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PRESENTATION

Operator

Welcome to Ryman Hospitality Properties Third Quarter 2023 Earnings Conference Call. Hosting the call today from Ryman Hospitality Properties is Mr. Colin Reed, Executive Chairman, Mr. Mark Fioravanti, President and Chief Executive 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) 839-3516. No conference ID is required. At this time, all participants have been placed on listen-only. It is now my pleasure to turn the floor over to Mr. Mark Fioravanti. Sir, you may begin.

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

Good morning, and thank you, everyone, for joining us today. Unfortunately, due to a death in the family, our Chief Financial Officer, Jennifer Hutcheson, will not be joining us on the call 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, further events or any other reason. We will also discuss non-GAAP financial measures today. We reconcile each non-GAAP measure to the most comparable GAAP measure in exhibits to today's release.

I'll now turn the call over to Colin.

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

Thank you, Mark, and good morning, everyone. Let me start this morning's discussions about our earnings for the third quarter of 2023, by first reminding you what an incredible third quarter we had last year. Last year's third quarter was the best third quarter performance ever for total revenue, total adjusted EBITDAre, and total adjusted EBITDAre margin. Additionally, in the third quarter of last year, we had a very good group room night production again with record gross bookings in ADR. I pointed out last year how excited we were about the state of our business and how materially ahead we were of 2019 in terms of revenue and profit generation and what this trajectory signaled for the period ahead. So here we are reporting on the third quarter of 2023 and discussing how we see the full year playing out. And yes, yet again, our third quarter delivered some very compelling results.

Our forward booking production continues to accelerate. For our same-store hospitality portfolio, this was another record third quarter performance for total revenue, total ADR and group ADR. Our business continues to get stronger and stronger. And this is especially evident when we look how we are performing relative to 2019. Compared to the third quarter of 2019, total same-store hospitality revenue was up 20.7% total ADR, 22.4% and group ADR 16.5%. And these growth rates are higher sequentially than where they were in the second quarter of 2023.

I noticed some of you we must sound like a broken record. But Gaylord Hotels actually does have a differentiated strategy that has consistently driven industry-leading shareholder returns. We do this by building long-term group customer relationships through excellent system-wide service, great product and very targeted relationship-building endeavors with our customers. The consequence of which is they book contracts with us, and in many cases, years out. This is why our business is far less volatile than those companies you often compare us to.

Now Mark will get into the production numbers in more detail, but our bookings for 2024 and 2025 continue to track solidly ahead of where they were a year ago for T1 and T2 periods. This momentum supports our confidence to continue investing capital in projects like the redesign of the Grand Lodge and the addition of the new group pavilion at the Gaylord Rockies, which are expected to reopen midyear next year.

In our Entertainment business, consistent demand trends at our core Nashville assets continue to highlight the popularity of our live entertainment offerings. Outside of Nashville, we remain excited about our progress towards the opening of Ole Red Las Vegas in January. In addition, we recently announced a $40 million of value-enhancing investments at Block 21 in Austin, which will include the full renovation of the W Hotel and additional public space enhancement at ACL Live. In early January, we'll begin our transformation of the Wildhorse Saloon to a multilevel multi-concept immersive entertainment experience in partnership with Luke Combs. I was with Luke a couple of weeks ago in London as he was wrapping up his very successful three-week tour of Northern Europe. And I'm so excited about this new branding opportunity with him, particularly now that he has so rapidly become a global superstar.

Finally, our partnership with Atairos and NBCUniversal is really starting to show value-enhancing results. During the last few weeks, we've been able to collaborate on some really, really exciting projects, which showcase why we chose Atairos and NBCUniversal as our partners. In September, the Opry House hosted the inaugural People's Choice Country Awards, which was broadcast on NBC. Just a few weeks ago, while Luke was on tour in the U.K., several episodes of Opry Live featuring some of his performances aired on Sky Arts in the U.K. and in Ireland. And in early December, Christmas at the Opry will hear on NBC.

As a result of our collaboration, our brands and the artists who we work with are benefiting from this accelerated media distribution, reaching more country music lifestyle consumers globally. At the highest level, we are really excited, we're exactly where we thought we'd be. And as we've talked about in the past, our performance in both our businesses comes back to our sustainable competitive advantage, which is grounded in our iconic brands and in our extensive knowledge that the unique customer segments we serve.

