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Ryman Hospitality Properties Inc to Provide COVID-19 Business Update Conference Call

EVENT DATE/TIME: MARCH 26, 2020 / 2:00PM GMT

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PRESENTATION

Operator

Welcome to the Ryman Hospitality Properties business update 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; and Mr. Patrick Chaffin, Chief Operating Officer.

This call will be available for digital replay. The number is (800) 585-8367, and the conference ID number is 8659659. (Operator Instructions)

It is now my pleasure to turn the floor over to Mr. Mark Fioravanti. Sir, you may begin.

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

Thank you, Maria. Good morning, everyone. 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 forward-looking statements. Words such as believes or expects are intended to identify statements, which may be affected by many factors, including those listed in the company's SEC filings. The company's actual results may differ materially from the results we discuss or project today. We will not update any forward-looking statements whether as is a result of new information, future events or any other reason.

I will now turn the call over to Colin.

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

Thanks, Mark, and good morning, everyone, and thanks for joining us today. At the outset, let me say, I'm sorry we were a little late in getting the call going. But the dial in, there's a lot of people dialing in this morning to listen to what we have to say. And with every one of the operators working from home, it just took a little bit more time to get everybody in.

So the past few weeks have presented unprecedented circumstances for our country, the economy, the hospitality and entertainment industries and for our company. And what we have done is there is a deck post under webcast about 10, 12 pages. And Patrick and Mark will cover the majority of the slides. And what I would do is give you an understanding of how we're structured as an organization to manage this epidemic and how we're thinking about the longer term.

As the situation continues to evolve rapidly, it has sown much uncertainty about the future and confusion about the present. And while we cannot predict the exact path of this pandemic, I am confident that the actions of our management team, along with the support of our Board of Directors, as well as our bank group will see us through this, and then we will emerge on the other side, a stronger company than before.

Now for those of you who have followed our company over the years, we're pursuing a similar game plan as in past crisis, such as 9/11, the global financial crisis or the Nashville flood. That plan has multiple components, one of which is transparency with you, our shareholders and key stakeholders regarding what we're doing to meet these challenges directly. Over the past few weeks, we have been as transparent and as communicative as possible. And furthering that end is what brings us together here this morning.

We would like to take this opportunity to explain to you how we are responding to quantify the impact on our business and to outline the near and medium-term outlook for our company. I will first outline our crisis response strategy and then hand it over to Patrick to walk you through what we're doing at our hotels in more detail. And then Mark will discuss the actions we've taken at our entertainment and corporate segments, our balance sheet and our liquidity and covenants. And then I'll close with a couple of forward-looking observations.

Now when we first began hearing serious reports about COVID-19 in late February, we immediately formed crisis task force, including members of both management and our board, that has been meeting nearly every day to address the latest updates and to formulate responses that would be in the best interest of the company's employees and customers. This group has been responsible for formulating communication that we have been sending out to you, the investment community as well as twice-weekly updates to our full board.

In addition, the team has been instrumental in deciding to close our Nashville-based entertainment assets to enable our corporate employees to work remotely and to take care of our many front-line employees in our venues as best we can.

Our asset management team has worked alongside our manager, Marriott since day 1, and are working diligently with our counterparts there to ensure the safety and well-being of our hotel employees and customers. Our relationship with Marriott is as strong as it's ever been, and we are confident that our collaboration is making the best of our situation.

As cancellations began to increase since early March and as cases of COVID-19 in the United States began to grow, our team implemented a series of operational changes and business closures. We first began to shrink the hotels to reflect reduced occupancy, closing F&B outlets, reducing hourly staffing and utilizing more salaried positions.

Now as you have seen from our release on Tuesday evening, as occupancy declined to almost 0, and on the advice of local health authorities, and most importantly to ensure the well-being of our hotel employees, we took the decision with Marriott to temporarily close the Gaylord hotels. Similarly, we have shut down the bulk of our entertainment assets in accordance with the current social distancing recommendations in Nashville and in other cities. This included halting public performances of the Grand Ole Opry, ceasing public concerts at the Ryman Auditorium and shutting down our Ole Red venue network.

Now we've done our best to mitigate the financial impact of this pandemic for our employees as well, by extending our part-time employees pay for at least 2 weeks and maintain our full-time employees pay through April 12.

We've been very active in lobbying government in an attempt to secure incentives to retain employees past the April 12 date. And as of now, it's uncertain what incentives will be available to companies like ours.

