



Lodging - US RevPAR -0.6% Y/Y Last Week; Soft results again on a clean comp

Relative outperformance for Upper Up. & Indpts kept headline from being worse

What's Incremental To Our View

Overall U.S. RevPAR was -0.6% Y/Y for the week ending 8/17/2019, per STR, a slight improvement from the prior week's result of -1.0%. (2-year stacked RevPAR was +2.3% vs +4.8% in the prior week.) Independent hotels (about 1/3rd of the data set) were +0.9% y/y. Upper Upscale (+0.5%) was the strongest chain scale for branded hotels; Luxury was the weakest at -3.6%. Upper Midscale (-1.5%) and Midscale (-2.3%) underperformed the industry average. Within Upper Upscale & Luxury class hotels, Group (+3.1% vs. +2.4% prior week) outperformed Transient (-1.2% vs. -1.4% prior week).

In a continuation of trends over the last several weeks, overall RevPAR was flattish to slightly down although the headline national RevPAR of -0.6% was bolstered by relative strength in Upper Upscale (likely Group related) and Independents (+0.9%). Ex-independents, national RevPAR would have been down over 1%. More concerning to us is the more recent trend of ADR growth being negative in the chain scales (all were down ex-Upper Upscale last week). Moderate ADR declines generally represent a relatively bigger hit to profitability than moderately negative occupancy.

- **While one week does not make a trend, we also noticed that weekend performance was relatively weaker than weekday performance.** Weekend RevPAR of -2.6% was weaker than Monday-Wednesday RevPAR of +0.9% (a 350 bps spread). Given that August is a leisure heavy month and weekend is inherently leisure focused, the relatively weaker leisure results last week are notable to us as representing potential y/y softness in summer vacation travel.

For the month of August, we estimate that full-service branded domestic hotels (the typical Hilton [HLT, Hold], Hyatt [H, Hold], or Marriott [MAR, Hold] hotel) will finish at approximately flat to -1%. We estimate that the overall industry will finish approximately flat to -1%. Please note that reported monthly results include hotels that are not in the weekly data set.

Last week's RevPAR details:

- **Upper Upscale was the strongest chain scale:** Upscale and Upper Midscale underperformed by 230 bps and 200 bps, respectively. Luxury RevPAR (-3.6%), Upper Upscale (+0.5%), Upscale (-1.8%), Upper Midscale (-1.5%), Midscale (-2.3%), and Economy (-2.0%). Independent hotels (+0.9%) outperformed headline U.S. RevPAR.

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What's Inside

Weekly STR results and analysis

- **Within Upper Upscale & Luxury class hotels, Group outperformed Transient:** Transient segment (individual business and leisure travelers) RevPAR was -1.2% (vs. -1.4% last week) and Group segment RevPAR was +3.1% (vs. +2.4% last week).
- **DC (+2.4%) was the strongest of the top five markets:** Boston (+1.0%), Chicago (-12.2%), LA (-4.2%), and NYC (-2.4%).
- **Other relevant markets:**
 - **San Francisco was up (Moscone Convention Center expansion and renovation completed):** RevPAR was +2.4% vs. -3.0% last week.
 - **Florida markets were down:** Miami (-5.9% vs. -3.5% last week); Orlando (-9.0% vs. +1.3% last week).

The lodging stocks: We continue to favor C-Corps over hotel REITS (we favored hotel REITS for the first half of last year) and within C-Corps **we prefer Buy-rated WH**. In an environment of low RevPAR growth combined with gradually increasing wages/margin pressures, we think **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 sparks like we did at this time one year ago.