Just as we've done for the past 20 years, we continue to prioritize our customer relationships and invest in our assets to consistently enhance our value proposition, which ultimately translates to stronger customer loyalty and best-in-class shareholder returns. Our business model is not based on hope or things we have little control over. We've built a loyalty-based rotational strategy within our hotel business that is not reliant on citywide conventions or how popular or unpopular a city may be. And our entertainment business is pretty unique, backed up by legendary brands that cannot be replicated.

We look forward to hosting the investment community at our upcoming Investor Day in mid-January of next year to discuss in detail our differentiated strategy and the exciting growth priorities that will drive returns in the years to come.

And with that, let me turn over to Mark to now discuss the quarter in more detail. Mark?

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

Thanks, Colin. I'll start with some segment highlights from the quarter. First, focusing on our same-store hospitality portfolio before discussing the results for JW Hill Country and our Entertainment business. Then I'll review our consolidated guidance and balance sheet.

For the same-store portfolio, group strength continued evidenced by approximately 513,000 group room nights traveled in the quarter, a 3.1% increase to the comparable period of 2022 and back to 2019 levels. As Colin mentioned, for our same-store hospitality portfolio, this was the best third quarter performance ever for total revenue, total ADR and group ADR, eclipsing the prior best-ever third quarter performance in 2022.

Similar to the dynamics we saw in the second quarter, the third quarter was another very tough year-over-year comparison as we saw a rapid recovery after the Omnicron impact in the first quarter of 2022 with some of those rebooking's traveling in the back half of the year. This comparison was particularly challenging at Gaylord Rockies, which in the third quarter of 2022 posted the highest quarterly occupancy in the history of the Gaylord Hotels brand at 86.9%.

Furthermore, in the third quarter of last year, banquet revenue across the portfolio set an all-time quarterly record. Compared to these high watermarks, the third quarter of 2023 saw a shift in group mix to a more normalized level of corporate group room nights and banquet spend. Attrition and cancellation fees were $11.3 million, an increase of $1.3 million to the comparable period in 2022 due to the timing of collections. Actualized cancellations in the year for the year, a better indicator of current group behavior, continued to decline to approximately 11,000 room nights down from 21,000 a year ago and essentially in line with 2019 levels.

During the quarter, we also collected approximately $1.7 million as part of our ongoing business interruption claim related to the indoor pool closure at the Gaylord Rockies. We're pleased that the indoor pool has reopened as of November 3, ahead of the peak holiday season. We anticipate collecting the remainder of the business interruption proceeds through the first quarter of 2024. The same-store hospitality portfolio delivered adjusted EBITDAre of $135.2 million in the third quarter, a year-over-year decline of $1.5 million. The 90 basis point decline in adjusted EBITDAre margin was due to the recognition of approximately $3.6 million of additional incentive management fee expense year-over-year.

Looking to the fourth quarter of 2023, we see momentum in our group business continuing, and we remain excited about our holiday programming. The fourth quarter will be a challenging comparison for the leisure side of our business as last year, we sold a record 1.2 million tickets to ICE!, which helped drive a record transient ADR of $317. While we're early in the booking cycle, we're optimistic about this year's holiday season demand as early ticket sales for ICE! are pacing ahead of last year. As a result, we're tightening our full year guidance range for same-store RevPAR growth such that the midpoint is unchanged. We're raising our full year guidance range for same-store total RevPAR growth to 11.5% to 12.5%, a 2.5 point increase at the midpoint, and we're tightening our guidance range for same-store hospitality adjusted EBITDAre, which results in a $5 million increase at the midpoint of $590 million.

Turning now to same-store production. We booked approximately 695,000 group room nights in the third quarter for all future years, which is up 13.2% to the comparable period in 2022. Average rate across all new group bookings set another all-time record of $268, which was up $3 or 1.2% from the prior record last quarter and 32.8% from the third quarter of 2019.

Looking into 2024 and 2025, group rooms revenue on the books is up nearly 10% and 12%, respectively, compared to the T+1 and T+2 time periods as of the third quarter of 2022, which is a continued improvement over our position at the end of last quarter. Note the full impact of our group rate strategy that we implemented in February of 2022 has yet to play out. Group business contracted prior to our focus on driving group ADR will burn off over the next several years, creating a tailwind for group rooms revenue. Currently, the portion of group business contracted prior to our focus on ADR accounts for approximately 30 points of the 48 points of occupancy currently on the books for 2024.

Occupancy on the books for this same subsegment is lower in 2025 and steps down in each of the following years. Accordingly, higher ADR bookings will become an increasing larger portion of our group business over the next several years. Shifting gears to the JW Hill Country. Performance in our first quarter of ownership was in line with our expectations and reinforced our belief in the long-term value creation opportunity of this asset.

