

The Village Dallas | All Company Conference Call April 9, 2024

Jon Gray:

Hi, everyone. Thanks, Mark, for the introduction and holding over the group while we're getting ready for everyone to join.

So, wanted to take some time to spend with everyone because we do have a lot of great updates. A lot of things are going on here at the village - a lot on the commercial side. And that's why we did title this a "commercial update," but I want to spend a minute to just give some shout outs to a lot of a lot of teams one on the residential side.

I think the sales team has done a great job capturing some of the vacancy that we saw towards the end of last year and at the beginning of this year. Really, really great job closing the gap on that vacancy.

Want to highlight that for the first time ever we hit budget across the whole portfolio. The commercial business and the residential business both hit their budget. We had some shortfalls in revenue on the residential side, but the teams did a really great job managing expenses to get us there for the first quarter. And on the commercial side, for the first time ever, we hit budget, made some money in several venues, managed our expenses and saw just some really great momentum that will carry us throughout the rest of this year.

Now, we did budget the first quarter appropriately, I would say. I think, for the year, we stretched all of the teams to have some pretty aggressive goals. But we knew that we were gonna have to build into that. We gave ourselves some opportunities in the first quarter that is going to get harder and harder to hit each quarter, but I'm excited to see how the team is responding. The results from the first quarter, everyone's excited. We shared the results of ownership and [they're] incredibly excited about what we've done. And frankly, it's led to a lot of confidence in the updates that I'm about to share.

The ownership team is very happy and pleased with the operations, marketing, and sales teams that we have here on site. The executive team has done a really good job of pulling the teams together. All of you have responded very well to a lot of different change.

I recently celebrated my first year here at the village earlier in March. I have been here for one year now and we've done a lot in one year. It's been pretty exciting to see how the teams have responded to all that change.

I'd really like to give a shout out to the events team and the design team. We've really built an amazing in-house design capability, coupled with Aaron Vampran. Tori, Aly, and the rest of the team have come together and put some amazing designs together. They have given those designs to Bethany and team and what they've been able to build in less than 90 days is really something that I've never seen done at a company before. Everyone should be really proud of what we've been able to do.

I love what we're seeing from the design and construction folks, but I want to also give a shout out to all the operations and marketing folks, because there has been a lot of change. We're literally building the plane while we fly it. And while that's natural on the commercial side of the business, as commercial centers typically go through various iterations to determine the right mix is, and right uses, we're doing a lot in a very short amount of time - while maintaining operations in a lot of other businesses. So, I just want to say thank you to everyone for all the extra work that's been going into taking The Village into its next chapter.

As far as the results, where we saw some of the biggest highlights for the first quarter in the commercial side of the business, the Drey Hotel continues to crush it. They're doing a great job and we're seeing that momentum carry into April, May, and beyond. The rates are through the roof. They're continuing to grow. More to come, but that has led to some really exciting opportunities for us in the future for the hotel.

And then just a shout out to the Sandy Pickle team, really coming out of the gate swinging with a very profitable month in March and exceeding budget - far exceeding budget - for the first quarter. So, thank you to those teams.

One last thing I want to note. We talked a little bit about the financials, but really excited to see that the review scores on the residential side are continuing to go up. So, great job! I know there's been a lot of new ways to do things. With the pool last summer, I know there were some growing pains, especially finding new ways that we do events and pool activations. But, congrats and thank you to the residential team for working through those growing pains.

So let's get into some of the updates. The reason that we're here today is we've got a lot of changes coming down the pipeline on the commercial side and wanted to share those updates with you.

If you haven't been down the commercial main street in a while, come checkout the new murals that we have up. We've got three new murals and I think it's done a lot to add some energy and vibrancy to the space. One of the things that we, as an executive team have been focused on is trying to create more warmth and more life in the common areas here on Main Street and I think the murals have done a great job. We'll share some more information on this, where they're from, some background, and some of the inspiration of the pieces.