Here in our corporate offices, we are cutting costs as well. We've frozen all new hiring and identified several million dollars of operating expenses and capital projects that can be deferred or canceled. In addition, we have deferred all merit pay increases for our management team, and I will be forgoing 50% of my salary until such time as this pandemic is behind us. Of course, the most material decisions we have to make involve how to address our Hospitality business and how to accommodate our valuable group meeting customers.

You know I talk a lot in my earnings calls and investor presentations about relationships and how our relationships with our customers and meeting planners are the crux of our strategy. It may sound a bit worn out to long-term followers of our company. But I can tell you, it is at times like these that such relationships make all the difference.

This crisis is very different from the issues we've dealt with in the past. After 9/11, air travel was shut down for several days, but then shortly thereafter, customers were able to fly, whether they did or not was their choice. During the great financial crisis of '08, '09, decisions not to travel were entirely in the hands of the customer. The great Nashville flood made it impossible for Opryland customers. But this time around, as March progressed, many communities and state governments were essentially issuing advisories, recommending and recently mandating that folks stay at home. Given the complexity of the circumstances, we have asked Marriott and our hotel sales teams to focus on rebooking customers into the latter part of this year and into next year. And I'm pleased to say, notwithstanding this crazy time, we are actually having some success here. And Patrick will explain to you how we're thinking about this, but we believe that there is a silver lining here.

Now before I pass it along to Patrick to dig a little deeper on this, I want to remind listeners to this call of one thing. Although each period presents its own challenges, this senior management team has been through various crisis -- the various crisis I've just outlined. And each term created a stronger company that existed prior to each event. Each of us brings to the table a unique set of skills and knowledge gained through these prior experiences. We have marshaled this company through many challenges together, and we'll do the same through this one.

So with that, what I'd like to do is turn the call over to Patrick to give you a more in detailed description of what we're doing in our hotels and how we are thinking about cancellations and bookings. So Patrick?

Patrick Chaffin ***Ryman Hospitality Properties, Inc. - Executive VP & COO***

Thanks, Colin, and good morning, everyone. As Colin has already indicated, the past few weeks have presented unprecedented challenges for the hospitality industry. Accordingly, we've been working very closely with Marriott to understand the evolving situation and swiftly respond.

Let me begin by sharing with you how the situation has impacted our business today. As of March 22, 2020, the Gaylord hotels received approximately 466,000 group room nights in cancellation. This equates to approximately 222 -- sorry, $227 million in total lost revenue for our hotel portfolio, of which approximately $100 million is rooms revenue, and approximately $127 million is revenue generated outside the room. The business loss to date has primarily been for groups traveling in March and April. Approximately 36% of the room nights lost were from March, and approximately 36% of the room nights lost for April. The remaining 28% of cancellations are spread across May, June and July. As a result of these cancellations, our hotels have an approximate total of $103 million in cancellation and attrition fees due. However, as the current coronavirus pandemic has evolved, we have quickly found ourselves in a unique situation, not always clearly addressed within the force majeure language of group contract.

Initially, meeting planners and groups were encouraged by governmental authorities to refrain from traveling. Then shortly thereafter, government mandates against travel and meetings began to emerge. So this is truly a unique situation that we've never seen before, especially since that many association groups have been forced to cancel. Forcing these association groups to pay cancellation fees during macroeconomically challenged times, often forces the association into bankruptcy. Therefore, given that future group bookings, and more importantly, strong and lasting relationships with meeting planners are the oxygen of our business. We've been increasingly modifying our approach of meeting planners. Realizing that an obtuse approach to collecting cancellation fees may drive up collections in the short term, but it reparably harm our group relationships in the long-term, our sales teams have focused their primary efforts on rebooking business in 2020 and 2021, and capturing new business for 2022 and beyond.

We employed a similar strategy following the events of 9/11 with great results. Our actions then solidified a strong long-term relationship with those groups, and those relationships have continued to pay dividends over the past 19 years since 9/11.

The current coronavirus situation presents another opportunity to further differentiate our hotels and the Gaylord hotels brand in the mind of the group consumer. Therefore, we have retained approximately 80% of our property sales teams through this crisis to handle the volume of relationship building opportunities that have been created. We believe the retention of these sales professionals through this crisis will strategically position our hotels for success after the situation is over.

Early evidence to support our belief is beginning to emerge. Approximately 80% of the large groups that have canceled have expressed a strong desire to rebook their meeting in 2020, 2021 or beyond. And these customers sincerely appreciate our approach. One meeting planner sent an e-mail stating, you have just earned a lifelong customer, and we will tell all of our vendors about our experience with Gaylord.

