Lodging: US RevPAR -65.0% Y/Y Last Week; Sequentially worse RevPAR change a first since virus shock

We assume this year's Mem. Day pent-up demand a factor in the sequential trend

What's Incremental To Our View

Overall U.S. RevPAR was -65.0% Y/Y for the week ending 6/6/2020, per STR, **softer** than the prior week's result of -62.1%. (2-year stacked RevPAR was -65.7% vs. -60.5% in the prior week). Independent hotels (~ 1/3rd of the data set) were -59.7% y/y. Economy (-28.8%) was the relatively strongest chain scale for branded hotels; Upper Upscale was the weakest at -84.2%. Upscale (-70.7%) underperformed the industry average; Upper Midscale (-58.8%) outperformed. Within Upper Upscale & Luxury class hotels. Group (-93.1% vs. -91.1% prior week) was softer than Transient (-75.1% vs. -73.5% prior week).

For the first time since the virus demand shock, RevPAR y/y percent change was sequentially worse than the prior week (weeks ending 6/6 vs. 5/30). We interpret the deceleration as a result of the prior week's results which were positively impacted by Memorial Day weekend, a weekend that saw drive-to leisure relatively strong from pent-up demand. The most recent week's results did not have the luxury of including a holiday, hence the week-to-week deceleration.

Other important trends of note:

- Upper Upscale continues to be the worst performing chain scale (last four weeks). We view the lack of group demand, limited fly-to corporate, and the relatively lower leisure mix at many urban hotels are factors.
- We are increasingly focused on rate discounting, discussed by some REITS at NAREIT. The differential between occupancy and ADR y/y change last week was <1,000 bps. In May, this spread was 1,200 bps. Our interpretation is that some hotels had less pricing power without the pent-up holiday demand.
- "Location" RevPAR Y/Y change sequentially worse in most areas: Urban (-81.7 vs. -76.7% in the prior week), Suburban (-60.9% vs. -57.3%), Interstate (-44.7% vs. -45.2%), and Resort (-62.5% vs. -60.5%). These results (especially resort) support a Memorial Day impact.
 - Absolute occupancies: Urban. 28.7% vs. 29.1% in the prior week, Suburban 42.2% vs. 39.1%, Interstate 43.7% vs. 39.2%, and Resort 35.5% vs. 35.7%.
- We continue to encourage investors to <u>ignore holiday spikes in demand</u> in the same way we do not view holiday shifts (and major one-time y/y changes to RevPAR) as greatly material.



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What's Inside

Weekly STR results and analysis



• We remind investors: there are many hotels that suspended operations/closed and they are not included in the comparisons. Implications are that the headline statistics overstate the actual performance of the overall industry.

For the month of May, we estimate that full-service branded domestic hotels (the typical Hilton [HLT, Hold], Hyatt [H, Hold], or Marriott [MAR, Hold] hotel) will finish -80% to -85% (unchanged from our previous estimate). We estimate that the overall industry will finish approximately -71% (our prior estimate was -68% to -72%). Please note that reported monthly results include hotels that are not in the weekly data set. Our estimates are wide as we view the remainder of Memorial Day weekend to add noise to y/y comparisons, alongside hotels reopening, and as just mentioned hotels that do not contribute daily/weekly STR data (especially relevant given independent and low-rated hotels are likely greater beneficiaries of Memorial Day demand this year).

Please see our note on China & Italy later today for our additional analysis on last week's U.S. and international trends. We advise investors that the very slow occupancy recovery in China is a leading indicator of what we assume will also be a slow occupancy recovery in the United States.

Compared to the prior week (ended 5/30), sequential RevPAR trends weresofter than last week's results.

