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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-Q**

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended September 30, 2020

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
Commission file number 1-13079

**RYMAN HOSPITALITY PROPERTIES, INC.**  
(Exact Name of Registrant as Specified in its Charter)

Delaware  
(State or Other Jurisdiction of  
Incorporation or Organization)

73-0664379  
(I.R.S. Employer  
Identification No.)

One Gaylord Drive  
Nashville, Tennessee 37214  
(Address of Principal Executive Offices)  
(Zip Code)

(615) 316-6000  
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of Each Exchange on Which Registered</u>
Common stock, par value \$.01	RHP	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company  Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding as of October 31, 2020</u>
Common Stock, par value \$.01	54,981,313 shares

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**RYMAN HOSPITALITY PROPERTIES, INC.**

**FORM 10-Q**

**For the Quarter Ended September 30, 2020**

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**Part I – FINANCIAL INFORMATION**  
**Item 1. – FINANCIAL STATEMENTS.**

**RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(Unaudited)**  
**(In thousands)**

	September 30, 2020	December 31, 2019
<b>ASSETS:</b>		
Property and equipment, net of accumulated depreciation (including \$944,731 and \$979,012 from VIEs, respectively)	\$ 3,128,617	\$ 3,130,252
Cash and cash equivalents - unrestricted (including \$17,713 and \$33,772 from VIEs, respectively)	52,162	362,430
Cash and cash equivalents - restricted (including \$7,198 and \$3,653 from VIEs, respectively)	48,771	57,966
Notes receivable, net	70,381	110,135
Trade receivables, net (including \$1,524 and \$16,523 from VIEs, respectively)	13,657	70,768
Deferred income tax assets, net	—	25,959
Prepaid expenses and other assets (including \$24,462 and \$27,888 from VIEs, respectively)	97,165	123,845
Intangible assets (including \$172,366 and \$202,366 from VIEs, respectively)	176,998	207,113
Total assets	<u>\$ 3,587,751</u>	<u>\$ 4,088,468</u>
<b>LIABILITIES AND EQUITY:</b>		
Debt and finance lease obligations (including \$793,876 and \$792,696 from VIEs, respectively)	\$ 2,586,972	\$ 2,559,968
Accounts payable and accrued liabilities (including \$44,797 and \$57,590 from VIEs, respectively)	214,231	264,915
Dividends payable	748	50,711
Deferred management rights proceeds	173,499	175,332
Operating lease liabilities	107,382	106,331
Deferred income tax liabilities, net	649	—
Other liabilities (including \$21,994 and \$2,174 from VIEs, respectively)	104,034	64,971
Total liabilities	3,187,515	3,222,228
Commitments and contingencies		
Noncontrolling interest in consolidated joint venture	113,163	221,511
<b>Equity:</b>		
Preferred stock, \$.01 par value, 100,000 shares authorized, no shares issued or outstanding	—	—
Common stock, \$.01 par value, 400,000 shares authorized, 54,981 and 54,897 shares issued and outstanding, respectively	550	549
Additional paid-in capital	1,190,160	1,185,168
Treasury stock of 648 and 619 shares, at cost	(18,467)	(17,315)
Accumulated deficit	(831,265)	(495,514)
Accumulated other comprehensive loss	(69,052)	(28,159)
Total stockholders' equity	271,926	644,729
Noncontrolling interest in Operating Partnership	15,147	—
Total equity	287,073	644,729
Total liabilities and equity	<u>\$ 3,587,751</u>	<u>\$ 4,088,468</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

**RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**AND COMPREHENSIVE INCOME**  
**(Unaudited)**  
**(In thousands, except per share data)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
<b>Revenues:</b>				
Rooms	\$ 24,487	\$ 134,950	\$ 133,417	\$ 411,866
Food and beverage	16,217	155,173	163,477	499,346
Other hotel revenue	17,274	38,134	57,060	111,684
Entertainment	12,271	51,530	44,006	135,385
Total revenues	<u>70,249</u>	<u>379,787</u>	<u>397,960</u>	<u>1,158,281</u>
<b>Operating expenses:</b>				
Rooms	10,280	37,116	47,060	108,184
Food and beverage	19,233	88,584	114,935	270,623
Other hotel expenses	56,961	91,608	192,480	273,074
Management fees, net	516	8,388	5,445	28,543
Total hotel operating expenses	<u>86,990</u>	<u>225,696</u>	<u>359,920</u>	<u>680,424</u>
Entertainment	17,343	34,022	60,146	92,722
Corporate	7,299	9,404	22,693	26,518
Preopening costs	96	164	1,597	2,274
Gain on sale of assets	—	—	(1,261)	—
Credit loss on held-to-maturity securities	7,811	—	32,784	—
Depreciation and amortization	53,876	53,998	161,232	160,560
Total operating expenses	<u>173,415</u>	<u>323,284</u>	<u>637,111</u>	<u>962,498</u>
Operating income (loss)	(103,166)	56,503	(239,151)	195,783
Interest expense	(28,127)	(35,261)	(87,527)	(100,840)
Interest income	1,540	2,878	5,765	8,756
Loss on extinguishment of debt	—	(494)	—	(494)
Loss from unconsolidated joint ventures	(1,767)	(308)	(5,482)	(475)
Other gains and (losses), net	1,729	1,109	(14,831)	857
Income (loss) before income taxes	<u>(129,791)</u>	<u>24,427</u>	<u>(341,226)</u>	<u>103,587</u>
Provision for income taxes	(86)	(3,537)	(27,046)	(13,743)
Net income (loss)	<u>(129,877)</u>	<u>20,890</u>	<u>(368,272)</u>	<u>89,844</u>
Net loss attributable to noncontrolling interest in consolidated joint venture	11,893	1,459	30,280	11,296
Net loss attributable to noncontrolling interest in Operating Partnership	325	—	325	—
Net income (loss) available to common stockholders	<u>\$ (117,659)</u>	<u>\$ 22,349</u>	<u>\$ (337,667)</u>	<u>\$ 101,140</u>
Basic income (loss) per share available to common stockholders	<u>\$ (2.14)</u>	<u>\$ 0.43</u>	<u>\$ (6.14)</u>	<u>\$ 1.97</u>
Diluted income (loss) per share available to common stockholders	<u>\$ (2.14)</u>	<u>\$ 0.43</u>	<u>\$ (6.14)</u>	<u>\$ 1.95</u>
Comprehensive income (loss), net of taxes	\$ (134,302)	\$ 13,297	\$ (411,323)	\$ 82,458
Comprehensive loss, net of taxes, attributable to noncontrolling interest	10,793	3,353	37,850	13,190
Comprehensive income (loss), net of taxes, available to common stockholders	<u>\$ (123,509)</u>	<u>\$ 16,650</u>	<u>\$ (373,473)</u>	<u>\$ 95,648</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

**RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)  
(In thousands)

	Nine Months Ended	
	September 30,	
	2020	2019
<b>Cash Flows from Operating Activities:</b>		
Net income (loss)	\$ (368,272)	\$ 89,844
Amounts to reconcile net income (loss) to net cash flows provided by operating activities:		
Provision for deferred income taxes	26,607	10,865
Depreciation and amortization	161,232	160,560
Amortization of deferred financing costs	5,889	5,805
Credit loss on held-to-maturity securities	32,784	—
Forfeiture of Block21 earnest deposit	15,000	—
Write-off of deferred financing costs	246	2,833
Loss from unconsolidated joint ventures	5,482	475
Stock-based compensation expense	6,623	5,862
Changes in:		
Trade receivables	56,950	(15,244)
Accounts payable and accrued liabilities	(57,024)	(19,905)
Other assets and liabilities	2,152	(9,954)
Net cash flows provided by (used in) operating activities	<u>(112,331)</u>	<u>231,141</u>
<b>Cash Flows from Investing Activities:</b>		
Purchases of property and equipment	(124,581)	(109,603)
Collection of notes receivable	2,985	13,211
Purchase of additional interest in Gaylord Rockies joint venture, net of cash acquired	—	(5,481)
Investment in other joint ventures	(8,761)	(2,241)
Other investing activities, net	(1,304)	236
Net cash flows used in investing activities	<u>(131,661)</u>	<u>(103,878)</u>
<b>Cash Flows from Financing Activities:</b>		
Net borrowings (repayments) under revolving credit facility	35,000	(302,000)
Repayments under term loan B	(3,750)	(3,750)
Issuance of senior notes	—	500,000
Redemption of senior notes	—	(350,000)
Borrowing under Gaylord Rockies term loan	—	800,000
Repayment of Gaylord Rockies construction and mezzanine loans	—	(496,612)
Deferred financing costs paid	(1,528)	(17,587)
Payment of dividends	(102,325)	(137,037)
Distributions from consolidated joint venture to noncontrolling interest partners	(992)	(105,793)
Payment of tax withholdings for share-based compensation	(1,688)	(3,965)
Other financing activities, net	(188)	(149)
Net cash flows used in financing activities	<u>(75,471)</u>	<u>(116,893)</u>
Net change in cash, cash equivalents, and restricted cash	(319,463)	10,370
Cash, cash equivalents, and restricted cash, beginning of period	420,396	149,089
Cash, cash equivalents, and restricted cash, end of period	<u>\$ 100,933</u>	<u>\$ 159,459</u>
Reconciliation of cash, cash equivalents, and restricted cash to balance sheet:		
Cash and cash equivalents - unrestricted	\$ 52,162	\$ 101,786
Cash and cash equivalents - restricted	48,771	57,673
Cash, cash equivalents, and restricted cash, end of period	<u>\$ 100,933</u>	<u>\$ 159,459</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

**RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY AND NONCONTROLLING INTEREST**  
**(Unaudited)**  
**(In thousands)**

	Common Stock	Additional Paid-in Capital	Treasury Stock	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Noncontrolling Interest in Operating Partnership	Total Equity	Noncontrolling Interest in Consolidated Joint Venture
BALANCE, December 31, 2019	\$ 549	\$ 1,185,168	\$ (17,315)	\$ (495,514)	\$ (28,159)	\$ 644,729	\$ —	\$ 644,729	\$ 221,511
Net loss	—	—	—	(46,516)	—	(46,516)	—	(46,516)	(4,220)
Adjustment of noncontrolling interest to redemption value	—	—	—	54,265	—	54,265	—	54,265	(54,265)
Transition adjustment related to adoption of ASU 2016-13	—	—	—	(5,343)	2,158	(3,185)	—	(3,185)	—
Other comprehensive loss, net of income taxes	—	—	—	—	(37,437)	(37,437)	—	(37,437)	—
Payment of dividends (\$0.95 per share)	—	147	(557)	(51,996)	—	(52,406)	—	(52,406)	—
Restricted stock units and stock options surrendered	1	(1,660)	—	—	—	(1,659)	—	(1,659)	—
Stock-based compensation expense	—	2,230	—	—	—	2,230	—	2,230	—
BALANCE, March 31, 2020	\$ 550	\$ 1,185,885	\$ (17,872)	\$ (545,104)	\$ (63,438)	\$ 560,021	\$ —	\$ 560,021	\$ 163,026
Net loss	—	—	—	(173,492)	—	(173,492)	—	(173,492)	(14,167)
Adjustment of noncontrolling interest to redemption value	—	—	—	6,174	—	6,174	—	6,174	(6,174)
Other comprehensive loss, net of income taxes	—	—	—	—	(1,189)	(1,189)	—	(1,189)	—
Payment of dividends	—	—	(595)	624	—	29	—	29	—
Distribution from consolidated joint venture to noncontrolling interest partners	—	—	—	—	—	—	—	—	(992)
Restricted stock units and stock options surrendered	—	(29)	—	—	—	(29)	—	(29)	—
Stock-based compensation expense	—	2,190	—	—	—	2,190	—	2,190	—
BALANCE, June 30, 2020	\$ 550	\$ 1,188,046	\$ (18,467)	\$ (711,798)	\$ (64,627)	\$ 393,704	\$ —	\$ 393,704	\$ 141,693
Net loss	—	—	—	(117,659)	—	(117,659)	(325)	(117,984)	(11,893)
Adjustment of noncontrolling interest to redemption value	—	—	—	(333)	—	(333)	—	(333)	333
Issuance of partnership units in Operating Partnership	—	—	—	—	—	—	15,472	15,472	—
Other comprehensive loss, net of income taxes	—	—	—	—	(4,425)	(4,425)	—	(4,425)	—
Payment of dividends	—	(13)	—	25	—	12	—	12	—
Redemption of noncontrolling interests	—	—	—	(1,500)	—	(1,500)	—	(1,500)	(16,970)
Restricted stock units and stock options surrendered	—	(76)	—	—	—	(76)	—	(76)	—
Stock-based compensation expense	—	2,203	—	—	—	2,203	—	2,203	—
BALANCE, September 30, 2020	\$ 550	\$ 1,190,160	\$ (18,467)	\$ (831,265)	\$ (69,052)	\$ 271,926	\$ 15,147	\$ 287,073	\$ 113,163

The accompanying notes are an integral part of these condensed consolidated financial statements.

**RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY AND NONCONTROLLING INTEREST**  
**(Unaudited)**  
**(In thousands)**

	Common Stock	Additional Paid-in Capital	Treasury Stock	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Noncontrolling Interest in Operating Partnership	Total Equity	Noncontrolling Interest in Consolidated Joint Venture
BALANCE, December 31, 2018	\$ 513	\$ 900,795	\$ (15,183)	\$ (388,524)	\$ (28,024)	\$ 469,577	\$ —	\$ 469,577	\$ 287,433
Net income	—	—	—	29,408	—	29,408	—	29,408	(6,738)
Adjustment of noncontrolling interest to redemption value	—	—	—	(10,420)	—	(10,420)	—	(10,420)	10,420
Transition adjustment related to adoption of ASU 2018-02	—	—	—	2,707	(2,707)	—	—	—	—
Other comprehensive income, net of income taxes	—	—	—	—	109	109	—	109	—
Payment of dividends (\$0.90 per share)	—	168	(504)	(46,076)	—	(46,412)	—	(46,412)	—
Restricted stock units and stock options surrendered	1	(3,825)	—	—	—	(3,824)	—	(3,824)	—
Stock-based compensation expense	—	2,026	—	—	—	2,026	—	2,026	—
BALANCE, March 31, 2019	\$ 514	\$ 899,164	\$ (15,687)	\$ (412,905)	\$ (30,622)	\$ 440,464	\$ —	\$ 440,464	\$ 291,115
Net income	—	—	—	49,383	—	49,383	—	49,383	(3,099)
Adjustment of noncontrolling interest to redemption value	—	—	—	(10,293)	—	(10,293)	—	(10,293)	10,293
Other comprehensive income, net of income taxes	—	—	—	—	98	98	—	98	—
Payment of dividends (\$0.90 per share)	—	93	—	(46,593)	—	(46,500)	—	(46,500)	—
Distribution from consolidated joint venture to noncontrolling interest partners	—	—	—	—	—	—	—	—	(10,591)
Restricted stock units and stock options surrendered	—	(63)	—	—	—	(63)	—	(63)	—
Stock-based compensation expense	—	1,935	—	—	—	1,935	—	1,935	—
BALANCE, June 30, 2019	\$ 514	\$ 901,129	\$ (15,687)	\$ (420,408)	\$ (30,524)	\$ 435,024	\$ —	\$ 435,024	\$ 287,718
Net income	—	—	—	22,349	—	22,349	—	22,349	(1,459)
Adjustment of noncontrolling interest to redemption value	—	—	—	(90,877)	—	(90,877)	—	(90,877)	90,877
Other comprehensive income, net of income taxes	—	—	—	—	(7,593)	(7,593)	—	(7,593)	—
Purchase of additional ownership interest in consolidated joint venture	—	(2,899)	—	—	—	(2,899)	—	(2,899)	(2,582)
Payment of dividends (\$0.90 per share)	—	135	(1,076)	(45,467)	—	(46,408)	—	(46,408)	—
Exercise of stock options	—	71	—	—	—	71	—	71	—
Distribution from consolidated joint venture to noncontrolling interest partners	—	—	—	—	—	—	—	—	(95,202)
Restricted stock units and stock options surrendered	—	(90)	—	—	—	(90)	—	(90)	—
Stock-based compensation expense	—	1,901	—	—	—	1,901	—	1,901	—
BALANCE, September 30, 2019	\$ 514	\$ 900,247	\$ (16,763)	\$ (534,403)	\$ (38,117)	\$ 311,478	\$ —	\$ 311,478	\$ 279,352

The accompanying notes are an integral part of these condensed consolidated financial statements.

**RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

**1. BASIS OF PRESENTATION:**

On January 1, 2013, Ryman Hospitality Properties, Inc. (“Ryman”) and its subsidiaries (collectively with Ryman, the “Company”) began operating as a real estate investment trust (“REIT”) for federal income tax purposes, specializing in group-oriented, destination hotel assets in urban and resort markets. The Company’s owned assets include a network of upscale, meetings-focused resorts that are managed by Marriott International, Inc. (“Marriott”) under the Gaylord Hotels brand. These resorts, which the Company refers to as the Gaylord Hotels properties, consist of the Gaylord Opryland Resort & Convention Center in Nashville, Tennessee (“Gaylord Opryland”), the Gaylord Palms Resort & Convention Center near Orlando, Florida (“Gaylord Palms”), the Gaylord Texan Resort & Convention Center near Dallas, Texas (“Gaylord Texan”) and the Gaylord National Resort & Convention Center near Washington D.C. (“Gaylord National”). The Company’s other owned hotel assets managed by Marriott include the Inn at Opryland, an overflow hotel adjacent to Gaylord Opryland, and the AC Hotel at National Harbor, Washington D.C. (“AC Hotel”), an overflow hotel adjacent to Gaylord National.

At September 30, 2020, the Company also owns a 65% interest in a joint venture (the “Gaylord Rockies joint venture”) that owns the Gaylord Rockies Resort & Convention Center near Denver, Colorado (“Gaylord Rockies”), which opened in December 2018 and is managed by Marriott. As further discussed in the Company’s Annual Report on Form 10-K for the year ended December 31, 2019, management has concluded that the Company is the primary beneficiary of this variable interest entity. As such, the Company has consolidated the assets, liabilities and results of operations of the Gaylord Rockies joint venture in the accompanying condensed consolidated financial statements. The portion of the Gaylord Rockies joint venture that the Company does not own is recorded as noncontrolling interest in consolidated joint venture in the accompanying condensed consolidated balance sheet, and any adjustment necessary to reflect the noncontrolling interest at its redemption value is shown in the accompanying condensed consolidated statements of equity. Creditors of the Gaylord Rockies joint venture have no recourse to the general credit of the Company, except with respect to certain limited loan guarantees as discussed in Note 13, “Commitments and Contingencies” to the condensed consolidated financial statements included herein.

The Company also owns a number of media and entertainment assets, including the Grand Ole Opry, the legendary weekly showcase of country music’s finest performers; the Ryman Auditorium, the storied live music venue and former home of the Grand Ole Opry; WSM-AM, the Opry’s radio home; Ole Red, a brand of Blake Shelton-themed bar, music venue and event spaces; and three Nashville-based assets managed by Marriott – Gaylord Springs Golf Links (“Gaylord Springs”), the Wildhorse Saloon, and the General Jackson Showboat. The Company also owns a 50% interest in a joint venture intended to create and distribute a linear multicast and over-the-top channel dedicated to the country music lifestyle (“Circle”), which launched its broadcast network on January 1, 2020. See Note 13, “Commitments and Contingencies” to the condensed consolidated financial statements included herein for further disclosure.

The condensed consolidated financial statements include the accounts of Ryman and its subsidiaries and have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted from this report pursuant to such rules and regulations. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2019. In the opinion of management, all adjustments necessary for a fair statement of the results of operations for the interim periods have been included. All adjustments are of a normal, recurring nature. The results of operations for such interim periods are not necessarily indicative of the results for the full year because of seasonal and short-term variations.

The Company principally operates, through its subsidiaries and its property managers, as applicable, in the following business segments: Hospitality, Entertainment, and Corporate and Other.



### *Impact of COVID-19 Pandemic*

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus disease (COVID-19) as a pandemic, which continues to spread throughout the United States. COVID-19 is having an unprecedented impact on the U.S. economy, and there is significant uncertainty surrounding the full extent of its impact on the Company's future results of operations and financial position.

The Company, in consultation with local governmental authorities, first determined to close its Nashville-based entertainment venues in mid-March 2020. As cancellations at the Gaylord Hotels properties began to increase, the Company and its hotel manager, Marriott, implemented a series of operational changes, culminating with the suspension of operations at the Gaylord Hotels properties in late March 2020. Gaylord Texan reopened June 8, 2020, and Gaylord Opryland, Gaylord Palms and Gaylord Rockies reopened June 25, 2020. Gaylord National remains closed. Hotel employees that were laid off or furloughed were generally paid the equivalent of one week of compensation, and benefits for non-union hotel employees have been maintained throughout the individual properties' closures.

In the Company's Entertainment segment, in addition to the temporary closure of its entertainment assets, the Company took steps to reduce operating costs in all areas. Many of the Company's Nashville-based attractions reopened at reduced capacities in May and June 2020. The Grand Ole Opry and Ryman Auditorium began offering limited-capacity tours in June 2020, and in September 2020, they reopened for limited-capacity publicly attended performances. The Company's decision to offer publicly attended performances with additional capacity will be based on a number of factors and made in consultation with local health authorities.

The Company amended its credit facility on April 23, 2020, as described in Note 7, "Debt." The Company continues to pay all required debt service payments on its indebtedness, lease payments, taxes and other payables.

At September 30, 2020, the Company had an additional \$664.1 million available for borrowing under its revolving credit facility and \$52.2 million in unrestricted cash on hand. In addition, following the payment of the Company's first quarter 2020 dividend as discussed in Note 14, "Equity," to the condensed consolidated financial statements included herein, the Company suspended its regular quarterly dividend payments for the remainder of 2020. The Company's board of directors will consider a future dividend as permitted by the Company's credit agreement. The Company's credit agreement amendment described in Note 7, "Debt," to the condensed consolidated financial statements included herein, permits payment of dividends as necessary to maintain the Company's REIT status and permits the Company to pay a dividend of \$0.01 per share each quarter. Any future dividend is subject to the Company's board of director's determinations as to the amount of distributions and timing thereof.

