SunTrust Robinson Humphrey

Lodging - US RevPAR +4.6% Y/Y Last Week; Chanukah calendar shift (easy comp)

Group up big due to the holiday calendar shift (+16.5%)

C. Patrick Scholes
212-319-3915
patrick.scholes@suntrust.com

Brian Hollenden, CFA
212-303-1742
brian.hollenden@suntrust.com

Gregory J. Miller
212-303-4198
gregory.j.miller@suntrust.com

What's Inside

Weekly STR results and analysis

What's Incremental To Our View

Overall U.S. RevPAR was +4.6% Y/Y for the week ending 12/15/2018, per STR, higher than the prior week's result of +0.5%. (2-year stacked RevPAR was +12.8% vs +7.3% in the prior week.) Independent hotels (about 1/3rd of the data set) were +6.9% y/y. Luxury (+7.6%) was the strongest chain scale for branded hotels; Midscale was the weakest at +1.4%. Upper Midscale (+2.3%) also underperformed the industry average. Within Upper Upscale & Luxury class hotels, Group (+16.5% vs. +1.4% prior week) was much stronger than Transient (+3.2% vs. -0.3% prior week) due to the holiday shift.

Last week had an easy calendar shift given that Chanukah began on the evening of Tuesday, December 12th last year (vs. starting on Sunday, December 2nd this year).

- The day of week results indicated the impact of the calendar shift (Monday RevPAR +1.9%; Tuesday to Thursday averaged +6.6%).
- The greatest impact to last week's results came from Group RevPAR which was +16.5%. As we have previously discussed, we can see the impact of easy comp calendar shifts with a Group impact on the Luxury and Upper Upscale results, which were the two strongest RevPAR results by chain scales last week (see below).

As a rule of thumb when analyzing the weekly data, if Group results are abnormally strong or weak, which they were last week, there is a holiday shift going on.

For the month of December, we estimate that full-service branded domestic hotels (the typical Hilton [HLT, Buy], Hyatt [H, Hold], or Marriott [MAR, Hold] hotel) will finish at approximately +1.5-3.0%. We estimate that the overall industry will finish approximately +1.5-2.5%. Please note that reported monthly results include hotels that are not in the weekly data set.

- Please note that results by chain scale are very disparate month-to-date. Further, we assume considerable volatility in day of week performance around New Year's Eve. Being that some NYE demand is last minute transient (and can be somewhat influenced by consumer sentiment), this business segment is harder to forecast. Right now we assume Luxury RevPAR is likely to outperform Upper Upscale perhaps by a measurable amount. We assume relatively weaker results in the select-service chain scales.

SEE PAGE 7 FOR REQUIRED DISCLOSURE INFORMATION

For 4Q, we estimate that full-service branded domestic hotels (the typical Hilton [HLT, Buy], Hyatt [H, Hold], or Marriott [MAR, Hold] hotel) will finish at approximately +2-4% "low end" (in-line with our prior estimate). We estimate that the overall industry will finish approximately +2-3%.

Due to the hurricane comparisons from the 2017 storms, we anticipate continued choppiness of the data in some of the most impacted major markets (Miami, Orlando, and Houston) and a generally hard comp for these areas for the next several months.

RevPAR details:

- **Luxury was the strongest chain scale.** Upper Midscale and Upscale underperformed by 530 bps and 600 bps, respectively: Luxury RevPAR (+7.6%), Upper Upscale (+5.1%), Upscale (+1.6%), Upper Midscale (+2.3%), Midscale (+1.4%), and Economy (+2.1%). Independent hotels (+6.9%) outperformed headline U.S. RevPAR.
- **Within Upper Upscale & Luxury class hotels, Group was stronger than Transient (due to the calendar shift):** Transient segment (individual business and leisure travelers) RevPAR was +3.2% (vs. -0.3% last week) and Group segment RevPAR was +16.5% (vs. +1.4% last week).
- **Washington DC (+29.2%) was the strongest of the top five markets:** Boston (+17.9%), Chicago (+6.8%), LA (+8.4%), and NYC (+8.3%).
- **Other relevant markets:**
  - **San Francisco was very strong:** RevPAR was +18.0% vs. +4.9% last week.
  - **Texas results were mixed (y/y hurricane comps especially in Houston):** Dallas RevPAR was +8.4% (vs. -5.3% last week). Houston RevPAR was -19.2% (vs. -14.3% last week).
  - **Hurricane-impacted markets in FL were down:** Miami (-5.3% vs. +1.7% last week); Orlando (-9.3% vs. -10.8% last week).

