not the property is fairly assessed. The assessed value of the land and improvements is divided by the hotel's number of rooms to provide a unit of comparison with other hotels. This is a useful tool in most states, where properties are periodically reassessed to market value. However, in California, the comparison of assessed values is generally irrelevant due to Proposition 13, enacted in 1978, which removed the relationship between a property's assessed value and its market value. Under Proposition 13, a property is reassessed upon sale to market value, which is generally presumed to be the sales price; therefore, the assessed value is increased at a maximum of 2.0% per year. Trends in appreciation and depreciation caused by market fluctuations are not reflected in a property's assessed value in California, unless there is a sales transaction. Thus, comparable hotels in California can have markedly different assessed values, depending upon when the last sales transaction occurred.

Tax rates are based on the city and county budgets, which change annually. The most recent tax rate in this jurisdiction was reported at 0.8200%.

Based on state law and the current tax rate, the proposed subject property's projected property tax expenses levels are calculated as follows.

FIGURE 7-20 PROPOSED SUBJECT PROPERTY'S TAX CALCULATION

Estimated Market Value		Tax Rate	First Year's Tax Burden
\$508,000,000	x	0.82%	\$4,165,600

It is our understanding that the third-party owners will be responsible for property taxes. An adjustment to property taxes based on sales projection of the units that will participate in the rental program on a prorated basis based on the percent of

units owned by the developer. Please see Chapter 8 for detail on the projected sales pace of unit sales. The following table illustrates the projected developer's share on annual property taxes. Beginning in 2035/36 and thereafter, the residential units are projected to be sold out and the developer's property tax burden will be the proportional property tax for 52 developer-owned units.

FIGURE 7-21 INSURANCE EXPENSE - DEVELOPER

	Estimated Property Tax	Developer Owned Units	Developer's Share of Property Tax
2030/31	\$4,165,600	77.8%	\$3,239,171
2031/32	4,248,912	64.0%	2,719,304
2032/33	4,333,890	48.8%	2,114,938
2033/34	4,420,568	34.5%	1,525,096
2034/35	4,508,979	22.0%	991,975
2035/36	4,599,159	16.1%	740,465
2036/37	4,691,142	16.1%	755,274
2037/38	4,784,965	16.1%	770,379
2038/39	4,880,664	16.1%	785,787
2040/41	4,978,278	16.1%	801,503

Insurance Expense

The insurance expense category consists of the cost of insuring the hotel and its contents against damage or destruction by fire, weather, sprinkler leakage, boiler explosion, plate glass breakage, and so forth. General insurance costs also include premiums relating to liability, fidelity, and theft coverage.

Insurance rates are based on many factors, including building design and construction, fire detection and extinguishing equipment, fire district, distance from the firehouse, and the area's fire experience. Insurance expenses do not vary with occupancy.

FIGURE 7-22 INSURANCE EXPENSE

	Comparable Operating Statements					Proposed Subject Property Forecast	
	#1	#2	#3	#4	#5	2030/31	Deflated Stabilized
Percentage of Revenue	0.5 %	0.2 %	0.7 %	1.7 %	1.2 %	0.3 %	0.2 %
Per Available Room	\$1,197	\$935	\$1,477	\$2,394	\$2,106	\$1,895	\$1,187
Per Occupied Room	\$6.07	\$3.83	\$5.60	\$10.58	\$9.74	\$8.51	\$4.71

RMP Revenue Distribution

The rental management program (RMP) revenue distribution to third-party owners is included as a fixed expense and is equal to 50.0% of rooms revenue, after a 12.0% service charge. An adjustment was made for the sales projection for sales of the units that will be participating in the rental management program. Please Chapter 8 in this report for detail regarding the projected sales pace of unit sales.

The owner revenue distribution calculation is presented in the following table.

FIGURE 7-23 FORECAST OF THIRD-PARTY OWNER REVENUE DISTRIBUTION

	2030/31	2031/32	2032/33	2033/34	2034/35
Gross Room Revenue	\$81,521,710	\$122,708,780	\$141,444,800	\$148,967,300	\$153,436,310
% of Inventory Sold	22.4%	36.0%	51.2%	65.5%	78.0%
Room Revenue to Distribute	\$18,260,863	\$44,175,161	\$72,419,738	\$97,573,582	\$119,680,322
LESS 12% Service Charge	(2,623,657)	(6,433,825)	(10,573,074)	(14,196,297)	(17,285,707)
Net Revenue	15,637,206	37,741,336	61,846,664	83,377,285	102,394,615
50% Revenue Split	\$7,818,603	\$18,870,668	\$30,923,332	\$41,688,642	\$51,197,307
	2035/36	2036/37	2037/38	2038/39	2039/40
Gross Room Revenue	\$158,039,400	\$162,780,590	\$167,664,000	\$172,693,920	\$177,874,740
% of Inventory Sold	83.9%	83.9%	83.9%	83.9%	83.9%
Room Revenue to Distribute	\$132,595,057	\$136,572,915	\$140,670,096	\$144,890,199	\$149,236,907
LESS 12% Service Charge	(19,092,008)	(19,664,768)	(20,254,712)	(20,862,353)	(21,488,224)
Net Revenue	113,503,049	116,908,147	120,415,384	124,027,846	127,748,683
50% Revenue Split	\$56,751,524	\$58,454,074	\$60,207,692	\$62,013,923	\$63,874,341

Reserve for Replacement

Furniture, fixtures, and equipment (FF&E) are essential to the operation of a lodging facility, and their quality often influences a property's class. This category includes all non-real estate items that are capitalized, rather than expensed. The FF&E of a hotel are exposed to heavy use and must be replaced at regular intervals. The useful life of these items is determined by their quality, durability, and the amount of guest traffic and use.

Periodic replacement of FF&E is essential to maintain the quality, image, and income-producing potential of a lodging facility. Because capitalized expenditures are not included in the operating statement but affect an owner's cash flow, a forecast of income and expense should reflect these expenses in the form of an appropriate reserve for replacement.

The International Society of Hospitality Consultants (ISHC) oversees a major industry-sponsored study of the capital expenditure requirements for full-service/luxury, select-service, and extended-stay hotels. The most recent study was published in 2023.⁶ Historical capital expenditures of well-maintained hotels were investigated through the compilation of data provided by most of the major hotel companies in the United States. A prospective analysis of future capital expenditure requirements was also performed based upon the cost to replace short- and long-lived building components over a hotel's economic life. The study showed that the capital expenditure requirements for hotels vary significantly from year to year and depend upon both the actual and effective ages of a property. The results of this study showed that hotel lenders and investors are requiring reserves for replacement ranging from 4.0% to 5.0% of total revenue.

Based on the results of our analysis and on our review of the proposed subject asset and comparable lodging facilities, as well as on our industry expertise, we estimate that a reserve for replacement of 4.0% of total revenues is sufficient to provide for the timely and periodic replacement of the subject property's FF&E. This amount has been ramped up during the initial projection period.

Forecast of Revenue and Expense Conclusion

Projected total revenue, gross operating profit, and EBITDA Less Replacement Reserve are set forth in the following table.

⁶ The International Society of Hotel Consultants, *CapEx 2023, A Study of Capital Expenditures in the U.S. Hotel Industry*.

FIGURE 7-24 FORECAST OF REVENUE AND EXPENSE CONCLUSION

	Year	Total Revenue		Gross Operating Profit		House Profit Ratio	EBITDA Less Replacement Reserve		
		Total	% Change	Total	% Change		Total	% Change	As a % of Ttl Rev
Projected	2030/31	\$134,487,000	—	\$56,470,000	—	42.0 %	\$38,235,000	—	28.4 %
	2031/32	180,615,000	34.3 %	94,507,000	67.4 %	52.3	61,613,000	61.1 %	34.1
	2032/33	215,355,000	19.2	114,630,000	21.3	53.2	66,036,000	7.2	30.7
	2033/34	226,624,000	5.2	121,319,000	5.8	53.5	61,747,000	(6.5)	27.2
	2034/35	233,423,000	3.0	124,959,000	3.0	53.5	55,920,000	(9.4)	24.0

8. Residential Prices and Sales Pace

Whole Ownership Component Overview

The planned condominium unit mix and average square feet per unit type, is detailed in the following table.

PLANNED WHOLE OWNERSHIP UNIT MIX

Unit Types	Number of Units	Avg. SF per Unit	Total SF
Condo-Hotel Townhomes	188	1,248	234,624
Three/Four Bedroom Villas	51	2,600	132,600
Sky Villas	5	4,629	23,145
Four/Five Bedroom Residences	39	4,598	179,307
Eight Bedroom Estates	6	6,740	40,440
Total	289	2,111	610,116

In addition, the proposed subject property will offer 61 units which will be structured as co-ownership product, which 1/4th and 1/8th share ownership. The co-ownership product will be described separately in the following report section.

The proposed COVA Coachella will feature a variety of unit types, ranging from a condo-hotel one-bedroom unit, to three and four-bedroom villas, up to a vacation home which will offer from four to eight bedrooms (to be marketed as Residences and Estates).

All whole ownership products will have access to the resort's amenities, facilities, and services. The concept of the proposed subject property will be focused on wellness and is designed to be the premier destination for wellness in the Coachella Valley, featuring wellness focused facilities such as an on-site longevity clinic, two-story fitness center, luxury spa, immersive outdoor onsen, 25-meter lap pool, and an island dedicated to yoga and meditation. In addition, the resort will feature a ten-acre swimmable lagoon in the center of the site which will offer sandy beaches, nine food & beverage outlets, sports center, surf machine, club membership program, beach club and live music venue, library, event spaces, outdoor amphitheater, kid's club, kid's pool, splash pad, and working barn.

Each townhome, villa, and home will be designed with modern, rustic luxury to merge indoor and outdoor living. The whole ownership units are positioned for privacy, views, and water access.

The proposed subject property is expected to be managed by the brand. As previously discussed, the brand affiliation has not been selected yet. The preliminary brands under consideration include Auberge, Rosewood, One and Only, One Hotels, and Montage. We assume the brand will be one of the preliminary brands or a similar brand within the luxury hotel tier. The third-party owners will be required to participate in a rental program, which will provide the owner with potential revenue to offset their purchase. Based on our conversation with the developer, the terms of the agreement will be 21 to 30 days annual usage and revenue generated by the rental program will be split between the unit owners and property ownership (50.0%/50.0%) after a 12.0% service charge.

The following renderings illustrate view of the subject whole ownership units.

RENDERING OF ARRIVAL VIEW OF A RESIDENCE



RENDERING OF LAGOON VIEW OF A RESIDENCE



RENDERING OF ARRIVAL VIEW OF AN ESTATE HOME



RENDERING OF LAGOON VIEW OF AN ESTATE HOME



RENDERING OF ARRIVAL VIEW OF A VILLA



RENDERING OF LAGOON VIEW OF A VILLA**RENDERING OF ARRIVAL VIEW OF CONDO HOTEL COMPLEX**

Buyer Profile

Market participants indicated that the majority of the potential buyers in Coachella Valley are those living in other parts of California, especially from the San Diego, Orange County, and Los Angeles metropolitan markets, as well as those with a primary home in Seattle, Portland, or other colder climate cities, such as New York and Chicago. Typically, buyers are in search of a third or fourth home and intend to spend a week or several weeks in both the spring and fall months. Visitation to the Coachella Valley traditionally slows in the summer months given the extreme desert heat; however, summer demand has risen in recent years with the growth of day club and music event marketing. We expect that the buyers will also be seeking an investment property and are looking to offset expenses through participation in a rental management program.

