



hotel AVE

Q4 2023 EARNINGS CALL SUMMARIES

EXECUTIVE SUMMARY

- ✓ Q4 2023 U.S. RevPAR change was -4.4% to 5.0% driven by mixed growth and decline in ADR. Economy and Midscale reliant brands reported slowest (zero or negative) RevPAR change
- ✓ Full year guidance implies 2024 RevPAR change stabilized around 2.5% to 4.5%
- ✓ US leisure demand showed softness last quarter driven by seasonality, but the slowdown was mitigated by continued growth in international travel. Several companies expect growth in 2024 due to evidence of strong leisure travel demand
- ✓ Business demand grew 7% to 14% Y/Y, driven by small-to-medium businesses; companies anticipate gradual return of special large corporate. Expected 2024 corporate rate growth is in mid-single digits (Hilton)
- ✓ Urban markets showed strong demand growth in both Leisure and Business, benefitting from increased citywide demand and urban-based events ranging from conferences to concerts
- ✓ Group Revenue OTB for 2024 is 8% to 21% ahead of STLY and 2025 is 11% to 12% ahead of STLY
- ✓ 2023 EBITDA margin is mixed vs STLY due to higher operating and fixed costs, including property taxes, property insurance costs, incentive management fees, and utilities. Labor cost increases are primarily due to guest volume. Renovations are contributing to lower margins but expected to pay off by the end of 2024

FORWARD-LOOKING COMMENTARY

4Q23 Performance

- ✓ Mixed results resulted in range of 4Q23 US RevPAR change from (4.0%) to + 5.0%. ADR grew at 75% of the public companies while only 50% reported occupancy growth

RevPAR growth guidance for 2024 ranges from 2.5% to 5.5%; most clustered at 3.5% to 5.0%

RevPAR Guidance									
	Q4 2023 Actual		2023 YTD Actual		Q1 2024 Change vs Q1 2023		FY 2024 Change vs 2023		Geographic Guidance
	US	Global	US	Global	Low	High	Low	High	
Choice	-3.9%	-	0.1%	-	-	-	0.0%	2.0%	U.S.
Wyndham	-4.0%	-1.0%	-1.0%	5.0%	-	-	2.0%	3.0%	Global
Hilton	1.8%	5.7%	7.2%	12.6%	2.0%	4.0%	2.0%	4.0%	Global
Hyatt	3.4%	9.1%	9.0%	17.0%	-	-	3.0%	5.0%	Global
Marriott	3.3%	7.2%	8.9%	14.9%	4.0%	5.0%	3.0%	5.0%	Global
Braemar	-4.4%	-	-1.6%	-	-	-	-	-	U.S.
DiamondRock	-0.6%	-	3.1%	-	-	-	2.0%	4.0%	U.S.
Sunstone	-2.2%	-	5.6%	-	-	-	2.5%	5.5%	U.S.
Host	1.4%	1.5%	7.7%	8.1%	-	-	2.5%	5.5%	Global
Pebblebrook	5.0%	-	4.2%	-	0.0%	2.0%	2.0%	4.0%	U.S.
Park Hotels	4.1%	-	8.7%	-	-	-	3.5%	5.5%	U.S.
Ryman Hospitality Properties	-0.6%	-	11.6%	-	-	-	3.5%	5.5%	U.S.

NOTE: Geographic Guidance determines whether RevPAR projections for future periods is global (systemic) or U.S. (domestic). It applies to the quarterly, full year, and next year low/high growth projections.

LEISURE & BUSINESS TRANSIENT COMMENTARY

Leisure

4Q23

- ✓ Leisure demand growth was limited due to seasonality and increased international travel (HLT, MAR, PEB, RHP)
- ✓ Hyatt, MAR, and HLT leisure transient RevPAR change of 1%, 2% and 3%, respectively, due to tough Y/Y comps
- ✓ Urban properties continued to benefit from pent-up demand with concerts, sporting events, and festivals (PEB, PK)

Forward

- ✓ Multiple brands cited studies reporting 60% to 80% of Americans planning to travel in 2024 (CHH, WH)
- ✓ ALG's (Hyatt's All-Inclusive Portfolio) 1Q24 pace is 20% ahead of STLY

Business Transient

4Q23

- ✓ BT revenue growth ranged from +7% to +14% in 4Q23, driven by small-to-medium business focused strategies and representing up to 85% of total business transient revenue (HLT, MAR, DRH)
- ✓ 4Q23 BT revenue at 93% and >100% of 2019 levels for Hyatt and Diamondrock, respectively
- ✓ Urban markets that had strong performance benefitted from rebounding business transient demand and strong convention calendars. In response, multiple REITs are pushing a rate growth in the mid-single digits (HST, BHR, PK, PEB)

