

hotelAVE

1Q25 EARNINGS CALL SUMMARIES

Confidential. Copyright © Hotel Asset Value Enhancement, Inc. 2025. All Rights Reserved.

EXECUTIVE SUMMARY

- ✓ 1Q25 U.S. RevPAR change was -0.7% to 7.0%; with an average growth of 3.5% (mostly rate driven)
- ✓ YE25 RevPAR growth guidance revised lower to -0.1% to 2.3%; down from 1.5% to 3.5% as reported in 4Q24. Based on 1Q performance, guidance suggests rest of year RevPAR growth of 0.4%
- ✓ All companies lowered the high and low ends of their guidance for YE25 (except for Host). The average decrease was 160 bps at the low end and 120 bps at the high end
- ✓ Macroeconomic uncertainty, lower inbound international travel, and weaker U.S. government travel were the most cited reasons for reduced RevPAR projections
- ✓ Leisure demand softened in March amidst macro uncertainty. Shadow supply (Airbnb and VRBO) performances was also soft in 1Q25
- ✓ 1Q25 business transient RevPAR grew 2% to 12% for the major operators. Airlines reported high single-digit business travel revenue growth
- ✓ Group revenue growth for 2025 and 2026 is pacing 1% to 7% and 7% to 10% ahead of STLY respectively, with strong citywide pace in San Francisco cited by the REITs
- ✓ 1Q25 EBITDA margins improved by an average of 20 bps due to solid RevPAR growth and lower-than-expected expense growth. Tariff and immigration policies remain wild cards for 2025 margins

Confidential. Copyright © Hotel Asset Value Enhancement, Inc. 2025. All rights reserved.

FORWARD-LOOKING COMMENTARY

1Q25 Performance

- ✓ The average and median 1Q25 U.S. RevPAR growth for the public companies was 3.5% and 2.8%, respectively
- ✓ ADR mainly drove domestic Y/Y RevPAR growth

Most companies lowered RevPAR growth guidance for 2025

- ✓ Macroeconomic uncertainty, lower inbound international travel, and weaker U.S government travel were the most cited reasons for modified RevPAR projections
- ✓ Host was the only company that kept full year RevPAR guidance unchanged due to its preexisting low floor
- ✓ On average, guidance was lowered 160 bps at the low end and 120 bps at the high end

RevPAR Guidance								
	1Q25 Actual	2Q25 Change vs 2Q24		YE25 Change vs 2024				
				Reported in 1Q25		Reported in 4Q24		Geographic
	US | Global	Low	High	Low	High	Low	High	Guidance
Choice	2.3% | -	-	-	-1.0%	1.0%	1.0%	2.0%	U.S.
Wyndham	2.0% | 2.0%	-	-	-2.0%	1.0%	2.0%	3.0%	Global
Hilton	2.1% | 2.5%	0.0%	0.0%	0.0%	2.0%	2.0%	3.0%	Global
Hyatt	5.4% | 5.7%	-	-	1.0%	3.0%	2.0%	4.0%	Global
Marriott	3.3% | 4.1%	1.5%	2.5%	1.5%	3.5%	2.0%	4.0%	Global
Braemar	4.2% | -	-	-	-	-	-	-	U.S.
DiamondRock	2.0% | -	-	-	-1.0%	1.0%	1.0%	3.0%	U.S.
Sunstone	3.8% | -	-	-	1.0%	4.0%	3.0%	6.0%	U.S.
Host	7.0% | 7.0%	-	-	0.5%	2.5%	0.5%	2.5%	Global
Pebblebrook	0.0% | -	0.0%	2.0%	-1.5%	1.5%	1.0%	3.0%	U.S.
Park Hotels	-0.7% | -	-	-	-1.0%	2.0%	0.0%	3.0%	U.S.
Ryman Hospitality Properties	10.2% | -	-	-	1.3%	3.8%	2.3%	4.8%	U.S.

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

Confidential. Copyright © Hotel Asset Value Enhancement, Inc. 2025. All rights reserved.

LEISURE & BUSINESS TRANSIENT COMMENTARY

Leisure

1Q25

- ✓ Macroeconomic uncertainty resulted in leisure demand softening in March (HLT, MAR, PEB)
- ✓ Hyatt, Marriott, and Hilton reported leisure revenue change Y/Y of 0%, 1%, and 1%, respectively
- ✓ Hyatt reported net package RevPAR up 4% Y/Y across its all-inclusive resorts in the Americas, supporting our theme of "consumers looking for value"

Forward

- ✓ In 2Q25, transient revenue pace will be down for Memorial Day weekend (HST)
- ✓ Park remains optimistic about Universal's Epic Universe opening in May to drive leisure demand into Orlando
- ✓ Ryman has not seen a pullback from the leisure transient segment
- ✓ PEB reported softening international inbound travel which started in March. Macro forecasters calling for international demand declines of 5-7% in 2025

