



Lodging - US RevPAR +2.0% Y/Y Last Week; Relatively Clean Comp

Soft Group RevPAR (-1.1%) pulled down Up Upscale (-0.2%); Luxury very strong

What's Incremental To Our View

Overall U.S. RevPAR was +2.0% Y/Y for the week ending 2/24/2018, per STR, down from the prior week's result of +4.4%. (2-year stacked RevPAR was +8.2% vs. +4.5% in the prior week.) Independent hotels (about 1/3rd of the data set) were +1.9% y/y. Luxury (+5.9%) was the strongest chain scale for branded hotels; Upper Upscale was the weakest chain scale at -0.2%. Midscale (+2.5%) and Economy (+3.6%) outperformed the overall US hotel industry average. Within Upper Upscale & Luxury class hotels, Group (-1.1% vs. +3.3% prior week) was softer than Transient (+1.9% vs. +5.0% prior week).

Overall takeaways from last week's results:

- **Group RevPAR (-1.1%) was soft, which we believe pulled down the Upper Upscale results.** Other chain scales with lower exposure to Group performed relatively better.
- **Luxury was very strong**, perhaps in part benefitting from relatively strong leisure demand over the President's Day holiday weekend. RevPAR was +12.3% on Sunday and +9.0% on Monday.
 - Over the last 12 weeks, Luxury has been the strongest chain scale by RevPAR in 10 of those weeks (and the worst chain scale in those other two weeks). Similarly, Economy has been the strongest or second strongest chain scale in 9 of the last 12 weeks. Conversely, Upper Upscale has been the weakest chain scale in six of the last twelve weeks.
- **In more of a return to the norm of recent trends, most of the hurricane-impacted markets showed strong results.** Orlando was surprisingly soft. See below for detail.

For the month of February, we estimate that full-service branded domestic hotels (the typical Hilton [HLT, \$79.84, Buy], Hyatt [H, \$76.65, Hold], or Marriott [MAR, \$138.12, Hold] hotel) will finish at approximately +2-3% (no change from our prior estimate). We estimate that the overall industry will finish approximately +3-4% (no change from our prior estimate) driven in part by strength in the Economy chain scale. Please note that reported monthly results include hotels that are not in the weekly data set.

RevPAR details:

- **Luxury was the strongest chain scale. Midscale and Upper Midscale underperformed by 340 bps and 430 bps, respectively:** Luxury RevPAR (+5.9%), Upper Upscale (-0.2%), Upscale (+0.7%), Upper Midscale

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What's Inside

Weekly STR results and analysis

(+1.6%), Midscale (+2.5%), and Economy (+3.6%). Independent hotels (+1.9%) modestly underperformed headline U.S. RevPAR.

- **Within Upper Upscale & Luxury class hotels, Group was softer than Transient:** Transient segment (individual business and leisure travelers) RevPAR was +1.9% (vs. +5.0% last week) and Group segment RevPAR was -1.1% (vs. +3.3% last week).
- **Chicago (+6.2%) was the strongest of the top 5 markets:** Boston (-0.3%), LA (+4.7%), NYC (+2.9%), and D.C. (-3.0%).
- **Other relevant markets:**
 - **San Francisco was down:** RevPAR was -7.6% vs. -31.0% last week. We anticipate weak y/y results in San Francisco for 1Q due to the renovations at the Moscone Center (comps get easier starting in 2Q).
 - **Texas results were up:** Dallas RevPAR was +1.9% (vs. +0.3% last week). Houston RevPAR was +21.3% (vs. +6.1% last week).
 - **Hurricane-impacted markets in FL had mixed results (although both Miami and Orlando have been generally strong in recent weeks):** Miami (+18.7% vs. +20.7% last week); Orlando (-5.2% vs. +23.4% last week).

