

PROPERTY MANAGEMENT AGREEMENT

Property: Luxury Hotel San Francisco

Agreement Date: August 22, 2023

Effective Date: January 1, 2024

CONTRACTING PARTIES

Owner: Golden Gate Hospitality Holdings LLC

Address: 2500 Financial District Plaza, Suite 4800, San Francisco, CA 94111

Contact: Margaret Chen, Managing Partner

Phone: (415) 555-0401

Email: m.chen@gghhholdings.com

Management Company: Luxury Hotel Chain Management Corp.

Address: 1000 Luxury Boulevard, Beverly Hills, CA 90210

Contact: Richard Sterling, Senior Vice President

Phone: (310) 555-0189

Email: r.sterling@luxuryhotels.com

PROPERTY DETAILS

Hotel Name: Luxury Hotel San Francisco

Address: 123 Union Square, San Francisco, CA 94108

Property Type: Urban luxury hotel

Guest Rooms: 285 total rooms

- 215 Standard King/Queen Rooms
- 45 Junior Suites
- 20 Executive Suites
- 5 Presidential Suites

Meeting Facilities:

- Grand Ballroom (capacity: 400 guests)
- 8 meeting rooms (capacity: 15-80 guests each)
- Business center and executive boardroom

Food & Beverage Outlets:

- Signature restaurant (120 seats)
- Rooftop bar and lounge (80 seats)
- Coffee shop and grab-n-go market
- 24-hour room service

Additional Amenities:

- Full-service spa (8 treatment rooms)
- Fitness center with personal training
- Valet parking (180 spaces)
- Concierge and business services

MANAGEMENT SCOPE & RESPONSIBILITIES

Operational Management

The Management Company shall have full authority and responsibility for:

Daily Operations:

- All hotel operations including front desk, housekeeping, maintenance
- Food and beverage operations management
- Sales and marketing activities
- Guest services and concierge operations
- Staff hiring, training, and supervision

Revenue Management:

- Room rate optimization and yield management
- Group sales and catering coordination
- Online distribution channel management
- Revenue forecasting and budgeting
- Market positioning and competitive analysis

Financial Management:

- Monthly financial reporting and analysis
- Budget preparation and variance reporting
- Accounts payable and receivable management
- Payroll processing and benefits administration
- Insurance claims management and coordination

Maintenance & Capital Improvements

Routine Maintenance:

- Preventive maintenance programs
- Emergency repair coordination
- Vendor relationship management
- Environmental and safety compliance
- Energy management and sustainability initiatives

Capital Planning:

- Annual capital expenditure planning
- FF&E; (furniture, fixtures, equipment) replacement schedules
- Major system upgrades and renovations
- Brand standard compliance improvements

FINANCIAL TERMS & COMPENSATION

Management Fee Structure

Base Management Fee: 3.5% of gross operating revenue

Incentive Management Fee: 15% of gross operating profit exceeding budgeted GOP

Fee Calculation Examples

- **Monthly Gross Revenue:** \$2,850,000
- **Base Management Fee:** \$99,750 (3.5% of revenue)
- **If GOP exceeds budget by \$150,000:** Additional \$22,500 incentive fee

Additional Fees

Marketing & Reservation Systems: 2.8% of room revenue for brand marketing and central reservation system access

Technology Fee: \$15 per occupied room for property management system and guest services technology

Owner Responsibilities - Financial

- All operating expenses and debt service
- Capital expenditures and major maintenance
- Property taxes and insurance premiums

- FF&E; reserve fund: 4% of room revenue annually

PERFORMANCE STANDARDS & BENCHMARKS

Revenue Performance Targets

Year 1 (2024) Projections:

- Gross Operating Revenue: \$34.2 million
- Average Daily Rate (ADR): \$385
- Occupancy Rate: 78.5%
- Revenue Per Available Room (RevPAR): \$302
- Gross Operating Profit Margin: 42%

Market Position Goals:

- Maintain top 3 ranking in luxury segment within 5-mile radius
- Achieve RevPAR index of 115% vs. competitive set
- Guest satisfaction score: minimum 4.6/5.0 average