Luxury Residences Market Overview

The vacation/second-home industry in the United States enjoyed significant prosperity early in the last decade, slowed during the Great Recession, and resurged in recent years. The National Association of Realtors (NAR) defines second-home owners as those who own one or more residential properties in addition to a primary residence and who use their second home for either vacation or investment purposes. Investment properties and vacation residences share similar real estate attributes; vacation homes are properties primarily owned for recreational use by an owner, family, and friends, while investment properties are owned primarily to rent to others. The overall market experienced an increase from 2019 through early 2022. A modest correction is ongoing given the increased cost of debt; the ongoing correction is less at the higher price point as many buyers are all-cash buyers not influenced by interest rates. Per conversations with brokers and developers, the influence on the overall luxury market has been somewhat muted given the high prevalence of all-cash buyers and/or the high net worth of the buyers.

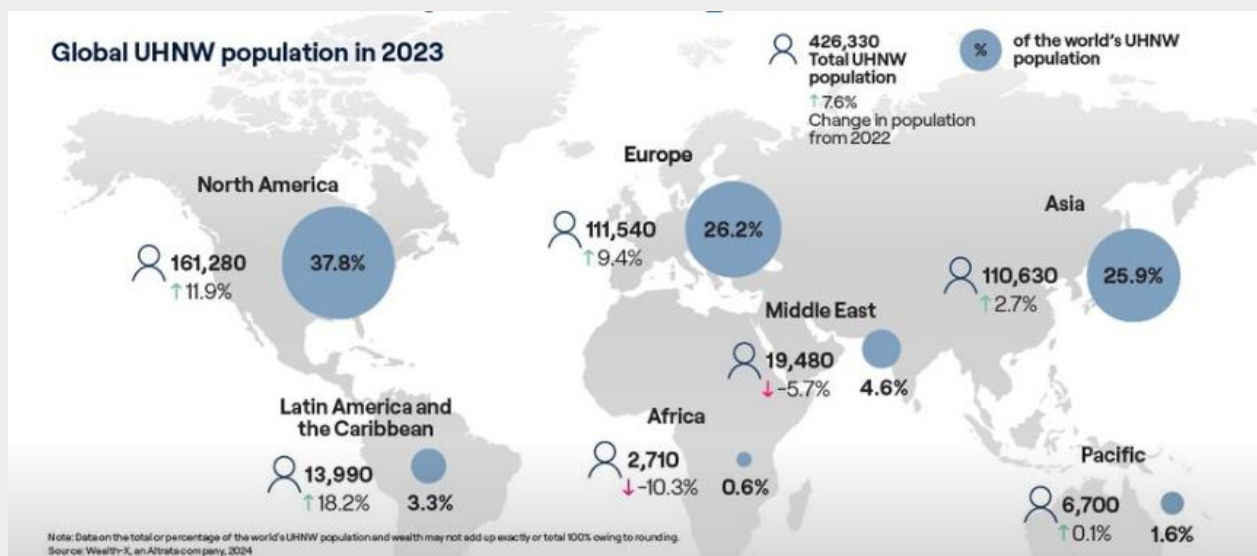
Demand increases for global ultra-luxury residences in the future will be driven by the growth of global wealth. Oxford Economics forecasts that the highest growth in terms of number of high-income households over the next five years is projected in the Americas, Asia Pacific, the Middle East, and European regions.

High-End Luxury Demographics

The increasing number of high-net-worth (HNW) individuals and ultra-high-net-worth (UHNW) individuals globally has fueled consumer demand for luxury and ultra-luxury lodging and residences, particularly in resort locations. These savvy travelers are looking for new experiences on their trips, driving the demand for ultra-luxury experiential resort accommodations. Operators have been able to increase the pricing of their product aggressively, with little consumer resistance, which in turn has led to outsized increases in the profitability of high-end luxury lodging assets. Profitability gains are driving increased interest in the development of new luxury product to serve this market. The long lead time and high cost to develop these properties and the depth of demand will help insulate these assets from competitive pressure.

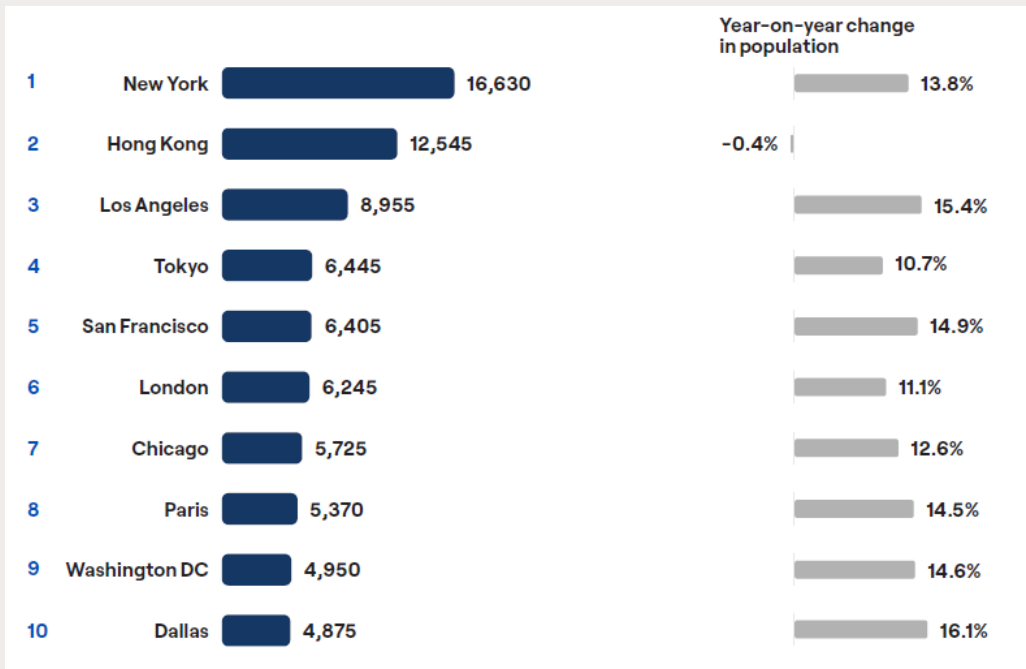
Demographics around the world, and particularly in the United States, provide a strong underpinning for the ultra-luxury sector. At year-end 2023, North America continued to occupy the top spot of the wealth pyramid, with over 160,000 UHNW individuals (wealth above \$30 million USD).

UHNW INDIVIDUALS IN 2023 (SOURCE: WEALTH-X, AN ALTRATA COMPANY)



The United States added the most household wealth in 2023, followed by China, Canada, India, and Australia. The most recent World Ultra Wealth Report, published by Altrata, indicated 12.0% in North America for UHNW numbers in 2023, with continued growth expected over the next five years.

According to Altrata, growth in North America in 2023 was largely driven by equity returns from tech stocks. Wealth growth was notable in New York, Los Angeles, San Francisco, Chicago, Washington DC, and Dallas, as indicated below.

TOP CITIES FOR UHNW POPULATION IN 2023 (SOURCE: WEALTH-X, AN ALTRATA COMPANY)


In conclusion, the U.S. and global demand for luxury and ultra-luxury resorts and resort residential products has been growing at a rapid pace in recent years given the strong growth in the number and net worth of the HNW and UHNW population. Despite near-term concerns regarding economic growth, this trend is anticipated to continue, providing a significant base of demand for luxury residential products.

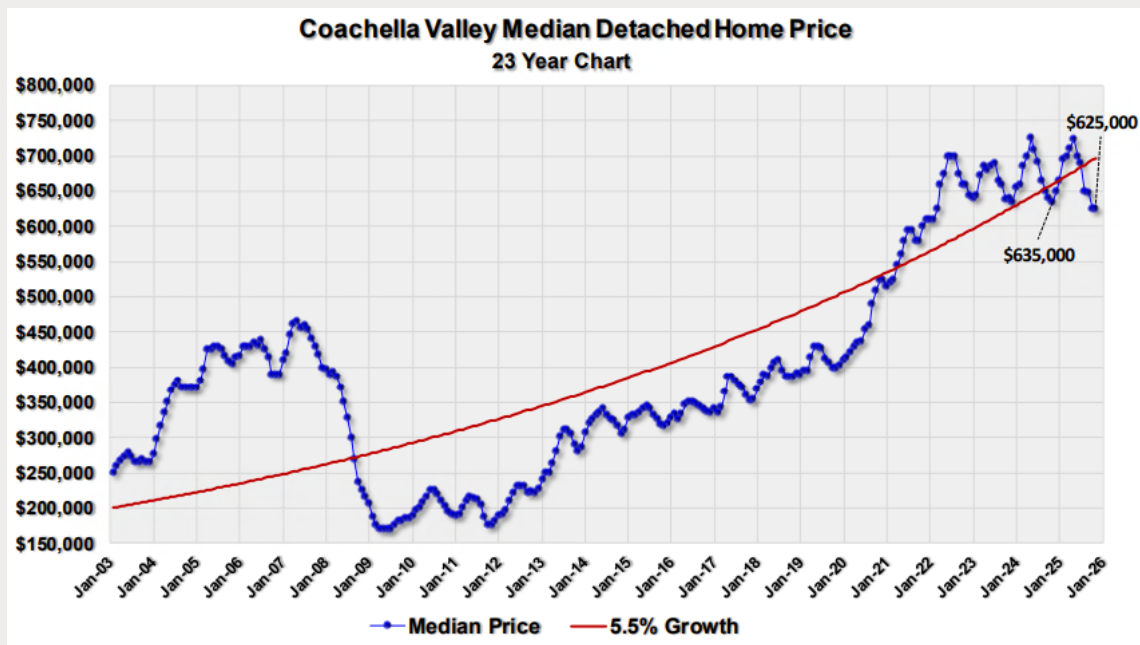
**Coachella Valley
Market Overview**

Due to high interest rates and lower-than-normal inventory, the residential market in the Coachella Valley began to cool down in 2023. However, in early 2025, inventory reached its highest point since before the pandemic in 2019. Since the beginning of the year, inventory has been improving, and the inventory is now comparable to before the pandemic. Nevertheless, our conversations with market participants indicate that the popularity of Coachella Valley has grown tremendously over the last decade, which further intensified following the onset of the pandemic due to buyers seeking homes in a scenic environment with easy access to outdoor recreational activities. The primary homebuyers in the Coachella Valley are those living in other parts of California, as well as those with a primary home in Seattle, Portland, or other colder climate cities, such as New York and Chicago.

The Palm Springs Regional Association of Realtors and the California Desert Association of Realtors publish monthly trends on the status of the current residential market, which we have reviewed to assist in estimating estimated pricing for the proposed subject property.