201

- Headline RevPAR was -65.0% vs. the running 28 day average of -67.9%. By comparison per STR, the worst month of RevPAR since 1987 **pre-virus** was ~ -24% (Sept 2001).
- RevPAR for the weeks ended March 14th/21st/28th/April 4th/11th/18th/25th/May 2nd/9th/16th/23rd/30th, 2020 were -32.5/-69.5/-80.3/-81.6/-83.6/-79.4/-78.4/-76.8/-74.4/-73.6/-69.9/-62.1% respectively.
- Occupancy: absolute occupancy of 39.3% was sequentially better than the prior week of 36.6%. Occupancy y/y change of -45.3% is sequentially better the prior week of -43.2%.
- ADR: ADR y/y change of -35.9% was sequentially softer than the prior week of -33.3%. (We do not consider sequential changes in absolute ADR material.)
- Occupancy vs. ADR trends: In the past several weeks we noted that occupancy y/y percentage declines were greater than ADR declines but that the two figures were narrowing. Our view has not changed. We view this trend will continue to be the case as many higher-rated hotels remain closed and full-service corporate and group demand remains well below normal. We continue to assume a slow demand recovery for fly-to destinations (negative to Lodging REITS and higher-rated C-corp brands).

• It is conceivable that fewer open hotels has contributed to the modest sequential weekly improvement in RevPAR trends.

- Open/closed hotels: Both conversations with our private hotel owner contacts and STR data suggest signs of hotels reopening. Per STR 10% of the hotel supply is closed (vs. 10% in the prior week.) Approximately 1,025 hotels were subtracted to the STR daily sample over the course of last week (out of a total property count of 31,295 starting with last Sunday 5/31). However, the property count was 31,381 on Friday the 5th. STR noted lower data reporting for Saturday the 6th -- we view the variance as a one-time anomaly and not indicative of hotels re-closing.
 - For a timing point of reference: We noticed the sample property count rising materially for the first time since the virus demand shock in early May (172 hotels added during the week starting 5/3, with a starting hotel count of 29,626 hotels).



Last week's RevPAR details:

- Economy was the relatively strongest chain scale: Upscale and Upper Midscale underperformed by 4,190 bps and 3,000 bps, respectively: Luxury RevPAR (-82.7%), Upper Upscale (-84.2%), Upscale (-70.7%), Upper Midscale (-58.8%), Midscale (-45.2%), and Economy (-28.8%). Independent hotels (-59.7%) outperformed the headline U.S. RevPAR.
- Within Upper Upscale & Luxury class hotels, Group underperformed Transient: Transient segment (individual business and leisure travelers) RevPAR was -75.1% (vs. -73.5% last week) and Group segment RevPAR was -93.1% (vs. -91.1% last week).

• Absolute Group occupancy remains near zero and does not seem to be improving: 3.1% last week vs. 3.0% for the running 28 days.

• Los Angeles was the relatively strongest market of the top five markets: Boston (-89.2%), Chicago (-84.9%), Los Angeles (-71.8%), NYC (-77.0%), and Washington, D.C. (-78.4%).

• Other relevant markets:

- San Francisco: RevPAR was -85.4% vs. -82.0% last week.
- Florida market RevPAR:
 - Miami: (-74.0% vs. -76.6% last week). Some Miami-area hotels began reopening at the start of June (WSVN-TV). While not in the Miami stats, hotels in the Florida Keys began reopening on June 1 (Forbes). We note that in summer months, the Keys attracts a larger base of drive-to Floridians.
 - Orlando: (-78.6% vs. -77.1% last week). We expect Orlando results to improve as Florida opens up and especially as the theme parks resume operations. Note: for C-corps/REITS with material exposure near Walt Disney World, a number of on-property resorts are scheduled to open on June 22 (Travel Weekly). Companies include: HST, PK, RHP, RLJ, and WH. Other C-corps have large resorts in the area but relative exposure impact is lower (MAR, HLT, and H).

From observations of what is happening with RevPAR and re-openings in China, we suspect we may see a slower and longer recovery in the US, especially for business and group centric hotels, than what the more optimistic/bullish management teams and investors expect.

(Our ratings and price targets generally represent our recommendations and forecasts based on a 12 to 18 month outlook. We acknowledge that near term uncertainty and volatility could affect financial inputs to our targets, and the likely multiples the market may pay for those metrics.)

