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PRESENTATION

Operator

Welcome to Ryman Hospitality Properties Fourth Quarter 2022 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; and Mr. Patrick Chaffin, Chief Operating Officer.

This call will be available for digital replay. The number is (800) 839-9881 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 L. Hutcheson - *Ryman Hospitality Properties, Inc. - Executive VP, Corporate Controller, CFO & CAO*

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 facts 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 metrics today. We reconcile each non-GAAP measure to the most comparable GAAP measure in exhibit to today's release.

I will now turn the call over to Colin.

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

Thank you, Jen, and good morning, everyone. Well, the fourth quarter was an appropriate exclamation point to close out an extraordinary year for our company. I don't think in all of my years in this industry, I've seen anything like the last 12 months, going from just under 33 points of occupancy and $185 of total RevPAR in January of '22 during the worst of the Omicron wave and yet ending the year in December with just over 73 points of occupancy and a whopping $612 of total RevPAR.

I really believe the results of this past quarter and our ability to recover so quickly from the last stage of the pandemic highlights the exceptional nature of our assets and our strategy compared to the wider industry. Of course, we've always talked about these attributes since well before the pandemic, about our dedication to studying and understanding our core group customer and delivering the highest quality experiences to our guests.

About our rotational system for world-class assets in top markets, which makes that customers planning decisions so much easier by booking multiyear, multisite meetings all at once. About our belief in investing significant capital into expanding and upgrading our assets against the backdrop of very limited new supply. And about our strategy, to induce our own transient demand with innovative and compelling programs around the calendar.

By 2019, we were just starting to really reap the dividends literally and figuratively of this strategy. As our newest property, the Gaylord Rockies just opened that year with an unheard of 1.2 million room nights on the books and generated over $85 million of adjusted EBITDA in its first full year of operation.

And the other cylinders of our hotels were firing as well with the opening of SoundWaves and the expansion of the Texan and groundbreaking underway at the Palms. And of course, our Entertainment business was riding high on the back of national -- Nashville's exponential growth.

We found ourselves at the end of '19 sitting on then record performances across so many metrics. And we felt like we were just getting started as we gave in February for what, by all signs were going to be a barnburner of a year on the heels of these investments.

But within weeks, it all came to a halt. And the last 3 years since then have been a whirlwind. But now here we are 3 years and 3 COVID waves later at last prepared to give you all a complete set of annual guidance once again.

And what we are planning for 2023 is already well beyond those figures we'd anticipated back in early 2020. Our loyal group customers are back in droves and spending healthily on property. Thanks greatly to our emphasis on rebooking over fee collection during these dark days.

Our assets themselves are transformed compared to this time in 2020, thanks to our commitment to invest capital. This includes the 300 new rooms at the Palms, the beautifully renovated rooms at the National and a host of new ballrooms, meeting spaces, event lawns, pavilions and atriums either complete or now underway across the portfolio.

And not to mention the entirely reconcepted food and beverage outlets with innovative new socialization and gathering opportunities for groups, new technologies in place, new staffing models in many areas of our hotel. The list goes on. And our Entertainment business is equally transformed.

We have opened Ole Red in Orlando, broken ground on Ole Red in Las Vegas, closed the acquisition of Block 21, which brings Austin's iconic ACL Live at the Moody Theater into the fold. And to cap it all off in June, we sold 30% of the Entertainment business to the impressive team at Atairos,bringing NBCUniversal in the tent and valuing the business at over $1.4 billion.

It's not a stretch by any means to say that our entire company has not simply recovered from the pandemic but has undergone a complete transformation armed with our new understandings of our customers, both group and measure and all of the levers available to us now and in the future through our ongoing investments.

And looking at the tremendous book of business we have on the books for all future years, I believe we're capable of delivering exceptional results well into the post-pandemic era. As Mark and Jen will report, notwithstanding the significant impact of Omicron in the first quarter, by almost all measurements, 2022 was a record for us. And as you will see from our guidance in '23, more records are likely to follow.

Needless to say, I'm truly excited for this next chapter of our company. And it is a perfect moment for Mark to take over for me in the CEO role as I move to Executive Chairman.

So I'll now let you -- now I'll turn over to Mark to let him give you more details of the quarter and our results and how we're thinking about the coming year. Mark?

