



## Lodging - US RevPAR +2.3% Y/Y Last Week; Relatively clean comp

Luxury again the best performing chain scale (+4.0%)

### What's Incremental To Our View

Overall U.S. RevPAR was +2.3% Y/Y for the week ending 5/26/2018, per STR, down slightly from the prior week's result of 2.7%. (2-year stacked RevPAR was +2.7% vs. +5.7% in the prior week.) Independent hotels (about 1/3rd of the data set) were +2.6% y/y. Luxury (+4.0%) was the strongest chain scale for branded hotels; Economy was the weakest at +0.7%. Upper Midscale (+1.1%) and Midscale (+1.8%) underperformed the overall US hotel industry average. Within Upper Upscale & Luxury class hotels, Group (+3.5% vs. +2.3% prior week) was stronger than Transient (+2.3% vs. +1.8% prior week).

**Last week was another generally clean comp (ex-2017 hurricane impact). There were a few markets with strongly positive or negative Group performance (Houston Group RevPAR was +70.2%; Nashville was +62.0%). That being said, for a holiday week and in light of relatively strong leisure demand trends, we did not see materially stronger ADR growth last week.**

- Luxury was once again the top performing chain scale (we believe from the wealth effect).
- The strongest days of the week were mid-week Corporate (Tuesday/Wednesday RevPAR averaging ~ +4.5%), likely reflective of an uptick in business travel for both individual and group business.
- Hurricane-impacted markets had mixed performance (see below for detail). Houston continues to be a material outperformer, though appearing to be driven by a group event last week with Group RevPAR +70.2%.

**For the month of May, we estimate that full-service branded domestic hotels (the typical Hilton [HLT, \$83.07, Buy], Hyatt [H, \$83.54, Hold], or Marriott [MAR, \$138.22, Hold] hotel) will finish at approximately +2-3% (down from our prior estimate of +3-4%). We estimate that the overall industry will finish approximately +3% (down from our prior estimate of +3.5-4.5%).** Please note that reported monthly results include hotels that are not in the weekly data set.

### RevPAR details:

- **Luxury was the strongest chain scale.** Upper Midscale and Midscale underperformed by 290 bps and 220 bps, respectively: Luxury RevPAR (+4.0%), Upper Upscale (+3.1%), Upscale (+1.0%), Upper Midscale

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### What's Inside

Weekly STR results and analysis

(+1.1%), Midscale (+1.8%), and Economy (+0.7%). Independent hotels (+2.6%) slightly outperformed headline U.S. RevPAR.

- **Within Upper Upscale & Luxury class hotels, Group was stronger than Transient:** Transient segment (individual business and leisure travelers) RevPAR was +2.3% (vs. +1.8% last week) and Group segment RevPAR was +3.5% (vs. +2.3% last week).
- **DC (+13.7%) was the strongest of the top five markets:** Boston (-3.6%), Chicago (+1.6%), LA (-6.5%), and NYC (+2.2%).
- **Other relevant markets:**
  - **San Francisco was up:** RevPAR was +3.4% vs. +9.9% last week. We anticipate y/y comps will be relatively easy in 2Q and 3Q as the Moscone Convention Center's North and South halls were closed from April to August 2017.
  - **Texas results were up:** Dallas RevPAR was +2.2% (vs. +2.5% last week). Houston RevPAR was +22.6% (vs. -3.5% last week). [Note that FEMA has extended the financial assistance for some Texans in Houston hotels through July 1st.](#)
  - **Hurricane-impacted markets in FL had mixed results:** Miami (+8.3% vs. +3.7% last week); Orlando (-2.9% vs. -8.4% last week).