Forward

- ✓ Business travel will continue to grow especially upper upscale hotels in the top 25 markets (PEB)
- ✓ Large corporate (major accounting firms, consulting firms, etc.) revenue is currently at 50% to 70% of pre-pandemic levels, but showing gradual growth (DRH, PEB)

GROUP COMMENTARY

Strong group revenue growth in Q4 2023 of 7% to 12%

- ✓ Group revenue this quarter increased from 7% to 12% Y/Y (MAR, BHR, SHO, PK)
- ✓ Citywide related group bookings played a significant role driving overall group revenue (BHR, HST, HLT)
- ✓ Group revenue growth driven by both increases in occupancy and rate
- ✓ Short-term group bookings made up 40% of group revenue (Braemar)

2024 group revenue growth expected to be double digit, especially in urban markets

- ✓ Group demand and revenue for 2024 continues with solid forward bookings
- ✓ 2024 and 2025 revenue is ahead of STLY by around 12% and 11%, respectively
- ✓ 2024 group revenue OTB is ahead of STLY by 4% to 21% (11% median increase) predominately demand driven
- ✓ Rate growth reported at 2% to 4%
- ✓ Group to play a larger role due to continued pent-up demand, return of big association & citywide business; especially in urban and top 25 markets (BHR, HST, HLT, PEB)

	Group Demand & Rate vs. Comparable Period							Geographic Guidance
	Q1 2024	Full Year 2024			Full Year 2025			
	Revenue	RN Pace	ADR	Revenue	RN Pace	ADR	Revenue	
Braemar	-	-	-	+4%	+22%	+14%	-	U.S.
Pebblebrook	+0.8% to +2.8%	+13%	+2%	+15%	-	-	-	U.S.
DiamondRock	-	+30%	-	+21%	-	-	-	U.S.
Host	-	+3%	+4%	+10%	-	-	-	U.S.
Ryman	-	-	-	+8%	-	-	-	U.S.
Sunstone	-	+6%	-	-	-	-	-	U.S.
Hilton	-	-	-	+16%	-	-	-	Global
Hyatt	-	-	-	+8%	-	-	-	U.S.
Park Hotels	-	-	-	+13%	-	-	+10%	U.S.
Marriott	-	-	-	+11%	-	-	+12%	U.S.

Percentages are provided by the public companies or inferred from transcripts by hotelAVE

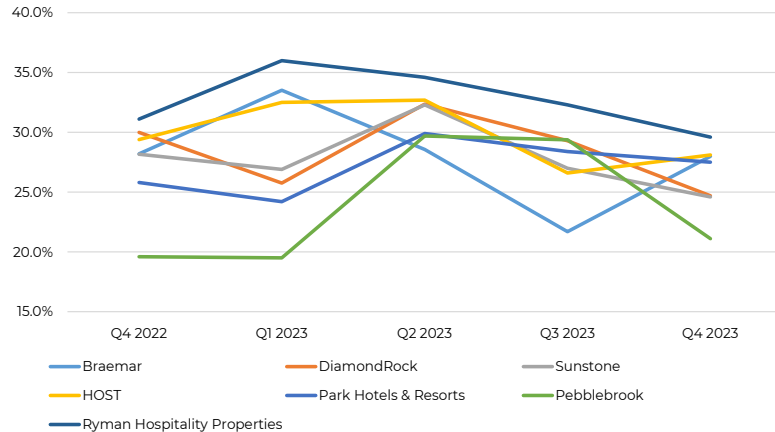
NOTE: Geographic Guidance determines whether Group Demand & Rate projections for future periods are global (systemic) or U.S. (domestic). It applies to all figures listed in the same row.

REIT MARGINS CONTRACTED IN 2023

4Q23 EBITDA margin median change of -130 basis points

EBITDA MARGIN								
	FY 2024 Forecast	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q4 '23 vs Q4 '22 Y/Y Margin Chg.	Q4 '23 vs Q4 '22 Basis Points Chg
Braemar	-	25.2%	21.7%	28.6%	33.5%	28.2%	-10.7%	-303 bps
DiamondRock	-	24.7%	29.3%	32.4%	25.8%	30.0%	-17.6%	-529 bps
Sunstone	-	24.6%	27.0%	32.3%	26.9%	28.2%	-12.7%	-357 bps
HOST	28.9% to 29.7%	28.1%	26.6%	32.7%	32.5%	29.4%	-4.4%	-130 bps
Park Hotels & Resorts	26.8% to 27.8%	27.6%	28.4%	29.9%	24.2%	25.8%	7.0%	180 bps
Pebblebrook	24.6% to 25.3%	21.1%	29.4%	29.7%	19.5%	19.6%	7.7%	150 bps
Ryman Hospitality Properties	-	29.6%	32.3%	34.6%	36.0%	31.1%	-4.8%	-150 bps