The Company has deferred substantially all non-essential capital projects, in addition to delaying the Gaylord Rockies expansion project, which was scheduled to begin construction in second quarter 2020. The Gaylord Palms expansion project is continuing, and the Company believes the expansion will allow Gaylord Palms to serve groups moving meetings to 2021.

### *Termination of Block 21 Acquisition*

In December 2019, the Company entered into an agreement to purchase Block 21, a mixed-use entertainment, lodging, office and retail complex located in Austin, Texas, for \$275 million, which included the assumption of approximately \$141 million of existing mortgage debt. In May 2020, in response to the then-existing capital markets and economic environment caused by the COVID-19 pandemic, the Company determined it was not in the best interest of shareholders to focus resources and capital on the project and terminated the purchase agreement. The Company forfeited a nonrefundable December 2019 deposit of \$15.0 million and recorded a loss, which is included in other gains and (losses), net in the accompanying condensed consolidated statements of operations for the nine months ended September 30, 2020.

### *Newly Issued Accounting Standards*

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, "*Financial Instruments – Credit Losses – Measurement of Credit Losses on Financial Instruments*," which changes how entities measure credit losses for most financial assets and certain other instruments that are not measured

at fair value through net income. The ASU replaces the previous “incurred loss” approach with an “expected loss” model for instruments measured at amortized cost. For trade and other receivables, held-to-maturity debt securities, loans and other instruments, entities are required to use a new forward-looking “expected loss” model that generally will result in the earlier recognition of allowances for losses. The Company has applied these amendments with a modified-retrospective approach, with a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption. For debt securities for which an other-than-temporary impairment has been previously recognized, a prospective transition approach for the prior other-than-temporary impairment is required. The Company adopted this ASU in the first quarter of 2020 and recorded an adjustment to beginning retained earnings of \$5.3 million and an adjustment to accumulated other comprehensive loss of \$2.2 million. See Note 4, “Accumulated Other Comprehensive Loss” and Note 6, “Notes Receivable” for additional disclosure.

In March 2020, the FASB issued ASU No. 2020-04, “*Reference Rate Reform – Facilitation of the Effects of Reference Rate Reform on Financial Reporting*,” which provides temporary optional expedients and exceptions to the existing guidance on contract modifications and hedge accounting to ease the financial reporting burdens of the expected market transition from the London Interbank Offered Rate (“LIBOR”) and other interbank offered rates to alternative reference rates, such as the Secured Overnight Financing Rate (“SOFR”). The guidance in ASU 2020-04 is optional, effective immediately, and may be elected over time as reference rate reform activities occur generally through December 31, 2022. During 2020, the Company elected to apply the hedge accounting expedients related to probability and the assessments of effectiveness for future LIBOR-indexed cash flows to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives. Application of these expedients preserves the presentation of derivatives consistent with past presentation. The Company continues to evaluate the impact of this guidance and may apply other elections as applicable as additional market changes occur.

In October 2020, the FASB issued ASU No. 2020-09, “*Debt – Amendments to SEC Paragraphs Pursuant to SEC Release No. 33-10762*,” which addresses disclosure rules on guaranteed debt securities offerings. The new rules allow for more summarized information regarding issuer and guarantor subsidiaries, as well as the option to provide the required disclosures in a footnote to the consolidated financial statements or in management’s discussion and analysis of financial condition and results of operations. The updated guidance is effective for the Company in January 2021; however, early adoption is permitted. The Company elected to adopt this guidance in the third quarter of 2020 and has included the applicable disclosures within management’s discussion and analysis of financial condition and results of operations in this Form 10-Q.

## **2. REVENUES:**

Revenues from occupied hotel rooms are recognized over time as the daily hotel stay is provided to hotel groups and guests. Revenues from concessions, food and beverage sales, and group meeting services are recognized over the period or at the point in time those goods or services are delivered to the hotel group or guest. Revenues from ancillary services at the Company’s hotels, such as spa, parking, and transportation services, are generally recognized at the time the goods or services are provided. Cancellation fees and attrition fees, which are charged to groups when they do not fulfill the minimum number of room nights or minimum food and beverage spending requirements originally contracted for, are generally recognized as revenue in the period the Company determines it is probable that a significant reversal in the amount of revenue recognized will not occur, which is typically the period these fees are collected. The Company generally recognizes revenues from the Entertainment segment at the point in time that services are provided or goods are delivered or shipped to the customer, as applicable. Almost all of the Company’s revenues are either cash-based or, for meeting and convention groups who meet the Company’s credit criteria, billed and collected on a short-term receivables basis. The Company is required to collect certain taxes from customers on behalf of government agencies and remit these to the applicable governmental entity on a periodic basis. These taxes are collected from customers at the time of purchase but are not included in revenue. The Company records a liability upon collection of such taxes from the customer and relieves the liability when payments are remitted to the applicable governmental agency.

The Company's revenues disaggregated by major source are as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Hotel group rooms	\$ 2,747	\$ 93,172	\$ 85,611	\$ 301,932
Hotel transient rooms	21,740	41,778	47,806	109,934
Hotel food and beverage - banquets	3,653	104,961	111,904	354,678
Hotel food and beverage - outlets	12,564	50,212	51,573	144,668
Hotel other	17,274	38,134	57,060	111,684
Entertainment admissions/ticketing	1,689	24,075	12,456	59,658
Entertainment food and beverage	4,899	17,617	16,425	47,504
Entertainment retail and other	5,683	9,838	15,125	28,223
Total revenues	<u>\$ 70,249</u>	<u>\$ 379,787</u>	<u>\$ 397,960</u>	<u>\$ 1,158,281</u>

The Company's Hospitality segment revenues disaggregated by location are as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Gaylord Opryland	\$ 17,514	\$ 90,186	\$ 94,961	\$ 278,131
Gaylord Palms	7,658	40,854	53,847	148,127
Gaylord Texan	19,651	66,508	81,119	207,873
Gaylord National	133	59,128	50,056	202,886
Gaylord Rockies	11,931	64,949	68,335	165,628
AC Hotel	735	2,882	2,730	8,631
Inn at Opryland and other	356	3,750	2,906	11,620
Total Hospitality segment revenues	<u>\$ 57,978</u>	<u>\$ 328,257</u>	<u>\$ 353,954</u>	<u>\$ 1,022,896</u>

The majority of the Company's Entertainment segment revenues are concentrated in Tennessee.

The Company records deferred revenues when cash payments are received in advance of its performance obligations, primarily related to advanced deposits on hotel rooms in its Hospitality segment and advanced ticketing in its Entertainment segment. At September 30, 2020 and December 31, 2019, the Company had \$61.7 million and \$76.7 million, respectively, in deferred revenues, which are included in accounts payable and accrued liabilities in the accompanying condensed consolidated balance sheets. Of the amount outstanding at December 31, 2019, approximately \$44.8 million was recognized in revenue during the nine months ended September 30, 2020.

### 3. INCOME (LOSS) PER SHARE:

The weighted average number of common shares outstanding is calculated as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Weighted average shares outstanding - basic	54,980	51,444	54,955	51,411
Effect of dilutive stock-based compensation	—	125	—	152
Effect of dilutive put rights	—	263	—	263
Weighted average shares outstanding - diluted	<u>54,980</u>	<u>51,832</u>	<u>54,955</u>	<u>51,826</u>

For the three months and nine months ended September 30, 2020, the effect of dilutive stock-based compensation was the equivalent of 0.1 million shares of common stock outstanding. Because the Company had a loss from continuing

operations in the three months and nine months ended September 30, 2020, these incremental shares were excluded from the computation of dilutive earnings per share as the effect of their inclusion would have been anti-dilutive.

As more fully discussed in Note 13, “Commitments and Contingencies,” to the condensed consolidated financial statements included herein, certain affiliates of Ares Management, L.P. (“Ares”) each had a put right to require the Company to purchase their joint venture interests in the Gaylord Rockies joint venture in consideration of cash or operating partnership units (“OP Units”) of RHP Hotel Properties, LP (the “Operating Partnership”). These put rights were exercised during the three months ended September 30, 2020. The OP Units held by the noncontrolling interest holders have been excluded from the denominator of the diluted loss per share calculation for the three months and nine months ended September 30, 2020 as there would be no effect on the calculation of diluted loss per share because the loss attributable to the OP Units held by the noncontrolling interest holders would also be subtracted to derive net loss available to common stockholders.

#### 4. ACCUMULATED OTHER COMPREHENSIVE LOSS:

The Company’s balance in accumulated other comprehensive loss is comprised of amounts related to the Company’s minimum pension liability discussed in Note 11, “Pension and Postretirement Benefits Other Than Pension Plans,” interest rate derivatives designated as cash flow hedges related to the Company’s and the Gaylord Rockies joint venture’s outstanding debt as discussed in Note 7, “Debt,” and amounts related to an other-than-temporary impairment of a held-to-maturity investment that existed prior to the Company’s adoption of ASU 2016-13 with respect to the notes receivable discussed in Note 6, “Notes Receivable,” to the condensed consolidated financial statements included herein, and Note 3, “Notes Receivable,” to the consolidated financial statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2019. Changes in accumulated other comprehensive loss by component for the nine months ended September 30, 2020 and 2019 consisted of the following (in thousands):

	Minimum Pension Liability	Other-Than- Temporary Impairment of Investment	Interest Rate Derivatives	Total
Balance, December 31, 2019	\$ (23,916)	\$ (5,877)	\$ 1,634	\$ (28,159)
Losses arising during period	(11,167)	—	(39,965)	(51,132)
Amounts reclassified from accumulated other comprehensive loss	1,444	158	6,479	8,081
Net other comprehensive income (loss)	(9,723)	158	(33,486)	(43,051)
Transition adjustment related to adoption of ASU 2016-13 (see Note 1)	—	2,158	—	2,158
Balance, September 30, 2020	<u>\$ (33,639)</u>	<u>\$ (3,561)</u>	<u>\$ (31,852)</u>	<u>\$ (69,052)</u>

	Minimum Pension Liability	Other-Than- Temporary Impairment of Investment	Interest Rate Derivatives	Total
Balance, December 31, 2018	\$ (21,814)	\$ (6,210)	\$ —	\$ (28,024)
Losses arising during period	(5,164)	—	(3,789)	(8,953)
Amounts reclassified from accumulated other comprehensive loss	1,635	249	(1,197)	687
Income tax benefit	880	—	—	880
Net other comprehensive income (loss)	(2,649)	249	(4,986)	(7,386)
Transition adjustment related to adoption of ASU 2018-02	(2,707)	—	—	(2,707)
Balance, September 30, 2019	<u>\$ (27,170)</u>	<u>\$ (5,961)</u>	<u>\$ (4,986)</u>	<u>\$ (38,117)</u>

## 5. PROPERTY AND EQUIPMENT:

Property and equipment, including right-of-use finance lease assets, at September 30, 2020 and December 31, 2019 is recorded at cost (except for right-of-use finance lease assets) and summarized as follows (in thousands):

	September 30, 2020	December 31, 2019
Land and land improvements	\$ 351,569	\$ 349,024
Buildings	3,465,367	3,432,136
Furniture, fixtures and equipment	975,368	968,858
Right-of-use finance lease assets	1,613	1,613
Construction-in-progress	147,869	82,906
	<u>4,941,786</u>	<u>4,834,537</u>
Accumulated depreciation and amortization	<u>(1,813,169)</u>	<u>(1,704,285)</u>
Property and equipment, net	<u>\$ 3,128,617</u>	<u>\$ 3,130,252</u>

## 6. NOTES RECEIVABLE:

As further discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2019, in connection with the development of Gaylord National, the Company holds two issuances of governmental bonds ("Series A bond" and "Series B bond") with a total carrying value and approximate fair value of \$70.4 million and \$110.1 million at September 30, 2020 and December 31, 2019, respectively, net of credit loss reserve of \$38.0 million and \$0, respectively. The Company receives debt service and principal payments thereon, payable from property tax increments, hotel taxes and special hotel rental taxes generated from Gaylord National through the maturity dates of July 1, 2034 and September 1, 2037, respectively. The Company records interest income over the life of the notes using the effective interest method.

The Company has the intent and ability to hold these bonds to maturity. In the first quarter of 2020, the Company recorded an initial transition adjustment of \$5.2 million and has since performed its quarterly assessment of credit losses under the newly adopted credit loss standard discussed in Note 1, which considers the estimate of projected tax revenues that will service the Series B bond over its remaining term. These tax revenue projections were updated each quarter in connection with the Company's preparation of its condensed consolidated financial statements included herein as a result of the closure of Gaylord National during the COVID-19 pandemic and to reflect updated industry projections as to future anticipated operations of the hotel. As a result of these reduced tax revenue projections over the remaining life of the Series B bond, the Company increased its credit loss reserve by \$7.8 million and \$32.8 million in the three months and nine months ended September 30, 2020. At September 30, 2020, the Series B bond is fully reserved. The Series A bond is of higher priority than other tranches which fall between the Company's two issuances.

During the three months ended September 30, 2020 and 2019, the Company recorded interest income of \$1.5 million and \$2.5 million, respectively, on these bonds. During the nine months ended September 30, 2020 and 2019, the Company recorded interest income of \$4.7 million and \$7.7 million, respectively, on these bonds. The Company received payments of \$8.8 million and \$11.3 million during the nine months ended September 30, 2020 and 2019, respectively, relating to these bonds. At September 30, 2020 and December 31, 2019, before consideration of the credit loss reserve, the Company had accrued interest receivable related to these bonds of \$39.4 million and \$38.2 million, respectively.

## 7. DEBT:

The Company's debt and finance lease obligations at September 30, 2020 and December 31, 2019 consisted of (in thousands):

	September 30, 2020	December 31, 2019
\$700M Revolving Credit Facility, interest at LIBOR plus 1.95%, maturing March 31, 2024, less unamortized deferred financing costs of \$7,647 and \$0	\$ 27,353	\$ —
\$300M Term Loan A, interest at LIBOR plus 1.90%, maturing May 31, 2025, less unamortized deferred financing costs of \$2,280 and \$2,478	297,720	297,522
\$500M Term Loan B, interest at LIBOR plus 2.00%, maturing May 11, 2024, less unamortized deferred financing costs of \$3,771 and \$4,501	378,729	381,749
\$400M Senior Notes, interest at 5.0%, maturing April 15, 2023, less unamortized deferred financing costs of \$2,531 and \$3,222	397,469	396,778
\$700M Senior Notes, interest at 4.75%, maturing October 15, 2027, less unamortized deferred financing costs of \$10,989 and \$11,808, plus unamortized premium of \$2,234 and \$2,434	691,245	690,626
\$800M Term Loan (Gaylord Rockies JV), interest at LIBOR plus 2.50%, maturing July 2, 2023, less unamortized deferred financing costs of \$6,690 and \$8,015	793,310	791,985
Finance lease obligations	1,146	1,308
Total debt	<u>\$ 2,586,972</u>	<u>\$ 2,559,968</u>

Amounts due within one year consist of the amortization payments for the \$500 million term loan B of 1.0% of the original principal balance, as described in the Company's Annual Report on Form 10-K for the year ended December 31, 2019.

At September 30, 2020, there were no defaults under the covenants related to the Company's outstanding debt, and the lenders had extended the allowable closure period in the covenant in the credit facility that prohibits closure of the Gaylord Hotels properties for longer than a specified period of time.

### *Credit Facility*

On April 23, 2020, the Company entered into Amendment No. 1 (the "Amendment") to the Company's Sixth Amended and Restated Credit Agreement (the "Credit Agreement") among the Company, as a guarantor, the Operating Partnership, as borrower, certain other subsidiaries of the Company party thereto, as guarantors, certain subsidiaries of the Company party thereto, as pledgors, the lenders party thereto and Wells Fargo Bank, National Association, as administrative agent.

The Amendment provides for a waiver of the existing financial covenants through March 31, 2021 and ending on April 1, 2021 (the "Temporary Waiver Period"), amends covenant computations for the three months ended June 30, 2021 and September 30, 2021, and confirms the availability of undrawn amounts under the revolving credit facility. In addition, the Amendment contains a covenant that the Company must maintain unrestricted liquidity (in the form of unrestricted cash on hand or undrawn availability under the Revolver) of at least \$100 million. In the event the Company is unable to comply with the Credit Agreement's financial covenants, it expects to further amend the Credit Agreement or take other mitigating actions prior to a potential breach.

During the Temporary Waiver Period, the Amendment provides for increased interest and fees, additional restrictions on debt, investments, dividends, share repurchases and capital expenditures, and a minimum liquidity requirement.

The Company may elect to terminate the Temporary Waiver Period prior to expiration. Upon expiration or termination of the Temporary Waiver Period, it will calculate compliance with the financial covenants in the Credit Agreement using a designated annualized calculation based on the Company's most recently completed fiscal quarter or quarters, as applicable. Pursuant to the Amendment, the Company is required to use any proceeds from borrowings drawn during the Temporary Waiver Period to fund operating expenses, debt service of the Company and its subsidiaries, and permitted capital expenditures and investments.

*\$800 Million Term Loan (Gaylord Rockies Joint Venture)*

On June 30, 2020, Aurora Convention Center Hotel, LLC (“Hotel Owner”) and Aurora Convention Center Hotel Lessee, LLC (“Tenant” and collectively with Hotel Owner, the “Loan Parties”), subsidiaries of the entities comprising the Gaylord Rockies joint venture, entered into Amendment No. 1 (the “Loan Amendment”) to the Second Amended and Restated Loan Agreement (the “Loan Agreement”), by and among the Loan Parties, Wells Fargo Bank, National Association, as administrative agent, and the lenders from time to time party thereto.

The Loan Amendment modified the Loan Agreement to (i) provide for the ability to use cash for certain purposes, even during a Cash Sweep Period (as defined in the Loan Agreement), (ii) extend the deadline for Hotel Owner to commence construction of an expansion to Gaylord Rockies, and (iii) provide favorable changes to the debt service coverage ratio provisions. Beginning in July 2020, the Gaylord Rockies joint venture was in a Cash Sweep Period pursuant to the Loan Agreement.

The Loan Amendment includes restrictions on distributions to the owners of the Gaylord Rockies joint venture and requires a certain level of equity financing for a Gaylord Rockies expansion.

*Interest Rate Derivatives*

The Company and the Gaylord Rockies joint venture have each entered into interest rate swaps to manage interest rate risk associated with the Company’s \$500 million term loan B and the Gaylord Rockies joint venture’s \$800 million term loan, respectively. Each swap has been designated as a cash flow hedge whereby the Company or the joint venture receives variable-rate amounts in exchange for fixed-rate payments over the life of the agreement without exchange of the underlying principal amount. Neither the Company nor the Gaylord Rockies joint venture use derivatives for trading or speculative purposes and currently do not hold any derivatives that are not designated as hedges.

For derivatives designated as and that qualify as cash flow hedges of interest rate risk, the gain or loss on the derivative is recorded in accumulated other comprehensive loss and subsequently reclassified to interest expense in the same period during which the hedged transaction affects earnings. These amounts reported in accumulated other comprehensive loss will be reclassified to interest expense as interest payments are made on the related variable-rate debt. The Company estimates that \$15.9 million will be reclassified from accumulated other comprehensive loss to interest expense in the next twelve months.

The estimated fair value of the Company’s derivative financial instruments at September 30, 2020 and December 31, 2019 is as follows (in thousands):

Hedged Debt	Type	Strike Rate	Index	Maturity Date	Notional Amount	Estimated Fair Value Asset (Liability) Balance	
						September 30, 2020	December 31, 2019
Term Loan B	Interest Rate Swap	1.2235%	1-month LIBOR	May 11, 2023	\$ 87,500	\$ (2,460)	\$ 959
Term Loan B	Interest Rate Swap	1.2235%	1-month LIBOR	May 11, 2023	\$ 87,500	(2,460)	959
Term Loan B	Interest Rate Swap	1.2235%	1-month LIBOR	May 11, 2023	\$ 87,500	(2,460)	956
Term Loan B	Interest Rate Swap	1.2315%	1-month LIBOR	May 11, 2023	\$ 87,500	(2,478)	934
Gaylord Rockies Loan	Interest Rate Swap	1.6500%	1-month LIBOR	August 1, 2022	\$ 800,000	(21,994)	(2,174)
						<u>\$ (31,852)</u>	<u>\$ 1,634</u>

Derivative financial instruments in an asset position are included in prepaid expenses and other assets, and those in a liability position are included in other liabilities in the accompanying condensed consolidated balance sheets.



The effect of the Company's derivative financial instruments on the accompanying condensed consolidated statements of operations for the respective periods is as follows (in thousands):

	Amount of Gain (Loss) Recognized in OCI on Derivative		Location of Gain (Loss) Reclassified from Accumulated OCI into Income (Expense)	Amount of Gain (Loss) Reclassified from Accumulated OCI into Income (Expense)	
	Three Months Ended September 30,			Three Months Ended September 30,	
	2020	2019		2020	2019
Derivatives in Cash Flow Hedging Relationships:					
Interest rate swaps	\$ 183	\$ (3,789)	Interest expense	\$ (3,989)	\$ 1,197
Total derivatives	\$ 183	\$ (3,789)		\$ (3,989)	\$ 1,197

	Amount of Gain (Loss) Recognized in OCI on Derivative		Location of Gain (Loss) Reclassified from Accumulated OCI into Income (Expense)	Amount of Gain (Loss) Reclassified from Accumulated OCI into Income (Expense)	
	Nine Months Ended September 30,			Nine Months Ended September 30,	
	2020	2019		2020	2019
Derivatives in Cash Flow Hedging Relationships:					
Interest rate swaps	\$ (39,965)	\$ (3,789)	Interest expense	\$ (6,479)	\$ 1,197
Total derivatives	\$ (39,965)	\$ (3,789)		\$ (6,479)	\$ 1,197

Reclassifications from accumulated other comprehensive loss for interest rate swaps are shown in the table above and included in interest expense. Total consolidated interest expense for the three months ended September 30, 2020 and 2019 was \$28.1 million and \$35.3 million, respectively, and for the nine months ended September 30, 2020 and 2019 was \$87.5 million and \$100.8 million, respectively.