#### The lodging and leisure stocks:

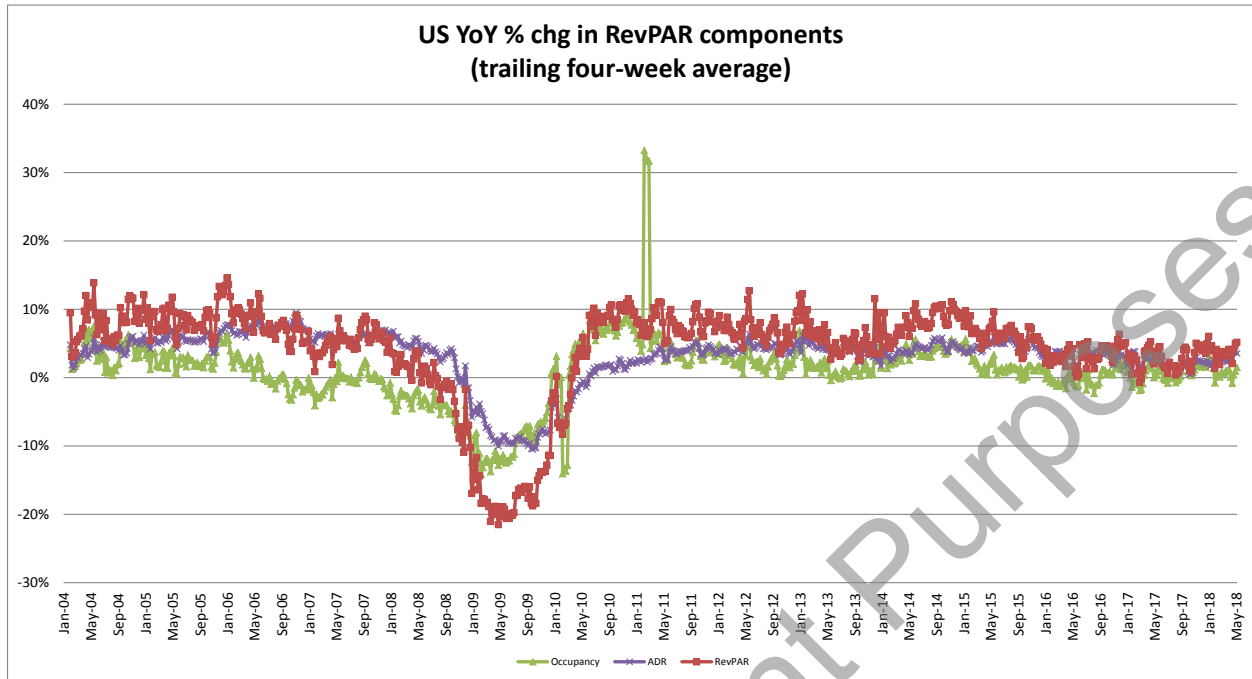
Overall for the stocks, we think [the continuation of improving trends](#) signals an opportunity to grind higher and favor hotel owners (REITs) over the managers/franchisors as the hotel owners have the greatest sensitivity to changes in RevPAR. The rule of thumb for earnings sensitivity to a 1 point change in RevPAR is a 5 point change in EBIT for an owned hotel versus a 1 point change in EBIT for a hotel franchisor (a hotel manager falls somewhere between, depending on the degree of incentive management fees in the contract).

