



## Lodging: US RevPAR -2.1% Y/Y Last Wk; Soft results due to hurricane fears in FL

Miami -27%, Orlando -14%, Tampa -3% for the week

### What's Incremental To Our View

Overall U.S. RevPAR was -2.1% Y/Y for the week ending 9/7/2019, per STR, weaker than the prior week's result of +1.0%. (2-year stacked RevPAR was -4.2% vs +5.8% in the prior week.) Independent hotels (about 1/3rd of the data set) were -2.8% Y/Y. Economy (+1.3%) was the strongest chain scale for branded hotels; Upper Upscale was the weakest at -2.7%. Upper Midscale (-0.5%) and Midscale (-0.4%) outperformed the industry average. Within Upper Upscale & Luxury class hotels, Group (-2.2% vs. +6.2% prior week) outperformed Transient (-4.0% vs. +1.1% prior week).

**Last week overall U.S. RevPar was down -2.1%, with all chains down except Economy (+1.3%). We believe soft results reflect Florida visitation hurt by hurricane fears.** Miami (-20.8%) and Orlando (-14.8%) noted double digit y/y occupancy declines for the week.

### Last week's RevPAR details:

- **Economy was the strongest chain scale:** Upscale and Upper Midscale underperformed by 530 bps and 180 bps, respectively: Luxury RevPAR (-2.4%), Upper Upscale (-2.7%), Upscale (-4.0%), Upper Midscale (-0.5%), Midscale (-0.4%), and Economy (+1.3%). Independent hotels (-2.8%) underperformed the headline U.S. RevPAR.
- **Within Upper Upscale & Luxury class hotels, Group outperformed Transient:** Transient segment (individual business and leisure travelers) RevPAR was -4.0% (vs. +1.1% last week) and Group segment RevPAR was -2.2% (vs. +6.2% last week).
- **Chicago (+4.4%) was the strongest of the top five markets:** Boston (-1.9%), Los Angeles (+3.4%), NYC (-8.6%), and D.C. (-8.4%).
- **Other relevant markets:**
  - **San Francisco was weak (Moscone Convention Center expansion and renovation completed):** RevPAR was +3.7% vs. +35.2% last week.
  - **Florida markets were down due to the Hurricane Dorian impact:** Miami (-27.0% vs. -16.8% last week); Orlando (-13.7% vs. -24.1% last week).

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### What's Inside

Weekly STR results and analysis

**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. We believe 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.  | Luxury | Upper Upscale | Upscale | Upper Midscale | Midscale | Economy | Inde-<br>pendent | New York | Boston | LA    | Chicago | DC    |
|-----------|-------|--------|---------------|---------|----------------|----------|---------|------------------|----------|--------|-------|---------|-------|
| 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%  |
| 8/24/2019 | 1.2%  | -0.9%  | 2.2%          | 0.5%    | 1.1%           | 0.5%     | 0.3%    | 1.6%             | -6.6%    | -6.1%  | 5.6%  | 4.1%    | -1.5% |
| 8/31/2019 | 1.0%  | 2.6%   | 3.1%          | -0.2%   | 0.1%           | -0.4%    | -1.0%   | 1.0%             | -3.5%    | -5.5%  | 3.3%  | 4.2%    | 0.7%  |
| 9/7/2019  | -2.1% | -2.4%  | -2.7%         | -4.0%   | -0.5%          | -0.4%    | 1.3%    | -2.8%            | -8.6%    | -1.9%  | 3.4%  | 4.4%    | -8.4% |

Group stronger than Transient

Economy and Midscale led the industry

Chicago and LA 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%  | 2.6% | 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%  |
| 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%  |
| 2Q19 | 1.1% | 1.1%  | 0.5%  | -0.4% | 0.0%  | -0.7% | 1.7% | 2.4% | -1.8% | 4.5%  | 1.6%  | -0.1% | -1.5%  |