The stocks: We continue to favor C-Corps over hotel REITs (we favored hotel REITs for the first half of this year). In an environment of low RevPAR growth combined with gradually increasing wages/margin pressures, returns for hotel owners is a major headwind to EBITDA growth. Hotel stocks, but especially hotel REIT stocks, typically work best when there is a spark to RevPAR growth and at this moment we are not seeing such a spark like we did earlier in the year. **We are more favorable on other sectors at the moment, namely cruise lines.**

- For the C-Corps, HLT (Buy) and Playa Hotels (PLYA, Buy) are among some of our favorites and for the hotel REITs, given its opportunities for self-help margin improvement, we prefer Buy-rated Park Hotels & Resorts (PK, Buy). For the rest of the hotel REITs, following the first half outperformance, we struggle to derive any material upside potential to the stocks even when assuming pro-forma targets with 5% higher EBITDA and giving valuation multiple expansion.
- The (relatively) good news for the hotel REITs is that historically 10 (or less) years into an economic cycle these were stocks that "crashed & burned". At this juncture in our RevPAR intelligence there is nothing to suggest a late cycle “crash & burn” scenario is on the horizon over the next year. Additionally for the hotel REITs, we do not see dividend cuts on the horizon and for 2019 many are heavily exposed to what will likely be the strongest market in the country (San Francisco).

Weekly RevPAR Summary

YoY % change in RevPAR

	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde-pendent	New York	Boston	LA	Chicago	DC
9/22/2018	**-2.3%**	-7.4%	-3.5%	-2.4%	-2.8%	-1.6%	0.0%	-1.7%	-18.7%	0.9%	-0.1%	3.5%	-6.2%
9/29/2018	**9.1%**	26.5%	10.6%	6.9%	3.4%	2.5%	3.5%	10.3%	31.3%	6.4%	9.5%	19.3%	7.6%
10/6/2018	**1.5%**	5.9%	1.6%	0.1%	-1.5%	-0.9%	0.7%	2.6%	11.7%	7.2%	-3.4%	3.3%	-0.7%
10/13/2018	**0.8%**	-1.2%	-0.2%	-0.4%	-0.4%	1.5%	1.4%	2.1%	3.4%	6.5%	3.2%	3.0%	-17.0%
10/20/2018	**3.6%**	4.8%	2.5%	2.2%	1.7%	2.9%	2.0%	5.3%	3.0%	8.8%	7.3%	11.6%	-9.2%
10/27/2018	**5.2%**	6.4%	4.4%	3.2%	3.0%	3.3%	3.8%	7.7%	5.9%	11.6%	1.6%	21.7%	0.3%
11/3/2018	**-0.1%**	-2.1%	-2.6%	-3.8%	-0.5%	1.7%	1.4%	3.3%	-0.4%	18.6%	-3.1%	-0.1%	-8.3%
11/10/2018	**1.6%**	2.2%	-0.4%	-0.4%	0.2%	3.0%	1.3%	4.0%	2.9%	15.7%	3.7%	-9.6%	-1.5%
11/17/2018	**3.1%**	7.2%	1.3%	0.0%	0.0%	1.7%	2.2%	7.0%	7.7%	21.5%	8.9%	4.8%	-8.4%
11/24/2018	**2.8%**	5.5%	0.8%	-0.5%	1.4%	2.2%	2.1%	5.4%	4.9%	14.6%	7.2%	-0.2%	-3.9%
12/1/2018	**3.3%**	5.2%	2.3%	1.2%	2.0%	1.2%	1.4%	5.4%	0.2%	19.1%	9.8%	-1.3%	-2.5%
12/8/2018	**0.5%**	1.4%	-1.1%	-2.4%	-1.4%	-0.1%	1.7%	3.5%	1.2%	15.1%	-4.4%	-1.8%	0.6%
12/15/2018	**4.6%**	7.6%	5.1%	1.6%	2.3%	1.4%	2.1%	6.9%	8.3%	17.9%	8.4%	6.8%	29.2%