The lodging and leisure stocks:

- **Based on our last several months of RevPAR data analytics observations, we are less cautious on the hotel REITS than we were at the same time last year, though to be clear not overly bullish.** Given recent forward-looking demand and pricing trends, we continue to have higher confidence that numbers will not need to be cut in 2018 and that dividends will be paid (though we're not expecting dividend raises of any size this year). We see the major issue/challenge for the hotel owners in 2018 as cost containment. [In an environment of property-level operating costs of 2.5%+ vs. flat to 2% RevPAR growth](#), this does not bode well for margin expansion for hotel owners (outside of PK, which has some unique self-help drivers). A second strike against the hotel REITs at this moment is that the growth in RevPAR is primarily driven by the leisure segment as opposed to the corporate segment, the latter being the bread and butter customer for the hotel REITs. Within the hotel REITs, PK is one of our favorite names.
- **For the C-Corps, it's all good until it isn't.** While most C-corps trade at expensive multiples by historical standards (not the case for the hotel REITs as the gap between hotel REITs and C-Corps is as wide as it has ever been), we note that historically asset-light C-Corp multiples can potentially get "wacky" (we note Four Seasons and Choice Hotels in the prior cycle, for example) and can stay expensive up to the point where a management team potentially delivers unexpected bad news (then look out below!). Based on our data research and industry conversations (private hotel owners), we are not anticipating such unexpected bad news (the "all good until it isn't" part) in February/March earnings releases as it relates to 4Q results and forward expectations.

Weekly RevPAR Summary

YoY % change in RevPAR													
U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Independent	New York	Boston	LA	Chicago	DC	
12/9/2017	6.8%	8.2%	3.8%	5.6%	6.0%	5.8%	6.7%	8.9%	-1.2%	-0.7%	13.2%	1.2%	-6.7%
12/16/2017	8.1%	7.9%	6.7%	7.9%	7.3%	6.3%	5.8%	9.4%	6.7%	3.5%	7.5%	-2.9%	-3.1%
12/23/2017	7.6%	-1.8%	10.2%	10.7%	13.4%	9.6%	8.8%	2.8%	3.3%	12.9%	3.2%	20.0%	7.9%
12/30/2017	-6.7%	-1.0%	-9.0%	-6.5%	-6.0%	-5.9%	-3.5%	-8.6%	-10.7%	-8.7%	-0.7%	-17.9%	-14.1%
1/6/2018	9.6%	25.0%	11.8%	11.7%	10.1%	9.9%	9.8%	2.5%	34.0%	24.4%	14.5%	13.8%	1.9%
1/13/2018	5.5%	6.2%	0.8%	0.2%	0.8%	1.0%	4.4%	16.5%	-1.6%	-4.2%	-2.4%	-10.6%	-3.6%
1/20/2018	-3.2%	-7.2%	-7.1%	-2.3%	-0.1%	1.2%	2.9%	-4.9%	4.8%	0.7%	4.3%	6.2%	-64.1%
1/27/2018	4.5%	6.1%	3.3%	1.2%	1.2%	2.8%	5.4%	8.5%	10.1%	0.6%	2.5%	44.7%	-13.4%
2/3/2018	3.6%	5.3%	2.2%	2.5%	4.4%	3.7%	4.5%	3.1%	7.2%	3.8%	-1.3%	11.1%	-0.7%
2/10/2018	2.6%	5.0%	0.7%	0.9%	2.3%	3.5%	4.9%	2.9%	1.6%	0.2%	-5.4%	-1.2%	-7.4%
2/17/2018	4.4%	9.5%	1.8%	2.5%	1.9%	3.7%	5.8%	6.5%	4.2%	-4.0%	17.6%	10.0%	2.9%
2/24/2018	2.0%	5.9%	-0.2%	0.7%	1.6%	2.5%	3.6%	1.9%	2.9%	-0.3%	4.7%	6.2%	-3.0%