Greg Gove is the artist who did the Roundhouse mural. Maury Pullman is the artist who did the "together" sign behind Over Under. And Avery Drendorf did the piece here at the lofts. More information to come on that, but just wanted to share who those artists were. They all did a phenomenal job. I think they captured the inspiration we gave them and I think they nailed the execution and brought a lot of great creativity to the table. So, now that the murals are up, we are exploring more signage opportunities. We know we have some challenges there. People don't know where to go, where to park, how to find the leasing offices, Sandy Pickle, etc. We know we've got more work to do there and, frankly, we were waiting on better understanding what the venue mix is going to look like, because we are going to shift

some things around. I'll share that here in a second. But we didn't want to come in and put a whole signage plan out here and then just have to come back out and update it again. But, I think now that we've got a pretty good sense of what's going where, we'll start to see some more signage come up. We also wanted to have more prominent signs come up in the across the portfolio as well

So, next up is going to be our Beach Club. The Beach Club is getting a significant investment and an enhancement going into next season. Last season, we had five cabanas and we had a decent sound system, a sound system that was good for just playing some playlists and having some kind of just sound out there. But, we are going to lean into the success that we all saw with the Beach Club of last year. We know there's a great opportunity and we have an amazing market here in Dallas. We can be the only game in town for an amazing pool / day club experience. And we're leading into that. We're making the right investments into that. We're going from 5 cabanas to 21 cabanas. We've got some other opportunities for sellable real estate, more daybeds, more lounges, and more loungers out there. We're expanding the dance floor area. We're adding a bar. And we are completely overhauling the sound system. Not only will that give us the opportunity to attract bigger name DJs for live performances, it will also help us constrain the sound to the pool area. You know, there's still going to be some sound. I won't lie, there's going to be some sound at the residential towers, but we are very mindful and have brought in some great sound engineers. We did a lot of acoustic studies and we're going to have dampeners throughout, so we're hopeful those will work well to confine the sound as best we can - the bass especially - to the pool area.

So, really excited about that I think we've also brought in some really talented individuals that we'll announce here. Excited to announce some key leadership additions and consultant additions that are going to help us elevate the service game. Morgan and her team did a great job the first year. We learned a lot. We have a lot of opportunity to offer an even better experience and bring in a higher end clientele and really drive some great minimums. That, coupled with giving Morgan and team a good investment on the entertainment side, you're gonna see a robust entertainment calendar and we're really excited for the grand opening, which will be on Memorial Day weekend. We're working hard to get the pool back a couple of weeks early, so that we can start doing parties here in May though. So, in May, you'll start to see the pool come to life and that'll carry all the way through into September.

Mark just put up, yeah, we've got the website www.villagebeachclub.com. We've launched that. You're going to start to see some really cool exciting marketing materials start to come out to tell that story. We'll start announcing some talent soon too, but, The Village really will be a great place to come hang out.

Frankly, one of the things that was exciting for me, and I know this is anecdotal, but at the gym, I've been stopped a few times now by people who are new residents. They shared that they found out about The Village because they went to a pool party and they loved what they saw. They had to be a part of this whole experience and they've moved in because of it. So, we do know it's translating and helping the residential side. But, we also know that it did cause some pain in the first year. And, again, just want to stress how thankful we all and acknowledge what our team went through last summer to help us get there. I think that,

again, the sales team did a great job of selling and telling folks what they're getting [at The Village] and I think really filling the residential towers with the right type of resident who is looking for this experience.

Next up, after the Beach Club, in March we'll be overhauling Over Under. Yesterday was the last day Over Under was open with the old menu. We're adding pizza! We heard from you, and we heard from residents, that pizza was a big gap in our offering, so we're adding the woodfired pizza oven into the Over Under space. We'll be doing pizza by the slice, whole pies, and overhauling the whole menu over there. We're going to keep the best stuff and add an amazing pizza component.

We're really making it a true sports bar: a place that you could come in and watch the game. We know that we don't have one great focal point to watch the game. So, we're going to be adding a large projection screen so you can watch the big games on that. We're adding a lot more TVs. We're darkening the space a little bit, making it a little bit more moody, less of a cafeteria vibe when you walk in there, darkening it a little bit. Everyone looks better when the lights are lower; I certainly do!