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

Thanks, Colin. Good morning, everyone. The fourth quarter was a terrific quarter for us as most -- as our most leisure-focused quarter, we were really looking forward to having our signature ICE! show back after a 2-year hiatus due to COVID and travel restrictions on our master carvers from China. And we're happy to report this year's ICE! show surpassed our expectations, selling 1.2 million tickets or 115,000 more than the last time we presented ICE! in December of 2019.

The renewed attraction of ICE! helped increase transient room nights above the fourth quarter of 2019 and transient ADR in the quarter was $317, a 43% increase over the fourth quarter of 2019. That's a record for the Gaylord brand, surpassing the third quarter of 2022 by $29.

On top of this holiday strength, group performed well with group room nights traveling only 2.5% below the fourth quarter of 2019 levels, more than offset by group ADR up almost 10% over the same period. While our reported total occupancy was 3 points below the fourth quarter of 2019, when you consider the new 300 rooms at the Palms we added in 2020, our total room nights traveled were only 1% less than the fourth quarter of 2019.

Hospitality margin in the fourth quarter was 31.1% was 30 basis points less than our fourth quarter of 2019 but was flat to that period when excluding the decline in interest income on the Gaylord National bonds. This is despite inflationary pressures we're all aware of in the broader economy and an average wage rate increase of 24% across the portfolio compared to 2019.

At the bottom line, our Hospitality segment delivered $150.1 million of adjusted EBITDAre, which put the full year profitability of the segment $12.7 million above the high end of our last upperly revised guidance range for 2022. The quarter was an all-time record for both total revenue and total adjusted EBITDAre for our Hotel segment in the month of December set a single-month record for both metrics as well.

And what should be the last earnings call in which we use 2019 as a full year comparison, 2022 finished up 7.8% in hospitality revenue and 6.3% in hospitality adjusted EBITDAre compared to that last pre-pandemic year, even with the material impact of Omicron in the first quarter. So just a tremendous holiday season to close out what proved to be a great recovery year throughout 2022.

In terms of production, we booked over 1 million gross group room nights in the quarter, a 4.4% increase over the fourth quarter of 2021 and the average ADR of $254 on new bookings was 11% higher than the fourth quarter of '21 and 13.3% higher than the fourth quarter of 2019.

New group rooms revenue booked in the quarter and in the month of December alone were both new quarterly and monthly sales records for the Gaylord brand. This level of production sets us up well for 2023 and beyond.

On December 31, we entered this year with 49.8% net group occupancy points on the books for 2023, 4 points more than we entered 2022 and an ADR of $222 or 5% higher than the start of 2022. This equates to over $53 million or 14.5% more net group rooms revenue on our books to start this year than we had 12 months ago to start 2022.

You will see in our guidance, which we are bringing back in full according to our past practice, that we translate this into an expectation for RevPAR growth this year of 9% to 12% and total RevPAR growth of 6.5% to 9.5% over full year 2022.

In terms of profitability, while we expect inflation will remain elevated in higher margin attrition and cancellation fees will return to more normalized run rate, the transformation of our business, which Colin described, including efficiencies across management ranks, staffing models, technology and food and beverage outlet strategy, among others, is expected to deliver stable to modestly improved margins compared to 2022 or in an adjusted EBITDAre range for the year of $550 million to $580 million in our Hospitality segment. At the midpoint of $565 million, this represents over 10% growth from 2022.

I'll remind you that the first quarter of this year will be by far the strongest in terms of percentage growth in RevPAR and total RevPAR simply due to the Omicron impact in the first quarter of 2022, creating a materially lower comp in the remaining 3 quarters.

From an adjusted EBITDAre perspective, we anticipate quarterly contributions similar to 2019 on a percentage basis. Looking further, beyond 2023, we see a similar favorable setup for our Hospitality business for the foreseeable future. As of December 31, once again, we have 9.6%, 6.8% and 3% more net group rooms revenue on our books for T+2 through T+4, respectively, or 2024, '25 and '26 than we did 1 year ago. And as we continue to add new production at increasingly healthy ADRs, such as we did in the fourth quarter, we expect to see our rooms revenue pace for future years pull further ahead.

