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PRESENTATION

Operator

Welcome to Ryman Hospitality Properties' second-quarter 2016 earnings conference call. Hosting the call today from Ryman Hospitality Properties are Mr. Colin Reed, Chairman and Chief Executive Officer; Mr. Mark Fioravanti, President and Chief Financial Officer; Mr. Patrick Chaffin, Senior Vice President of Asset Management; and Mr. Scott Lynn, Senior Vice President and General Counsel. This call will be available for digital replay. The number is 800-585-8367 and the conference ID number is 43150451. (Operator Instructions). It is now my pleasure to turn the floor over to Mr. Scott Lynn. Sir, you may begin.

Scott Lynn *- Ryman Hospitality Properties, Inc. - SVP, General Counsel & Corporate Secretary*

Good morning. Thank you for joining us today. This call may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995, including statements about the Company's expected financial performance. Any statements we make today that are not statements of historical fact may be deemed to be a forward-looking statement. Words such as believes or expects are intended to identify these statements, which may be affected by many factors, including those listed in the Company's SEC filings and in today's release. The Company's actual results may differ materially from the results we discuss or project today. We will not publicly update any forward-looking statements whether as a result of new information, future events or any other reason.

We will also discuss non-GAAP financial measures today. We reconcile each non-GAAP measure to the most comparable GAAP measure in an exhibit to today's release. I will now turn the call over to the Company's Chief Executive Officer and Chairman, Colin Reed.

Colin Reed *- Ryman Hospitality Properties, Inc. - Chairman & CEO*

Hi, everyone and thanks for joining us on the call today. I will begin my remarks by touching on the strong results we had for the second quarter, particularly as compared to the hospitality industry overall. I will then share some thoughts on what we are seeing in the broader economic environment and particularly how it relates to Ryman and what this means for the rest of 2016 and beyond. And then I will turn the call over to Mark to discuss some of the financials.

So let's touch on the second quarter, which, as you will see, was pretty good. During the second quarter, our hotels posted 78 points of occupancy across the brand and given the dominance of group, we are pleased with this level of performance. This occupancy performance was in spite of the fact that we had over 8,600 rooms out of service for renovation at Gaylord Opryland during the quarter, which equates to approximately 1.2 points of occupancy.

We were also very pleased with how our hotels performed from a top-line perspective. We saw same-store RevPAR growth of nearly 6% across the brand and same-store total RevPAR growth of 6.4%. Stating the obvious, this RevPAR growth materially exceeded the industry averages for the quarter.

From a profitability perspective, the hotels grew same-store adjusted EBITDA by 7.4% to $90.3 million and expanded margins by 100 basis points to nearly 35% for the quarter, which we are very pleased with. Now, we've said for years that our goal is to get these hotels operating at or about 80 points of occupancy and generate adjusted EBITDA margins of 35% and when these large assets run at these levels, they generate large volumes of cash.

Now as we mentioned on the prior earnings call, our flow through is impacted by the incentive management fees earned by our manager based on the financial performance of the hotels year-to-date and our expectations for performance over the remaining part of the year. In the second quarter, we booked roughly $700,000 more incentive fees compared to the same quarter last year.

Another highlight for the quarter I want to touch on briefly is the performance of our entertainment segment. During the second quarter, revenue for this segment was up over 20% and profitability was also up materially with adjusted EBITDA improving 13.5% to $13.2 million. But beyond just the strong numbers, this is an extremely exciting time for this business and there's a lot happening. We completed the renovation of the Wildhorse Saloon here in Nashville prior to the start of the CMA Fest in June and the reception has really been outstanding.

In addition, progress on our Times Square JV project is proceeding as scheduled. We continue to be excited about this venture and what this could mean to the future expansion of the Opry brand, and we anticipate holding a press conference in New York City in early September when we will roll out more details on this project and its implication to the growth of the entertainment business.

Now speaking of exciting developments, we have another announcement that we are planning in the coming weeks that will further enhance our Nashville-based entertainment offerings, as well as increase our profile amongst the targeted country lifestyle consumer. More to come on this, so stay tuned.