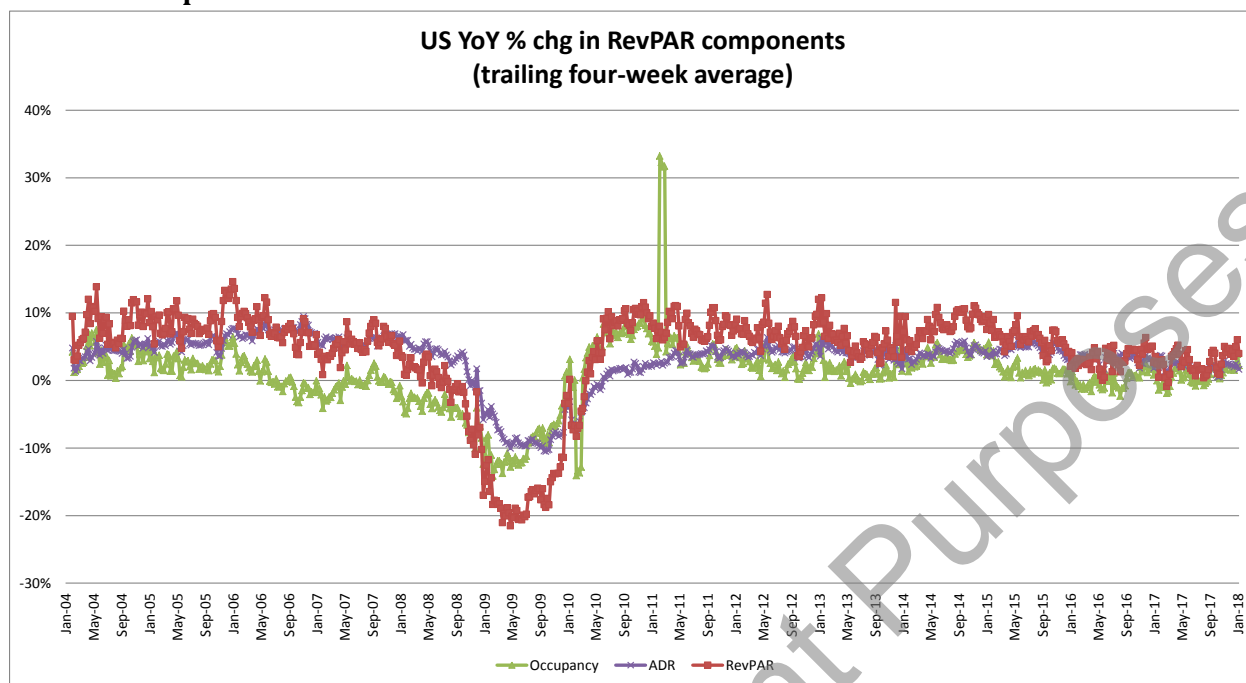
Soft group demand				Luxury and Economy led the industry				Chicago and LA led the Top 5 markets				
1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	
8.0%	6.5%	5.9%	4.8%	2.7%	3.5%	3.3%	3.2%	3.4%	2.7%	1.9%	4.2%	
6.3%	5.5%	4.4%	2.7%	1.6%	0.8%	1.5%	2.3%	2.1%	2.3%	0.5%	4.5%	
6.0%	5.5%	4.0%	3.8%	1.9%	2.9%	2.5%	1.9%	3.0%	0.6%	-0.7%	3.2%	
7.0%	5.4%	5.7%	4.2%	2.2%	3.1%	2.0%	1.2%	2.4%	0.6%	0.7%	3.8%	
8.5%	6.3%	6.4%	4.9%	2.0%	3.2%	1.8%	2.2%	3.5%	1.2%	1.8%	3.9%	
8.8%	6.6%	6.6%	3.7%	0.0%	3.0%	2.5%	3.9%	2.6%	2.4%	3.5%	2.5%	
9.2%	6.7%	6.1%	4.4%	1.8%	4.2%	3.0%	4.4%	2.8%	3.7%	2.9%	3.7%	
8.9%	7.1%	6.8%	5.9%	4.0%	4.2%	5.1%	5.1%	5.2%	5.1%	3.1%	4.1%	
-4.3%	-1.8%	0.6%	-2.0%	-1.2%	-4.5%	-2.5%	0.9%	-1.3%	0.2%	-0.9%	0.8%	
13.8%	7.1%	7.1%	5.3%	-3.0%	1.5%	-0.5%	-1.6%	-1.1%	4.4%	-0.2%	3.7%	
7.7%	7.4%	11.1%	8.3%	16.6%	11.1%	9.3%	6.9%	-2.5%	3.6%	1.2%	4.2%	
11.4%	11.0%	5.1%	1.4%	-4.8%	-1.0%	1.2%	3.3%	1.5%	0.8%	-5.0%	-2.5%	
6.3%	11.7%	0.3%	2.1%	3.1%	3.5%	5.5%	8.0%	16.1%	0.8%	-0.6%	2.2%	