We believe our 2023 guidance and our on the book position for our Hospitality segment for future years, plainly evidences Colin's opening remarks about the transformation of our business from pre to post pandemic and the relative performance capability of our assets against the broader industry.

But to emphasize it, we believe these levels of operating and sales performance are made possible by our unique strategy and its attributes of strong customer loyalty, broad customer exposure with very little concentration in any one industry, high-quality purpose-built assets, fortified by high-return recent capital investments and all of this in some of the most attractive, rapidly growing markets in the U.S.

Note that 3 of our 5 markets, Orlando, Nashville and Dallas were in the top 7 large metro areas for population growth over the last 5 years, and also in the top 5 for job growth in 2022. Denver was not far behind them as well in the top 25 for both metrics. It's no surprise then that all 4 of these markets, Dallas, Orlando, Nashville and Denver were in the top 9 for hotel occupancy recovery in 2022 compared to 2019 according to STR.

Against this backdrop of limited new supply growth in rapidly expanding markets, we see ample opportunities for our capital deployment strategy ahead of us. This includes over $69 million being spent right now to create an expansive indoor outdoor group pavilion and to completely reimagine the Grand Lodge Atrium at the Gaylord Rockies, increasing the volume of premium sellable group space and expanding food and beverage outlet selection capacity.

And we see many more opportunities at the Rockies and elsewhere in the portfolio for additional rooms expansions, SoundWaves style water experiences and more to continue differentiating our hotels drive return group business and attract high-spending leisure guests.

Turning to our Entertainment segment. The fourth quarter performance of our same-store assets compared to '19 was equally impressive as our hotels. Same-store revenue for the segment was up 35%, and same-store adjusted EBITDAre was up 62% compared to the fourth quarter of 2019.

On a consolidated basis, including Block 21, which we acquired midyear, adjusted EBITDAre of $26.1 million placed the full year results for Entertainment just above the midpoint of our most recent guidance range. For 2023, we're looking forward to a full year contribution from the ACL Live at the Moody Theater and other Block 21 assets. We have a slate of value-enhancing investments lined up in Austin for both the theater and the W Austin Hotel.

We expect the acquisition plus steady growth in Nashville and across the Ole Red brand to help drive 2023 adjusted EBITDAre for this business to a range of $87 million to $97 million for 2023. At the midpoint of $92 million, this is a full $30 million more than this business generated in 2019, but truly a significant transformation on par with our hotel segment.

Now let me turn it over to Jennifer to update you on our balance sheet, liquidity, dividend and our consolidated guidance range.

Jennifer L. Hutcheson - *Ryman Hospitality Properties, Inc. - Executive VP, Corporate Controller, CFO & CAO*

Thank you, Mark. In the fourth quarter, the company generated total revenue of $568.9 million, and net income to common shareholders was $58.1 million or $1.03 per fully diluted share. Now once again, that our fully diluted share count in the quarter going forward will continue to reflect the put rights held by Atairos as part of their Opry Entertainment Group investment. Even though these rights are not yet exercisable, and we will also have the option to settle any rights exercise in cash.

Any exercise of the put rights would also result in Atairos' 30% ownership in OEG reverting back to Ryman to just keep this in mind when estimating future per share amounts.

Total consolidated adjusted EBITDAre for the fourth quarter of $168.1 million, put our consolidated full year results over $17 million above the high end of our most recent guidance. For 2023, in addition to the operating segment guidance provided by Mark, we are estimating for our Corporate segment and adjusted EBITDAre loss of $29 million to $32 million, which would be just slightly better than 2022 at the midpoint. This yields a total fully consolidated adjusted EBITDAre guidance range for the year of $605 million to $648 million, a 12.7% increase at the midpoint over 2022 and a 22.7% increase over 2019.

We're estimating that adjusted funds from operations or AFFO for 2023 will be in the range of $392.5 million to $424 million. At the midpoint, this represents a growth of 12.3% over 2022 and 14.5% over 2019 and reflects the increased interest cost of our current debt portfolio compared to 2019, as well as the pro rata reduction in AFFO attributable to Atairos minority interest in OEG.

Turning to the balance sheet. We ended the quarter with $334.2 million of unrestricted cash on hand and our $700 million revolving credit facility remained undrawn. Together with the undrawn $65 million revolving credit facility at Opry Entertainment Group, this yields almost $1.1 billion of available liquidity after deducting $10 million of outstanding letters of credit.