Early integration efforts are progressing well, and we expect to close on the previously announced purchase of the additional adjacent acreage later this month. For our partial year of ownership, we continue to expect the adjusted EBITDAre contribution from this hotel to be in the range of $27 million to $29 million.

Turning to our Entertainment segment. This business delivered $82.3 million of revenue and $25.6 million of adjusted EBITDAre, up 6.7% and 21%, respectively, compared to the third quarter of 2022. Performance was driven by our core Nashville assets, which drove double-digit revenue growth year-over-year. The W Hotel results at Block 21 were impacted by softening business transient demand and extreme summer heat, which affected transient volumes in the Austin market. We remain confident in the long-term value creation opportunity with this asset and the long-term market outlook for Austin. To that end, enhancement of the W Hotel and ACL Live are underway and are expected to be completed in phases by the end of next year.

On the media side of the business, we made the decision to pivot our distribution strategy for Circle away from linear television, focusing our resources on streaming, FAST and digital distribution. As a result, we agreed to wind down our joint venture partnership with Gray TV and our results for the quarter include a nonrecurring $10.6 million write-off of which $7.2 million is a noncash charge.

Beginning in 2024, as part of this new distribution strategy, syndication of Opry Live will expand the major television network affiliates, allowing us to reach even more country music lifestyle consumers. Taken together, our entertainment business continues to perform in line with our expectations and as a result, we're tightening our entertainment adjusted EBITDAre guidance range to $97 million to $101 million, leaving the midpoint unchanged.

On a consolidated basis, our outlook accounts for the segment level adjustments I discussed as well as an updated guidance for corporate adjusted EBITDAre to a loss of $30 million to $32 million. Accordingly, we're updating our full year guidance range for consolidated adjusted EBITDAre to $672 million to $700 million, which at the midpoint of $686 million reflects an increase of $4.5 million. We're also updating our full year guidance range for adjusted funds from operations, or AFFO, to $448.5 million to $474.5 million. Please refer to our earnings release for full guidance tables and reconciliations.

Turning to our balance sheet. We ended the third quarter with $543.1 million of unrestricted cash on hand and both our $700 million revolving credit facility and OEG's $65 million revolving credit facility undrawn. As a result, our total available liquidity was approximately $1.3 billion. We retained an additional $112.9 million of restricted cash available to certain FF&E and other maintenance projects.

On a trailing 12-month basis, our net leverage ratio of total consolidated net debt to adjusted EBITDAre was 4.3x below where we ended the year in 2019. On a pro forma basis, assuming a full year contribution from the JW Hill Country, our net leverage ratio was 4x. In terms of interest rate exposure, as of quarter end, approximately 80% of our outstanding debt was at fixed rates, either directly or with the benefit of swaps. Our balance sheet and liquidity position continue to be in excellent shape to support the capital deployment opportunities available to us and the continued growth of our business. And finally, subject to approval of our Board of Directors, it remains our intention to continue to pay 100% of our REIT taxable income through dividends.

And with that, let's open it up for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Our first question comes from Gregory Miller with Truist Securities.

Gregory Poole Miller - *Truist Securities, Inc., Research Division - US Communications and Internet Infrastructure Analyst*

First off, my condolences to Jen and her family. I'm on the line on behalf of Patrick Scholes. I appreciate you're not providing 2024 guidance yet. Can you share any thoughts about how you're looking at margins for next year and possible ability to grow margins next year?

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

Let's deal with this business by business. Patrick, do you want to start with hotels, how we're looking at this?

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

Yes. As Mark talked about in his comments, we're seeing more and more of the focus on group rate starts to pay off benefits for us as we look forward. As he mentioned, we had about 30 points of occupancy already on the books before we really put a focus on it in early 2022 of the -- so about 30 points of the 48 points that were on the books right now. So, as we see more and more of those benefits coming through, we are hopeful that we will see margin expansion next year. There's been a question kind of floating around among some of the hospitality companies as far as what kind of RevPAR do we need to see in order to hit flat EBITDA margins, and we calculate that to be about 3.6% roughly. And so, we are hopeful and optimistic that we can outperform that base level just to maintain margin, and we will be delivering margin growth next year. Of course, that's barring any kind of major macroeconomic event. But as things stand right now, we do believe that we'll see margin growth next year.