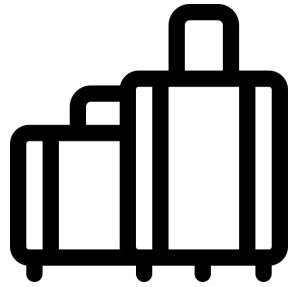
EBITDA Margins for REITs



REITs not immune to EBITDA margin erosion, but expect renovations to pay-off

- ✓ Wage growth increased by 0% to 4%, mitigated by productivity and reduction in contract labor (HST, SHO, BHR)
- ✓ Property tax, real estate tax, incentive fee, and utility cost increases impacted EBITDA margins by 50 to 85 basis points
- ✓ Insurance renewal costs continue to grow 45 to 80 basis points due to unfavorable industry conditions (DHR, HST)
- ✓ Several companies reported renovation impact affecting margins by 113 to 257 basis points and openings expected to improve margins by 150 to 200 basis points in 2024 (PK, PEB, SHO)

AIRLINE INDICATORS



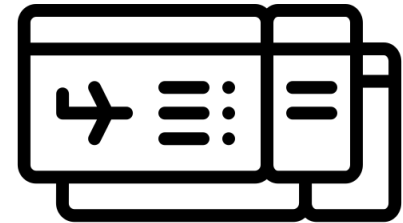
Business / Leisure Travel

- ✓ All airlines reported high growth in premium leisure and corporate travel. Airlines are pushing new loyalty programs aimed at these segments (e.g. SkyMiles for Business)
- ✓ American and JetBlue premium revenues were 25% and 45% total revenue, respectively
- ✓ American, United & Delta reported strong business travel growth; recovered to 90% of pre-pandemic levels. Delta expects tech-based corporate to have highest Y/Y growth in 2024 due to “return to office” push



International Travel

- ✓ United Airlines and Delta reporting very strong global business travel and are very bullish for Asia-Pacific growth
- ✓ American and Delta each seeing increased long-haul bookings at the same rate or greater than last year



Capacity

- ✓ All airlines (except Delta) forecast flattish revenue growth in 2024 which could mean fare decreases based on projected capacity growth
- ✓ Domestic capacity expected to be flat or decline by 3-6% due to changing demand patterns and cost discipline. Delta forecasts 2024 capacity to grow 3-5%
- ✓ All airlines reported continued Q423 capacity growth vs. STLY:
 - ✓ American: +5.4%
 - ✓ Delta: +12.0%
 - ✓ JetBlue: +3.3%
 - ✓ United: +14.7%
 - ✓ Southwest: +21.4%

THANK YOU

We continue to work at the forefront of trends affecting the future of the hospitality sector. During our 20 year tenure, we have consistently delivered value added and insightful advice to our owners and clients to help them maximize their asset's performance.

Asset Management

- ✓ Ongoing
- ✓ Pre-opening
- ✓ All-inclusive
- ✓ Investment Management
- ✓ Condo and Residential Association
- ✓ Restaurant Asset Mgt
- ✓ Revenue Management
- ✓ New Development
- ✓ Project Mgt Oversight
- ✓ Owner & Pension Fund Accounting

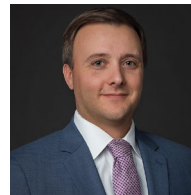


MICHELLE RUSSO

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Advisory

- ✓ Acquisition Due Diligence
- ✓ Brand/Operator Selection and HMA negotiation
- ✓ Capital Planning /PIP Review
- ✓ Development Services
- ✓ Facility Programming
- ✓ Equity & Debt Underwriting
- ✓ Disposition Services
- ✓ Refinancing and Capital Markets
- ✓ Closing Prorations



CHRIS HAGUE

Chief Operating Officer
Asset Management

Operational Efficiency

- ✓ Labor Efficiency
- ✓ Food & Beverage Profitability
- ✓ Pre-opening Staffing Optimization
- ✓ Revenue Optimization
- ✓ Purchasing & Contract Negotiation
- ✓ Expense Reductions
- ✓ COVID-19 Operational Recovery Plan
- ✓ Carbon Footprint Calculation & Benchmarking

Lender Services

- ✓ Loan Underwriting
- ✓ Cash Flow Management
- ✓ Loan Collateral Review/Strategic Options
- ✓ Lender/Workout Strategy
- ✓ Foreclosure & Claims Breach
- ✓ Foreclosure Due Diligence
- ✓ Receivership
- ✓ REO Asset Management
- ✓ Appraisal Review
- ✓ Litigation Support



LOREN BALSAM

Chief Investment Officer
Advisory, Lender Services