We retained an additional $119 million of restricted cash available for certain FF&E projects and other designated uses. On a trailing 12-month basis, our net leverage ratio of total consolidated net debt to adjusted EBITDAre stood at 4.6x, and based on the midpoint of our guidance, we anticipate we will end the year at approximately 4.1x, which is below our year-end 2019 leverage and comfortably within our target range.

We are pleased to declare a quarterly dividend this month of $0.75 per share, which is a substantial increase from our December declaration of $0.25 paid in January. That December declaration was targeted to achieve our goal of paying a minimum of 100% of REIT taxable income attributable to 2022. And our intention with the current declaration of $0.75 and subsequent dividends we made declared this year will remain to pay a minimum of 100% of REIT taxable income.

Finally, in terms of interest rate exposure, as of quarter end, approximately 90% of our outstanding debt was at fixed rates, either directly or with the benefit of swaps, although we do have 2 swaps expiring in 2023 on both the Gaylord Rockies term loan and our corporate term loan B. We will address the Rockies maturity this year, our only maturity in 2023, which carries 3, 1-year extension options that are fully available to us.

We were pleased to have officially exited the cash sweep status of that loan based on the strong performance of the Gaylord Rockies property post pandemic. So our balance sheet and liquidity are in excellent shape to support all of our investment activity that Mark outlined, while also sustaining a meaningful dividend once again.

And with that, I will turn it back over to Colin.

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

Thanks, Jen.

Chelsea, let's open up the lines for questions, please.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

And our first question will come from Dori Kesten with Wells Fargo.

Dori Lynn Kesten - *Wells Fargo Securities, LLC, Research Division - Senior Analyst*

Can you walk through your expectations for cancellation and attrition fees this year? And just how it relates to your guidance. I'm just looking at the difference between RevPAR, total RevPAR and then the 25 basis points of margin expansion.

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

Okay. Dori, thank you. Patrick, you going to handle that?

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

Sure. Dori, last year, as you probably are aware, we generated about $57 million in collectived cancellation and attrition fees, we would expect this year to be in the, I don't know, $20 million to $25 million range. So a substantial reduction. We still have a few COVID cancellations that we're clearing out through the pipeline. But for the most part, we will be returning back to a more normal level of attrition and cancellation as we move through this year.

Dori Lynn Kesten - *Wells Fargo Securities, LLC, Research Division - Senior Analyst*

Okay. And what's your current view on an eventual expansion of the Rockies are we able to get some guidance on potential timing or the cost of that?

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

Do you want to take that, Mark?

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

Yes. I mean, Dori, that's an opportunity that's on our radar. As I mentioned in the prepared remarks, we're currently making a significant number of enhancements there, both adding incremental meeting space as well as completely -- we're going to completely reimagine that Grand Lodge add significant amount of buyout space for groups as well as incremental food and beverage. And once we're done with that project, we'll then be -- we'll have the capacity that if we do a rooms expansion and when we do in rooms expansion, we'll have the food and beverage as well as the meeting space necessary to handle those incremental rooms.

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

Yes. The other thing I would say, Dori, is that the last 6 months, we've been with our finger on the pulse looking at lead volumes by these -- by each hotel. And I would say that we, as a company, have been pretty excited about what we're seeing on lead volumes and particularly at the Rockies.

And I suspect that sometime during 2023, we should be talking more positively about rooms expansion there simply because this is one hell of a market. And we have -- by far, the best convention hotel sitting in the middle of the country next to that airport.

And we're very excited about the prospects for that hotel. So we're just going to monitor the next few months and then more communication on this subject.

Operator

Our next question will come from Bill Crow with Raymond James.

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

Congratulations on the quarter and the year. I want to follow up a little bit with -- on Dori's question on cancellation and attrition fees. The guidance for $20 million to $25 million in 2023. Should we anticipate that's largely front-end loaded given that you're still trying to deal with cancellations from a year ago or 1.5 years ago. And then as part of that, as we look at your guidance for the year, we understand that first quarter is really easy based on Omicron last year. Are you implying that, that second half of the year is going to be flattish from a RevPAR perspective, maybe even down a little bit from compared to last year?

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

Do you want to take it Pat?

