



September Hotel P&L Analyzer: GOP margins -50 bps on Total RevPAR of +3.3%

Key 4Q REIT earnings themes: 4Q19 San Francisco, 2020 group pace, and ROI CapEx

What's Incremental To Our View

Based on "big data" observations from ~1,000 higher-rated U.S. hotels (data source: HotStats) in our hotel data analytics lab: September: -50 bps of GOP margin "growth" on approximately +3.3% Total RevPAR (Total RevPAR includes Rooms RevPAR plus outside-of-the-room spend). September RevPAR results came in largely as expected with Rooms RevPAR of +2.2% and relatively better Total RevPAR. September data reflected some Hurricane Dorian impact but generally speaking the results were overall not too dissimilar to recent monthly trends (nor the wide gap between RevPAR and GOP margins). While headline Total RevPAR growth was one of the stronger results we have seen this year, we believe labor and secondly insurance costs growing faster than Total RevPAR led to margin contraction.

We estimate 3Q19 margins were approximately -25 bps. The result was in the middle of our -75 bps to +25 bps estimated range. We are introducing our 4Q19 margin forecast of +25 bps to -50 bps. We are holding our 2019 margin forecast at flat to -50 bps (YTD flat). While 4Q will be an easier comp for many hotels (strong San Francisco citywides, lapping of 2018 union strikes, and a positive calendar shift for New Year's), the tough Jewish High Holidays calendar shift and continued challenges of weakening RevPAR growth and labor cost pressures will likely limit opportunities for positive margins in 2019.

While our 3Q margin range represented the noisy impact from holiday calendar shifts (which led to our large forecast range), the impact from Hurricane Dorian was likely a modest headwind to select hotels along the Eastern U.S. However, as many of the public REITS have material Florida exposure (many in Key West), we assume that some REITS will have somewhat more challenged results in 3Q due to the hurricane impact on or around Labor Day -- a weather anomaly that obviously wasn't in 3Q guidance. Note: we view Pebblebrook's (PEB, Hold, Miller) Key West impact potentially greater than some REITS **as one of their hotels was a sponsor of a Labor Day festival that was cancelled.** Our HotStats data is national in scope and would blend impact from Hurricane Dorian-impacted hotels.

September results color: September RevPAR growth came in largely as expected with y/y margins negative as labor costs continue to grow faster than room revenues. Rooms RevPAR of +2.2% (all rate driven) and Total RevPAR of +3.3% compare with GOP margin growth of -50 bps y/y. There was a 380 bps differential between Total RevPAR growth and GOP margin growth.

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

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

Kevin Robinson
617-345-6544
kevin.robinson@suntrust.com

What's Inside

An analysis of recent hotel labor cost trends, one of the critical components impacting hotel EBITDA margins

3Q results color: We estimate that 3Q margins were approximately -25 bps off of Rooms RevPAR of +2.0% and Total RevPAR of +3.4%. GOP margins were flat or negative for all three months.

Key earnings/4Q investor questions for the Lodging REITs: As we prepare for REITworld and our Boston conference in December (attended by the majority of the public Lodging REITs), we will be focused on the following questions:

- **How full are those cable cars this quarter? Any 4Q earnings commentary on San Francisco that is not bullish on demand (ex-typical management conservatism) should be a sign of concern.** We assume REITs with San Francisco exposure (in our coverage, all REITs ex-Ryman (RHP, Hold) will speak to the strength of 4Q San Francisco citywide conventions (bookings up ~ 55% y/y). [A bigger question is the strength of transient demand trends.](#)
 - **Investor question: how is pricing?** Given some weakness in macro higher-rated transient demand, we are particularly focused if there will be enough overall demand strength to support large ADR gains during major conventions (and this is particularly important for smaller hotels outside of the convention block that take higher-rated transient/last-minute group demand).
- **Is your 2020 group pace holding up?** For REITs with greater exposure to Boston, Chicago, and DC, we anticipate continued focus on what should be a rebound year.
 - **A potential positive outlier for 2020 group pace may be Ryman (RHP, Hold) as we assume that many meeting planners are positively receiving the expansion at Texan, the relatively new SoundWaves water park in Nashville, and the 2019 opening of Rockies. Some meeting planners will wait to book events until after a hotel opens; there are many "tour-able" aspects of the Gaylord portfolio that could support small groups filling shoulder/low season group nights. It would also not surprise us to see RHP continuing to reap the benefits of its impressive Rockies grand opening earlier this year as the meeting planners we met with in Colorado were very impressed with the facilities (as were we).** We also do not want to ignore that RHP is also a beneficiary of limited supply growth of 1,000-plus room hotels (this is also a moderate benefit to Host (HST, Hold) and to a somewhat lesser extent Park, (PK, Buy).
- **Ancillary revenues: are they sustainable?** Given the legislation and lawsuits on resort fees ([we addressed the issues and possible outcomes in last month's note](#)) we assume the REITs will be more demure than normal on non-rooms revenue growth.
- **What are you doing to enhance shareholder value?** We assume there will be continued focus on share repurchases (supporting the near term argument of companies trading below their internally defined NAV) and ROI CapEx (to satisfy why investors should remain in the stocks in light of continued headwinds (macroeconomic/RevPAR, supply growth, and labor costs).
- **Are you going to dispose of more properties (or sell your company)?** Given modest trading multiples, we assume continued discussion around non-core dispositions with a push by some REITs for improving absolute RevPAR (although we caution investors that just because a hotel has a high RevPAR does not make the hotel more profitable).
 - We sense some PE firms may be interested in takeouts--but multiples may be largely too high to act.
- **Are your dividends going to hold up?** While we are concerned about the dividend sustainability for some REITs in the event of a moderate EBITDA decline in 2020 (more so perhaps in 2021 given current fundamentals), **one defense of the Lodging REITs that does not come up often enough today is the absolute profitability of hotels.** Profit growth may be flattish for most at best, but greater conservatism on hotel development lending, improvements in revenue management, and frankly very proactive and smart asset management strategies by Lodging REITs and their managers have likely prevented margins from falling an incremental 50-100 bps this year. While the REIT space is relatively unloved today by investors (and we remain cautious on much of our coverage), most of the REITs in our coverage have strengthened their balance sheets and cost containment efforts to a far better extent than what we saw 12 years ago before the Great Recession.
 - **Management team memories are long (many CEOs/COOs in our coverage were in senior hospitality positions in 2008). Assuming a mild RevPAR downturn into 2021, we do not discount the value of experienced REIT managers in today's environment. Most importantly for longer holders,**

we find most REITs are setting up their portfolios with material CapEx projects for an improved setup in the next few years (many renovations through 2021). What remains very unclear is if that setup timing will lead to a sector recovery.

Additional color and thinking around our 4Q19 and 2019 margin forecasts:

We introduce our 4Q19 margin forecast at -50 bps to +25 bps. Assuming our +0-2% RevPAR forecast for branded full-service hotels, we view the continued multi-hundred bps spread between Rooms RevPAR and GOP margins will continue in 4Q. Business-oriented hotels should benefit from three business travel weeks in November but that is countered by the High Holidays calendar shift in October and the holiday shifts of Christmas and New Year's Day to Wednesdays from Tuesdays this year. Leisure-oriented hotels will likely benefit in December from two holiday-friendly travel weeks (New Years in particular should have high room rates that will flow positively to margins). We view the strong citywide calendar in San Francisco in 4Q and the lapping of union strikes as beneficial to specific hotels (and moreso for some REITs than full-service hotels in aggregate).

- Our disclaimer on the above: please note that there are anomalies for specific REITs due to portfolio changes and property renovations, weather impact, etc., thus we focus on the aggregate numbers. **Hotels owned by the REITs orient more heavily to Upper Upscale versus Luxury, thus our expectations for margin growth for REITs reflects that differential.**

Our 2019 margin forecast continues to hold at flat to -50 bps. For many of the Lodging REITs, 4Q may be a positive margin quarter. However, as aforementioned, the national aggregate margins may remain close to flattish y/y (YTD margins are +0 bps y/y).

