

Asset Manager's Report to the DRA Board

Hilton Vancouver Washington Vancouver, WA

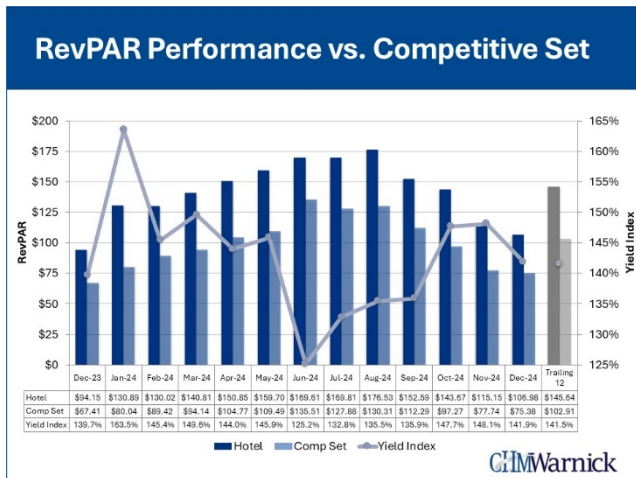
January 2025



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 2024 (the most current information available).

Performance of the Competitive Set			
	Occupancy	ADR	RevPAR
December 2024			
Competitive Set	56.1%	\$134.26	\$75.38
% Chg. from Prior Yr.	5.1%	6.4%	11.8%
Hilton Vancouver	57.1%	\$187.42	\$106.98
% Chg. from Prior Yr.	9.8%	3.5%	13.6%
Yield Index	101.7%	139.6%	141.9%
Trailing 12 Months			
Competitive Set	68.7%	\$149.89	\$102.91
% Chg. from Prior Yr.	0.5%	1.4%	1.9%
Hilton Vancouver	71.7%	\$203.19	\$145.64
% Chg. from Prior Yr.	-0.7%	4.0%	3.2%
Yield Index	104.4%	135.6%	141.5%



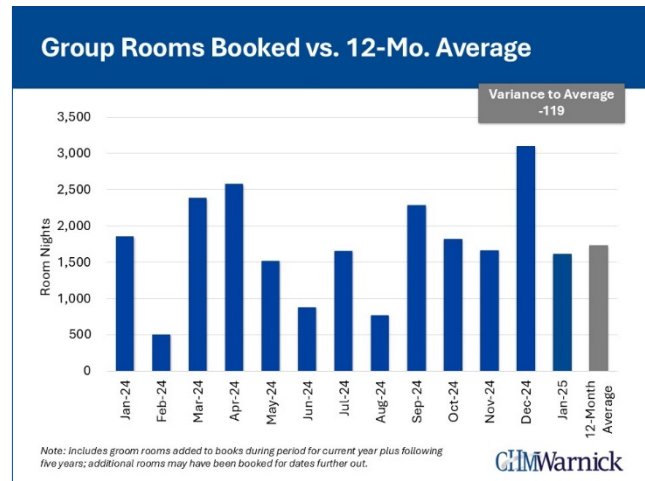
Indicator Explanation: RevPAR is calculated by multiplying the occupancy percentage times the average room rate. RevPAR helps management identify the optimal mix of occupancy and average rate. A yield index of 100 percent means a hotel is operating at the average of the competitive set.

- The increase in RevPAR for December to prior year was the result of strong capture in both the Transient and Perm (crew) demand segments. This growth helped to drive a YOY occupancy increase of 9.8% occupancy (higher than the Comp Set) and achieve an above fair share yield of 101.7%. Yield growth was also experienced on a month-over-month basis.
- For the month, the Hotel achieved a 3.5% increase in ADR which resulted in an ADR yield of 139.6% to the Comp Set. Through the year, the Hotel consistently maintained a notable ADR premium to the Comp Set.
- On the strength of both occupancy and ADR performance, the Hotel achieved a 141.9% RevPAR index in December with a trailing 12 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 Jan-25		
	Definite	Last Month	Budget
2025	17,879	1,609	0
2026	7,552	0	
2027	2,914	0	
2028	1,333	0	

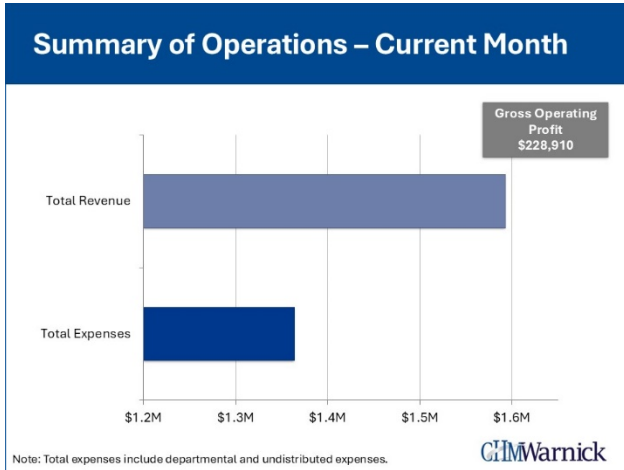


Indicator Explanation: Group business is one of the most important market segments for the Hotel because it fills the meeting rooms and generates banquet, as well as room, revenue.