Chanukah calendar shift (easy comp)

Luxury and Upper Upscale led the industry

DC and Boston led the Top 5 markets

	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde-pendent	New York	Boston	LA	Chicago	DC
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%
2Q18	4.0%	4.9%	3.4%	2.8%	3.0%	4.1%	3.1%	4.6%	4.2%	-1.2%	0.6%	4.0%	3.1%
3Q18	1.7%	3.3%	1.9%	0.8%	-0.5%	0.1%	1.8%	2.2%	0.7%	2.8%	1.3%	7.5%	-3.4%

YoY % change in ADR

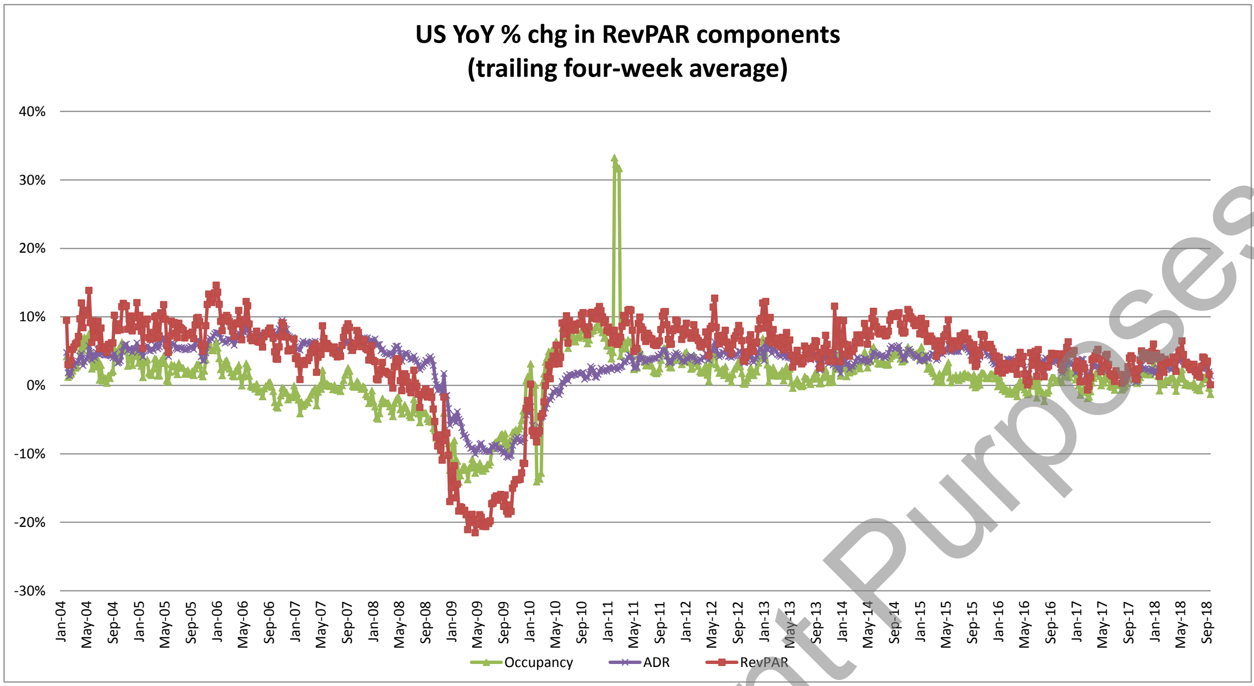
	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde-pendent	New York	Boston	LA	Chicago	DC
9/22/2018	**0.0%**	-3.3%	-0.1%	0.5%	0.6%	0.8%	0.5%	0.0%	-15.8%	0.3%	0.7%	3.7%	-1.7%
9/29/2018	**7.3%**	18.1%	8.1%	5.3%	3.5%	2.3%	2.6%	7.7%	25.5%	3.5%	5.6%	10.4%	4.0%
10/6/2018	**2.4%**	4.7%	1.9%	1.7%	1.1%	0.9%	0.6%	2.9%	7.5%	3.0%	-1.1%	2.3%	-0.6%
10/13/2018	**1.6%**	1.0%	1.8%	1.5%	1.2%	1.0%	0.7%	2.3%	2.9%	3.8%	3.6%	3.9%	-12.5%
10/20/2018	**3.2%**	5.0%	3.2%	2.9%	2.2%	1.8%	1.1%	4.0%	2.9%	4.0%	4.6%	8.1%	-6.5%
10/27/2018	**4.0%**	5.2%	4.9%	3.2%	2.5%	1.6%	2.0%	5.1%	4.3%	8.3%	1.2%	14.1%	-1.2%
11/3/2018	**0.7%**	0.2%	0.3%	-0.8%	1.0%	1.2%	0.9%	2.3%	-0.9%	9.2%	-1.6%	0.8%	-3.8%
11/10/2018	**1.0%**	2.2%	0.5%	0.4%	0.4%	1.6%	0.5%	1.6%	2.5%	4.9%	2.6%	-2.9%	-2.1%
11/17/2018	**2.5%**	6.7%	2.8%	1.7%	0.9%	1.0%	0.4%	3.6%	5.4%	10.8%	5.2%	3.3%	-4.0%
11/24/2018	**2.1%**	7.6%	2.1%	1.7%	1.3%	0.8%	0.3%	2.5%	5.1%	7.4%	4.3%	0.3%	0.3%
12/1/2018	**2.2%**	4.5%	2.0%	2.0%	1.4%	0.9%	0.1%	2.8%	0.1%	6.6%	5.1%	-1.4%	-0.8%
12/8/2018	**1.3%**	3.9%	1.6%	0.8%	0.4%	0.4%	0.1%	2.4%	2.7%	6.1%	-0.4%	-1.4%	1.3%
12/15/2018	**3.2%**	5.1%	3.2%	2.4%	1.4%	0.7%	0.5%	4.6%	9.1%	7.8%	3.1%	1.9%	12.6%
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%
2Q18	2.9%	3.5%	2.9%	2.4%	2.1%	2.6%	2.7%	3.1%	3.7%	-0.1%	2.1%	3.3%	2.4%
3Q18	2.1%	3.3%	2.4%	1.8%	1.2%	1.3%	1.2%	1.9%	1.2%	1.9%	1.1%	6.7%	-0.8%

