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PRESENTATION

Operator

Welcome to Ryman Hospitality Properties second quarter 2026 earnings conference call. Hosting the call today from Ryman Hospitality Properties are Mr. Colin Reed, Executive Chairman; Mr. Mark Fioravanti, President and Chief Executive Officer; Ms. Jennifer Hutcheson, Chief Financial Officer; Mr. Patrick Chaffin, Chief Operating Officer; and Mr. Patrick Moore, Chief Executive Officer, Opry Entertainment Group. This call will be available for digital replay. The number is (800) 757-4770, with no conference ID required. (Operator Instructions)

It is now my pleasure to turn the floor over to Ms. Jennifer Hutcheson. Ma'am, you may begin.

Jennifer Hutcheson - *Ryman Hospitality Properties Inc - Chief Financial Officer, Executive Vice President, Chief Accounting Officer*

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 forward-looking statements. 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 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 a non-GAAP measure to the most comparable GAAP measure in exhibits to today's release.

I'll now turn it over to Colin.

Colin Reed - *Ryman Hospitality Properties Inc - Executive Chairman of the Board*

Thank you, Jenn, and good morning, everyone. We are pleased to have delivered another standout performance this quarter, but more importantly, we're encouraged by what it says about the strength and resilience of our business model. While the broader economic environment remains dynamic, we continue to see customers prioritize the kind of experience our portfolio is designed to deliver. This quarter reinforced several themes we have discussed consistently over the years. First, the demand for high-quality group meetings experiences remains healthy. Second, our strategy of attracting higher-value customers across all segments continues to gain traction. And third, the investments we're making across the portfolio are strengthening the competitive position and long-term earnings power of our assets.

Importantly, these themes build on one another in ways that strengthen our business over time. Our scale and differentiated offerings allow us to attract premium business and deepen customer relationships, which, in turn, drive stronger spending trends and greater visibility into future demand. That visibility then helps us allocate capital with confidence. In turn, we continue to reinvest in our assets and businesses in ways that further enhance our competitive advantages and create long-term strict shareholder value. To take one example, last month, we celebrated an important milestone at Gaylord Opryland with a topping off ceremony for the meeting space expansion project, marking the completion of the expansion structural framework. When completed, this investment will enhance Opryland's ability to attract more premium groups and further strengthen its already differentiated competitive position. Gaylord Opryland is a remarkable asset, and a large part of the resort next year will be 50 years old. But today, it is quite frankly, the most successful non-gaming resort in the nation.

25 years ago when Mark and I turned off at this hotel. It generated about $57 million of EBITDA with virtually the same room count as it has today. Through periods of financial crisis, floods, COVID and the like, we built a successful group rotational strategy, enhanced the leisure aspects of this hotel through things like SoundWaves and holiday program. And this year, we estimate Opryland will cross $200 million of adjusted EBITDAre. This is quite a transformation and underscores the power of our strategy. The same philosophy guides our approach to our newly acquired JW Marriott Hotels. These are exceptional assets in attractive destinations and we continue to see opportunities to create additional value through thoughtful capital investment portfolio synergies and increased customer rotation across the portfolio. While we remain early in that journey, the progress we are seeing continues to reinforce our confidence in this original thesis.

And finally, our entertainment business also continues to demonstrate the value of the platform that we have built. The strength of our brands, venues, customer relationships create opportunities to grow across multiple businesses, geographies and customer touch points, reinforcing the strategic value of the platform as a whole. We built a great business. And I'm very proud of what we've accomplished with our entertainment business and its impact on the city of Nashville. And I feel very, very confident that country music, national visitation and our great businesses will continue to grow.

Last weekend, I traveled over to London to be with Luke Combs when he sold out Wembley Stadium to three consecutive nights, each night attracting 85,000 fans. This is on top of -- sold out concerts in Edinburgh and Dublin. This has never been done before. and reflects a revolution that is taking place in country music. In time, these new fans will be finding their way to the US and to the city of Nashville, thus growing the underlying value of our business. Now on that front, as we've initially disclosed in June, our Board advanced -- advised by Morgan Stanley continues to evaluate possible new investors or partners in OEG with the goal of providing the business with greater independence while creating value for our shareholders. The ongoing discussions are with select potential investors whom the Board believes may meet our criteria for partnership with OEG. The company has not entered into any agreements with respect to a potential investment by a third party in OEG, and there can be no assurances that any definitive agreement will ultimately be reached.

Our focus remains on pursuing a path we believe will preserve OEG's legacy while positioning the business for continued growth and enabling us to continue as a stakeholder. As we look ahead, we are very excited about the long-term trajectory of both businesses. While we remain mindful of the broader macroeconomic backdrop, the underlying demand we see in our businesses remain healthy. The strategies we've been executing are producing the outcomes we expected, and the investments we've made across the portfolio are enhancing both the quality of our assets and the future growth opportunities. We remain on track to achieve the '27 financial targets we set out in early '24 and we look forward to updating you on our continued progress.

