

Asset Manager's Report to the DRA Board

Hilton Vancouver Washington Vancouver, WA

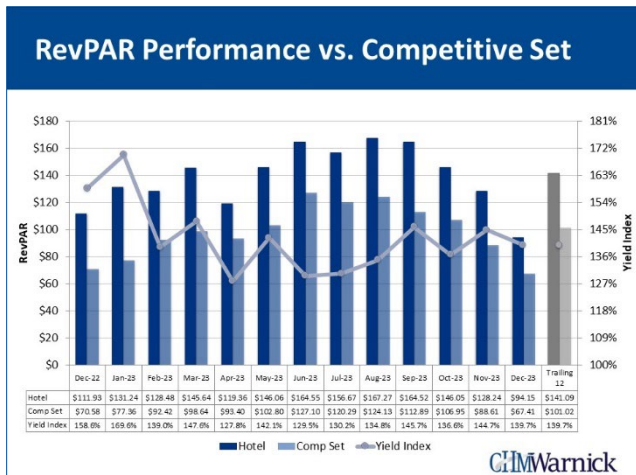
January 2024



1 Performance Relative to the Competitive Set

The table and chart below summarize the Hotel's performance compared with the competitive set of Vancouver hotels in December 2023 (the most current information available).

Performance of the Competitive Set			
	Occupancy	ADR	RevPAR
December 2023			
Competitive Set	53.4%	\$126.21	\$67.41
% Chg. from Prior Yr.	-5.2%	0.8%	-4.5%
Hilton Vancouver	52.0%	\$181.16	\$94.15
% Chg. from Prior Yr.	-18.7%	3.5%	-15.9%
Yield Index	97.3%	143.5%	139.7%
Trailing 12 Months			
Competitive Set	68.3%	\$147.88	\$101.02
% Chg. from Prior Yr.	4.6%	3.2%	7.9%
Hilton Vancouver	72.2%	\$195.39	\$141.09
% Chg. from Prior Yr.	-3.7%	6.7%	2.7%
Yield Index	105.7%	132.1%	139.7%



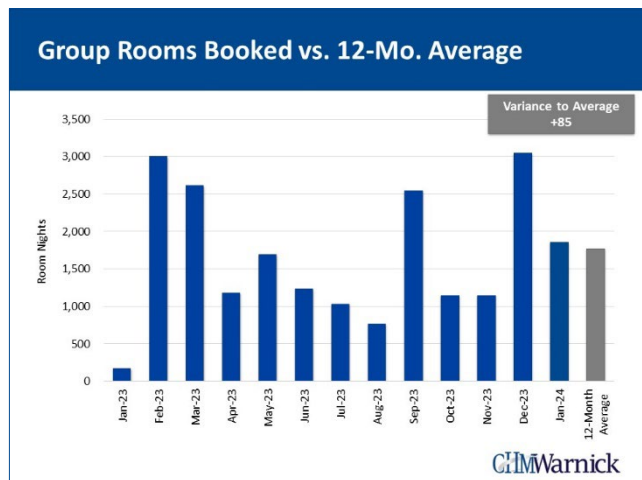
Indicator Explanation: RevPAR is calculated by multiplying the occupancy percentage times the average room rate. RevPAR helps management identify the optimal mix of occupancy and average rate. The RevPAR yield index measures the performance of an individual hotel against its competitive set. A yield index of 100 percent means a hotel is operating at the average of the competitive set.

- The Hotel continues to perform very well against the competitive set and has maintained a sizable average daily rate ("ADR") premium throughout the year.
- On the strength of ADR and, to a lesser extent, occupancy, the Hotel achieved a 139.7% RevPAR index during December with a trailing 12-month index of 139.7%.

2 Future Group Bookings

The table and chart below summarize current group pace and group business booked during the past 12 months.

	Group Room Night Pace as of Jan-24		
	Definite	Last Month	Budget
2024	18,687	1,376	20,210
2025	7,257	216	
2026	2,665	20	
2027	1,142	0	

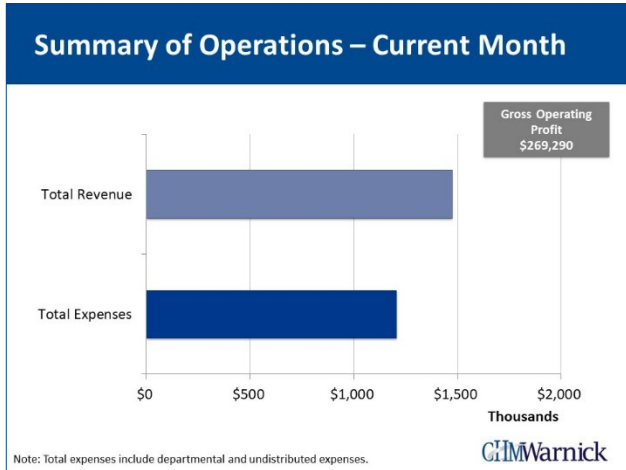


Indicator Explanation: Group business is one of the most important market segments for the Hotel because it fills the meeting rooms and generates banquet, as well as room, revenue.