YoY % change in Occupancy

	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde-pendent	New York	Boston	LA	Chicago	DC
9/22/2018	**-2.3%**	-4.2%	-3.4%	-2.8%	-3.3%	-2.4%	-0.5%	-1.7%	-3.4%	0.6%	-0.8%	-0.1%	-4.5%
9/29/2018	**1.7%**	7.1%	2.4%	1.6%	-0.1%	0.2%	0.8%	2.4%	4.7%	2.9%	3.8%	8.1%	3.5%
10/6/2018	**-0.9%**	1.1%	-0.4%	-1.6%	-2.6%	-1.7%	0.2%	-0.3%	3.8%	4.1%	-2.3%	0.9%	-0.2%
10/13/2018	**-0.7%**	-2.2%	-2.0%	-1.8%	-1.6%	0.5%	0.7%	-0.2%	0.5%	2.6%	-0.4%	-0.8%	-5.1%
10/20/2018	**0.4%**	-0.1%	-0.7%	-0.6%	-0.5%	1.0%	0.9%	1.2%	0.1%	4.6%	2.6%	3.3%	-2.8%
10/27/2018	**1.2%**	1.2%	-0.5%	0.1%	0.4%	1.6%	1.7%	2.5%	1.5%	3.0%	0.4%	6.7%	1.5%
11/3/2018	**-0.7%**	-2.2%	-2.8%	-3.0%	-1.4%	0.6%	0.5%	0.9%	-99.0%	-98.9%	-99.0%	-99.0%	-99.0%
11/10/2018	**0.7%**	0.0%	-0.9%	-0.8%	-0.2%	1.3%	0.8%	2.4%	0.4%	10.3%	1.1%	-6.9%	0.7%
11/17/2018	**0.6%**	0.4%	-1.5%	-1.7%	-0.9%	0.7%	1.8%	3.3%	2.3%	9.7%	3.6%	1.5%	-4.7%
11/24/2018	**0.7%**	-2.0%	-1.2%	-2.1%	0.1%	1.4%	1.8%	2.8%	-0.2%	6.7%	2.8%	-0.6%	-4.2%
12/1/2018	**1.0%**	0.7%	0.2%	-0.8%	0.6%	0.3%	1.2%	2.6%	0.1%	11.8%	4.5%	0.1%	-1.7%
12/8/2018	**-0.8%**	-2.3%	-2.6%	-3.2%	-1.9%	-0.5%	1.6%	1.0%	-1.5%	8.6%	-4.0%	-0.4%	-0.7%
12/15/2018	**1.3%**	2.4%	1.9%	-0.8%	0.9%	0.7%	1.7%	2.2%	-0.8%	9.4%	5.2%	4.8%	14.7%
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%	0.1%	-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%
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%
2Q18	1.1%	1.3%	0.5%	0.4%	0.9%	1.5%	0.4%	1.5%	0.5%	-1.1%	-1.4%	0.7%	0.7%
3Q18	-0.4%	0.0%	-0.5%	-1.0%	-1.7%	-1.1%	0.5%	0.3%	-0.5%	0.9%	0.2%	0.7%	-2.6%