With that, I'll turn the call over to Mark to discuss the quarter and the operating trends in greater detail.

Mark Fioravanti - *Ryman Hospitality Properties Inc - President, Chief Executive Officer, Director*

Thanks, Colin, and good morning, everyone. I'll provide more color on our operating performance and business momentum before discussing our outlook for the remainder of the year. As Colin mentioned, our same-store hospitality business delivered results ahead of our expectations coming into the quarter. Same-store RevPAR and total RevPAR growth exceeded our expectations by approximately 2.5 points each while adjusted EBITDAre outperformed by approximately $7 million. The RevPAR beat was comprised of equal parts group and leisure outperformance, which, together with strong group catering contribution drove the total RevPAR beat. The adjusted EBITDAre outperformance was primarily top line driven, supported by continued strong operating discipline.

Let me provide some additional details on each customer segment. In our group business, similar to the first quarter, the portfolio continued to benefit from strong in the month for the month trends, including ADR upside and stronger catering contribution relative to our expectations. Group ADR increased 7.5% year-over-year, approximately 3 percentage points better than our expectations, driven by stronger-than-expected mix of higher-rated premium group customers. Rate growth was broad-based across all segments, led by SMERF, which includes social, military, educational, religious and fraternal groups.

As we've discussed, the objective of our premium group strategy is to attract higher-rated business across all group segments, and this quarter provides a clear example of that strategy translating into stronger pricing performance. Catering contribution per group room night, a proxy for spending per attendee increased nearly 13% year-over-year, approximately 6.5 percentage points better than our expectations. The outperformance was driven primarily by stronger spending by corporate groups at Gaylord Palms and Association groups at JW Hill Country.

The group catering results at Gaylord Palms provide another compelling example of our premium group strategy at work. Higher rated corporate group room nights increased 31%, driving a 63% increase in catering contribution per group room night. This shift towards higher value business produced the highest second quarter catering contribution in the property's history. Together, these dynamics reinforce our confidence that our premium group strategy is translating into higher rated business, stronger customer spending and enhanced revenue productivity. In our leisure business, ADR was the primary driver of year-over-year growth, the strong group business on the books and room renovation activity at Gaylord Texan and JW Health Country constrained leisure room availability.

Relative to our expectations nearly all of the upside was driven by performance at the Texan, which benefited from market-wide World Cup-related rate compression. As a byproduct of these trends, several properties delivered record performance during the quarter. Gaylord Palms, Gaylord Rockies and Gaylord National, each achieved record second quarter revenue and the Palms also delivered record second quarter adjusted EBITDAre. In addition, the same-store portfolio outperformed its competitive set during the quarter, bringing the trailing 12-month average RevPAR index at the end of June to nearly 130% of fair share. an increase of 6 points year-over-year.

Our forward-looking business indicators also continue to trend positively. During the second quarter, we booked more than 768,000 same-store gross group room nights for all future periods, up 6.7% year-over-year. ADR on those bookings reached a new quarterly record of approximately $310, an increase of 8.6% year-over-year and 2.3% above the prior record. Net group room nights booked for all future periods also increased year-over-year, reflecting healthy underlying demand net of normalized attrition and cancellation activity. Corporate customers continue to account for more than half of the room nights booked during the quarter, consistent with our group strategy.

As of the end of July, same-store group rooms revenue on the books for all future periods, was up 8.8% from the same time last year, representing a 120 basis point sequential improvement from the end of March. ADR on the books for all future periods continues to pace in the mid-single-digit range while room nights on the books are higher than they've ever been at this point in the year, even excluding the addition of the JW Hill Country in 2023.

Looking ahead to 2027 and 2028, we remain focused on growing the corporate group base as part of our premium group strategy. As of the end of July, group rooms revenue on the books for 2027 is 3.2% higher than the same time last year for 2026, while 2028 is down just

50 basis points. For both periods, the year-over-year dollar increase in revenue on the books has improved since the end of March. Importantly, ADR pace in both years, which we view as the most durable component of revenue pace continues to trend in the mid-single-digit range. We remain confident in our ability to deliver the production required to achieve our 2027 goals supported by near-record corporate lead volumes, a healthy late-stage pipeline and favorable pattern availability.

I'll now turn to the JW Desert Ridge, which delivered another terrific quarter. Group business performed in line with our expectations and was the primary driver of RevPAR and total RevPAR growth compared to last year. Consistent with our strategy to remix demand at the hotel, group mix increased nearly 13 points year-over-year, which drove growth in catering revenue. The higher mix of group business also compressed leisure inventory, supporting stronger-than-expected leisure ADR in every month of the quarter. As a result, the hotel meaningfully outperformed its competitive set during the quarter with its RevPAR index share increasing 18 points year-over-year. These results demonstrate that our JW Marriott portfolio strategy is working.