- During January, the sales team received 122 leads representing notable revenue potential for 2024 and beyond; lead volume was up 25% month-over-month.
- For the month, the sales team turned 47 bookings definite representing 1,605 room nights.
- Group banquet and local catering lead volume and related conversion remains encouraging.
- The sales and catering department has one open position and one catering manager remains on FMLA; that position is being covered by task force to appropriately cover incoming sales leads.
- The recently opened Ilani Hotel is currently adding more meeting space; the additional space along with the quality and versatility of the space will ultimately enhance its competitiveness to the Hotel for groups and local catered events.

3 Monthly Financial Results

The following table summarizes financial results for January 2024.



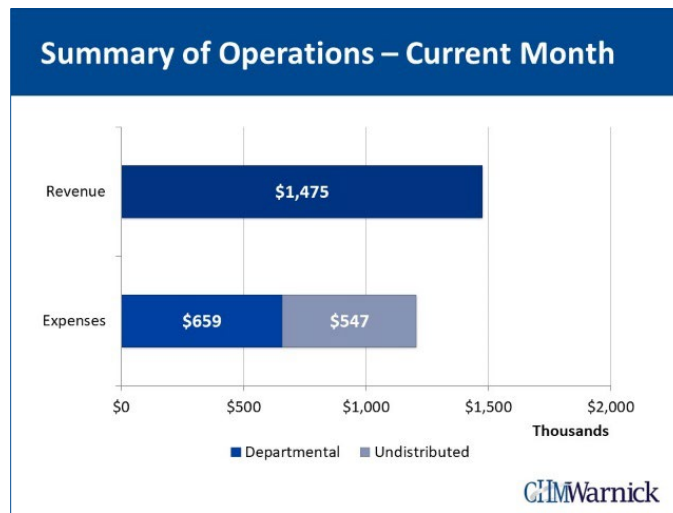
Indicator Explanation: Rooms and food and beverage (“F&B”) are the primary source of Hotel revenues. Expenses are impacted by the large amount of meeting space in relation to a relatively small number of guest rooms. Payroll is the largest individual expense.

- For the month, total operating revenue finished above budget but fell short of prior year.
- During January, higher occupancy and essentially flat ADR resulted in an increase in total room revenue to budget, while an increase in ADR offset the decline in occupancy compared to prior year performance.
- Total F&B revenues were up to budget but declined to prior year. The increase to budget was driven by higher outlet and room service activity, which outpaced a modest decline in banquet/catering and other department volume. The decline to prior year was driven by lower than anticipated banquet activity.
- Gross operating profit (“GOP”) equated to 18.3% of total revenues.
- January’s overall profitability was positively affected by a large labor accrual reversal resulting from the recent union contract ratification. The labor increase accrued during 2023 in anticipation of the new contract going into effect was higher than that actualized. That said, the amount budgeted for 2024 is lower so the gain in January will be absorbed by the higher than budgeted labor costs as the 2024 operating year progresses.