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

Yes. So on the first question, you were asking about how we expect attrition cancellation to flow across the year. Honestly, given the length of time that it takes to communicate on these issues, I would expect it to be pretty evenly laid out across the year. So if we said $25 million, it should be $5 million a quarter, roughly $20 million, $4 million a quarter.

The second question was around the second half of the year. Mark, do you want to take that or do you want me to...

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

Yes, I mean, Bill, generally, as you work your way through the year, if the comps get right tougher and tougher in 2019 or in the fourth quarter of '22, we essentially traveled the same number of room nights as we did in 2019. So we're really back to more normalized level. So to your point, as you work your way through the year, you'll -- what the guidance indicates is that, that comp gets tighter and tighter.

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

Yes. All right. And then if I could just 1 more. Colin, you talked about how your pulse on the demand side of things. And I'm just curious whether you're seeing anything in forward booking activity that might reflect some of the macro concerns and the layoffs we've seen over the past month or 2, at least as it has to -- as it concerns corporate meetings.

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

Yes. We really haven't seen that in our lead volumes. Patrick, will you just take them?

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

Yes, I would say that when the tech sector started to see some challenges, I think everyone kind of took a pause and got a little nervous, but I think they've realized that what's going on in tech is not necessarily the macro situation as much as some hangover from COVID and some of the actions taken by tech during that period of time. And I would say that just even the past 4 or 5 weeks, we've seen meeting planners start to relax a little bit.

And they're still a little gun shy, but the lead volumes are very promising in the year for the year looks very good. And so we feel that recessionary fears are abating a bit among meeting planners.

Operator

Our next question will come from Patrick Scholes with Truist Securities.

Charles Patrick Scholes - *Truist Securities, Inc., Research Division - MD of Lodging, Gaming and Leisure Equity Research & Analyst*

Great. How are you thinking about wage and benefit cost increases this year? And related to that, just overall operating cost increases year-over-year.

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

Do you want to take it, Pat?

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

Yes. I mean we are expecting to -- let me pull up to make sure I get the exact number, but we are expecting there continue to be headwinds as it relates to average wage rate increases. I would say that we're expecting somewhere in the 5% to 6% increase as we move through 2023. So not quite to the level that we've seen in the past 2 years, but continued headwinds there, and we're planning for that. If it's less than we are currently planning for, then that will help us. But we're trying to be realistic and make sure that we take into account that it has been a challenging couple of years from a wage rate perspective.

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

Patrick, the one thing I'd say on margins is you'll know from our guidance that we're projecting some modest improvements in margin this year, and wage rates, obviously, inflation, the Marriott IMF being back in full force, all those put pressure on margins. But on the other side of the ledger, we have really nice ADR growth, particularly on the transient side.

We've been able to move F&B pricing. We've made some productivity gains. If you look at -- while wage rates have increased, if you look at the wage margin, it's flat compared to '19. And then as we've talked about on previous calls, Patrick and his team have worked diligently with Marriott in terms of kind of rethinking how these hotels are staffed, particularly from a management perspective. And when you look at management headcount, we're running about 12% fewer supervisors and above in our hotels post-COVID than we were prior to pandemic. So there are a number of things that are on the plus side of the ledger to help offset that wage rate increase.

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

Yes. And I would only add that longer term, we're spending a lot of time looking at technology and understanding how we can deploy additional technology opportunities in the hotels to further increase our productivity as well as guest satisfaction and bring our overall cost down.

Charles Patrick Scholes - *Truist Securities, Inc., Research Division - MD of Lodging, Gaming and Leisure Equity Research & Analyst*

Okay. I do have just 2 follow-up questions.

Number one, how is the National looking for this year given that D.C. has been certainly a slower market to recover?

And then number two, any further thoughts about becoming, should we say, involved or with the Chula Vista project?

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

Patrick, National, we are pleased with the renovation work we've done there, the reengineering of the food and beverage facilities there that has allowed us to eliminate costs in that hotel. And we're generally very happy with the trajectory of that hotel. And we're actually seeing good lead volume, too, for Washington.

What have I missed on that?

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

No, you haven't missed anything. I would agree completely. Gaylord National, not quite back to the level of room nights on the books that it saw in 2019, but moving back to that level quickly. The D.C. market has been a little more challenged. I think we've been a bright spot in that market and to Colin's comments a moment ago, we've taken the opportunity over the past few years to address some structural cost issues that are really yielding themselves nicely.