YoY % change in ADR													
	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Independent	New York	Boston	LA	Chicago	DC
12/9/2017	4.0%	7.2%	2.3%	2.8%	2.8%	3.4%	4.3%	5.8%	-0.8%	-0.6%	6.5%	0.4%	-1.3%
12/16/2017	3.5%	1.5%	2.7%	3.4%	2.8%	3.7%	3.8%	3.5%	5.3%	-0.5%	5.1%	-1.9%	-0.5%
12/23/2017	0.5%	-5.9%	1.0%	1.8%	2.8%	2.8%	3.6%	-1.7%	-1.5%	1.3%	4.9%	4.4%	1.1%
12/30/2017	-1.4%	1.7%	-2.6%	-2.5%	-1.1%	0.0%	0.5%	-2.2%	-10.3%	-7.2%	2.0%	-11.5%	-7.2%
1/6/2018	5.8%	15.9%	6.9%	6.8%	4.8%	5.7%	5.9%	1.5%	23.8%	7.4%	10.6%	5.1%	-1.9%
1/13/2018	5.4%	7.0%	2.5%	1.5%	1.4%	2.2%	3.8%	13.8%	-2.1%	-2.7%	2.8%	-3.8%	-2.5%
1/20/2018	-1.7%	-6.1%	-3.7%	-0.9%	0.1%	1.6%	2.2%	-1.5%	-0.1%	0.0%	5.9%	3.0%	-54.4%
1/27/2018	3.9%	2.3%	2.5%	2.3%	2.3%	3.3%	4.6%	6.3%	4.2%	-0.9%	3.4%	17.1%	-2.9%
2/3/2018	2.2%	2.7%	0.6%	1.1%	2.2%	3.0%	4.1%	2.1%	1.8%	-0.9%	2.5%	2.1%	-1.7%
2/10/2018	2.8%	3.7%	2.4%	1.8%	2.2%	3.4%	4.1%	3.3%	-0.1%	-1.6%	-1.6%	-0.9%	-3.4%
2/17/2018	3.2%	4.7%	0.8%	1.7%	1.7%	3.8%	4.8%	4.5%	0.6%	2.5%	15.0%	2.3%	1.0%
2/24/2018	1.9%	3.6%	0.7%	0.8%	1.2%	2.4%	3.4%	2.5%	0.7%	-1.6%	2.8%	1.8%	-2.5%
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%	3.5%	-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%