As you can see on Slide 4 in the presentation we provided to you, we are well positioned for the coming recovery. We have approximately

860,000 group room nights on the books for the second half of 2020. This represents an increase over the same time last year, which was a record-breaking year for our company. 2021 and 2022 are in tremendous shape, with each year currently poised to set a new occupancy record for the Gaylord hotels. And these current levels of group room nights on the books are before any benefit from the rebooking effort currently underway by our sales teams.

Additionally, we believe that our group and leisure transient focused business model uniquely positions us for a strong recovery once the current coronavirus situation is over. Consider this. Regional leisure transient business should be the first travel segment to begin recovering once local, state and federal government authorities lift the current travel and social interaction restrictions. This segment has historically shown tremendous resilience during economic downturns and is an integral part of our business model. In fact, we believe that there will be material pent-up leisure transient demand following the quarantine. As the father of 4 children, 3 of whom are teenagers, I can assure you that in my house, there's a considerable amount of pent-up desire to travel as soon as possible. And our hotels are well positioned with our large-scale leisure amenities to take full advantage of this pent-up demand on the leisure transient side.

Second, association groups comprise approximately 40% of our group business currently on the books for the second half of 2020 and all of 2021 and '22. As soon as permitted to do so by government authorities, these groups will quickly begin to meet once again. These groups rely on large group meetings for their income and only cancel when forced to by government travel or social interaction restrictions.

The third leg of the stool, the business transient segment will probably be the last segment to recover as businesses elect to maintain tight restrictions on discretionary spending into the second half of 2020 in an effort to offset the negative impact of the current Q2 coronavirus situation.

Our hotels, I'll remind you, have historically not hosted any material business transient segment travel. To provide historical context, business transient represented less than 1% of our total occupancy in 2019.

So in summary, the core of our business remains in segments that are historically more resilient during macroeconomic downturns or recover the quickest after a downturn. This gives us tremendous confidence in the ability of our hotels to successfully recover following the current crisis. However, until the current coronavirus situation is over, we continue to work aggressively to minimize our operating costs and conserve cash.

As you've already seen, we made the decision earlier this week to temporarily close the 5 Gaylord hotels. We did not take this decision lightly. However, given the current projected occupancy levels for the hotels over the next month and the increase in local, state, federal restrictions on travel and social interactions, and in the interest of protecting the employees of the hotels and the communities they serve, we determine this action to be both prudent and appropriate. This decision also enables us to minimize both the operational expense for each property and the capital expenditures during the closure period.

In Slides 5 through 9 of the presentation we've provided, we've given you the operating cost level we expect to maintain through the closure. As you can see, each hotel's closure operating model includes a significant portion of unemployment tax and employee medical benefits expenses, expenses which are unique to the current crisis. Combined with normal operating taxes and insurance, these expenses comprise most of the operating costs during closure.

Now on the other hand, we successfully minimized our direct operating expenses like labor and utilities. Overall, we are confident that our aggressive approach to minimizing costs in partnership with Marriott ensures that the hotels will be as cost-efficient as possible during their temporary closure. In fact, only 5% of our hotels full complement of employees will be actively working during the closure. The remainder have been furloughed or placed on temporary leave.

In working with Marriott, we've ensured that these employees will continue to receive medical benefits through the end of May, be eligible for unemployment benefits, receive Marriott's disaster relief pay and have jobs to return to after the current crisis is over. We highly value these employees and their contribution to our hotels and the brand. We look forward to welcoming them back to work.

For now, our plan is to close the hotels this week and then assess the demand situation throughout the month of April. At the right time and in consultation with local health authorities and Marriott, we will determine an appropriate reopening date.

I will now turn the call over to Mark to discuss the actions we've taken in our Entertainment segment and at corporate. Mark?

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

Thank you, Patrick. Now turning to Slide 10, in our Entertainment segment. As in our hotel business, we have taken swift action to protect our employees and guests and minimize operating losses by temporarily closing all of our entertainment venues, including the Opry House, the Ryman Auditorium, our Ole Red venues and our Marriott-managed attractions. Currently, these businesses are scheduled to remain close through April 4. However, given the current environment and Tuesday's announcement that Tennessee public schools will remain closed until April 24, it is unlikely that our venues will remain -- it is likely that our venues will remain closed through that date.