## YoY % change in ADR

|           | U.S.  | Luxury | Upper Upscale | Upscale | Upper Midscale | Midscale | Economy | Inde-<br>pendent | New York | Boston | LA    | Chicago | DC    |
|-----------|-------|--------|---------------|---------|----------------|----------|---------|------------------|----------|--------|-------|---------|-------|
| 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%    | -0.3%   | -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%    | 1.8%    | 1.8%             | -1.9%    | 0.1%   | -2.2% | -8.0%   | 2.9%  |
| 8/24/2019 | 0.5%  | 0.3%   | 1.2%          | 0.0%    | 0.3%           | -0.4%    | -0.3%   | 0.8%             | -5.0%    | -3.1%  | 2.0%  | 1.2%    | -0.5% |
| 8/31/2019 | 1.4%  | 1.9%   | 2.5%          | 0.5%    | 0.4%           | -0.3%    | -0.1%   | 2.1%             | -3.3%    | -2.8%  | 0.3%  | 0.8%    | 0.2%  |
| 9/7/2019  | -1.0% | 2.1%   | -0.2%         | -1.0%   | -0.4%          | -1.1%    | -0.5%   | -1.0%            | -8.3%    | -0.1%  | 0.4%  | 1.6%    | -3.6% |

|      |      |      |      |      |      |       |       |      |       |       |       |       |       |
|------|------|------|------|------|------|-------|-------|------|-------|-------|-------|-------|-------|
| 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%  |
| 2Q19 | 1.2% | 2.5% | 1.4% | 0.6% | 0.7% | -0.2% | 0.6%  | 1.7% | -1.0% | 3.2%  | 0.8%  | -1.7% | 0.2%  |