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Weekly RevPAR Summary

-	YoY % change in RevPAR												
	U.S.	Luxury	Upper Upscale	Upscale	Upper	Midecalo	Economy	Inde-	New York	Boston	LA	Chicago	DC
3/7/2020	-11.6%	-14.1%	-15.9%	-12.1%	-9.3%	-8.3%	-6.9%	-10.4%		-8.8%	-8.9%	-18.5%	-7.2%
3/14/2020	-32.5%	-45.9%	-45.4%	-34.4%	-26.9%	-22.7%	-16.8%	-26.7%		-48.9%	-39.9%	-43.1%	-39.1%
3/21/2020	-69.5%	-85.1%	-84.7%	-74.3%	-62.8%	-48.2%	-32.1%	-67.1%	-86.5%	-82.4%	-75.1%	-79.3%	-81.3%
3/28/2020	-80.3%	-94.8%	-92.3%	-82.9%	-76.9%	-63.0%	-43.5%	-79.0%	-87.8%	-88.1%	-82.4%	-84.3%	-87.6%
4/4/2020	-81.6%	-94.2%	-93.5%	-84.4%	-79.2%	-65.7%	-46.9%	-79.8%	-88.6%	-89.0%	-82.5%	-87.0%	-88.5%
4/11/2020	-83.6%	-95.2%	-94.6%	-86.1%	-81.6%	-68.5%	-49.7%	-81.9%	-85.7%	-92.4%	-85.1%	-90.0%	-89.5%
4/18/2020	-79.4%	-94.5%	-92.6%	-82.2%	-76.0%	-60.3%	-41.0%	-78.3%	-83.9%	-89.3%	-82.4%	-82.8%	-85.0%
4/25/2020	-78.4%	-92.8%	-91.6%	-81.4%	-76.5%	-62.1%	-42.4%	-76.9%	-77.6%	-88.3%	-79.4%	-81.0%	-84.6%
5/2/2020	-76.8%	-92.0%	-91.5%	-80.3%	-74.2%	-58.8%	-38.0%	-73.6%	-77.9%	-89.6%	-78.1%	-84.8%	-86.8%
5/9/2020	-74.4%	-90.6%	-90.4%	-79.1%	-71.3%	-55.3%	-33.4%	-70.4%	-77.7%	-89.5%	-74.1%	-85.1%	-85.5%
5/16/2020	-73.6%	-89.7%	-89.8%	-78.2%	-69.8%	-55.4%	-36.3%	-69.5%	-80.5%	-90.9%	-73.6%	-85.9%	-87.0%
5/23/2020	-69.9%	-87.0%	-87.2%	-75.1%	-65.2%	-51.1%	-34.4%	-65.4%	-78.9%	-89.7%	-71.5%	-85.1%	-85.5%
5/30/2020	-62.1%	-79.4%	-80.7%	-66.8%	-57.2%	-44.9%	-28.4%	-58.0%	-71.8%	-86.6%	-64.6%	-82.8%	-78.3%
6/6/2020	-65.0%	-82.7%		-70.7%	-58.8%	-45.2%		-59.7%		-89.2%	-71.8%	-84.9%	-78.4%
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1Q17	3.4%	2.1%	3.0%	1.0%	2.4%	3.5%		5.2%		-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%		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%		-0.2%	-1.2%	-5.0%	-0.6%
4Q17	4.2%	4.5%	3.2%	3.8%	3.9%	3.7%	3.7%	4.1%		3.7%	4.2%	-2.5%	2.2%