## Weekly RevPAR Summary

YoY % change in RevPAR													
U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Independent	New York	Boston	LA	Chicago	DC	
3/24/2018	5.4%	8.8%	5.2%	4.1%	5.1%	5.1%	5.1%	4.6%	5.3%	-4.0%	-7.4%	-0.2%	6.8%
3/31/2018	0.7%	17.1%	-6.7%	-2.5%	-3.7%	-0.6%	1.8%	5.6%	20.9%	-7.3%	6.2%	-4.9%	-25.9%
4/7/2018	-2.0%	5.5%	-11.0%	-5.6%	-2.9%	1.2%	1.7%	3.2%	-5.8%	-7.7%	-0.4%	-29.9%	-19.4%
4/14/2018	12.2%	8.2%	21.8%	12.1%	15.0%	11.5%	6.8%	5.3%	-11.5%	9.2%	1.1%	47.3%	30.8%
4/21/2018	8.7%	12.2%	14.4%	8.0%	7.3%	5.9%	4.0%	5.1%	6.7%	-0.7%	4.3%	23.7%	19.5%
4/28/2018	1.7%	5.2%	-0.2%	0.2%	1.4%	2.7%	1.1%	1.8%	7.3%	-10.0%	6.6%	1.7%	1.8%
5/5/2018	3.3%	3.3%	1.8%	1.9%	2.9%	4.4%	2.6%	4.2%	6.6%	-9.4%	-4.0%	-7.9%	-2.2%
5/12/2018	4.4%	4.4%	2.4%	3.5%	3.3%	4.6%	3.0%	6.2%	15.9%	-5.8%	0.4%	2.6%	0.4%
5/19/2018	3.0%	3.1%	2.2%	1.0%	1.6%	2.6%	1.7%	4.9%	8.1%	-0.5%	-5.6%	-1.4%	0.5%
5/26/2018	2.7%	3.4%	1.8%	1.6%	2.3%	3.4%	1.7%	3.2%	0.9%	-4.6%	-1.6%	5.4%	-1.9%
6/2/2018	2.3%	4.0%	3.1%	1.0%	1.1%	1.8%	0.7%	2.6%	2.2%	-3.6%	-6.5%	1.6%	13.7%
<div>Relatively clean comp</div> <div>Luxury and Upper Upscale led the industry</div> <div>DC and NYC led the Top 5 markets</div>													
1Q15	8.0%	6.3%	6.0%	7.0%	8.5%	8.8%	9.2%	8.9%	-4.3%	13.8%	7.7%	11.4%	6.3%
2Q15	6.5%	5.5%	5.4%	5.9%	6.3%	6.6%	6.7%	7.1%	-1.8%	7.1%	7.4%	11.0%	11.7%
3Q15	5.9%	4.4%	4.0%	5.7%	5.7%	6.4%	6.1%	6.8%	0.6%	7.1%	11.1%	5.1%	0.3%
4Q15	4.8%	2.7%	3.8%	4.2%	4.9%	3.7%	4.4%	5.9%	-2.0%	5.3%	8.3%	1.4%	2.1%
1Q16	2.7%	1.6%	1.9%	2.2%	2.0%	0.0%	1.8%	4.0%	-1.2%	-3.0%	16.6%	-4.8%	3.1%
2Q16	3.5%	0.8%	2.9%	3.1%	3.2%	3.2%	3.0%	4.2%	-4.5%	1.5%	11.1%	-1.0%	3.5%
3Q16	3.3%	1.5%	2.5%	2.0%	1.8%	2.5%	3.0%	5.1%	-2.5%	-0.5%	9.3%	1.2%	5.5%
4Q16	3.2%	1.9%	0.6%	1.2%	2.2%	3.9%	4.4%	5.1%	0.9%	-1.6%	6.9%	3.3%	8.0%
1Q17	3.4%	2.1%	3.0%	1.0%	2.4%	3.5%	2.6%	5.2%	-1.3%	-1.1%	-2.5%	1.5%	16.1%
2Q17	2.7%	2.3%	0.6%	0.6%	1.2%	2.4%	3.7%	5.1%	0.2%	4.4%	3.6%	0.8%	0.8%
3Q17	1.9%	0.5%	-0.7%	0.7%	1.8%	3.5%	2.9%	3.1%	-0.9%	-0.2%	-1.2%	-5.0%	-0.6%
4Q17	4.2%	4.5%	3.2%	3.8%	3.9%	3.7%	3.7%	4.1%	0.8%	3.7%	4.2%	-2.5%	2.2%
1Q18	3.5%	6.6%	0.9%	2.2%	3.0%	3.8%	5.3%	3.8%	7.1%	2.6%	2.7%	5.8%	-11.0%
YoY % change in ADR													
U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Independent	New York	Boston	LA	Chicago	DC	
3/24/2018	4.4%	7.8%	3.9%	3.2%	3.1%	3.5%	4.2%	4.7%	5.1%	-0.7%	-0.1%	-1.2%	4.3%
3/31/2018	3.6%	14.9%	-1.8%	1.5%	1.3%	3.0%	3.2%	6.5%	15.6%	-5.2%	4.9%	-4.3%	-19.2%
4/7/2018	0.7%	7.7%	-3.3%	-0.8%	0.1%	2.1%	2.6%	3.6%	-2.7%	-4.4%	2.8%	-17.0%	-12.6%
4/14/2018	5.8%	0.8%	10.8%	4.5%	5.6%	4.5%	4.0%	2.8%	-4.9%	4.6%	3.9%	23.8%	20.9%
4/21/2018	5.4%	3.7%	8.1%	4.3%	3.6%	3.1%	3.5%	3.5%	3.3%	-1.2%	4.8%	12.7%	11.7%
4/28/2018	2.3%	5.1%	1.6%	1.8%	1.7%	2.6%	2.7%	2.0%	5.7%	-5.8%	7.4%	2.6%	3.0%
5/5/2018	2.7%	3.8%	1.6%	2.2%	2.1%	3.1%	3.4%	3.1%	3.7%	-4.0%	0.7%	-4.4%	-2.2%
5/12/2018	3.5%	4.7%	2.2%	3.5%	2.4%	3.1%	3.5%	4.5%	8.5%	-1.2%	1.4%	2.6%	1.2%
5/19/2018	3.5%	4.3%	2.8%	2.2%	2.0%	2.8%	3.1%	5.1%	6.7%	0.1%	0.3%	1.3%	1.1%
5/26/2018	2.4%	3.0%	2.7%	2.0%	1.7%	2.4%	1.5%	2.6%	3.2%	-1.6%	1.8%	3.8%	-1.6%