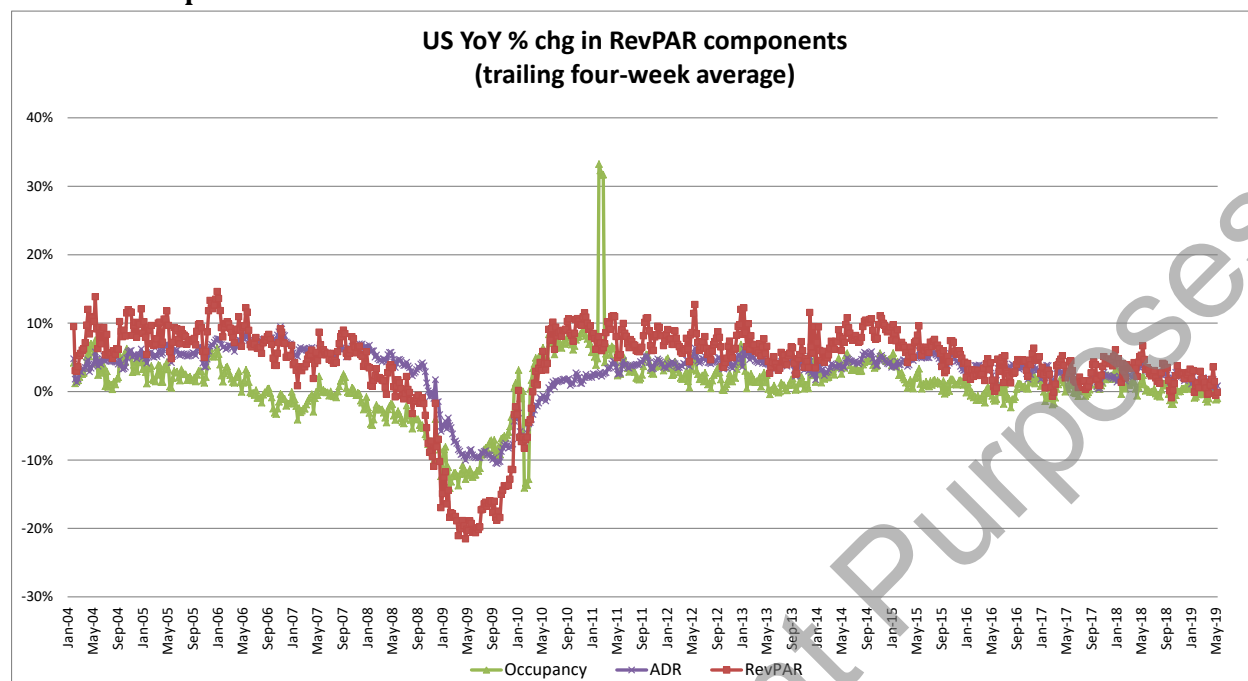
## YoY % change in Occupancy

|           | U.S.  | Luxury | Upper Upscale | Upscale | Upper Midscale | Midscale | Economy | Inde-<br>pendent | New York | Boston | LA    | Chicago | DC    |
|-----------|-------|--------|---------------|---------|----------------|----------|---------|------------------|----------|--------|-------|---------|-------|
| 6/29/2019 | -0.5% | -1.1%  | -0.9%         | -0.8%   | 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% |
| 8/24/2019 | 0.8%  | -1.2%  | 1.0%          | 0.5%    | 0.8%           | 1.0%     | 0.5%    | 0.8%             | -1.7%    | -3.1%  | 3.6%  | 2.9%    | -1.0% |
| 8/31/2019 | -0.4% | 0.7%   | 0.5%          | -0.7%   | -0.3%          | -0.1%    | -0.9%   | -1.0%            | -0.3%    | -2.8%  | 3.0%  | 3.4%    | 0.5%  |
| 9/7/2019  | -1.1% | -4.4%  | -2.5%         | -3.0%   | -0.1%          | 0.7%     | 1.7%    | -1.8%            | -0.4%    | -1.9%  | 3.0%  | 2.8%    | -4.9% |

|      |       |       |       |       |       |       |       |      |       |       |       |       |       |
|------|-------|-------|-------|-------|-------|-------|-------|------|-------|-------|-------|-------|-------|
| 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%  | 0.7% | 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% |
| 2Q19 | -0.1% | -1.4% | -0.9% | -1.0% | -0.7% | -0.6% | 1.1%  | 0.7% | -0.7% | 1.3%  | 0.8%  | 1.7%  | -1.7% |