While we continue to produce and broadcast the Grand Old Opry show for radio, television and online, we've ceased publicly-attended performances. In addition to these closures, we delayed the opening of our Ole Red Orlando project, which was scheduled for early April. We'll update you on the new target opening date once it's been determined.

Of course, WSM continues to air and our Circle Television channel continues to broadcast. Although as part of our cost containment initiatives, we've made the decision in consultation with our partner, Gray Television, to delay the June launch of our subscription streaming service.

For those employees of our owned and self-managed entertainment assets, we've thus far maintained our full-time staffing levels, and we'll continue to pay our employees through April 12. In the coming weeks, we will evaluate longer-term staffing levels by market, considering factors like local government restrictions, consumer demand and potential federal government assistance. In addition, we've extended 2 weeks' pay to our part-time employees in our closed venues to provide some temporary relief through this difficult period.

Turning to Slide 11. At the corporate level, we've implemented cost containment strategies during this period, resulting in an estimated $5 million of annualized expense savings. We've eliminated all nonessential expenditures, including travel and entertainment, third-party consulting fees, marketing spend and reductions in senior executive compensation. We've deferred all nonessential capital projects, including the Rockies expansion that was scheduled to break ground in April.

At this time, we're continuing construction of the Gaylord Palms expansion project. Continuing this project, which will consume approximately $10 million per month during the second quarter, provides the ability to bring -- to open this project in the second quarter of 2021 to serve groups moving meetings into next year. We will continue to monitor the situation, and should conditions warrant, we have the flexibility to suspend this project at any time.

In addition to our efforts, Marriott has suspended the requirement to make an FF&E reserve contribution through the month of August to further preserve capital. Finally, we will pay our last declared dividend on April 15, which was authorized by our Board of Directors on February 25 in the amount of $0.95 per share. We expect to suspend the dividend through the balance of the year until an appropriate dividend level can be determined by our Board of Directors.

Lastly, let me touch on our previously announced acquisition of Block 21, which was originally anticipated to close at the end of March. We continue to work through the CMBS loan assumption process and we've been informed by the special servicer that the process will take another 30 to 45 days. Given this timeline, we will continue to monitor the Austin market and the asset's performance. At this time, we cannot say with certainty if or when the acquisition will close. I would note that should the acquisition not close, our maximum exposure under the purchase and sale agreement is the $15 million deposit that we've previously paid. We'll update you on the status of this transaction as it develops.

Turning to our balance sheet on Slide 12. The significant refinancing activities we undertook last year, including our equity issuance in December, provides us with significant liquidity and no near-term debt maturities. Adjusting for the pending dividend, the company has approximately $935 million of liquidity to carry us through this period. Including 100% of the Rockies, our business requires approximately $42 million per month to maintain our assets, support our corporate functions and service our debt for an extended period of closure. This run rate assumes no additional cost control actions or reduction in force other than the expense controls we've outlined earlier.

This run rate also includes substantial ramp down costs at the hotels, including unemployment, medical and disaster pay. Unemployment and medical benefit payments generally lasts 6 months, while disaster pay is a onetime expense. After the 6-month period, these costs and in our consolidated monthly cash needs decline by approximately $10 million per month.

At these burn rates and based on our available unrestricted cash, the company's operating businesses can remain closed for 18 months without requiring any additional borrowings or over 2 years if we utilize the remaining $300 million of available capacity. In addition, we have $60 million of restricted cash in the FF&E reserve at our hotels, which is available for property maintenance.

We're also monitoring the federal stimulus package currently under development and will determine how it might assist our employees and mitigate a portion of our losses. We are highly confident in our ability to navigate through this difficult period.

Turning to Slide 13. In terms of our secured debt covenants, there are essentially 3 measures, and we are well in compliance currently, and our full revolver is available to us. At this point, without knowing how long this period of closure will last nor the trajectory coming out, we cannot precisely forecast at what level these coverage ratios will be as we move through the year. However, we have long-standing and productive relationships with our 12-member bank group, many of whom have been with us and supported our growth for more than 20 years. We're in active discussions with them on how to address any covenant issues that may arise, and we will update you on those discussions at the appropriate time. Our remaining debt covenants include a onetime debt service coverage ratio for the Gaylord Rockies properties, which does not take effect until the end of June. And the majority of the banks at that property level term loan are the same as in our primary facility.

Finally, our senior notes carry only incurrence tests rather than maintenance covenants. And under our senior notes, our full revolver is always available to us. Overall, we're very comfortable with our financial position and our liquidity and our ability to continue to manage through this difficult period.

