

Asset Manager's Report to the DRA Board

Hilton Vancouver Washington Vancouver, WA

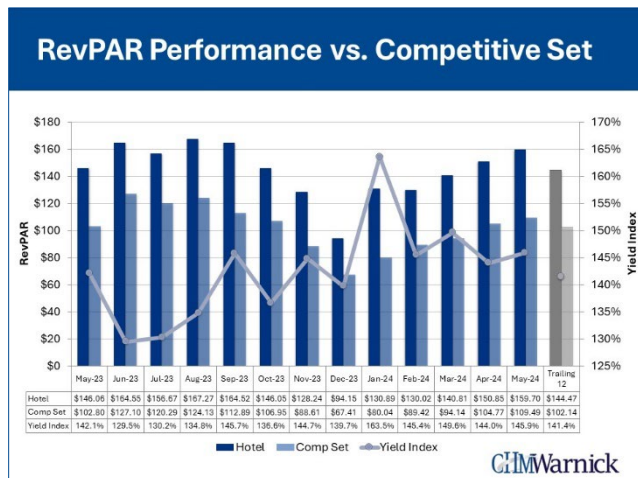
June 2024



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 May 2024 (the most current information available).

Performance of the Competitive Set			
	Occupancy	ADR	RevPAR
May 2024			
Competitive Set	72.0%	\$152.08	\$109.49
% Chg. from Prior Yr.	3.1%	3.3%	6.5%
Hilton Vancouver	78.2%	\$204.13	\$159.70
% Chg. from Prior Yr.	5.6%	3.6%	9.3%
Yield Index	108.7%	134.2%	145.9%
Trailing 12 Months			
Competitive Set	68.7%	\$148.61	\$102.14
% Chg. from Prior Yr.	2.2%	2.0%	4.3%
Hilton Vancouver	72.9%	\$198.07	\$144.47
% Chg. from Prior Yr.	-2.0%	6.5%	4.4%
Yield Index	106.1%	133.3%	141.4%



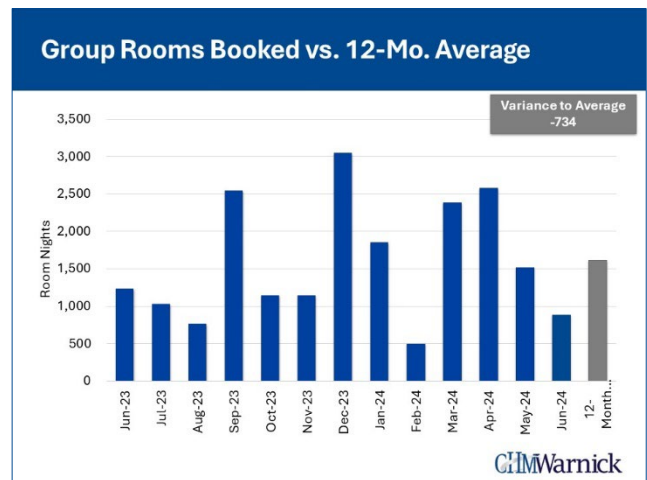
Indicator Explanation: RevPAR is calculated by multiplying the occupancy percentage times the average room rate. RevPAR helps management identify the optimal mix of occupancy and average rate. The RevPAR yield index measures the performance of an individual hotel against its competitive set. A yield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

- In May, RevPAR growth performance was driven by group demand, which helped to drive average daily rate (“ADR”), especially mid-week.
- The Hotel continues to maintain a sizable ADR premium to the comp set (134.2%).
- On the strength of both ADR and occupancy (both achieving an index well above fair share), the Hotel achieved a 145.9% RevPAR index during May with a trailing 12-month index of 141.1%.