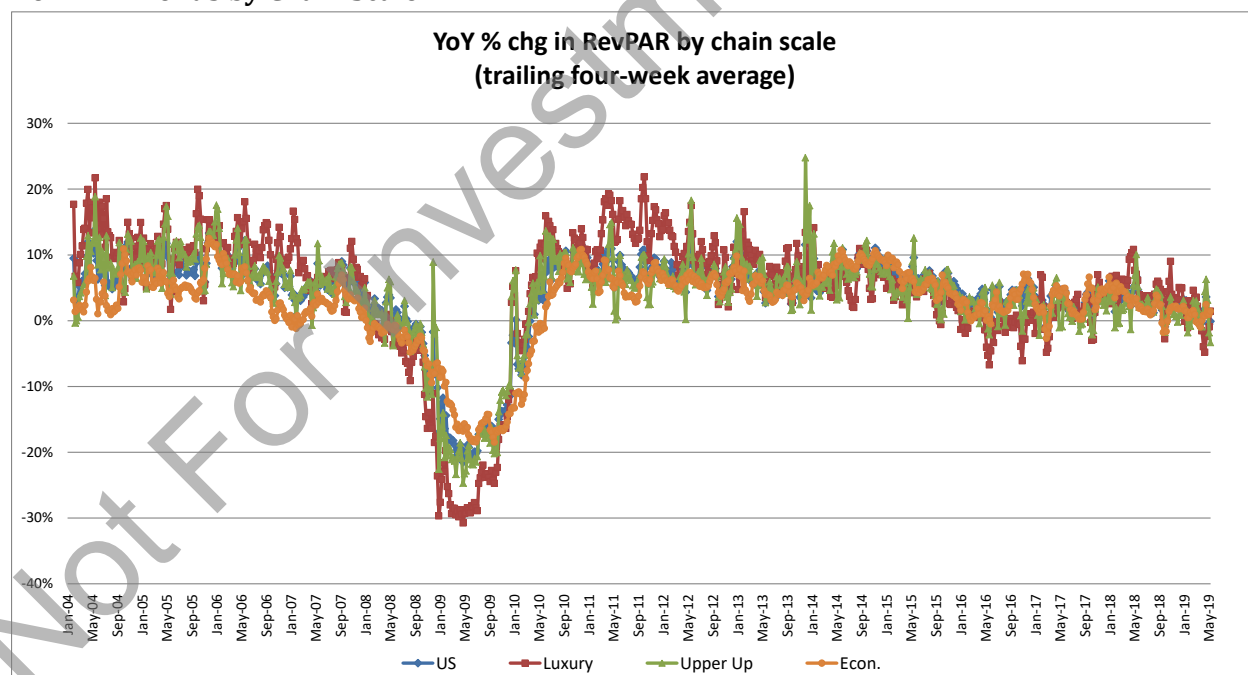
Source: STR data, STRH research

## RevPAR Component Trends



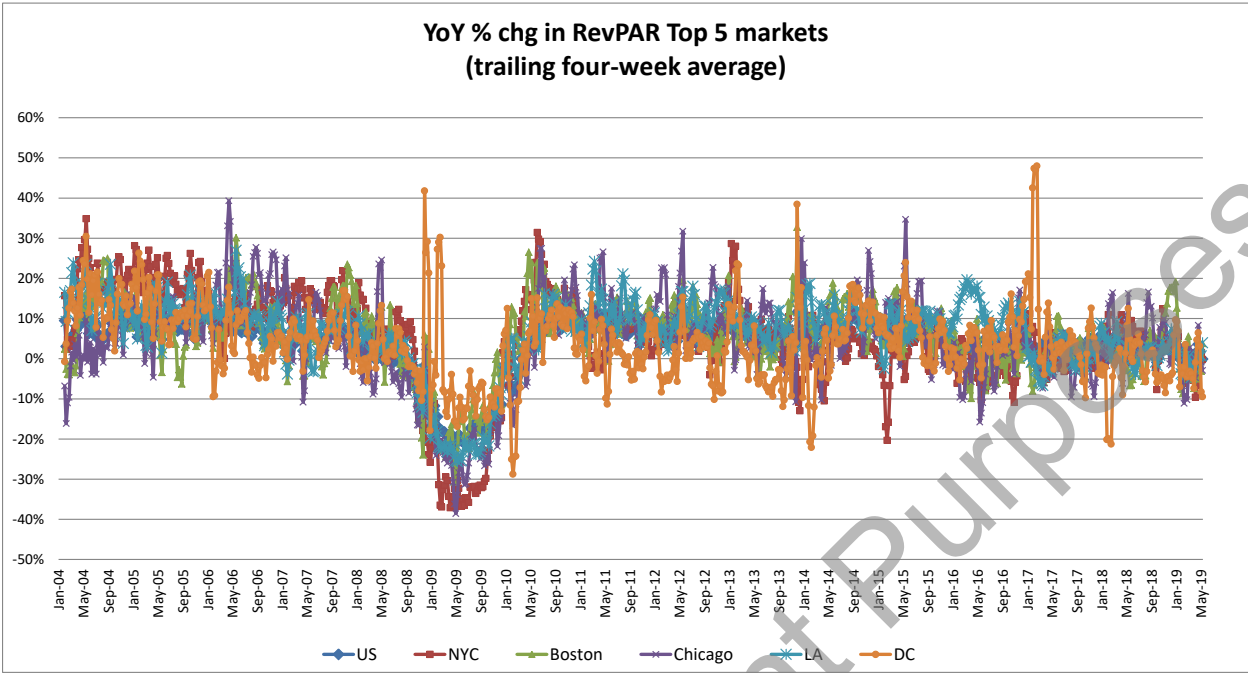
Source: STR data, STRH research

## 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<br>9/10/19 | Rating | PT*   | % upside<br>down-<br>side | 2020E<br>Valuation<br>EBITDA<br>(\$M)* ** | 2020E<br>As Reported<br>EBITDA<br>(\$M)* | Target<br>EV/EBITDA<br>Multiple | Risks  |
|---------------------------------|------|------------------|--------|-------|---------------------------|---|--|---------------------------------|--|
| Chesapeake Lodging Trust        | CHSP | \$26.81          | Hold   | \$26  | -3%                       | \$182                                     | \$182                                    | 12.0X                           | Upside risk: improvement in NY and Chicago markets<br>Downside risk: softening of RevPAR trends in Boston or SF. Slowdown in real estate lending.  |
| Choice Hotels                   | CHH  | \$93.30          | Hold   | \$87  | -7%                       | \$385                                     | \$385                                    | 14.0X                           | Upside risk: conservative guidance.<br>Downside risk: slowdown in development opportunities.   |
| DiamondRock Hospitality         | DRH  | \$10.11          | Hold   | \$11  | 9%                        | \$264                                     | \$264                                    | 12.0X                           | Upside risk: specific markets (esp. NYC) perform better than expected.<br>Downside risk: company unable to locate properties to buy.   |
| Host Hotels & Resorts           | HST  | \$17.43          | Hold   | \$22  | 26%                       | \$1,523                                   | \$1,523                                  | 12.5X                           | Upside risk: the company increases dividends by more than expected;<br>NYC outperforms or is sold down at attractive multiples.<br>Downside risk: Group underperforms. NYC hotels underperform and asset sales do not happen.  |
| Hyatt Hotels                    | H    | \$75.73          | Hold   | \$82  | 8%                        | \$808                                     | \$845                                    | 13.1X                           | Upside risk: Transient and group trends outperform expectations<br>Downside risk: ongoing misexecution and volatility.   |
| Bluegreen Vacations Corporation | BXG  | \$9.95           | Hold   | \$16  | 61%                       | \$144                                     | \$144                                    | 7.8X                            | Upside risk: Accelerating tour flow, FCF generation and declining consumer defaults. Downside risk: 3rd party induced defaults worsen.<br>Middle market customers underperform.  |
| Hilton Grand Vacations          | HGV  | \$33.29          | Buy    | \$51  | 53%                       | \$462                                     | \$505                                    | 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  | \$93.58          | Hold   | \$99  | 6%                        | \$2,386                                   | \$2,487                                  | 14.8X                           | Upside risk: Macro lodging trends improve beyond expectations.<br>Downside risk: slowing pipeline. 2020 is a recession year in the U.S.  |
| Marriott International          | MAR  | \$131.69         | Hold   | \$137 | 4%                        | \$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.<br>Downside Risk: 2020 is a recession year in the US. Geopolitical and policy risks negatively impact lodging demand. |
| Marriott Vacations              | VAC  | \$105.02         | Buy    | \$149 | 42%                       | \$758                                     | \$885                                    | 11.1X                           | Downside risk: M&A story fades and multiples revert to historical levels   |