At September 30, 2020, the fair value of derivatives in a net liability position including accrued interest but excluding any adjustment for nonperformance risk related to these agreements was \$33.6 million. As of September 30, 2020, the Company has not posted any collateral related to these agreements and was not in breach of any agreement provisions. If the Company had breached any of these provisions, it could have been required to settle its obligations under the agreements at the aggregate termination value of \$33.6 million. In addition, the Company has an agreement with its derivative counterparty that contains a provision whereby the Company could be declared in default on its derivative obligations if repayment of the underlying indebtedness is accelerated by the lender due to the Company's default on the indebtedness.

## 8. DEFERRED MANAGEMENT RIGHTS PROCEEDS:

On October 1, 2012, the Company consummated its agreement to sell the Gaylord Hotels brand and rights to manage the Gaylord Hotels properties (the "Management Rights") to Marriott for \$210.0 million in cash. Effective October 1, 2012, Marriott assumed responsibility for managing the day-to-day operations of the Gaylord Hotels properties pursuant to a management agreement for each Gaylord Hotel property. The Company allocated \$190.0 million of the purchase price to the Management Rights, based on the Company's estimates of the fair values for the respective components. For financial accounting purposes, the amount related to the Management Rights was deferred and is amortized on a straight line basis over the 65-year term of the hotel management agreements, including extensions, as a reduction in management fee expense.

## 9. LEASES:

The Company is a lessee of a 65.3 acre site in Osceola County, Florida on which Gaylord Palms is located, building or land leases for Ole Red Gatlinburg, Ole Red Orlando and Ole Red Tishomingo, various warehouse, general office and other equipment leases. The Gaylord Palms land lease has a term through 2074, which may be extended through January 2101, at the Company's discretion. The leases for Ole Red locations range from five to ten years, with renewal options ranging from five to fifty-five years, at the Company's discretion. Extension options are not considered reasonably assured and thus are not included in the Company's calculation of its right-of-use assets and lease liabilities.



The terms of the Gaylord Palms lease include variable lease payments based upon net revenues at Gaylord Palms and certain other of the Company's leases include rental payments adjusted periodically for inflation. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

As the discount rate implicit in the Company's operating leases is not readily determinable, the Company applied judgments related to the determination of the discount rates used to calculate the lease liability as required by Accounting Standards Codification Topic 842, "Leases". The Company calculated its incremental borrowing rates by utilizing judgments and estimates regarding the Company's secured borrowing rates, market credit rating, comparable bond yield curve, and adjustments to market yield curves to determine a securitized rate.

The Company's lease costs for the three months and nine months ended September 30, 2020 and 2019 are as follows (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Operating lease cost	\$ 2,929	\$ 3,167	\$ 9,009	\$ 9,742
Finance lease cost:				
Amortization of right-of-use assets	38	43	112	120
Interest on lease liabilities	12	18	37	49
Net lease cost	<u>\$ 2,979</u>	<u>\$ 3,228</u>	<u>\$ 9,158</u>	<u>\$ 9,911</u>

Future minimum lease payments under non-cancelable leases at September 30, 2020 are as follows (in thousands):

	Operating Leases	Finance Leases
Year 1	\$ 6,335	\$ 260
Year 2	6,029	241
Year 3	6,062	232
Year 4	5,873	60
Year 5	5,911	46
Years thereafter	569,804	578
Total future minimum lease payments	600,014	1,417
Less amount representing interest	(492,632)	(271)
Total present value of minimum payments	<u>\$ 107,382</u>	<u>\$ 1,146</u>

The remaining lease term and discount rate for the Company's leases are as follows:

Weighted-average remaining lease term:	
Operating leases	50.3 years
Finance leases	10.1 years
Weighted-average discount rate:	
Operating leases	6.8 %
Finance leases	4.0 %

#### 10. STOCK PLANS:

During the nine months ended September 30, 2020, the Company granted 0.1 million restricted stock units with a weighted-average grant date fair value of \$84.26 per unit. There were 0.3 million restricted stock units outstanding at each of September 30, 2020 and December 31, 2019.

Compensation expense for the Company's stock-based compensation plans was \$2.2 million and \$1.9 million for the three months ended September 30, 2020 and 2019, respectively, and \$6.6 million and \$5.9 million for the nine months ended September 30, 2020 and 2019, respectively.

**11. PENSION AND POSTRETIREMENT BENEFITS OTHER THAN PENSION PLANS:**

Net periodic pension expense reflected in other gains and (losses), net in the accompanying condensed consolidated statements of operations included the following components for the respective periods (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Interest cost	\$ 534	\$ 798	\$ 1,885	\$ 2,554
Expected return on plan assets	(962)	(935)	(3,071)	(2,822)
Amortization of net actuarial loss	340	293	903	866
Net settlement loss	1,343	1,577	1,343	1,577
Total net periodic pension expense	<u>\$ 1,255</u>	<u>\$ 1,733</u>	<u>\$ 1,060</u>	<u>\$ 2,175</u>

As a result of increased lump-sum distributions from the Company’s qualified retirement plan during 2020 and 2019, net settlement losses of \$1.3 million and \$1.6 million were recognized in the three months and nine months ended September 30, 2020 and 2019, respectively.

In addition, the increase in lump-sum distributions required the Company to re-measure its liability under its pension plan as of July 31, 2020. As a result of the re-measurement, as well as a decrease in the pension plan’s assumed discount rate from 2.85% at December 31, 2019 to 1.76% at July 31, 2020, the Company recorded a \$10.1 million increase in its liability under the pension plan and a corresponding increase in accumulated other comprehensive loss in the accompanying condensed consolidated balance sheet at September 30, 2020.

Net postretirement benefit income reflected in other gains and (losses), net in the accompanying condensed consolidated statements of operations included the following components for the respective periods (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Interest cost	\$ 17	\$ 26	\$ 52	\$ 76
Amortization of net actuarial loss	57	55	184	178
Amortization of prior service credit	(329)	(329)	(986)	(986)
Total net postretirement benefit income	<u>\$ (255)</u>	<u>\$ (248)</u>	<u>\$ (750)</u>	<u>\$ (732)</u>

**12. INCOME TAXES:**

The Company has elected to be taxed as a REIT effective January 1, 2013, pursuant to the U.S. Internal Revenue Code of 1986, as amended. As a REIT, generally the Company will not be subject to federal corporate income taxes on ordinary taxable income and capital gains income from real estate investments that it distributes to its stockholders. The Company will continue to be required to pay federal and state corporate income taxes on earnings of its taxable REIT subsidiaries (“TRSs”).

For the three months and nine months ended September 30, 2020, the Company recorded an income tax provision of \$0.1 million and \$27.0 million, respectively. The income tax provision for the nine months ended September 30, 2020 includes the recording of a valuation allowance of \$26.7 million, as further described below. In the three months and nine months ended September 30, 2020, the Company also recorded income tax expense of \$0.1 million and \$0.3 million, respectively, inclusive of valuation allowance, related to the current period operations of the Company.

Due to the financial statement impact of the COVID-19 pandemic, in connection with the preparation of the condensed consolidated financial statements included herein, the Company reassessed the realizability of net deferred tax assets during 2020, and as a result, the Company recorded a full valuation allowance of \$26.7 million in the nine months ended September 30, 2020 on the net deferred tax assets of its TRSs.

For the three months and nine months ended September 30, 2019, the Company recorded an income tax provision of \$3.5 million and \$13.7 million, respectively, related to regular operations, which differs from the statutory rate primarily due to the REIT dividends paid deduction.

At September 30, 2020 and December 31, 2019, the Company had no unrecognized tax benefits.

### **13. COMMITMENTS AND CONTINGENCIES:**

Pursuant to the Gaylord Rockies joint venture agreements, certain affiliates of Ares each had a put right to require the Company to purchase their joint venture interests at a defined appraised value during an annual window period or under certain other circumstances in consideration of cash or OP Units of the Operating Partnership. During the three months ended September 30, 2020, put right holders totaling 0.5% ownership in the Gaylord Rockies joint venture exercised their put rights for \$2.9 million in cash, and the remaining put right holders, totaling 2.4% ownership in the Gaylord Rockies joint venture, exercised their put rights for approximately \$14.0 million in OP Units, which was equivalent to approximately 0.4 million OP Units. Such OP Units have economic terms that are substantially similar to shares of the Company's common stock and are redeemable at the option of the holders thereof. Redemptions will be paid in cash, or if the Company so elects, in shares of the Company's common stock on a one-for-one basis, subject to certain adjustments in accordance with the Operating Partnership's partnership agreement.

Affiliates of RIDA Development Corporation ("RIDA") also have a put right at a defined appraised value for cash, which will generally become exercisable at the earlier of December 31, 2023 or the date on which a certain change of control of RIDA occurs.

In connection with its investment in the Gaylord Rockies joint venture, the Company and an affiliate of RIDA each entered into limited repayment and carry guaranties that, in the aggregate, guarantee repayment of 10% of the principal debt, together with interest and operating expenses, which are to be released once the Gaylord Rockies joint venture achieves a certain debt service coverage threshold as defined in the Gaylord Rockies Loan. Generally, the Gaylord Rockies Loan is non-recourse to the Company, subject to (i) those limited guaranties, (ii) a completion guaranty in the event a property expansion is pursued, and (iii) customary non-recourse carve-outs.

In April 2019, a subsidiary of the Company entered into a joint venture with Gray Television, Inc. to create and distribute a linear multicast and over-the-top channel dedicated to the country music lifestyle ("New Country Ventures"). The Company acquired a 50% equity interest in this joint venture and has made capital contributions of \$12.5 million. In addition, the joint venture agreement requires the Company to contribute up to an additional \$2.5 million through December 31, 2021. The Company accounts for its investment in this joint venture under the equity method of accounting.

The Company has entered into employment agreements with certain officers, which provide for severance payments upon certain events, including certain terminations in connection with a change of control.

The Company, in the ordinary course of business, is involved in certain legal actions and claims on a variety of matters. It is the opinion of management that such contingencies will not have a material effect on the financial statements of the Company.

### **14. EQUITY:**

#### *Dividends*

On February 25, 2020, the Company's board of directors declared the Company's first quarter 2020 cash dividend in the amount of \$0.95 per share of common stock, or an aggregate of approximately \$52.2 million in cash, which was paid on April 15, 2020 to stockholders of record as of the close of business on March 31, 2020. Following the payment of the first quarter 2020 cash dividend, the Company suspended its regular quarterly dividend payments for the remainder of 2020. The Company's board of directors will consider a future dividend as permitted by the Company's credit agreement. The Amendment described in Note 7, "Debt," to the condensed consolidated financial statements included herein, permits payment of dividends as necessary to maintain the Company's REIT status and permits the Company to

pay a dividend of \$0.01 per share each quarter. Any future dividend is subject to the Company's board of director's determination as to the amount of distributions and the timing thereof.

*Noncontrolling Interest in the Operating Partnership*

The Company consolidates the Operating Partnership, which is a majority-owned limited partnership that has a noncontrolling interest. The outstanding OP Units held by the noncontrolling limited partners are redeemable for cash, or if the Company so elects, in shares of the Company's common stock on a one-for-one basis, subject to certain adjustments. At September 30, 2020, 0.4 million outstanding OP Units, or less than 1% of the outstanding OP Units, were held by the noncontrolling limited partners and are included as a component of equity in the accompanying condensed consolidated balance sheet. The Company owns, directly or indirectly, the remaining 99.2% of the outstanding OP Units.

**15. FAIR VALUE MEASUREMENTS:**

The Company uses a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The investments held by the Company in connection with its deferred compensation plan consist of mutual funds traded in an active market. The Company determined the fair value of these mutual funds based on the net asset value per unit of the funds or the portfolio, which is based upon quoted market prices in an active market. Therefore, the Company has categorized these investments as Level 1.

The Company's interest rate swaps and the Gaylord Rockies joint venture's interest rate swap consist of over-the-counter swap contracts, which are not traded on a public exchange. The Company or the Gaylord Rockies joint venture, as applicable, determines the fair value of these swap contracts based on a widely accepted valuation methodology of netting the discounted future fixed cash flows and the discounted expected variable cash flows, using interest rates derived from observable market interest rate curves and volatilities, with appropriate adjustments for any significant impact of non-performance risk of the parties to the swap contracts. Therefore, these swap contracts have been classified as Level 2.

The Company has consistently applied the above valuation techniques in all periods presented and believes it has obtained the most accurate information available for each type of instrument.

The Company's assets and liabilities measured at fair value on a recurring basis at September 30, 2020 and December 31, 2019, were as follows (in thousands):

	September 30, 2020	Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Deferred compensation plan investments	\$ 29,746	\$ 29,746	\$ —	\$ —
Total assets measured at fair value	\$ 29,746	\$ 29,746	\$ —	\$ —
Variable to fixed interest rate swaps	\$ 31,852	\$ —	\$ 31,852	\$ —
Total liabilities measured at fair value	\$ 31,852	\$ —	\$ 31,852	\$ —

  

	December 31, 2019	Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Deferred compensation plan investments	\$ 29,174	\$ 29,174	\$ —	\$ —
Variable to fixed interest rate swaps	3,808	—	3,808	—
Total assets measured at fair value	\$ 32,982	\$ 29,174	\$ 3,808	\$ —
Variable to fixed interest rate swaps	\$ 2,174	\$ —	\$ 2,174	\$ —
Total liabilities measured at fair value	\$ 2,174	\$ —	\$ 2,174	\$ —

The remainder of the assets and liabilities held by the Company at September 30, 2020 are not required to be recorded at fair value, and the carrying value of these assets and liabilities approximates fair value, except as described below.

The Company has outstanding \$400.0 million in aggregate principal amount of \$400 million 5% senior notes. The carrying value of these notes at September 30, 2020 was \$397.5 million, net of unamortized DFCs. The fair value of these notes, based upon quoted market prices (Level 1), was \$390.3 million at September 30, 2020.

The Company has outstanding \$700.0 million in aggregate principal amount of \$700 million 4.75% senior notes. The carrying value of these notes at September 30, 2020 was \$691.2 million, net of unamortized DFCs and premiums. The fair value of these notes, based upon quoted market prices (Level 1), was \$644.7 million at September 30, 2020.

#### 16. FINANCIAL REPORTING BY BUSINESS SEGMENTS:

The Company's operations are organized into three principal business segments:

- *Hospitality*, which includes Gaylord Opryland, Gaylord Palms, Gaylord Texan, Gaylord National, the Inn at Opryland, the AC Hotel, and the Company's investment in the Gaylord Rockies joint venture;
- *Entertainment*, which includes the Grand Ole Opry, the Ryman Auditorium, WSM-AM, Ole Red, the Company's equity investment in Circle, and the Company's Nashville-based attractions; and
- *Corporate and Other*, which includes the Company's corporate expenses.

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The following information is derived directly from the segments' internal financial reports used for corporate management purposes (amounts in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
<b>Revenues:</b>				
Hospitality	\$ 57,978	\$ 328,257	\$ 353,954	\$ 1,022,896
Entertainment	12,271	51,530	44,006	135,385
Corporate and Other	—	—	—	—
<b>Total</b>	<b>\$ 70,249</b>	<b>\$ 379,787</b>	<b>\$ 397,960</b>	<b>\$ 1,158,281</b>
<b>Depreciation and amortization:</b>				
Hospitality	\$ 49,310	\$ 50,445	\$ 148,667	\$ 150,909
Entertainment	3,985	3,132	10,492	8,441
Corporate and Other	581	421	2,073	1,210
<b>Total</b>	<b>\$ 53,876</b>	<b>\$ 53,998</b>	<b>\$ 161,232</b>	<b>\$ 160,560</b>
<b>Operating income:</b>				
Hospitality	\$ (78,322)	\$ 52,116	\$ (154,633)	\$ 191,563
Entertainment	(9,057)	14,376	(26,632)	34,222
Corporate and Other	(7,880)	(9,825)	(24,766)	(27,728)
Preopening costs (1)	(96)	(164)	(1,597)	(2,274)
Gain on sale of assets (2)	—	—	1,261	—
Credit loss on held-to-maturity securities (3)	(7,811)	—	(32,784)	—
<b>Total operating income (loss)</b>	<b>(103,166)</b>	<b>56,503</b>	<b>(239,151)</b>	<b>195,783</b>
Interest expense	(28,127)	(35,261)	(87,527)	(100,840)
Interest income	1,540	2,878	5,765	8,756
Loss from extinguishment of debt	—	(494)	—	(494)
Loss from unconsolidated joint ventures	(1,767)	(308)	(5,482)	(475)
Other gains and (losses), net	1,729	1,109	(14,831)	857
<b>Income (loss) before income taxes</b>	<b>\$ (129,791)</b>	<b>\$ 24,427</b>	<b>\$ (341,226)</b>	<b>\$ 103,587</b>

- (1) Preopening costs for the three months ended September 30, 2020 relates to the Hospitality segment. Preopening costs for the nine months ended September 30, 2020 include \$0.2 million and \$1.4 million for the Hospitality and Entertainment segments, respectively. Preopening costs for the three months ended September 30, 2019 relate to the Entertainment segment. Preopening costs of the nine months ended September 30, 2019 include \$0.6 million and \$1.6 million for the Hospitality and Entertainment segments, respectively.
- (2) Gain on sale of assets for the nine months ended September 30, 2020 relates to the Hospitality segment.
- (3) Credit loss on held-to-maturity securities for the three months and nine months ended September 30, 2020 relates to the Hospitality segment.

	September 30, 2020	December 31, 2019
<b>Identifiable assets:</b>		
Hospitality	\$ 3,310,128	\$ 3,494,084
Entertainment	188,848	181,036
Corporate and Other	88,775	413,348
<b>Total identifiable assets</b>	<b>\$ 3,587,751</b>	<b>\$ 4,088,468</b>

## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.**

Ryman Hospitality Properties, Inc. ("Ryman") is a Delaware corporation that conducts its operations so as to maintain its qualification as a real estate investment trust ("REIT") for federal income tax purposes. The Company conducts its business through an umbrella partnership REIT, in which all of its assets are held by, and operations are conducted through, RHP Hotel Properties, LP, a subsidiary operating partnership (the "Operating Partnership"). RHP Finance Corporation, a Delaware corporation ("Finco"), was formed as a wholly-owned subsidiary of the Operating Partnership for the sole purpose of being a co-issuer of debt securities with the Operating Partnership. Neither Ryman nor Finco has any material assets, other than Ryman's investment in the Operating Partnership and its 100%-owned subsidiaries. Neither the Operating Partnership nor Finco has any business, operations, financial results or other material information, other than the business, operations, financial results and other material information described in this Quarterly Report on Form 10-Q and Ryman's other reports, documents or other information filed with the Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In this report, we use the terms the "Company," "we" or "our" to refer to Ryman Hospitality Properties, Inc. and its subsidiaries unless the context indicates otherwise.

The following discussion and analysis should be read in conjunction with our condensed consolidated financial statements and related notes included elsewhere in this report and our audited consolidated financial statements and related notes for the year ended December 31, 2019, included in our Annual Report on Form 10-K that was filed with the SEC on February 25, 2020.

### ***Cautionary Note Regarding Forward-Looking Statements***

This Quarterly Report on Form 10-Q contains "forward-looking statements" intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements concern our goals, beliefs, expectations, strategies, objectives, plans, future operating results and underlying assumptions, and other statements that are not necessarily based on historical facts. Without limitation, you can identify these statements by the fact that they do not relate strictly to historical or current facts, and these statements may contain words such as "may," "will," "could," "should," "might," "projects," "expects," "believes," "anticipates," "intends," "plans," "continue," "estimate," or "pursue," or the negative or other variations thereof or comparable terms. In particular, they include statements relating to, among other things, future actions, strategies, future performance, the outcome of contingencies such as legal proceedings and future financial results. These also include statements regarding (i) the anticipated impact of the novel coronavirus (COVID-19) pandemic on travel, transient and group demand, the anticipated impact of the COVID-19 pandemic on our results of operations, liquidity, collection of cancellation and attrition fees, cost containment efforts, efforts to rebook customers for later dates in 2020 and later years, and our plans for reopening and operating our Gaylord Hotels properties and other assets during the ongoing pandemic and when the COVID-19 pandemic subsides; (ii) the effect of our election to be taxed as a REIT and maintain REIT status for federal income tax purposes; (iii) the holding of our non-qualifying REIT assets in one or more taxable REIT subsidiaries ("TRSs"); (iv) the suspension of our dividend and our announced dividend policy, including the frequency and amount of any dividend we may pay; (v) potential growth opportunities, including future expansion of the geographic diversity of our existing asset portfolio through acquisitions and our investment in the joint venture (the "Gaylord Rockies joint venture") that owns the Gaylord Rockies Resort & Convention Center in Aurora, Colorado ("Gaylord Rockies"); (vi) Marriott International, Inc.'s ("Marriott") ability to effectively manage our hotels and other properties; (vii) our anticipated capital expenditures and investments; (viii) the potential operating and financial restrictions imposed on our activities under existing and future financing agreements and other contractual arrangements with third parties, including management agreements with Marriott; (ix) our use of cash during the remainder of 2020; (x) our ability to borrow available funds under our credit facility; (xi) our expectations about successfully amending the agreements governing our indebtedness should the need arise; and (xii) any other business or operational matters. We have based these forward-looking statements on our current expectations and projections about future events.

We caution the reader that forward-looking statements involve risks and uncertainties that cannot be predicted or quantified, and, consequently, actual results may differ materially from those expressed or implied by such forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, among other things, risks and uncertainties associated with the COVID-19 pandemic,

including the effects of the COVID-19 pandemic on us and the hospitality and entertainment industries generally, the effects of the COVID-19 pandemic on the demand for travel, transient and group business (including government-imposed restrictions), levels of consumer confidence in the safety of travel and group gathering as a result of COVID-19, the length and severity of the COVID-19 pandemic in the United States and the pace of recovery following the COVID-19 pandemic, the duration and severity of the COVID-19 pandemic in the markets where our assets are located, the economic conditions affecting the hospitality business generally, the geographic concentration of our hotel properties, business levels at our hotels, our ability to remain qualified as a REIT, our ability to execute our strategic goals as a REIT, our ability to generate cash flows to support dividends, future board determinations regarding the timing and amount of dividends and changes to the dividend policy, our ability to borrow funds pursuant to our credit agreements and to refinance indebtedness and/or to successfully amend the agreements governing our indebtedness in the future, changes in interest rates, including future changes from LIBOR to a different base rate, and those factors described elsewhere in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the year ended December 31, 2019 or described from time to time in our other reports filed with the SEC.