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 Jun-24		
	Definite	Variance to Last Month	Budget
2024	19,455	265	20,210
2025	11,434	254	
2026	4,841	0	
2027	1,509	0	

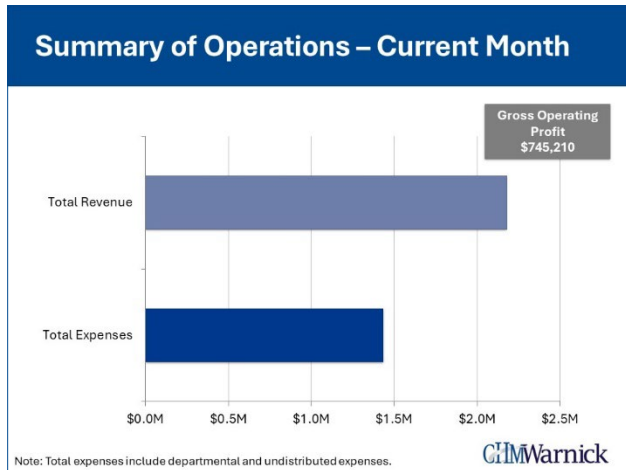


Indicator Explanation: Group business is one of the most important market segments for the Hotel because it fills the meeting rooms and generates banquet, as well as room, revenue.

- During June, the sales team received 80 leads; lead volume declined 22% month-over-month and 5% compared to May 2019 activity (previous peak booking period).
- For the month, the sales team turned 35 bookings definite representing 1,019 room nights and resulting in notable growth in room revenue and related F&B activity (banquet and catering) for the remainder of 2024 and beyond.
- The team participated in the Hilton PCC \$1,000 match campaign through social channels in June for bookings in all future months.
- The sales and catering team has one open position; in addition, one catering manager remains on FMLA (covered by a task force sales manager).

3 Monthly Financial Results

The following table summarizes financial results for May 2024.

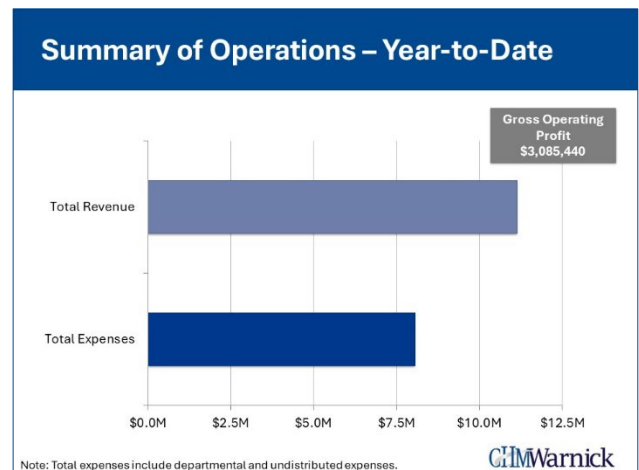


Indicator Explanation: Rooms and food and beverage (“F&B”) are the primary source of Hotel revenues. Expenses are impacted by the large amount of meeting space in relation to a relatively small number of guest rooms. Payroll is the largest individual expense.

- For June, total operating revenue finished 5.3% above budget and was up 32.5% to prior year.
 - The increase in June to budget was driven by stronger than anticipated performance in F&B, Other-Operated, and Misc Income categories, which outpaced a modest decline in Rooms.
 - The increase to prior year was the result in increases in all revenue categories.
- For the month, a decline in occupancy and ADR resulted in a shortfall in RevPAR and related rooms revenue to budget; while higher occupancy (group and crew related) and ADR combined to drive room revenue higher to prior year performance.
- During June total F&B revenues increased to both budget and prior year driven primarily by higher banquet/catering activity.
- Overall profitability in June to both budget and prior year was enhanced by higher departmental profits in both the rooms and F&B combined with lower than anticipated undistributed expenses.

4 Year-to-Date Financial Results

The following table summarizes financial results year-to-date through June 2024.