Not For Investment Purposes

Weekly RevPAR Summary

	U.S.	Upper		Upper			Inde-		New				
		Luxury	Upscale	Upscale	Midscale	Midscale	Economy	pendent	York	Boston	LA	Chicago	DC
6/8/2019	-0.8%	0.2%	-0.5%	-1.9%	-1.9%	-2.9%	-0.5%	-0.2%	-4.0%	-0.9%	1.9%	-2.5%	-3.8%
6/15/2019	1.3%	2.7%	3.3%	0.0%	0.3%	-0.9%	0.5%	0.9%	-6.2%	12.8%	4.9%	3.1%	2.9%
6/22/2019	0.2%	0.5%	0.7%	-0.6%	0.1%	-1.1%	-0.8%	0.2%	-5.8%	2.8%	2.6%	-4.0%	4.0%
6/29/2019	0.9%	0.8%	1.0%	0.0%	0.3%	-1.4%	-1.5%	2.0%	4.5%	3.3%	-4.3%	-4.3%	-0.6%
7/6/2019	5.2%	5.7%	7.2%	4.4%	5.7%	3.6%	4.0%	4.6%	0.9%	9.7%	1.3%	0.3%	10.1%
7/13/2019	-2.9%	-3.0%	-3.3%	-3.7%	-3.1%	-3.8%	-2.8%	-2.6%	-4.6%	-4.0%	-0.5%	-6.9%	-3.8%
7/20/2019	0.0%	-0.4%	-0.4%	-0.2%	0.3%	-0.4%	-1.0%	-0.1%	-4.5%	-3.0%	-2.9%	-6.8%	2.3%
7/27/2019	-1.6%	-3.1%	-2.3%	-2.4%	-1.4%	-1.9%	-2.3%	-0.9%	-6.4%	-2.2%	-5.1%	-8.0%	2.1%
8/3/2019	-1.1%	-2.6%	-1.0%	-1.5%	-0.3%	-1.4%	-1.8%	-1.3%	-3.4%	-10.7%	-2.9%	-9.0%	-1.4%
8/10/2019	-1.0%	-0.3%	0.2%	-2.0%	-1.8%	-3.0%	-2.7%	-0.2%	1.0%	4.6%	-4.3%	3.8%	-2.6%
8/17/2019	-0.6%	-3.6%	0.5%	-1.8%	-1.5%	-2.3%	-2.0%	0.9%	-2.4%	1.0%	-4.2%	-12.2%	2.4%

Clean comp; Group modestly stronger than Transient

Upper Upscale and Upper Midscale "led" the industry

DC and Boston led the Top 5 markets

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%	2.8%	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%
4Q18	2.4%	3.0%	1.1%	0.0%	0.5%	1.3%	2.9%	4.9%	3.5%	12.2%	3.0%	2.8%	-3.4%
1Q19	1.5%	-0.7%	1.2%	-0.5%	0.4%	-0.1%	1.9%	3.1%	-7.1%	-2.1%	-1.7%	-4.5%	-2.4%