1Q18 2Q18	3.5% 4.0%	6.6% 4.9%	0.9% 3.4%	2.2%	3.0% 3.0%	3.8% 4.1%	5.3%	3.8% 4.6%		2.6% -1.2%	2.7% 0.6%	5.8% 4.0%	-11.0% 3.1%
3Q18	4.0%	4.9%	3.4% 1.9%	2.8% 0.8%	-0.5%	4.1%		4.6%		2.8%	1.3%	4.0%	-3.4%
4Q18	2.4%	3.0%	1.5%	0.0%	0.5%	1.3%	2.9%	4.9%		12.2%	3.0%	2.8%	-3.4%
1Q19	1.5%	-0.7%	1.1%	-0.5%	0.3%	-0.1%	1.9%	3.1%		-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%		4.5%	1.6%	-0.1%	-1.5%_
3Q19	0.7%	1.3%	1.1%	-0.5%	-0.1%	-1.0%	-0.9%	1.6%		-0.4%	-0.2%	-2.2%	4.5%
4Q19	0.7%	3.6%	1.0%	-0.6%	-1.0%	-2.7%	-1.5%	2.3%		-11.6%	1.1%	-0.7%	5.2%
1Q20	-19.3%	-21.4%	-23.1%	-20.8%	-19.1%	-16.8%		-16.7%		-24.5%	-19.3%	-21.0%	-23.2%
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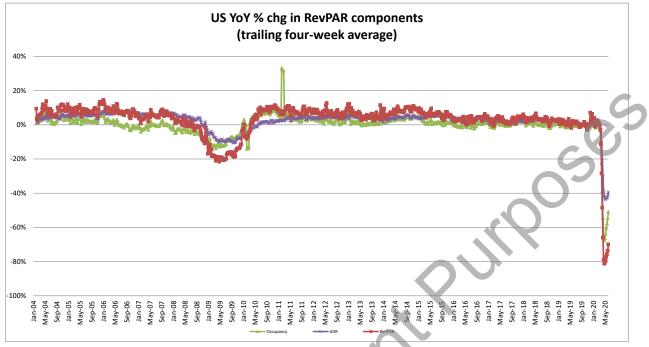
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-26.5%	-40.3%		-23.3%	-17.0%	-14.0%	-45.1%	-55.4%	-52.3%	-40.1%	-41.1%	-41.6%
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-27.6%	-44.0%	-35.1%	-27.8%	-19.8%	-16.8%	-41.4%	-59.4%	-64.6%	-41.6%	-57.4%	-55.8%
-27.7%	-39.4%	-33.5%	-25.9%	-18.3%	-16.5%	-38.5%	-56.9%	-62.1%	-39.8%	-56.8%	-52.6%
-16.5%	-30.1%	-27.0%	-21.3%	-16.0%	-13.2%	-32.3%	-48.3%	-55.2%	-34.4%	-58.0%	-41.9%
-22.6%	-34.9%	-31.0%	-22.9%	-16.6%	-13.1%	-33.5%	-56.0%	-60.9%	-40.3%	-59.4%	-42.9%
2.3%	2.4%	1.3%	1.6%	1.8%	2.4%	3.5%	-2.2%	0.0%	-0.2%	1.7%	13.6%
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4.5%	1.0%	1.7%	2.0%	3.0%	4.0%	3.1%	3.5%	-1.0%	4.0%	1.4%	-9.4%
3.5%	2.9%	2.4%	2.1%	2.6%	2.7%	3.1%	3.7%	-0.1%	2.1%	3.3%	2.4%
3.3%	2.4%	1.8%	1.2%	1.3%	1.2%	1.9%	1.2%	1.9%	1.1%	6.7%	-0.8%
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	YoY % change in Occupancy												
-			Upper		Upper		angein c	Inde-	cy				
	U.S.	Luxury	Upscale	Upscale		Midscale	Economy		New York	Boston	LA	Chicago	DC
3/7/2020	-7.3%	-14.0%	-12.0%	-7.8%	-6.1%	-5.8%	-4.1%	-7.1%	-13.1%	-5.7%	-8.2%	-13.5%	-5.2%
3/14/2020	-24.4%	-47.2%	-41.0%	-29.2%	-21.8%	-17.2%	-10.8%	-21.4%	-43.9%	-40.4%	-31.6%	-35.0%	-33.4%