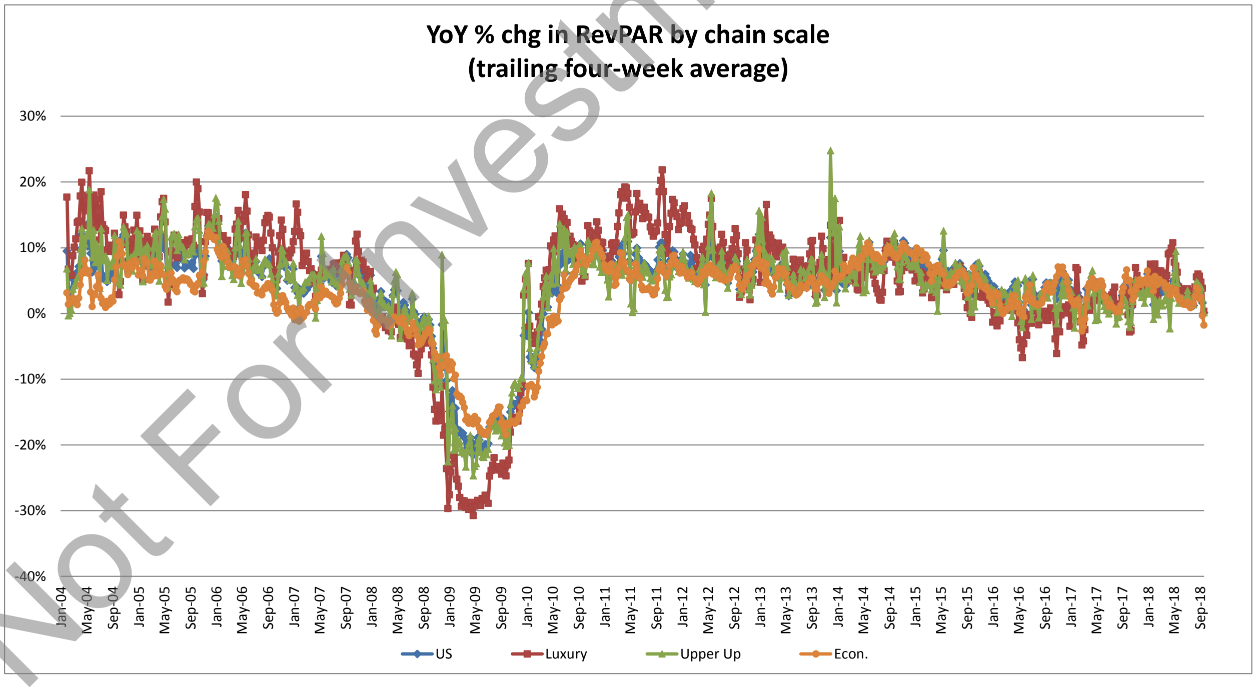
Source: STR data, STRH research

RevPAR Component Trends



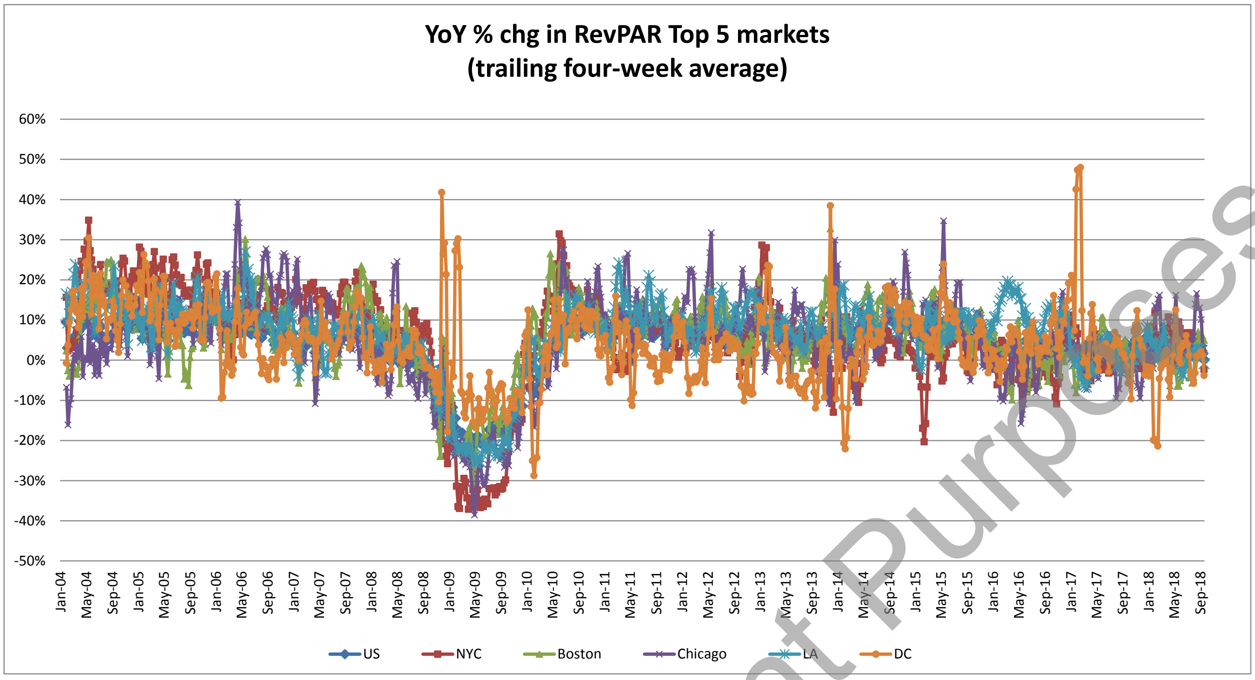
Source: STR data, STRH research

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 12/18/18	Rating	PT*	% upside down-side	2019E EBITDA ($M)	Target EV/EBITDA Multiple	Risks
Chesapeake Lodging Trust	CHSP	$27.14	Hold	$27	-1%	$187	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	$70.95	Hold	$80	13%	$363	14.0X	Upside risk: conservative guidance. Downside risk: slowdown in development opportunities.
DiamondRock Hospitality	DRH	$9.55	Hold	$11	15%	$258	12.0X	Upside risk: specific markets (esp. NYC) perform better than expected. Downside risk: company unable to locate properties to buy.
Host Hotels & Resorts	HST	$17.59	Hold	$21	19%	$1,498	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	$67.85	Hold	$78	15%	$797	13.3X	Upside risk: Transient and group trends outperform expectations Downside risk: ongoing misexecution and volatility.
Bluegreen Vacations Corporation	BXG	$14.15	Hold	$18	27%	$161	8.1X	Upside risk: Accelerating tour flow, FCF generation and decliining consumer defaults. Downside risk: 3rd party induced defaults worsen. Middle market customers underperform.
Hilton Grand Vacations	HGV	$27.44	Buy	$44	60%	$462	11.4X	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	$70.49	Buy	$88	25%	$2,267	14.9X	Downside risk: overhang from remaining big sponsor ownership, slowing pipeline