We continue to invest in not only the bricks and mortar side of the entertainment segment, but also in the infrastructure and the people side in order to ensure we have the right people, talent and technology in place to fully maximize the opportunities before us. Most notable, this quarter, we announced the hiring of a new Chief Operating Officer, Michael Guth, and we are really excited about this addition and believe Michael will bring some very valuable operations, marketing and business development experience to the table as this segment continues to grow. In addition, we've recently put in place a Head of Human Resources for this division and are in the process of recruiting new additions to the development team.

Now, let's shift back to the hotel segment. As you read from our release this morning, we had a very solid quarter in terms of gross room night production. In fact, we booked over 604,000 gross room nights for all future periods, which is a 13.5% increase over our room night production in the same quarter last year. On a net basis, we added just over 429,500 room nights during the quarter, or a 6.7% increase over the second quarter of 2015. Now these numbers exclude the sales production for the Gaylord Rockies, which booked an additional 70,000 group room nights during the quarter.

The political leadership in Colorado who has supported this project should take comfort in the following. Of the 70,000 room night bookings, 87% were new to the state of Colorado; 74% were multi-year bookings, and 36% are new to the Gaylord Hotels brand. Mark and I toured the construction site about 10 days ago, as well as we spent time with the Gaylord Rockies sales team and the mayor of Aurora and I can tell you that this project is off to a great start and we remain very bullish on its long-term prospects.

Another piece of data I will share with you that gives us confidence that we are well-positioned for the future is, given the volume of group bookings we have been adding over the last year, we have at the end of the second quarter of 2016 about 360,000 more group room nights on the books for all future years than we did at the same point last year. And to remind you, in total, as of June 30, we had 5.3 million net group room nights on the books for all future years. The number of room nights on the books at the end of Q1 and Q2 this year are the most room nights for all future years we've had since 2008, just before we opened the Washington Hotel.

Our 2017 group bookings continue to trend at or about the same pace as 2016 at the same time last year and to remind you all, 2016 for us is a record year. However, given the pool expansion that's currently underway at the Palms and the recently completed Texan pool expansion, as well as the opening of the MGM Casino later this year or early next and the new ballroom in Washington that will be open in early spring next year, 2017 is setting up really nicely for us.

As for 2018, and you guys should really listen to this, the trends are looking really good. In fact, at this time last year, looking out two years, i.e. 2017, we had 30 percentage points of occupancy on the books. As we sit here today looking out two years to 2018, we have 34 percentage points of occupancy already on the books for 2018.

Now let's say this another way. We hope to accomplish occupancies of 80% in 2018 and 34 points of 80 points is 42.5% of our expected occupancy is already booked in contract form for 2018. Now I wonder how many other hotel REITs can say that. I think I know the answer.

So let's talk about the current mood in our industry and its impact on the short term. From our perspective in listening to the commentary from our lodging peers, it appears that the industry overall is currently experiencing some choppy waters, which seems driven primarily by macro events that have unfolded over the past few months. Whether it's the economic uncertainty caused by Brexit or the tragic events that we witnessed in both Europe and here domestically in communities such as Orlando, Dallas and Louisiana, or the craziness of this election cycle, or just the anemic GDP, the current mood in the country is not good. So the question is how are we seeing these issues seep into our business.

The answer is that we've seen a little softness recently in the relatively short term in the year for the year's smaller group bookings primarily concentrated in the corporate segment thus far. Now what the sales teams are sharing with us is that meeting planners and groups are a bit spooked by what has been happening over the last couple of months and are being more cautious on booking in the short term. Now we are hearing anecdotally from our salespeople, and we heard this a couple weeks ago when we were in Colorado, what some customers are saying is we are simply going to be in a holding pattern until after the election.

Now what's interesting is that meeting planners seem to be taking the opposite approach with the larger, more longer-term meetings as evidenced by our booking production in the second quarter and the previous several quarters. As I reported earlier, our long-term group bookings look excellent. In fact, when you think about it, the meeting planner who was responsible for the larger meetings for years 2017, 2018 and 2019 are faced with markets with reasonably high occupancy, high room rates and very little new meeting space on the horizon and seem intent on securing space now rather than face the prospect of higher rates 6 to 12 months from now.