Any forward-looking statement made in this Quarterly Report on Form 10-Q speaks only as of the date on which the statement is made. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us. We have no duty to, and do not intend to, update or revise the forward-looking statements we make in this Quarterly Report on Form 10-Q, except as may be required by law.

### ***Overview***

We operate as a REIT for federal income tax purposes, specializing in group-oriented, destination hotel assets in urban and resort markets. Our core holdings include a network of five upscale, meetings-focused resorts totaling 9,615 rooms that are managed by Marriott under the Gaylord Hotels brand. These five resorts, which we refer to as our Gaylord Hotels properties, consist of the Gaylord Opryland Resort & Convention Center in Nashville, Tennessee (“Gaylord Opryland”), the Gaylord Palms Resort & Convention Center near Orlando, Florida (“Gaylord Palms”), the Gaylord Texan Resort & Convention Center near Dallas, Texas (“Gaylord Texan”), the Gaylord National Resort & Convention Center near Washington D.C. (“Gaylord National”), and Gaylord Rockies, which is owned by the Gaylord Rockies joint venture, in which we own a 65% interest. Our other owned hotel assets managed by Marriott include the Inn at Opryland, an overflow hotel adjacent to Gaylord Opryland, and the AC Hotel at National Harbor, Washington D.C. (“AC Hotel”), an overflow hotel adjacent to Gaylord National.

We also own and operate media and entertainment assets including the Grand Ole Opry, the legendary weekly showcase of country music’s finest performers for 95 years; the Ryman Auditorium, the storied live music venue and former home of the Grand Ole Opry located in downtown Nashville; WSM-AM, the Opry’s radio home; Ole Red, a brand of Blake Shelton-themed bar, music venue and event spaces; and three Nashville-based assets managed by Marriott – Gaylord Springs Golf Links (“Gaylord Springs”), the Wildhorse Saloon, and the General Jackson Showboat. We also own a 50% interest in a joint venture intended to create and distribute a linear multicast and over-the-top channel dedicated to the country music lifestyle (“Circle”).

Each of our award-winning Gaylord Hotels properties incorporates not only high quality lodging, but also at least 400,000 square feet of meeting, convention and exhibition space, superb food and beverage options and retail and spa facilities within a single self-contained property. As a result, our Gaylord Hotels properties provide a convenient and entertaining environment for convention guests. Our Gaylord Hotels properties focus on the large group meetings market in the United States.

See “Cautionary Note Regarding Forward-Looking Statements” in this Item 2 and Item 1A, “Risk Factors,” in Part II of this Quarterly Report on Form 10-Q and Item 1A, “Risk Factors,” in our Annual Report on Form 10-K for the year ended December 31, 2019 for important information regarding forward-looking statements made in this report and risks and uncertainties we face.

### ***Impact of COVID-19 Pandemic***

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus disease (COVID-19) as a pandemic, which continues to spread throughout the United States. COVID-19 is having an unprecedented impact on the



U.S. economy, and due to the COVID-19 pandemic, we have experienced disruption of our business and in March 2020 temporarily suspended operations of most of our assets, as further described below. While most of our assets have reopened at some capacity, there is significant uncertainty surrounding the full extent of the impact of the COVID-19 pandemic on our future results of operations and financial position.

In late February 2020, when the gravity of the COVID-19 pandemic became apparent, we formed an internal task force, which included members of management and our board of directors, to formulate and implement responses to COVID-19. The task force, in consultation with local governmental authorities, first determined to close our Nashville-based entertainment venues in mid-March 2020.

As cancellations at our Gaylord Hotels properties began to increase, we, with our hotel manager, Marriott, implemented a series of operational changes, culminating with the suspension of operations at our Gaylord Hotels properties in late-March 2020. Gaylord Texan reopened June 8, 2020, and Gaylord Opryland, Gaylord Palms and Gaylord Rockies reopened June 25, 2020. Gaylord National remains closed. Hotel employees that were laid off or furloughed were generally paid the equivalent of one week of compensation, and benefits for non-union hotel employees have been maintained throughout the individual properties' closures.

In our Entertainment segment, in addition to the temporary closure of our entertainment assets, we have taken steps to reduce operating costs in all areas. Many of our Nashville-based attractions reopened at reduced capacities in May and June 2020. The Grand Ole Opry and Ryman Auditorium began offering limited-capacity tours in June 2020, and in September 2020, they reopened for limited-capacity publicly attended performances. Our decision to offer publicly attended performances with additional capacity will be based on a number of factors and made in consultation with local health authorities.

On March 27, 2020, the U.S. government enacted the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), which among other things, provides employer payroll tax credits for wages paid to employees who are unable to work during the COVID-19 pandemic and options to defer payroll tax payments. Based on our preliminary evaluation of the CARES Act, we qualify for certain employer payroll tax credits, which will be treated as government subsidies to offset related operating expenses, as well as the deferral of payroll and other tax payments in the future. During the nine months ended September 30, 2020, qualified payroll tax credits reduced our operating expenses by \$1.8 million. We are deferring qualified payroll and other tax payments as permitted by the CARES Act.

Our results for the three months and nine months ended September 30, 2020 include approximately \$15.0 million and \$40.1 million of operating costs specifically related to the COVID-19 pandemic, which is primarily comprised of employment costs, and is net of \$1.8 million in payroll tax credits provided by the CARES Act.

*Impact on Liquidity.* We are also taking action to preserve liquidity. We continue to pay all required debt service payments on our indebtedness, lease payments, taxes and other payables. At September 30, 2020, we had \$664.1 million available for borrowing under our revolving credit facility and \$52.2 million in unrestricted cash on hand. In addition, following the payment of our first quarter 2020 dividend on April 15, 2020 to stockholders of record on March 31, 2020, we suspended our regular quarterly dividend payments for the remainder of 2020. Our board of directors will consider a future dividend as permitted by our credit agreement. Our credit facility amendment described below under "Principal Debt Agreements" permits payment of dividends as necessary to maintain our REIT status and permits us to pay a dividend of \$0.01 per share each quarter. Any future dividend is subject to our board of director's determinations as to the amount of distributions and the timing thereof.

We have deferred approximately \$82 million of non-essential capital projects, in addition to delaying the Gaylord Rockies expansion project, which was scheduled to begin construction in second quarter 2020. The Gaylord Palms expansion project is continuing, and we believe the expansion will allow us to serve groups moving meetings to 2021.

With respect to our properties that are operated under management agreements with Marriott, we are obligated to maintain an FF&E reserve account for future planned and emergency-related capital expenditures at these properties. The amount funded into each of these reserve accounts is determined pursuant to the management agreements and is generally 5.0% of the respective property's total annual revenue; however, Marriott has suspended this obligation through March 2021.

*Impact on Operations.* During the three months and nine months ended September 30, 2020, our Hospitality segment experienced total attrition and cancellations of approximately 583,000 and 2,003,000 net room nights, respectively, which we believe are attributable to COVID-19, representing approximately \$118 million and \$409 million in rooms revenue, respectively.

We and Marriott's sales teams have been working closely with our customers to rebook previously cancelled business and, through September 30, 2020, we have rebooked approximately 1.0 million room nights, or approximately 53% of total room nights cancelled as a result of the COVID-19 pandemic. We have focused on offering flexibility rather than demanding attrition and cancellation payments in an effort to strengthen our relationships with our customers and meeting planners. Our establishments are undergoing a phased reopening, and the customer mix at our Gaylord Hotels properties has been and may continue to be more heavily transient during this phased reopening than our historical trends.

*Principal Debt Agreements.* On April 23, 2020, we completed an amendment to the credit agreement governing our \$700 million revolving credit facility (of which \$35.0 million was outstanding at September 30, 2020), \$300 million term loan A facility and the original \$500 million term loan B facility (of which \$382.5 million was outstanding at September 30, 2020), which was obtained from a consortium of banks led by Wells Fargo Bank, National Association, as administrative agent. The amendment provides for a temporary waiver of financial covenants in the credit facility through March 31, 2021 and ending April 1, 2021 (unless terminated early by us at our option), amends covenant computations for the three months ended June 30, 2021 and September 30, 2021, and confirms the availability of undrawn amounts under the revolving credit facility. During the waiver period, the amendment provides for increased interest and fees, additional restrictions on debt, investments, dividends, share repurchases and capital expenditures, and a minimum liquidity requirement. In addition, all borrowings under the revolving credit facility made during the waiver period may only be used for payment of operating expenses, debt service and certain other specified uses. For additional discussion of the amendment to our credit agreement, see "Principal Debt Agreements" below.

On June 30, 2020, the Gaylord Rockies joint venture completed an amendment to its \$800 million term loan to (i) provide for the ability to use cash for certain purposes, even during a Cash Sweep Period (as defined in the Loan Agreement), (ii) extend the deadline to commence construction of an expansion to Gaylord Rockies, and (iii) provide favorable changes to the debt service coverage ratio provisions. For additional discussion of this amendment, see "Principal Debt Agreements" below. Beginning in July 2020, the Gaylord Rockies joint venture was in a Cash Sweep Period pursuant to the Loan Agreement.

For additional discussion of the impact of the COVID-19 pandemic on our business, see "Risk Factors" under Part II, Item 1A of this Quarterly Report on Form 10-Q.

#### ***Gaylord Rockies Joint Venture***

We own a 65% interest in the Gaylord Rockies joint venture. Our management has concluded that the Company is the primary beneficiary of this variable interest entity ("VIE") and the financial position and results of operations of the VIE have been consolidated in the accompanying condensed consolidated financial statements included herein. Gaylord Rockies opened on a fully operational basis in first quarter 2019.

#### ***Gaylord Palms Expansion***

In 2018, we began construction of a \$158 million expansion of Gaylord Palms, which will include an additional 303 guest rooms and 90,000 square feet of meeting space, an expanded resort pool and events lawn, and a new multi-level parking structure. The expansion is expected to be completed in April 2021.

#### ***Gaylord Rockies Expansion***

In February 2020, we and our joint venture partner in the Gaylord Rockies joint venture announced an \$80 million expansion of Gaylord Rockies, which was intended to include an additional 317 guest rooms. The expansion was expected to begin in the second quarter of 2020, but, as discussed under "Impact of COVID-19" above, the expansion was deferred in response to the COVID-19 pandemic.

### ***Circle***

In 2019, we acquired a 50% equity interest in Circle, and we have made \$12.5 million in capital contributions through September 30, 2020. The joint venture agreement requires us to contribute up to an additional \$2.5 million through December 31, 2021. Circle launched its broadcast network on January 1, 2020, with sixteen original shows and two major distribution partnerships that broadcast Circle in markets accessible to more than 50% of U.S. television households.

### ***Termination of Block 21 Acquisition***

In December 2019, we entered into an agreement (the “Block 21 Agreement”) to purchase Block 21, a mixed-use entertainment, lodging, office and retail complex located in Austin, Texas, for \$275 million, which included the assumption of approximately \$141 million of existing mortgage debt. In May 2020, in response to the then-existing capital markets and economic environment caused by the COVID-19 pandemic, we determined it was not in the best interest of our shareholders to focus resources and capital on the project and terminated the purchase agreement. We forfeited a nonrefundable deposit of \$15.0 million, which is included in other gains and (losses), net in the accompanying condensed consolidated statements of operations for the nine months ended September 30, 2020.

### ***Dividend Payment; Suspension of Dividend***

On February 25, 2020, our board of directors declared our first quarter 2020 cash dividend in the amount of \$0.95 per share of common stock, or an aggregate of approximately \$52.2 million in cash, which was paid on April 15, 2020 to stockholders of record as of the close of business on March 31, 2020. Following payment of our first quarter 2020 cash dividend, we suspended our regular quarterly dividend payments for the remainder of 2020, and our board of directors will consider a future dividend as permitted by our credit agreement. Our credit facility amendment described below under “Principal Debt Agreements” permits payment of dividends as necessary to maintain our REIT status and permits us to pay a dividend of \$0.01 per share each quarter. Prior to the suspension of dividends as a result of the COVID-19 pandemic, we had planned to continue to pay a quarterly cash dividend to shareholders in an amount equal to an annualized payment of at least 50% of adjusted funds from operations (as defined by us) less maintenance capital expenditures or 100% of REIT taxable income, whichever is greater. Any future dividend is subject to our board of directors’ determinations as to the amount of distributions and the timing thereof.

### ***Our Long-Term Strategic Plan***

Our goal is to be the nation’s premier hospitality REIT for group-oriented meeting hotel assets in urban and resort markets.

*Existing Hotel Property Design.* Our Gaylord Hotels properties focus on the large group meetings market in the United States and incorporate meeting and exhibition space, signature guest rooms, food and beverage offerings, fitness and spa facilities and other attractions within a large hotel property so attendees’ needs are met in one location. This strategy creates a better experience for both meeting planners and guests and has led to our current Gaylord Hotels properties claiming a place among the leading convention hotels in the country.

*Expansion of Hotel Asset Portfolio.* While our pre-COVID-19 short-term capital allocation strategy has focused on returning capital to stockholders through the payment of dividends, part of our long-term growth strategy includes acquisitions of other hotels, particularly in the group meetings sector of the hospitality industry, either alone or through joint ventures or alliances with one or more third parties. We will consider attractive investment opportunities which meet our acquisition parameters, specifically, group-oriented large hotels and overflow hotels with existing or potential leisure appeal. We are interested in highly accessible upper-upscale assets with over 400 hotel rooms in urban and resort group destination markets. We also consider assets that possess or are located near convention centers that present a repositioning opportunity and/or would significantly benefit from capital investment in additional rooms or meeting space. We plan to expand the geographic diversity of our existing asset portfolio through acquisitions. As a REIT, we do not view independent, large-scale development of resort and convention hotels as a part of our long-term growth strategy.

*Leverage Brand Name Awareness.* We believe the Grand Ole Opry is one of the most recognized entertainment brands in the United States. We promote the Grand Ole Opry name through various media, including our WSM-AM radio station, the Internet and television, and through performances by the Grand Ole Opry’s members, many of whom are renowned country music artists. As such, we have alliances in place with multiple distribution partners in an effort to foster brand extension. We believe that licensing our brand for products may provide an opportunity to increase revenues and cash flow with relatively little capital investment. We are continuously exploring additional products, such as television specials and retail products, through which we can capitalize on our brand affinity and awareness. To this end, we have invested in four Blake Shelton-themed multi-level bar, music venue and event spaces named after the Shelton hit “Ol’ Red,” and we have invested in Circle as discussed above.

### ***Our Operations***

Our ongoing operations are organized into three principal business segments:

- Hospitality, consisting of our Gaylord Hotels properties (including our investment in the Gaylord Rockies joint venture), the Inn at Opryland and the AC Hotel.
- Entertainment, consisting of the Grand Ole Opry, the Ryman Auditorium, WSM-AM, Ole Red, our equity investment in Circle, and our other Nashville-based attractions.
- Corporate and Other, consisting of our corporate expenses.

For the three months and nine months ended September 30, 2020 and 2019, our total revenues were divided among these business segments as follows:

<u>Segment</u>	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Hospitality	83 %	86 %	89 %	88 %
Entertainment	17 %	14 %	11 %	12 %
Corporate and Other	0 %	0 %	0 %	0 %

As described above, our hotels and entertainment assets were closed for a period of time and certain assets remain closed pending our decision to safely reopen facilities as discussed above. While facilities were closed or remain closed, we recorded or expect to record, as applicable, negligible revenue, and we incurred or will incur expenses as described above under “Impact of COVID-19 Pandemic.” Our facilities that have reopened are operating at diminished capacities. Our short-term strategy is to safely reopen our assets, focus on rebooking business in our hotels, pursue cost containment strategies and conserve liquidity.

### ***Key Performance Indicators***

The operating results of our Hospitality segment are highly dependent on the volume of customers at our hotels and the quality of the customer mix at our hotels, which are managed by Marriott. These factors impact the price that Marriott can charge for our hotel rooms and other amenities, such as food and beverage and meeting space. The following key performance indicators are commonly used in the hospitality REIT industry, allow investors to compare our performance with other companies in the hospitality REIT industry, and are used by management to evaluate hotel performance and allocate capital expenditures:

- hotel occupancy – a volume indicator calculated by dividing total rooms sold by total rooms available;
- average daily rate (“ADR”) – a price indicator calculated by dividing room revenue by the number of rooms sold;
- Revenue per Available Room (“RevPAR”) – a summary measure of hotel results calculated by dividing room revenue by room nights available to guests for the period;

- Total Revenue per Available Room (“Total RevPAR”) – a summary measure of hotel results calculated by dividing the sum of room, food and beverage and other ancillary service revenue by room nights available to guests for the period; and
- Net Definite Group Room Nights Booked – a volume indicator which represents, on an aggregate basis, the total number of definite group bookings for future room nights at our Gaylord Hotels properties confirmed during the applicable period, net of cancellations.

For the three months and nine months ended September 30, 2020, the method of calculation of these indicators has not been changed as a result of the COVID-19 pandemic and the resulting hotel closures and is consistent with prior periods. As such, performance metrics include closed hotel room nights available.

We also use certain “non-GAAP financial measures,” which are measures of our historical performance that are not calculated and presented in accordance with GAAP, within the meaning of applicable SEC rules. These measures include:

- Earnings Before Interest Expense, Income Taxes, Depreciation and Amortization for Real Estate (“EBITDAre”), Adjusted EBITDAre and Adjusted EBITDAre, Excluding Noncontrolling Interest, and
- Funds From Operations (“FFO”) available to common shareholders and unit holders and Adjusted FFO available to common shareholders and unitholders.

See “Non-GAAP Financial Measures” below for further discussion.

The closure, limited reopening and pandemic-constrained business levels of our Gaylord Hotels properties have resulted in the significant decrease in performance reflected in these key performance indicators and non-GAAP financial metrics for the three months and nine months ended September 30, 2020, as compared to the prior year period.

Hospitality segment revenue from our occupied hotel rooms is recognized over time as the daily hotel stay is provided to hotel groups and guests. Revenues from concessions, food and beverage sales, and group meeting services are recognized over the period or at the point in time those goods or services are delivered to the group or hotel guest. Revenues from ancillary services at our hotels, such as spa, parking, and transportation services, are generally recognized at the time the goods or services are provided. Cancellation fees, as well as attrition fees that are charged to groups when they do not fulfill the minimum number of room nights or minimum food and beverage spending requirements originally contracted for, are generally recognized as revenue in the period we determine it is probable that a significant reversal in the amount of revenue recognized will not occur, which is typically the period these fees are collected. Almost all of our Hospitality segment revenues are either cash-based or, for meeting and convention groups who meet our credit criteria, billed and collected on a short-term receivables basis. The hospitality industry is capital intensive, and we rely on the ability of our hotels to generate operating cash flow to repay debt financing and fund maintenance capital expenditures.

The results of operations of our Hospitality segment are affected by the number and type of group meetings and conventions scheduled to attend our hotels in a given period. A variety of factors can affect the results of any interim period, including the nature and quality of the group meetings and conventions attending our hotels during such period, which meetings and conventions have often been contracted for several years in advance, the level of attrition our hotels experience, and the level of transient business at our hotels during such period. We rely on Marriott, as the manager of our hotels, to manage these factors and to offset any identified shortfalls in occupancy.

### Selected Financial Information

The following table contains our unaudited selected summary financial data for the three months and nine months ended September 30, 2020 and 2019. The table also shows the percentage relationships to total revenues and, in the case of segment operating income, its relationship to segment revenues (in thousands, except percentages).

	Unaudited				Unaudited			
	Three Months Ended September 30,		2019		Nine Months Ended September 30,		2019	
	2020	%	2019	%	2020	%	2019	%
<b>Income Statement Data:</b>								
<b>REVENUES:</b>								
Rooms	\$ 24,487	34.9 %	\$ 134,950	35.5 %	\$ 133,417	33.5 %	\$ 411,866	35.6 %
Food and beverage	16,217	23.1 %	155,173	40.9 %	163,477	41.1 %	499,346	43.1 %
Other hotel revenue	17,274	24.6 %	38,134	10.0 %	57,060	14.3 %	111,684	9.6 %
Entertainment	12,271	17.5 %	51,530	13.6 %	44,006	11.1 %	135,385	11.7 %
Total revenues	<u>70,249</u>	<u>100.0 %</u>	<u>379,787</u>	<u>100.0 %</u>	<u>397,960</u>	<u>100.0 %</u>	<u>1,158,281</u>	<u>100.0 %</u>
<b>OPERATING EXPENSES:</b>								
Rooms	10,280	14.6 %	37,116	9.8 %	47,060	11.8 %	108,184	9.3 %
Food and beverage	19,233	27.4 %	88,584	23.3 %	114,935	28.9 %	270,623	23.4 %
Other hotel expenses	56,961	81.1 %	91,608	24.1 %	192,480	48.4 %	273,074	23.6 %
Hotel management fees, net	516	0.7 %	8,388	2.2 %	5,445	1.4 %	28,543	2.5 %
Entertainment	17,343	24.7 %	34,022	9.0 %	60,146	15.1 %	92,722	8.0 %
Corporate	7,299	10.4 %	9,404	2.5 %	22,693	5.7 %	26,518	2.3 %
Preopening costs	96	0.1 %	164	0.0 %	1,597	0.4 %	2,274	0.2 %
Gain on sale of assets	—	— %	—	— %	(1,261)	(0.3)%	—	— %
Credit loss on held-to-maturity securities	7,811	11.1 %	—	— %	32,784	8.2 %	—	— %
Depreciation and amortization:								
Hospitality	49,310	70.2 %	50,445	13.3 %	148,667	37.4 %	150,909	13.0 %
Entertainment	3,985	5.7 %	3,132	0.8 %	10,492	2.6 %	8,441	0.7 %
Corporate and Other	581	0.8 %	421	0.1 %	2,073	0.5 %	1,210	0.1 %
Total depreciation and amortization	<u>53,876</u>	<u>76.7 %</u>	<u>53,998</u>	<u>14.2 %</u>	<u>161,232</u>	<u>40.5 %</u>	<u>160,560</u>	<u>13.9 %</u>
Total operating expenses	<u>173,415</u>	<u>246.9 %</u>	<u>323,284</u>	<u>85.1 %</u>	<u>637,111</u>	<u>160.1 %</u>	<u>962,498</u>	<u>83.1 %</u>
<b>OPERATING INCOME (LOSS):</b>								
Hospitality	(78,322)	(135.1)%	52,116	15.9 %	(154,633)	(43.7)%	191,563	18.7 %
Entertainment	(9,057)	(73.8)%	14,376	27.9 %	(26,632)	(60.5)%	34,222	25.3 %
Corporate and Other	(7,880)	(A)	(9,825)	(A)	(24,766)	(A)	(27,728)	(A)
Preopening costs	(96)	(0.1)%	(164)	(0.0)%	(1,597)	(0.4)%	(2,274)	(0.2)%
Gain on sale of assets	—	— %	—	— %	1,261	0.3 %	—	— %
Credit loss on held-to-maturity securities	(7,811)	(11.1)%	—	— %	(32,784)	(8.2)%	—	— %
Total operating income (loss)	<u>(103,166)</u>	<u>(146.9)%</u>	<u>56,503</u>	<u>14.9 %</u>	<u>(239,151)</u>	<u>(60.1)%</u>	<u>195,783</u>	<u>16.9 %</u>
Interest expense	(28,127)	(A)	(35,261)	(A)	(87,527)	(A)	(100,840)	(A)
Interest income	1,540	(A)	2,878	(A)	5,765	(A)	8,756	(A)
Loss on extinguishment of debt	—	(A)	(494)	(A)	—	(A)	(494)	(A)
Loss from unconsolidated joint ventures	(1,767)	(A)	(308)	(A)	(5,482)	(A)	(475)	(A)
Other gains and (losses), net	1,729	(A)	1,109	(A)	(14,831)	(A)	857	(A)
Provision for income taxes	(86)	(A)	(3,537)	(A)	(27,046)	(A)	(13,743)	(A)
Net income (loss)	<u>(129,877)</u>	<u>(A)</u>	<u>20,890</u>	<u>(A)</u>	<u>(368,272)</u>	<u>(A)</u>	<u>89,844</u>	<u>(A)</u>
Net loss attributable to noncontrolling interest in consolidated joint venture	11,893	(A)	—	(A)	30,280	(A)	—	(A)
Net loss attributable to noncontrolling interest in the Operating Partnership	325	(A)	1,459	(A)	325	(A)	11,296	(A)
Net income (loss) available to common stockholders	<u>\$ (117,659)</u>	<u>(A)</u>	<u>\$ 22,349</u>	<u>(A)</u>	<u>\$ (337,667)</u>	<u>(A)</u>	<u>\$ 101,140</u>	<u>(A)</u>

(A) These amounts have not been shown as a percentage of revenue because they have no relationship to revenue.