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

And if I may, just like the rest of the industry, we're seeing pressures from communities wanting to push up real estate taxes, insurers wanting to increase the cost of insurance. But for us, the goal has been and will continue to be, let's keep focusing on the revenue side of our business and growing the top line. And that's the key to this long-term set of numbers that we have now been churning out for the last few years, and that's what we anticipate happening for 2024. Patrick Moore entertainment.

Patrick Moore - *Opry Entertainment Group - CEO*

Yes. For the Entertainment business, I would say a few things. One, we're going to benefit from the wind down of the Circle JV from a net margin perspective. But more operationally, the important things are driving sell-through and yield in the various iconic assets we have. Just like the hotel business, we work a lot on dynamic pricing to drive rate, and there's some cost and other benefits going through with other lines of business, including food and beverage. So, I would expect some modest sort of net margin improvement next year as we look forward to opening Las Vegas, which is a really big venue for us, and repositioning the Wildhorse Saloon with Luke Combs.

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

Yes. We will show good revenue growth in this business. There's going to be some disruption for what we're going to be doing in the Wildhorse, and also what we're doing in Block 21 next year. Major, major redo of those assets. But revenue growth next year looks pretty good for this business.

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

Yes. From a corporate perspective, we don't anticipate a material change in overhead.

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

No.

Gregory Poole Miller - *Truist Securities, Inc., Research Division - US Communications and Internet Infrastructure Analyst*

That's all very encouraging. I appreciate the color. Same question, I thought to ask more specifically on the JW and Marriott Hill Country. Now you've had more time under ownership from Blackstone, could you share any additional learnings that you've taken on this asset, particularly on operating expenses or operating efficiencies?

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

Happy to give you some color there. Yes, we've been very encouraged. We're going through a very methodical process. One of the things we focused on here in the first three months of full operation of the first full quarter of operation under RHP is we're going back and looking at a lot of the external vendor contracts, whether that be for valet parking for belt services, whether it be for audiovisual, we're reassessing all of those and negotiating those under our total portfolio scale, and we've seen great benefits from that. And so, there's still a lot of work to be done, but we're very encouraged by what we've seen so far.

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

Yes. The other thing is we are in the middle of rolling out our first holiday offering at that hotel, and we'll be bringing ICE! to the hotel in 2024, but we're putting a limited offering in in 2023, and we're encouraged that we're seeing some good pickup from the local audience that want to come and experience our offerings. Mark, what were you going to offer, or add?

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

I was just going to add that from a bigger picture perspective, as we have had been able to spend more time with the property in the property, I think our enthusiasm continues to grow as it relates to what that property can be versus what it is, both in terms of -- from a leisure perspective, as Patrick mentioned, but also from a group perspective. We're doing a lot of work right now around master planning, food and beverage, rooms, meeting space, etc., and Patrick and his team are actually doing some primary research with that consumer to better understand what it is they like, what edge is the property is missing so that we can use consumer feedback to make those investment decisions as we move forward.

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

Yes. And the only other thing I would offer is that we're starting to get some good traction from a group sales perspective. About 24% of the bookings that were booked for JW Hill Country in the third quarter also included a booking for a Gaylord Hotel. So, we're starting to see some of the multiyear rotational customers that have always frequented the Gaylord Hotels taking a look at JW Hill Country and reassessing and wanting to be a part of booking into that hotel, given our ownership of it and our plans for it for the future.

Gregory Poole Miller - *Truist Securities, Inc., Research Division - US Communications and Internet Infrastructure Analyst*

Well, thank you very much for all the insights. That's all from us.

Operator

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

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

Our thoughts with Jen and family over here as well. First question was kind of on the -- you guys gave out some nice data points on where you are on pricing and moving that up and how most of the benefit is still yet to be captured in the out years. Is there any way to look at the non-room revenue piece of that? Is that moving up kind of in lockstep? Or does that move faster or slower? Any kind of color you can give us there?

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

Yes, Chris, we've actually been very encouraged. The third quarter exceeded our expectations from a banquet contribution per group room night perspective. We knew coming out of third quarter of 2022 when there were so many corporate rebooking's that really wanted to get in as soon as COVID was over, we knew that there would be a pullback, and we wouldn't see quite that same level. But I would say we were very pleasantly surprised that we continue to see strong growth on the catering side at all of the hotels with groups. Even if groups fall into attrition, if they're not able to hit their room night expectations, they are outperforming on the catering side, the vast majority of them are.

So, we continue to believe that even as Group ADR is moving up that catering will continue to be a sizable opportunity for us. And I'm happy to report that in October, Gaylord National said another record in terms of catering that it was able to book. They did about $14.5 million, which is an all-time record for the hotel. Gaylord Palms had a really good month. So, we feel really good about where catering is heading and believe that will continue into 2024.