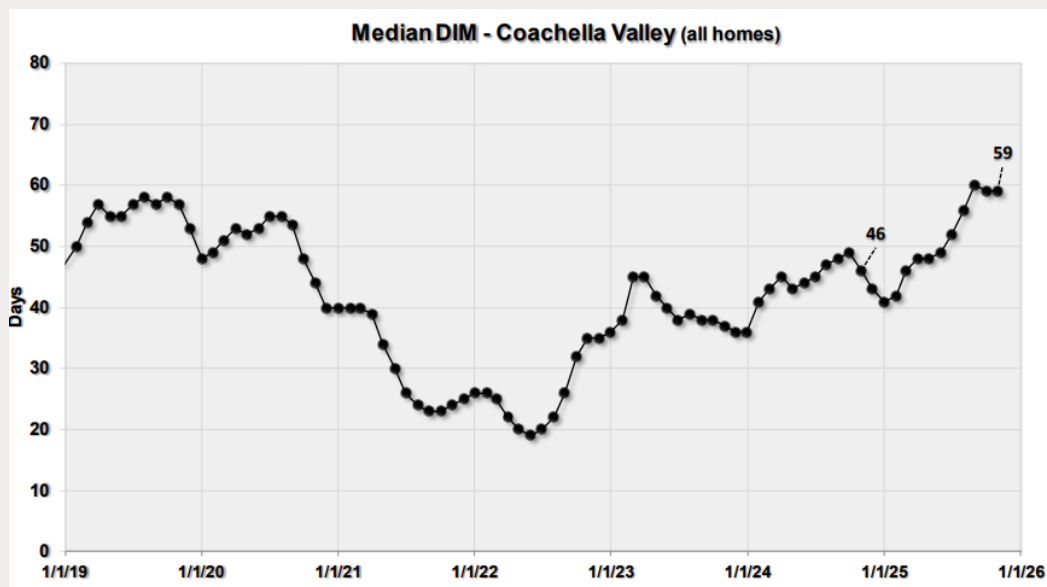
The following chart reflects the median detached price for homes throughout the Coachella Valley. As noted below, prices did not exceed pre-2008 recession levels until 2021. The latest data as of October 2025 ended the month at \$625,000, which is difference of -1.6% from last year. The median price usually hits its seasonal low in the fall and its high in the spring. The table clearly shows that detached homes in the Coachella Valley have generally maintained the price gains they made after the pandemic.

COACHELLA VALLEY MEDIAN DETACHED PRICE – SOURCE: THE DESERT HOUSING REPORT, OCT. 2025



At the end of October 2025, the median number of “days in the market” in the Coachella Valley was 59 days, which is 13 days higher than last year. The median selling time in the region has generally been running between 40 and 55 days over the last two years,

COACHELLA VALLEY DAYS ON MARKET – SOURCE: THE DESERT HOUSING AUTHORITY, OCT. 2025



Coachella Valley Luxury Home Market

The Coachella Valley is home to some of the most exclusive private residential communities in Southern California. The majority of the high-end luxury residential communities are located in Indian Wells, Rancho Mirage, and La Quinta, including the Madison Club, the Hideaway, and the Bighorn. It is important to note that the subject site has an address in Coachella; however, it is within the outer southwestern most boundary of Coachella, and it situated within a few blocks of the most affluent developments in the Coachella Valley. Our interviews with market participants indicated that the luxury home market is not typically influenced by high interest rates but greater economic uncertainty has impacted sales pace, which prompted more incentives offered by sellers. Moreover, luxury home sales in the Coachella Valley are also somewhat challenged by the lack of newer inventory. Many of the luxury homes were built before 2009, which provides an opportunity for the proposed subject property.

In conclusion, our research shows the Coachella Valley, especially the luxury segment, has been moderately impacted by the high interest rate environment and economic uncertainty, which is reflected in the comparatively high levels of

Comparable Regional Branded Properties

inventory. However, pricing remains near record high levels with little to no declines in some submarkets. Overall, the outlook for the market remains positive given the strong population base in the Los Angeles basin and the growing popularity of the Coachella Valley among homebuyers from colder climates.

The proposed subject whole ownership component is expected to appeal to a unique set of buyers who are attracted to the location, brand, and product (i.e., a whole ownership product with a rental program). Given the overlapping buyer profiles throughout the region for similar product types, we have reviewed recent sales of other branded residences throughout the greater California market.

The Residences at Stanly Ranch

The Residences at Stanly Ranch comprise of 70 three- to six-bedroom single-family homes (“Vineyard Homes”) and 40 two-bedroom, turnkey furnished resort residences (“Villas”). These residences are situated within Stanly Ranch’s 712 heirloom acres of rolling California vineyards, eucalyptus trees, and walking and biking trails. The Vineyard Homes feature eleven floor plans which include single-level, two-level, and three-level layouts which range from 2,300 to 5,600 square feet of indoor living space. All homes feature private, heated pools, lush, covered courtyards, gourmet kitchens, covered loggias, and offer optional upgrades for outdoor fire pits and outdoor kitchens, and two interior design color palette selections owners may choose from. Each open-layout great room is highlighted by vaulted ceilings and an exquisite marble fireplace set between connections to outdoor lounge venues, ideal for entertaining guests. The primary suites feature a spa-inspired bath, outdoor shower, fireplace, and walk-in closet. Owners of the Vineyard Homes also have the option to join the Stanly Ranch Club; membership of the club offers residents access to facilities and amenities at the nearby 130-room Stanly Ranch, an Auberge Resort.

The Villas feature two floor plans, both of which offer roughly 1,780 square feet of indoor living space. Vaulted ceilings and full-height glass doors open to a covered, outdoor venue overlooking vineyards and inspired contemporary architecture. The villas are fully furnished and include dual temperature-controlled wine columns, spa-inspired bath with heated floors, and multiple stone fireplaces. Exterior spaces include an outdoor lounge and built-in outdoor kitchen. These condominium-style Villas are also supported by a rental management program.

The first phase of Stanly Ranch’s residential development was completed in September 2024, which includes 24 Vineyard Homes and 20 Villas. The publicly available sales prices of the 3 Vineyard Homes and 1 Villas that were sold in 2024 averaged \$1,950 per square feet.

Four Seasons Private Residences Napa Valley

The Four Seasons Private Residences Napa Valley comprise 20 one- and two-story villas that offer between 2,500 to 3,460 square feet of interior living space. All twenty Residences feature two full master bedrooms with five-fixture bathrooms, walk-in closets, an owner's wine cellar, luxuriously appointed dining and entertaining spaces, and generous covered outdoor terraces for relaxing with family and friends in a vineyard setting. Each Residence also includes a full two-car garage and spacious closets and storage for full-time residence. Owners of these residences also have the option of participating in a rental management program operated by the adjacent Four Seasons Resort Napa Valley.

The publicly available sales prices of the 19 residences that were sold between 2021 and 2024 averaged approximately \$1,715 per square feet.

Montage Residences Healdsburg

The Montage Residences Healdsburg comprise 25 turnkey Harvest Homes and 15 custom Estate Homesites, all of which are eligible to participate in a rental management program. The Harvest Homes feature two-level, four-bedroom layouts offering 3,132 square feet of indoor living space and include amenities such as a private plunge pool, a dedicated garage with convenient golf cart access, and a lock-off secondary primary bedroom suite.

The Estate Homesites are set across two enclaves—the northern enclave can be sited for custom homes, while the southern homesites offer site-specific home designs. Each homesite sits amidst shady groves of carefully preserved native trees and provides a generous canvas upon which to build a distinct wine country estate.

The publicly available sales prices of the 17 residences that were sold between 2022 and 2024 averaged approximately \$1,870 per square feet.

Sales of the three comparable branded residences indicate a pricing range of \$1,714 to \$1,985 per square feet. However, it is important to note that as the effective date of this report, Stanly Ranch was still in the early stages of selling its first phase of residential development.

The pricing of various brand residential comparables from throughout California are illustrated in the following table.

These data are summarized in the following table.

COMPARABLE BRANDED RESIDENCES IN CALIFORNIA - SALES SUMMARY

Comparable	Notes	Total # of Units	Year Built	Period Analyzed	# Units Sold	Avg. SF/Unit Sold	Avg. Sale Price/Unit	Avg. Price/SF
Mandarin Oriental Residences, Beverly Hills	Residential Only	54	2022	2022 to 2024	10	2,166	\$6,966,001	\$3,216
The Residences at Stanly Ranch - Vineyard Homes	Hotel & Residences	70	2022	2024	3	3,150	6,251,667	1,985
The Residences at Stanly Ranch - Villas	Hotel & Residences	40	2022	2024	1	1,790	3,200,000	1,788
Four Seasons Private Residences Los Angeles	Residential Only	58	2021	2021 to 2024	32	2,428	4,900,297	2,018
Four Seasons Private Residences at 706 Mission, San Francisco	Residential Only	146	2021	2021 to 2024	10	2,947	6,007,500	2,039
Four Seasons Private Residences Napa Valley	Hotel & Residences	20	2021	2021 to 2024	19	2,670	4,575,789	1,714
Montage Residences Healdsburg	Hotel & Residences	40	2020	2022 to 2024	17	3,132	5,853,335	1,869
Pendry Residences West Hollywood	Hotel & Residences	40	2020	2019 to 2023	10	2,509	7,202,500	2,871
Residences at West Hollywood EDITION	Hotel & Residences	20	2018	2021 to 2024	12	3,150	8,929,083	2,835
Ritz-Carlton Residences Los Angeles	Hotel & Residences	224	2010	2019 to 2024	52	1,861	1,774,330	953
Ritz-Carlton Residences Tahoe	Hotel & Residences	23	2009	2013 to 2023	24	2,172	2,778,500	1,280
Westin Verasa Napa	Condominium Hotel	160	2008	2008 to 2024	26	656	535,313	817
Fairmont Heritage Place, Ghirardelli Square	Fractional & Whole-Ownership	53	2008	2013 to 2024	6	1,302	2,231,333	1,714
Ritz-Carlton Residences San Francisco	Fractional & Whole-Ownership	76	2006	2010 to 2024	52	1,609	1,720,460	1,069
St. Regis Residences San Francisco	Hotel & Residences	101	2005	2005 to 2024	65	2,162	3,543,655	1,639
Four Seasons Private Residences San Francisco	Hotel & Residences	142	2001	2002 to 2024	78	2,007	3,037,346	1,514

Source: MLS & HVS Database

The regional branded residences sales comparables indicated a range of \$817 to \$3,216 per square foot, with an overall average sales price of \$1,832 per square foot, or a median sales price of \$1,751 per square foot.

Local Residential Comps

The Madison Club

The Madison Club is located less than two miles west of the subject site. It the highest-rated private residential community in the subject neighborhood. The Madison Club is highly exclusive, with an initiation fee of \$250,000 and annual dues exceeding \$45,000. During the period reviewed from 2023 through year-to-date 2025, ten residences within the Madison Club have been sold at prices ranging from \$5,153,750 to \$31,750,000. The average price per square foot was \$1,591, and the median price per square foot was \$1,556. Recent residential sales within the Madison Club are shown in the following table.

THE MADISON CLUB – SALES DATA 2023 THROUGH YEAR-TO-DATE 2025

Date of Sale	Address	Sale Price	SF	Price per SF	Beds	Baths	Lot	Year Built
7/01/2025	81413 Columbus Way	\$12,100,000	7,638	\$1,584	5	6	0.64	2014
4/25/2025	52395 Ross Ave	25,000,000	12,833	1,948	8	13	0.80	2024
12/19/2024	53821 Ross Ave	21,350,000	17,398	1,227	8	13	1.10	2023
12/05/2024	53205 Humboldt Blvd	12,690,000	7,526	1,686	5	6	0.76	2019
5/31/2024	53765 Humboldt Blvd	18,000,000	11,790	1,527	7	9	0.80	2024
3/13/2024	52705 Humboldt Blvd	5,153,750	4,859	1,061	5	6	0.06	2012
3/01/2024	53675 Pike Pl	10,300,000	6,169	1,670	4	5	0.47	2022
6/01/2023	53804 Ross Ave	31,750,000	15,847	2,004	6	11	0.98	2022
5/31/2023	81418 Amundsen Ave	10,500,000	6,968	1,507	4	6	0.98	2014
4/24/2023	81127 Columbus Way	10,800,000	8,085	1,336	5	6	0.85	2017
AVERAGES		\$15,764,375	9,911	\$1,591	5.7	8.1	0.74	2019

The Hideaway Club

The Hideaway Club is located adjacent to, and directly to the west of the Madison Club. The Hideaway Club is also a highly rated private residential community; however, it is not as exclusive as The Madison Club. We reviewed sales within the Hideaway Club from 2023 through year-to-date 2025. During this time frame the average price per square foot was \$1,078, and the median price per square foot was \$1,092. Recent residential sales within the Hideaway Club are presented in the following table.