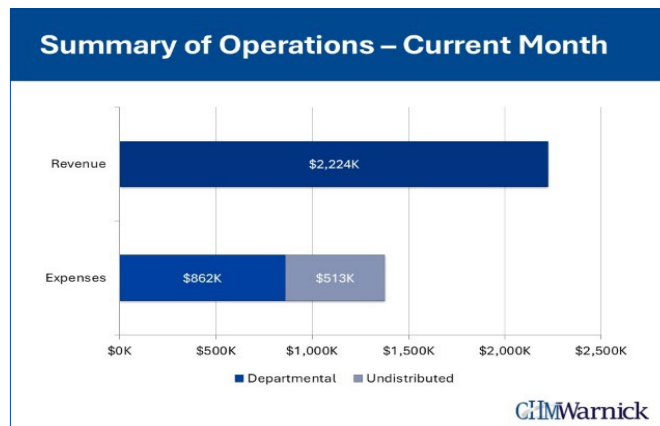
Indicator Explanation: Year-to-date financial results give a better picture of the progression in business than any one month of operation.

- Through June, YTD total revenue is tracking above budget and prior year; the increase continues to be driven by higher occupancy and ADR, which has enhanced rooms and F&B department revenues, and, to a lesser degree, other operated income.
- YTD total ADR is tracking slightly above budget and more notably above prior year driven by increases in all three demand segments (transient, group, and crew).
- RevPAR is currently tracking 0.8% above budget and 5.5% above prior year.
- The strong growth in F&B is being driven by increases in banquet and catering, which outpaced declines in both outlet and room service activity.
- Cost containment has been, and continues to be, a key focal point of the management team; total labor expenses (salaries/wages and related expenses) are now tracking lower as a percent of hotel revenue.
- YTD GOP and NOI (after reserves) are now above budget and prior year.

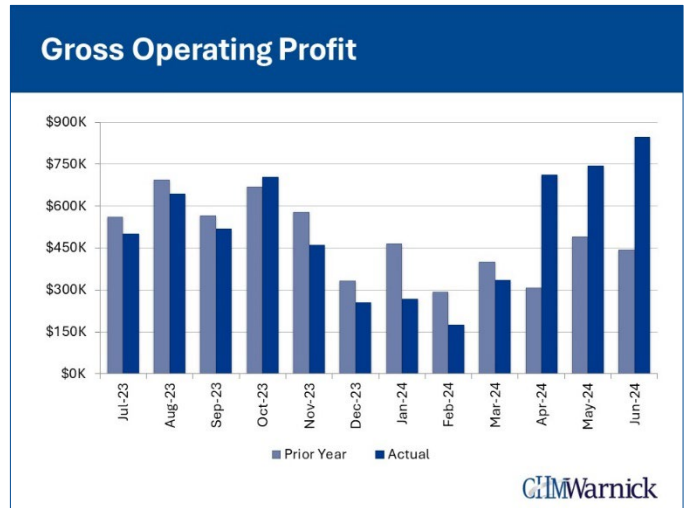
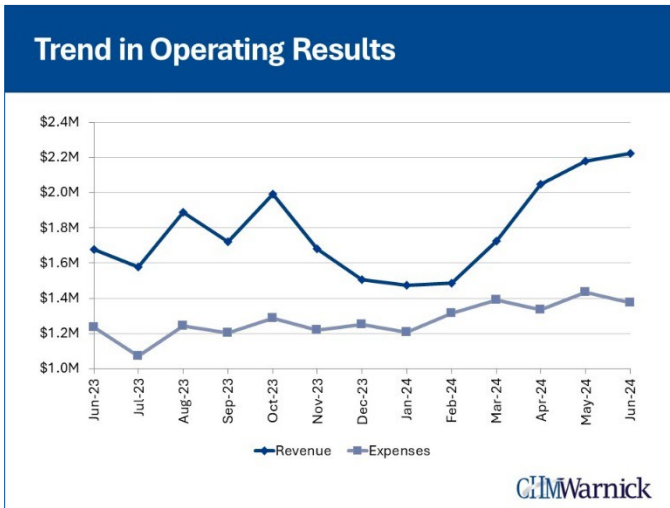
Asset Manager’s Focus and Strategic Initiatives

- 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.