Marriott International	MAR	$108.24	Hold	$125	15%	$3,292	14.9X	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	$70.60	Buy	$130	83%	$741	11.2X	Downside risk: M&A story fades and multiples revert to historical levels
Park Hotels & Resorts	PK	$28.03	Buy	$34	21%	$779	12.5X	Downside risk: Significant supply growth and macroeconomic challenges/shocks.
Playa Hotels & Resorts	PLYA	$7.02	Buy	$14	99%	$175	11.5X	Downside risk: demand shock, hurricanes, inability to complete 2021 growth initiatives, country-specific risks (emerging market portfolio)
RLJ Lodging Trust	RLJ	$18.09	Hold	$21	16%	$518	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	$68.90	Hold	$76	10%	$461	12.2X	Upside risk:recovering group demand better than expected, better margin recovery. Downside risk: booking issues stickier than expected.
Sunstone Hotel Investors	SHO	$14.10	Hold	$15	6%	$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. Downside risk: Weaker than expected demand trends following capital investment projects.
Wyndham Destinations	WYND	$37.47	Buy	$62	65%	$1,003	9.3X	Downside risk: The timeshare business is especially vulnerable to economic softness. There are potential execution risks post the spin off.
Wyndham Hotels & Resorts	WH	$46.94	Buy	$63	34%	$639	13.0X	Downside risk: Slowdown in development opportunities. La Quinta synergies below expectations.