If you look at food and beverage performance and how it compares to prior year into 2019, you can see that there's definitely some bottom line margin improvements that are occurring at that hotel, especially in food and beverage.

And so we continue moving it up from an occupancy perspective, but rate has been a bright spot there. And we feel actually very good about where National is heading.

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

The last part of your question is regarding Chula Vista. And Mark, I think our answer to your question is there is -- nothing has changed since the last time we got asked that question back in December, which is that we, at this stage, have no desire to be an investor in that business.

Operator

Our next question will come from Smedes Rose with Citi.

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

I wanted to just go back a little bit to the group bookings that you have on deck for this year? And maybe just talk a little bit more about the composition of the groups. Are you seeing more corporate versus association type business? And is there any kind of piece of the business that's lagging or any kind of that like fully recovered in your view?

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

Yes. I would say that what we see as far as recovery has been most pronounced in technology, in medical and areas like that. Corporate has come back roaring and we're very pleased with what we see.

From a mix perspective, I'm actually pulling up the actual numbers right now. So give me just a second. But as we look at this next year, we are a little bit more heavily weighted towards our corporate, but it's pretty consistent with what we saw in 2023. We do think that from a...

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

Consistent what we saw in '23, you said.

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

I'm sorry, consistent with what we saw in 2022. Thank you for correcting me. But I would say that in the year for the year is very promising from a corporate perspective. So while we have a little bit more in corporate on the books as of right now, we would expect that to continue to improve as we move through 2023.

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

Smedes, the one thing to keep in mind, when you look at the business on the books for '23, about 3/4 of that business was booked pre-2022. And so as we roll forward '23, '24 to '25, you're going to see those older room nights burn off and newer room nights that are at these higher rates come on. And so that will be a nice tailwind for our business from a rate perspective in the group segment.

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

Okay. And then I'm sorry if you said this, but what do you see capital spending for the year on the major -- and maybe could you just line out the major projects that you're working on? You mentioned the Rockies?

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

You got that, Jen?

Jennifer L. Hutcheson - *Ryman Hospitality Properties, Inc. - Executive VP, Corporate Controller, CFO & CAO*

Yes. We -- as Mark mentioned, one of the bigger projects we have going on right now is at the Rockies, a couple of projects going on there with a new Pavilion and the reimagining of the Grand Lodge and creating more usable -- group sellable space there along with food and beverage. I think our estimate for capital is about $130 million this year, all in, including growth and maintenance, and that would include the contribution to FF&E reserves that are obviously linked to revenue. So as those grow, those will continue to grow as well.

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

Yes. The only thing I would add to that is we're doing a lot of -- we talked about this in our prepared comments a few minutes ago, we're doing a lot of work around food and beverage. We continue to see food and beverage is a massive opportunity for our brand going forward. And so we're investing in our old Hickory Steakhouses at Gaylord National and Gaylord Palms. We're renovating spaces at Gaylord Palms, like our Osceola ballroom, which is 50,000 square feet.

And then from an ESG perspective, we've got a pretty sizable investment going into solar panels that we'll be putting on top of the convention center, at Gaylord National, be one of the largest projects in the nation. And we think a really bold statement as far as our priority on ESG and doing things that help the environment long term.

Jennifer L. Hutcheson - *Ryman Hospitality Properties, Inc. - Executive VP, Corporate Controller, CFO & CAO*

And let me clarify that number. It was [off] $100 million, it's $230 million when you're including growth so...

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

Smedes, on the Entertainment side, Smedes, Ole Red Las Vegas is under construction. And then we are renovating the W as well as making some enhancements at the theater in Austin, Texas. So those 2 projects combined are probably going to be in the $50 million, $60 million range this year.

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

Okay. And then just one last question on Ole Red in Las Vegas. Is that the kind of menu you can start preselling events at this point, I guess, to corporations or social stuff? Or is that -- how that piece of the business works?

