



# Reform Lodging

August 13, 2020

Mr. Peter M. Kern  
Vice Chairman & Chief Executive Officer  
Expedia Group, Inc.  
1111 Expedia Group Way West  
Seattle, WA 98119

Mr. Glenn D. Fogel  
Chief Executive Officer & President  
Booking Holdings  
800 Connecticut Avenue  
Norwalk, CT 06854

**Re: Covid-19 OTA Relief Program for Hotel Partners**

Dear Mr. Kern & Mr. Fogel,

We hope you and your families are staying healthy during this truly unprecedented year. The Covid-19 pandemic has decimated the hospitality and tourism industries, with more uncertainty on the horizon. We write to you on behalf of over 1,500 domestic and internationally based hotel owners who are active contributors and members of our non-profit organization, Reform Lodging. This organization was founded in April 2020, amidst the initial stages of the coronavirus crisis, and has experienced robust growth in a short duration of time. We are a hospitality industry think tank and advocacy organization, looking to uphold and protect the interests of hotel owners globally.

Owning bricks and mortar businesses, our members have more to worry about than our hotel operations alone during this time of economic calamity. With multi-million-dollar debt service obligations, and real estate property taxes to add to our essential operational expense burden we are navigating across uncharted territory. Federal assistance and loan facilities such as the Paycheck Protection Program (PPP) and SBA Economic Injury Disaster Loans (EIDL) in the United States, as well as the Coronavirus Business Interruption Loan Scheme (CBILS) in the United Kingdom are not going to be sufficient relief for hotel owners to make it through this crisis, particularly if restrictions are tightened and we find ourselves combatting another wave.

Expedia Group, Inc. & Booking Holdings have grown exponentially over the last decade, acquiring many competitors along the way to dominate the OTA sector. The value proposition of offering inventory to OTAs as an independent or franchised hotel property, has been one of delivering an additional revenue stream to properties, irrespective of locale. We consider ourselves to be your partners, offering daily inventory on your booking platforms and working in unison to ensure our mutual customers are wholly satisfied. During this crisis, our brand partners have reduced their fees, relaxed brand standards, allowed for pauses to and deferrals for capital expenditures, reduced their technology and revenue management fees, and offered discounted services from third party suppliers. Therefore, the \$275 million Partner Recovery Program introduced by the Expedia Group was a welcomed gesture, with marketing credits being offered along with a temporary reduction of partner commissions. To date, we have not learned of relief programs from Booking Holdings, but we suggest that the executive team actively considers methods to provide relief to their partners. With respect to Expedia's program, independent and small chain hotel partners will see some semblance of relief. Our members with franchised hotels, however, are largely dependent on the negotiations with brand partners, who have existing systemwide commission agreements in place. While we remain hopeful

that these conversations are occurring, it is our sincere desire to see efforts directed towards your franchisee hotel partners.

We are cognizant that this unprecedented global downturn means that your business does not escape unscathed. Unfortunately for our members, some are looking at an existential crisis and facing untenable losses. Your commissions are only earned when bookings occur, and there is no denying that this crisis has caused substantial losses to your respective companies. For your lodging partners, when reservations become scarce, their livelihoods are in jeopardy and the erosion of life savings are a clear and present danger. It then becomes incumbent upon our members to preserve capital and operate with a reduced expense posture, because of the unknown and ongoing uncertainty.

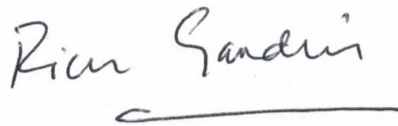
In the spirit of hospitality and collective unity, we hope to have a conversation with your teams about potential long-term concessions and temporary relief programs that could be considered for not only our members, but your hotel partners across the globe. The economic sustainability of our hotels is at risk and we as small business owners, do not have the resources or means to shore up immediate liquidity. We are relying on governmental assistance, relief measures by our brand partners, loan deferments from our lending partners, and any other measure which would allow us to remain solvent.

The hospitality industry is a resilient one and we will make it through these daunting times together. This will, however, require camaraderie and acts of good faith between partners and stakeholders across the lodging spectrum. Our leadership team aims to have a productive conversation with you to share our perspectives as hotel owners, and work on a relief plan which serves our mutual interests – one that will further our partnership for years to come.

Yours in Hospitality,



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