Business Transient and Government (Transient and Group)

1Q25

- ✓ BT revenue increased 12% for Hyatt, 2% for Marriott, 2% for Hilton, and 2% for Host
- ✓ Hilton attributed BT growth to performance from small and medium sized business demand, while Marriott cited strong pickup in demand from big consulting firms

Forward

- ✓ Pebblebrook has not seen a BT decline in its markets noting growth in financial, banking, & technology demand
- ✓ Business travel continues to improve as companies continue return-to-office mandates (SHO, PEB)
- ✓ PEB cited increasing government & related group cancellations. Marriott expects declines in U.S. government demand to continue

Confidential. Copyright © Hotel Asset Value Enhancement, Inc. 2025. All rights reserved.

GROUP COMMENTARY

2025 group revenue growth expected to be low to mid single digits, despite strong first quarter

- ✓ In 1Q25, group RevPAR for Hyatt, Marriott, Braemar, Host grew 9%, 8%, 31%, and 7%, respectively
- ✓ U.S. full year group revenue for 2025 is ahead by 1% to 7% vs STLY. Full year rate growth forecasted at 3% to 4%
- ✓ 1Q25 rate growth spurred by special events, Easter holiday shift, & strong corporate bookings (HST)
- ✓ Marriott thinks group pace could moderate from current levels for the remainder of the year and PEB reported a slowdown in group leads for 2H25
- ✓ Travelers are largely in a "wait and see" mode due to changing macro environment; event planners delaying decisions and hesitant to source near-term meetings (HLT/ DRH/ RHP)
- ✓ HST cited strong city-wide pace in key group markets of San Francisco, New Orleans, San Antonio, and Nashville
- ✓ Government-related groups in healthcare, NIH sponsorship, and university research have been impacted more than military and defense groups (PEB)

	Group Demand & Rate vs. Comparable Period							
	2Q 2025	Full Year 2025			Full Year 2026			Geographic
	Revenue	RN Pace	ADR	Revenue	RN Pace	ADR	Revenue	Guidance
Braemar	-	-	-	+7%	-	-	+10%	U.S.
Pebblebrook	-	+0.3%	+2.5%	+2.8%	-	-	-	U.S.
DiamondRock	-	-	-	-	-	-	-	U.S.
Host	-	-	+4%	+3%	-	-	-	Global
Ryman	-	-	-	-	+13%	-	-	U.S.
Sunstone	-	-	-	-	-	-	-	U.S.
Hilton	+6%	-	-	-	-	-	-	Global
Hyatt	-	+3%	-	-	+10%	-	-	U.S.
Park Hotels	-	-	+4%	+1%	-	-	-	U.S.
Marriott	-	-	-	+6%	+4%	+3%	+7%	Global

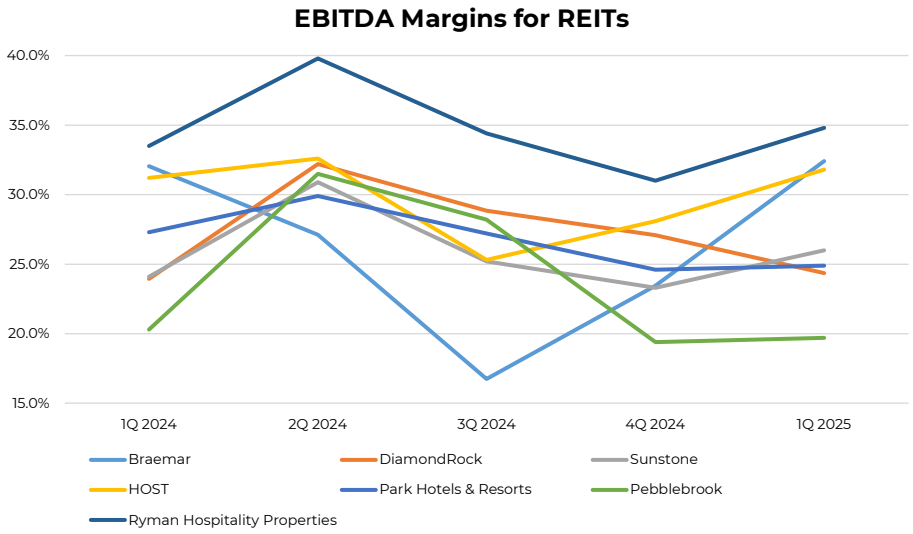
Note: Percentages are provided by the public companies or inferred from transcripts by hotelAVE

Confidential. Copyright © Hotel Asset Value Enhancement, Inc. 2025. All rights reserved.