Report Date*	2018A	1Q19A	2Q19A	3Q19E	4Q19E	2019E
Oct-19				Actual: -25 bps	-50 bps to +25 bps	Flat to -50 bps
Sep-19				-75 bps to +25 bps		Flat to -50 bps
Aug-19			Actual: -40 bps	-75 bps to +25 bps		Flat to -50 bps
Jul-19						Flat to -50 bps
Jun-19			-25 bps to -100 bps			Flat to -50 bps
May-19			Flat to -75 bps			Flat to -50 bps
Apr-19		Actual: +50 bps	-50 bps to -100 bps			Flat to -75 bps
Mar-19		+25-75 bps				Flat to -75 bps
Feb-19		+25-75 bps				Flat to -75 bps
Jan-19	Actual: +20 bps					Flat to -100 bps

Source: STRH Research

Not For Investment Purposes

Monthly Profitability Metrics

September profitability: Slight RevPAR growth with margins moderately negative.

- **3Q:** Operating Department margins were flattish and GOP margins were ~ -25 bps.

Industry Metric	Sept 2019 y/y	YTD		Sept 2019	YTD	FY2018	2018 y/y	FY2017
Occupancy	-10	-50	bps	76.2%	78.3%	77.7%	30 bps	77.4%
ADR	2.4%	1.8%	%	\$230	\$229	\$225	2.5%	\$220
RevPAR	2.2%	1.1%	%	\$175	\$180	\$175	2.8%	\$170
Total Revenue PAR	3.3%	2.6%	%	\$291	\$299	\$289	3.3%	\$280
Total Dept. Profit % Total Rev.	0	10	bps	59.9%	60.2%	60.0%	10 bps	59.9%
Total Hotel Labor Costs % Total Rev.	40	20	bps	36.3%	35.7%	35.5%	20 bps	35.3%
Total GOP PAR	2.1%	2.4%	%	\$108	\$113	\$108	4.1%	\$104
Total GOP % of Total Rev.	-50	0	bps	36.9%	37.7%	37.4%	20 bps	37.2%

Source: STRH Research, HotStats

All dollar figures are in USD. 2017 figures have been revised as of December 2018 to account for the updated sample set.

August profitability: Slight RevPAR growth with flat margins.

Industry Metric	Aug 2019 y/y	YTD		Aug 2019	YTD	FY2018	2018 y/y	FY2017
Occupancy	0	-50	bps	78.6%	78.6%	77.7%	30 bps	77.4%
ADR	2.2%	1.7%	%	\$209	\$229	\$225	2.5%	\$220
RevPAR	2.3%	1.0%	%	\$164	\$180	\$175	2.8%	\$170
Total Revenue PAR	3.2%	2.5%	%	\$259	\$300	\$289	3.3%	\$280
Total Dept. Profit % Total Rev.	-10	10	bps	57.2%	60.3%	60.0%	10 bps	59.9%
Total Hotel Labor Costs % Total Rev.	30	30	bps	39.4%	35.7%	35.5%	20 bps	35.3%
Total GOP PAR	3.0%	2.4%	%	\$83	\$113	\$108	4.1%	\$104
Total GOP % of Total Rev.	0	0	bps	32.1%	37.8%	37.4%	20 bps	37.2%

Source: STRH Research, HotStats

All dollar figures are in USD. 2017 figures have been revised as of December 2018 to account for the updated sample set.

July profitability: Slight RevPAR growth with margins slightly negative.

