

Asset Manager's Report to the DRA Board

Hilton Vancouver Washington Vancouver, WA

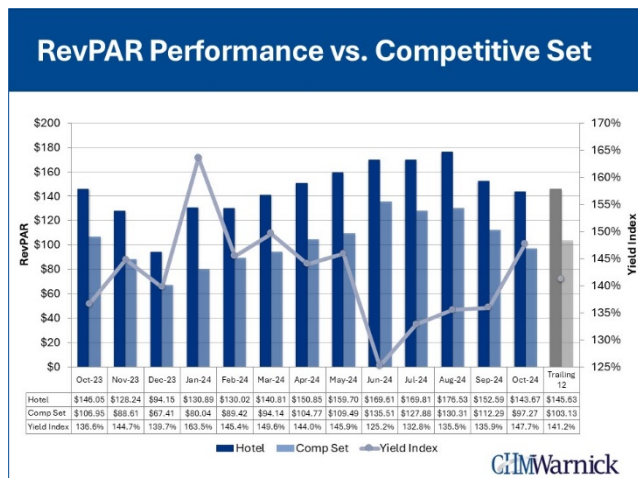
November 2024



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 October (the most current information available).

Performance of the Competitive Set			
	Occupancy	ADR	RevPAR
October 2024			
Competitive Set	65.9%	\$147.52	\$97.27
% Chg. from Prior Yr.	-8.2%	-0.9%	-9.1%
Hilton Vancouver	72.3%	\$198.81	\$143.67
% Chg. from Prior Yr.	-7.0%	5.7%	-1.6%
Yield Index	109.6%	134.8%	147.7%
Trailing 12 Months			
Competitive Set	69.1%	\$149.32	\$103.13
% Chg. from Prior Yr.	1.3%	1.2%	2.5%
Hilton Vancouver	72.1%	\$202.07	\$145.63
% Chg. from Prior Yr.	-2.1%	4.8%	2.6%
Yield Index	104.3%	135.3%	141.2%



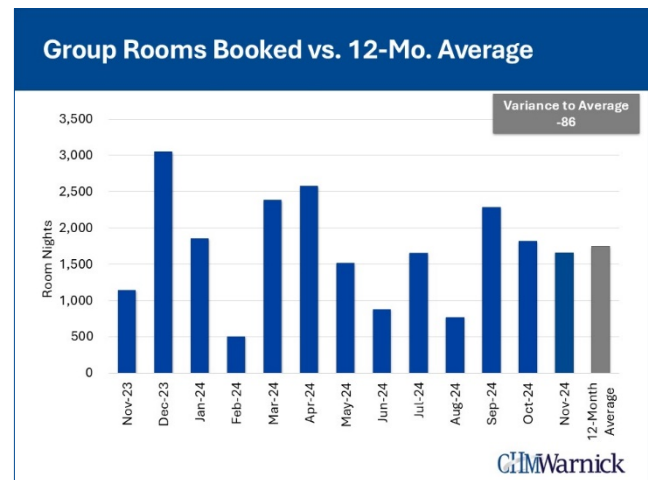
Indicator Explanation: RevPAR is calculated by multiplying the occupancy percentage times the average room rate. The RevPAR yield index measures the performance of an individual hotel against its competitive set. A yield index of 100 percent means a hotel is operating at the average of the competitive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

- The modest decline in RevPAR for October to prior year was driven by a decrease in occupancy which outpaced growth in ADR. The decline in occupancy was below that experienced by the Comp Set while growth in ADR exceeded the Comp Set performance. This resulted in increased RevPAR yield performance compared to the Comp Set (147.7%).
- For the month of October, the Hotel maintained a notable ADR premium to the comp set (134.8%).
- The Hotel achieved a 147.7% RevPAR index in October with a trailing 12 index of 141.2%. Through October the Hotel continues to maintain above fair share yield in occupancy and notably above fair share in ADR and RevPAR yield.

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 Nov-24		
	Definite	Variance to Last Month	Budget
2024	21,034	15	20,210
2025	15,185	986	
2026	6,289	340	
2027	2,914	317	

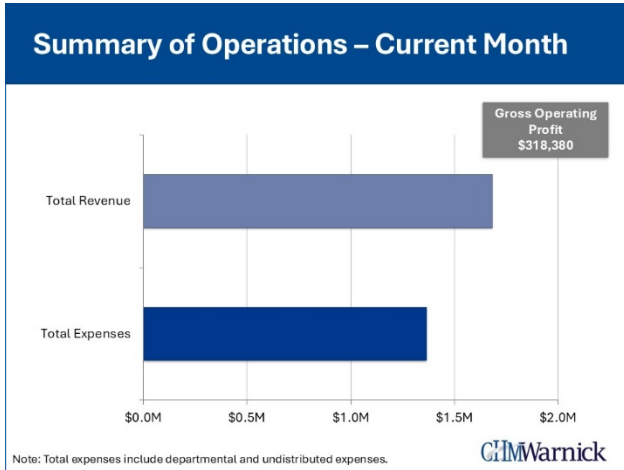


Indicator Explanation: Group business is one of the most important market segments for the Hotel because it fills the meeting rooms and generates banquet, as well as room, revenue.

- During the month the sales team received 83 leads representing strong revenue in both rooms and F&B (catering). Total lead volume fell below lead volume on a month-over-month basis and was down approximately 20% to November 2019 (previous peak booking period).
- For the month, the sales team turned 29 bookings definite representing 11,651 room nights and strong related F&B activity (banquet and local catering).
- During the month, the team participated in a Hilton PCC \$1,000 match campaign through social channels.
- The Hotel has Delta Airlines through the end of 2024 and FedEx is contracted through Qtr. 1 2025. The Hotel has been pursuing additional airline crews and was successful in securing a contract British Airways to house the pilots. Additional negotiations with British Airward continue for the remainder of the flight crews (flight attendants, etc.).
- The sales and catering team has one sales Manager contractor to assist in covering group leads. 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 November 2024.