Now shifting to other data that reflects the mood of groups, we've not seen a material spike in either attrition or cancellation as a result of the anemic economy. In fact, the only significant near-term cancellation we saw in the second quarter was by a 7,000 room night group in the financial services space scheduled to turn up in Opryland this month in August. This cancellation was a result of a corporate merger rather than a byproduct of the broader economic factors that I mentioned earlier.

As a reminder, one valuable feature to our business model is the profitability protection we receive from these types of short-term cancellations. Attrition and cancellation fees are built into our group contracts and I want to say this very emphatically, we've already collected a $1.9 million cancellation payment in the third quarter for this canceled event. Now while these developments do directly negatively impact RevPAR and total RevPAR to some extent, the impact to our bottom-line profitability performance is safeguarded.

So what does all this mean? In terms of our business, we are running at record occupancy levels and profitability. There's very limited new supply coming into the large group space for the foreseeable future and the overall group business demand beyond the very short term remains healthy. Simply put, all of our indications reinforce our belief that our business remains well-positioned and that the group sector remains the place to be.

Which brings us to the final area that I want to touch on is how all of these dynamics are shaping the way we are thinking about our business for the second half of the year. As I mentioned, we are very confident in the fundamentals of our business. Our third quarter is shaping up to be very solid notwithstanding the cancellation I just referenced and the softness in short-term small corporate groups.

So to reflect the current environment we find ourselves in and the potential impact over the remainder of the year from short-term groups, we are modifying our full-year 2016 RevPAR guidance to 3% to 4% and total RevPAR to 3% to 4% as well. Now to give you a little more color on these numbers, we expect third-quarter RevPAR growth to be in the 8% to 10% range and the fourth quarter to be flat to slightly down. Now these are fairly large swings, but we are pleased to say that we have 11,000 more group room nights on the books for the third quarter -- and that's by the way after adjusting for the 7,000 room cancellation that I talked about -- than we did at the same time last year.

As regards to the fourth quarter of 2015, it was by far our strongest quarter for RevPAR growth during the last year, driven by a very strong book of group business. This fourth quarter we have about 14,000 less group room nights on the books than at the same point last year, but we expect decent leisure business given the holiday programs that we have in place.

So let's talk adjusted EBITDA. As you have seen from our earnings release today, we are maintaining our earlier guidance. Now, there's three reasons for this. The first being that our actual operating plan called for adjusted EBITDA exceeding the top end of our guidance and to date, our margins have been pretty solid this year and we expect a similar performance through the back half of the year.

Second, our management teams have in place plans to offset slightly lower expectations on revenue growth for the full year. Third, when we take a cancellation of a large group that affects RevPAR similar to what is occurring in the third quarter, there are cancellation fees assessed and our bottom line is protected.

So to conclude, I want to remind folks that our Company is on pace to have a record year in terms of overall profitability even with modestly lower revenue expectations. We remain bullish about our future prospects and have many exciting projects on the horizon at each of our hotels and multiple exciting announcements to come on the entertainment side of our business. So, stay tuned. And with that, let me hand over to Mark.

Mark Fioravanti - *Ryman Hospitality Properties, Inc. - President & CFO*

Thank you, Colin. Good morning, everyone. In the second quarter, the Company generated total consolidated revenue of $296.2 million, up 8.1% from the prior-year quarter and net income available to common shareholders of $51.3 million or $1 per fully diluted share. The Company grew profitability by 8% in the quarter generating $99.1 million in adjusted EBITDA. Adjusted EBITDA margin in the quarter was flat at 33.4%. For the quarter, the Company generated $81.6 million in AFFO, or $1.59 per fully diluted share, a per-share increase of 8.9% when compared to the second quarter of last year.

Turning to the hospitality segment results, the hotels finished the quarter on a same-store basis with RevPAR growth of 5.9% as compared to the prior year's second quarter, while solid outside-the-room spending in group food and beverage increased total RevPAR by 6.4%. Attrition and cancellation fees collected during the quarter totaled $1.8 million during the quarter. In the year for the year, cancellations increased by approximately 6,700 room nights driven by the 7,000 room night financial services group for August that Colin mentioned earlier.