THE HIDEAWAY CLUB – SALES DATA 2024 THROUGH YEAR-TO-DATE 2025

Date of Sale	Address	Sale Price	SF	Price per SF	Beds	Baths	Lot	Year Built
8/25/2025	53603 Via Mallorca	\$6,900,000	6,320	\$1,092	5	6	0.38	2025
8/11/2025	80758 Via Pessaro	5,700,000	4,940	1,154	4	6	0.59	2017
7/31/2025	80675 Via Portofino	5,300,000	5,585	949	5	6	0.36	2008
6/26/2025	53400 Via Strada	8,500,000	7,834	1,085	6	8	0.56	2023
6/04/2025	53739 Via Palacio	7,825,000	6,144	1,274	6	7	0.54	2023
3/31/2025	53667 Via Mallorca	6,400,000	5,100	1,255	4	5	0.31	2023
3/08/2025	53293 Via Bellagio	7,250,000	6,628	1,094	5	6	0.57	2025
1/28/2025	53488 Via Strada	7,250,000	6,298	1,151	5	7	0.41	2020
1/13/2025	80350 Via Capri	5,250,000	4,705	1,116	4	5	0.42	2013
1/10/2025	80670 Via Montecito	5,475,000	6,534	838	5	8	0.44	2020
1/02/2025	53699 Via Mallorca	6,900,000	5,764	1,197	4	5	0.33	2014
11/13/2024	80075 Via Pessaro	6,250,000	5,318	1,175	4	5	0.32	2008
10/15/2024	53090 Via Chante	5,695,000	4,815	1,183	5	6	0.38	2023
8/15/2024	53607 Via Palacio	5,450,000	5,349	1,019	4	5	0.52	2014
8/14/2024	52939 Via Dona	5,100,000	4,903	1,040	5	6	0.43	2008
5/06/2024	80725 Via Montecito	6,200,000	5,139	1,206	4	6	0.44	2010
3/11/2024	80637 Via Pessaro	5,175,000	5,280	980	4	6	0.34	2006
3/11/2024	80215 Via Mirasol	5,000,000	5,643	886	5	6	0.43	2010
1/22/2024	52455 Via Savona	6,700,000	6,890	972	5	9	0.50	2013
1/22/2024	53747 Via Strada	8,700,000	8,410	1,034	6	8	0.53	2021
1/12/2024	53110 Via Dona	5,175,000	5,082	1,018	5	6	0.35	2023
AVERAGES		\$6,295,000	5,842	\$1,078	4.8	6.3	0.44	2017

In addition, the following table illustrates selected recent luxury residential sales from within or near PGA West, a popular golf community and private club community in the subject neighborhood. PGA West features nine golf course designed by renown golfers such as Jack Nicklaus, Arnold Palmer and Greg Norman. This resort is marketed as the “Western Home of Golf in America.” The selected sales represented transactions that occurred from January through October 2025. The average price per square foot in 2025 was \$948, and the median price per square foot was \$944. The selected sales from 2025 within or near PGA West are listed in the following table.

SELECTED SALES WITHIN OR NEAR PGA WEST - 2025

Date of Sale	Address	Sale Price	SF	Price per SF	Beds	Baths	Lot	Year Built
10/23/2025	81860 Andalusia, La Quinta	3,100,000	3,560	871	4	5	0.31	2021
10/20/2025	84160 Lovely Sage Ct, Thermal	1,800,000	1,216	1,480	1	4	5.04	2016
10/09/2025	81621 Ronda, La Quinta	3,700,000	4,184	884	4	5	0.37	2023
10/02/2025	58791 Jerez, La Quinta	4,150,000	4,126	1,006	4	5	0.38	2014
9/30/2025	79242 Tom Fazio Ln, La Quinta	3,000,000	3,513	854	4	5	0.59	2025
9/15/2025	59627 Almeria, La Quinta	4,250,000	4,426	960	4	4	0.45	2024
4/30/2025	81594 Ronda, La Quinta	2,890,000	3,560	812	4	5	0.36	2023
4/17/2025	81965 Andalusia, La Quinta	4,500,000	4,345	1,036	4	5	0.33	2014
4/14/2025	79640 Tom Fazio Ln N, La Quinta	2,883,500	2,850	1,012	3	4	0.31	2020
4/09/2025	59535 Seville, La Quinta	4,100,000	4,126	994	4	5	0.38	2016
4/07/2025	58857 Jerez, La Quinta	4,900,000	5,193	944	4	5	0.45	2015
4/07/2025	58785 Quarry Ranch Rd, La Quinta	3,350,000	3,820	877	3	4	0.44	2019
4/01/2025	81759 Andalusia, La Quinta	2,850,000	3,253	876	4	5	0.26	2015
3/20/2025	57240 Peninsula Ln, La Quinta	3,800,000	4,519	841	4	5	0.54	2006
3/07/2025	59185 Marbella, La Quinta	5,700,000	5,356	1,064	5	6	0.37	2024
1/15//2025	81880 Andalusia, La Quinta	3,100,000	3,612	858	4	5	0.32	2021
1/07/2025	58200 Almonte Dr, La Quinta	1,300,000	966	1,346	2	1	2.24	1959
AVERAGE		3,492,559	3,684	948	3.6	4.6	0.77	2015

It is important to note that the local residential sales data represents resale homes (versus new construction) and does not benefit from a brand affiliation or private club setting.

As a last benchmark, we reviewed the presales from the former Proposed Montage Resort in La Quinta. After numerous delays, the developer was in breach of contract with the city and subsequently defaulted on the project and filed for bankruptcy in August 2024. Ten presales were made prior to the bankruptcy for five two-bedroom residences, four three-bedroom residences, and one four-bedroom residence. In our opinion, although these presales did not become confirmed sales, they are relevant benchmarks since the presales were made in the market. The average prices for the presales at the former Proposed Montage Resort are illustrated in the following table.

**Subject Sales Prices
and Sales Pace
Projection**

PRESALE SALES FOR MONTAGE BRANDED RESIDENCES - PRESALES

Unit Type	Square Feet	Average Sales Price	Average Price per SF
2BR	1,787	\$2,655,899	\$1,486
3BR	2,113	3,085,899	1,460
4BR	3,520	4,255,899	1,209

A summary of the whole ownership comparables and our reconciled price positioning of the subject's whole ownership component are illustrated in the following table.

COMPARABLES SUMMARY AND SUBJECT PRICE POSITIONING (BASE YEAR)

	Avg. SF/ Unit Sold	Average Sale Price	Average Price per SF
Regional Branded Residences	2,232	\$4,344,194	\$1,832
The Madison Club	9,911	15,764,375	1,591
The Hideaway Club	5,842	6,295,000	1,078
Within or Near PGA West	3,684	3,492,559	948
Former Proposed Montage Resort	2,473	3,332,566	1,385
Proposed COVA Coachella	1,980	\$2,574,000	\$1,300

We have positioned the subject's whole ownership price points below the regional branded residences and the Madison Club and above the Hideaway Club and other local comps within or near PGA West. A majority of the regional branded residence clubs are located in urban areas of San Francisco or Los Angeles which represents higher priced real estate and the Madison Club represents the highest luxury residential development in the market, with exclusivity with high security and the prestige of being home to several well-known celebrities. It is our opinion that the subject property's whole ownership price points should be higher than the Hideaway Club and other local comp prices given the subject's new construction, as well as consideration of the planned high-quality food and beverage outlets, wellness-focused facilities, recreation amenities and nine-acre lagoon within the resort. While the subject's reconciled price point is positioned below the pre-sale prices of the former Montage Resort, we also note that it was a failed project and the pre-sales that were sold were a small number. We believe that the reconciled price positioning of \$1,300 will allow for an efficient sales pace which is important given

the large amount of whole ownership inventory that will be sold. Furthermore, the reconciled price point can be marketed as a value proposition, especially when also considering that the owner will participate in a rental program which will offset the investment. In addition, this price positioning will allow for somewhat aggressive price increases as project sales gains momentum.

The reconciled price points, in 2025 dollars, based on our analysis of the market, is shown in the following table.

RECONCILED MARKET-BASED PRICES (BASE YEAR)

Unit Types	Avg. SF per Unit	Price Per SF	Price Per Unit
Condo-Hotel Townhomes	1,248	\$1,300	\$1,622,400
Three/Four Bedroom Villas	2,600	1,300	3,380,000
Sky Villas	4,629	1,300	6,017,700
Four/Five Bedroom Residences	4,598	1,300	5,977,400
Eight Bedroom Estates	6,740	1,300	8,762,000

We have made the following assumption for the whole ownership sellout.

- Pre-sales will begin on March 1, 2028, two years before the opening date of the property on March 1, 2030.
- We estimate 66 whole ownership units, or roughly 20% of the inventory, will be sold during the pre-sales period.
- The base price positioning will be assumed during the pre-sales period, then will increase 5.0% annually beginning on the first projection year, 2030/31.
- The total sellout period, exclusive of pre-sales, will be five years, resulting in a sellout of the subject whole ownership units in 2034/35.

The whole ownership sellout is illustrated in the following table.

WHOLE OWNERSHIP SALES PROJECTION

	Units Sold	Total SF Sold	Avg. Sales Price per SF	Sales Volume
2028/30 ^A	56	96,808	\$1,300	\$125,851,000
2030/31 ^B	41	82,052	1,365	112,001,400
2031/32 ^C	52	118,819	1,433	170,297,222
2032/33 ^D	54	136,521	1,505	205,452,044
2033/34 ^E	45	91,130	1,580	143,999,324
2034/35 ^F	41	84,786	1,659	140,673,541
	289	610,116	\$1,472	\$898,274,529

A - Pre-sales, 45 condo hotel units, 4 residences, 2 Sky Villas, and 5 Villas

B - 30 condo hotel units, 7 residences, 1 Sky Villa, and 3 Villas

C - 30 condo hotel units, 1 Estate, 8 residences, 2 Sky Villas, and 11 Villas

D - 30 condo hotel units, 5 Estates, 8 residences, and 11 Villas

E - 28 condo hotel units, 6 residences, and 11 Villas

F - 25 condo hotel units, 6 residences, and 10 Villas

Cost of Sales

The cost of sales pertains to direct costs incurred in selling the subject whole ownership such as broker commissions, sales and marketing costs, and closing fees. Broker commissions pertain to fees to be paid to listing and selling brokers. Sales and marketing costs pertain to costs incurred in the marketing to potential buyers. Costs included under this category are advertising, promotion, direct marketing, administrative costs, research, and other overhead costs. Closing fees refer to the costs associated with producing the necessary closing documents, title work, legal work, and recording fees. We have assumed a 12.50% expense ratio in our projection, as presented in the following table.