You know, we're really excited about the direction of Over Under. We're going to add games as well. We're going to really take the best elements of the game room and, you know, add more to Over Under. It'll be a great place to come play pool, darts, shuffleboard, pop a shot, watch the game, get a pizza - a whole pie or a slice. It'll be a great place for the teams that are playing out on the fields to come in and hang out after the game - before and after the game.

Over Under is set to reopen mid-May, so we're working hard on getting that done. Again, I'm blown away by what this design and construction teams can do. The amount of things they manage to put into their timelines is unreal. Repeat though, Over Under closed as of yesterday, but we'll be opening here in a little over a month. So excited for that to come online.

I mentioned the success of the hotel. The hotel continues to just exceed expectations both from a revenue standpoint and an experience standpoint. We are now considered in the top echelon of hotels here in Dallas. We're in the same comp set as the Swexan and the Jewel, which are some of the top properties here in town. We are more of a modern luxury type property, but I think we offer an approachable feel. We offer a very high level of service. We were getting great reviews and the rates are reflecting that as well. People love what we're doing at the hotel.

With that, we are looking at some really cool opportunities to expand the hotel offering into the Roundhouse tower. We're still working out all the details of that, but we're excited about the opportunity to have more hotel inventory: more sweet product. There will be a lot more to come on that, but I wanted to just share again how excited we are about future that we see for hotel here. There's a lot of questions that we're still working through, but we're excited about the direction the hotel. So, again, thank you to that team for all you've done on the hotel side.

Meridian. So, Meridian got a great new chef and great new general manager. I think that's worth just sending out another announcement and an introduction. I think I'd love to get the teams in, maybe do smaller groups that come in and meet the chef and have a little tasting. But, know that the teams have been working really hard on where Meridian's going. We know that that Meridian's food is incredible. I think there's a lot of opportunity on the ambiance and the energy. I think we want to we want to add some more energy into that space. We want to make the menu great, but we also want to make it a place that people will come more than once a year for a special occasion. But we still want to maintain that level of a higher-end experience. We feel that there's a need in the marketplace for where we see Meridian going and we've got an amazing team that can take us there.

In addition to that, we are looking at design and construction enhancements to the space as well. Namely, we are looking to cover the patio. We're exploring what that would look like, what the investment would be for that. We're doing those things in parallel. Like I said, "build it while we fly it." We're staying. We're open now. We're making enhancements to the menu along the way. But, more to come on the design and construction and how we will be storytelling the next chapter - the evolution - of what meridian is.

Be ready, also, for much bigger signage opportunities. Same for Over Under. There's a lot of really cool signs coming that will give them more of a prominence that'll stand out here on Main Street, whereas, today, you could drive by or walk by Main Street and not really see much signage at all. We're going to celebrate those spaces and go loud and proud with signage.

Buzz and Bustle and Bodega. So, this one I'm really excited about. This one will likely come online in mid-summer. With the success that we've had at Buzz and Bustle, I mean it is packed all the time, and the team down there does an amazing job. People love the coffee. They go down there and love the team. They're very passionate about the experience and the product they offer. And that translates really well to the guests and residents know that people seek out Buzz and Bustle as a coffee destination even if they don't live here. We want to celebrate all the success that we've had there and expand that offering.

What we're going to do is move Buzz and Bustle and Bodega back down to the Mogo space. Why we like it down there is for a couple of reasons. One, it's at the property entrance and will be part of the arrival experience. And we're going to expand that footprint. It's going to allow us to do all the great things that Buzz does today. Obviously, we have a great coffee component. We're going to add a lot more offerings from Doughregarde's, by way of breakfast offerings, sandwiches, and other light bites. We're going to expand the hours, as well as add a beer and wine program. We have the layout; the design team has done a really great job. We've got the spaces for people to plug in their laptops and do work. We've got the places for people to kind of hang out on the couches and talk. We're going to add two stage opportunities for live entertainers, stand ups. There's a lot of different programming that we can do in the space. And then, in the back corner, we're taking the best of Bodega and expanding that footprint to have an even better assortment in offerings. So, we'll have a little grocery component, where you can get your beer and all the staples, plus some really

cool local artisanal products. Plus, you've got this great lounge kind of environment. The Buzz and Bustle coffee experience will be able to expand into a bigger coffee roaster and an expanded menu.