As Colin mentioned, the $1.9 million cancellation fee that has already been collected will be booked in the third quarter. This cancellation has an approximately 40 basis point impact on our full-year RevPAR growth and is reflected in our updated guidance ranges, which Colin shared a moment ago.

Consolidated hospitality adjusted EBITDA grew 7.6% to $91.5 million generating an adjusted EBITDA margin of 34.9%. During the second quarter, our entertainment segment revenue increased over 20% at $33.9 million and the segment's second-quarter adjusted EBITDA increased 13.5% to $13.2 million. Corporate and other adjusted EBITDA totaled a loss of $5.7 million in the second quarter compared to a loss of $5 million in the second quarter of last year.

Moving on to the balance sheet, as of June 30, we had total debt outstanding of approximately $1.49 billion. Net of unamortized deferred financing costs and unrestricted cash of $50.7 million, net debt outstanding was $1.44 billion, including $373.9 million of borrowings under our credit facility leaving $321.6 million of availability.

On July 15, the Company paid its second-quarter 2016 cash dividend of $0.75 per share and it is our current plan to distribute total 2016 annual dividends of approximately $3 per share in cash in quarterly payments in October and January of 2017. Any further dividend is subject to the Board's determination as to the amount and timing of the distribution.

Now let me close by saying that the quarter was a solid one for our Company, and we are all very proud of how our business performed, particularly against the uncertain economic and political environments that we are all facing today. We remain bullish on our outlook for the remainder of the year and are confident that both our hospitality and entertainment businesses are durable and uniquely well-positioned for many years to come. And with that, I will turn it over to Colin for any closing remarks.

Colin Reed - *Ryman Hospitality Properties, Inc. - Chairman & CEO*

Mark, I will hold any closing remarks, so we can spend a little bit more time on the Q&A. So, Lori, let's open the phones up to see whether anyone has any questions. Thank you.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Chris Woronka, Deutsche Bank.

Chris Woronka - *Deutsche Bank - Analyst*

Colin, appreciate all the color on the segmentation that you went over. I just wanted to ask on the -- in terms of the composition of your groups, do you see any changes on the horizon in terms of corporate versus association? As we move later through the cycle or if the corporate softness persists, do you think that there's going to be a shift in the composition of those groups?

Colin Reed - *Ryman Hospitality Properties, Inc. - Chairman & CEO*

Chris, I can only talk about historical trends because we are not seeing -- actually in our sales production for the quarter, sales production from the previous quarter, the stuff we have on the books. I think 2016/2017 is skewing slightly to associations and SMERF from corporate, but not meaningful. In 2018, it's the opposite, more corporate. And I just don't think we are seeing any change in the behavior of the meeting planner who is dealing with large corporate groups for 2017, 2018 and 2019.

Now, we all know that that issue that you've just raised was a big-time issue in our industry in 2008 and 2009 as we experienced the financial crisis. We saw the corporate organizations move to the sidelines and fortunately for a Company like us through 2009 and 2010, we had a really strong book of association business that really anesthetized the drop in profitability for our Company. We materially outperformed the industry through that period of time. And one of the things that we've been encouraging our operator, Marriott, on and the sales leadership on over the last two to three years, this is one of the reasons why we insisted on putting back in place this what we call our SEAL Team Six, the group of folks that are looking for 1,000 room plus groups, because we wanted to make sure that our association production, long-term association production, the stuff that we are booking three, four years out, was happening. And fortunately, we put that group back in place. Our volumes have gone up, particularly in the 1000-room plus and I think we have a pretty good solid book of -- Patrick -- a good solid book of association business out three, four, five years from now.

But in answer to your question, I don't think -- Patrick, jump in here.

Patrick Chaffin - - *Ryman Hospitality Properties, Inc. SVP, Asset Management*

Yes, there's always the temptation to get a little carried away with driving rate with the corporate groups in the short term, but we have made sure, to Colin's point, that we have put a substantial amount of association and SMERF business on the books to protect us such that if we do see a downturn in the economy, or if this uncertainty that we are seeing in the short term continues, that we've taken all the appropriate steps to protect ourselves, but we have not seen a material shift as of yet as far as composition looking out.