| Park Hotels & Resorts           | PK   | \$25.29          | Buy    | \$34  | 34%                       | \$763                                     | \$778                                    | 12.6X                           | Downside risk: Significant supply growth, macroeconomic challenges/shocks, higher than expected labor costs.   |
| Pebblebrook Hotel Trust***      | PEB  | \$29.04          | Hold   | \$34  | 17%                       | \$486                                     | \$486                                    | 14.5X                           | 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 | \$8.23           | Buy    | \$13  | 58%                       | \$218                                     | \$223                                    | 11.5X                           | Downside risk: demand shock, hurricanes, inability to complete 2021 growth initiatives, country-specific risks (emerging market portfolio)   |
| RLJ Lodging Trust***            | RLJ  | \$17.16          | Hold   | \$20  | 17%                       | \$492                                     | \$395                                    | 11.6X                           | Upside risk: RevPAR reaccelerates due to macroeconomic improvements, leading to estimate revisions and multiple expansion.   |
| Ryman Hospitality Properties    | RHP  | \$80.66          | Hold   | \$76  | -6%                       | \$533                                     | \$515                                    | 12.2X                           | Upside risk: recovering group demand better than expected, better margin recovery.<br>Downside risk: booking issues stickier than expected.  |
| Sunstone Hotel Investors        | SHO  | \$13.66          | Hold   | \$15  | 10%                       | \$314                                     | \$314                                    | 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.<br>Downside risk: Weaker than expected demand trends following capital investment projects.   |
| Vail Resorts, Inc.              | MTN  | \$237.90         | Buy    | \$247 | 4%                        | \$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   | \$53.23          | Buy    | \$67  | 26%                       | \$642                                     | \$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, \$9.95, Hold, C. Patrick Scholes)  
**Choice Hotels International, Inc.** (CHH, \$93.30, Hold, C. Patrick Scholes)  
**Chesapeake Lodging Trust** (CHSP, \$26.81, Hold, C. Patrick Scholes)  
**DiamondRock Hospitality Company** (DRH, \$10.11, Hold, C. Patrick Scholes)  
**Hyatt Hotels Corporation** (H, \$75.73, Hold, C. Patrick Scholes)  
**Hilton Grand Vacations Inc.** (HGV, \$33.29, Buy, C. Patrick Scholes)  
**Hilton Worldwide Holdings Inc.** (HLT, \$93.58, Hold, C. Patrick Scholes)  
**Host Hotels & Resorts, Inc.** (HST, \$17.43, Hold, C. Patrick Scholes)  
**Marriott International, Inc.** (MAR, \$131.69, Hold, C. Patrick Scholes)  
**Vail Resorts, Inc.** (MTN, \$237.90, Buy, C. Patrick Scholes)  
**Pebblebrook Hotel Trust** (PEB, \$29.04, Hold, Gregory Miller)  
**Park Hotels & Resorts Inc.** (PK, \$25.29, Buy, C. Patrick Scholes)  
**Playa Hotels & Resorts N.V.** (PLYA, \$8.23, Buy, C. Patrick Scholes)  
**Ryman Hospitality Properties, Inc.** (RHP, \$80.66, Hold, C. Patrick Scholes)  
**RLJ Lodging Trust** (RLJ, \$17.16, Sell, Gregory Miller)  
**Sunstone Hotel Investors, Inc.** (SHO, \$13.66, Hold, C. Patrick Scholes)  
**Marriott Vacations Worldwide Corporation** (VAC, \$105.02, Buy, C. Patrick Scholes)  
**Wyndham Hotels & Resorts, Inc.** (WH, \$53.23, Buy, C. Patrick Scholes)  
**Wyndham Destinations, Inc.** (WYND, \$48.90, Buy, C. Patrick Scholes)