Just really excited about what Buzz is going to do. The other reason why we like it down there on that corner is that it's an amazing complement to the leasing office. We want to incorporate Buzz and Bustle into that journey when folks come in, when they come in to experience The Village for the first time and they're looking at where they should live. Leasing could buy a coffee at Buzz and Bustle for guests. You can walk right in and see that energy, get a great cup of coffee, and start (or end) your tour there.

There are more benefits to it too. It's closer in proximity to the hotel and, if we expand the hotel and get even more rooms there, we will have more hotel guests that will come down into Buzz and Bustle - where it's a little bit further walk where it is today. More to come on the timing of that, but we're thinking kind of mid-summer for Buzz and Bustle, then we'll have more information coming soon on what replaces the Buzz and Bustle and Bodega spaces. We're assessing that to find and define the highest and best use for that space.

One of the key components I failed to mention when discussing the pool is that we're expanding and enhancing the arrival experience. So, where you enter the pool today, down that kind of corridor adjacent to Buzz and Bustle, we're going to move the primary entrance to the center of where the valet comes in at Meridian. That'll help us expand the entrance and add a really cool arrival experience. It kind of frames the pool as you come out. And it really helps with drop off for Ubers and Lyfts, because we know we get a lot of that traffic to come for the day club. That'll allow us to potentially do even a bigger patio experience for the Buzz and Bustle space.

Hotel expansion I've talked about. So, let's discuss the showrooms. The new shopping area is one of the things that I'm really excited to see. The progress that has happened in the last year here (and where it's going) is phenomenal. The team has done a great job curating amazing concepts inside of the artisan lofts. We've got everything from the Southern Candle Company to Mended, with amazing stories. If you don't know [Mended's] story, you should go check them out.

We've got HD skin, who did an amazing, really incredible high end build out there and have a ton of clients that come in through there

I'm really, really pumped because I can't wait for our new tenant; I'm kind of in need of some new tattoos. I need some more ink. I can't wait to go down and talk to the ladies that own new tenant, Electric Field. They did a little soft opening this Saturday. They're going to have a big grand opening moment here in the coming weeks, but we're really excited about what they offer. It's a female-owned tattoo parlor. They're just really cool group of people.

That's the thing that I love about The Village and the types of curation that's happening here - not only from the residence standpoint, but the types of people that we have filling these lofts and coming here on a daily basis. It's just a really fun, dynamic community. Go down

and just talk to any of the store owners and they're all just great people. As soon as you meet them, you're rooting for them. You want to see them do well and send business their way.

I'll admit, I'm just really excited to go down there and get my next tattoo. I was told I have to do some type of Sandy Pickle tattoo, because we made a bet that the first month it made money, we all get tattoos. So, I think Aaron and I are gonna go get pickle tattoos. I don't know if Aaron signed up for that or not yet, but I just signed him up, so he's gonna get a tattoo too.

In addition to the showrooms, we have some enhancements coming for Barkin' Creek. We've been working with them, making some changes there. Coming down the pipeline is expanded retail offerings, expanded food program, additional services, and tweaking the hours to fit our residents. So just some minor things, but I think it will add a lot to that space as well.

One of the groups that I didn't mention, as they were busy behind the scenes mostly during the first quarter, is private events. Their results are coming in now through the rest of this year. We have a really solid team that have done a great job laying a foundation. You know, in private event sales, you're selling stuff for 18 to 24 months in the future and we're starting to see the fruits of their labor. That team was brought in last year and has done a great job at adding more business to the pipeline as well. Additionally, our private event sales team has done a great job of getting us out there into the marketplace. The Sandy Pickle's got a private event, seemingly, every day, thanks to Brittini. Thomas has done a great job as well, leading the team and guiding a lot of really big important groups. He has a way of getting us in the conversation. And that takes a lot of work.