Colin Reed - *Ryman Hospitality Properties, Inc. - Chairman & CEO*

And, Chris, the reason we went into painstaking detail on what is happening in our business is that we want everyone to understand that the issue as we see it today is the short-term corporate small 10 to 300 group, which tends to be the more discretionary group rather than the big annual conventions and the farmers and the annual association meetings. They tend to be a little bit more discretionary and that's the only area that we've seen some softening here over the last couple of months, which seems consistent with everything else we've read from all of the other hotel companies that have reported here over the last week.

Chris Woronka - *Deutsche Bank - Analyst*

Okay. Very good. And just to follow up, wanted to ask a little bit about capital allocation. You guys have a very competitive above-average dividend. You are producing a lot of cash flow. How do you think about maybe additional share repurchase versus where do you want to be on leverage as we move on?

Colin Reed - *Ryman Hospitality Properties, Inc. - Chairman & CEO*

Mark, you can jump in here. Number one, we believe we can run -- our leverage level is at 4.5 times, there or thereabouts and this is with a healthy book of capital that we are in the process of deploying for Texas expansions and all the other things that we talked about. I don't need to go through it. We've got a fairly healthy book of capital that we are expanding on projects all generating 16% to 18% returns for us, and we think this is a very good use of capital.

The other thing I will say to you is that we have approximately $75 million of availability on our stock buyback authorization that our Board approved and as the shares move around, the stock moves around, we will keep our eye on it and we will look at opportunities when we see material weakness in our stock price and we are operating today as an industry in choppy waters and I'm sure that we will see some choppiness of it.

But the way I would say this is that we really do believe in the long term of this Company. We think we've got magical assets, particularly our entertainment business is growing really, really well. As you say, we pay a $3 dividend, and this hasn't been goosed to try and secure investors into our business. This is what we have to pay, and the outlook for our Company over the next two to three years looks very, very good. And so we will look at dips in trading and use the availability when we think it's appropriate.

Chris Woronka - *Deutsche Bank - Analyst*

Okay. Very good. Thanks, Colin.

Operator

Shaun Kelley, Bank of America.

Dany Asad - *Bank of America Merrill Lynch - Analyst*

Good morning, guys. This is actually Dany Asad on for Shaun. I'm actually going to follow up on Chris's earlier question. So, Colin, when you were talking about the softness in the year for the year, to frame it for us, can you give us how much of the overall mix is in the year for the year coming into any given quarter and is that business negative on a year-over-year basis, or is it simply just growing less quickly overall?

Colin Reed - *Ryman Hospitality Properties, Inc. - Chairman & CEO*

Well, let me do it on a 60,000 foot first of all. We go into a year typically with about 50 points of occupancy on the books, which is very different to any of the other REITs, 50 points of occupancy on the books. We tend to do somewhere in the 15%, 18% occupancy points in leisure, which are skewed really more towards traditional leisure rather than corporate leisure. And then the balance of the business, about 10 points of occupancy, tends to be in the year for the year group business. That's the way it -- Patrick Chaffin -- that's the way it works. So do you want to just go a little bit more granular with Dan here and talk about the reach that we have going into a quarter on the in the year for the year small corporate business?

Patrick Chaffin - - *Ryman Hospitality Properties, Inc. SVP, Asset Management*

Yes, absolutely. To frame it up, to your question a little bit earlier, if you look at it, we haven't seen corporate grow this year at the frenzied pace that we saw in 2015. But if you look at the definites that we've put on the books in the year for the year versus 2015 and 2014, it still shows growth over 2014 just not to the same level that we saw in 2015. And so we are not saying that it's a full stop. We are just saying that it's not growing at the same rate that we saw in 2015.

Now to your point as far as how much business do we have left to book in the year for the year, if you look at the remainder of our year where we stand right now, we are looking at 1 to 2 points of occupancy that remain, a very small percentage, or 1.3% of our total room nights for the year. So it's not that it is a tremendous amount left to book, it's just that that last few points really help us determine to what extent we can grow in an individual quarter.