3/21/2020	-56.4%	-86.5%	-81.7%	-68.9%	-56.3%	-40.6%	-23.6%	-52.3%	-80.5%	-74.9%	-64.9%	-69.6%	-69.8%
3/28/2020	-67.5%	-93.5%	-88.6%	-77.9%	-70.9%	-55.2%	-34.5%	-63.5%	-81.8%	-80.6%	-74.1%	-74.8%	-77.0%
4/4/2020	-68.5%	-92.9%	-89.7%	-78.9%	-73.0%	-57.8%	-37.5%	-64.1%	-79.1%	-80.2%	-73.3%	-75.6%	-77.9%
4/11/2020	-69.8%	-93.4%	-90.3%	-79.7%	-74.7%	-59.9%	-38.9%	-65.6%	-71.7%	-82.7%	-74.4%	-77.8%	-78.2%
4/18/2020	-64.4%	-92.8%	-87.7%	-75.1%	-68.6%	-52.2%	-31.4%	-60.6%	-63.8%	-77.6%	-70.7%	-70.7%	-74.3%
4/25/2020	-62.2%	-90.9%	-86.0%	-73.3%	-68.1%	-52.7%	-31.0%	-58.0%	-53.2%	-75.0%	-63.6%	-66.1%	-71.4%
5/2/2020	-58.5%	-89.1%	-84.5%	-70.4%	-64.2%	-47.8%	-26.0%	-52.7%	-50.1%	-73.7%	-59.4%	-67.4%	-71.6%
5/9/2020	-55.9%	-87.6%	-82.9%	-68.5%	-60.7%	-44.9%	-22.2%	-49.5%	-50.2%	-73.9%	-54.6%	-67.9%	-69.7%
5/16/2020	-54.1%	-85.7%	-81.9%	-66.3%	-58.1%	-44.3%	-23.5%	-47.9%	-52.1%	-74.4%	-54.8%	-66.9%	-70.5%
5/23/2020	-50.2%	-82.0%	-78.8%	-62.5%	-53.0%	-40.2%	-21.5%	-43.7%	-50.9%	-72.9%	-52.7%	-65.5%	-69.5%
5/30/2020	-43.2%	-75.4%	-72.3%	-54.5%	-45.6%	-34.4%	-17.4%	-38.0%	-45.5%	-70.0%	-46.1%	-59.0%	-62.7%
6/6/2020	-45.3%	-77.7%	-75.7%	-57.5%	-46.6%	-34.3%	-18.1%	-39.4%	-47.7%	-72.4%	-52.7%	-62.7%	-62.3%
									-				
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%		-1.0%	-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%		3.7%	-1.3%	4.4%	-1.8%
2Q18	1.1%	1.3%	0.5%	0.4%	0.9%	1.5%	0.4%	1.5%		-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%		0.9%	0.2%	0.7%	-2.6%
4Q18	0.4%	-0.7%	-1.1%	-1.6%	-0.6%	0.4%	2.3%	1.9%		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%		-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%		1.3%	0.8%	1.7%	-1.7%
3Q19	-0.1%	-0.2%	-0.2%	-0.7%	0.0%	-0.5%	-0.4%	0.0%		-1.4%	0.1%	0.6%	0.4%
4Q19	-0.1%	1.2%	0.4%	-0.2%	-0.8%	-1.7%	-0.4%	0.4%		-6.5%	0.8%	1.5%	1.3%
1Q20	-15.9%	-22.6%	-21.9%	-18.4%	-16.5%	-13.6%	-7.7%	-14.8%	-21.3%	-19.5%	-17.1%	-18.8%	-17.6%