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

Let me weigh in on this just for a sec. Chris, you've been around our organization now for almost a decade, I think. And you understand the journey we're on here. We're continuing to upgrade the quality of these assets and the relationship that we have built with the customer. And so, the key to the long-term success of this business is making sure we do business with high worth customers. customers that don't bring low-rated business to our product. And that is the journey we've been on here for a while and it's the journey we're going to be on for the foreseeable future. And I think we're making great progress. And this is one of the reasons why we are so transparent with you guys about what is going on, not only in terms of room nights book, but the rate in which we're booking these room nights. And we are seeing really high-quality growth in rate that comes back to the long-term sustainable growth in profitability here.

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

Yes. Yes, for sure. Very helpful guys. A follow-up, if maybe we could go back to the DC to National for a second. You had really strong performance, particularly, I thought on the bottom line in Q3 all the way around, really. But you're getting the margins up there. You talked about that. That was a high priority. Where are you on kind of what you want to do there, whether it's a top line, your occupancy, you're still building that? What inning are we in getting the National to kind of where you think you're going to get to?

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

You want to start? Yes. I would tell you, you're right. We talked a lot during COVID and in the first year after COVID about the efforts that we've been making to improve the fixed cost side of that business, and we are very successful in doing so. I would tell you that the remaining opportunity for us is on the transient side. This hotel does an outstanding job from a group perspective and very pleased with where their satisfaction scores are heading. So, we're capturing the revenue and we're delivering the satisfaction. But from a transient perspective, this hotel has always remained having a lot of opportunity. And so, we're looking at what we've done at the other hotels and whether or not a transient demand generator like a water amenity would make sense for that hotel. So, I would say that the next couple of years, we'll really be trying to unlock some of the potential on the transient side.

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

You'll recall, Chris, that we spent about $65 million renovating the rooms in that hotel during the pandemic, and we really just finished reconcepting the food and beverage there, kind of top to bottom. So, the product there is terrific. And I think that consumers are recognizing that and are willing to pay for it.

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

And the service level improvements that we've seen in that hotel led by our friends at Marriott, have been pretty good. So, it bodes well for the future.

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

Okay. Very good. Congratulations on other great quarter.

Operator

Our next question comes from Jay Kornreich with Wedbush Securities.

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

Looking into the fourth quarter, specifically the December holiday season with the ICE! presentation, which is [garnered] robust leisure transient ADR well above 2019 levels, but with some concerns facing the leisure customers currently and just ADR you can achieve. Can you just comment on how you expect this coming holiday season to perform relative to last year?

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

Obviously, most of those customers book in a much more condensed booking window. But so, we normally watch how the tickets are pacing even though it's early. And our ICE! tickets, as Colin mentioned earlier, have been pacing very, very well. We're ahead of 2019 in a sizable fashion right now versus where we were several years ago in 2019, and we're currently ahead of 2022. We've talked about our concerns that there was a lot of pent-up demand that traveled in 2022. And that may still be the case, but the early indications are very favorable and very encouraging for us. And so, we obviously, like everyone else in the industry saw a lot of the domestic U.S. travelers go international during the summertime. But early indications are that folks may be staying closer to home for the upcoming holiday season. We'll watch and see how it goes because there's a lot of that business still needs to be booked in the next four to six weeks, but we're encouraged where we're at right now.

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

The other thing that I think you should think about here, Jay, is that the overall quality of our leisure experiences in these big hotels is pretty, pretty compelling. And then what we have layered on top of this, this entertainment that we've layered on top of it with things like ICE!, things like dinner shows, things like light exhibitions is very, very different to what the vast majority of this industry does through this holiday period. And we've had now years of experience at this stuff. I mean, we've been doing it for on a decade now. And I think we're going to have a decent fourth quarter. And we're not sitting here wringing our fingers hoping like hell a city that we're in business in performs okay. We're driving demand. We're inducing demand into our business by the quality of our products and the quality of the entertainment that we've put in place.

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

Got it. That's helpful. And then just as a follow-up, you commented on T+1 and T+2 bookings being up over 10% from a year ago. And so, I wanted to see if you can just speak to which groups are driving these bookings? And if there's anything within those bookings in terms of segmentation that surprised you?

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

It's a good corporate business.