Operational Excellence Standards

Guest Experience Metrics:

- Average response time for guest requests: under 10 minutes
- Check-in process completion: under 3 minutes
- Housekeeping room readiness: 98% by 3:00 PM
- Restaurant service standards: 95% satisfaction rating

Employee Performance:

- Annual employee turnover: below 35%
- Training completion rate: 100% for new hires within 90 days
- Safety incident rate: below industry average
- Employee satisfaction survey: minimum 4.0/5.0 rating

BRAND STANDARDS COMPLIANCE

Physical Standards

- Property must maintain all brand standards as outlined in current Brand Operations Manual

- Guest room renovations required every 7 years minimum
- Public space updates required every 5 years minimum
- All brand signage and marketing materials must be current

Service Standards

- Luxury service training for all guest-facing employees
- Concierge certification for front desk supervisors
- Sommelier-certified staff for restaurant operations
- Spa therapy certifications for wellness staff

Quality Assurance

- Monthly brand inspection reports
- Annual third-party quality assessment
- Mystery shopper evaluations quarterly
- Online review monitoring and response protocols

TERM & TERMINATION

Initial Term: 10 years commencing January 1, 2024

Renewal Option: Two 5-year extensions at Owner's discretion

Early Termination: Either party may terminate with 180 days notice under specific conditions

Termination for Cause

Owner may terminate if:

- Management Company fails to maintain brand standards
- Gross operating profit falls below 85% of budget for consecutive 12 months
- Material breach of agreement terms not cured within 60 days

Management Company may terminate if:

- Owner fails to fund operations or required capital expenditures
- Owner interferes with day-to-day management operations
- Owner defaults on property debt affecting operations

Transition Period

Upon termination, Management Company agrees to:

- Provide 90-day transition assistance to new operator

- Transfer all operating licenses and permits
- Provide complete records and documentation
- Train replacement management team

INSURANCE & RISK MANAGEMENT

Required Insurance Coverage

General Liability: \$5 million per occurrence, \$10 million aggregate

Property Insurance: Full replacement cost coverage

Workers' Compensation: Statutory requirements for all states

Cyber Liability: \$2 million coverage for data breaches

Employment Practices Liability: \$3 million coverage

Risk Management Protocols

- Monthly safety inspections and incident reporting
- Annual emergency preparedness drills
- Guest and employee safety training programs
- Compliance monitoring for all regulatory requirements

REPORTING & COMMUNICATION

Financial Reporting

- **Daily:** Flash reports (occupancy, ADR, RevPAR)
- **Weekly:** Seven-day rolling forecast and cash flow
- **Monthly:** Complete P&L; statement and balance sheet
- **Annual:** Comprehensive business plan and budget for following year

Operational Reporting

- Monthly operational review meetings
- Quarterly business review presentations
- Annual strategic planning sessions
- Ad-hoc reporting for special circumstances

INTELLECTUAL PROPERTY & CONFIDENTIALITY

Brand Usage: Management Company grants limited license to use Luxury Hotel brand name, trademarks, and operating systems during the term of this agreement.

Confidentiality: Both parties agree to maintain confidentiality of:

- Financial performance data
- Guest information and preferences
- Proprietary operating procedures
- Strategic business plans and competitive information

Data Ownership: All guest data, financial records, and operational information remains property of Owner, with Management Company serving as custodian during management term.

SIGNATURES

Golden Gate Hospitality Holdings LLC

Signature: _____

Name: Margaret Chen

Title: Managing Partner

Date: August 22, 2023

Golden Gate Hospitality Holdings LLC

Signature: _____

Name: Thomas Liu

Title: Chief Financial Officer

Date: August 22, 2023

Luxury Hotel Chain Management Corp.

Signature: _____

Name: Richard Sterling

Title: Senior Vice President

Date: August 22, 2023

Luxury Hotel Chain Management Corp.

Signature: _____

Name: Diana Rodriguez

Title: Regional Director of Operations

Date: August 22, 2023

This agreement shall be governed by California law. Any disputes shall be resolved through binding arbitration administered by the American Arbitration Association in San Francisco, California.