Colin Reed - *Ryman Hospitality Properties, Inc. - Chairman & CEO*

On average, our 10 to 300 production on a month-by-month basis, when we were running these hotels back in 2010 and 2011, go back to 2009, if we were producing in the 23,000 to 25,000 room nights a month in the 10 to 300 range, we had a problem when we first converted to a REIT and we made some corrections with our operator and those numbers dropped back down to the 15,000 a month.

What we've seen, I think, Patrick, over the past couple of months is the numbers declining by a few thousand production coming out of the regional sales offices and that's what's given us a cause for a little bit of -- that's what's caused us to pause here for the third quarter and the month of October and November, which is really the only time where we get group production because we shift heavily into this more festive season. But, as Pat said, we are still getting a lot of good bookings coming in, but it's not just at the same rate that we got last year, so it's just caused us a little bit of a pause here.

Dany Asad - *Bank of America Merrill Lynch - Analyst*

Got it. That's very, very helpful. Thank you. Maybe just as a follow up, are you seeing that trend across the entire portfolio evenly, are there any specific markets or properties that you --this is just a little bit more obvious to you?

Colin Reed - *Ryman Hospitality Properties, Inc. - Chairman & CEO*

I think we've seen it across the board.

Patrick Chaffin - *- Ryman Hospitality Properties, Inc. SVP, Asset Management*

Yes, it has been pretty even for us across the board, across all four of our markets.

Colin Reed - *Ryman Hospitality Properties, Inc. - Chairman & CEO*

Yes, we are not seeing different production levels out of each regional sales office. I think that's fair.

Dany Asad - *Bank of America Merrill Lynch - Analyst*

Got it. Thank you very much. That's all for me.

Operator

Jeff Connelly, Wells Fargo.

Jeff Donnelly - *Wells Fargo Securities - Analyst*

Sounds like you've been busy. Just maybe to continue the group booking question, I'm just curious, recognizing your comments on 2017 and 2018 bookings have been encouraging, historically speaking, do you find that the 12% to 13% attrition rate in group and that rise in in the year for the year cancellations has again historically foreshadowed a deceleration in bookings, or any realized revenues, or does that not necessarily correlate in your experience?

Colin Reed - *Ryman Hospitality Properties, Inc. - Chairman & CEO*

Well, what we saw, Jeff, if you go back and you read the scripts, what we saw in LA was attrition rates climbing into the high double digits and we saw cancellations accelerating. And these cancellations were as a consequence of companies saying we are just not coming because we are trying to save money. This is why we give you the data we give you, or try to. The cancellations that we have seen, or the big cancellation that we saw in the second quarter for the third quarter was not as a result of this economy. It was the result of the merger between two companies and running attrition rates of 12% is not foreshadowing doom and gloom.

And the other thing that we saw in 2008 was a decline in production levels of the long-term business, particularly in the corporate sector. And we haven't seen that. And I know in your report you wrote this morning that we beat last second quarter on an easy comp, but 600,000 gross room nights in the second quarter is a hell of a lot of room nights and you've got to remember we had a healthy beat in the first quarter and a tremendous beat in the fourth quarter of last year. This is why we got 350,000 more group room nights there or thereabouts on the books for future years than we did at the same time last year. So I don't think we are seeing -- the way we analyze that business, we are not seeing the world falling in here, the world falling apart like in 2008.

Patrick Chaffin - *- Ryman Hospitality Properties, Inc. SVP, Asset Management*

Just to expand on Colin's point, as you are aware, we always see attrition in the business. It's just a natural function of the group business. If you look back 2013 through 2016, we've gone anywhere from 10% to 13% in terms of attrition, and as we just reported, 12.8% for this past second quarter is within that range. We've pretty much stayed within that 10% to 13% for the past three or four years.

Jeff Donnelly - *Wells Fargo Securities - Analyst*

That's really helpful. Thank you for the color. Maybe to switch gears, on the balance sheet side, we were talking about this earlier on the call, Mark, how are you thinking about managing the balance sheet for the -- maybe commitment is the wrong word -- but just for the project in Aurora? I know it's a bit down the road, but having that out there, does that lead you to carry lower leverage than you might otherwise just to maintain some capacity, or does it really not factor in at this point?

Mark Fioravanti - *Ryman Hospitality Properties, Inc. - President & CFO*

Do you mean in terms of potentially buying the remaining portion of it?