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

Yes. I would tell you that 2024 right now has a higher mix of corporate business, not a marginal amount, but a pretty substantial increase, which is very encouraging to us and back to our conversation a few minutes ago with the previous caller, that bodes well for what we think will happen on the catering side of the business. T+2, it's -- there's really not a substantial number of room nights on the books to really be able to say, but it's pretty much consistent with what we've seen in the past. But 2024 is very encouraging from a corporate perspective.

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

Speak a little bit about the rate trajectory and what this should do for T+2, T+3, to our business.

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

Yes. So, we were talking -- we have about 25 points of occupancy of the 39 points of occupancy on 2025 that was booked prior to our focus on rate growth in early 2022. So, as we've commented, as we get into 2024, we see more impact from the group rate increase, 2025, roughly 50% of that group business will be booked in a very different and much more aggressive rate environment than 2026; we'll see an even greater proportion. So, we're very encouraged that as we're moving forward, the group rate focus that we've put in place will really start paying dividends. And a lot of that was set up by the fact that we were able to capture so many of the cancellations into rebooking's for future periods, which set up our book of business in a much healthier point or healthier status and allowed us to really start pushing on the group rate. So, we think that there are some really good things ahead for us from a group rate perspective.

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

On the other side of the coin is that if the Fed actually does get its act together and eliminates inflation from our environment. The trajectory that we have in this company looks very, very exciting.

Operator

Thank you. Our next question comes from Smedes Rose with Citi.

Madeleine Fargis - *Citi - Analyst*

This is Maddy on for Smedes. Just wanted to ask what sort of growth in wages and benefits should we think about looking into 2024?

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

In 2024, we're returning to more normalized wages and benefits growth compared to what we've seen the last several years.

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

Yes. I know what we're planning in all of our budgeting, both in our entertainment business and our hotel business. But as Mark said, we're looking at more normalized.

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

Yes. I mean I don't want to give guidance for 2024, but we're assuming low to mid-single digits from a wage growth perspective, which is much more in line with what we were seeing prior to COVID and in the inflationary environment that followed it.

Madeleine Fargis - *Citi - Analyst*

Got it. And then could you maybe discuss a little more about your decision to wind down Circle entertainment? And are there other ways that you might consider leveraging the content owned by the entertainment division?

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

Well, that was the whole thesis here. What has happened, and I'll like to turn it over to Patrick in a minute, if Patrick Moore is -- the world of distribution is so rapidly evolved here over the last three to four years. The product becomes almost redundant as it's being launched. And so, what we have been able to figure out is that the content that we have, particularly Opry Live, is in demand all over the place. And that is our goal to hitch it to these different distribution platforms. Patrick?

Patrick Moore - *Opry Entertainment Group - CEO*

Yes. No, sure. And just to build on Colin's statement. The primary objective was always to distribute the content that we create to the greatest possible audience. We did that through our own linear network. As you know, with the market for linear TV under extreme pressure due to cord cutting and streaming services, and notably, the market for ad dollars is extremely fragmented, we felt the right approach here was to pivot away from owning our own distribution and our own linear network to basically syndicating and licensing and distributing our content through any and all potential providers, which should ultimately increase our audience and reach materially here going forward.

And so, with that, we also improved profitability. So, from a strategic standpoint, it makes all the sense in the world to continue with our core objective of distributing the content, but just in a different manner.

Operator

Our next question will come from Dori Kesten with Wells Fargo.

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

It sounds like your stronger than initially expected results for Q4 are widespread, not really concentrated in a few assets. Is that correct?

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

Yes. We're seeing it broadly across the portfolio.

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

Okay. I know it's early, but do you have a sense if Atairos NBC intends to exercise this option to invest more in Opry Entertainment this year?

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

We don't know that yet, Dori. The process that we have, as you know, they have the right to buy up another 19% over 2023, 2024 and 2025, and that process really begins in October. They'll notify us by mid-December if they are -- if they desire to buy up or not. So, we'll know here in about a month. And if they do want to buy up, then we would close that transaction prior to year-end.

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

When we know you all know, and -- but we're really focused on growing the revenue and profitability of this business.

Operator

Thank you. At this time, we have no further questions. I'll turn the call back to management for any additional or closing remarks.

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

Okay. Thank you, everyone, for joining us. If you have any additional questions, you know how to get ahold of us. And for those of you that are still on the line, we look forward to hosting you in middle, late January for our investor gathering here in Nashville. We look forward to that. Thank you very much indeed for your time this morning.

Operator

Thank you. This does conclude today's Ryman Hospitality Properties Third Quarter 2023 Earnings conference call. You may disconnect your line at this time and have a wonderful day.