COST OF SALES

Component	% Cost
Branded License Fee	5.00%
Broker's Commission	5.00%
Legal, Escrow, and Closing Costs	1.00%
Sales and Marketing	1.50%
Total Cost of Sales	12.50%

Whole Ownership Cash Flow Forecast

Based on the above discussed parameters, we have compiled an annual cash flow forecast for the proposed subject property's whole ownership component. Our annual cash flow forecast covers the estimated sellout period from March 1, 2030 through February 28, 2035, exclusive of pre-sales (from March 1, 2028 through February 28, 2030).

WHOLE OWNERSHIP COMPONENT, PROPOSED COVA COACHELLA – CASH FLOW FORECAST

	2028/30 Presales	2030/31	2031/32	2032/33	2033/34	2034/35	Totals
Sales:							
Square Feet Sold	96,808	82,052	118,819	136,521	91,130	84,786	610,116
Price per SF	\$1,300	\$1,365	\$1,433	\$1,505	\$1,580	\$1,659	\$8,842
Total Revenue	\$125,851,000	\$112,001,400	\$170,297,222	\$205,452,044	\$143,999,324	\$140,673,541	\$898,274,529
Cost of Sales (12.5%)	\$15,731,375	\$14,000,175	\$21,287,153	\$25,681,505	\$17,999,915	\$17,584,193	\$112,284,316
Net Sale Proceeds	\$110,119,625	\$98,001,225	\$149,010,069	\$179,770,538	\$125,999,408	\$123,089,348	\$785,990,213

9. Co-Ownership Interest Share Prices and Sales Pace

Shared Ownership/ Co-Ownership Industry Overview

This chapter begins with a shared ownership/co-ownership industry overview.

This section presents an overview of the shared-ownership resort real estate industry to provide the reader with an understanding of the current state of the industry, as well as the characteristics of the industry's target markets. A brief regional overview follows the overview of the shared ownership industry.

It is important for the reader to understand the co-ownership interest is historically referred to fractional ownership and is identified within the Ragatz report (described below) as fractional interest projects or private residence clubs. The proposed subject property intends to market the "private residence club" as co-ownership interest ownership. For clarity the references to fractional interests in the industry overview are the same interest as will be sold at the proposed subject property as co-ownership interest ownership.

The information presented within this section was obtained from *The Shared-Ownership Resort Real Estate Industry in North America: 2025*, a detailed survey of the industry in 2024 in North America (including the United States, Canada, the Caribbean and Mexico). This survey was conducted in 2024 by Ragatz Associates, an internationally recognized consulting and market research firm focused on the industry.

The 2025 industry report, as prepared by Ragatz Associates, represents the 25th annual survey conducted since 1999. Findings from this report are based on telephone interviews with developers, resort managers, marketing and sales directors, and/or other appropriate contacts at all identified fractional projects that were closing sales or conducting pre-sales activity during 2024.

Some 336 fractional interest projects and private residence clubs were identified in the survey. Of the 336 developments, 26 were in active sales at the time of this report, including eight fractional interest projects and 18 private residence clubs. The 26 active projects represent the same number as in 2023, and 125 less than the 153 in the industry's peak year of 2007. During 2024, three new projects started, and three existing resorts stopped sales prior to reaching sell-out.

For the purposes of this section, it is important to distinguish the two major components of the overall fractional industry:

(1) fractional interest projects

(2) private residence clubs

The two components are similar, in that both typically sell deeded ownership in shares of vacation homes, ranging from a 1/21 share with two weeks of annual use to a 1/4 share with three months of annual use. However, the two components vary in terms of price, quality of product, and degree of service and amenities. Given these distinctions, Ragatz Associates simply assumes that product selling for less than \$1,000 per square foot falls into the fractional interest category, and product selling for more than \$1,000 per square foot falls into the private residence club category. Private residence clubs also are typically characterized by having a more prime site, as well as more services, amenities, and owner benefits.

The following table illustrates the fractional ownership resorts currently in the regional market, according to Ragatz.

FRACTIONAL OWNERSHIP RESORTS IN THE REGIONAL MARKET, ACCORDING TO RAGATZ

ARIZONA

Club At Hidden Meadow Ranch	Greer, AZ	East AZ Mountains
Quality Hill Resort Villas	Pinetop, AZ	East AZ Mountains
Rancho Manana Private Residence Club & Spa	Cave Creek, AZ	Phoenix Area
Rocks Luxury Residence Club	Scottsdale, AZ	Phoenix Area
Scottsdale Club Villas	Scottsdale, AZ	Phoenix Area
Villas at Seven Canyons	Sedona, AZ	Sedona

CALIFORNIA

Residence Club at PGA West	La Quinta, CA	Coachella Valley
4 Seasons at Desert Breezes	Palm Desert, CA	Coachella Valley
Dunes Club	Palm Springs, CA	Coachella Valley
Villas of Gold Mountain	Clio, CA	Lake Tahoe Area
The Mountain Club	Kirkwood, CA	Lake Tahoe Area
Sentinals Private Ownership Club	Kirkwood, CA	Lake Tahoe Area
Northstar Club	Northstar, CA	Lake Tahoe Area
Marriott Grand Residences Club	South Lake Tahoe, CA	Lake Tahoe Area
Sierra Shores	South Lake Tahoe, CA	Lake Tahoe Area
Tonopalo Private Residence Club	Tahoe Vista, CA	Lake Tahoe Area
Old Greenwood	Truckee, CA	Lake Tahoe Area
Northstar Lodge A Hyatt Residence Club	Truckee, CA	Lake Tahoe Area
Club at Big Bear Lake	Big Bear Lake, CA	Los Angeles Area
Villas at The Grand Del Mar	Carmel Valley, CA	Monterey Area
Calistoga Ranch	Calistoga, CA	Napa Wine Country
Orchard at The Carneros Inn	Napa, CA	Napa Wine Country
Mayacama	Santa Rosa, CA	Napa Wine Country
Residence Club at Nakoma Golf Resort	Clio, CA	Northern CA
Villas at Rancho Valencia	La Jolla, CA	San Diego Area
Residence Club on Mission Beach	San Diego, CA	San Diego Area
Fairmont Heritage Place Ghirardelli Square	San Francisco, CA	San Francisco Area
Pacaso	San Francisco, CA	San Francisco Area
80/50 Mammoth	Mammoth Lakes, CA	Yosemite Nat. Park
Obsidian	Mammoth Lakes, CA	Yosemite Nat. Park

NEVADA

Residence Club at Southshore	Zephyr Cove, NV	Lake Tahoe Area
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Unit Characteristics

At this point in the evolution of the shared-ownership industry, developments remain fairly small in size. For the 26 active developments, the average number units currently built is 26. This average is 33 units for fractional interest projects and 23 units for private residence clubs. When including under-construction and additionally planned units, the overall average increases to 30. This includes 38 units for fractional interest projects and 27 for private residence clubs. The Proposed COCA Coachella is planned to contain 61 units to be sold as co-ownership interest shares, with 248 1/8th shares from 31 units and 120 1/4th co-ownership shares to be sold from 30 units. Thus, the number of planned co-ownership units in the proposed subject property is significantly higher than the average unit count for the industry.

Unit Types

The most popular size of units in the shared-ownership industry are two- and three-bedroom units in fractional interest projects and three- and four-bedroom units in private residence clubs. The following table illustrates the industry-average (as a percentage), and the planned unit mix for the proposed subject property (as a percentage). The proposed subject property intends to sell co-ownership interest from three- and four-bedroom villa units. The final number of three- and four-bedrooms has not yet been determined; however, the planned unit mix for the subject property is aligned with the most popular unit types in the industry.

UNIT MIX

	Private Residence Club Projects	COVA Coachella
Studio Units	0.0%	0.0%
One-Bedroom Units	6.6%	0.0%
Two-Bedroom Units	23.8%	0.0%
Three-Bedroom Units	32.4%	100.0%
Four-Bedroom Units	37.1%	100.0%

Unit Size

The overall weighted average unit size of private residence clubs was 2,000 square feet in 2024. The weighted average unit sizes of private residence clubs (in 2022) and the average unit size planned for the subject inventory are summarized in the following table.

WEIGHTED AVERAGE SIZE OF UNITS

	Private Residence Club Projects	COVA Coachella
Studio Units	n/a	n/a
One-Bedroom Units	\$830	n/a
Two-Bedroom Units	1,370	n/a
Three-Bedroom Units	1,980	\$2600 *
Four-Bedroom Units	4,025	2600 *
AVERAGE	\$2,115	\$2,600

* Unit size for three- and four-bedrooms units has not yet been determined

The final decisions for the unit mix and unit size for the proposed subject property's three- and four-bedroom units have not yet been determined. Nonetheless, the planned overall size of the subject three/four-bedroom units appear to be aligned with the industry.

Size of Shares

There is a wide diversity with regard to size of share, i.e., the ratio of owners-per-unit. Some nine sizes of shares are found, ranging from a 1/21 to 1/4, inclusive of fractional interest projects and private residence clubs. According to the survey, the size of shares for private residence clubs ranges from less than 1/12 to 1/8. Some sizes are significantly more frequent, and variations exist between different projects.

The proposed subject property will offer the following use options, as follows.

- 1/8th co-ownership shares, 31 units, or 50.8% of the units
- 1/4th co-ownership share, 30 units, or 49.2% of the units

SIZE OF SHARE

Size of Share	Private Residence Clubs	COVA
		Coachella
less than 1/12	5.6%	0.0%
1/12	5.6%	0.0%
1/10 or 1/9	27.8%	0.0%
1/8	33.3%	50.8%
1/7, 1/6 or 1/5	16.7%	0.0%
1/4	11.1%	49.2%
Total	100.0%	100.0%

Among private residence clubs, 61.1% offer either a 1/10th or 1/9th share (27.8%), or a 1/8th share (33.3%). Only 27.8% offer more than a 1/8th share.

Fractional interest projects will typically offer larger share sizes. One of the reasons for variations in sizes of shares between the two components is because private residence clubs are typically in communities where land costs and construction costs are very high, and there is a scarcity of available developable land, which results in high real estate prices. Application of high prices to larger shares, such as a 1/4th share, provides a challenge for concept of a “value proposition.” Conversely, fractional interest projects are typically in locations with lower real estate prices; thus, application of lower prices (per SF) to larger shares results in fractional share prices that can still be marketed as a “value proposition” relative to alternative second-home options.

In the case of the proposed subject property, approximately 51% of the units will offer a 1/8th share, and approximately 49% of the units will offer a 1/4th share. In our opinion, the planned use plan is reasonable and market-supported, given that, combined with the whole ownership product, it will provide a range of price points that will fit to wide spectrum of potential buyers. As discussed above, typically private residence clubs do not offer a 1/4th share size because the application of a high price (on a per SF basis) results in a fractional share price that is not a value proposition relative to alternative second-home options. However, Coachella Valley, and the subject neighborhood in particular, are unique because the alternative second homes in the neighborhood are very high, typically ranging from \$3 million to \$15 million or higher. The very high real estate prices in the neighborhood should provide an opportunity to provide quarter shares (1/4th shares) as an option for longer use, while still providing a lower fractional price relative to alternatives in the market.

Use Plans/Reservation Systems

As with sizes of shares, there is a wide variety in use plans/reservation systems in the shared-ownership industry. Some are simple, providing a high degree of certainty regarding the times of the year when owners can use their vacation home, but limited flexibility. Others are complicated, providing a high degree of flexibility, but less certainty.