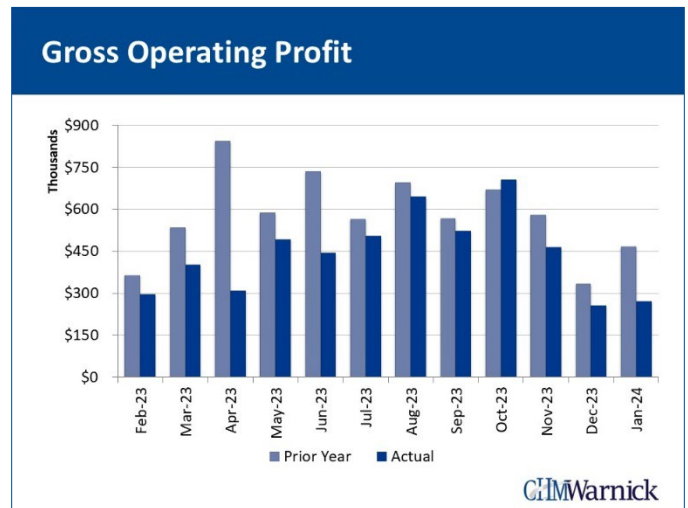
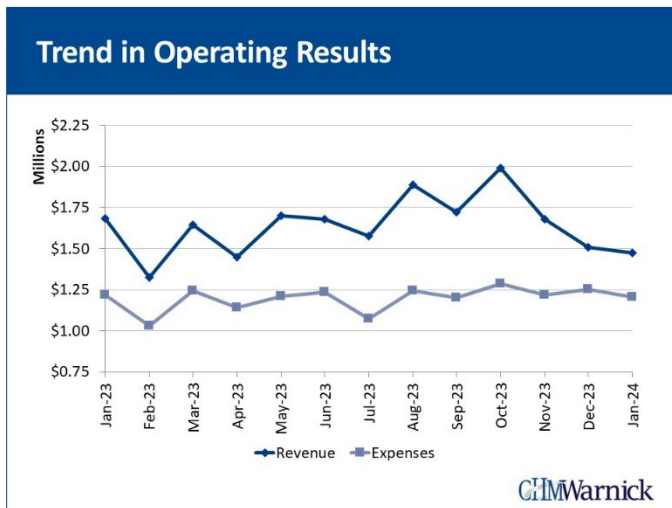
Asset Manager’s Focus and Strategic Initiatives

- Monitor capital outlay to appropriately preserve the asset and maximize its appeal and guest experience while building and preserving appropriate reserves for future capital requirements
- Achieve operational budget through revenue generation, cost containment, and capital controls
- Track and consider refinancing options
- Monitor operations, develop metrics, and plan ongoing strategic initiatives
- Continue to strategize with management to promote additional F&B utilization, particularly in Grays
- Work with management to develop strategies to mitigate the impact of new competition in the market (hotel and restaurant) and enhance the overall competitiveness and appeal of the Hotel

Summary of Operations



Trailing 12-Month Trend in Operating Results



DEFINITIONS

Competitive Set – A sample of hotels in the Vancouver market. The RevPAR for the Vancouver Hilton are measured against these hotels using what is called a “yield index.” A yield index that is greater than 100 percent means that a hotel is performing at a level that is above the average for its competitive set. A yield index that is below 100 means that performance trails the average for the competitive set.

Departmental Expenses – Expenses that are incurred in relation to the operation of each distinct operating department. Generally, departmental expenses include costs of goods sold, payroll, and other expenses.

Fixed Costs – Expenses are costs of occupancy that cannot be influenced by property management. These include business taxes, insurance expenses, Hilton management fees, and other miscellaneous expenses.

F&E Reserve – The F&E reserve is a fund for the future replacement of fixtures and equipment. The intent of the F&E Reserve is to accumulate monies over a period of time to spend on periodic hotel renovations. Periodic renovations are needed to keep the Hotel in good physical condition so that it can maintain its competitive position against other hotels in the market.

Gross Operating Profit – Calculated by deducting departmental expenses and undistributed expenses from total revenues. Gross Operating Profit (referred to as GOP) measures the profit that is under the control of hotel management. Hilton uses the term “Income Before Fixed Charges” and the HVS study used the term “House Profit” rather than GOP. We use the term GOP because that is the term used in the Bond Documents.

Group Booking Pace – A measure of the future group business that is on the books. Usually, the pace is broken into three classifications: 1) Definite bookings, for which a signed contract has been received; 2) Tentative bookings for which a contract has been issued but not signed; and 3) Prospects, which represent groups that have been contacted but for which a contract has not yet been issued. Booking pace information is used to track performance relative to the budget, to prepare and update forecasts, to quote rates for future business and to track the productivity of sales personnel.

Hotel Payroll – Hotel payroll represents the salaries and wages, payroll taxes and employee benefits for all Hotel employees. Payroll is the largest single operating expense in a hotel.

RevPAR or Revenue Per Available Room – Calculated by multiplying the occupancy percentage times the average room rate. The occupancy percentage can be managed, to a certain degree, by manipulating room rates. For example, hotel operators may choose to lower (or discount) room rates during certain periods in an effort to maximize occupancy. RevPAR helps management identify the optimal mix of occupancy and average rate.

Total Revenue – The revenues generated by all departments in the Hotel, net of allowances.

Undistributed Expenses – Expenses that apply to the hotel as a whole and cannot be assigned to an individual operating department (such as rooms). Undistributed expenses are further classified as Administrative and General, Sales and Marketing, Property Operations and Energy.