So with that, I'll hand it back to Colin for any closing remarks.

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

Thanks, Mark, and thanks, Patrick. And before I wrap this up, and we'll open the call up for questions, I just want to publicly thank my team for the incredible job that they have done here over the last month, and this is sort of days of déjà vu dealing with floods and great financial -- the great financial crisis of 2008, 2009, this team has been through it.

And a couple of thoughts that I have right at the end that I would ask each of our shareholders and/or prospective shareholders to think about. And that is that when you look at the senior team of this company, and I said it earlier, about 30 minutes ago, these folks, the senior team at this company have been here, most of them 15, 18 years, and have been through these types of issues before, though this is a little different than what we're dealing with. And I'm very, very confident that we can navigate through this and do what we have done as we have managed each of the crisis before us, and that is bring a company forward that is stronger than what it was before we entered the said crisis.

And the second thing I would ask you all to think about, at some point, when governments, be it cities, states, federal, say, you're no longer confined, you can go back to work, you can travel again, the green light is there. And as Patrick talked about, our hotel business should ramp up pretty quickly. And if the back-to-work green light comes sometime in the mid, late second quarter, our final 2 quarters of this year will be fine. We have a ton of business on the books. And as Patrick sort of indicated, a lot of our meeting planners that we are in intimate discussions with have indicated to us that those canceled room nights that we are seeing in March, April, May, some in June, some of these, they want to put into the back end of this year and into next year. And so I think our company, once we get through this crisis is going to be just fine.

And so Maria, let's open up the lines for questions and see what our investment -- investors want to ask us. Thank you very much.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from the line of Smedes Rose of Citi.

Smedes Rose ***Citigroup Inc, Research Division - Director & Senior Analyst***

I guess I wanted to ask you first with the stimulus bill that just passed, can you talk about any potential benefits to hotels? In hotels...

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

Yes. So Smedes, we're all doing this call remotely. So I'll field the question and punt it off. But this one I'll take. So first of all, the stimulus bill passed the Senate late last night and now is in the house. And as -- to quote one certain house leader, we need to get this bill passed to find out what the hell is in it. And -- but I would say to you...

Smedes Rose ***Citigroup Inc, Research Division - Director & Senior Analyst***

That's encouraging.

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

Pardon?

Smedes Rose ***Citigroup Inc, Research Division - Director & Senior Analyst***

I said that's encouraging.

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

No, look, we -- I personally -- I don't know, I spent the last week, it seems on the phone talking with politicians as it relates to this. But there are -- it's really a little bit too early to be very clear on this, but there are 2 buckets of benefits. And the first bucket, which is in the SBA, Small Business Administration bucket, we've been very actively engaged with the senators of Tennessee up. And by the way, I want to thank Senator Alexander and Senator Blackburn for their support here and working with the administration on this. It looks like under the SBA, NAICS Code 72, that we will be getting some benefit in Ole Reds. They look so they qualify Wildhorse, General Jackson qualifies. We're trying to get the interpretation of that bill modified to add what is NAICS Code 71, that includes musical venues, which would include the Grand Ole Opry and the Ryman. And so the exact -- I'm getting into too much detail here, but the exact detail of that bill, and we need to do more work on. But it looks like right now that we will be getting some relief in our hospitality venues and restaurant venues that are under 500 people or less.

The other bucket is this broader stimulus, $450 billion to essentially shore up the balance sheets of corporations that have been very heavily impacted. This is the bucket of money that will -- some of which will go to Boeing airlines, container organizations. And there's about -- I think there's about $300 billion left for organizations like us if we choose to take it. The problem when we need to do more work on this, it looks like it will come with a lot of hairs. And so at this stage, we are not thinking we should access that bucket, but the SBA is something that really interests us. And then there's going to be other benefits here like tax benefits, state, local tax benefits. Even though we are a REIT, we do pay state taxes here in the state of Tennessee. And so all of that stuff will be, as this bill gets passed here, hopefully, tonight, tomorrow in the house, we will be exploring all sorts of ways to access it. But the numbers -- I want to be clear here. The numbers that Mark talked about do not include a bean from the stimulus package. So that, as I would sort of see it, and I think Mark sees it, that's the ups here that we will be all over. Sorry, that's a lot of detail, but there's been a lot of work undertaken here on the stimulus package.