## Summary Financial Results

### Results of Operations

The following table summarizes our financial results for the three months and nine months ended September 30, 2020 and 2019 (in thousands, except percentages and per share data):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	% Change	2020	2019	% Change
Total revenues	\$ 70,249	\$ 379,787	(81.5)%	\$ 397,960	\$ 1,158,281	(65.6)%
Total operating expenses	173,415	323,284	(46.4)%	637,111	962,498	(33.8)%
Operating income (loss)	(103,166)	56,503	(282.6)%	(239,151)	195,783	(222.2)%
Net income (loss)	(129,877)	20,890	(721.7)%	(368,272)	89,844	(509.9)%
Net income (loss) available to common stockholders	(117,659)	22,349	(626.5)%	(337,667)	101,140	(433.9)%
Net income (loss) available to common stockholders per share - diluted	(2.14)	0.43	(597.7)%	(6.14)	1.95	(414.9)%

### Total Revenues

The decrease in our total revenues for the three months ended September 30, 2020, as compared to the same period in 2019, is attributable to decreases in our Hospitality segment and Entertainment segment of \$270.3 million and \$39.3 million, respectively. The decrease in our total revenues for the nine months ended September 30, 2020, as compared to the same period in 2019, is attributable to decreases in our Hospitality segment and Entertainment segment of \$668.9 million and \$91.4 million, respectively.

### Total Operating Expenses

The decrease in our total operating expenses for the three months ended September 30, 2020, as compared to the same period in 2019, is primarily the result of decreases in our Hospitality segment and Entertainment segment of \$138.7 million and \$16.7 million, respectively, partially offset by a credit loss on held-to-maturity investments that did not occur in the prior year of \$7.8 million. The decrease in our total operating expenses for the nine months ended September 30, 2020, as compared to the same period in 2019, is primarily the result of decreases in our Hospitality segment and Entertainment segment of \$320.5 million and \$32.6 million, respectively, partially offset by a credit loss on held-to-maturity investments that did not occur in the prior year of \$32.8 million.

### Net Income (Loss)

Our net loss of \$129.9 million for the three months ended September 30, 2020, as compared to net income of \$20.9 million for the same period in 2019, was primarily due to the changes in our revenues and operating expenses reflected above, and the following factors, each as described more fully below:

- A \$7.1 million decrease in interest expense in the 2020 period.
- A \$3.5 million decrease in the provision for income taxes in the 2020 period.

Our net loss of \$368.3 million for the nine months ended September 30, 2020, as compared to net income of \$89.8 million for the same period in 2019, was primarily due to the changes in our revenues and operating expenses reflected above, and the following factors, each as described more fully below:

- A \$15.7 million increase in other losses, net in the 2020 period, primarily due to the forfeiture of the \$15.0 million deposit on the proposed Block 21 acquisition.



- A \$13.3 million decrease in interest expense in the 2020 period.
- A \$13.3 million increase in the provision for income taxes in the 2020 period.
- A \$5.0 million increase in loss from unconsolidated joint ventures in the 2020 period.

**Operating Results – Detailed Segment Financial Information**

**Hospitality Segment**

*Total Segment Results.* The following presents the financial results of our Hospitality segment for the three months and nine months ended September 30, 2020 and 2019 (in thousands, except percentages and performance metrics):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	% Change	2020	2019	% Change
<b>Revenues:</b>						
Rooms	\$ 24,487	\$ 134,950	(81.9)%	\$ 133,417	\$ 411,866	(67.6)%
Food and beverage	16,217	155,173	(89.5)%	163,477	499,346	(67.3)%
Other hotel revenue	17,274	38,134	(54.7)%	57,060	111,684	(48.9)%
Total hospitality revenue	57,978	328,257	(82.3)%	353,954	1,022,896	(65.4)%
<b>Hospitality operating expenses:</b>						
Rooms	10,280	37,116	(72.3)%	47,060	108,184	(56.5)%
Food and beverage	19,233	88,584	(78.3)%	114,935	270,623	(57.5)%
Other hotel expenses	56,961	91,608	(37.8)%	192,480	273,074	(29.5)%
Management fees, net	516	8,388	(93.8)%	5,445	28,543	(80.9)%
Depreciation and amortization	49,310	50,445	(2.2)%	148,667	150,909	(1.5)%
Total Hospitality operating expenses	136,300	276,141	(50.6)%	508,587	831,333	(38.8)%
Hospitality operating income (loss) (1)(2)	\$ (78,322)	\$ 52,116	(250.3)%	\$ (154,633)	\$ 191,563	(180.7)%
<b>Hospitality performance metrics:</b>						
Occupancy	14.6 %	77.1 %	(62.5)pts	24.4 %	75.8 %	(51.4)pts
ADR	\$ 180.89	\$ 188.13	(3.8)%	\$ 197.38	\$ 196.81	0.3 %
RevPAR (3)	\$ 26.33	\$ 145.09	(81.9)%	\$ 48.16	\$ 149.23	(67.7)%
Total RevPAR (4)	\$ 62.33	\$ 352.92	(82.3)%	\$ 127.77	\$ 370.61	(65.5)%
Net Definite Group Room Nights Booked (5)	(70,572)	574,403	(112.3)%	(692,844)	1,335,080	(151.9)%

- (1) Hospitality segment operating income does not include preopening costs of \$0.1 million in the three months ended September 30, 2020 and \$0.2 million and \$0.6 million in the nine months ended September 30, 2020 and 2019, respectively. Hospitality segment operating income also does not include gain on sale of assets of \$1.3 million in the nine months ended September 30, 2020 and credit losses on held-to-maturity securities of \$7.8 million and \$32.8 million in the three months and nine months ended September 30, 2020, respectively. See discussion of these items below.
- (2) Hospitality segment operating income for the three months and nine months ended September 30, 2020 includes approximately \$14.4 million and \$34.9 million, respectively, in expenses directly related to the COVID-19 pandemic, which are primarily employment costs.
- (3) We calculate Hospitality RevPAR by dividing room revenue by room nights available to guests for the period. Room nights available to guests include nights the hotels are closed. Hospitality RevPAR is not comparable to similarly titled measures such as revenues.
- (4) We calculate Hospitality Total RevPAR by dividing the sum of room, food and beverage, and other ancillary services revenue (which equals Hospitality segment revenue) by room nights available to guests for the period. Room nights available to guests include nights the hotels are closed. Hospitality Total RevPAR is not comparable to similarly titled measures such as revenues.



(5) Net definite group room nights booked includes approximately 555,000 and 1,886,000 group room cancellations in the three months and nine months ended September 30, 2020, respectively.

Total Hospitality segment revenues in the three months and nine months ended September 30, 2020 include \$7.0 million and \$16.8 million, respectively, in attrition and cancellation fee collections, an increase of \$3.6 million and \$3.7 million, respectively, from the 2019 periods. In an effort to maintain our strong relationship with meeting planners, we intend to work with these meeting planners to defer additional attrition and cancellation fees attributable to the COVID-19 pandemic to deposits for future stays.

The percentage of group versus transient business based on rooms sold for our Hospitality segment for the periods presented was approximately as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Group	13 %	72 %	64 %	75 %
Transient	87 %	28 %	36 %	25 %

Other hotel expenses for the three months and nine months ended September 30, 2020 and 2019 consist of the following (in thousands):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	% Change	2020	2019	% Change
Administrative employment costs	\$ 19,071	\$ 36,232	(47.4)%	\$ 76,640	\$ 106,714	(28.2)%
Utilities	6,284	8,549	(26.5)%	17,712	23,873	(25.8)%
Property taxes	9,444	9,396	0.5 %	27,583	27,766	(0.7)%
Other	22,162	37,431	(40.8)%	70,545	114,721	(38.5)%
Total other hotel expenses	<u>\$ 56,961</u>	<u>\$ 91,608</u>	<u>(37.8)%</u>	<u>\$ 192,480</u>	<u>\$ 273,074</u>	<u>(29.5)%</u>

Administrative employment costs include salaries and benefits for hotel administrative functions, including, among others, senior management, accounting, human resources, sales, conference services, engineering and security. Administrative employment costs decreased during the three months and nine months ended September 30, 2020, as compared to the same periods in 2019, primarily due to hotel closures and cost containment efforts at each of our Gaylord Hotels properties. Utility costs decreased during the three months and nine months ended September 30, 2020, as compared to the same periods in 2019, primarily due to decreases at each of our Gaylord Hotels properties due to lower usage. Property taxes remained stable during the three months and nine months ended September 30, 2020, as compared to the 2019 periods. Other expenses, which include supplies, advertising, maintenance costs and consulting costs, decreased during the three months and nine months ended September 30, 2020, as compared to the same periods in 2019, primarily as a result of various decreases at Gaylord Opryland, Gaylord National, Gaylord Texan and Gaylord Palms due to hotel closures and were aided by cost containment initiatives as a result of the COVID-19 pandemic.

Each of our management agreements with Marriott for our four owned Gaylord Hotels properties requires us to pay Marriott a base management fee of approximately 2% of gross revenues from the applicable property for each fiscal year or portion thereof. Additionally, an incentive management fee is based on the profitability of our Gaylord Hotels properties calculated on a pooled basis. The Gaylord Rockies's management agreement with Marriott requires Gaylord Rockies to pay a base management fee of 3% of gross revenues for each fiscal year or portion thereof, as well as an incentive management fee based on the profitability of the hotel. In the three months ended September 30, 2020 and 2019, we incurred \$1.3 million and \$7.3 million, respectively, and in the nine months ended September 30, 2020 and 2019, we incurred \$7.8 million and \$22.3 million, respectively, related to base management fees for our Hospitality segment. In addition, in the three months ended September 30, 2020 and 2019, we incurred \$0 and \$1.9 million, respectively, and in the nine months ended September 30, 2020, we incurred \$0 and \$8.6 million, respectively, related to incentive management fees for our Hospitality segment. Management fees are presented throughout this Quarterly

Report on Form 10-Q net of the amortization of the deferred management rights proceeds discussed in Note 8, “Deferred Management Rights Proceeds,” to the accompanying condensed consolidated financial statements included herein.

Total Hospitality segment depreciation and amortization expense decreased slightly in the three months and nine months ended September 30, 2020, as compared to the same periods in 2019.

*Property-Level Results.* The following presents the property-level financial results of our Hospitality segment for the three months and nine months ended September 30, 2020 and 2019. The Gaylord Hotels properties experienced higher levels of attrition and cancellations which are directly related to the COVID-19 pandemic. Therefore, the property-level financial results for the three months and nine months ended September 30, 2020 are not comparable to the prior year periods. Total revenue at each of our Gaylord Hotels properties was lower than anticipated for the three months and nine months ended September 30, 2020 due to the COVID-19 pandemic. Operating costs at each of our Gaylord Hotels properties were lower for the three months and nine months ended September 30, 2020 as a result of cost containment initiatives and the temporary property closures that began in late-March 2020 due to the COVID-19 pandemic.

*Gaylord Opryland Results.* The results of Gaylord Opryland for the three months and nine months ended September 30, 2020 and 2019 are as follows (in thousands, except percentages and performance metrics):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	% Change	2020	2019	% Change
<b>Revenues:</b>						
Rooms	\$ 7,109	\$ 38,968	(81.8)%	\$ 38,386	\$ 118,274	(67.5)%
Food and beverage	3,876	37,022	(89.5)%	40,130	120,091	(66.6)%
Other hotel revenue	6,529	14,195	(54.0)%	16,445	39,765	(58.6)%
Total revenue	17,514	90,185	(80.6)%	94,961	278,130	(65.9)%
<b>Operating expenses:</b>						
Rooms	2,624	9,728	(73.0)%	11,800	27,450	(57.0)%
Food and beverage	4,553	20,991	(78.3)%	28,045	63,583	(55.9)%
Other hotel expenses	16,841	27,074	(37.8)%	53,211	78,169	(31.9)%
Management fees, net	109	2,458	(95.6)%	1,162	8,986	(87.1)%
Depreciation and amortization	8,790	8,913	(1.4)%	26,406	26,008	1.5 %
Total operating expenses (1)	32,917	69,164	(52.4)%	120,624	204,196	(40.9)%
<b>Performance metrics:</b>						
Occupancy	13.8 %	77.2 %	(63.4)pts	25.0 %	77.6 %	(52.6)pts
ADR	\$ 193.58	\$ 189.97	1.9 %	\$ 194.10	\$ 193.41	0.4 %
RevPAR	\$ 26.76	\$ 146.66	(81.8)%	\$ 48.51	\$ 150.01	(67.7)%
Total RevPAR	\$ 65.92	\$ 339.43	(80.6)%	\$ 120.00	\$ 352.77	(66.0)%

(1) Gaylord Opryland operating expenses do not include preopening costs of \$0.1 million for the nine months ended September 30, 2019 and a gain on sale of assets of \$1.3 million in the nine months ended September 30, 2020.

Rooms revenue and RevPAR were negatively impacted during the three months and nine months ended September 30, 2019 by a rooms renovation project, which resulted in approximately 6,000 and 26,250 room nights out of service, respectively. The rooms renovation project was completed in the fourth quarter of 2019.

*Gaylord Palms Results.* The results of Gaylord Palms for the three months and nine months ended September 30, 2020 and 2019 are as follows (in thousands, except percentages and performance metrics):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	% Change	2020	2019	% Change
<b>Revenues:</b>						
Rooms	\$ 3,226	\$ 15,334	(79.0)%	\$ 20,824	\$ 57,411	(63.7)%
Food and beverage	2,322	20,706	(88.8)%	24,865	74,361	(66.6)%
Other hotel revenue	2,111	4,814	(56.1)%	8,159	16,355	(50.1)%
Total revenue	7,659	40,854	(81.3)%	53,848	148,127	(63.6)%
<b>Operating expenses:</b>						
Rooms	1,237	3,888	(68.2)%	5,711	12,248	(53.4)%
Food and beverage	2,592	11,912	(78.2)%	16,217	38,308	(57.7)%
Other hotel expenses	12,080	16,559	(27.0)%	37,671	50,324	(25.1)%
Management fees, net	22	1,007	(97.8)%	674	4,037	(83.3)%
Depreciation and amortization	4,042	4,950	(18.3)%	12,452	14,692	(15.2)%
Total operating expenses (1)	19,973	38,316	(47.9)%	72,725	119,609	(39.2)%
<b>Performance metrics:</b>						
Occupancy	14.7 %	72.7 %	(58.0)pts	26.0 %	77.4 %	(51.4)pts
ADR	\$ 168.83	\$ 161.98	4.2 %	\$ 206.72	\$ 191.88	7.7 %
RevPAR	\$ 24.76	\$ 117.71	(79.0)%	\$ 53.67	\$ 148.52	(63.9)%
Total RevPAR	\$ 58.79	\$ 313.61	(81.3)%	\$ 138.79	\$ 383.19	(63.8)%

- (1) Gaylord Palms operating expenses do not include preopening costs of \$0.1 million and \$0.2 million in the three months and nine months ended September 30, 2020, respectively. See discussion of these items below.

*Gaylord Texan Results.* The results of Gaylord Texan for the three months and nine months ended September 30, 2020 and 2019 are as follows (in thousands, except percentages and performance metrics):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	% Change	2020	2019	% Change
<b>Revenues:</b>						
Rooms	\$ 8,693	\$ 25,524	(65.9)%	\$ 29,238	\$ 74,932	(61.0)%
Food and beverage	6,101	33,632	(81.9)%	36,477	111,990	(67.4)%
Other hotel revenue	4,857	7,352	(33.9)%	15,404	20,951	(26.5)%
Total revenue	19,651	66,508	(70.5)%	81,119	207,873	(61.0)%
<b>Operating expenses:</b>						
Rooms	2,238	5,330	(58.0)%	7,439	15,757	(52.8)%
Food and beverage	5,208	17,335	(70.0)%	22,862	53,479	(57.3)%
Other hotel expenses	11,642	17,405	(33.1)%	35,245	52,539	(32.9)%
Management fees, net	217	1,768	(87.7)%	1,088	6,398	(83.0)%
Depreciation and amortization	6,327	6,510	(2.8)%	19,184	19,899	(3.6)%
Total operating expenses	25,632	48,348	(47.0)%	85,818	148,072	(42.0)%
<b>Performance metrics:</b>						
Occupancy	27.3 %	80.6 %	(53.3)pts	29.5 %	78.6 %	(49.1)pts
ADR	\$ 190.80	\$ 189.64	0.6 %	\$ 199.31	\$ 192.39	3.6 %
RevPAR	\$ 52.09	\$ 152.94	(65.9)%	\$ 58.82	\$ 151.31	(61.1)%
Total RevPAR	\$ 117.75	\$ 398.52	(70.5)%	\$ 163.21	\$ 419.76	(61.1)%

*Gaylord National Results.* Gaylord National has been closed since late March 2020. The results of Gaylord National for the three months and nine months ended September 30, 2020 and 2019 are as follows (in thousands, except percentages and performance metrics):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	% Change	2020	2019	% Change
<b>Revenues:</b>						
Rooms	\$ —	\$ 26,264	(100.0)%	\$ 19,533	\$ 87,538	(77.7)%
Food and beverage	(27)	27,402	(100.1)%	24,694	97,278	(74.6)%
Other hotel revenue	160	5,462	(97.1)%	5,829	18,070	(67.7)%
Total revenue	133	59,128	(99.8)%	50,056	202,886	(75.3)%
<b>Operating expenses:</b>						
Rooms	1,723	10,371	(83.4)%	12,727	31,865	(60.1)%
Food and beverage	2,787	18,826	(85.2)%	24,204	61,849	(60.9)%
Other hotel expenses	7,940	19,553	(59.4)%	39,008	59,205	(34.1)%
Management fees, net	(199)	964	(120.6)%	380	3,391	(88.8)%
Depreciation and amortization	6,885	6,957	(1.0)%	20,751	20,841	(0.4)%
Total operating expenses (1)	19,136	56,671	(66.2)%	97,070	177,151	(45.2)%
<b>Performance metrics:</b>						
Occupancy	— %	71.9 %	(71.9)pts	17.2 %	75.1 %	(57.9)pts
ADR	\$ —	\$ 198.96	(100.0)%	\$ 207.13	\$ 214.02	(3.2)%
RevPAR	\$ —	\$ 143.02	(100.0)%	\$ 35.71	\$ 160.65	(77.8)%
Total RevPAR	\$ 0.73	\$ 321.99	(99.8)%	\$ 91.53	\$ 372.33	(75.4)%

(1) Gaylord National operating expenses do not include credit losses on held-to-maturity securities of \$7.8 million and \$32.8 million in the three months and nine months ended September 30, 2020, respectively. See discussion of this item below.

*Gaylord Rockies Results.* The results of Gaylord Rockies for the three months and nine months ended September 30, 2020 and 2019 are as follows (in thousands, except percentages and performance metrics):

	Three Months Ended September 30, 2020			Nine Months Ended September 30,		
	2020	2019	% Change	2020	2019	% Change
<b>Revenues:</b>						
Rooms	\$ 4,526	\$ 23,658	(80.9)%	\$ 20,905	\$ 57,453	(63.6)%
Food and beverage	3,836	35,124	(89.1)%	36,450	91,995	(60.4)%
Other hotel revenue	3,569	6,167	(42.1)%	10,980	16,180	(32.1)%
Total revenue	11,931	64,949	(81.6)%	68,335	165,628	(58.7)%
<b>Operating expenses:</b>						
Rooms	1,965	6,355	(69.1)%	7,364	16,722	(56.0)%
Food and beverage	3,869	18,498	(79.1)%	22,467	50,459	(55.5)%
Other hotel expenses	6,992	8,729	(19.9)%	22,489	26,134	(13.9)%
Management fees, net	453	2,572	(82.4)%	2,645	6,574	(59.8)%
Depreciation and amortization	22,616	22,488	0.6 %	67,897	67,414	0.7 %
Total operating expenses (1)	35,895	58,642	(38.8)%	122,862	167,303	(26.6)%
<b>Performance metrics:</b>						
Occupancy	19.3 %	86.3 %	(67.0)pts	25.8 %	70.2 %	(44.4)pts
ADR	\$ 169.43	\$ 198.58	(14.7)%	\$ 196.84	\$ 199.83	(1.5)%
RevPAR	\$ 32.78	\$ 171.32	(80.9)%	\$ 50.83	\$ 140.21	(63.7)%
Total RevPAR	\$ 86.39	\$ 470.33	(81.6)%	\$ 166.15	\$ 404.19	(58.9)%

(1) Gaylord Rockies operating expenses do not include preopening costs of \$0.6 million in the nine months ended September 30, 2019. See discussion of these items below.