Jeff Donnelly - *Wells Fargo Securities - Analyst*

Correct.

Mark Fioravanti - *Ryman Hospitality Properties, Inc. - President & CFO*

Truthfully, Jeff, it really doesn't factor into the thinking at this point. Obviously, if we bought the remaining portion of it, we'd be buying a significant amount of cash flow because it would be an operating property and so we would likely do that. If we bought it, it would be some mix of debt and equity issuance, but you are probably looking at in the early 2022, 2023, so it's out a bit. We are more focused now just thinking about our next maturity stack, which is 2019 and how we want to deal with that and how we deal with some of the bonds we have out, given where interest rates are.

Jeff Donnelly - *Wells Fargo Securities - Analyst*

Okay. I guess in a similar line of questioning, and this is probably a good problem to have, but is there a size to the entertainment sector that you think you can ultimately grow to where I guess ownership within the REIT structure effectively becomes a problem where there's only so big you can have noncompliant businesses and I'm just wondering is there a time in your mind or a potential in your mind that the entertainment sector can be so large and so successful it might ultimately have to be separated from the REIT?

Colin Reed - *Ryman Hospitality Properties, Inc. - Chairman & CEO*

We love this business and, Jeffrey, I can't count the amount of times we've had this conversation every time we are together. The way we look at it is this. We've got a lot of projects that are coming at us and we really haven't talked about publicly through the eyes of developers the potential to do more projects outside of Nashville. And we are going to start that process in New York City with a press conference that we are going to hold on the development they were doing in Time Square.

But our goal I think as you know and most of our investors who talk to us about this know is at some point this business has to be unhitched from the Real Estate Investment Trust. It should not be residing in the Real Estate Investment Trust and that's why we are working very hard on locking the growth opportunities at this business, and when our bankers tell us that the strategy that we have for growth and the growth curve of this business warrants this business standing on its own and that business will trade well because of the growth characteristics of it, then we will unlock it and we will do it. And that's -- right now, we are focused on the growth curve and the activity, and when we get there in the market, conditions are right, we will absolutely move in that direction.

Mark Fioravanti - *Ryman Hospitality Properties, Inc. - President & CFO*

Certainly in the near term, Jeff, it's not an issue for us from a compliance perspective. Keep in mind that that business is held in a taxable REIT subsidiary, so it doesn't affect the income tests. It does affect the asset test, but given the size of our hotel assets, we have plenty of headroom and a regulatory issue wouldn't force our hand to have to do something that wasn't appropriate for the business or for value for shareholders.

Jeff Donnelly - *Wells Fargo Securities - Analyst*

Okay. That's really what I was after. I was just curious. Thank you very much, guys.

Operator

Patrick Scholes, SunTrust.

Patrick Scholes - *SunTrust Robinson Humphrey - Analyst*

Just a couple questions here. It looks like you collected $1.9 million of attrition fees from this canceled group. What would you have estimated the profit if the group was to have arrived as intended. What would you have estimated the profit from the group?

Colin Reed - *Ryman Hospitality Properties, Inc. - Chairman & CEO*

Do you want to answer that, Pat?

Patrick Chaffin - *- Ryman Hospitality Properties, Inc. SVP, Asset Management*

Yes. I would tell you that the cancellation fee that we've collected, Patrick, essentially has covered our profit. We looked at the rooms revenue and the outside-the-room revenue for that particular group. We had a really strong contract in place and I would say that we are comfortable that maybe the group would have picked up a little bit more when they were on property, but by and large we've covered the profitability portion through that cancellation fee.

Patrick Scholes - *SunTrust Robinson Humphrey - Analyst*

Okay. Next question here. On your RevPAR guidance reduction, was that all entirely from this group cancelling, or if they had maintained, would your guidance have been unchanged for RevPAR?

Patrick Chaffin - *- Ryman Hospitality Properties, Inc. SVP, Asset Management*

Yes, so there's basically two components. One is the cancellation, which, as we already talked about, a 40 bps impact to the full-year RevPAR results or projections, but also then just as we've been talking about, a slowing in the pace of short-term corporate bookings in the year for the year. And taking into account the slowdown that we saw in that segment in the second quarter, we rolled that through into third-quarter and fourth-quarter expectations and so you can put the cancellation with the short-term slowing in corporate and that's how we came up with the revised guidance on RevPAR.