- During January, the sales team received 131 leads representing approximately \$1.6 million in room revenue and approximately 1.5 million in banquet and catering activity. Total lead volume for the month increased by 20.0% on a month-over-month basis.
- The sales team had a good booking month with respect to definite room night in the year for the year. A total of 39 bookings were turned definite during January representing 1,586 room nights, \$317K in related room revenue and \$338K in F&B activity (banquet and local catering).
- The Hotel has Delta Airlines through the end of 2024 and FedEx is contracted through Qtr. 1 2025 with an offer to extend the contract through Qtr 1 2027. The Hotel is now housing British Airways (pilots only) with the current contract extending through November of 2026. The sales team continues negotiations with British Airways for the remainder of the flight crews (flight attendants, etc.) which are currently being housed at a competitive property.
- The sales and catering team has one sales Manager contractor to assist in covering group leads. In addition, a vacant catering coordinator position has been filled with a start date in mid-February.
- Local marketing efforts for Grays Restaurant has been enhanced (including Visit Vancouver's Dining page).

3 Monthly Financial Results

The following table summarizes financial results for January 2025.



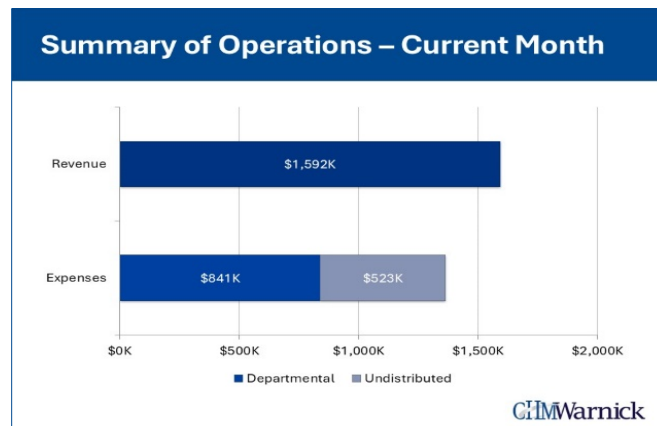
Indicator Explanation: Rooms and food and beverage (“F&B”) are the primary source of Hotel revenues. Expenses are impacted by the large amount of meeting space in relation to a relatively small number of guest rooms. Payroll is the largest individual expense.

- During January, total Hotel revenue fell below budget by 2.3% but increased to prior year by 7.9%. The decline to budget was driven by a shortfall in Rooms volume and to a lesser degree Other Operated and Misc Departments which overshadowed growth in F&B Activity. Compared to prior year, strong growth in F&B overshadowed declines in Rooms, Other Operated and Misc Income.
- For the month, a 4.2-point shortfall in occupancy matched with essentially flat ADR, resulted in a 5.8% decline in overall RevPAR to budget. A 2.9-point decline in occupancy outpaced a 2.3% increase in ADR, driving a 1.9% decrease in RevPAR to prior year. The decline in occupancy to budget was driven by a shortfall in Perm (crew) demand, while lower Perm and Transient capture was the cause for the shortfall to prior year.
- During January, total F&B revenue increased to both budget and prior year. In both cases, growth in banquet, catering, and other related (audio visual, room rental, etc.) F&B department volume overshadowed declines in the outlets and in-room dining activity.
- Gross operating profit (“GOP”) equated to 14.4% 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 January to both budget and prior year was adversely impacted by Room department performance as well as lower than anticipated Other Operated (parking) and Misc Department (attrition and cancellation fees) profitability.

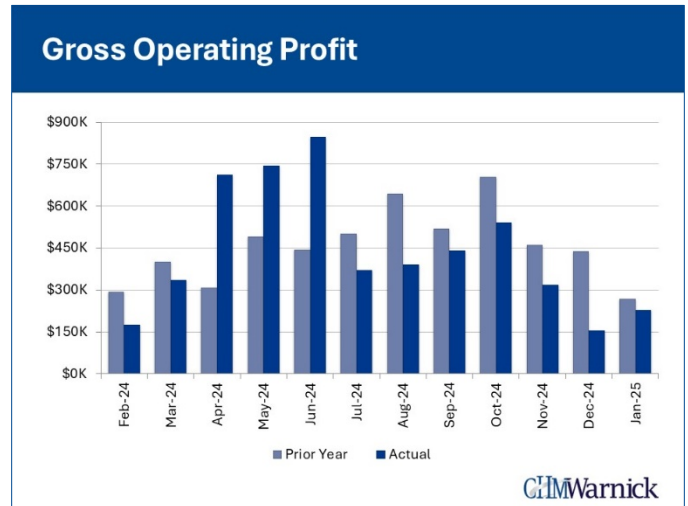
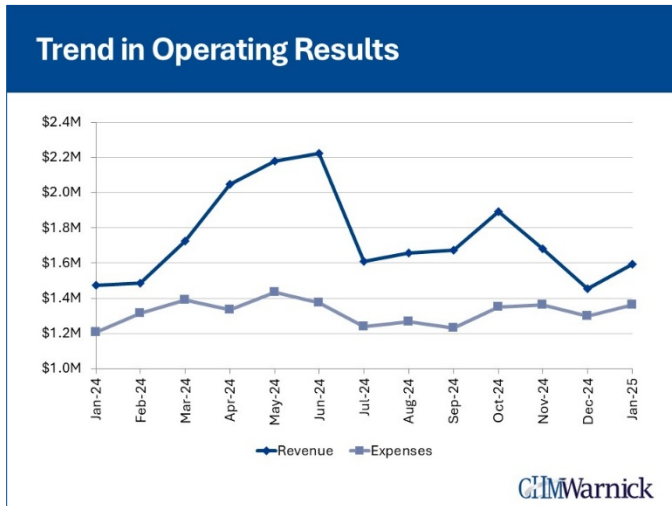
Asset Manager’s Focus and Strategic Initiatives

- 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.