The synergies we've identified during the acquisition process are driving stronger operating performance and competitive share gains at what was already a highly competitive asset. And looking ahead, Group rooms revenue pace for these properties is quite strong, reinforcing our confidence in both the strategy and the opportunity ahead.

Now turning to Entertainment. The second quarter results here were also terrific. Adjusted EBITDAre increased nearly 30% year-over-year to a new quarterly record, driven by strong execution across our recent growth investments. Southern Entertainment's two largest festivals finished ahead of expectations, supported by strong lineups, healthy consumer spending and disciplined execution. Our artist centered venues, Ole Red and Category 10 also performed well, and in fact, in June, Category 10 Nashville generated the highest revenue month ever of any Ole Red or Category 10 venue in the portfolio. These results reinforce our confidence in the growth opportunities coming online over the next 18 months.

Finally, I want to spend a few minutes on our outlook. As we noted in the press release, we raised the midpoint of our guidance ranges for same-store hospitality and the JW Desert Ridge. At the midpoint, the $10 million increase to same-store hospitality adjusted EBITDAre incorporates the $7 million second quarter beat and a $3 million increase to our outlook for the back half of the year, driven entirely by a stronger group base. The $1 million increase to the JW Desert Ridge reflects only the second quarter beat as seasonality for that hotel is heavily weighted to the first half of the year.

As you think about our outlook for the second half, I'd highlight a few points. First, while we continue to monitor uncertainty around interest rates, inflation and the broader economic conditions, to date, we've not seen a meaningful impact on demand trends, customer behavior or future booking activity. As a result, our outlook assumes a relatively stable operating environment and is based on the visibility we have today, including what's currently on the books and continued normalized attrition and cancellation trends.

Second, we continue to expect roughly flat same-store leisure rooms revenue performance, which primarily reflects limited rooms availability for leisure guests due to the stronger group base. Third, we've maintained a conservative outlook for ice!, given our limited visibility into ticket sales and the fact that much of the season's success is determined during the final two weeks of the year.

That said, Marriott this week -- this year -- that said, Marriott announced this year's themes a few weeks ago and early customer reception to three new themes, Home Alone, Harry Potter and Nightmare Before Christmas has been encouraging.

Lastly, I'll make a few comments on seasonality. The midpoint of our same-store RevPAR guidance assumes low to mid-single-digit growth in the third quarter and mid-single-digit growth in the fourth quarter. The sequential acceleration from Q3 to Q4 reflects stronger group occupancy growth in the fourth quarter and greater rooms availability to Texan following the planned completion of rooms renovations in August.

The midpoint of our total revenue guidance assumes low to mid-single-digit growth in each of the remaining quarters, with stronger growth in the third quarter. We continue to expect total RevPAR growth to outpace RevPAR growth in the third quarter and RevPAR growth to outpace total RevPAR growth in the fourth quarter. The fourth quarter dynamic primarily reflects lower expectations for attrition and cancellation fees, the natural outcome of a more favorable group environment anda more difficult comparison at Gaylord National due to record catering contribution last year and some modest disruption associated with the planned light touch meeting space renovation. We continue to expect third quarter to deliver the strongest adjusted EBITDAre margin growth of the year. And for the Entertainment business, we continue to expect adjusted EBITDAre to be more heavily weighted to the fourth quarter. Stepping back, the message from this quarter is straightforward. Group demand remains resilient and meetings attendance and customer spending trends continue to generate near-term upside. The investments we've made over the last several years to enhance our assets and our customer value proposition are enabling us to capture that upside and outperform our competitive sets. And our JW Marriott portfolio strategy is delivering on its thesis. Taken together, these trends reinforce our confidence in our outlook for the balance of 2026 and the 2027 financial targets we've set a few years ago and the longer-term earnings growth potential of the portfolio.

Now I'll turn it over to Jennifer to discuss our balance sheet and capital allocation.

Jennifer Hutcheson - *Ryman Hospitality Properties Inc - Chief Financial Officer, Executive Vice President, Chief Accounting Officer*

Thanks, Mark. We ended the first quarter with $366 million of unrestricted cash on hand. In addition, we held $32 million of restricted cash available for FF&E and other maintenance projects. Both our corporate and OEG revolving credit facilities were undrawn, resulting in total available liquidity of nearly $1.3 billion. At the end of the quarter, our net leverage ratio based on total consolidated net debt to adjusted EBITDAre was 4.2 times. We continue to believe our liquidity position and leverage profile provide meaningful flexibility to fund our capital plans, support our dividend requirements and execute our long-term strategy.

Regarding capital expenditures, we now expect to spend approximately $400 million to $500 million in 2026, an increase of about $50 million at the midpoint. This increase reflects improved visibility into the timing of project cash flows as well as the decision to accelerate certain projects previously planned for 2027. These include facade work at JW Hill Country, where we have decided to complete concurrently with the rooms renovation ongoing there to minimize disruption, along with water amenity improvements at Gaylord Texan. The overall scope of our multiyear capital plan remains unchanged, and the projects we have underway remain on time and on budget.