Patrick Scholes - *SunTrust Robinson Humphrey - Analyst*

Okay. And then, lastly, could you just repeat -- I know earlier on the call you said what your expectation for 3Q and 4Q RevPAR was -- I just didn't write them down quick enough. If you could repeat those, please?

Colin Reed - *Ryman Hospitality Properties, Inc. - Chairman & CEO*

Yes, sure. What I said in my prepared script was RevPAR third quarter in the 8% to 10% range and because we have 14 -- I'm doing this from memory -- 14,000 plus more group room nights on the books, and that's after the cancellation. And flat in the fourth quarter where we had a tremendous fourth quarter last year. You may remember, Patrick, we had a 9% plus RevPAR growth, very heavy. We had one of the best books of corporate group business last fourth quarter 2015, and this year, we've got about -- I think it's about 12,000, 14,000 as well less room nights on the books for the fourth quarter, and so we are saying flat RevPAR growth in the fourth quarter. That's how we've dissected it.

Patrick Chaffin - - *Ryman Hospitality Properties, Inc. SVP, Asset Management*

And, Patrick, I would add to that. The fourth quarter is additionally impacted by the fact that we have almost 7,000 room nights out of service at Gaylord Opryland as we finish up the renovation of the rooms at the Cascade section of that hotel, so that additional roughly 7,000 rooms out inhibits our ability to fill some of those patterns.

Patrick Scholes - *SunTrust Robinson Humphrey - Analyst*

Okay. Good. I do have one last question on the attraction segment with the revenue being up 20% year-over-year. That growth rate was mostly from the Wildhorse renovation opening?

Colin Reed - *Ryman Hospitality Properties, Inc. - Chairman & CEO*

Well, no. We didn't open the Wildhorse until early June, middle-May, early June. It's really the Ryman and it's the retail and it's Opry. It's all of the rest.

Mark Fioravanti - *Ryman Hospitality Properties, Inc. - President & CFO*

We will see pickup on the back half with the expansion of the Wildhorse, the renovation of it.

Patrick Scholes - *SunTrust Robinson Humphrey - Analyst*

Okay. Thank you. That's all.

Operator

Chip Oat, Tradition Capital Management.

Chip Oat - *Tradition Capital Management - Analyst*

Colin, my question is regarding possible opportunities for solid acquisitions from Starwood. You mentioned it literally in passing at a conference in June. Could you expand upon that at this time?

Colin Reed - *Ryman Hospitality Properties, Inc. - Chairman & CEO*

Well, I think -- I'm trying to do this from memory, and being an old guy like I am, my memory doesn't function the way it used to -- but I think the question was asked about acquisitions, and what I said was that given Marriott's proposed acquisition of Starwood, we believe there would be some larger group hotels that we would be more receptive to look at now they will be under the stewardship of Marriott simply because such a key component of our group booking strategy is what we call the rotation strategy. A group books in one hotel and then will go through a second and a third and a fourth. And so we like the idea of a few of these big group hotels that frankly we have passed on in the past coming under the Marriott stewardship. So if a good Starwood big group hotel in a market that we want to be in comes up, we will now take a real serious look at it.

Chip Oat - *Tradition Capital Management - Analyst*

Okay. So we will maybe ask that question again in a couple of quarters. Thank you.

Operator

Thank you. I will now turn the call back over to Mr. Colin Reed for any additional or closing remarks.

Colin Reed - *Ryman Hospitality Properties, Inc. - Chairman & CEO*

Okay. Well, look, I'd like again to thank everyone for being on the call this morning. We had a good second quarter however you look at it, RevPAR-wise, group long-term booking-wise. Our entertainment business is doing very, very well. We are very, very excited about all of the different growth projects that we have on the books and very much looking forward to the next one to two years. So look forward to being with you all over the upcoming conference season in September and October. Thank you very much for joining us.

Operator

Thank you for participating in the Ryman Hospitality Properties' second-quarter 2016 earnings conference call. You may now disconnect your lines and have a wonderful day.