**Entertainment Segment**

*Total Segment Results.* Due to the COVID-19 pandemic, we temporarily closed our Entertainment segment assets in mid-March 2020 and are reopening in stages, with limited capacity. Therefore, the Entertainment segment financial results for the three months and nine months ended September 30, 2020 are not comparable to the prior year periods. The following presents the financial results of our Entertainment segment for the three months and nine months ended September 30, 2020 and 2019 (in thousands, except percentages):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	% Change	2020	2019	% Change
Revenues	\$ 12,271	\$ 51,530	(76.2)%	\$ 44,006	\$ 135,385	(67.5)%
Operating expenses	17,343	34,022	(49.0)%	60,146	92,722	(35.1)%
Depreciation and amortization	3,985	3,132	27.2 %	10,492	8,441	24.3 %
Operating income (loss) (1)(2)	<u>\$ (9,057)</u>	<u>\$ 14,376</u>	(163.0)%	<u>\$ (26,632)</u>	<u>\$ 34,222</u>	(177.8)%

- (1) Entertainment segment operating income (loss) does not include preopening costs of \$0.2 million in the three months ended September 30, 2019 and \$1.4 million and \$1.6 million in the nine months ended September 30, 2020 and 2019, respectively. See discussion of these items below.
- (2) Entertainment segment operating loss for the three months and nine months ended September 30, 2020 includes approximately \$0.5 million and \$4.6 million, respectively, in expenses directly related to the COVID-19 pandemic, which are primarily employment costs.

**Corporate and Other Segment**

*Total Segment Results.* The following presents the financial results of our Corporate and Other segment for the three months and nine months ended September 30, 2020 and 2019 (in thousands, except percentages):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	% Change	2020	2019	% Change
Operating expenses	\$ 7,299	\$ 9,404	(22.4)%	\$ 22,693	\$ 26,518	(14.4)%
Depreciation and amortization	581	421	38.0 %	2,073	1,210	71.3 %
Operating loss (1)	<u>\$ (7,880)</u>	<u>\$ (9,825)</u>	19.8 %	<u>\$ (24,766)</u>	<u>\$ (27,728)</u>	10.7 %

- (1) Corporate segment operating loss for the three months and nine months ended September 30, 2020 includes approximately \$0.1 million and \$0.6 million, respectively, in expenses directly related to the COVID-19 pandemic, which are primarily employment costs.

Corporate and Other operating expenses consist primarily of costs associated with senior management salaries and benefits, legal, human resources, accounting, pension, information technology and other administrative costs. Corporate and Other segment operating expenses decreased in the three months and nine months ended September 30, 2020, as compared to the prior year periods, primarily as a result of cost containment efforts, including temporary compensation decreases for each of our director and higher positions of management, including 50% of the salary for our chief executive officer.

**Operating Results – Preopening Costs**

Preopening costs of \$0.1 million and \$1.6 million during the three months and nine months ended September 30, 2020, respectively, primarily include costs associated with Ole Red Orlando, which opened in June 2020, and the Gaylord Palms expansion, which is expected to be completed in April 2021. Preopening costs of \$2.3 million during the nine months ended September 30, 2019 primarily include costs associated with Ole Red Gatlinburg, which opened in March 2019, and Gaylord Rockies, which opened on a fully operational basis in first quarter 2019.

**Operating Results – Gain on Sale of Assets**

Gain on sale of assets of \$1.3 million during the nine months ended September 30, 2020 includes the sale of certain assets at Gaylord Opryland.

**Operating Results – Credit Losses on Held-to-Maturity Securities**

Credit losses on held-to-maturity securities of \$7.8 million and \$32.8 million during the three months and nine months ended September 30, 2020, respectively, relate to the bonds we received in 2008 related to the Gaylord National construction, which we hold as notes receivable. See further discussion regarding these credit losses in Note 6, “Notes Receivable,” to the condensed consolidated financial statements included herein.

**Non-Operating Results Affecting Net Income***General*

The following table summarizes the other factors which affected our net income for the three months and nine months ended September 30, 2020 and 2019 (in thousands, except percentages):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	% Change	2020	2019	% Change
Interest expense	\$ 28,127	\$ 35,261	(20.2)%	\$ 87,527	\$ 100,840	(13.2)%
Interest income	1,540	2,878	(46.5)%	5,765	8,756	(34.2)%
Loss from extinguishment of debt	—	(494)	100.0 %	—	(494)	100.0 %
Loss from unconsolidated joint ventures	(1,767)	(308)	(473.7)%	(5,482)	(475)	(1,054.1)%
Other gains and (losses), net	1,729	1,109	55.9 %	(14,831)	857	(1,830.6)%
Provision for income taxes	(86)	(3,537)	97.6 %	(27,046)	(13,743)	(96.8)%

*Interest Expense*

Interest expense decreased \$7.1 million and \$13.3 million, respectively, during the three months and nine months ended September 30, 2020, as compared to the same periods in 2019, due primarily to lower average borrowings and lower interest rates under our credit facility in the 2020 period, partially offset by increased principal balances outstanding under our senior notes.

Cash interest expense decreased \$3.6 million to \$27.1 million in the three months and decreased \$9.3 million to \$84.1 million in the nine months ended September 30, 2020, as compared to the same periods in 2019. Non-cash interest expense, which includes amortization and write-off of deferred financing costs and is offset by capitalized interest, decreased \$3.5 million to \$1.0 million in the three months and decreased \$4.0 million to \$3.4 million in the nine months ended September 30, 2020, as compared to the same periods in 2019.

Our weighted average interest rate on our borrowings, excluding the write-off of deferred financing costs and capitalized interest, but including the impact of interest rate swaps, was 4.4% and 4.9% for the three months ended September 30, 2020 and 2019, respectively, and 4.4% and 5.1% for the nine months ended September 30, 2020 and 2019, respectively.

*Interest Income*

Interest income for the three months and nine months ended September 30, 2020 and 2019 primarily includes amounts earned on the bonds that were received in connection with the development of Gaylord National, which we hold as notes receivable. See Note 6, “Notes Receivable,” to the accompanying condensed consolidated financial statements included herein for additional discussion of interest income on these bonds.

*Loss on Extinguishment of Debt*

In September 2019, we commenced a cash tender offer for any and all outstanding \$350 million 5% senior notes due 2021 at a redemption price of \$1,002.50 per \$1,000 principal amount. Pursuant to the tender offer, \$197.5 million aggregate principal amount of these notes were validly tendered. As a result of our purchase of these tendered notes, we recognized a loss on extinguishment of debt of \$0.5 million in the three months and nine months ended September 30, 2019.

*Loss from Unconsolidated Joint Ventures*

The loss from unconsolidated joint ventures for the three months and nine months ended September 30, 2020 represents our equity method share of losses associated with Circle.

*Other Gains and (Losses), net*

Other gains and (losses), net for the nine months ended September 30, 2020 includes the forfeiture of a \$15.0 million deposit associated with the terminated Block 21 acquisition, which resulted in a loss being recognized in the current period. See “Termination of Block 21 Acquisition” above for additional discussion.

*Provision for Income Taxes*

As a REIT, we generally will not be subject to federal corporate income taxes on ordinary taxable income and capital gains income from real estate investments that we distribute to our stockholders. We will continue to be required to pay federal and state corporate income taxes on earnings of our TRSs.

For the three months and nine months ended September 30, 2020, we recorded an income tax provision of \$0.1 million and \$27.0 million, respectively. The income tax provision for the nine months ended September 30, 2020 includes the recording of a valuation allowance of \$26.7 million, as discussed in Note 12, “Income Taxes,” to the condensed consolidated financial statements included herein. In the three months and nine months ended September 30, 2020, we also recorded income tax expense of \$0.1 million and \$0.3 million, respectively, inclusive of valuation allowance, related to current period operations.

For the three months and nine months ended September 30, 2019, we recorded an income tax provision of \$3.5 million and \$13.7 million, respectively, related to regular operations, which differed from the statutory rate primarily due to the REIT dividends paid deduction in the periods.

*Non-GAAP Financial Measures*

We present the following non-GAAP financial measures, which we believe are useful to investors as key measures of our operating performance:

***EBITDAre, Adjusted EBITDAre and Adjusted EBITDAre, Excluding Noncontrolling Interest Definition***

We calculate EBITDAre, which is defined by the National Association of Real Estate Investment Trusts (“NAREIT”) in its September 2017 white paper as net income (calculated in accordance with GAAP) plus interest expense, income tax expense, depreciation and amortization, gains or losses on the disposition of depreciated property (including gains or losses on change in control), impairment write-downs of depreciated property and of investments in unconsolidated affiliates caused by a decrease in the value of depreciated property or the affiliate, and adjustments to reflect the entity’s share of EBITDAre of unconsolidated affiliates. Adjusted EBITDAre is then calculated as EBITDAre, plus to the extent the following adjustments occurred during the periods presented: preopening costs; non-cash lease expense; equity-based compensation expense; impairment charges that do not meet the NAREIT definition above; credit losses on held-to-maturity securities; any transaction costs of acquisitions; interest income on bonds; loss on extinguishment of debt; pension settlement charges; pro rata Adjusted EBITDAre from unconsolidated joint ventures, and any other adjustments we have identified herein. We then exclude noncontrolling interests in consolidated joint ventures to calculate Adjusted EBITDAre, Excluding Noncontrolling Interest. We use EBITDAre, Adjusted EBITDAre and Adjusted EBITDAre, Excluding Noncontrolling Interest to evaluate our operating performance. We believe that the presentation of



EBITDA<sub>re</sub>, Adjusted EBITDA<sub>re</sub> and Adjusted EBITDA<sub>re</sub>, Excluding Noncontrolling Interest provides useful information to investors regarding our operating performance and debt leverage metrics, and that the presentation of Adjusted EBITDA<sub>re</sub> and Adjusted EBITDA<sub>re</sub>, Excluding Noncontrolling Interest, when combined with the primary GAAP presentation of net income, is beneficial to an investor's complete understanding of our operating performance. We make additional adjustments to EBITDA<sub>re</sub> when evaluating our performance because we believe that presenting Adjusted EBITDA<sub>re</sub> and Adjusted EBITDA<sub>re</sub>, Excluding Noncontrolling Interest provides useful information to investors regarding our operating performance and debt leverage metrics. Beginning in the first quarter 2020 with the Company's adoption of ASU 2016-13, "*Financial Instruments – Credit Losses – Measurement of Credit Losses on Financial Instruments*," our definition of Adjusted EBITDA<sub>re</sub> includes an adjustment for credit loss on held-to-maturity securities; such charges in previous quarters were included in impairment charges that do not meet the NAREIT definition. The 2020 presentation has been used for the 2019 periods.

***FFO, Adjusted FFO, and Adjusted FFO available to common shareholders and unit holders Definition***

We calculate FFO, which definition is clarified by NAREIT in its December 2018 white paper as net income (calculated in accordance with GAAP) excluding depreciation and amortization (excluding amortization of deferred financing costs and debt discounts), gains and losses from the sale of certain real estate assets, gains and losses from a change in control, impairment write-downs of certain real estate assets and investments in entities when the impairment is directly attributable to decreases in the value of depreciated real estate held by the entity, income (loss) from consolidated joint ventures attributable to noncontrolling interest, and pro rata adjustments for unconsolidated joint ventures. To calculate Adjusted FFO available to common shareholders and unit holders, we then exclude, to the extent the following adjustments occurred during the periods presented: right-of-use asset amortization, impairment charges that do not meet the NAREIT definition above; write-offs of deferred financing costs, non-cash lease expense, credit loss on held-to-maturity securities, amortization of debt discounts or premiums and amortization of deferred financing costs, pension settlement charges, additional pro rata adjustments from unconsolidated joint ventures, (gains) losses on other assets, transaction costs on acquisitions, deferred income tax expense (benefit), and (gains) losses on extinguishment of debt. FFO available to common shareholders and unit holders and Adjusted FFO available to common shareholders and units holders exclude the ownership portion of Gaylord Rockies joint venture not controlled or owned by the Company. Beginning in the first quarter 2020 with the Company's adoption of ASU 2016-13, "*Financial Instruments – Credit Losses – Measurement of Credit Losses on Financial Instruments*," our definition of Adjusted FFO available to common shareholders includes an adjustment for credit loss on held-to-maturity securities; such charges in previous quarters were included in impairment charges that do not meet the NAREIT definition. The 2020 presentation has been used for the 2019 periods. Beginning in the third quarter of 2020, we refer to unitholders in these measures, reflecting outstanding OP units issued to noncontrolling interests for the first time during third quarter 2020.

We believe that the presentation of FFO available to common shareholders and unit holders and Adjusted FFO available to common shareholders and unit holders provide useful information to investors regarding the performance of our ongoing operations because it is a measure of our operations without regard to specified non-cash items such as real estate depreciation and amortization, gain or loss on sale of assets and certain other items, which we believe are not indicative of the performance of our underlying hotel properties. We believe that these items are more representative of our asset base than our ongoing operations. We also use FFO available to common shareholders and unit holders and Adjusted FFO available to common shareholders and unit holders as measures in determining our results after considering the impact of our capital structure.

We caution investors that amounts presented in accordance with our definitions of Adjusted EBITDA<sub>re</sub>, Adjusted EBITDA<sub>re</sub>, Excluding Noncontrolling Interest, FFO available to common shareholders and unit holders, and Adjusted FFO available to common shareholders and unit holders may not be comparable to similar measures disclosed by other companies, because not all companies calculate these non-GAAP measures in the same manner. Adjusted EBITDA<sub>re</sub>, Adjusted EBITDA<sub>re</sub>, Excluding Noncontrolling Interest, FFO available to common shareholders and unitholders, and Adjusted FFO available to common shareholders and unit holders, and any related per share measures, should not be considered as alternative measures of our Net Income (Loss), operating performance, cash flow or liquidity. Adjusted EBITDA<sub>re</sub>, Adjusted EBITDA<sub>re</sub>, Excluding Noncontrolling Interest, FFO available to common shareholders and unit holders, and Adjusted FFO available to common shareholders and unit holders may include funds that may not be available for our discretionary use due to functional requirements to conserve funds for capital expenditures and property



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acquisitions and other commitments and uncertainties. Although we believe that Adjusted EBITDAre, Adjusted EBITDAre, Excluding Noncontrolling Interest, FFO available to common shareholders and unit holders, and Adjusted FFO available to common shareholders and unit holders can enhance an investor's understanding of our results of operations, these non-GAAP financial measures, when viewed individually, are not necessarily better indicators of any trend as compared to GAAP measures such as Net Income (Loss), Operating Income (Loss), or cash flow from operations.

The following is a reconciliation of our consolidated GAAP net income (loss) to EBITDAre and Adjusted EBITDAre for the three months and nine months ended September 30, 2020 and 2019 (in thousands):

	Three Months Ended September 30, 2020		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net income (loss)	\$ (129,877)	\$ 20,890	\$ (368,272)	\$ 89,844
Interest expense, net	26,587	32,383	81,762	92,084
Provision for income taxes	86	3,537	27,046	13,743
Depreciation and amortization	53,876	53,998	161,232	160,560
(Gain) loss on disposal of assets	—	—	(1,255)	5
Pro rata EBITDAre from unconsolidated joint ventures	7	(6)	16	(8)
EBITDAre	(49,321)	110,802	(99,471)	356,228
Preopening costs	96	164	1,597	2,274
Non-cash lease expense	1,100	1,249	3,358	3,721
Equity-based compensation expense	2,204	1,901	6,623	5,862
Pension settlement charge	1,343	1,577	1,343	1,577
Credit loss on held-to-maturity securities	7,811	—	32,784	—
Interest income on Gaylord National & Gaylord Rockies bonds	1,485	2,515	4,683	7,764
Loss on extinguishment of debt	—	494	—	494
Transaction costs of acquisitions	2	55	15,437	55
Pro rata adjusted EBITDAre from unconsolidated joint ventures	—	314	—	483
Adjusted EBITDAre	(35,280)	119,071	(33,646)	378,458
Adjusted EBITDAre of noncontrolling interest in consolidated joint venture	490	(10,995)	(5,088)	(25,367)
Adjusted EBITDAre, excluding noncontrolling interest in consolidated joint venture	<u>\$ (34,790)</u>	<u>\$ 108,076</u>	<u>\$ (38,734)</u>	<u>\$ 353,091</u>

The following is a reconciliation of our consolidated GAAP net income (loss) to FFO and Adjusted FFO for the three months and nine months ended September 30, 2020 and 2019 (in thousands):

	Three Months Ended September 30, 2020		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net income (loss)	\$ (129,877)	\$ 20,890	\$ (368,272)	\$ 89,844
Noncontrolling interest in consolidated joint venture	11,893	1,459	30,280	11,296
Net income (loss) available to common shareholders and unit holders	(117,984)	22,349	(337,992)	101,140
Depreciation and amortization	53,838	53,955	161,120	160,440
Adjustments for noncontrolling interest	(8,164)	(8,576)	(25,302)	(25,975)
Pro rata adjustments from joint ventures	7	—	18	—
FFO available to common shareholders and unit holders	(72,303)	67,728	(202,156)	235,605
Right-of-use asset amortization	38	43	112	120
Non-cash lease expense	1,100	1,249	3,358	3,721
Pension settlement charge	1,343	1,577	1,343	1,577
Credit loss on held-to-maturity securities	7,811	—	32,784	—
Gain on other assets	—	—	(1,261)	—
Write-off of deferred financing costs	11	2,833	246	2,833
Amortization of deferred financing costs	2,038	1,939	5,889	5,805
Amortization of debt premiums	(66)	—	(200)	—
Loss on extinguishment of debt	—	494	—	494
Adjustments for noncontrolling interest	(224)	(646)	(715)	(1,068)
Transaction costs of acquisitions	2	55	15,437	55
Deferred tax expense	(34)	2,678	26,607	10,865
Adjusted FFO available to common shareholders and unit holders	\$ (60,284)	\$ 77,950	\$ (118,556)	\$ 260,007

### ***Liquidity and Capital Resources***

**Cash Flows From Operating Activities.** Cash flow from operating activities is the principal source of cash used to fund our operating expenses, interest payments on debt, maintenance capital expenditures, and dividends to stockholders. During the nine months ended September 30, 2020, our net cash flows used in operating activities were \$112.3 million, primarily reflecting cash used in our net loss before depreciation expense, amortization expense and other non-cash charges of approximately \$114.4 million, partially offset by favorable changes in working capital of approximately \$2.1 million. The favorable changes in working capital primarily resulted from a decrease in accounts receivable due to the collection of previous receivables and the decrease of new receivables due to property closures and a decrease in business for properties that have opened, partially offset by a decrease in accounts payable and accrued liabilities associated with the payment of incentive compensation and general payables due to property closures or reduced business levels, as well as a decrease in deferred revenue associated with advanced room deposits at our Gaylord Hotels properties.

During the nine months ended September 30, 2019, our net cash flows provided by operating activities were \$231.1 million, primarily reflecting cash provided by our income before depreciation expense, amortization expense and other non-cash charges of approximately \$276.2 million, partially offset by unfavorable changes in working capital of approximately \$45.1 million. The unfavorable changes in working capital primarily resulted from a decrease in accounts payable and accrued liabilities primarily attributable to the payment of liabilities associated with Gaylord Rockies and our Christmas-related and incentive compensation programs, as well as an increase in accounts receivable due to a seasonal change in the timing of payments received from corporate group customers at our Gaylord Hotels properties, as well as Gaylord Rockies becoming fully operational in 2019.

**Cash Flows From Investing Activities.** During the nine months ended September 30, 2020, our primary uses of funds for investing activities were purchases of property and equipment, which totaled \$124.6 million, and consisted primarily of the expansion of Gaylord Palms and ongoing maintenance capital expenditures for our existing properties.

During the nine months ended September 30, 2019, our primary uses of funds for investing activities were purchases of property and equipment, which totaled \$109.6 million and consisted primarily of the expansion at Gaylord Palms, a rooms renovation at Gaylord Opryland, construction of Ole Red Orlando, construction of SoundWaves at Gaylord Opryland, and ongoing maintenance capital expenditures for our existing properties.

*Cash Flows From Financing Activities.* Our cash flows from financing activities primarily reflect the incurrence of debt, the repayment of long-term debt and the payment of cash dividends. During the nine months ended September 30, 2020, our net cash flows used in financing activities were \$75.5 million, primarily reflecting the payment of \$102.3 million in cash dividends, partially offset by \$35.0 million in borrowings under our revolving credit agreement.

During the nine months ended September 30, 2019, our net cash flows used in financing activities were \$116.9 million, primarily reflecting the repayment of \$302.0 million under our revolving credit facility, the payment of \$137.0 in cash dividends and the distribution by the Gaylord Rockies joint venture of \$105.8 million to the noncontrolling interest partners in that joint venture, partially offset by increased borrowings under the Gaylord Rockies loans of \$303.4 million and the net issuance of \$150.0 million in senior notes.

#### *Liquidity*

At September 30, 2020, we had \$52.2 million in unrestricted cash and \$664.1 million available for borrowing under our revolving credit facility. During the nine months ended September 30, 2020, we borrowed \$35.0 million under our revolving credit facility, paid cash dividends of \$102.3 million and incurred capital expenditures of \$124.6 million. These net outflows, when added to the cash flows used in operations discussed above, were the primary factors in the decrease in our cash balance from December 31, 2019 to September 30, 2020.