Three basic types can be summarized as follows:

- 1) a **'set calendar'** whereby owners have access to the exact same time every year.
- 2) a **'rotating calendar'** whereby an owner's use rotates forward on a pre-determined schedule every year (e.g., for a 1/12 share owner, the first week of each quarter in the first year of ownership, the second week of each quarter in the second year, and so forth).
- 3) a **'rotating priority'** whereby all owners have the opportunity to reserve some of their time (usually the high seasons) six to 12 months ahead of use, with duplicate reservations being addressed by a rotating priority system (e.g., owner one in year one receives their first choice, while owner two receives their first choice in year two, and owner one drops to the bottom of the pecking order, and so forth). Non-high demand time is often placed in a space-available pool for all owners to equally access.

These three basic plans vary between private residence clubs. The "set calendar" system is used at 14.5% of private residence clubs. The "rotating calendar" system is also used by 14.5% of private residence clubs and the "rotating priority" system is used by 56.3% of private residence clubs. Lastly, a hybrid/other reservation system is used by 14.7% of private residence clubs.

USE PLAN/RESERVATION SYSTEM

Use Plan/ Reservation System	Private Residence Clubs
"set calendar"	14.5%
"rotating calendar"	14.5%
"rotating priority"	56.3%
hybrid/other total	14.7%
Total	100.0%

We recommend that the proposed subject property utilize a “rotating priority” reservation system.

On-site amenities are extensive in the shared-ownership industry. The following table illustrates the availability of selected amenities at private residence clubs as well as planned at the proposed subject property.

AMENITIES

Amenity	Private Residence Club	Subject Property
Swimming Pool	78.9%	X
Exercise Facility	93.0%	X
Whirlpool Spa	63.1%	X
Restaurant	68.4%	X
Private Storage Lockers	84.2%	
Spa/Spa Treatments	71.9%	X
Tennis	33.3%	X
Golf Course	22.8%	
Fishing	14.0%	
Ski-In/Out	34.9%	
Beach	30.1%	X

As illustrated in the table above, the proposed subject property will benefit from an extensive wellness focused amenity base that will include the most popular amenities within the industry.

PRICES

At least three approaches can be used to analyze pricing structures in the shared ownership industry, including:

- Price per share.
- Price per week.
- Price per square foot.

As previously discussed, the subject property will offer approximately 51% of the inventory as a 1/8th fractional share, and approximately 49% as a 1/4th share (quarter share). Given that the 1/12th fractional share will be the primary product, for purposes of comparison with the Ragatz survey, we have focused on the subject's

1/12th fractional product. The detailed methodology for reconciling to the subject fractional price points is detailed later in this report.

Price per Share

Price per share is considered the least useful approach to compare pricing because of confusion created by mixing together different sizes of shares, ranging from a 1/15 to a 1/4. The average price per share typically increases with the number of bedrooms, as shown below.

PRICE PER SHARE

Bedrooms	Private Residence Club Projects	1/8th Share	1/4th Share
		COVA Coachella	COVA Coachella
Studio	n/a	n/a	n/a
One	\$146,250	n/a	n/a
Two	168,800	n/a	n/a
Three	440,800	\$490,000	\$980,000
Four	816,750	490,000	980,000
Average	\$519,050	\$490,000	\$980,000

As previously mentioned above, the price per share analysis is the least useful approach to compare pricing because of confusion created by mixing together different sizes of shares. However, we note that the overall average share price for private resident club projects is \$519,050 which falls between the projected price for the subject property's 1/4th and 1/8th shares.

Price per Week

A second way of analyzing pricing is on a per week basis as this approach equalizes the sizes of shares. This figure is arrived at by dividing the price of the share by the number of usage weeks. As shown below, the overall average per week price for private residence clubs was \$90,175 in 2024.

PRICE PER WEEK

	Private Residence	COVA
Bedrooms	Club Projects	Coachella
Studio	n/a	n/a
One	\$23,625	n/a
Two	35,150	n/a
Three	85,800	\$81,667
Four	130,700	81,667
Average	\$90,175	\$81,667

Per week prices also vary according to the number of bedrooms and size of share. Note that we have assumed that the subject's owners will have six and twelve usage weeks annually for the 1/8th and 1/4th share, respectively. The subject's usage results in the same price per week for the two share sizes.

Price per Square Foot

Generally, the most useful approach in analyzing share prices in the shared-ownership industry is on a per square foot basis. This figure is calculated by dividing the forecast gross sellout per unit (for a given unit type) by the total interior square feet in the unit.

Average per square foot prices also vary in accord with the number of bedrooms, as shown below.

PRICE PER SQUARE FOOT

	Private Residence	COVA
Bedrooms	Club Projects	Coachella
Studio	n/a	n/a
One	\$1,650	n/a
Two	1,600	n/a
Three	2,050	\$1,508
Four	1,600	1,508
Average	\$1,650	\$1,508

From our review of the Ragatz survey, given that 38.9% of private residence clubs have an average price per square foot of \$2,000 or more (as shown in the following table), it appears that some projects in very high real estate markets have weighted the average price for the industry higher relative to the average project. This likely explains why the subject's price per square foot is marginally lower than the weighted average price per square foot for the industry.

The following table illustrates the distribution of prices per square foot at the private residence clubs who participated in the Ragatz survey.

DISTRIBUTION OF AVERAGE PRICE PER SQUARE FOOT

Average Price Per Square Foot	Private Residence Clubs
\$1,000 to \$1,499	50.0%
\$1,500 to \$1,999	11.1%
\$2,000 or more	38.9%
Total	100.0%

Overall, the industry average price provides support for the proposed COVA Coachella's planned pricing as being reasonable.

Co-Ownership Ownership Overview – Coachella Valley

We have researched co-ownership resorts in the Coachella Valley. Based on our research there are two co-ownership resorts in the market that are in active, first-generation fractional sales, as follows.

- PGA West Residence Club, La Quinta
- Picaso – 46 individual homes located in Palm Springs (33), Cathedral (9), Palm Desert (8), Indian Wells (8), and La Quinta (8)

In addition, there are two older legacy co-ownership resorts, 4 Seasons at Desert Breezes (Palm Desert) and Dunes Club (Palm Springs), that have been sold out of first-generation co-ownership interest inventory for several years.

PGA West Residence Club is considered a significantly lower quality product compared to the proposed subject property, with very limited amenities. PGA West Residence Club offered two share sizes, 1/9th (\$120,000) and 1/4th (\$250,000). The lower share prices reflect the lower quality level.

The Picaso co-ownership product comprises 46 individual homes with a varying level of quality, but it is important to note that there are no amenities or support facilities associated with the Picaso co-ownership product.

The Picaso business model is to acquire high-end real estate in popular vacation markets. These are purchased under newly created limited liability companies, or LLCs, which serve as the financial vehicles for the Picaso transaction. Picaso typically targets luxury homes worth between two to four times the median cost of housing in an area. After any renovations, remodeling, and furnishings that Picaso finds necessary, the company divides the LLCs that own its homes into 1/8th shares, which are marketed to potential investors by local real estate agents. To calculate the price of the shares, Picaso adds the home preparation expenses at-cost to the acquisition price of the home and divides it by eight. Picaso then adds a service fee to each of the shares, which is how the company makes money on the initial transaction.

As an example of how the model works in the Coachella Valley, at one home in Palm Springs, which Picaso has named “Amber” (the company names all of its properties), this formula translated into 1/8th shares which sell for \$569,000 each, for a total home “value” of \$4,552,000. Property records indicate that Picaso purchased the home in February 2023 for \$3,350,000. Thus, the total renovation costs, inclusive of the Picaso service fee (profit), equated to \$1,202,000.

After all the shares in a home are sold, Picaso transitions to a property management role. It arranges service and maintenance on the property and coordinates co-owners’ use of the home through a digital scheduling platform. Picaso charges a per-share monthly fee for these services, which serves as a secondary source of revenue for the company.

Owners of the 1/8th shares are allowed to reserve use of the home for up to 44 days annually. Each share entitles owners to use one “special date” per year, which includes peak-demand periods such as Christmas.

Currently, Picaso offers a variety of price points for a 1/8th share in the Coachella Valley, ranging from \$115,000 to \$695,000, depending on the quality level of the home, as well as the locational attributes.

Pricing Conclusion

It is our opinion that there are no true comparable co-ownership resorts in the Coachella Valley. The proposed subject property will be a luxury level, wellness focused resort with a wide range of amenities and facilities that will represent a new standard for this market. We have placed primary weight for our pricing conclusion on our review of the whole ownership comparables that were detailed in the previous report chapter, *Residential Prices and Sales Prices*. We believe this is a

Methodology for Premium Relative to Whole Ownership

reasonable approach given that the villas that will contain the co-ownership units, will also be sold as whole ownership units. Furthermore, since co-ownership interest is an alternative to a second-home purchase, the methodology for whole ownership is considered a reasonable approach.

As detailed in the previous chapter, we concluded to a base price of \$1,300 per square foot for whole ownership. The co-ownership units will average 2,600 square feet, the application of \$1,300 per square foot results in a whole ownership value of \$3,380,000 for the co-ownership villas.

The methodology of applying a 1.5 to 2.0 multiplier to the whole ownership value to arrive at the gross sellout potential of the unit on a co-ownership basis is the standard pricing methodology in the co-ownership industry. The multiplier of 1.5 is the most commonly used, with the higher end of the scale reserved for projects of extreme luxury and quality.

Other factors that influence a higher multiplier are locations considered “first tier” nationally or internationally recognized resort locations, scarcity of the destination attraction (such as a limited ski season, etc.), high barriers to entry for new real estate development, and acceptance of the product in the market.

The proposed subject property is expected to be developed at an above average luxury and quality level. However, we note that the sales comparables included homes that represent generally an equal level of luxury and quality levels. The other factors for mark-up consideration, including scarcity of the destination and barriers to entry, are considered average for the industry. Based on consideration of each of these factors, we concluded that a multiplier of 1.5 is appropriate for the proposed subject property.

The mark up calculation utilizing a 1.5 factor to calculate the subject share prices, is illustrated in the following table,

MARK UP CALCULATION OF THE SUBJECT CO-OWNERSHIP SHARE PRICES

	<u>Three/Four-Bedroom</u>
Square Feet	2,600
Price Per SF	<u>\$1,300</u>
Whole Ownership Market Value Per Unit	\$3,380,000
Mark-Up	<u>1.5</u>
Adjusted Market Value Per Unit (Annual)	\$5,070,000
1/8th Share	\$633,750
1/8th Share (Rounded)	\$634,000
1/4th Share	\$1,267,500
1/4th Share (Rounded)	\$1,267,500

Sales Pace

The total number of co-ownership interests are summarized in the following table.

SUMMARY OF SUBJECT CO-OWNERSHIP INTERESTS

	<u>Units</u>	<u>Total Shares</u>	<u>Price Per Share</u>
1/8th Co-Ownership Shares	31	248	\$634,000
1/4th Co-Ownership Shares	30	120	\$1,267,500
Total/Average	61	368	\$840,576

The sales pace for the co-ownership sellout is projected with a similar proportional sales pace as the subject's whole ownership, given that the co-ownership interests will be sold as an alternative option for prospective buyers.

We have made the following assumption for the co-ownership interests sellout.

- Pre-sales will begin on March 1, 2028, two years before the opening date of the property on March 1, 2030.
- We estimate 27 co-ownership interests, or roughly 9.5% of the inventory, will be sold during the pre-sales period.

- The base price positioning will be assumed during the pre-sales period, then will increase 5.0% annually beginning on the first projection year, 2030/31.
- The total sellout period, exclusive of pre-sales, will be five years, resulting in a sellout of the subject co-ownership interests in 2034/35.