** All of our Lodging price targets (ex-RHP) are derived by applying a target EV/EBITDA multiple to our estimate for 2019 EBITDA*

Source: FactSet, STRH research

Companies Mentioned in This Note

Bluegreen Vacations Corporation (BXG, $14.15, Hold, C. Patrick Scholes)
Choice Hotels International, Inc. (CHH, $70.95, Hold, C. Patrick Scholes)
Chesapeake Lodging Trust (CHSP, $27.14, Hold, C. Patrick Scholes)
DiamondRock Hospitality Company (DRH, $9.55, Hold, C. Patrick Scholes)
Hyatt Hotels Corporation (H, $67.85, Hold, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, $27.44, Buy, C. Patrick Scholes)
Hilton Worldwide Holdings Inc. (HLT, $70.49, Buy, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, $17.59, Hold, C. Patrick Scholes)
Marriott International, Inc. (MAR, $108.24, Hold, C. Patrick Scholes)
Park Hotels & Resorts Inc. (PK, $28.03, Buy, C. Patrick Scholes)
Playa Hotels & Resorts N.V. (PLYA, $7.02, Buy, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, $68.90, Hold, C. Patrick Scholes)
RLJ Lodging Trust (RLJ, $18.09, Hold, C. Patrick Scholes)
Sunstone Hotel Investors, Inc. (SHO, $14.10, Hold, C. Patrick Scholes)
Marriott Vacations Worldwide Corporation (VAC, $70.60, Buy, C. Patrick Scholes)
Wyndham Hotels & Resorts, Inc. (WH, $46.94, Buy, C. Patrick Scholes)
Wyndham Destinations, Inc. (WYND, $37.47, 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.

Required Disclosures

Analyst compensation is based upon stock price performance, quality of analysis, communication skills, and the overall revenue and profitability of the firm, including investment banking revenue.

As a matter of policy and practice, the firm prohibits the offering of favorable research, a specific research rating or a specific target price as consideration or inducement for the receipt of business or compensation. In addition, associated persons preparing research reports are prohibited from owning securities in the subject companies.

Charts indicating changes in ratings can be found in recent notes and/or reports at our website or by contacting SunTrust Robinson Humphrey. Please see our disclosures page for more complete information at https://suntrust.bluematrix.com/sellside/Disclosures.action.

STRH Ratings System for Equity Securities

Dissemination of Research

SunTrust Robinson Humphrey (STRH) seeks to make all reasonable efforts to provide research reports simultaneously to all eligible clients. Reports are available as published in the restricted access area of our website to all eligible clients who have requested a password. Institutional investors, corporates, and members of the Press may also receive our research via third party vendors including: Thomson Reuters, Bloomberg, FactSet, and S&P Capital IQ. Additional distribution may be done by sales personnel via email, fax, or other electronic means, or regular mail.

For access to third party vendors or our Research website: https://suntrustlibrary.bluematrix.com/client/library.jsp

Please email the Research Department at mailto:STRHEquityResearchDepartment@suntrust.com or contact your STRH sales representative.

The rating system effective as of Oct. 7, 2016:

STRH Rating System for Equity Securities

SunTrust Robinson Humphrey (STRH) rates individual equities using a three-tiered system. Each stock is rated relative to the broader market (generally the S&P 500) over the next 12-18 months (unless otherwise indicated).