	YoY % change in Occupancy												
	U.S.	Luxury	Upscale	Upscale	Midscale	Midscale	Economy	Inde- pendent	New York	Boston	LA	Chicago	DC
12/9/2017	2.7%	1.0%	1.5%	2.7%	3.2%	2.3%	2.2%	3.0%	-0.5%	-0.1%	6.2%	0.8%	-5.5%
12/16/2017	4.5%	6.3%	3.9%	4.3%	4.4%	2.5%	2.0%	5.7%	1.3%	4.1%	2.3%	-1.0%	-2.7%
12/23/2017	7.1%	4.4%	9.2%	8.7%	10.3%	6.6%	5.0%	4.6%	4.8%	11.4%	-1.6%	15.3%	6.8%
12/30/2017	-5.4%	-2.7%	-6.7%	-4.1%	-5.0%	-5.9%	-4.0%	-6.6%	-0.5%	-1.6%	-2.6%	-7.3%	-7.4%
1/6/2018	3.6%	7.8%	4.6%	4.6%	5.0%	4.0%	3.7%	1.0%	8.2%	15.8%	3.6%	8.3%	3.9%
1/13/2018	0.2%	-0.7%	-1.7%	-1.3%	-0.6%	-1.2%	0.6%	2.3%	0.5%	-1.5%	-5.0%	-7.1%	-1.1%
1/20/2018	-1.5%	-1.1%	-3.6%	-1.4%	-0.2%	-0.4%	0.7%	-3.5%	4.8%	0.7%	-1.5%	3.1%	-21.2%
1/27/2018	0.6%	3.8%	0.8%	-1.1%	-1.1%	-0.5%	0.8%	2.1%	5.7%	1.6%	-0.9%	23.6%	-10.8%
2/3/2018	1.4%	2.5%	1.6%	1.4%	2.2%	0.6%	0.4%	0.9%	5.3%	4.7%	-3.7%	8.8%	1.0%
2/10/2018	-0.2%	1.2%	-1.7%	-0.9%	0.0%	0.0%	0.7%	-0.3%	1.8%	1.9%	-3.9%	-0.3%	-4.2%
2/17/2018	1.2%	4.6%	1.0%	0.8%	0.2%	-0.1%	0.9%	1.9%	3.6%	-1.5%	2.3%	7.5%	1.9%
2/24/2018	0.0%	2.3%	-0.8%	-0.1%	0.4%	0.2%	0.2%	-0.6%	2.2%	1.3%	1.8%	4.3%	-0.5%
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%	0.7%	0.0%	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%	0.1%	-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%