6/2/2018	2.1%	3.2%	1.6%	1.1%	1.0%	1.5%	2.1%	2.5%	2.2%	-3.3%	-0.9%	-0.1%	9.2%
1Q15	4.7%	5.8%	4.7%	5.2%	4.7%	4.7%	5.5%	4.7%	-4.1%	7.3%	6.5%	7.1%	1.7%
2Q15	4.8%	4.9%	4.8%	5.3%	4.6%	4.3%	5.4%	4.6%	-1.5%	6.8%	7.1%	9.2%	7.9%
3Q15	4.5%	3.7%	3.6%	5.2%	4.4%	4.6%	5.0%	4.6%	0.3%	7.4%	9.6%	5.3%	-0.1%
4Q15	3.6%	2.3%	3.0%	3.9%	3.5%	3.0%	4.2%	3.8%	-2.3%	3.9%	6.1%	2.3%	1.0%
1Q16	3.2%	1.9%	2.7%	3.2%	2.6%	1.7%	3.3%	3.7%	-3.1%	1.4%	11.3%	-1.9%	1.1%
2Q16	2.9%	1.5%	2.2%	2.9%	2.8%	2.7%	3.4%	3.0%	-3.1%	3.3%	9.4%	0.3%	2.1%
3Q16	3.4%	1.5%	2.5%	2.7%	2.4%	3.1%	3.6%	4.4%	-2.7%	2.3%	7.5%	1.9%	3.5%
4Q16	2.6%	2.1%	1.4%	2.2%	2.0%	2.2%	3.2%	3.8%	-1.2%	1.3%	5.8%	3.9%	4.1%
1Q17	2.5%	2.3%	2.4%	1.3%	1.6%	1.8%	2.4%	3.5%	-2.2%	0.0%	-0.2%	1.7%	13.6%
2Q17	2.2%	2.2%	1.2%	1.7%	1.5%	2.1%	2.3%	3.5%	-1.5%	4.1%	2.8%	1.5%	2.0%
3Q17	1.4%	1.4%	0.2%	0.8%	1.2%	1.9%	2.4%	2.2%	-2.0%	0.8%	1.8%	-2.4%	0.0%
4Q17	2.4%	2.2%	1.9%	1.8%	1.8%	2.5%	3.4%	2.1%	-0.2%	0.8%	4.6%	-2.0%	2.4%
1Q18	2.5%	4.5%	1.0%	1.7%	2.0%	3.0%	4.0%	3.1%	3.5%	-1.0%	4.0%	1.4%	-9.4%
YoY % change in Occupancy													
U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Independent	New York	Boston	LA	Chicago	DC	
3/24/2018	1.0%	0.9%	1.3%	0.9%	1.9%	1.5%	0.8%	-0.1%	0.2%	-3.3%	-7.3%	1.0%	2.4%
3/31/2018	-2.8%	1.9%	-5.0%	-4.0%	-4.9%	-3.4%	-1.3%	-0.9%	4.6%	-2.2%	1.2%	-0.6%	-8.3%
4/7/2018	-2.7%	-2.1%	-8.0%	-4.9%	-3.0%	-0.9%	-0.9%	-0.5%	-3.2%	-3.4%	-3.1%	-15.6%	-7.8%
4/14/2018	6.1%	7.3%	10.0%	7.3%	8.9%	6.7%	2.7%	2.4%	-7.0%	4.4%	-2.7%	19.0%	8.2%
4/21/2018	3.1%	8.2%	5.8%	3.5%	3.6%	2.7%	0.5%	1.6%	3.3%	0.5%	-0.5%	9.8%	7.0%
4/28/2018	-0.6%	0.0%	-1.8%	-1.6%	-0.3%	0.0%	-1.6%	-0.2%	1.5%	-4.4%	-0.8%	-0.9%	-1.1%
5/5/2018	0.5%	-0.5%	0.2%	-0.3%	0.8%	1.2%	-0.7%	1.1%	2.8%	-5.6%	-4.6%	-3.6%	0.0%
5/12/2018	0.8%	-0.3%	0.2%	0.0%	0.9%	1.4%	-0.4%	1.6%	6.8%	-4.6%	-1.0%	0.0%	-0.8%
5/19/2018	-0.5%	-1.2%	-0.6%	-1.2%	-0.5%	-0.3%	-1.4%	-0.3%	1.3%	-0.6%	-5.9%	-2.7%	-0.6%
5/26/2018	0.3%	0.3%	-0.9%	-0.4%	0.5%	1.0%	0.3%	0.6%	-2.2%	-3.1%	-3.3%	1.5%	-0.2%
6/2/2018	0.1%	0.8%	1.4%	-0.1%	0.1%	0.4%	-1.3%	0.1%	0.0%	-0.3%	-5.7%	1.7%	4.1%
1Q15	3.1%	0.5%	1.3%	1.7%	3.6%	3.9%	3.5%	4.0%	-0.2%	6.1%	1.1%	4.0%	4.6%
2Q15	1.6%	0.6%	0.5%	0.6%	1.7%	2.2%	1.3%	2.3%	-0.3%	0.3%	0.3%	1.7%	3.5%
3Q15	1.4%	0.6%	0.4%	0.5%	1.3%	1.8%	1.0%	2.1%	0.2%	-0.3%	1.3%	-0.1%	0.4%
4Q15	1.2%	0.4%	0.8%	0.2%	1.3%	0.6%	0.2%	2.1%	0.3%	1.4%	2.0%	-0.9%	1.1%
1Q16	-0.5%	-0.3%	-0.8%	-0.9%	-0.6%	-1.7%	-1.5%	0.3%	2.0%	-4.3%	4.7%	-3.0%	2.0%
2Q16	0.6%	-0.7%	0.7%	0.2%	0.4%	0.5%	-0.4%	1.2%	-1.4%	-1.7%	1.5%	-1.4%	1.3%
3Q16	0.0%	0.0%	-0.1%	-0.6%	-0.6%	-0.6%	-0.6%	0.7%	0.3%	-2.8%	1.7%	-0.7%	1.9%
4Q16	0.6%	-0.2%	-0.8%	-1.0%	0.2%	1.7%	1.2%	1.2%	2.2%	-2.8%	1.0%	-0.5%	3.7%
1Q17	0.9%	-0.2%	0.6%	-0.3%	0.7%	1.6%	0.2%	1.6%	1.0%	-1.1%	-2.4%	-0.2%	2.2%
2Q17	0.5%	0.0%	-0.6%	-1.1%	-0.3%	0.4%	1.4%	1.6%	1.7%	0.3%	0.8%	-0.7%	-1.2%
3Q17	0.5%	-0.9%	-0.9%	-0.1%	0.6%	1.6%	0.5%	0.9%	1.1%	-1.0%	-2.9%	-2.7%	-0.5%
4Q17	1.8%	2.2%	1.3%	2.0%	2.1%	1.2%	0.3%	2.0%	1.0%	2.8%	-0.3%	-0.5%	-0.2%
1Q18	0.9%	2.1%	0.0%	0.5%	1.1%	0.9%	1.3%	0.7%	3.5%	3.7%	-1.3%	4.4%	-1.8%