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

It's both. In Las Vegas, where that building sits right on The Strip in front of -- right across the Bellagio Fountains, there's 120,000 people a day walk by it. So there's going to be a lot of what we call transit business in there. But this facility is also -- we do a lot of corporate buyouts in our Ole Red's. As an example here in Nashville, we do what about $4.5 million in revenue in corporate buyouts. And in Las Vegas, this is going to be, I think, a big part of that business. And -- but you've got to step back, we're doing this -- corporate buyout is sort of the icing on the cake. But we're doing this because we want to capture those country lifestyle consumers that are in that market. And that's why we've put it in that market. And I think it's going to be extraordinarily successful.

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

Smedes, to your question, we're targeting a November opening in time for the Grand Prix. We already have interest in buyouts as it relates to that event. And then of course, that's followed quickly by National Rodeo, which is in Las Vegas every December and the Super Bowl is there in February next year. So we're already fielding calls about those types of opportunities from corporations and other organizations.

Operator

Our next question will come from Chris Woronka with Deutsche Bank.

Chris Jon Woronka - *Deutsche Bank AG, Research Division - Research Analyst*

Congratulations on the quarter and also the year. I had a question as to in the year for the year pick up, mostly on the group side, kind of what's implied in the guidance? And maybe you can give us a refresher on how in the year for the year tracked in '22? And should we assume that that's generally going to be the higher rated kind of smaller corporate group meetings?

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

Chris, the specific figures there, we can follow up with you on that as far as what we booked last year. But yes, most of our in the year for the year is going to be corporate focused type business. Every now and then we get a larger piece of business that is obviously welcome. But usually, there's not pattern availability for it. But we are very encouraged based on what we saw in '22 and then our in the year for the year volumes for lead volumes are very, very encouraging. I think we've got them right here. They're up -- at the end of the year, they were up 56%. So...

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

On '21.

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

Yes, 56% over '22. So as we look at in the year for the year lead volumes, we're very encouraged by what we see. And yes, that will usually be smaller groups. But we'll follow up with you with the specific figures around exactly how much we booked last year and what we've built into our guidance for this year.

Chris Jon Woronka - *Deutsche Bank AG, Research Division - Research Analyst*

Okay. And then might be a question for Colin. As this entertainment business continues to grow and evolve, I mean, I remember the days that was just a few assets in Nashville, and the Nashville is still very important. But how do we think about the key drivers of the business, Colin? I know you're involved. There's also the Circle TV piece that I think a lot of us sometimes struggle to model it, frankly. So can you give us any thoughts on what are the key drivers outside of some of the just purely leisure assets?

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

Yes. I'm going to sort of fly up to 65,000 feet on this. The growth opportunities in this business are almost unlimited. We've got so many different things that we're looking at. And we're frankly just getting to it with our friends from Atairos Comcast NBC. So we're going to work hard during the course of this year, identify new avenues of growth. We probably will look at the physical venue side of the business, go through additional physical venue side of the business, but also on the digital distribution of the content we create. And I do say, I don't think you're going to see any sort of major changes to the structure of that business this year. But we're very excited about the growth avenue here. And so I would say to our investors that love this part of the business tracking it. So we're going to have some fun with this business over the next 1 to 2 years.

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

Chris, it's Patrick. Let me follow up with you. I was able to kind of pull some numbers quickly. Our expectation is that we'll book around 14% to 15% of our group room night total for the year in the year for the year. And how that compares to prior year is tough because of Omicron because that's a net number. And if you remember, Omicron was creating so many cancellations. So I'll have to follow back up with you as far as once you take out the impact of Omicron in the first quarter of last year, what did our in the year for the year business actually look like. So I'll follow up with you on that, but roughly 14% to 15% of what we expect to do for the total year in group should be booked in the year for the year.

Operator

Our next question will come from Jay Kornreich with SMBC.

Jay Bradley Kornreich - *SMBC Nikko Securities America, Inc., Research Division - Research Analyst*

I guess, first, just a follow-up on the Entertainment piece, and you talked about all the possibilities of growth and just the year-over-year growth seems to be more potential on that segment than maybe the hotel currently. So I'm just curious, do you outline a potential percent of the overall portfolio, you see the entertainment fees getting to or want to get it to versus the roughly 10% pre-pandemic?