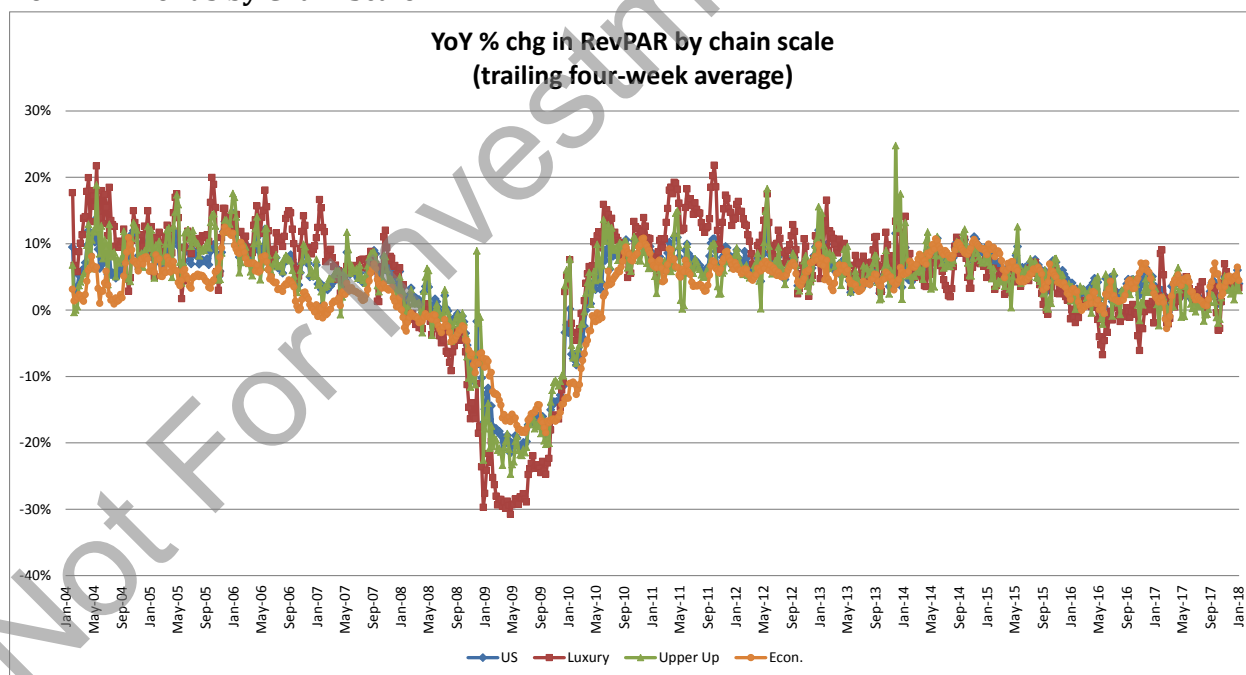
Source: STR data, STRH research

RevPAR Component Trends



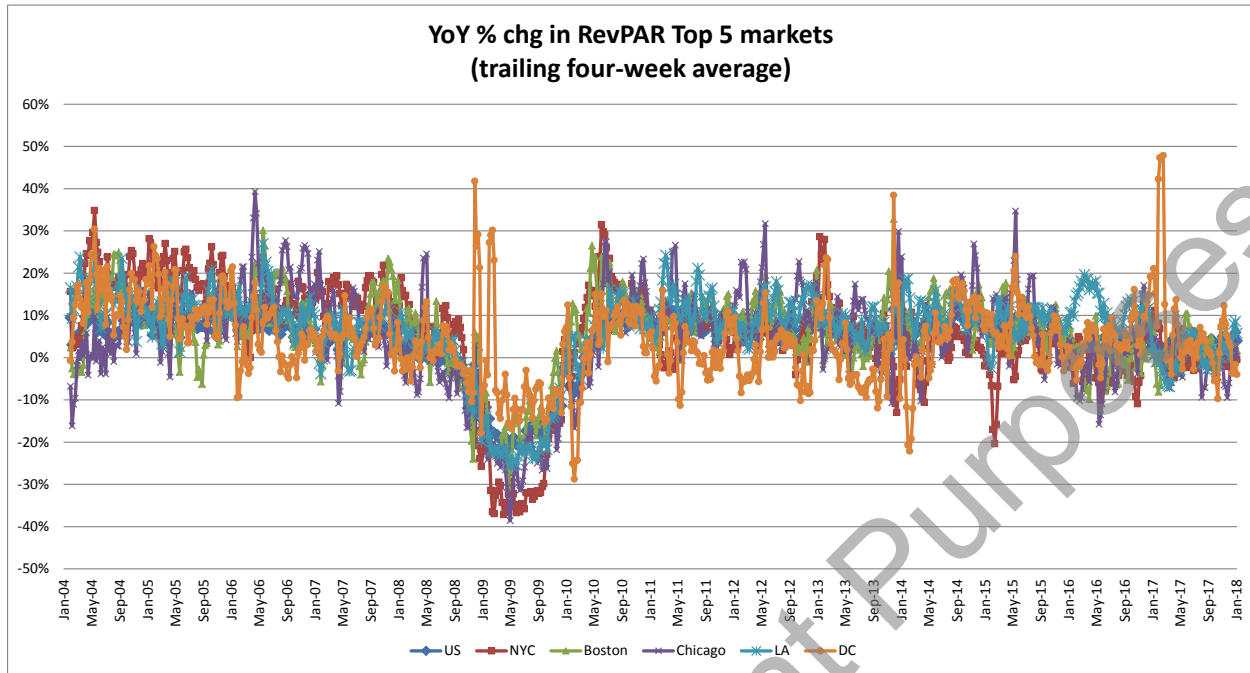
Source: STR data, STRH research

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 2/27/18	Rating	PT*	% upside down- side	2018E EBITDA (\$M)	Target EV/EBITDA Multiple	Risks
Chesapeake Lodging Trust	CHSP	\$25.81	Hold	\$26	1%	\$181	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	\$79.40	Hold	\$82	3%	\$326	14.0X	Upside risk: conservative guidance. Downside risk: big catalyst of special dividend already baked into the stock.
DiamondRock Hospitality	DRH	\$10.39	Hold	\$11	6%	\$252	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	\$18.49	Hold	\$20	8%	\$1,496	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	\$76.65	Hold	\$80	4%	\$752	12.9X	Upside risk: Transient and group trends outperform expectations Downside risk: ongoing misexecution and volatility.
Bluegreen Vacations Corporation	BXG	\$19.18	Buy	\$19	-1%	\$167	7.9X	Downside risk: 3rd party induced defaults, worsen. Middle market customers underperform.
Hilton Grand Vacations	HGV	\$43.00	Buy	\$45	5%	\$430	11.5X	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	\$79.84	Buy	\$92	15%	\$2,062	14.6X	Downside risk: overhang from remaining big sponsor ownership, slowing pipeline
InterContinental Hotels	IHG	\$65.17	Hold	\$66	1%	\$921	13.5X	Upside risk: further acceleration in returning capital to shareholders. Downside risk: trends continue to worsen in Greater China
ILG	ILG	\$30.00	Buy	\$30	0%	\$385	11.1X	Downside risk: membership base erosion as chum outstrips new timeshare sales
LaSalle Hotel Properties	LHO	\$24.41	Hold	\$24	-2%	\$295	12.5X	Upside risk: ability to increase dividend. Downside risk: heavy D.C. exposure.
Marriott International	MAR	\$138.12	Hold	\$128	-7%	\$3,125	14.8X	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: 2017 or 2018 is a recession year in the US. Geopolitical and policy risks negatively impact lodging demand.
Marriott Vacations	VAC	\$138.53	Hold	\$141	2%	\$299	11.1X	Upside risk: Mix shift not an issue for margins, quicker execution/upside of buyback program; Downside risk: inability to achieve development margin targets, inability to close asset sales or asset sales are done at lesser values than expected
Park Hotels & Resorts	PK	\$26.25	Buy	\$32	22%	\$746	12.5X	Downside risk: Significant supply growth and macroeconomic challenges/shocks.