Regarding our dividend, it remains our intention to continue to distribute a minimum of 100% of our REIT taxable income through dividends over time. And finally, as it relates to OEG, while our strategic discussions remain ongoing, Atairos' four-year anniversary IPO request put right is currently unexercisable.

With that, operator, let's open it up for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Dan Politzer, JPMorgan.

Daniel Politzer - *JPMorgan Chase & Co - Analyst*

Hey, good afternoon, everyone, and thanks for the question. I wanted to touch on one of the big themes this earnings season, which has just been owner fees and relations with some of the brands. Certainly, there's been a lot in the press and I'm sure you've been listening in on other calls. I guess where do you things stand in terms of where you are, in terms of the relationship with Marriott and some of the other brands? And how do you think about management fees and royalty rates as it relates to your properties on a go forward?

Mark Fioravanti - *Ryman Hospitality Properties Inc - President, Chief Executive Officer, Director*

Well, I mean we can certainly speak to Marriott, really don't have any view on the other brands. Look, I would tell you that overall, our relationship with Marriott is quite good. We have a very positive relationship I think that on most issues, we're fairly aligned. Obviously, like all owners, we're always focused on fee revenue, cost structure and how we drive the most profitability from our properties in our portfolio. But broadly speaking, what I would tell you is that our relationship is good, and I think that it's -- we're fairly well aligned with Marriott and what the objectives are for our business.

Operator

Smedes Rose, Citi.

Smedes Rose - *Citi Infrastructure Investments LLC - Analyst*

Hi. I wanted to just ask you a little bit about the potential sale of OEG. Just -- I guess, my question is really kind of why now in terms of timing. You've obviously talked about it for a while. You've also been connected in the press with a large potential, I guess, would be the deployment of proceeds. And I'm just wondering as -- are those things related or kind of how are you thinking about what you would do with the money if you were able to dispose of OEG?

Colin Reed - *Ryman Hospitality Properties Inc - Executive Chairman of the Board*

Smedes, it's Colin. I'll start, then I'll pass it off to my colleague, Mark. In terms of OEG, the reason we went down -- we proceeded down the path of having conversations with multiple groups. We were very clear, I think, in the earlier press release that we put out, which was that we had received a lot of unsolicited inbound calls because of what is going on in live entertainment and music right across the planet. This is a very, very attractive time to be an investor in product like this. And we chose to sit down and have discussions with groups that have knocked on our door, and then there was this Bloomberg article back in June that referenced that we were doing this. We put our disclosures at the time and told people what we were up to.

So that -- we've been going down this path simply because these organizations wanted to sit with us and talk to us about investing in this business and helping us grow this business. And I think we've been really clear all along that our goal here is to stay part of this business because we have very clear views about the long-term potential of this business. And as I said in my prepared remarks, we -- right at this stage, we haven't entered into any agreement with any of the organizations that we're in communication with at this stage. And at any time we have something more concrete to say we will disclose it and let you all know.

And then in terms of -- I'm not going to comment on the recent article linking us to a particular asset. But what I would say is that we -- the conversations that we've been having with OEG are not in any way, shape or form related to the growth of our hotel business. It is these two businesses, we have two wonderful strategies, enough capital to seed these businesses in the way that we think they should be seeded. And so these two speculations are completely unrelated andunlinked. Anything you want to add to that, Mark?

Mark Fioravanti - *Ryman Hospitality Properties Inc - President, Chief Executive Officer, Director*

No, I would just say -- any transaction we did would have to comply with REIT rules, obviously, which would include we would have to receive proceeds over a period of years, as part of that compliance. And just given the tax basis that we have in the Entertainment business, we would likely dividend the proceeds from any transaction if one would occur.

Operator

Aryeh Klein, BMO.

Aryeh Klein - *BMO Capital Markets Equity Research - Analyst*

Thanks and good morning. Maybe somewhat related to Smedes' question on a potential acquisition. You did highlight the JW portfolio strategy in your remarks. What have you been seeing on that front from a cross-group selling or rotationary standpoint? And just maybe what you see as the benefits of owning multiple JWs?

Patrick Chaffin - *Ryman Hospitality Properties Inc - Executive Vice President, Chief Operating Officer - Hotels*

Aryeh, this is Patrick Chaffin, and thanks for your question. Yes, we continue to be very pleased with the rotational strategy that's developing with the JWs that we own. Life to date, since we an above-property dedicated team into lead generation, we've booked about 129,000 multiyear rotational group room nights. So that's with two resources just dedicated to these two JWs and we continue to see additional growth and expansion in that opportunity. So we're seeing more and more rotation between those two JWs and we're seeing more and more overlap into the Gaylord. And so we're very pleased with how that's developing and the results that we're seeing on that 129,000 room nights.