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)

Hold (H) – the stock's total return is expected to perform in line with the S&P 500 or relevant benchmark over the next 12-18 months (unless otherwise indicated)

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

Not Rated (NR) – STRH does not have an investment rating or opinion on the stock

Coverage Suspended (CS) – indicates that STRH's rating and/or target price have been temporarily suspended due to applicable regulations and/or STRH Management discretion. The previously published rating and target price should not be relied upon

STRH analysts have a price target on the stocks that they cover, unless otherwise indicated. The price target represents that analyst's expectation of where the stock will trade in the next 12-18 months (unless otherwise indicated). If an analyst believes that there are insufficient valuation drivers and/or investment catalysts to derive a positive or negative investment view, they may elect with the approval of STRH Research Management not to assign a target price; likewise certain stocks that trade under $5 may exhibit volatility whereby assigning a price target would be unhelpful to making an investment decision. As such, with Research Management's approval, an analyst may refrain from assigning a target to a sub-$5 stock.

Legend for Rating and Price Target History Charts:
B = Buy
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 ≥ 15% (10% for low-Beta securities)***
· Reduce – total return ≤ 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

SunTrust Robinson Humphrey ratings distribution (as of 12/19/2018):

Coverage Universe			Investment Banking Clients Past 12 Months		
Rating	Count	Percent	Rating	Count	Percent
Buy	477	64.63%	Buy	124	26.00%
Hold	260	35.23%	Hold	35	13.46%
Sell	1	0.14%	Sell	0	0.00%

Other Disclosures

Information contained herein has been derived from sources believed to be reliable but is not guaranteed as to accuracy and does not purport to be a complete analysis of the security, company or industry involved. This report is not to be construed as an offer to sell or a solicitation of an offer to buy any security. SunTrust Robinson Humphrey, Inc. and/or its officers or employees may have positions in any securities, options, rights or warrants. The firm and/or associated persons may sell to or buy from customers on a principal basis. Investors may be prohibited in certain states from purchasing some over-the-counter securities mentioned herein. Opinions expressed are subject to change without notice. The information herein is for persons residing in the United States only and is not intended for any person in any other jurisdiction.

SunTrust Robinson Humphrey, Inc.'s research is provided to and intended for use by Institutional Accounts as defined in FINRA Rule 4512(c). The term "Institutional Account" shall mean the account of: (1) a bank, savings and loan association, insurance company or registered investment company; (2) an investment adviser registered either with the SEC under Section 203 of the Investment Advisers Act or with a state securities commission (or any agency or office performing like functions); or (3) any other person (whether a natural person, corporation, partnership, trust or otherwise) with total assets of at least $50 million.

SunTrust Robinson Humphrey, Inc. is a registered broker-dealer and a member of FINRA and SIPC. It is a service mark of SunTrust Banks, Inc. SunTrust Robinson Humphrey, Inc. is owned by SunTrust Banks, Inc. ("SunTrust") and affiliated with SunTrust Investment Services, Inc. Despite this affiliation, securities recommended, offered, sold by, or held at SunTrust Robinson Humphrey, Inc. and at SunTrust Investment Services, Inc. (i) are not insured by the Federal Deposit Insurance Corporation; (ii) are not deposits or other obligations of any insured depository institution (including SunTrust Bank); and (iii) are subject to investment risks, including the possible loss of the principal amount invested. SunTrust Bank may have a lending relationship with companies mentioned herein.

Please see our Disclosure Database to search by ticker or company name for the current required disclosures, including valuation and risks, Link: https://suntrust.bluematrix.com/sellside/Disclosures.action

Please visit the STRH equity research library for current reports and the analyst roster with contact information, Link (password protected): STRH RESEARCH LIBRARY

SunTrust Robinson Humphrey, Inc., member FINRA and SIPC. SunTrust and SunTrust Robinson Humphrey are service marks of SunTrust Banks, Inc.

If you no longer wish to receive this type of communication, please request removal by sending an email to STRHEquityResearchDepartment@SunTrust.com

ADDITIONAL INFORMATION IS AVAILABLE at our website, www.suntrustrh.com, or by writing to:SunTrust Robinson Humphrey, Research Department, 3333 Peachtree Road N.E., Atlanta, GA 30326-1070