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

We really don't think of it that way, Jay, in terms of its growth and relationship to hotels. We really think about as a separate opportunity with a very different set of demand drivers and capital opportunities. And the longer-term aspiration for this business is to create a stand-alone live entertainment and media business that really focuses on the country lifestyle consumer, helps promote country music and engages with those consumers, both in location-based entertainment opportunities as well as virtually.

So we don't think about it. The only -- really the only way we think about in relationship to the hotels is how we think about capital deployment from our perspective and then how -- frankly, how it fits within the REIT structure because we do have some limitations there. But we're -- from a growth perspective, we're nowhere near those limitations at this stage.

Jay Bradley Kornreich - *SMBC Nikko Securities America, Inc., Research Division - Research Analyst*

Okay. And then just another question on the Gaylord Rockies that, I guess, if you look at the run rate, Q3 this year, it was our top performing asset 87% occupancy, 4Q dropped down to 70%. I'm sure it's more of a group-oriented assets. But just curious if you can kind of run through kind of how you see that run rate in 2023 and the year-over-year growth at that asset?

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

You want to take that, Patrick?

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

Yes, absolutely. So we think that Rockies is going to continue to mature into its stabilized level. I would expect that we will see occupancies at that hotel in the mid-70s, which is consistent with what we would expect at Gaylord Opryland, Gaylord Palms and Gaylord Texan. So I would say 2023 is a great indication of what that hotel should be looking like from a stabilized performance level. And then from a margin perspective, we continue to -- it is a newer hotel that really kind of cut its teeth in the midst of the pandemic. So we've identified additional opportunities to continue strengthening its margin performance.

And then Colin and Mark both have alluded to some of the investments that are going in there. So while I think it will truly be at a stabilized level consistent with what Palms, Texan and Opryland perform at in 2023, there's still additional upside given the investments we're making into the property.

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

And as we went into this year, Patrick, room nights on the books, we will -- we were pretty happy with where we sit for the Rockies. And that should manifest itself into the -- translate into the performance for 2023.

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

Yes, that's correct. To Colin's point, 2023 had more room nights on the books than we did at this time in 2019. So the hotel is built very well for a solid performance in 2023.

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

Okay. We -- one more call and, Chelsea, so if we have another question, we'll take it.

Operator

Our last question will come from Dany Asad with Bank of America.

Dany, please make sure that you're unmuted on your end.

Dany Asad - *BofA Securities, Research Division - VP & Research Analyst*

Sorry about that. So just a 2-parter, my first question is, in your RevPAR outlook of 9% to 12%. Can you help us parse out how much of it is occupancy growth and how much you're underwriting for -- to come from rate? And then just at a higher level, how do you guys feel about your ability to push rate on group, not just for this upcoming year, but if we kind of look out further out to '24 and '25 and beyond.

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

Well, as Mark pointed out in his remarks, that so much of the rate for this year was predetermined last year, the year before and the year before that. But one thing that we have been able to do over last year and the year before, is for the business that we booked last year, we saw really good rate growth. And that should translate into positive rate growth this year, and we're actually very excited about what happens in '24, '25, '26. But we have been really pushing rate like no tomorrow with our friends at Marriott through the sales organization. And Pat, do you want to give a little bit more color on that?

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

Sure. I mean just at a very simple level, most of our RevPAR growth in 2023 is based off of occupancy growth versus 2022. To Colin's point, the great growth that we've seen and what we've been able to book on the group side will really start to materialize and manifest for us in larger quantities as you get into '24, '25 and '26. So we've built in some continued transient rate growth. Honestly, every time we build that in, it comes back and surprises us in terms of what we're able to actually achieve. And I would expect the same on the in the year for the year on the group side. But at a very basic level, the majority of our RevPAR growth in 2023 is based off of occupancy recovery.

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

And Dany, as we mentioned earlier, a lot of that is going to happen in the first quarter off of that Omicron comp because we were only about 47 points in the first quarter last year.

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

Any other questions from you, Dany?

Okay. If there are no other questions, I'd like to thank everyone for being on the call this morning. We're very proud of the results that we accomplished as a company last year, and we are very excited about the prospects for '23 and future years. So if you have any follow-up questions, you know how to get hold of us. And thank you very much indeed.

Operator, we're going to close the lines. Thank you.

Operator

Yes, sir. Ladies and gentlemen, this does conclude today's call, and we appreciate your participation. Please enjoy the rest of your day.