Operator

Patrick Scholes, Truist Securities.

Patrick Scholes - *Truist Securities, Inc. - Analyst*

Thank you. Good morning, everyone. With Marriott rolling out the ITR, what percentage of your hotels do you believe would qualify for that? Thank you.

Patrick Chaffin - *Ryman Hospitality Properties Inc - Executive Vice President, Chief Operating Officer - Hotels*

Patrick, this is Patrick Chaffin. We are still working through the details on that. Our property team at Marriott is still trying to compile and understand what they think the impact will be. So that's something that is newer to us, and we'll be coming back with more information. But at this time, they're not really 100% comfortable saying what they think that impact would be.

Operator

Chris Woronka, Deutsche Bank.

Chris Woronka - *Deutsche Bank AG - Research Analyst*

Hey, good morning, guys. Thanks for taking the question. Nice, very nice quarter. I was hoping maybe you'd spend a minute talking about the different buckets of your group business going forward, associations and corporate and whatever other buckets you might want to throw in there. And the question is really where do you see the biggest pricing opportunity? I mean I think we know that there's no more -- not a lot of big boxes being built, and you guys have talked in the past about seeing more strength in pricing as you go forward. So just kind of curious as to which segment or which bucket maybe has more opportunity based on where their prices are today or pulling -- extending the booking curve and things like that?

Colin Reed - *Ryman Hospitality Properties Inc - Executive Chairman of the Board*

We've been strategically shifting the battleship couple of years now, Patrick, moving more towards high rated group business, and it's paying off huge dividends. You want to just --

Patrick Chaffin - *Ryman Hospitality Properties Inc - Executive Vice President, Chief Operating Officer - Hotels*

Yes, that's a great question, Chris. And something I'm actually very excited about, and I think we're all very excited about. We are trying to mix towards the higher-rated corporate room nights, and you're seeing that in our results. You're seeing that in our production as well. If you look at the rest of this year, we're probably up about 3 points in some of our corporate room nights on the books versus same time last year. Our corporate leads continue to see great growth.

But if you look at the second quarter, second quarter saw rate growth across all segments, not just corporate, so association and SMERF. And what's going on there, and we've talked about this, is we're investing into the assets to enhance the value proposition. We're working to identify the lower-rated groups that maybe we either need to move up on the scale of pricing or say goodbye to them. And then we're targeting new groups to bring into the system, and that is having great results for us.

And so if you look at what we booked in the second quarter, there was tremendous growth on the SMERF nights that we booked in that quarter, but it was at a much higher rate than we've ever seen in the past. The rate was actually up over 200%. So we're moving everybody up to scale, and I think that's a result of targeted identification of new groups as well as investment into the hotels, one that I would call out, you've seen the results at Palms and Rockies from those investments.

There's a lot of investment going on into Opryland right now, and we've hosted a number of events with meeting planners at that hotel just here in the past few weeks. And the excitement level is through the roof as people are seeing what we're doing and saying, we want to get into Opryland, we want to experience all the new things that are happening there. So growth across the board, continue to identify new groups, especially on the corporate side to bring in and remix the hotels and are having great results across the board.

Colin Reed - *Ryman Hospitality Properties Inc - Executive Chairman of the Board*

And looking inwards -- looking at ourselves -- looking ourself the performance looks good. But when you look at our performance relative market by market to the competition, we're growing our share. So this strategy is not being replicated by our competition, simply because they don't have the physical assets to be able to attract this higher rate of group business. And I think we've seen that, Mark, you referenced that with what has been accomplished with the JWs.

Mark Fioravanti - *Ryman Hospitality Properties Inc - President, Chief Executive Officer, Director*

We talked about that in the script in terms of growth of our market share.

Colin Reed - *Ryman Hospitality Properties Inc - Executive Chairman of the Board*

Yes. Chris' question is a very important question for us. It's very central to our strategy right now. All right.

Operator

David Katz, Jefferies.

David Katz - *Jefferies LLC - Analyst*

Morning, everybody. I hope all are well. I wanted to just get a sense for your appetite inclination general feelings or any updates on potential hospitality acquisitions. It's not the question that I'm always asking Mark and Sarah, about the Pacific, but just generally speaking, we're hearing some things out in the market and wondered what your appetite and inclination is? Thank you.

Mark Fioravanti - *Ryman Hospitality Properties Inc - President, Chief Executive Officer, Director*

Yes, I would say -- as Colin said, we're not going to comment at all as it relates to any rumors or speculation that's in the market currently. Broadly speaking, David, as you know, we have a very, very focused strategy. And so if you think about that in terms of acquisitions, obviously, then there aren't a lot of targets out there for us. And I think that's one of the greatest strengths of our portfolio is the competitive environment that we that we operate in. There's no new real product being built and there's very limited product available, and that's -- frankly, it's one of our greatest strengths.