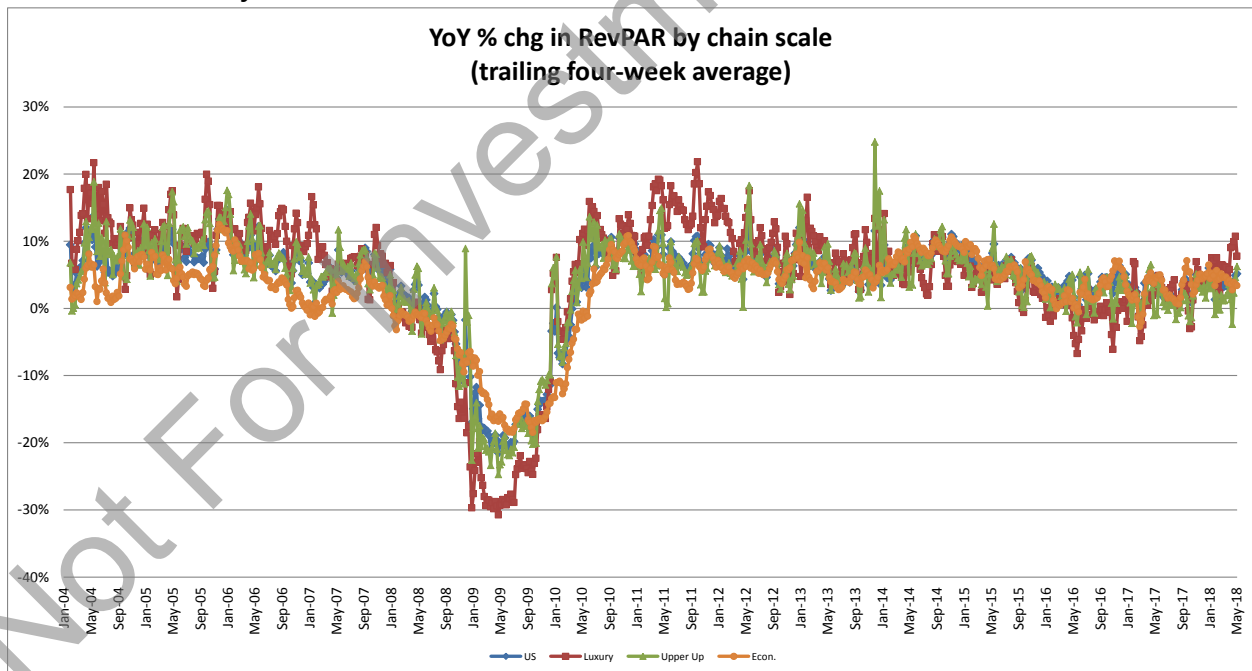
Source: STR data, STRH research

## RevPAR Component Trends

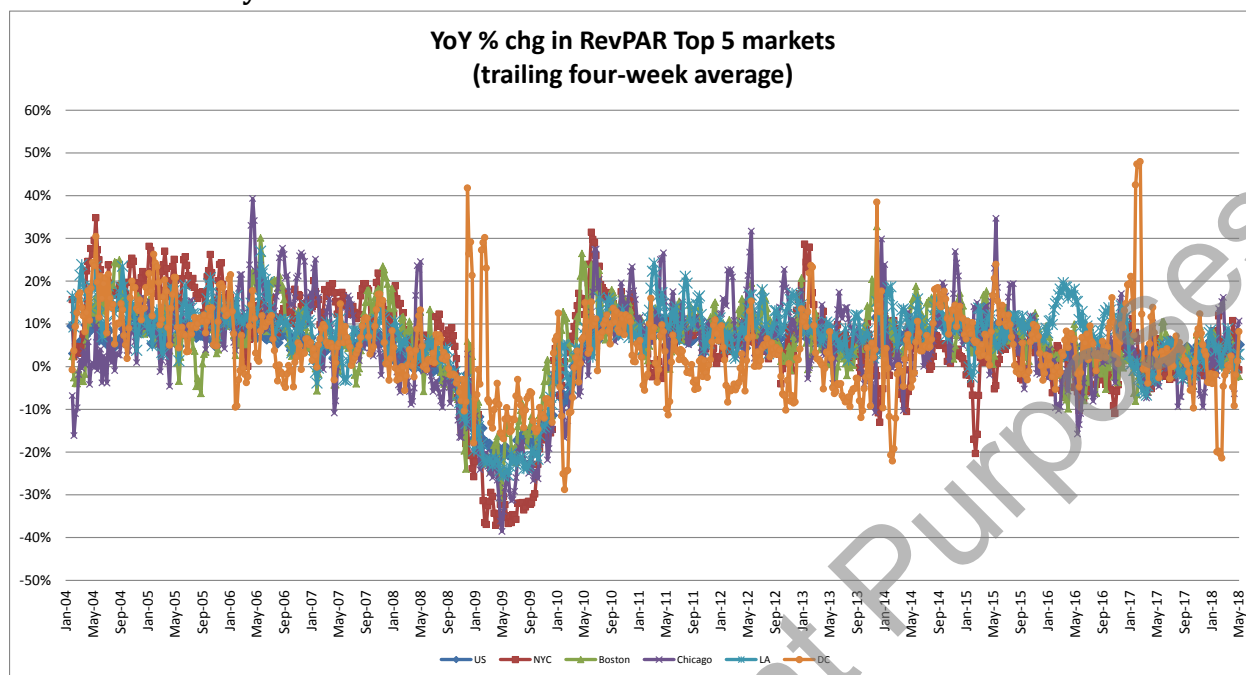


Source: STR data, STRH research

## RevPAR Trends by Chain Scale



Source: STR data, STRH research

**RevPAR Trends by Market**

Source: STR data, STRH research

## Price Target/Risks Summary

Lodging	TKR	Price 6/5/18	Rating	PT*	% upside down- side	2019E EBITDA (\$M)	Target EV/EBITDA Multiple	Risks
Chesapeake Lodging Trust	CHSP	\$32.50	Hold	\$27	-17%	\$192	12.0X	Upside risk: improvement in NY and Chicago markets Downside risk: softening of RevPAR trends in Boston or SF. Slowdown in real estate lending.
Choice Hotels	CHH	\$82.25	Hold	\$85	3%	\$359	15.0X	Upside risk: conservative guidance. Downside risk: slowdown in development opportunities.
DiamondRock Hospitality	DRH	\$12.68	Hold	\$11	-13%	\$267	11.5X	Upside risk: specific markets (esp. NYC) perform better than expected. Downside risk: company unable to locate properties to buy.
Host Hotels & Resorts	HST	\$21.94	Hold	\$21	-4%	\$1,557	12.5X	Upside risk: the company increases dividends by more than expected; NYC outperforms or is sold down at attractive multiples. Downside risk: Group underperforms. NYC hotels underperform and asset sales do not happen.
Hyatt Hotels	H	\$83.54	Hold	\$86	3%	\$802	14.1X	Upside risk: Transient and group trends outperform expectations Downside risk: ongoing misexecution and volatility.
Bluegreen Vacations Corporation	BXG	\$21.22	Buy	\$24	13%	\$184	9.2X	Downside risk: 3rd party induced defaults worsen. Middle market customers underperform.
Hilton Grand Vacations	HGV	\$40.33	Buy	\$50	24%	\$470	12.0X	Downside risk: Disruption in a major market (HGV more concentrated than peers), issues with Japanese customer (HGV more exposed than peers), difficulty sourcing additional fee-for-service inventory deals
Hilton	HLT	\$83.07	Buy	\$95	14%	\$2,279	15.8X	Downside risk: overhang from remaining big sponsor ownership, slowing pipeline