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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.

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.

**Required Disclosures**

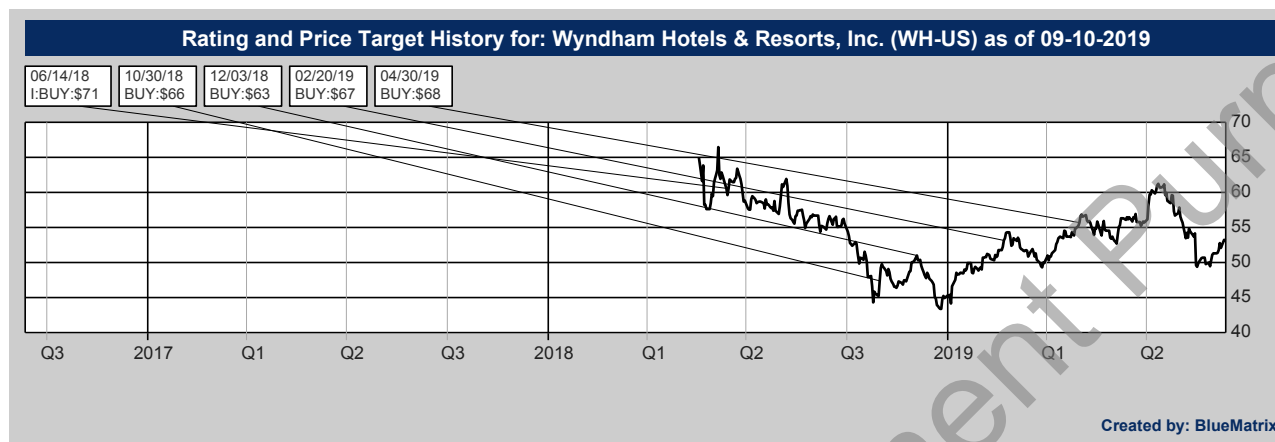
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|-------------------|-------|---------|---|-------|---------|
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| Hold              | 241   | 37.25%  | Hold                                      | 34    | 14.11%  |
| Sell              | 8     | 1.24%   | Sell                                      | 0     | 0.00%   |

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