Smedes Rose ***Citigroup Inc, Research Division - Director & Senior Analyst***

Okay. I appreciate it. I just wanted to ask you one more question. You mentioned that of the cancellations, 80% have talked about wanting to rebook, so the other 20% still a pretty significant chunk. Are they just gone away? Or is it less -- just less clear what their intentions are?

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

Patrick, do you want to deal with that?

Patrick Chaffin ***Ryman Hospitality Properties, Inc. - Executive VP & COO***

Yes. Smedes, this is Patrick. Thanks for the question. So think about that 20% as folks who have already booked out 2 or 3 years in advance, a lot of associations. And so rather than booking the meeting, they're going to have to let this meeting drop off because they've already scheduled maybe with Gaylord or with other hotels, their future meetings for the next few years. So the opportunity there is not necessarily to rebook this meeting, but to ensure that we treat them in a way that we pick up their future meetings. So the 20% is not necessarily just lost, it's that they're not going to repeat the meeting that has been canceled, and so the opportunity for us to pick up a future meeting with them.

Operator

Our next question comes from the line of Shaun Kelley of Bank of America.

Shaun Clisby Kelley ***BofA Merrill Lynch, Research Division - MD***

I'd like to echo the sentiments of thank you for doing this call with all the detail. So a couple of quick ones. Maybe to pick up on the last question first. Patrick, I appreciate kind of the color of sort of behavior by segment here. So 1 or 2 for you would be on, you talked about kind of your 3 different segments here, leisure, association and business transient. But can you talk about within, I think, probably the association bucket, the corporate behavior versus the, like, I think, the broader trade show or on kind of like SMERF business and just the typical cyclicality of those segments? Because I believe that some of the same behaviors you tend to see in business transient might apply as businesses cut back on the corporate, and that can be a pretty good business for you guys. So just trying to kind of handicap those different segments and just maybe broadly how they apply through a downturn or cycle?

Patrick Chaffin ***Ryman Hospitality Properties, Inc. - Executive VP & COO***

Yes, absolutely. So let me give you a couple of parameters. Thus far, the cancellations we've seen, roughly about 40% of them have been in the association segment, which is rare and just sort of highlights the uniqueness of the situation. The other 60% has come on the corporate side. And obviously corporations are going to be careful. And we're going to have to watch and see how quickly they bounce back. But I will tell you, a lot of this is product launches. This is getting the entire team together to make sure that sales teams are all on the same page. This is corporate meetings of that nature. Those need to continue to meet. And so we'll have to watch. It's a little too early. But I will tell you that in the 80% that we said of folks that are interested in rebooking, there's a lot of corporate meetings in that bucket. So they are showing us that they are looking to rebook and get their meetings back on the books, whether it's in the second half of '20 or in '21, but I can't necessarily speak to all of them just yet because it's still early, and we're going to have to wait and see how this plays out.

As you can imagine, our sales teams have been overwhelmed simply with the number of cancellations coming in. And so they're still very early in the process of negotiating the rebooking and getting new meetings on the books. They've made some good progress, but they still have a long way to go. So maybe some more color that we can provide on that the next time we talk, but we are encouraged. We think it's -- there's a lot of meetings that just continue -- need to continue meeting, but we'll have to wait and see how that materializes.

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

Shaun, I want to make just one observation. And you guys all have different roles. Most -- a lot of you guys have different roles in banking. And I'm sure that you -- your industry right now is getting absolutely overwhelmed by all of its clients that are calling in saying, we need help, we need support, we need to get through this, we want to keep our businesses functioning. And that's what's going on here that Patrick talked about. I'm getting calls from meeting planners that we had a personal relationship with back 8, 10 years ago before Marriott managed our business. And when I referenced the silver lining, the silver lining here for an organization like us is to make sure that our hotels are staffed efficiently right now, particularly on the sales side and on the conference support services side,to make sure that all of these customers that are calling in, that have issues that they've got to deal with cancellation fees, do I rebook? And these associations, 40% of this, as Patrick said, our associations, we have never seen that before. In the financial crisis, out of those 135,000 group room nights that canceled in the early part of 2009, 95% of that were corporations. We only had one association cancel. So these associations, we are working our tails off to help these people rebook this business. And to me, this is the silver lining. We have a shot here, just like you in banking, have a shot of securing your customers for a long, long time by doing things right. The banks that don't do that, are going to lose a bunch of customers, and it's the same in our business.