ILG	ILG	\$34.68	Buy	\$34	-2%	\$436	11.1X	Downside risk: membership base erosion as churn outstrips new timeshare sales
LaSalle Hotel Properties	LHO	\$35.64	Hold	\$32	-10%	\$320	12.5X	Upside risk: ability to increase dividend. Downside risk: heavy D.C. exposure.
Marriott International	MAR	\$138.22	Hold	\$135	-2%	\$0	15.8X	Upside Risk: Significant U.S macroeconomic improvement results in large recovery in transient corporate demand (and consequential >400 bps RevPAR improvement). Owned assets sell for premium prices relative to MAR expectations. Downside Risk: 2018 is a recession year in the US. Geopolitical and policy risks negatively impact lodging demand.
Marriott Vacations	VAC	\$121.99	Buy	\$143	17%	\$372	11.2X	Upside risk: continued share repurchases, continued strong execution and M&A drive continued outperformance. Downside risk: M&A story fades and multiples revert to historical levels
Park Hotels & Resorts	PK	\$32.01	Buy	\$32	0%	\$753	12.5X	Downside risk: Significant supply growth and macroeconomic challenges/shocks.
RLJ Lodging Trust	RLJ	\$23.52	Hold	\$21	-11%	\$550	11.5X	Upside risk: RevPAR reaccelerates due to macroeconomic improvements, leading to estimate revisions and multiple expansion. Downside risk: Significant supply growth, struggle to source deals/lower leverage, macroeconomic challenges/demand shocks.
Ryman Hospitality Properties	RHP	\$83.95	Hold	\$70	-17%	\$440	12.3X	Upside risk: recovering group demand better than expected, better margin recovery. Downside risk: booking issues stickier than expected.
Sunstone Hotel Investors	SHO	\$17.28	Hold	\$15	-13%	\$333	12.0X	Upside risk: Recovery of corporate demand in SHO's markets. Above average group bookings in Orlando and Boston Park Plaza post-meeting space expansions. Downside risk: Weaker than expected demand trends following capital investment projects.