REIT MARGINS IMPROVED IN 1Q25

1Q25 EBITDA Margins Y/Y changes ranging from -240 to 190 basis points

EBITDA MARGIN								
	YE 2025 Forecast	1Q 2025	4Q 2024	3Q 2024	2Q 2024	1Q 2024	1Q25 vs 1Q24 Y/Y Margin Chg	1Q25 vs 1Q24 Basis Points Chg
Braemar	-	32.4%	23.5%	16.8%	27.1%	32.1%	1.2%	37 bps
DiamondRock	-	24.4%	27.1%	28.9%	32.2%	24.0%	1.7%	41 bps
Sunstone	-	26.0%	23.3%	25.2%	30.9%	24.1%	7.9%	190 bps
HOST	28.0%	31.8%	28.1%	25.3%	32.6%	31.2%	1.9%	60 bps
Park Hotels & Resorts	-	24.9%	24.6%	27.2%	29.9%	27.3%	-8.8%	-240 bps
Pebblebrook	-	19.7%	19.4%	28.2%	31.5%	20.3%	-3.0%	-60 bps
Ryman Hospitality Properties	-	34.8%	31.0%	34.4%	39.8%	33.5%	3.9%	130 bps

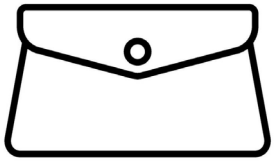


1Q25 Margins were up 20 bps

- ✓ Comparable hotel expenses increased by 1% to 3.7% Y/Y (PK, DRH, PEB)
- ✓ Braemar implemented aggressive cost-containment initiatives, reduced contract labor exposure, and improved productivity by 1%

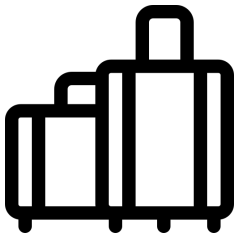
Confidential. Copyright © Hotel Asset Value Enhancement, Inc. 2025. All rights reserved.

AIRLINE, CRUISE LINE, & LUXURY INDICATORS



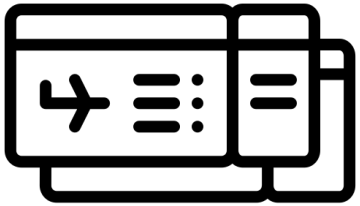
Luxury Goods

- ✓ LVMH reported declines in revenue in all regions (except Europe) for 1Q25 vs. STLY – a bell weather for luxury hotel demand:
  - ✓ United States: -3%
  - ✓ Japan: -1%
  - ✓ Asia (excl. Japan): -11%
  - ✓ Europe: +2%
- ✓ Richemont and Hermès both reported Y/Y increases in most regions
  - ✓ Americas: +16% / 13%
  - ✓ Japan: +22% / 18%
  - ✓ Asia (excl. Japan): -7% / 3%
  - ✓ Europe: +13% / 13%
  - ✓ Middle East & Africa: +14% / 17%



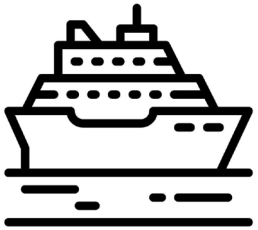
Business / Leisure Travel

- ✓ Delta is forecasting flat capacity Y/Y in 2H25 due to moderate demand growth
- ✓ American and Delta premium revenues were up 3% and 7% Y/Y, respectively
- ✓ American, and United corporate travel sales were up 8%, and 7% Y/Y, respectively
- ✓ Southwest's demand weakened throughout the quarter, driven by softness in domestic leisure travel



Capacity

- ✓ Airlines reported varying capacity changes for 1Q25 vs. STLY:
  - ✓ American: -0.9%
  - ✓ Delta: +4.0%
  - ✓ JetBlue: -4.3%
  - ✓ United: +4.9%
  - ✓ Southwest: -1.9%
- ✓ Most airlines are reducing capacity to maintain fare prices – not a positive for hotel demand



Cruise Lines

- ✓ Royal Caribbean and Carnival project net yields up in 2Q25 by 4.5%
- ✓ Royal Caribbean cited strength in demand and onboard spend as reasons for expected 2Q25 growth
- ✓ Royal Caribbean and Carnival expect net yields up Y/Y for YE25 by 3.6% and 4.7%, respectively

Confidential. Copyright © Hotel Asset Value Enhancement, Inc. 2025. All rights reserved.

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

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

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



MICHELLE RUSSO
Founder & CEO
mrusso@hotelAVE.com



CHRIS HAGUE
Chief Operating Officer
Asset Management



LOREN BALSAM
Chief Investment Officer
Advisory, Lender Services

Confidential. Copyright © Hotel Asset Value Enhancement, Inc. 2025. All rights reserved.