YoY % change in ADR

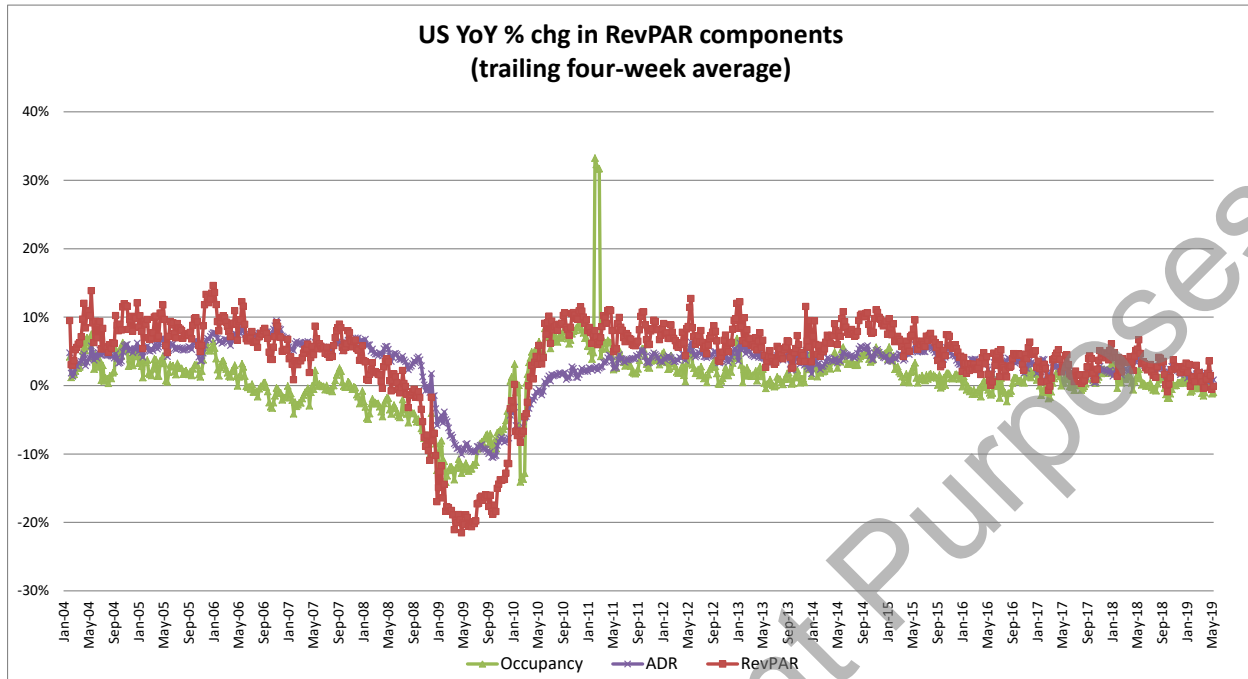
	U.S.	Upper		Upper		Inde-		New					
		Luxury	Upscale	Upscale	Midscale	Midscale	Economy	pendent	York	Boston	LA	Chicago	DC
6/8/2019	0.5%	2.1%	0.8%	0.0%	0.0%	-0.5%	0.3%	0.5%	-3.3%	-1.3%	1.6%	-2.2%	-1.1%
6/15/2019	1.9%	2.5%	3.0%	0.7%	0.9%	0.4%	1.2%	2.1%	-4.2%	9.2%	2.6%	-0.5%	4.0%
6/22/2019	0.8%	1.9%	1.2%	-0.3%	0.3%	-0.2%	0.4%	1.0%	-4.9%	3.5%	1.5%	-3.4%	3.9%
6/29/2019	1.4%	1.8%	1.9%	0.7%	0.2%	-0.5%	0.0%	2.4%	4.0%	4.7%	-0.7%	-2.6%	1.2%
7/6/2019	2.6%	3.6%	2.8%	1.1%	1.6%	1.7%	2.4%	3.2%	-0.8%	3.0%	1.4%	-3.5%	6.1%
7/13/2019	-0.6%	-0.1%	-0.1%	-1.1%	-0.6%	-1.0%	-1.4%	-0.3%	-3.9%	0.7%	1.9%	-4.5%	0.8%
7/20/2019	0.5%	0.2%	0.5%	0.0%	0.6%	0.3%	-0.4%	0.7%	-3.7%	2.6%	-1.2%	-5.5%	1.4%
7/27/2019	-0.5%	-1.6%	-0.4%	-0.9%	-0.4%	-0.7%	-1.1%	-0.3%	-4.6%	-0.1%	-2.5%	-5.1%	3.7%
8/3/2019	-0.3%	0.3%	0.5%	-0.5%	-0.2%	-0.7%	-0.7%	-0.3%	-2.4%	-5.0%	-1.4%	-6.3%	1.1%
8/10/2019	0.4%	0.5%	1.4%	-0.5%	-0.5%	-0.8%	-1.1%	1.1%	-0.4%	4.0%	-1.5%	0.8%	1.3%
8/17/2019	0.4%	-0.1%	1.2%	-0.7%	-0.5%	-0.9%	-0.9%	1.8%	-1.9%	0.1%	-2.2%	-8.0%	2.9%
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%
4Q18	2.0%	3.7%	2.2%	1.6%	1.1%	0.9%	0.6%	2.9%	3.4%	5.6%	1.4%	2.2%	-2.1%
1Q19	1.1%	2.2%	2.5%	1.0%	0.8%	-0.2%	-0.3%	1.0%	-3.8%	0.7%	-1.0%	-2.4%	1.5%