\* All of our Lodging price targets are derived by applying a target EV/EBITDA multiple to our estimate for 2019 EBITDA

Source: FactSet, STRH research

### H: Valuation and Risks

Our price target of \$86 for H is derived by applying a 14.1x target EV/EBITDA multiple (a blended average of the industry multiples for each business segment) to our estimate for 2019 EBITDA. Our valuation model for Hyatt assumes an owned-hotel 2019 EBITDA multiple of 13.0x and a franchise/management fee EBITDA multiple of 15.0x.

Upside risk: transient and group trends outperform expectations.

Downside risk: ongoing misexecution and volatility.

### HLT: Valuation and Risks

We apply a blended multiple of 15.8x (10.5x for Owned/leased and 16.0x for Managed/franchised) to our 2019 adjusted EBITDA estimate to derive a 12-month price target of \$95. This multiple is towards the higher end of the historical range of 10x-16x.

Risks include:

**Growth trajectory could disappoint.** Pipeline growth could either slow down or projects scheduled for construction could be cancelled, which would diminish system growth for the firm and disappoint investors.

### MAR: Valuation and Risks

Our price target of \$135 for MAR is derived by applying a 15.8x target EV/EBITDA multiple (a blended average of the industry average multiples for each business segment) to our estimate for 2019 EBITDA.

Upside Risk: Significant U.S macroeconomic improvement results in large recovery in transient corporate demand (and consequential >400 bps RevPAR improvement). Owned assets sell for premium prices relative to MAR expectations.

Downside Risk: 2018 is a recession year in the US. Geopolitical and policy risks negatively impact lodging demand.

### Companies Mentioned in This Note

**Bluegreen Vacations Corporation** (BXG, \$21.22, Buy, C. Patrick Scholes)

**Choice Hotels International, Inc.** (CHH, \$82.25, Hold, C. Patrick Scholes)

**Chesapeake Lodging Trust** (CHSP, \$32.50, Hold, C. Patrick Scholes)

**DiamondRock Hospitality Company** (DRH, \$12.68, Hold, C. Patrick Scholes)

**Hyatt Hotels Corporation** (H, \$83.54, Hold, C. Patrick Scholes)

**Hilton Grand Vacations Inc.** (HGV, \$40.33, Buy, C. Patrick Scholes)

**Hilton Worldwide Holdings Inc.** (HLT, \$83.07, Buy, C. Patrick Scholes)

**Host Hotels & Resorts, Inc.** (HST, \$21.94, Hold, C. Patrick Scholes)

**ILG, Inc.** (ILG, \$34.68, Buy, C. Patrick Scholes)

**LaSalle Hotel Properties** (LHO, \$35.64, Hold, C. Patrick Scholes)

**Marriott International, Inc.** (MAR, \$138.22, Hold, C. Patrick Scholes)

**Park Hotels & Resorts Inc.** (PK, \$32.01, Buy, C. Patrick Scholes)

**Ryman Hospitality Properties, Inc.** (RHP, \$83.95, Hold, C. Patrick Scholes)

**RLJ Lodging Trust** (RLJ, \$23.52, Hold, C. Patrick Scholes)

**Sunstone Hotel Investors, Inc.** (SHO, \$17.28, Hold, C. Patrick Scholes)

**Marriott Vacations Worldwide Corporation** (VAC, \$121.99, Buy, C. Patrick Scholes)



## Analyst Certification

I, C. Patrick Scholes, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company(ies) and its (their) securities. I also certify that I have not been, am not, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.

