



Reform Lodging

May 17, 2020

Mr. Christopher J. Nassetta
President and Chief Executive Officer
Hilton Worldwide Holdings, Inc.
7930 Jones Branch Drive
McLean, Virginia 22102

Re: Hilton CleanStay with Lysol Protection Program

Dear Mr. Nassetta,

On behalf of Hilton franchisees, we would like to extend our gratitude to you and the executive team for your leadership navigating the company through this ongoing Covid-19 pandemic. These are unprecedented times with uncertainties, the likes of which no one has quite experienced before. To date, Hilton's relief efforts have helped owners at the property level to some extent – but more assistance is desperately needed.

While state and local economies across the United States have started reopening for business, we will find ourselves operating our hotels amidst a dramatically altered landscape. The very amenities that we took pride in offering to our guests such as breakfast buffets, communal lobby workspaces, and meeting rooms will have new operating protocols, or will cease to exist altogether. To completely ensure guest safety and confidence in our products, robust cleaning regimens and disinfection programs will be vital initiatives. However, a more thorough cleanliness standard will come at a cost – adding further layers of complexity to most franchisees' already precarious financial positions.

Recent media reports suggest that Hilton has \$3.8 billion in cash on hand. Pre-selling nearly \$1 billion in Hilton Honors points helped to shore up your company's liquidity position. You also stated, Mr. Nassetta, that "We have taken precautionary measures to protect our business, including securing our liquidity position. Given the strength of our system and dedication of our people, we believe we are well-positioned to navigate this crisis and ultimately recover stronger." This is excellent news for your operating model and shareholders, but certainly not for your franchisees, who own the bricks and mortar that fly the Hilton brand flags. We do not have the luxury of being asset-light or having billions in liquidity and are struggling to steer **our** companies through this time. PPP and EIDL loans can only get us so far and provide only short-term relief – unfortunately, these programs are evolving but as they stand, loan forgiveness is only extended to a very specific expense criteria. Furthermore, we were exiting slow winter months, in anticipation of the busier spring and summer season. With our peak season expected to pass us



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by, how will we manage to get through this upcoming fall and winter, without further financial distress, or worse, insolvency?

We are looking forward to the Hilton CleanStay with Lysol Protection enhancements, as they are a much needed measure. Competing brands have followed suit, and industry stakeholders such as the American Hotel and Lodging Association have introduced programs such as “Safe Stay” to let the public know that we are vested in their safety.

As Hilton’s new cleanliness initiative continues to evolve, we have one request that can ease a tremendous burden on our recovery efforts: ***In a show of unity and partnership, can you ensure that the new trainings, tools, and cleaning supplies will be offered to franchisees without costs incurred by them?*** Historically speaking, when new initiatives are introduced, franchisees are mandated to work with approved vendors in procuring products. With rebates provided back to brands such as Hilton, vendor mandates become a profit center in themselves. It is our sincere hope that in light of this devastating pandemic, the franchisee’s financial condition is taken into consideration.

The recent public statements suggest that Hilton is in a fiscally sound position. Making an investment into your franchisees’ recovery with the necessary complimentary training, tools, and products to commit to a safe stay for our guests, will be a true “torchbearer” worthy effort. It will provide relief to franchisees who are saddled with accrued expenses and additional debts. Assurance of compliance with Hilton’s new cleaning standards will be an added benefit by this act of generosity.

We look forward to your thoughts on this relief request and welcome a conversation with you and your leadership team.

Yours in Hospitality,

A handwritten signature in blue ink, appearing to read 'Sagar' followed by a long horizontal flourish.

Sagar V. Shah
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A handwritten signature in blue ink, appearing to read 'Rich Gandhi' followed by a horizontal flourish.

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