YoY % change in Occupancy

	U.S.	Upper		Upper				Inde-	New				
		Luxury	Upscale	Upscale	Midscale	Midscale	Economy	pendent	York	Boston	LA	Chicago	DC
6/8/2019	-1.3%	-1.9%	-1.4%	-1.8%	-1.9%	-2.4%	-0.8%	-0.7%	-0.7%	0.4%	0.4%	-0.3%	-2.7%
6/15/2019	-0.6%	0.3%	0.3%	-0.7%	-0.6%	-1.3%	-0.7%	-1.2%	-2.0%	3.3%	2.3%	3.6%	-1.1%
6/22/2019	-0.6%	-1.3%	-0.6%	-0.3%	-0.2%	-0.9%	-1.2%	-0.8%	-0.9%	-0.7%	1.1%	-0.6%	0.1%
6/29/2019	-0.5%	-1.1%	-0.9%	-0.6%	0.0%	-0.9%	-1.4%	-0.4%	0.4%	-1.4%	-3.7%	-1.7%	-1.8%
7/6/2019	2.6%	2.0%	4.4%	3.3%	4.1%	1.9%	1.6%	1.3%	1.7%	6.5%	-0.1%	3.9%	3.7%
7/13/2019	-2.4%	-3.0%	-3.2%	-2.6%	-2.5%	-2.8%	-1.4%	-2.3%	-0.7%	-3.3%	-2.3%	-2.5%	-4.5%
7/20/2019	-0.5%	-0.6%	-0.9%	-0.2%	-0.3%	-0.7%	-0.6%	-0.7%	-0.9%	0.4%	-1.7%	-1.3%	0.9%
7/27/2019	-1.0%	-1.5%	-1.9%	-1.5%	-0.9%	-1.2%	-1.3%	-0.6%	-1.9%	-2.1%	-2.6%	-3.1%	-1.5%
8/3/2019	-0.8%	-2.9%	-1.5%	-0.9%	0.0%	-0.7%	-1.0%	-1.0%	-1.1%	-6.0%	-1.5%	-2.9%	-2.5%
8/10/2019	-1.4%	-0.8%	-1.2%	-1.5%	-1.2%	-2.2%	-1.7%	-1.3%	1.4%	0.5%	-2.8%	2.9%	-3.9%
8/17/2019	-1.0%	-3.5%	-0.7%	-1.1%	-1.0%	-1.4%	-1.1%	-0.9%	-0.5%	0.9%	-2.1%	-4.6%	-0.5%
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%
4Q18	0.4%	-0.7%	-1.1%	-1.6%	-0.6%	0.4%	2.3%	1.9%	0.1%	6.3%	1.6%	0.6%	-1.3%
1Q19	0.4%	-2.8%	-1.3%	-1.4%	-0.5%	0.0%	2.3%	2.1%	-3.5%	-2.8%	-0.7%	-2.2%	-3.8%