Colin Reed - *Ryman Hospitality Properties Inc - Executive Chairman of the Board*

David, you followed us, and we've known each other for a long, long time. And I think we've been very, very consistent over the years. We've been very clear of what we're not interested in. We don't want to replicate what so many of our competitors do, which is just bomb into a market go by 300, 400-room hotel and pay up for it.

And hope like how the market performs well, we've been very, very clear over the years that there are a handful of big beautiful hotels in certain markets that we know our customers want to go to. And those are the businesses that we track and keep our eyes on.

And candidly, this is why we acquired that hotel in San Antonio that we had looked at 10 years ago. And the one in Phoenix that we had -- Mark, you and I when I looked at that hotel, I want say about eight, nine years ago. So we've been very clear on what attracts us, and we've been very clear on what does not attract us. So we're going to continue down that path.

Operator

Rich Hightower, Barclays.

Richard Hightower - *Barclays Services Corp - Equity Analyst*

Yeah. Hey, good morning guys. Just to circle back a little bit on this idea of higher-rated group mix and helping to sort of drive forward ADR? Are you able -- I guess a two-part question here. Are you able to parse out for us the impact of mix versus sort of underlying price increases kind of across the board? And then secondly, Colin, you did mention that you're stealing share on the group side. And I'm wondering if you could give us a little more detail on sort of which markets, properties or property types at least, you might be stealing more share from?

Colin Reed - *Ryman Hospitality Properties Inc - Executive Chairman of the Board*

Patrick, you want to dive into the detail.

Patrick Chaffin - *Ryman Hospitality Properties Inc - Executive Vice President, Chief Operating Officer - Hotels*

Yes. I would -- so let's talk about the stealing share. If you look at second quarter performance versus '25 and '24, we are seeing results, really honestly, across the board where we continue to drive an increase in the amount of share. I mean Opryland, I would say, probably stood out in the second quarter as the big winner. Gaylord National continue to drive. But across the board, we saw folks and our properties continue to drive additional share. But those are the two that really stood out in the second quarter.

When you go to the pricing and mix. We've been on this mix journey for the past few years. And so we continue to see that moving up. But really what happened just in our second quarter was just more of the result of the investment into the hotels and the excitement level and our ability to drive pricing as a result. So the mix didn't necessarily change. In fact, the mix of what was booked in the second quarter was actually more towards the SMERF room nights, which historically would say, well, that's lower rated business. But again, as I mentioned, we saw higher growth rates in that rate than we've ever seen across our portfolio.

So the mix has been moving in the right direction, but those investments are really coming to bear on our ability to drive that price higher and higher. So it's a bit of a mixture, but I would say in the second quarter, it was more just a result of pricing purely as opposed to a mix shift.

Mark Fioravanti - *Ryman Hospitality Properties Inc - President, Chief Executive Officer, Director*

Yes. I think just to add to that, I think one of the things that you can attribute to the mix shift is the strength that you've seen in our catering spend as we pick up these premiums. And to Patrick's point, our strategy is really across all segments. And so as you move up in each segment, you get higher spend outside the room, whether it's a SMERF Group Association or corporate. But corporates generally spend more outside than room than the other segments. And so you're seeing that help drive our catering.

Patrick Chaffin - *Ryman Hospitality Properties Inc - Executive Vice President, Chief Operating Officer - Hotels*

And I think that's a message you want to hear from us. It's definitely what we want to see because we don't want to become too overly indexed towards corporate so that if there is a macroeconomic downturn, we've walked away from some of that association business. So for us, it's about marginal changes between those various segments, but maintaining the course and maintaining that strong association base level of business, but moving it up to scale on pricing. So we don't want to over-index on the mix. It needs to be a story of both pricing and mix moving forward.

Operator

Duane Pfennigwerth, Evercore ISI

Peter Laskey - *Evercore ISI - Analyst*

Hi, thanks. Good afternoon. This is Peter on for Duane. Just one about CapEx from us. The increase of $50 million this year -- it seems like that's more of an acceleration maybe shifting out of 2027. Is that correct? And if so, does that free up some more space next year to undertake additional projects that you hadn't yet contemplated? Thanks.

Jennifer Hutcheson - *Ryman Hospitality Properties Inc - Chief Financial Officer, Executive Vice President, Chief Accounting Officer*

Yes. Duane, that is completely a shift an acceleration as we think about what types of projects we're undertaking and what's the most efficient way to accomplish those -- the totality of projects over time. So you see us consistently make those decisions. We candidly haven't really given any guidance around capital for 2027 yet. But our philosophy in determining what's right for the business and how we sequence that relative to the book -- to the business that's on the books will be taken into consideration when we think about what we undertake capital-wise in 2027.

Operator

Jay Kornreich, Cantor Fitzgerald.