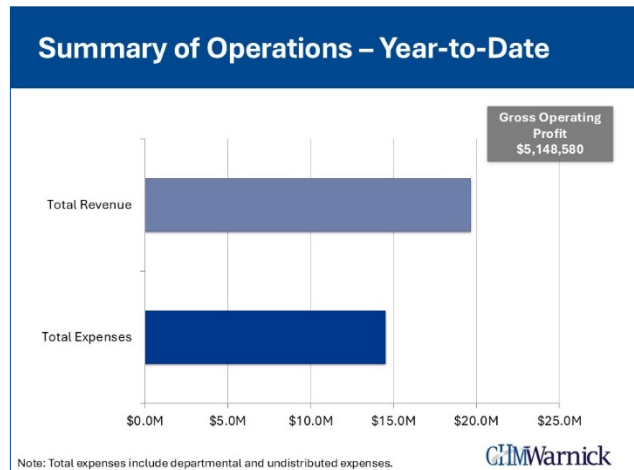


Indicator Explanation: Rooms and food and beverage (“F&B”) are the primary source of Hotel revenues. Expenses are impacted by the large amount of meeting space in relation to a relatively small number of guest rooms. Payroll is the largest individual expense.

- For the month, total Hotel revenue fell below budget by 6.2%. The decline to budget was driven primarily by lower F&B volume (banquet and catering) and to a lesser degree Rooms. Compared to prior year, a decline in Rooms revenue was overshadowed growth in both F&B and Other Operated Departments.
- For the month, the shortfall in occupancy outpaced a 1.9% increase in ADR resulting in a 3.1% decline in overall RevPAR to budget. When compared to prior year, RevPAR declined by 10.2% due to a 10 point shortfall in occupancy which overshadowed a 4.6% increase in ADR.
- Total F&B revenues fell sharply for the month to budget due to lower than anticipated banquet and catering activity (lower group room capture) which outpaced modest growth in the outlets. Conversely, the increase in F&B department revenue to prior year was primarily all related to growth in banquet and catering volume. F&B department volume was also negatively impacted by the cancellation of the Empress cruise group which the Hotel accommodated on weekends.
- Gross operating profit (“GOP”) equated to 18.9% of total revenue, below both budget and prior year as a % of total revenue and in real dollars. Overall flow through and related profitability in November to both budget and prior year was adversely impacted mainly by Room department performance as well as higher than anticipated Undistributed Department expenses.

4 Year-to-Date Financial Results

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

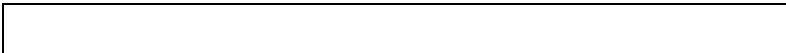
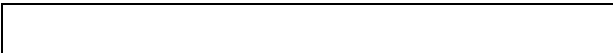


Indicator Explanation: Year-to-date financial results give a better picture of the progression in business than any one month of operation.

- YTD November, total revenue is tracking above budget and prior year (2.0% and 7.1% respectively). In both cases, Room department growth has been driven by increased ADR (with essentially flat occupancy). Even stronger growth is evident in F&B activity along with Other Operated and Miscellaneous income.
- YTD occupancy is tracking modestly below budget and prior year performance.
- YTD total ADR is tracking modestly above budget (1.2%) and more notably above prior year (4.1%) driven by increases in all three demand segments (transient, group, and crew).
- RevPAR is currently flat to budget and tracking modestly above prior year (2.6%).
- The robust growth in F&B to budget and prior year is being driven by banquet and catering, which continues to outpace a decline in outlet volume.
- Compared to budget, YTD GOP, and NOI (after reserves) are tracking slightly lower in real dollars and similar as a % of total revenues. Compared to prior year, NOI is down 5.7%. In general, flow through and related profitability to prior year is being adversely impacted by higher than anticipated Undistributed Expenses.
- Cost containment, flow through, labor productivity and related profitability has been, and continues to be, a key focal point of the management team.

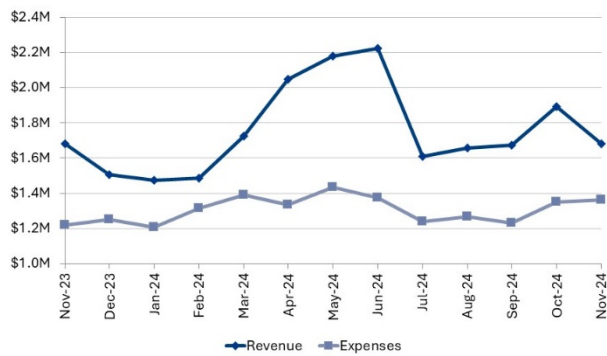
Asset Manager’s Focus and Strategic Initiatives

- 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

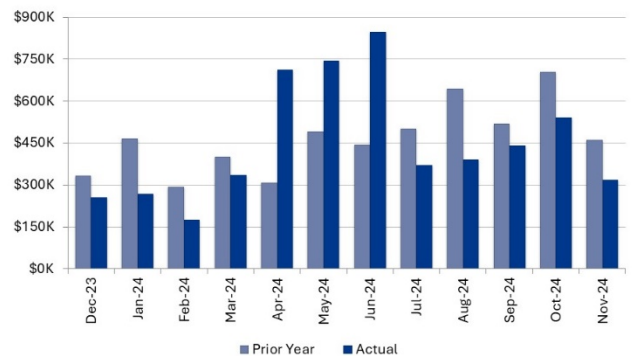


Trailing 12-Month Trend in Operating Results

Trend in Operating Results



Gross Operating Profit



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.