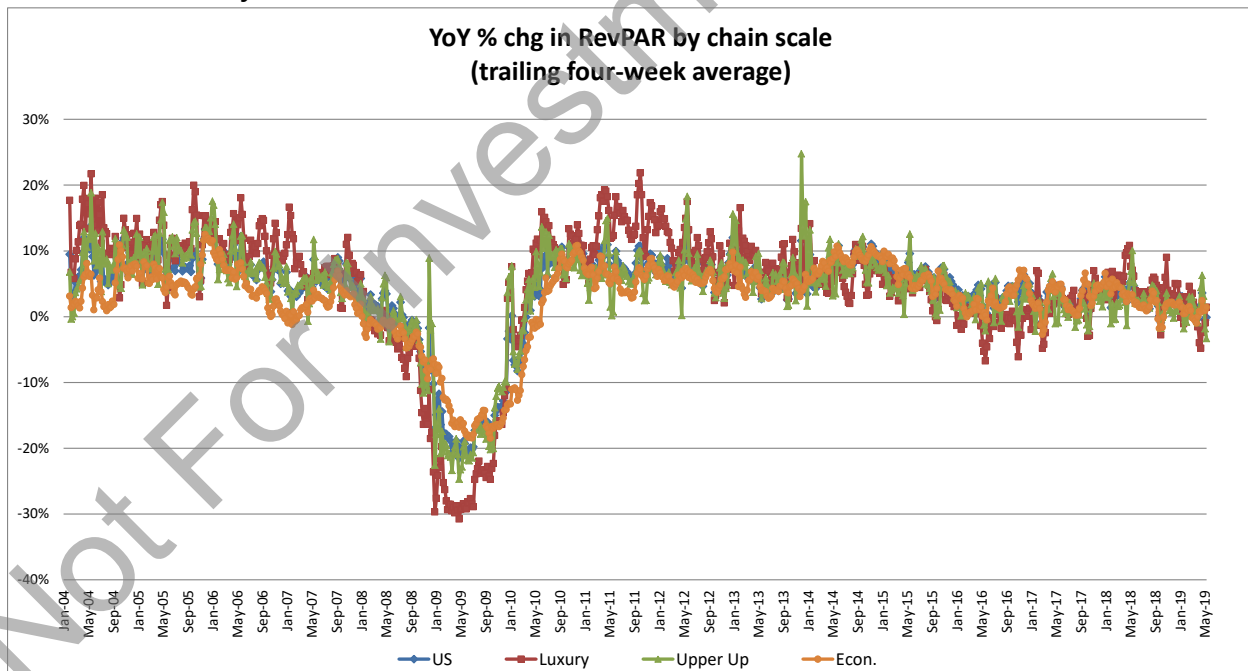
Source: STR data, STRH research

RevPAR Component Trends



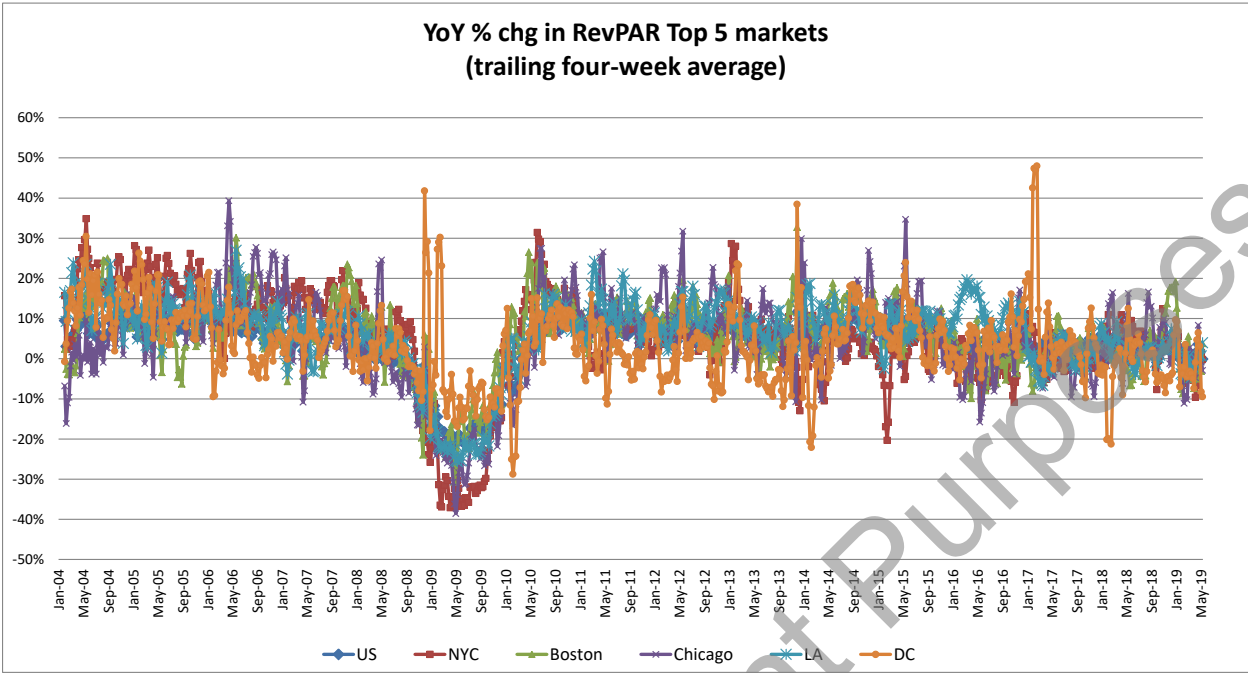
Source: STR data, STRH research

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 8/20/19	Rating	PT*	% upside down- side	2020E Valuation EBITDA (\$M)* **	2020E As Reported EBITDA (\$M)*	Target EV/EBITDA Multiple	Risks
Chesapeake Lodging Trust	CHSP	\$26.00	Hold	\$27	4%	\$177	\$177	12.7X	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	\$88.25	Hold	\$88	0%	\$387	\$387	14.0X	Upside risk: conservative guidance. Downside risk: slowdown in development opportunities.
DiamondRock Hospitality	DRH	\$9.44	Hold	\$9	-5%	\$250	\$251	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	\$15.95	Hold	\$19	19%	\$1,431	\$1,431	12.0X	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	\$75.48	Hold	\$79	5%	\$760	\$795	13.2X	Upside risk: Transient and group trends outperform expectations Downside risk: ongoing misexecution and volatility.
Bluegreen Vacations Corporation	BXG	\$10.04	Hold	\$12	17%	\$111	\$111	7.7X	Upside risk: Accelerating tour flow, FCF generation and declining consumer defaults. Downside risk: 3rd party induced defaults worsen. Middle market customers underperform.
Hilton Grand Vacations	HGV	\$31.24	Buy	\$43	38%	\$422	\$452	11.0X	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	\$92.73	Hold	\$99	7%	\$2,386	\$2,487	14.8X	Upside risk: Macro lodging trends improve beyond expectations. Downside risk: slowing pipeline. 2020 is a recession year in the U.S.
Marriott International	MAR	\$130.68	Hold	\$131	0%	\$3,482	\$3,796	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: 2020 is a recession year in the US. Geopolitical and policy risks negatively impact lodging demand.