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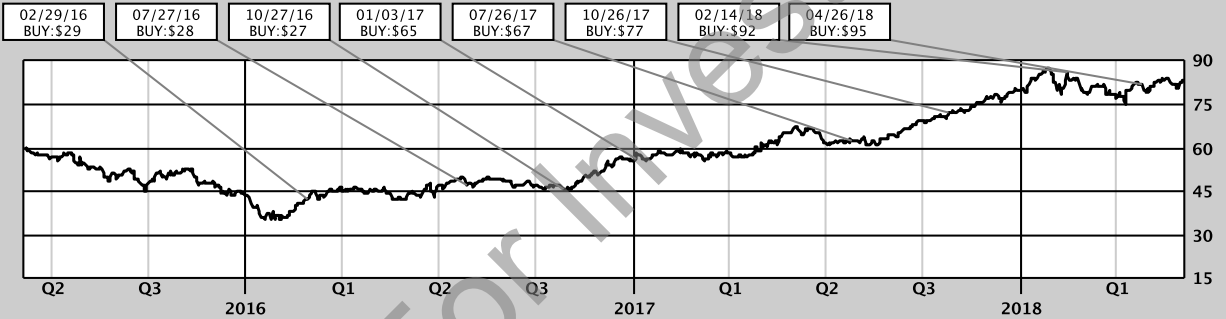
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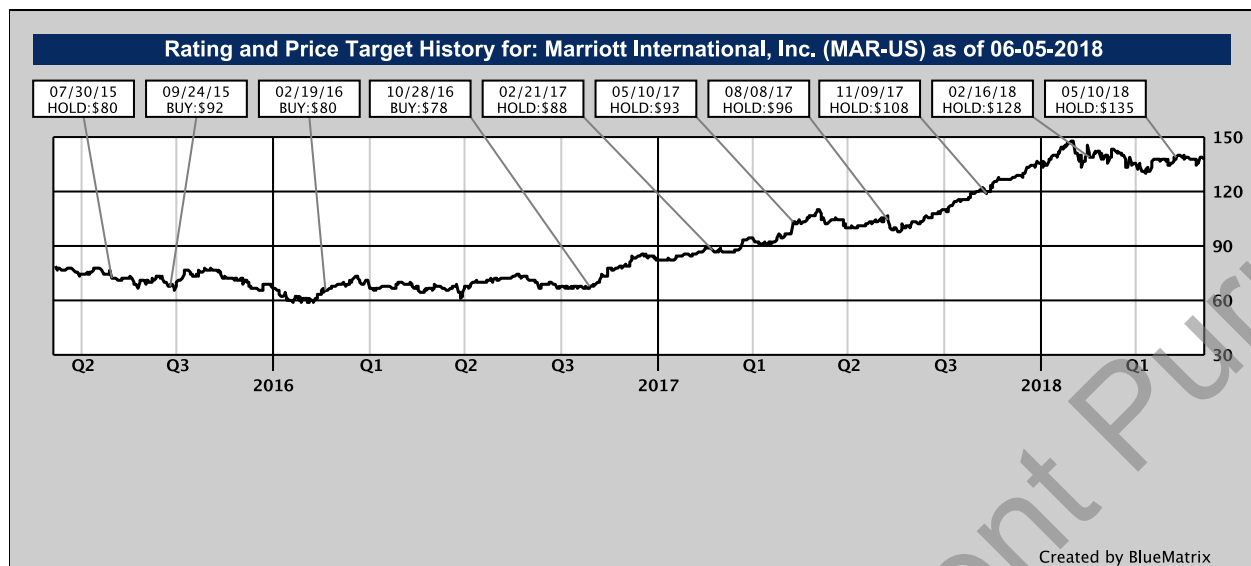


Rating and Price Target History for: Hyatt Hotels Corporation (H-US) as of 06-05-2018



Rating and Price Target History for: Hilton Worldwide Holdings Inc. (HLT-US) as of 06-05-2018





## STRH Ratings System for Equity Securities

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**Buy (B)** – the stock's total return is expected to outperform the S&P 500 or relevant benchmark over the next 12-18 months (unless otherwise indicated)

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H = Hold  
S = Sell  
D = Drop Coverage  
CS = Coverage Suspended  
NR = Not Rated  
I = Initiate Coverage  
T = Transfer Coverage

**The prior rating system until Oct. 7, 2016:**

3 designations based on total returns\* within a 12-month period\*\*

- Buy – total return  $\geq$  15% (10% for low-Beta securities)\*\*\*
- Reduce – total return  $\leq$  negative 10% (5% for low Beta securities)
- Neutral – total return is within the bounds above
- NR – NOT RATED, STRH does not provide equity research coverage
- CS – Coverage Suspended

\*Total return (price appreciation + dividends); \*\*Price targets are within a 12-month period, unless otherwise noted; \*\*\*Low Beta defined as securities with an average Beta of 0.8 or less, using Bloomberg's 5-year average

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