A lot of effort has gone into attracting large groups. One of the groups the team has brought in, although I would have been proud to just be considered, is the World Championships of Softball. The UAE Teams, all of the 18-year-old softball teams from around the world, will be coming here to have their championship games over the next two years. In September, that'll happen. End of August, early September, that will bring 40,000 people to town. They'll fill the hotel. They'll fill the restaurants. And they'll be playing the primary games here, which will bring a lot of different media platforms that will be out there, shining the spotlight on The Village. We will be getting a lot of great exposure for this - and a ton of great revenue - and a lot of traffic here for the softball championships.

So, kudos to the team for that! That's a big event and there will be a lot more information coming. We'll all need to be on our A-game for that, because we'll have a lot of people coming here that will be great potential future guests for us as well.

Let's talk event plans. So, I talked a little bit about the events we're hosting. I have to tell you, it was phenomenal being here yesterday during the eclipse. It was just a fun day where you had residents and you had visitors all here together. There were over 1,000 people out on the lawn. I was over at Sandy pickle. (Thanks, Lexi, for playing Totally Eclipse of the Heart during the moment of totality, which is a great song to pick. She didn't know what that song was, and that made me feel old. But we played it nonetheless.)

It was a really cool experience. I'd say, overall, we had over 2,500 people here across the portfolio, and just everyone walked away happy and had a great experience. There's more of those types of things coming too.

The events team pulled off an amazing holiday pop up here on the second floor of the VCC. We have more of those types of things planned. We have more concerts planned. We've got more with the pool and all the activations there. We've hired a new director of day and night life, who's going to come in and help us program La Mina, Sandy Pickle and the Village Beach Club.

All that to say, there's a lot of shit going on here at The Village and you should all be proud of everything that you're doing and really excited about being a part of it.

I'm happy to report the financials for the first quarter. I'm eager to look forward to the future. I know it's going to be tough. I know it's going to be hard. We all stretched the teams to hit some pretty big goals, but I'm confident that we have the team and the facilities to execute against the plan.

So, with that, I think we wanted to save some time for Q&A.

Hopefully there were some questions in the chat. Any questions, Rebekah or Mark?

Q: Will there be gluten free pizza?

A: A couple of the biggest questions are about gluten free pizza. It's a good question. Yes, I think we can. Brandy said we're looking at the cauliflower crust or cauliflower pizza like they used to.

Q: When are we getting tattoos?

A: Let's get them. Let's go get some tattoos. Let's get the tattoo shop past their soft opening this weekend. They'll be opening here in the next week or two with a grand opening.

Q: The Den?

A: Yeah. So, the Den. Okay, so one of the things that we haven't addressed yet, although we're looking into it, is a playground. Where would we put the playground? The Den is a option for that. There are some other areas that we're looking at. For a playground, we hear the residents want that. We know. We would like to see it [geographically] closer to the commercial side. So, you know, being a dad myself, I'd like to grab a beer while letting the kids run around the playground. But, to the question, we are looking at what is the highest and best use of the Den.

I'm looking at the chat here.

Q: Lighting versus shaded areas at the pool?

A: Oh, yes. We are adding more shade elements. There'll be a big bar that will be shaded. There is going to be shade elements as you come into that entrance. That's just a big wide open space today. We're gonna have furniture and shade there. We're going to work all the lighting elements. All the cabanas are going to be lit. The landscaping is going to be lit. If you haven't noticed, we had to replace the tree in the center of the pool. It just got put in this week. It looks great, though all that landscaping will be lit as well. So, yes. We definitely are adding shade and lighting elements to the pool is part of the plan.

Q: Any news for Anise reopening?

A: So, Anise, right now, is serving as a wine bar, with a very limited menu. As most of you may know, we have a large undertaking with the plan I've just laid out, so let's get Over Under going. Let's get the new Meridian going. Let's move Buzz and Bustle. And then, let's sit back and say, "Okay, what do we feel is the highest and best use for Anise? What's the right menu? What's the experience level there?" It's a beautiful space. It's right there in the hotel. We know it and it kills me every day to see it just sitting there. But, I think, at this time, with all the team has going on, it's best that we put all of our energy into those changes I just described - which is a lot, by the way.

Who asked that? Tony? Tony, if you got time and bandwidth, buddy, jump on there and let's figure out some ideas for Anise. But, for now, we've got a lot going on right now. Anise is definitely on the next round of thoughts.