Shaun Clisby Kelley ***BofA Merrill Lynch, Research Division - MD***

Colin, appreciate that. And yes, I mean, I certainly hope we all can be part of the solution as well. So then my second question would be on the cancellation fees. Just thinking about this behavior, so kind of a 2-parter. One, Mark, is there any expected receipt of cancellation fees in any of the cash burn projections that you provided? And then secondarily, let's say, we move through this period where we've sort of got government-mandated behavior changes, and we've clearly got like some health department mandated shutdowns, which is just completely unprecedented. But we go into a more of a recovery mode, but where the -- where economic behavior is at a different level -- in a lower level. In that environment, if we were to continue to see cancellations, would they be enforceable? Or do the contracts somehow become a little bit less? Does it become a little bit more fluid given the circumstances that we've now been through?

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

Shaun, it's Mark. There -- we've assumed no cancellation fee collections in our assumptions just to be as conservative as we could be on the cash flow. And then, Patrick, you want to talk a little bit about what you're seeing and what the dialogue is around future contracts?

Patrick Chaffin ***Ryman Hospitality Properties, Inc. - Executive VP & COO***

Yes. We are trying to make sure that as we work through this situation with meeting planners, we make it clear that this is a unique situation and it will require a unique response. But once the situation is over, we're going to be returning back to the historical group contract language that includes the cancellation and attrition provisions that we've been adhering to and stayed close to for many years. So I think this allows us the opportunity to make sure the meeting planners know that when something odd and unique like this happens, we will make exceptions, and we will work with them in a compassionate manner. But when it's back to business as usual, the standard language will apply again. And so we'll get through the situation and partnership with them. And then we'll go back to business as usual with contracts that are normal.

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

And I think, Shaun, it's important to recognize that the business that we have on the books currently for the back half of this year, next year and the year after are under existing contracts. So those are already have contracts in place.

Patrick Chaffin ***Ryman Hospitality Properties, Inc. - Executive VP & COO***

And the other thing I would add to this is the meeting planners understand what my position on that. They understand that, look, this is unique, and we hate that we're having to have this conversation. We don't want to cancel, but we have to. And they understand that, look, let's all get back to business as usual as quickly as we can.

Operator

(Operator Instructions) Our next question comes from the line of Adam Trivison of Gabelli Funds.

Adam Joseph Trivison ***Gabelli Funds LLC - Research Analyst***

Just one, what are the elements or factors you're looking at to choose whether or not you move forward on the Block 21 acquisition?

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

Adam, it's Colin. So what I'd like to do is take that question with you off-line, and here's the reason why. Look, we have a contract that's clear. We have a deposit on the table, but we have a time to determine whether we see Austin come July 1, the same as we saw Austin at the end of last year. And so I don't want to speculate like this as to what we may or may not do. But we have some -- we have the luxury of time here. We have at least 30 to 45 days to make a determination as to what we're going to do.

Operator

Our next question comes from the line of Bill Crow of Raymond James.

William Andrew Crow ***Raymond James & Associates, Inc., Research Division - Analyst***

Patrick, can you just talk about the cadence of cancellations and rebookings? Are we facing kind of irrespective of how soon we might reopen, are we facing kind of an empty summer here, where nobody's willing to rebook that soon, and you're already starting to see cancellations into June and July?

Patrick Chaffin ***Ryman Hospitality Properties, Inc. - Executive VP & COO***

Okay. So there's a couple of different parts, so let me take each one. First, I would tell you that cancellation started to accelerate for us around March 3 roughly, and then they kind of peaked out about a week ago, and we've gotten down to where they seem to be stabilizing and slowly slowing down. As I already mentioned, the vast majority, roughly 72% of cancellations were for March and April. The remaining 28% for May, June and July. Those are folks who are just being extra cautious and not knowing exactly what to expect. We still have a lot of room nights on the books for May, June and July, a substantial amount. So I think a lot of folks are just waiting to see if the country can get past this during the month of April, and then we can slowly start recovering to a state of normalcy in May. So while we have seen some cancellations for May, June and July, a lot of folks are still waiting on the sidelines. We're going to watch and see what happens. As Mark already mentioned, here in the city of Nashville, it looks like everything is going to continue to remain shut down until about the 24th, and that's when the schools are talking about potentially going back. And so we're going to watch and see...

William Andrew Crow ***Raymond James & Associates, Inc., Research Division - Analyst***

24th of April?