The co-ownership interest sellout is illustrated in the following table.

CO-OWNERSHIP INTEREST SALES PROJECTION

	1/8th Shares Sold	1/4th Shares Sold	1/8th Share Price	1/4th Share Price	Total Sales Volume
2028/30 *	20	15	\$634,000	\$1,267,500	\$31,692,500
2030/31	35	22	665,700	1,330,875	52,578,750
2031/32	43	22	698,985	1,397,419	60,799,568
2032/33	50	21	733,934	1,467,290	67,509,796
2033/34	50	20	770,631	1,540,654	69,344,632
2034/35	50	20	809,163	1,617,687	72,811,863
	248	120	\$11,920	\$2,956,143	\$354,737,108

* Pre-sales, March 1, 2028 through February 28, 2030

Sales and Marketing Expenses

Sales and marketing costs include payroll and related expenses, commissions, advertising, marketing lead generation program costs, and overhead expenses related to the sales and marketing function.

Overall industrywide sales and marketing expenses averages, as percentage of gross sales, for co-ownership resorts range from 12% to 22% with most falling in the 15% to 22% range. For the subject's co-ownership product, we utilized a sales and marketing expense ratio of 16% in the first projection year, stabilizing at 15% in the second projection year, and thereafter throughout the sellout period.

Co-Ownership Interest Cash Flow Forecast

Based on the above parameters discussed above, we have compiled an annual cash flow forecast for the proposed subject property's co-ownership interest component. Our annual cash flow forecast covers the estimated sellout period from March 1, 2030 through February 28, 2035, exclusive of pre-sales (from March 1, 2028 through February 28, 2030).

CO-OWNERSHIP INTEREST COMPONENT, PROPOSED COVA COACHELLA – CASH FLOW FORECAST

	2028/30 Presales	2030/31	2031/32	2032/33	2033/34	2034/35	Totals
Sales:							
1/8th Shares Sold	20	35	43	50	50	50	248
1/8th Share Sales Price	\$634,000	\$665,700	\$698,985	\$733,934	\$770,631	\$809,163	
1/8th Shares Sales Revenue	\$12,680,000	\$23,299,500	\$30,056,355	\$36,696,713	\$38,531,548	\$40,458,126	\$181,722,241
1/4th Shares Sold	15	22	22	21	20	20	120
1/4th Share Sales Price	\$1,267,500	\$1,330,875	\$1,397,419	\$1,467,290	\$1,540,654	\$1,617,687	
1/4th Shares Sales Revenue	\$19,012,500	\$29,279,250	\$30,743,213	\$30,813,083	\$30,813,083	\$32,353,738	\$173,014,867
Total Revenue	\$31,692,500	\$52,578,750	\$60,799,568	\$67,509,796	\$69,344,632	\$72,811,863	\$354,737,108
Sales & Marketing	\$5,070,800	\$8,412,600	\$9,119,935	\$10,126,469	\$10,401,695	\$10,921,779	\$54,053,279
Net Sale Proceeds	\$26,621,700	\$44,166,150	\$51,679,632	\$57,383,327	\$58,942,937	\$61,890,084	\$300,683,829

10. Club Membership Program

The private members' club sector is experiencing growth driven by exclusivity and premium amenities. A significant development in the sector has been the emergence of private members' clubs within branded residential developments. One transformative trend reshaping the private member's club sector is the integration of comprehensive health and longevity services. The wealthy are not just seeking exclusivity anymore, they are seeking longevity, and some clubs are positioning themselves as partners in this pursuit by providing access to wellness facilities and programs.

The growing trend for longevity and wellness provides an opportunity for the proposed subject property to attract memberships from the high-income neighborhoods which are located within close proximity to the resort who have interest in longevity and wellness.

The concept of the proposed subject property will be focused on wellness and was designed to be the premier destination for wellness in the Coachella Valley, featuring wellness focused facilities such as an on-site longevity clinic, two-story fitness center, luxury spa, immersive outdoor onsen, 25-meter lap pool, and an island dedicated to yoga and meditation. The subject property's planned membership club is designed to blend a sense of community, sports, wellness, longevity, along with access to the resort's food and beverage outlets and their own private beach in the desert.

The benefits of the proposed subject property's club membership will include, but not be limited to, the following amenities and facilities.

- Access to all food and beverage outlets, including featured restaurants at the Clubhouse, waterfront dining, and specialty restaurants within the private gates.
- Access to sports facilities, including tennis, pickleball, padel, pickleball, fitness center, and beach volleyball.
- Access to state-of-the-art wellness and longevity programming.
- Access to all lagoon-based amenities and activities, including paddle boarding, kayaking, beach cabanas, surf machine, kid's area, and over an over the water zip line.

- Private entry to the Cova Beach Club, including free access to the public beach club for all music and entertainment venues.

Profiles and summaries of membership club comparables are illustrated in the following table.

MEMBERSHIP CLUB COMPARABLES

The Battery, San Francisco, CA

Members: 5,000

F&B and Event Spaces, Fitness Center, Spa, Member Events

Initiation Fees: \$1,000 (non-refundable)

Annual Dues: \$2,700

Rosewood Miramar Club, Montecito, CA (Santa Barbara)

Members: Approximately 200

Beach Cabanas, Fitness Center, Spa, Fine Dining, Beach Butler Service

Initiation Fees: \$200,000

Annual Dues: \$25,000

Auberge Stanley Ranch Club, Napa, CA

Members: Approximately 50

Fitness Studios and Classes, Spa, Private Pool, Fine Dining, Programmed Events

Initiation Fees: \$100,000 (included in home purchase price)

Annual Dues: 2BR - \$2,500 / 3BR - \$3,000 / 4BR - \$3,500 / 5BR - \$4,000

Soho House, 44 Locations Worldwide

Members: Over 190,000 Members Worldwide

Varies by Location but Typically includes Fitness Center, Spa, Culinary Offerings and Private Dining

Initiation Fees: \$460 to \$1,080 based on age and access

Annual Dues: \$1,350 to \$4,899 based on age and access

San Vicente Bungalows, West Hollywood, CA (also club locations in Santa Monica, CA and New York City)

Members: Over 750 (highly selective, requires nomination by a member, but does not confer acceptance)

Grand Dining Room (restaurant and bars), Private Dining, Terrace, Pool

Initiation Fees: \$7,500

Annual Dues: \$4,200

The net operating revenue from the proposed subject property's membership club component has been forecast based on a ramp up in membership to the cap of 2,000. The cap is expected to be in place to maintain the exclusivity of the membership club program, as well as to maintain the resort's capacity level to provide a high service level. Our forecast assumes that the cap will be reached in the second projection year. Based on our review of various membership clubs, we forecast an initiation fee of \$250 and annual dues of \$2,500 in the first projection year. The initiation fees and dues are expected to increase annually at the underlying rate of inflation (3.0%). A member turnover rate of 5.0% has also been forecast. Membership expenses are anticipated to include payroll for a membership concierge manager. Additional expenses would include membership invitation costs, marketing, welcome kits, member-specific programs, and other minor item. We have projected an expense ratio of 5.0% of total membership revenue.

MEMBERSHIP CLUB SALES PROJECTION

Membership	2030/31	2031/32	2032/33	2033/34	2034/35
New Members	1,000	1,050	100	100	100
Members Turnover (5%)		(50)	(100)	(100)	(100)
Total Members	1,000	2,000	2,000	2,000	2,000
Membership - Initiation Rate	\$250	\$258	\$265	\$273	\$281
Membership - Annual Rate	\$2,500	\$2,575	\$2,652	\$2,732	\$2,814
Membership - Initiation Fees	\$250,000	\$270,375	\$26,523	\$27,318	\$28,138
Membership - Annual Dues	\$2,500,000	\$5,150,000	\$5,304,500	\$5,463,635	\$5,627,544
Total Membership Revenue	\$2,750,000	\$5,420,375	\$5,331,023	\$5,490,953	\$5,655,682
Less Membership Expense (5%)	\$137,500	\$271,019	\$266,551	\$274,548	\$282,784
Net Membership Revenue	\$2,612,500	\$5,149,356	\$5,064,471	\$5,216,406	\$5,372,898

11. Statement of Assumptions and Limiting Conditions

1. This report is set forth as a market study of the proposed subject hotel; this is not an appraisal report.
2. This report is to be used in whole and not in part; furthermore, all statements of assumptions and limiting conditions apply to the entire report, including any additional forms or addenda items presented.
3. No responsibility is assumed for matters of a legal nature, nor do we render any opinion as to title, which is assumed marketable and free of any deed restrictions and easements; the property is evaluated as free and clear unless otherwise stated.
4. We assume that there are no hidden or unapparent conditions of the sub-soil or structures, such as underground storage tanks, that would affect the property's development potential. No responsibility is assumed for these conditions or for any engineering that may be required to discover them.
5. We have not considered the presence of potentially hazardous materials or any form of toxic waste on the project site. We are not qualified to detect hazardous substances and urge the client to retain an expert in this field if desired.
6. The Americans with Disabilities Act (ADA) became effective on January 26, 1992. We have assumed the proposed hotel would be designed and constructed to be in full compliance with the ADA.
7. We have made no survey of the site, and we assume no responsibility in connection with such matters. Sketches, photographs, maps, and other exhibits are included to assist the reader in visualizing the property. It is assumed that the use of the described real estate will be within the boundaries of the property described, and that no encroachment will exist.
8. All information, financial operating statements, estimates, and opinions obtained from parties not employed by HVS Consulting & Valuation, are assumed true and correct. We can assume no liability resulting from misinformation.
9. Unless noted, we assume that there are no encroachments, zoning violations, or building violations encumbering the subject site.
10. The property is assumed to be in full compliance with all applicable federal, state, local, and private codes, laws, consents, licenses, and regulations (including the appropriate liquor license if applicable), and that all licenses,

permits, certificates, franchises, and so forth can be freely renewed or transferred to a purchaser.

11. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless specified otherwise.
12. None of this material may be reproduced in any form without our written permission, and the report cannot be disseminated to the public through advertising, public relations, news, sales, or other media.
13. We are not required to give testimony or attendance in court because of this analysis without previous arrangements and shall do so only when our standard per-diem fees and travel costs have been paid prior to the appearance.
14. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material presented in this report, it is recommended that the reader contact us.
15. We take no responsibility for any events or circumstances that take place subsequent to the date of our field inspection.
16. The quality of a lodging facility's onsite management has a direct effect on a property's economic viability. The financial forecasts presented in this analysis assume responsible ownership and competent management. Any departure from this assumption may have a significant impact on the projected operating results.
17. The financial analysis presented in this report is based upon assumptions, estimates, and evaluations of the market conditions in the local and national economy, which may be subject to sharp rises and declines. Over the projection period considered in our analysis, wages and other operating expenses may increase or decrease because of market volatility and economic forces outside the control of the hotel's management. We assume that the price of hotel rooms, food, beverages, and other sources of revenue to the hotel will be adjusted to offset any increases or decreases in related costs. We do not guarantee that our estimates will be attained, but they have been developed based upon information obtained during the course of our market research and are intended to reflect the expectations of a typical hotel investor as of the stated date of the report.
18. This analysis assumes continuation of all Internal Revenue Service tax code provisions as stated or interpreted on either the date of this analysis or the date of our field inspection, whichever occurs first.
19. Many of the figures presented in this report were generated using sophisticated computer models that make calculations based on numbers carried out internally to many decimal places. In the interest of simplicity,

most numbers have been rounded to the nearest tenth of a percent; thus, these figures may be subject to small rounding errors.