Marriott Vacations	VAC	\$97.22	Buy	\$148	52%	\$747	\$870	11.2X	Downside risk: M&A story fades and multiples revert to historical levels
Park Hotels & Resorts	PK	\$23.91	Buy	\$30	25%	\$710	\$726	12.0X	Downside risk: Significant supply growth, macroeconomic challenges/shocks, higher than expected labor costs.
Pebblebrook Hotel Trust***	PEB	\$26.58	Hold	\$30	13%	\$467	\$467	14.0X	Upside Risks: Material near-term incremental EBITDA from Legacy LHO assets. Downside Risks: Planned asset sales do not materialize as expected and/or at lower-than-expected pricing. Incremental EBITDA from major CapEx investments take longer than anticipated, resulting in multiple contraction.
Playa Hotels & Resorts	PLYA	\$7.68	Buy	\$11	43%	\$187	\$195	11.5X	Downside risk: demand shock, hurricanes, inability to complete 2021 growth initiatives. country-specific risks (emerging market portfolio)
RLJ Lodging Trust***	RLJ	\$16.21	Sell	\$14	-14%	\$383	\$395	11.0X	Upside risk: RevPAR reaccelerates due to macroeconomic improvements, leading to estimate revisions and multiple expansion.
Ryman Hospitality Properties	RHP	\$81.98	Hold	\$81	-1%	\$536	\$521	12.6X	Upside risk: recovering group demand better than expected, better margin recovery. Downside risk: booking issues stickier than expected.
Sunstone Hotel Investors	SHO	\$13.05	Hold	\$14	7%	\$311	\$311	11.5X	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.
Vail Resorts, Inc.	MTN	\$240.98	Buy	\$247	2%	\$776	\$776	15.0X	Downside risk: Economic conditions, competition for vacation and ski dollars, stagnant skier visitation, an aging customer, and climate change.
Wyndham Hotels & Resorts	WH	\$50.73	Buy	\$68	34%	\$650	\$672	13.0X	Downside risk: Slowdown in development opportunities. La Quinta synergies below expectations.