Jay Kornreich - *Cantor Fitzgerald LP - Analyst*

Hey, thank you. As we think about T plus 1 bookings, it seems like the ADR on the book is tracking ahead of RevPAR on the books at this point. So I just wanted to unpack it a bit more, just get a little more clarity as to what level of ADR upside you're seeing for next year? And then should we expect that typical 50 points of occupancy that you started a year with is likely to be how 2027 is shaping up? Or any reason that occupancy would be higher or lower to start the year than normal?

Mark Fioravanti - *Ryman Hospitality Properties Inc - President, Chief Executive Officer, Director*

I mean, in terms of what's on the books right now for 2027, we're mid-single digits up on rate and rate is driving the revenue increase that we talked about at 3.2%. And we are -- I would tell you that, yes, we're positioned for -- to be around that 50 points of occupancy. We're right where we need to be at this point. And as we look ahead, we've got -- for '27, we have near-record corporate lead volume right now for next year. We've got very favorable pattern availability for next year. And we have, frankly, a better value proposition next year when you think about the rooms renos that are coming online at Texan and Hill Country, the meeting space at Opryland. And then as I mentioned in my remarks, we have a light-touch refresh in the fourth quarter at the National on some meeting space that will also help them next year.

And just to single out at Opryland in particular, with that new meeting space, we're seeing corporate mix on the books for next year up 14% year-over-year in '27. And then going into '28, it's high single digits over '27. So we're seeing really nice traction in response from the corporate meeting planner to the investments that we've made in Opryland.

Operator

Jack Armstrong, Wells Fargo.

Jackson Armstrong - *Wells Fargo & Company - Analyst*

Hey, good morning. Thanks for taking the question. Can you take us through some of the building blocks on the expense side of your business across labor, utilities or anything else that you want to highlight in terms of positive or negative surprise in the second quarter and then the trajectory of those items into the back half of the year?

Patrick Chaffin - *Ryman Hospitality Properties Inc - Executive Vice President, Chief Operating Officer - Hotels*

Sure. Jack, this is Patrick Chaffin again. We target a flow-through of about 40%, and we achieved 46% flow-through year-over-year in the second quarter. I would tell you a lot of that is because of effective labor management, our average wage rate increased about 3.8% year-over-year, but we held our wage margin essentially flat. So we continue to improve on the productivity front. The other thing I would really call out is we continue to make gains on procurement. Mariott talked about that a lot, and we are seeing some gains in their efforts. We've also taken on some of that on our own here at RHP, both on our design and construction side as well as just our vendor relationships where we're getting -- as our portfolio has expanded, our buying power and scale has improved, and we're able to negotiate on our own very favorable procurement opportunities or contracts. And so we've become much more active in that. And so second quarter benefited both from really effective margin management on the labor side as well as some of these procurement gains that we've been making both from Marriott and from our efforts and all that coming together.

Utilities, we're now up and running with our solar array at Gaylord National, has the ability to provide about 25% of the electricity needs for the property. So we are confident that even though utilities continues to be a challenging area, we're moving in the right direction and making the investments that allow us to move that downward over time.

Jennifer Hutcheson - *Ryman Hospitality Properties Inc - Chief Financial Officer, Executive Vice President, Chief Accounting Officer*

And Jack, from a guidance standpoint, the assumption at the midpoint is on operating expenses for the same-store hospitality portfolio is about 3%. So I think that's as good as you're going to hear from just about anybody from a lot of the points that Patrick just mentioned.

Patrick Chaffin - *Ryman Hospitality Properties Inc - Executive Vice President, Chief Operating Officer - Hotels*

Yes. And to Jenn's point, I've heard some folks talk about the front-loading of CBA contracts, our CBA contract is only one hotel and that's at Gaylord National. And we think that '26 is in a great position as evidenced by the first half of the year, and we expect that to continue into 2027. So there's not a lot from an expense perspective that's really keeping us awake at night.

Operator

John DeCree, CBRE.

John DeCree - *CBRE Securities - Analyst*

Hi, everyone. I wanted to take a look at kind of implied back half guidance, I think some of the increase in the same-store hospitality portfolio is kind of the group business on the books that you see. Based on what you saw in 2Q, the higher ADRs than expected, maybe the higher premium customers, is there a potential, or does your guidance include any of that higher spending level to carry through to the back half of the year? Or do you kind of expect what you saw in 2Q to kind of normalize when you look at guidance?

Jennifer Hutcheson - *Ryman Hospitality Properties Inc - Chief Financial Officer, Executive Vice President, Chief Accounting Officer*

Yes. Mark's prepared remarks had a lot of commentary in terms of how we expect the rest of the year to play out. We did have a very good second quarter, and we're very proud of that. You do see some dynamics playing out between third quarter and fourth quarter between RevPAR and total RevPAR. We've seen great outperformance outside the room in banquet thus far. That's -- we'll see how that plays out, but we have a strong book of group business in the back half of the year. And I think that's what's shaping ultimately how we're seeing the second half play out is that strong book of group business at the midpoint, allowing us to raise our outlook for both RevPAR, total RevPAR and adjusted EBITDAre.