On February 25, 2020, our board of directors declared our first quarter 2020 cash dividend in the amount of \$0.95 per share of common stock, or an aggregate of approximately \$52.2 million in cash, which was paid on April 15, 2020 to stockholders of record as of the close of business on March 31, 2020. Following payment of our first quarter 2020 cash dividend, we suspended our regular quarterly dividend payments for the remainder of 2020, and our board of directors will consider a future dividend as permitted by our credit agreement. Our credit facility amendment described below permits payment of dividends as necessary to maintain our REIT status and permits us to pay a dividend of \$0.01 per share each quarter. Prior to the suspension of dividends as a result of the COVID-19 pandemic, we had planned to continue to pay a quarterly cash dividend to shareholders in an amount equal to an annualized payment of at least 50% of adjusted funds from operations (as defined by us) less maintenance capital expenditures or 100% of REIT taxable income, whichever is greater. Any future dividend is subject to our board of director's determinations as to the amount of distributions and the timing thereof.

We anticipate investing in our operations during the fourth quarter of 2020 by spending between \$30 million and \$40 million in capital expenditures, which primarily includes minimal ongoing maintenance capital of our current facilities, the expansion of the guest rooms and convention space at Gaylord Palms and a rooms renovation at Gaylord National that will be funded from the FF&E reserve account.

We believe that our cash on hand, together with amounts available for borrowing under our revolving credit facility, will be adequate to fund our general short-term commitments, as well as: (i) current operating expenses, (ii) interest expense on long-term debt obligations, and (iii) financing lease and operating lease obligations until our assets are able to operate at pre-COVID-19 pandemic levels. Our ability to draw on our credit facility is subject to the satisfaction of provisions of the credit facility, as amended. Based on our current projections, we estimate that our monthly cash needs during the fourth quarter of 2020 will be approximately \$22 million to \$24 million, which includes the Gaylord Rockies joint venture's operating costs and debt service fully consolidated.

Our outstanding principal debt agreements are described below.

At September 30, 2020, there were no defaults under the covenants related to our outstanding debt, and our lender had extended the allowable closure period in the covenant in our credit facility that prohibits closure of a Gaylord Hotels property for longer than a specified period of time.

### *Principal Debt Agreements*

*Credit Facility.* On October 31, 2019, we entered into a Sixth Amended and Restated Credit Agreement (the “Credit Agreement”) among the Company, as a guarantor, the Operating Partnership, as borrower, certain other subsidiaries of the Company party thereto, as guarantors, certain subsidiaries of the Company party thereto, as pledgors, the lenders party thereto and Wells Fargo Bank, National Association, as administrative agent, which amended and restated the Company’s existing credit facility. As amended, our credit facility consists of a \$700.0 million senior secured revolving credit facility (the “Revolver”), a \$300.0 million senior secured term loan A (the “Term Loan A”), and a \$500.0 million senior secured term loan B (the “Term Loan B”), each as discussed below. On April 23, 2020, we entered into Amendment No. 1 (the “Amendment”) to the Credit Agreement among the same parties, as discussed below.

Each of the Revolver, Term Loan A and Term Loan B is guaranteed by us, each of our four wholly-owned subsidiaries that own the Gaylord Hotels properties, and certain of our other subsidiaries. Each is secured by (i) a first mortgage lien on the real property of each of our Gaylord Hotels properties, (ii) pledges of equity interests in our subsidiaries that own the Gaylord Hotels properties, (iii) our personal property and the personal property of the Operating Partnership and our guarantor subsidiaries and (iv) all proceeds and products from our Gaylord Hotels properties. Advances are subject to a 55% borrowing base, based on the appraisal value of the Gaylord Hotels properties (reduced to 50% in the event one of the Gaylord Hotels properties is sold). Assets of the Gaylord Rockies joint venture are not subject to the liens of our credit facility.

Each of the Revolver, Term Loan A and Term Loan B contains certain covenants which, among other things, limit the incurrence of additional indebtedness, investments, dividends, transactions with affiliates, asset sales, acquisitions, mergers and consolidations, liens and encumbrances and other matters customarily restricted in such agreements. The material financial covenants, ratios or tests contained in the Credit Agreement are as follows:

- We must maintain a consolidated funded indebtedness to total asset value ratio as of the end of each calendar quarter of not more than .65 to 1.0.
- We must maintain a consolidated fixed charge coverage ratio (as defined in the Credit Agreement) of not less than 1.50 to 1.00.
- We must maintain an implied debt service coverage ratio (the ratio of adjusted net operating income to monthly principal and interest that would be required if the outstanding balance were amortized over 25 years at an assumed fixed rate) of not less than 1.60 to 1.00.

The Amendment provides for a waiver of the foregoing financial covenants through March 31, 2021 and ending on April 1, 2021 (the “Temporary Waiver Period”) and amends covenant computations for the three months ended June 30, 2021 and September 30, 2021. In addition, the Amendment contains a covenant that we must maintain unrestricted liquidity (in the form of unrestricted cash on hand or undrawn availability under the Revolver) of at least \$100 million. In the event we are unable to comply with the Credit Agreement’s financial covenants, we expect to further amend the Credit Agreement or take other mitigating actions prior to a potential breach.

We may elect to terminate the Temporary Waiver Period prior to expiration. Upon expiration or termination of the Temporary Waiver Period, we will calculate compliance with the financial covenants in the Credit Agreement using a designated annualized calculation based on our most recently completed fiscal quarter or quarters, as applicable. Pursuant to the Amendment, we are required to use any proceeds from borrowings drawn during the Temporary Waiver Period to fund operating expenses, debt service of the Company and its subsidiaries, and permitted capital expenditures and investments.

If an event of default shall occur and be continuing under the Credit Agreement, the commitments under the Credit Agreement may be terminated, and the principal amount outstanding under the Credit Agreement, together with all accrued unpaid interest and other amounts owing in respect thereof, may be declared immediately due and payable.

*Revolving Credit Facility.* Pursuant to the Credit Agreement, we extended the maturity date of the Revolver to March 31, 2024, with two additional six-month extension options, at our election. Borrowings under the Revolver bear interest at

an annual rate equal to, at our option, either (i) LIBOR plus the applicable margin ranging from 1.40% to 1.95%, dependent upon our funded debt to total asset value ratio (as defined in the Credit Agreement) or (ii) a base rate as set forth in the Credit Agreement. At September 30, 2020, the interest rate on the Revolver was, and during the Temporary Waiver Period will be, LIBOR plus 1.95%. Principal is payable in full at maturity.

At September 30, 2020, \$35.0 million of borrowings were outstanding under the Revolver, and the lending banks had issued \$0.9 million of letters of credit under the Credit Agreement, which left \$664.1 million of availability under the Revolver (subject to the satisfaction of debt incurrence tests under the indentures governing our \$400 million in aggregate principal amount of senior notes due 2023 (the “\$400 Million 5% Senior Notes”) and our \$700 million in aggregate principal amount of senior notes due 2027 (the “\$700 Million 4.75% Senior Notes”), which we met at September 30, 2020).

*Term Loan A Facility.* Pursuant to the Credit Agreement, the Term Loan A was increased from \$200 million to \$300 million and the maturity date was extended to March 31, 2025. Borrowings bear interest at an annual rate equal to, at our option, either (i) LIBOR plus the applicable margin ranging from 1.35% to 1.90%, dependent upon our funded debt to total asset value ratio (as defined in the Credit Agreement) or (ii) a base rate as set forth in the Credit Agreement. At September 30, 2020, the interest rate on the Term Loan A was, and during the Temporary Waiver Period will be, LIBOR plus 1.90%. Amounts borrowed under the Term Loan A that are repaid or prepaid may not be reborrowed. Net proceeds from the increase in the Term Loan A pursuant to the Credit Agreement were approximately \$94 million and, along with cash on hand, were used to repay \$100 million of the outstanding indebtedness under the Term Loan B.

*Term Loan B Facility.* The Term Loan B has a maturity date of May 11, 2024. The applicable interest rate margins for borrowings under the Term Loan B are, at our option, either (i) LIBOR plus 2.00% or (ii) a base rate as set forth in the Credit Agreement. At September 30, 2020, the interest rate on the Term Loan B was LIBOR plus 2.00%. In October 2019, we entered into four interest rate swaps with a total notional amount of \$350.0 million to fix the LIBOR portion of the interest rate, at rates between 1.2235% and 1.2315%, through May 11, 2023. We have designated these interest rate swaps as effective cash flow hedges. The Term Loan B amortizes in equal quarterly installments in aggregate annual amounts equal to 1.0% of the original principal amount of \$500.0 million, with the balance due at maturity. In addition, if for any fiscal year, there is Excess Cash Flow (as defined in the Credit Agreement), an additional principal amount is required. Amounts borrowed under the Term Loan B that are repaid or prepaid may not be reborrowed. The Credit Agreement did not change the maturity date or applicable margin on interest rates for the Term Loan B. At September 30, 2020, \$382.5 million in borrowings were outstanding under the Term Loan B.

*\$700 Million 4.75% Senior Notes.* In September 2019, the Operating Partnership and Finco completed the private placement of \$500.0 million in aggregate principal amount of senior notes due 2027, which are guaranteed by the Company and its subsidiaries that guarantee the Credit Agreement. The \$500 Million 4.75% Senior Notes and guarantees were issued pursuant to an indenture by and among the issuing subsidiaries and the guarantors and U.S. Bank National Association as trustee. The \$500 Million 4.75% Senior Notes have a maturity date of October 15, 2027 and bear interest at 4.75% per annum, payable semi-annually in cash in arrears on April 15 and October 15 of each year, beginning on April 15, 2020. The \$500 Million 4.75% Senior Notes are general unsecured and unsubordinated obligations of the issuing subsidiaries and rank equal in right of payment with such subsidiaries’ existing and future senior unsecured indebtedness, including the \$400 Million 5% Senior Notes, and senior in right of payment to future subordinated indebtedness, if any. The \$500 Million 4.75% Senior Notes are effectively subordinated to the issuing subsidiaries’ secured indebtedness to the extent of the value of the assets securing such indebtedness. The guarantees rank equally in right of payment with the applicable guarantor’s existing and future senior unsecured indebtedness and senior in right of payment to any future subordinated indebtedness of such guarantor. The \$500 Million 4.75% Senior Notes are effectively subordinated to any secured indebtedness of any guarantor to the extent of the value of the assets securing such indebtedness and structurally subordinated to all indebtedness and other obligations of the Operating Partnership’s subsidiaries that do not guarantee the \$500 Million 4.75% Senior Notes.

The net proceeds from the issuance of the \$500 Million 4.75% Senior Notes totaled approximately \$493 million, after deducting the initial purchasers’ discounts, commissions and offering expenses. We used substantially all of these proceeds to tender and redeem our previous \$350 Million 5% Senior Notes and to repay a portion of the amounts outstanding under the Revolver.

In October 2019, we completed a tack-on private placement of \$200.0 million in aggregate principal amount of 4.75% senior notes due 2027 (the “additional 2027 notes”) at an issue price of 101.250% of their aggregate principal amount plus accrued interest from the September 19, 2019 issue date for the \$500 Million 4.75% Senior Notes. The additional 2027 notes and the \$500 Million 4.75% Senior Notes constitute a single class of securities (collectively, the “\$700 Million 4.75% Senior Notes”). All other terms and conditions of the additional 2027 notes are identical to the \$500 Million 4.75% Senior Notes.

The net proceeds of the additional 2027 notes totaled approximately \$199 million, after deducting the initial purchasers’ discounts, commissions and offering expenses. We used substantially all of these proceeds to repay a portion of the amounts outstanding under the Revolver.

The \$700 Million 4.75% Senior Notes are redeemable before October 15, 2022, in whole or in part, at 100.00%, plus accrued and unpaid interest thereon to, but not including, the redemption date, plus a make-whole premium. The \$700 Million 4.75% Senior Notes will be redeemable, in whole or in part, at any time on or after October 15, 2022 at a redemption price expressed as a percentage of the principal amount thereof, which percentage is 103.563%, 102.375%, 101.188%, and 100.00% beginning on October 15 of 2022, 2023, 2024, and 2025, respectively, plus accrued and unpaid interest thereon to, but not including, the redemption date.

We completed a registered offer to exchange the \$700 Million 4.75% Senior Notes for registered notes with substantially identical terms as the \$700 Million 4.75% Senior Notes in July 2020.

*\$400 Million 5% Senior Notes.* In 2015, the Operating Partnership and Finco completed the private placement of \$400.0 million in aggregate principal amount of senior notes due 2023, which are guaranteed by the Company and its subsidiaries that guarantee the Credit Agreement. The \$400 Million 5% Senior Notes and guarantees were issued pursuant to an indenture by and among the issuing subsidiaries and the guarantors and U.S. Bank National Association as trustee. The \$400 Million 5% Senior Notes have a maturity date of April 15, 2023 and bear interest at 5% per annum, payable semi-annually in cash in arrears on April 15 and October 15 of each year. The \$400 Million 5% Senior Notes are general unsecured and unsubordinated obligations of the issuing subsidiaries and rank equal in right of payment with such subsidiaries’ existing and future senior unsecured indebtedness, including the new \$700 million 4.75% Senior Notes, and senior in right of payment to future subordinated indebtedness, if any. The \$400 Million 5% Senior Notes are effectively subordinated to the issuing subsidiaries’ secured indebtedness to the extent of the value of the assets securing such indebtedness. The guarantees rank equally in right of payment with the applicable guarantor’s existing and future senior unsecured indebtedness and senior in right of payment to any future subordinated indebtedness of such guarantor. The \$400 Million 5% Senior Notes are effectively subordinated to any secured indebtedness of any guarantor to the extent of the value of the assets securing such indebtedness and structurally subordinated to all indebtedness and other obligations of the Operating Partnership’s subsidiaries that do not guarantee the \$400 Million 5% Senior Notes.

The \$400 Million 5% Senior Notes are redeemable, in whole or in part, at a redemption price expressed as a percentage of the principal amount thereof, which percentage is 101.25% and 100.00% beginning on April 15 of 2020 and 2021, respectively, plus accrued and unpaid interest thereon to, but not including, the redemption date.

We completed a registered offer to exchange the \$400 Million 5% Senior Notes for registered notes with substantially identical terms as the \$400 Million 5% Senior Notes in September 2015.

*\$800 Million Term Loan (Gaylord Rockies Joint Venture).* On July 2, 2019, Aurora Convention Center Hotel, LLC (“Hotel Owner”) and Aurora Convention Center Hotel Lessee, LLC (“Tenant”) and collectively, with Hotel Owner, the “Loan Parties”), subsidiaries of the entities comprising the Gaylord Rockies joint venture, entered into a Second Amended and Restated Loan Agreement (the “Gaylord Rockies Loan”) with Wells Fargo Bank, National Association, as administrative agent, which refinanced the Gaylord Rockies joint venture’s existing \$500 million construction loan and \$39 million mezzanine loan, which were scheduled to mature in December 2019. The Gaylord Rockies Loan consists of an \$800.0 million secured term loan facility and also includes the option for an additional \$80.0 million of borrowing capacity should the Gaylord Rockies joint venture pursue an expansion of Gaylord Rockies, which was announced in February 2020 but has been postponed as a result of the COVID-19 pandemic. The Gaylord Rockies Loan matures July 2, 2023 with three, one-year extension options, subject to certain requirements in the Gaylord Rockies Loan, and bears



interest at LIBOR plus 2.50%. Simultaneous with closing, the Gaylord Rockies joint venture entered into an interest rate swap to fix the LIBOR portion of the interest rate at 1.65% for the first three years of the loan. We have designated this interest rate swap as an effective cash flow hedge.

The proceeds from the Gaylord Rockies Loan were used by the Gaylord Rockies joint venture to repay the previously outstanding \$500 million construction loan and \$39 million mezzanine loan, and, after payment of expenses, the Gaylord Rockies joint venture distributed the excess proceeds to the owners of the Gaylord Rockies joint venture pro rata in proportion to their interests therein. We received a distribution of approximately \$153 million, which was used to repay a portion of the amounts outstanding under the Revolver.

The Gaylord Rockies Loan is secured by a deed of trust lien on the Gaylord Rockies real estate and related assets. We and an affiliate of RIDA each entered into limited repayment and carry guaranties that, in the aggregate, guarantee repayment of 10% of the principal debt, together with interest and operating expenses, which are to be released once the Gaylord Rockies joint venture achieves a certain debt service coverage threshold as defined in the Gaylord Rockies Loan. Generally, the Gaylord Rockies Loan is non-recourse to the Company, subject to (i) those limited guaranties, (ii) a completion guaranty in the event the expansion is pursued, and (iii) customary non-recourse carve-outs.

On June 30, 2020, the Loan Parties entered into Amendment No. 1 (the "Loan Amendment") to the Gaylord Rockies Loan, by and among the Loan Parties, Wells Fargo Bank, National Association, as administrative agent, and the lenders from time to time party thereto.

The Loan Amendment modified the Gaylord Rockies Loan to (i) provide for the ability to use cash for certain purposes, even during a Cash Sweep Period (as defined in the Loan Agreement), which the Gaylord Rockies joint venture was in beginning in July 2020, (ii) extend the deadline for Hotel Owner to commence construction of an expansion to Gaylord Rockies, and (iii) provide favorable changes to the debt service coverage ratio provisions.

The Loan Amendment includes restrictions on distributions to the owners of the Gaylord Rockies joint venture and requires a certain level of equity financing for a Gaylord Rockies expansion.

*Additional Debt Limitations.* Pursuant to the terms of the management agreements and pooling agreement with Marriott for our four wholly-owned Gaylord Hotels, we are subject to certain debt limitations described below.

The management agreements provide for the following limitations on indebtedness encumbering a hotel:

- The aggregate principal balance of all mortgage and mezzanine debt encumbering the hotel shall be no greater than 75% of the fair market value of the hotel; and
- The ratio of (a) aggregate Operating Profit (as defined in the management agreement) in the 12 months prior to the closing on the mortgage or mezzanine debt to (b) annual debt service for the hotel shall equal or exceed 1.2:1; but is subject to the pooling agreement described below.

The pooled limitations on Secured Debt (as defined in the pooling agreement) are as follows:

- The aggregate principal balance of all mortgage and mezzanine debt on Pooled Hotels (as defined in the pooling agreement), shall be no more than 75% of the fair market value of Pooled Hotels.
- The ratio of (a) aggregate Operating Profit (as defined in the pooling agreement) of Pooled Hotels in the 12 months prior to closing on any mortgage or mezzanine debt to (b) annual debt service for the Pooled Hotels, shall equal or exceed 1.2:1.

Gaylord Rockies is not a Pooled Hotel for this purpose.



*Off-Balance Sheet Arrangements*

We enter into commitments under letters of credit, primarily for the purpose of securing our deductible obligations with our insurers, and lending banks under our Credit Agreement had issued \$0.9 million of letters of credit at September 30, 2020. Except as set forth in this paragraph, we do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

*Commitments and Contractual Obligations*

The following table summarizes our significant contractual obligations at September 30, 2020, including long-term debt and operating and capital lease commitments (amounts in thousands):

Contractual obligations	Total amounts committed	Payment due by Period			
		Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt (1) (2)	\$ 2,617,500	\$ 5,000	\$ 1,210,000	\$ 702,500	\$ 700,000
Finance leases	1,417	260	473	106	578
Operating leases (3)	600,014	6,335	12,091	11,784	569,804
Construction commitments (4)	40,426	40,426	—	—	—
Other	12,200	1,109	2,218	2,218	6,655
Total contractual obligations	<u>\$ 3,271,557</u>	<u>\$ 53,130</u>	<u>\$ 1,224,782</u>	<u>\$ 716,608</u>	<u>\$ 1,277,037</u>

- (1) Long-term debt commitments do not include approximately \$434.8 million in interest payments projected to be due in future years (less than 1 year – \$105.6 million; 1-3 years – \$179.8 million; 3-5 years – \$81.5 million; more than five years – \$67.9 million) based on the stated interest rates on our fixed-rate debt and the rates in effect at September 30, 2020 for our variable-rate debt, including the impact of interest rate swaps. Variable rates, as well as outstanding principal balances, could change in future periods. See “Principal Debt Agreements” above for a discussion of our outstanding long-term debt. See “Supplemental Cash Flow Information” in Note 1 to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2019 for a discussion of the interest we paid during the fiscal years 2019, 2018 and 2017.
- (2) Debt commitments due in 1-3 years includes the \$800.0 million Gaylord Rockies Loan for the Gaylord Rockies joint venture.
- (3) Total operating lease commitments of \$600.0 million includes the 75-year operating lease agreement we entered into during 1999 for 65.3 acres of land located in Osceola County, Florida where Gaylord Palms is located, which we may extend until January 2101.
- (4) With respect to our properties that are operated under management agreements with Marriott, we are obligated to maintain an FF&E reserve account for future planned and emergency-related capital expenditures at these properties. The amount funded into each of these reserve accounts is determined pursuant to the management agreements and is generally 5.0% of the respective property’s total annual revenue; however, such funding has been suspended for the periods from March 2020 through March 2021 as a result of the COVID-19 pandemic. At September 30, 2020, \$40.4 million was held in FF&E reserve accounts for future capital expenditures at our properties. According to the terms of each management agreement with Marriott, the reserve funds are to be held by Marriott in a restricted cash account. Although it is not required that such funds be expended in a given year, each management agreement provides any excess funds will carry over for use in future years.

The expected cash flows under our defined benefit pension plan, our non-qualified retirement plan, our non-qualified contributory deferred compensation plan and our defined benefit postretirement health care and life insurance plan are estimated based upon the best information currently available, but are not driven by contractual terms. Therefore, these

obligations have been excluded from the contractual obligations table above. See Note 9 and Note 10 to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2019 for further discussion related to these obligations. In addition, the timing of the expected cash flows related to our funding obligation in the joint venture described in Note 13, “Commitments and Contingencies,” to the condensed consolidated financial statements included herein is not contractually determined. Therefore, this obligation has been excluded from the contractual obligations table above.

#### *Derivative Instruments*

In the normal course of business, we are exposed to the effects of interest rate changes. We may enter into derivative instruments to manage or hedge interest rate risk. Our current interest rate swaps are subject to fair value reporting at each reporting date. These interest rate swaps have been designated as cash flow hedges, and the increase or decrease in fair value is recorded in accumulated other comprehensive income (loss). Derivatives expose us to credit risk in the event of non-performance by the counterparties under the terms of the interest rate swap agreements, which credit risk we believe is minimized by transacting with major credit-worthy financial institutions.