20. It is agreed that our liability to the client is limited to the amount of the fee paid as liquidated damages. Our responsibility is limited to the client; the use of this report by third parties shall be solely at the risk of the client and/or third parties. The use of this report is also subject to the terms and conditions set forth in our engagement letter with the client.
21. Evaluating and comprising financial forecasts for hotels is both a science and an art. Although this analysis employs various mathematical calculations to provide projections, the final forecasts are subjective and may be influenced by our experience and other factors not specifically set forth in this report.
22. This study was prepared by HVS Consulting & Valuation. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by our staff as company employees, rather than as individuals.

Gary L. Johnson

Employment

<i>2015</i>	HVS CONSULTING & VALUATION Vice President Miami, Florida
<i>2004 to 2014</i>	HVS CONSULTING & VALUATION Senior Consultant Miami, Florida
<i>2002 to 2004</i>	HCI-HOTEL CONSULTING INTERNATIONAL Consulting and Valuation Analyst Miami, Florida
<i>1992 to 2002</i>	LUXBURY HOTELS Operations Assistant Cincinnati, Ohio

Education

Southern University
Bachelor of Science – Business Administration
Collegedale, Tennessee

Professional Affiliations

Certified General Appraiser #RZ-3512
(Florida)

Partial List of Properties Evaluated:

UNITED STATES

California

- The Club at Big Bear Village, Big Bear Lake
- Hilton Grand Vacations Club @ MarBrisa, Carlsbad
- Laguna Cliff Marriott, Dana Point
- Welk Mountain Villas, Escondido
- Proposed Vina Bello Resort, Napa
- Proposed Palazzo Lido, Newport Beach
- Inn at the Park, San Diego
- Proposed eSuites, San Jose
- Hyatt Residence Club, Truckee

Colorado

- Grand Lodge on Peak 7, Breckenridge
- Hotel Monaco, Denver
- Best Western Rio Grande, Durango
- Proposed Hyatt Place, Durango
- Wyndham, Steamboat Springs
- Proposed Four Seasons, Vail

Florida

- Tidemark Beach Resort, Anna Maria Island
- Turnbury Isle Resort, Aventura
- Marriott, Boca Raton
- Proposed Cedar Key Village, Cedar Key
- Mona Lisa Suites Hotel, Celebration
- Sandpearl Resort, Clearwater Beach
- Summer Bay Resort, Clermont
- Proposed Harbor Club, Cocoa Beach
- Doubletree, Coconut Grove
- Residence Inn, Coconut Grove
- Plantation Inn, Crystal River
- Wyndham Airport, Dania Beach
- Holiday Inn Express, Davenport
- Comfort Suites, Davie
- Perry's Ocean Edge Resort, Daytona Beach
- Plaza Resort & Spa, Daytona Beach
- Hampton Inn, Daytona Beach Shores
- Holiday Inn Express, Daytona Beach Shores
- Hilton, Deerfield Beach
- Hampton Inn & Suites, Estero

- Seaside Amelia Inn, Fernandina Beach
- Holiday Motel, Florida City
- AmeriSuites, Fort Lauderdale
- Best Western Inn, Fort Lauderdale
- Best Western Oakland Park Inn, Fort Lauderdale
- Best Western Rolling Hills, Fort Lauderdale
- Holiday Inn Commercial Ave, Fort Lauderdale
- Proposed Hyatt Centric, Fort Lauderdale
- Proposed Orion Resort, Fort Lauderdale
- Proposed Trump Hotel, Fort Lauderdale
- Westin Beach Resort & Spa, Fort Lauderdale
- Radisson Sanibel Gateway, Fort Myers
- Best Western Beach Resort, Fort Myers Beach
- Diamondhead Island Beach Resort, Fort Myers Beach
- Comfort Inn, Fort Pierce
- Hampton Inn, Fort Walton Beach
- Gainesville Hotel & Conference Center, Gainesville
- SpringHill Suites, Gainesville
- Proposed Runway Resort, Hollywood
- Days Inn South, Jacksonville
- Proposed eSuites, Jacksonville
- Courtyard by Marriott, Jensen Beach
- Sheraton, Key Largo
- Days Inn, Key West
- Proposed PRC, Key West
- Best Western Maingate East, Kissimmee
- Howard Johnson West, Kissimmee
- Mystic Dunes Resort, Kissimmee
- Proposed Oakwater Resort, Kissimmee
- Villas at Old Town, Kissimmee
- Westgate Town Center, Kissimmee
- Best Western, Lake Buena Vista
- Royal Plaza Hotel, Lake Buena Vista
- Wyndham, Lake Buena Vista
- Super 8, Lantana
- Hilton, Longboat Key
- Sheraton Orlando North, Maitland
- Proposed b2 Hotel, Miami
- Best Western Airport West, Miami
- Proposed Courtyard Dolphin Mall, Miami
- Proposed Design District Hotel, Miami
- Fairfield Inn & Suites, Miami
- Hampton Inn Blue Lagoon, Miami

- Proposed Hilton Garden Inn Airport, Miami
- Proposed Homewood Suites Airport, Miami
- Hotel Vila, Miami
- Proposed Le Meridien, Miami
- Mandarin Oriental, Miami
- Proposed Microtel Airport, Miami
- Proposed Shangri-La, Miami
- Sheraton Miami Airport, Miami
- Proposed Westin Airport, Miami
- Proposed Cabana on Collins, Miami Beach
- Claridge Hotel, Miami Beach
- Clevelander Hotel, Miami Beach
- Crowne Plaza Z Ocean Hotel, Miami Beach
- Hotel Eva, Miami Beach
- Wyndham, Miami Beach
- Courtyard by Marriott, Miramar
- Residence Inn, Miramar
- Hilton, Naples
- Holiday Inn, New Smyrna Beach
- Adam's Mark, Orlando
- Proposed Bella Vista Hotel, Orlando
- Proposed Floridan Hotel, Orlando
- Orlando Vista Hotel, Orlando
- StaySky Resorts (4 locations), Orlando
- Westgate Lakes Resort, Orlando
- Westgate Palace, Orlando
- Westin Universal Blvd, Orlando
- Days Inn / Scottish Inn, Ormond Beach
- Bay Point Marriott, Panama City Beach
- Proposed Pensacola Beach Resort, Pensacola Beach
- Renaissance, Plantation
- Residence Inn, Plantation
- Best Western, Port St Lucie
- Best Western Spanish Quarters, St Augustine
- Holiday Inn, St Augustine
- Ocean Sands, St Augustine
- Best Western Ocean Inn, St Augustine Beach
- Tradewinds Resort Complex, St Pete Beach
- Proposed Zamora Hotel, St Pete Beach
- Proposed Hyatt Place, St Petersburg
- Best Western Beach Resort, Sanibel Island
- AmericInn, Sarasota
- Proposed Embassy Suites, Sarasota
- Holiday Inn Lido Beach, Sarasota
- Proposed Westin, Sarasota
- Crowne Plaza, Singer Island
- Hampton Inn Ybor City, Tampa

- Mainsail Conference Center, Tampa
- Ramada, Titusville
- Liki Tiki Village, Winter Garden

Georgia

- Jekyll Island Resort, Jekyll Island

Illinois

- Hotel Monaco, Chicago

Hawaii

- Hilton Hawaiian Village, Honolulu
- Shell Vacations Club Waikiki, Honolulu
- Proposed Hyatt Vacation Club, Kapaa, Kauai
- Hilton Kings Land Resort, Kona
- Proposed Hyatt Vacation Club, Lahaina, Maui

Kentucky

- Extended Stay America (2 locations), Lexington
- Extended Stay America (3 locations), Louisville
- Homestead Studio Suites, Louisville

Louisiana

- Bluegreen Club La Pension, New Orleans
- Frenchman Orleans, New Orleans
- Sheraton, New Orleans

Missouri

- Colonnade Resort, Branson
- Grand Crowne Resorts, Branson
- Grand Regency Resort, Branson
- Stormy Point Village, Branson
- Westgate Woods Resort, Branson
- Bluegreen Paradise Point, Hollister

Montana

- St Marys Lodge, St Marys

Nevada

- Desert Rose Resort, Las Vegas
- Elara, A Hilton Grand Vacation Club, Las Vegas
- Hilton Grand Vacation Club, Las Vegas
- Westgate Planet Hollywood, Las Vegas

New Hampshire

- Proposed Riverwalk at Loon Mountain, Lincoln

New Jersey

- Legends Resort, McAfee

New Mexico

- Proposed eSuites, Albuquerque

New York

- Gurney's Inn, Montauk
- Villa Roma, Callicoon

North Carolina

- Quality Inn, Burlington
- Best Western, Cary
- Proposed eSuites, Charlotte
- Hyatt Place, Charlotte
- Proposed Embassy Suites, Winston-Salem
- Holiday Inn Select, Winston-Salem
- Proposed Marriott, Winston-Salem

Rhode Island

- Vanderbilt Hall Hotel, Newport

South Carolina

- Hilton, Hilton Head Island
- Hampton Inn & Suites, Mount Pleasant
- Proposed Hilton Ocean 16, Myrtle Beach
- Westgate Oceanside Resort, Myrtle Beach

Tennessee

- Marriott, Chattanooga
- Westgate Smoky Mountain Resort, Gatlinburg

- Baymont Inn, Goodlettsville
- Extended Stay America (2 locations), Knoxville
- Fairfield Inn, Memphis
- Proposed boutique hotel, Nashville
- Blackberry Farm Resort, Walland

Texas

- Proposed Staybridge Suites, Austin
- Flying L Guest Ranch, Bandera
- Proposed Hotel and Conference Center, Mercedes
- The Falls Resort, New Ulm
- Salado Creek Villas, San Antonio
- Proposed Timeshare Resort, South Padre Island

Utah

- Sunrise Lodge, Hilton Grand Vacations, Park City
- Westgate Resort & Spa, Park City
- Hotel Monaco, Salt Lake City

Virginia

- Proposed Hotel, Bowling Green
- Bluegreen Patrick Henry Inn, Williamsburg
- Colonial Crossings, Williamsburg

Wisconsin

- Bluegreen Odyssey Dells, Wisconsin Dells

CANADA

British Colombia

- Mountainside Lodge, Whistler

CARIBBEAN

Antigua

- Proposed Hotel, Crump Peninsula

Bahamas

- Abaco Beach Resort, Abaco
- Proposed Papillon Resort, Exuma

Bermuda

- Coral Beach & Tennis Club, Paget
- The Reefs Resort & Club, Southampton

Haiti

- Amiga Island Proposed Resort, Amiga Island
- Cormier Plage Resort, Cap Haitien
- Habitation Joussant, Cap Haitien
- Mont Joli Hotel, Cap Haitien

Puerto Rico

- Aquarius Vacation Club, Dorado

St Barthelemy

- Isle de France

St John

- Proposed Pond Bay Club

St Kitts

- Proposed Mandarin Oriental

St Maarten

- Oyster Bay Beach Resort, Dawn Beach
- Proposed Embassy Suites, Philipsburg

CENTRAL AMERICA**Costa Rica**

- Proposed Canyon Ranch Resort, Guanacaste
- Proposed Crowne Plaza, Playa Hermosa

Panama

- Proposed Buenaventura Resort, Playa Blanca
- Proposed Lazur Hotel, Naos Island

SOUTH AMERICA**Columbia**

- Proposed Hyatt Regency, Cartagena

OTHER INTERNATIONAL**Dubai**

- Proposed Timeshare Resort, Dubailand