Patrick Chaffin ***Ryman Hospitality Properties, Inc. - Executive VP & COO***

Yes, it's 24th of April, sorry. We're going to continue to watch and see essentially 3 things as we decide when to reopen. Number one, we want to make sure that federal, state and local authorities are all on the same page and aligned with one another. We don't want to say we're going to reopen because the federal authorities say to reopen and the state hasn't yet gotten there. So we'll watch federal, state and local. The second is we're going to start watching and saying, what's on the books from a group perspective and are there large groups that are getting ready to travel coming to the hotel? Therefore, if we got the all clear, we need to go ahead and get ready for those and start ramping the hotel back up. And then also what's happening on the leisure transient side. If it's recovering quickly, even if we don't have some groups on the books for that next week or 2 weeks ahead, do we go ahead and open up the facility to make sure that we take advantage of what's happening on the leisure transient side. So we'll watch it through April. We are hopeful that as we move into May, we can be opened, but it's going to be a very fluid situation as we've already seen. But again, we have a lot of room nights on the books for May, June and July, and we want to be able to be responsive to those customers.

William Andrew Crow ***Raymond James & Associates, Inc., Research Division - Analyst***

I appreciate that. Colin, as far as Aurora goes, any opportunities there to -- I don't know whether the -- your partners is open to selling their stake and allowing you to consolidate the entire asset or any thoughts there?

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

Bill, I love you. You think we would, in a public forum, talk about our negotiating strategy with our partner? We can't do that. We hope our partners' other business ventures are very successful. But we've made it very clear -- I've made it very clear, I think, in all of that public communication at the right time if the Aurora piece that we don't know becomes available at a reasonable price, we would, of course, be very interested in it.

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

Bill, the only other thing I would mention is that we are working cooperatively with them on, not only the shutdown, but also dealing with lenders?

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

Yes, absolutely.

Operator

(Operator Instructions) Our next question comes from Smedes Rose of Citi.

Smedes Rose ***Citigroup Inc, Research Division - Director & Senior Analyst***

I just had a quick follow-up. I was just wondering why the decision to go ahead and pay the first quarter dividend? I realize it's a relatively small amount, but just since you're obviously putting in a number of precautions here, why not just wait until year-end and sort of figure out what you might -- may or may not need to pay out?

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

Mark, let me take that. So this was a question that we pose to our lawyers because the dividend was announced. And on advice of lawyers, we felt that it was really almost impossible not to pay it. And the issue, Smedes, comes down to -- the issue comes down to if we announced that we're going to do the dividend and then, let's say, a month later, we don't do it, we -- according to our lawyers, we're registered in Delaware. According to our lawyers, there's a high probability that we were going to get sued all over the place because we've announced the dividend and we haven't paid it. And we had a long, long discussion about, is the pearl worth the dive, is inflicting long-term lawsuits on the company over $45 million worth it. And so at the end of the day, our board opine that we should, in fact, pay this dividend.

Operator

(Operator Instructions)

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

Any more questions, Maria?

Operator

I do have a question from the line of Shaun Kelley of Bank of America.

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

Is Shaun there?

Shaun Clisby Kelley ***BofA Merrill Lynch, Research Division - MD***

Sorry, everyone, can you hear me now?

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

Yes.

Shaun Clisby Kelley ***BofA Merrill Lynch, Research Division - MD***

Great. So just wanted to follow-up on one thing on the stimulus bill since we are getting a lot of questions from investors on how this applies. Anything specific on payroll tax provisions that could have a broader impact for larger corporations? Just kind of curious if you'd seen anything in the docs that might be there. Obviously, federal tax holidays and benefits aren't that useful given the REIT status, but just curious on payroll taxes?

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

Yes, we've had some indication that there are potential benefits that we could access. But again, it's so early here because this bill has been twisting and turning. But I would -- what we'll do here is over the next weeks as and when this bill gets passed in the house, and we got our arms around it, and our lawyers can help us, we will be a little clearer with you as to what we believe the benefits to be to offset the cash burn that Mark articulated.

Maria, if there's one more question, it's top of the hour. We've been at this for now about 55 minutes. So one more question if there is one, and it's not we will let you go about your business.

Operator

I'm showing no further questions at this time, sir.

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

Okay. Well, thank you, everyone, for joining us today. These are difficult times for every single company in this country and for the people of this country, and we're doing our level best to navigate through this. And my pledge on behalf of our team is that we will be very, very, very good communicators over the next month or 2 and let you know what we are doing in real time. So thank you for joining us, and good day to all of you. And stay safe and stay healthy. Thank you.

Operator

Thank you, ladies and gentlemen. This does conclude today's conference call. You may now disconnect.