At September 30, 2020, we and the Gaylord Rockies joint venture have interest rate swap agreements with an aggregate notional amount of \$1.2 billion, which have been designated as cash flow hedges. For the nine months ended September 30, 2020, the change in fair value of these interest rate swaps was a loss of \$33.5 million, which has been recorded in accumulated other comprehensive loss in the accompanying condensed consolidated financial statements.

#### *Supplemental Guarantor Financial Information*

On March 2, 2020, the SEC adopted final rules that amend the financial disclosure requirements for subsidiary issuers and guarantors of registered debt securities in Rule 3-10 of Regulation S-X. The amended rules are effective January 4, 2021, but earlier compliance is permitted. We have elected to voluntarily comply beginning with the quarterly period ended September 30, 2020.

The Company’s \$400 million 5% senior notes and \$700 million 4.75% senior notes were each issued by the Operating Partnership and RHP Finance Corporation, a Delaware corporation (collectively, the “Issuers”), and are guaranteed on a senior unsecured basis by the Company (as the parent company), each of the Operating Partnership’s four wholly-owned subsidiaries that own the Gaylord Hotels properties, and certain other of the Company’s subsidiaries, each of which also guarantees the Operating Partnership’s Credit Agreement, as amended (such subsidiary guarantors, together with the Company, the “Guarantors”). The Guarantors are 100% owned by the Operating Partnership or the Company, and the guarantees are full and unconditional and joint and several. The guarantees rank equally in right of payment with each Guarantor’s existing and future senior unsecured indebtedness and senior in right of payment to all future subordinated indebtedness, if any, of such Guarantor. Not all of the Company’s subsidiaries have guaranteed the Company’s \$400 million 5% senior notes and \$700 million 4.75% senior notes, and the guarantees are structurally subordinated to all indebtedness and other obligations of such subsidiaries that have not guaranteed the Company’s \$400 million 5% senior notes and \$700 million 4.75% senior notes.

The following tables present summarized financial information for the Issuers and the Guarantors on a combined basis and the intercompany balances and transactions between these parties, as well as any investments in or equity in earnings from non-guarantor subsidiaries, have been eliminated.

	September 30, 2020	December 31, 2019
Net receivables due from non-guarantor subsidiaries	\$ 92,624	\$ 35,231
Other assets	1,659,594	1,845,704
<b>Total assets</b>	<b>\$ 1,752,218</b>	<b>\$ 1,880,935</b>
<b>Total liabilities</b>	<b>\$ 1,942,378</b>	<b>\$ 1,943,325</b>
Total noncontrolling interests	\$ 15,147	\$ —

  

	Nine Months Ended September 30, 2020
Revenues from third-parties	\$ 404
Revenues from non-guarantor subsidiaries	78,704
Operating expenses (excluding expenses to non-guarantor subsidiaries)	84,485
Expenses to non-guarantor subsidiaries	9,550
Operating loss	(14,927)
Net loss	(74,655)
Net loss available to common stockholders	(74,330)

### ***Critical Accounting Policies and Estimates***

We prepare our condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States. Certain of our accounting policies, including those related to revenue recognition, impairment of long-lived and other assets, stock-based compensation, depreciation and amortization, derivative financial instruments, income taxes, pension and postretirement benefits other than pension plans, acquisitions and purchase price allocations, and legal contingencies, require that we apply significant judgment in defining the appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty. Our judgments are based on our historical experience, our observance of trends in the industry, and information available from other outside sources, as appropriate. There can be no assurance that actual results will not differ from our estimates. For a discussion of our critical accounting policies and estimates, please refer to Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Notes to Consolidated Financial Statements” presented in our Annual Report on Form 10-K for the year ended December 31, 2019. Other than our January 1, 2020 adoption of Financial Accounting Standards Board Accounting Standards Update No. 2016-13, “*Financial Instruments – Credit Losses – Measurement of Credit Losses on Financial Instruments*,” as discussed in Note 1, “Basis of Presentation,” to the condensed consolidated financial statements included herein, there were no newly identified critical accounting policies in the first nine months of 2020, nor were there any material changes to the critical accounting policies and estimates discussed in our Annual Report on Form 10-K for the year ended December 31, 2019.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. Our primary exposures to market risk are from changes in interest rates and changes in asset values of investments that fund our pension plan.

#### ***Risk Related to Changes in Interest Rates***

At September 30, 2020, borrowings outstanding under the Revolver bore interest at an annual rate of LIBOR plus 1.95%, subject to adjustment as described in the Credit Agreement. If LIBOR were to increase by 100 basis points, our annual interest cost on the \$35.0 million in borrowings outstanding under the Revolver at September 30, 2020 would increase by approximately \$0.4 million.

At September 30, 2020, borrowings outstanding under our Term Loan A bore interest at an annual rate of LIBOR plus 1.90%, subject to adjustment as described in the Credit Agreement. If LIBOR were to increase by 100 basis points, our annual interest cost on the \$300.0 million in borrowings outstanding under our Term Loan A at September 30, 2020 would increase by approximately \$3.0 million.

At September 30, 2020, borrowings outstanding under our Term Loan B bore interest at an annual rate of LIBOR plus 2.00%, subject to adjustment as described in the Credit Agreement. We have hedged our interest rate exposure on \$350.0 million of borrowings under the Term Loan B with interest rate swaps that fix the LIBOR portion of interest payments through May 2023. If LIBOR were to increase by 100 basis points, our annual interest cost on the \$32.5 million in borrowings outstanding under our Term Loan B that are not hedged at September 30, 2020 would increase by approximately \$0.3 million.

At September 30, 2020, borrowings outstanding under the Gaylord Rockies Loan bore interest at an annual rate of LIBOR plus 2.50%. The Gaylord Rockies joint venture has hedged its interest rate exposure with an interest rate swap that fixes the LIBOR portion of interest payments through August 2022. If the Gaylord Rockies joint venture does not enter into an additional interest rate swap, the joint venture will be subject to interest rate risk from August 2022 through the maturity date of July 2023.

Certain of our outstanding cash balances are occasionally invested overnight with high credit quality financial institutions. We do not have significant exposure to changing interest rates on invested cash at September 30, 2020. As a result, the interest rate market risk implicit in these investments at September 30, 2020, if any, is low.

#### ***Risk Related to Changes in Asset Values that Fund our Pension Plans***

The expected rates of return on the assets that fund our defined benefit pension plan are based on the asset allocation of the plan and the long-term projected return on those assets, which represent a diversified mix of equity securities, fixed income securities and cash. At September 30, 2020, the value of the investments in the pension plan was \$64.2 million, and an immediate 10% decrease in this value would have reduced the value of the investments in the pension plan by approximately \$6.4 million.

#### **ITEM 4. CONTROLS AND PROCEDURES.**

The Company maintains disclosure controls and procedures, as defined in Rule 13a-15(e) promulgated under the Exchange Act, that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The Company carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on the evaluation of these disclosure controls and procedures, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

There has been no change in our internal control over financial reporting that occurred during the period covered by this report that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

#### **PART II — OTHER INFORMATION**

##### **ITEM 1. LEGAL PROCEEDINGS.**

The Company is a party to certain litigation in the ordinary course, as described in Note 13, "Commitments and Contingencies," to our condensed consolidated financial statements included herein and which our management deems will not have a material effect on our financial statements.

## ITEM 1A. RISK FACTORS.

Except as otherwise described herein, there have been no material changes from the risk factors disclosed in Part I, Item 1A, “Risk Factors,” of our Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

***The novel coronavirus (COVID-19) pandemic has had and is expected to continue to have a material adverse effect on our financial condition, results of operations, and our ability to make distributions to our shareholders. Depending on its length and severity, the COVID-19 pandemic may also have a material adverse effect on our access to financial markets and our ability to service our indebtedness.***

In March 2020, the World Health Organization declared COVID-19 to be a pandemic. In an effort to contain and mitigate the spread of COVID-19, many countries, including the United States, have imposed unprecedented restrictions on travel, group gatherings and non-essential activities, including orders and guidance issued by U.S. federal, state and local governmental authorities, such as “social distancing” guidance and Safer at Home orders. There have also been significant business closures and a substantial reduction in economic activity in the United States as a result of the COVID-19 pandemic. Despite the phased reopening of the U.S. economy, significant uncertainty remains as to the potential impact of the COVID-19 pandemic on the U.S. economy as a whole, our businesses, and the lodging and entertainment industries in particular.

In response to the onset of the COVID-19 pandemic, by late-March 2020, we, working with our hotel manager, Marriott, suspended operations at our Gaylord Hotels properties and also suspended operations at substantially all of our entertainment assets. We have not yet reopened all of our assets. In addition, following the payment of our first quarter 2020 dividend on April 15, 2020 to stockholders of record on March 31, 2020, we suspended our regular quarterly dividend payments for the remainder of 2020, and any future dividend will be determined by our board of directors as permitted by our Credit Agreement. Further, we deferred substantially all non-essential capital projects, including our previously announced expansion at Gaylord Rockies, which was scheduled to begin in second quarter 2020.

While we were successful in amending our Credit Agreement to obtain waivers of the financial covenants and the Gaylord Rockies Loan to obtain certain other favorable modifications, as described under “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Principal Debt Agreements,” the Amendment also increased the interest rates under our Revolver and Term Loan A, and imposed additional restrictions on debt, investments, dividends, share repurchases and capital expenditures, and included a minimum liquidity requirement, which will increase our interest costs and impose constraints on the manner in which we do business. The amendment to the Gaylord Rockies Loan additionally includes restrictions on distributions to the owners of the Gaylord Rockies joint venture and requires a certain level of equity financing for a Gaylord Rockies expansion, which may increase the cost of pursuing the previously announced expansion of Gaylord Rockies.

The material adverse effect on our businesses will continue during such time as any of our assets remain closed (including Gaylord National) and during phased reopenings and may continue after that time. Although we have taken steps, including those described above, to mitigate the impact of the COVID-19 pandemic on our businesses, we cannot predict the full extent and duration of the effects of the COVID-19 pandemic on our businesses. The longer and more severe the pandemic, the greater the material adverse effect on our financial condition, our results of operations, and our ability to make distributions to our shareholders. Further, depending on its duration and severity, the COVID-19 pandemic may have a material adverse effect on our access to financial markets and our ability to service or refinance our indebtedness.

We also cannot predict how soon we will be able to fully reopen all of our Gaylord Hotels properties or our entertainment assets when the COVID-19 pandemic subsides, as our ability to reopen and to resume normal operations will depend in part on the actions of a number of governmental authorities over which we have no control. Modified social distancing requirements or recommendations have altered the way we do business during reopening, and changes may persist for an extended period of time. Such changes may result in higher costs and lower profit margins at our assets. Some of our businesses, such as the ticketed performances at the Grand Ole Opry and Ryman Auditorium may be held at limited capacity for an extended period of time during reopening. Of our Gaylord Hotels properties, Gaylord National remains closed. As a result, our revenues and consolidated financial results and results of operations for periods in which our operations are subject to capacity limits and in which Gaylord National remains closed will not be

comparable with prior periods that included the revenues and financial results and results of operations of Gaylord National and our other assets operating at full capacity. We have experienced a significant decline in occupancy, RevPAR and Total RevPAR at our Gaylord Hotels properties that have reopened, and those and other declines associated with the COVID-19 pandemic may continue.

Our Gaylord Hotels properties and our entertainment venues that have reopened are reopening in phases that are intended to mitigate the spread of COVID-19 but which restrict the manner in which we did business prior to the COVID-19 pandemic. Although each phase is less restrictive than the preceding phase, we cannot assure you that we will continue to progress through phases, that we will not revert to a more restrictive phase, or that we will not make the decision to temporarily reclose any of our Gaylord Hotels properties or our entertainment assets in response to further outbreaks of COVID-19. Moreover, once restrictions are relaxed or lifted, it is unclear whether consumer demand for convention center resorts, business travel, leisure travel and country music entertainment experiences will return, in part, because we cannot predict the levels of consumer confidence in the safety of travel and group gatherings following the COVID-19 pandemic. We also cannot predict the pace of recovery following the reopening of our Gaylord Hotels properties, which may be affected by adverse economic conditions, including job losses, group customers' budget constraints, debt loads, diminished business travel and other factors. For our managed assets, we will rely on Marriott to safely reopen, to operate these assets in a manner consistent with their obligations under their management agreements with us and to increase business levels at our properties, whether by rebooking cancelled stays for future periods or otherwise, and we cannot assure you that Marriott will be successful in doing so. Further, bookings for future periods may yet be cancelled as a result of the COVID-19 pandemic, and we cannot assure you that Marriott will be successful in rebooking cancellations for future periods or that groups that have already rebooked to future periods will fulfill their stays.

The COVID-19 pandemic has also resulted in significant financial market volatility and uncertainty, including on the market price of our common stock. A continuation or worsening of the levels of market disruption and volatility seen during the pandemic could have a further adverse effect on the market price of our common stock.

***We could be required to refinance our debt before it matures and there is no assurance that we will be able to refinance our debt on acceptable terms.***

Our ability to refinance each of our agreements governing our indebtedness on acceptable terms will be dependent on a number of factors, including our degree of leverage, the value of our assets, borrowing restrictions which may be imposed by lenders and conditions in the credit markets at the time we refinance. In addition, although we have been successful in negotiating an amendment to our Credit Agreement, which waives the financial covenants imposed by the Credit Agreement through March 31, 2021 and ending April 1, 2021, and in negotiating an amendment to the Gaylord Rockies Loan, which provides for other favorable modifications, we may be unsuccessful in negotiating any further amendments or modifications to the agreements governing our indebtedness as we may deem necessary in response to the COVID-19 pandemic. To the extent the COVID-19 pandemic continues or our business levels do not recover to pre-pandemic levels or we are otherwise unable to refinance our debt on acceptable terms, we may be forced to choose from a number of unfavorable options, including agreeing to otherwise unfavorable financing terms, selling one or more hotel properties at unattractive prices or on disadvantageous terms, or defaulting on mortgages and allowing our lenders to foreclose. Any one of these options could have a material adverse effect on our business, financial condition, results of operations and our ability to make distributions to our stockholders.

***Our cash distributions are not guaranteed and may fluctuate, and we have suspended our regularly quarterly dividend for the remainder of 2020.***

A REIT generally is required to distribute at least 90% of its REIT taxable income to its stockholders. Generally, our board of directors, in its sole discretion, will determine on a quarterly basis the amount of cash to be distributed to our stockholders based on a number of factors including, but not limited to, our results of operations, cash flow and capital requirements, economic conditions, tax considerations, borrowing capacity and other factors, including debt covenant restrictions that may impose limitations on cash payments and plans for future acquisitions and divestitures. Our board of directors has previously approved a dividend policy pursuant to which we will pay a quarterly cash dividend based on an annualized amount of at least 50% of adjusted funds from operations (as defined by us) less maintenance capital expenditures or 100% of REIT taxable income on an annual basis, whichever is greater. As part of the actions taken to



preserve liquidity in light of the COVID-19 pandemic, our board of directors suspended our regular quarterly dividend payments for the remainder of 2020, and our board of directors will consider a future dividend as permitted by our credit agreement, which currently permits payment of dividends as necessary to maintain our REIT status and permits us to pay a dividend of \$0.01 per share each quarter. The dividend policy may be altered at any time by our board of directors (as otherwise permitted by our credit agreement) and certain provisions of our agreements governing our other indebtedness may prohibit us from paying dividends in accordance with the prior policy. Consequently, our distribution levels may be minimal and may fluctuate.

***We intend to disclose EBITDAre, Adjusted EBITDAre, Adjusted EBITDAre Excluding Noncontrolling Interest, FFO available to common shareholders and unit holders and Adjusted FFO available to common shareholders and unit holders, each a non-GAAP financial measure, in this Quarterly Report on Form 10-Q and future filings with the SEC. These non-GAAP financial measures are not equivalent to net income or loss as determined under GAAP, and you should consider GAAP measures to be more relevant to our operating performance.***

In addition to our results determined in accordance with GAAP, we believe certain non-GAAP measures and key metrics may be useful in evaluating our operating performance. We present certain non-GAAP financial measures and key metrics in this Quarterly Report on Form 10-Q and intend to continue to present certain non-GAAP financial measures and key metrics in future filings with the SEC and other public statements. Neither the SEC nor any other regulatory body has passed judgment on the acceptability of the adjustments that we use to calculate EBITDAre, Adjusted EBITDAre, Adjusted EBITDAre Excluding Noncontrolling Interest, FFO available to common shareholders and unit holders and Adjusted FFO available to common shareholders and unit holders. Also, because not all companies calculate these non-GAAP measures in the same way, comparison with other companies may not be meaningful, and these non-GAAP financial measures should not be considered as alternative measures of our net income, operating performance, cash flow or liquidity. You should be aware that Adjusted EBITDAre, Adjusted EBITDAre Excluding Noncontrolling Interest, FFO available to common shareholders and unit holders, and Adjusted FFO available to common shareholders and unit holders may include funds that may not be available for our discretionary use due to functional requirements to conserve funds for capital expenditures and property acquisitions and other commitments and uncertainties. Any failure to accurately report and present our non-GAAP financial measures and key metrics could cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the market price of our common stock.

## **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.**

### *Sales of Unregistered Securities*

Pursuant to the Gaylord Rockies joint venture agreements, certain affiliates of Ares each had a put right to require the Company to purchase their joint venture interests at a defined appraised value during an annual window period or under certain other circumstances in consideration of cash or OP Units of the Operating Partnership. As of August 30, 2020, put right holders totaling 2.4% ownership in the Gaylord Rockies joint venture, exercised put rights for approximately \$14.0 million in OP Units, which was equivalent to 434,836 OP Units. Such OP Units have economic terms that are substantially similar to shares of the Company's common stock and are redeemable at the option of the holders thereof. Redemptions will be paid in cash, or if the Company so elects, in shares of the Company's common stock on a one-for-one basis, subject to certain adjustments in accordance with the Operating Partnership's partnership agreement. Issuance of up to 434,836 shares of our common stock (subject to adjustment) may result from any future redemptions. Any such shares of common stock would be issued without registration under the Securities Act in reliance upon the exemption from registration in Section 4(a)(2) of the Securities Act as transactions not involving any public offering. The issuance of the OP Units pursuant to the Gaylord Rockies joint venture agreements was consummated without registration under the Securities Act in reliance upon the exemption from registration in Section 4(a)(2) of the Securities Act as transactions not involving any public offering. No sales commission or other consideration was paid in connection with the sale.

### *Issuer Purchases of Equity Securities*

Inapplicable.



**ITEM 3. DEFAULTS UPON SENIOR SECURITIES.**

Inapplicable.

**ITEM 4. MINE SAFETY DISCLOSURES.**

Inapplicable.

**ITEM 5. OTHER INFORMATION.**

Inapplicable.

**ITEM 6. EXHIBITS.**

<u>Exhibit Number</u>	<u>Description</u>
3.1	<a href="#">Amended and Restated Certificate of Incorporation of Ryman Hospitality Properties, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed October 1, 2012).</a>
3.2	<a href="#">Amended and Restated Bylaws of Ryman Hospitality Properties, Inc. (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed October 1, 2012).</a>
22*	<a href="#">List of Parent and Subsidiary Guarantors</a>
31.1*	<a href="#">Certification of Colin V. Reed pursuant to Section 302 of Sarbanes-Oxley Act of 2002.</a>
31.2*	<a href="#">Certification of Mark Fioravanti pursuant to Section 302 of Sarbanes-Oxley Act of 2002.</a>
32.1**	<a href="#">Certification of Colin V. Reed and Mark Fioravanti pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley Act of 2002.</a>
101*	The following materials from Ryman Hospitality Properties, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2020, formatted in Inline XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets (unaudited) at September 30, 2020 and December 31, 2019, (ii) Condensed Consolidated Statements of Operations and Comprehensive Income (unaudited) for the three months and nine months ended September 30, 2020 and 2019, (iii) Condensed Consolidated Statements of Cash Flows (unaudited) for the nine months ended September 30, 2020 and 2019, (iv) Condensed Consolidated Statements of Equity (unaudited) for the three months and nine months ended September 30, 2020 and 2019, and (v) Notes to Condensed Consolidated Financial Statements (unaudited).
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

\* Filed herewith.

\*\* Furnished herewith.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**RYMAN HOSPITALITY PROPERTIES, INC.**

Date: November 3, 2020

By: /s/ Colin V. Reed  
Colin V. Reed  
Chairman of the Board of Directors and  
Chief Executive Officer

By: /s/ Mark Fioravanti  
Mark Fioravanti  
President and Chief Financial Officer

By: /s/ Jennifer Hutcheson  
Jennifer Hutcheson  
Executive Vice President, Corporate  
Controller and Chief Accounting Officer

### List of Parent and Subsidiary Guarantors

As of November 3, 2020, Ryman Hospitality Properties, Inc., a Delaware corporation (the “Company”), as the parent company, serves as guarantor, and each of the below listed subsidiaries of the Company serves as an issuer or guarantor, as applicable, for the Company’s (i) 5% Senior Notes due 2023 and (ii) 4.75% Senior Notes due 2027.

<b><u>Exact Name of Subsidiary</u></b>	<b><u>Jurisdiction of Organization</u></b>	<b><u>Type of Obligor</u></b>
RHP Hotel Properties, LP	Delaware	Issuer
RHP Finance Corporation	Delaware	Issuer
Opryland Hospitality, LLC	Tennessee	Guarantor
RHP Hotels, LLC	Delaware	Guarantor
RHP Partner, LLC	Delaware	Guarantor
RHP Property GP, LP	Florida	Guarantor
RHP Property GT, LLC	Delaware	Guarantor
RHP Property GT, LP	Delaware	Guarantor
RHP Property NH, LLC	Maryland	Guarantor

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## CERTIFICATIONS

I, Colin V. Reed, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ryman Hospitality Properties, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2020

By: /s/ Colin V. Reed

Name: Colin V. Reed

Title: Chairman of the Board of Directors and Chief Executive Officer

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## CERTIFICATIONS

I, Mark Fioravanti, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ryman Hospitality Properties, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2020

By: /s/ Mark Fioravanti

Name: Mark Fioravanti

Title: President and Chief Financial Officer

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CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Ryman Hospitality Properties, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Colin V. Reed  
Colin V. Reed  
Chairman of the Board of Directors and Chief Executive Officer  
November 3, 2020

By: /s/ Mark Fioravanti  
Mark Fioravanti  
President and Chief Financial Officer  
November 3, 2020

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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