RLJ Lodging Trust	RLJ	\$20.18	Hold	\$22	9%	\$582	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	\$69.14	Hold	\$60	-13%	\$390	12.3X	Upside risk: recovering group demand better than expected, better margin recovery. Downside risk: booking issues stickier than expected.
Sunstone Hotel Investors	SHO	\$14.49	Hold	\$15	4%	\$320	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.
Wyndham Worldwide Corp	WYN	\$115.96	Buy	\$131	13%	\$1,348	10.2X	Downside risk: Weaker than expected demand trends following capital investment projects. Downside risk: the timeshare business is especially vulnerable to economic softness.

* All of our Lodging price targets (ex-PK) are derived by applying a target EV/EBITDA multiple to our estimate for 2018 EBITDA

Source: FactSet, STRH research

Companies Mentioned in This Note

Bluegreen Vacations Corporation (BXG, \$19.18, Buy, C. Patrick Scholes)
Choice Hotels International, Inc. (CHH, \$79.40, Hold, C. Patrick Scholes)
Chesapeake Lodging Trust (CHSP, \$25.81, Hold, C. Patrick Scholes)
DiamondRock Hospitality Company (DRH, \$10.39, Hold, C. Patrick Scholes)
Hyatt Hotels Corporation (H, \$76.65, Hold, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, \$43.00, Buy, Bradford Dalinka)
Hilton Worldwide Holdings Inc. (HLT, \$79.84, Buy, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, \$18.49, Hold, C. Patrick Scholes)
InterContinental Hotels Group PLC (IHG, \$65.17, Hold, C. Patrick Scholes)
ILG, Inc. (ILG, \$30.00, Buy, C. Patrick Scholes)
LaSalle Hotel Properties (LHO, \$24.41, Hold, C. Patrick Scholes)
Marriott International, Inc. (MAR, \$138.12, Hold, C. Patrick Scholes)
Park Hotels & Resorts Inc. (PK, \$26.25, Buy, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, \$69.14, Hold, C. Patrick Scholes)
RLJ Lodging Trust (RLJ, \$20.18, Hold, C. Patrick Scholes)
Sunstone Hotel Investors, Inc. (SHO, \$14.49, Hold, C. Patrick Scholes)
Marriott Vacations Worldwide Corporation (VAC, \$138.53, Hold, C. Patrick Scholes)
Wyndham Worldwide Corporation (WYN, \$115.96, Buy, C. Patrick Scholes)
Four Seasons (private)

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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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*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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