Source: STR data, STRH research

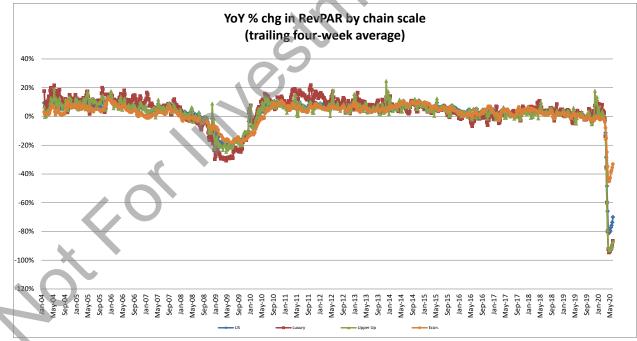


RevPAR Component Trends



Source: STR data, STRH research

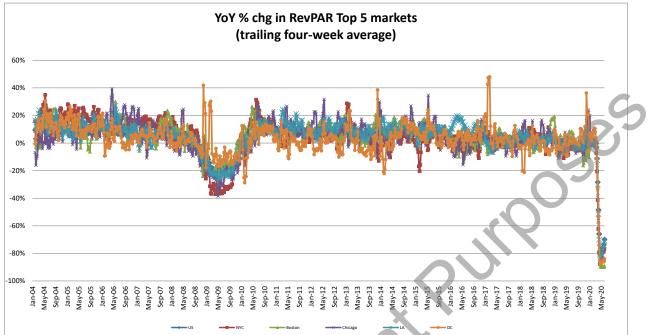
RevPAR Trends by Chain Scale



Source: STR data, STRH research



RevPAR Trends by Market



Nestin

Source: STR data, STRH research

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Price Target/Risks Summary

Lodging	TKR	Price 6/9/20	Rating	PT*	% upside down- side	2021E Valuation EBITDA (\$M)* **	2021E As Reported EBITDA (\$M)*	Target EV/EBITDA Multiple	Risks Note: COVID-19 represents a material risk to our entire coverage especially related to the length/severity of the demand shock.
Choice Hotels	CHH	\$89.58	Hold	\$67	-25%	\$336	\$336	13.0X	Upside risk: conservative growth of new brands. Downside risk: slowdown in development opportunities.
							r		
									Upside risk: specific markets (esp. NYC) perform better than expected.
DiamondRock Hospitality	DRH	\$7.16	Hold	\$4	-44%	\$147	\$148	11.5X	Downside risk: leisure hotels struggle more than expected in 2020.
									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
Host Hotels & Resorts	HST	\$14.45	Hold	\$9	-38%	\$776	\$776	12.0X	asset sales do not happen.
									Upside risk: Transient and group trends outperform expectations
Hyatt Hotels	н	\$62.97	Hold	\$49	-22%	\$488	\$516	12.7X	Downside risk: ongoing misexecution and volatility.
									Upside risk: Accelerating tour flow, FCF generation and declining
	51/0	AF FO		05		6 70	6 70	0.01	consumer defaults. Downside risk: 3rd party induced defaults worsen.
Bluegreen Vacations Corporation	BXG	\$5.59	Hold	\$5	-2%	\$73	\$73	6.3X	Middle market customers underperform. Downside risk: Disruption in a major market (HGV more concentrated
									than peers), issues with Japanese customer (HGV more exposed than
lilton Grand Vacations	HGV	\$24.83	Buy	\$23	-8%	\$318	\$334	9.3X	peers), difficulty sourcing additional fee-for-service inventory deals
			.,			•••	•••		Upside risk: Macro lodging trends improve beyond expectations.
filton	HLT	\$86.13	Hold	\$66	-23%	\$1,796	\$1,877	13.9X	Downside risk: slowing pipeline. Deep 2021 recession.
									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. Slowing pipeline. Downside Risk: 2021 is a deep recession year in the US. Geopolitical
Marriott International	MAR	\$107.32	Hold	\$86	-20%	\$2,571	\$2,794	14.0X	and policy risks negatively impact lodging demand.
						4 -,011			
Marriott Vacations	VAC	\$98.08	Buy	\$114	16%	\$690	\$0	9.5X	Downside risk: M&A story fades and multiples revert to historical levels
									Downside risk: Significant supply growth, macroeconomic
Park Hotels & Resorts	PK	\$14.21	Buy	\$10	-30%	\$526	\$538	12.0X	challenges/shocks, higher than expected labor costs.
									Upside Risks: Material near-term incremental EBITDA from Legacy LHC assets. Downside Risks: Planned asset sales do not materialize as
									expected and/or at lower-than-expected pricing. Incremental EBITDA
								X	from major CapEx investments take longer than anticipated, resulting in
Pebblebrook Hotel Trust***	PEB	\$17.35	Hold	\$9	-48%	\$292	\$292	13.25X	multiple contraction. Very slow recovery in San Francisco.
									Upside risk: quicker recovery post-COVID, Cap Cana group strength/rate
									growth in the D.R. Downside risk: demand shock, hurricanes, slow ram
								_	up of Cap Cana, country-specific risks (emerging market portfolio)
Playa Hotels & Resorts	PLYA	\$3.91	Hold	\$2	-49%	\$136	\$142	9.5X	Upside risk: RevPAR reaccelerates due to macroeconomic
RLJ Lodging Trust***	RLJ	\$13.22	Sell	\$7	-47%	\$270	\$282	11.5X	improvements, leading to estimate revisions and multiple expansion.
teo zooging moot	1120	\$10.2E	00	ų,		<i>Q</i> 210	QLOL		Upside risk:recovering group demand better than expected, better margin
									recovery.
Ryman Hospitality Properties	RHP	\$42.77	Hold	\$30	-30%	\$316	\$322	12.5X	Downside risk: booking issues stickier than expected.
									Upside risk: Recovery of corporate demand in SHO's markets. Above
									average group bookings in various hotels post-2020 renovations.
Sunstone Hotel Investors	SHO	\$10.65	Hold	\$7	-34%	\$197	\$197	11.5X	Downside risk: Weaker than expected demand trends following capital investment projects.
Sunstone Floter Investors	3110	φ10.00	TIOIU	ا ټ	-04 /0	φ15 <i>1</i>	0101	11.5A	investment projects.
									Downside risk: Economic conditions, competition for vacation and ski
/ail Resorts, Inc.****	MTN	\$188.57	Buy	\$233	24%	\$811	\$811	14.5X	dollars, stagnant skier visitation, an aging customer, and climate change
									Downside risk: The timeshare business is especially vulnerable to
Wyndham Destinations	WYND	\$36.84	Buy	\$39	5%	\$771	\$799	7.3X	economic softness. There are potential execution risks post the spin of
Wyndham Hotels & Resorts	WН	\$49.49	Buy	\$45	-9%	\$512	\$528	12.0X	Downside risk: Slowdown in development opportunities. La Quinta synergies below expectations.
WYNUNAITI HULEIS & RESULTS	VVП	ə49.49	Duy	540	-976	ລວາ 2	¢0∠0	12.0A	synergies below expectations.