Mark Fioravanti - *Ryman Hospitality Properties Inc - President, Chief Executive Officer, Director*

Yes. I mean one of the -- John, one of the differences, kind of back half versus front half as well is that the RevPAR growth in the back half is going to be as occupancy driven versus the first half, which was more rate driven. So that's a dynamic too, that you'll see in the business. And it will -- we still have really nice margin growth in the back half, but that does influence flow through some.

Patrick Chaffin - *Ryman Hospitality Properties Inc - Executive Vice President, Chief Operating Officer - Hotels*

Yes. And if we have an opportunity to maybe outperform, I would say, we're really encouraged by what we mentioned earlier on the ice! results with the three new themes, that would give us the opportunity to maybe have a little bit of upside outperformance, but we'll be watching that closely. And as everyone knows, transient really comes down to how we perform from Thanksgiving through the end of December, so we'll watch that closely.

Mark Fioravanti - *Ryman Hospitality Properties Inc - President, Chief Executive Officer, Director*

Yes. And look, just to give you, I guess, a little bit of confidence in the back half, our reach the rest of the year is less than where we were positioned last year. So we're in real good shape there. We continue to see strength in terms of ADR and banquet contribution. And then as we mentioned in the script, the new ice! themes, we're very, very excited about those to refresh the product. And it's early, obviously, very early in the selling season, but the initial feedback from consumers has been terrific.

Operator

Michael Herring, Green Street.

Mark Fioravanti - *Ryman Hospitality Properties Inc - President, Chief Executive Officer, Director*

Hi, thank you. Good morning. Maybe just going back to the discussion on the JWs. Can you discuss any unforeseen challenges as far at either the property or market level that you're seeing that you could -- maybe what you think could be avoided with any future opportunities?

Colin Reed - *Ryman Hospitality Properties Inc - Executive Chairman of the Board*

I think it's been as expected and with a few positive surprises.

Patrick Chaffin - *Ryman Hospitality Properties Inc - Executive Vice President, Chief Operating Officer - Hotels*

Yes. I mean the integration efforts have gone very, very well. The beauty of Desert Ridge was it was turnkey. There wasn't a whole lot of capital required. With Hill Country there's more of a longer-term master plan that's in place, and we're working through that with the room to innovation. But I would say the integration has gone very, very well. And we're learning the JWs more and more every single day. But to your point, Colin, I think we're very pleased with how it's gone.

Mark Fioravanti - *Ryman Hospitality Properties Inc - President, Chief Executive Officer, Director*

Yes. on the Hill Country. The other part of that thesis was that, that airport is being expanded in San Antonio, and that expansion will be done in 2028. I think they're adding 14 gates. And so part of the thought process with the San Antonio acquisition was getting a group hotel established in that market as it's bringing on more airlift to deliver larger and more groups.

Operator

Rich Hightower, Barclays.

Richard Hightower - *Barclays Services Corp - Equity Analyst*

Yes, hey guys, thanks for taking a follow-up. I wanted to maybe ask the share question a little bit differently. I don't know if I was perfectly clear last time. But when we talk about stealing share or gaining share, is that based on a defined comp set for each hotel in terms of RevPAR index, strictly speaking, or are we talking sort of larger categorical share gains against maybe large group markets where Ryman doesn't have an asset currently? Help me understand the dynamic there when we talk about that.

Patrick Chaffin - *Ryman Hospitality Properties Inc - Executive Vice President, Chief Operating Officer - Hotels*

Rich, it's a great question. Yes. So that is the defined comp set because as you know, our hotels are pretty unique. And so a comp set is more appropriate because you have to find hotels that are similar size and scale and breadth and function. And so that is based on their comp sets for each market, and that market may include or that comp set may include hotels that are actually outside of a close drive-in area of that hotel. So that is the defined comp set and our performance against it, and we continue to drive improvements as we steal share.

Mark Fioravanti - *Ryman Hospitality Properties Inc - President, Chief Executive Officer, Director*

Yes. I think the caveat that Patrick made is an important one. We just -- we don't comp Opryland against Nashville hotels. We comp Opryland against hotels all over the country because of the unique nature of it. And it's the same with our other hotels. They're regional or national comp sets.

Colin Reed - *Ryman Hospitality Properties Inc - Executive Chairman of the Board*

Is that it?

Operator

It does appear that there are no further questions at this time. I'll now hand back to Colin Reed for any additional or closing remarks.

Colin Reed - *Ryman Hospitality Properties Inc - Executive Chairman of the Board*

Only comment would be, thank you, everyone, for being on this call, and our business is in really good shape, and we look forward to sharing you more -- sharing with you information over the weeks and months ahead. So thank you.

Operator

Thank you. This brings us to the end of today's meeting. We appreciate your time and participation. You may now disconnect.