Q: Can you address Shopping?

A: Shopping? Sure. So, question on Roundhouse. What is Roundhouse going to become? We're looking at some options. The best plan for that space, we think, is to parse that space out and have a few different concepts in there. We have a really cool option for some retailers. We have some options for some food and beverage. We also have some potential hotel expansion over there. So, there's a few things underway and we're already pretty far down the line on all those ideas. We're making those decisions here in the next coming weeks. We'll probably have some announcements on that here next month or so.

Q: What is the communications plan? Are we free to share this information publicly?

A: Well, yeah, so there is a balance to communication, right? I saw someone make a comment about how we brought the communication game, and I appreciate that. It's definitely something that's top of mind. Rebecca, Mark, Kristin and I, the whole team, really, talk about it a lot. We want to get in front of it, making sure that you're aware of things happening before anyone else. But, with planning also is a balance of confidentiality.

You know, look, I think everything that we've talked about here, I'm okay with you sharing. We will, however, have more robust marketing plans and campaigns coming up, including important PR strategies. With some PR strategies, please know that we have to keep some new and initiatives more sensitive and confidential. There will be opportunities for us to

get a great news article or digital press opportunity, but we have to be really careful about that. So, I want to say now that there may be a couple initiatives that you might see hit the paper first. We will always try to be in front of it and tell you, but there's something called an "embargo." There are outlets that won't run a story unless they are the first to break that story. So, just so you know, as part of our strategy, there might be a couple of things that you'll see pop up, but we will do our best to have at least a call like this happen in advance. When at all possible, we want you to be the first to know, as you're the ambassadors of this brand. You're out there telling everybody what we've got going on. You're sharing, and we want you to continue to share the feedback of what you're hearing and experiencing yourself. That's what helps us inform our decisions on where we take The Village next.

Soon, we are going to do a video version of this which will go to residents. It will include some cool visuals and such. Some will be renderings, and some actual video. It will be similar to what we did with our last town hall meeting in the fall. We are going to set a regular cadence for these moving forward. We'll share that with you too, so you know what they saw.

There'll be some more visuals that will be coming up soon as well, as you'll see at our Gold Medallion event coming up on April 24th. So, if your calendar isn't marked, it should be for that date at 1pm for commercial and then 2pm for residential. Afterward, we're going to do a big after party.

Later this month, I hope there'll be even more updates for you, but I'm excited to get the teams together to celebrate the wins from last year.

I think my first week here was gold medallion. I had a really great experience with a pizza and a hot dog. I am looking forward to seeing that energy be brought here again for this year.

Q: Does more cabanas mean less lounge chairs?

A: No, the cabanas really aren't really taking much of the footprint of the pool deck. They're coming. They're going around the perimeter. Drey office, there's one apartment that is kind of impacted, but I think you're aware of it. We're also taking out the little shallow pool and the shower, which were between the two main pools. That's going to become more dance floor, but the actual square footage doesn't really get impacted by the cabanas. We'll have more lounge chairs though. We're trying to find the right mix of lounge chairs, making sure we have enough for residents and hotel guests, but also increasing the capacity, as we know we're getting the revenue.

When we start to book DJs and, you know, big name DJs, there's a big expense associated with that which needs to be made up on cover charges and admission prices.

Q: Are we increasing security?

A: Security has been an ongoing conversation. We have increased security Smith, but we're also not just using Smith. We're also bringing in additional security that come from the

hospitality space and the nightclub environment to really protect that pool. Morgan Dillon and Jeff Gray are working with the teams which secure La Mina. They've done a really great job integrating with the Smith teams. We're going to increase presence for the pool this year as well. Not just in the pool, but in the common areas. And in the parking garage, yes. As we know, we're going to have more traffic down there. That's an area that's top of mind, as we think about the security patrol.

Anything else? All right. Well, thank you, everyone. Thanks for your time. Hopefully a sushi spot will be coming soon. Not quite yet. Not quite yet. I just got back from Japan, so I definitely would love to see that happen here soon, but not yet.

Thank you, everyone. Thanks for your time looking forward to seeing you on the 24th