* All of our Lodging price targets are derived by applying a target EVIEBLIDA 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

Companies Mentioned in This Note

Bluegreen Vacations Corporation (BXG, \$5.59, Hold, C. Patrick Scholes) Choice Hotels International, Inc. (CHH, \$89.58, Hold, C. Patrick Scholes) DiamondRock Hospitality Company (DRH, \$7.16, Hold, C. Patrick Scholes) Hyatt Hotels Corporation (H, \$62.97, Hold, C. Patrick Scholes) Hilton Grand Vacations Inc. (HGV, \$24.83, Buy, C. Patrick Scholes) Hilton Worldwide Holdings Inc. (HLT, \$86.13, Hold, C. Patrick Scholes) Host Hotels & Resorts, Inc. (HST, \$14.45, Hold, C. Patrick Scholes) Marriott International, Inc. (MAR, \$107.32, Hold, C. Patrick Scholes) Vail Resorts, Inc. (MTN, \$188.57, Buy, C. Patrick Scholes) Pebblebrook Hotel Trust (PEB, \$17.35, Hold, Gregory Miller) Park Hotels & Resorts Inc. (PK, \$14.21, Buy, C. Patrick Scholes) Playa Hotels & Resorts N.V. (PLYA, \$3.91, Hold, C. Patrick Scholes) Ryman Hospitality Properties, Inc. (RHP, \$42.77, Hold, C. Patrick Scholes) RLJ Lodging Trust (RLJ, \$13.22, Sell, Gregory Miller) Sunstone Hotel Investors, Inc. (SHO, \$10.65, Hold, C. Patrick Scholes) Marriott Vacations Worldwide Corporation (VAC, \$98.08, Buy, C. Patrick Scholes) Wyndham Hotels & Resorts, Inc. (WH, \$49.49, Buy, C. Patrick Scholes) Wyndham Destinations, Inc. (WYND, \$36.84, 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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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

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