* All of our Lodging price targets are derived by applying a target EV/EBITDA multiple to our estimate for 2020 EBITDA

** Valuation EBITDA excludes select items for specific companies including stock-based compensation.

*** Covered by Gregory J. Miller

Source: FactSet, STRH research

WH: Valuation and Risks

Our price target of \$68 for WH is based on a 13.0x multiple (in line with portfolio quality/RevPAR relative to peers) of our 2020 EBITDA estimate.

Downside risk: slowdown in development opportunities. La Quinta synergies below expectations. La Quinta integration takes longer than anticipated. Macro demand headwinds.

Companies Mentioned in This Note

Bluegreen Vacations Corporation (BXG, \$10.04, Hold, C. Patrick Scholes)
Choice Hotels International, Inc. (CHH, \$88.25, Hold, C. Patrick Scholes)
Chesapeake Lodging Trust (CHSP, \$26.00, Hold, C. Patrick Scholes)
DiamondRock Hospitality Company (DRH, \$9.44, Hold, C. Patrick Scholes)
Hyatt Hotels Corporation (H, \$75.48, Hold, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, \$31.24, Buy, C. Patrick Scholes)
Hilton Worldwide Holdings Inc. (HLT, \$92.73, Hold, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, \$15.95, Hold, C. Patrick Scholes)
Marriott International, Inc. (MAR, \$130.68, Hold, C. Patrick Scholes)
Vail Resorts, Inc. (MTN, \$240.98, Buy, C. Patrick Scholes)
Pebblebrook Hotel Trust (PEB, \$26.58, Hold, Gregory Miller)
Park Hotels & Resorts Inc. (PK, \$23.91, Buy, C. Patrick Scholes)
Playa Hotels & Resorts N.V. (PLYA, \$7.68, Buy, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, \$81.98, Hold, C. Patrick Scholes)
RLJ Lodging Trust (RLJ, \$16.21, Sell, Gregory Miller)
Sunstone Hotel Investors, Inc. (SHO, \$13.05, Hold, C. Patrick Scholes)
Marriott Vacations Worldwide Corporation (VAC, \$97.22, Buy, C. Patrick Scholes)
Wyndham Hotels & Resorts, Inc. (WH, \$50.73, Buy, C. Patrick Scholes)
Wyndham Destinations, Inc. (WYND, \$42.59, 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.

I, Gregory J. Miller, 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.

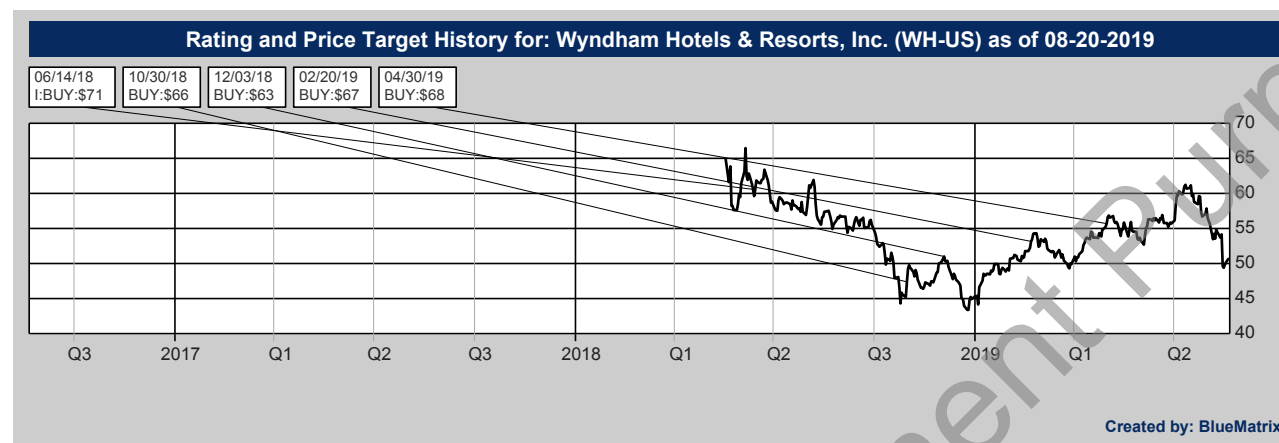
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