Industry Metric	July 2019 y/y	YTD		July 2019	YTD	FY2018	2018 y/y	FY2017
Occupancy	20	-60	bps	80.6%	78.6%	77.7%	30 bps	77.4%
ADR	1.4%	1.6%	%	\$216	\$232	\$225	2.5%	\$220
RevPAR	1.6%	0.8%	%	\$174	\$182	\$175	2.8%	\$170
Total Revenue PAR	3.8%	2.4%	%	\$272	\$305	\$289	3.3%	\$280
Total Dept. Profit % Total Rev.	0	20	bps	58.5%	60.7%	60.0%	10 bps	59.9%
Total Hotel Labor Costs % Total Rev.	50	20	bps	37.9%	35.2%	35.5%	20 bps	35.3%
Total GOP PAR	3.3%	2.3%	%	\$92	\$117	\$108	4.1%	\$104
Total GOP % of Total Rev.	-20	0	bps	33.7%	38.5%	37.4%	20 bps	37.2%

Source: STRH Research, HotStats

All dollar figures are in USD. 2017 figures have been revised as of December 2018 to account for the updated sample set.

June profitability: Flattish RevPAR growth yet margins were slightly positive.

- 2Q: Operating Department margins were ~ -20 bps and GOP margins were ~ -40 bps.

Industry Metric	June 2019 y/y	YTD		June 2019	YTD	FY2018	2018 y/y	FY2017
Occupancy	-140	-90	bps	81.9%	78.1%	77.7%	30 bps	77.4%
ADR	1.3%	1.7%	%	\$229	\$234	\$225	2.5%	\$220
RevPAR	-0.4%	0.6%	%	\$188	\$183	\$175	2.8%	\$170
Total Revenue PAR	0.5%	2.1%	%	\$307	\$310	\$289	3.3%	\$280
Total Dept. Profit % Total Rev.	30	10	bps	62.0%	61.0%	60.0%	10 bps	59.9%
Total Hotel Labor Costs % Total Rev.	40	20	bps	34.0%	34.8%	35.5%	20 bps	35.3%
Total GOP PAR	1.2%	2.1%	%	\$123	\$121	\$108	4.1%	\$104
Total GOP % of Total Rev.	30	0	bps	40.2%	39.2%	37.4%	20 bps	37.2%

Source: STRH Research, HotStats

All dollar figures are in USD. 2017 figures have been revised as of December 2018 to account for the updated sample set.

May profitability: Slight RevPAR growth but modestly negative margins.

Industry Metric	May 2019 y/y	YTD		May 2019	YTD	FY2018	2018 y/y	FY2017
Occupancy	30	-70	bps	79.9%	77.4%	77.7%	30 bps	77.4%
ADR	2.0%	1.8%	%	\$232	\$236	\$225	2.5%	\$220
RevPAR	2.3%	0.8%	%	\$186	\$182	\$175	2.8%	\$170
Total Revenue PAR	3.8%	2.4%	%	\$316	\$310	\$289	3.3%	\$280
Total Dept. Profit % Total Rev.	-40	10	bps	60.9%	60.8%	60.0%	10 bps	59.9%
Total Hotel Labor Costs % Total Rev.	20	20	bps	34.9%	35.0%	35.5%	20 bps	35.3%
Total GOP PAR	2.7%	2.3%	%	\$125	\$121	\$108	4.1%	\$104
Total GOP % of Total Rev.	-40	0	bps	39.5%	39.0%	37.4%	20 bps	37.2%

Source: STRH Research, HotStats

All dollar figures are in USD. 2017 figures have been revised as of December 2018 to account for the updated sample set.

April profitability: Negative RevPAR and moderately negative margins.

Industry Metric	Apr 2019 y/y	YTD		Apr 2019	YTD	FY2018	2018 y/y	FY2017
Occupancy	-70	-100	bps	81.6%	76.7%	77.7%	30 bps	77.4%
ADR	-0.8%	1.7%	%	\$238	\$236	\$225	2.5%	\$220
RevPAR	-1.7%	0.4%	%	\$194	\$181	\$175	2.8%	\$170
Total Revenue PAR	-0.4%	2.0%	%	\$324	\$309	\$289	3.3%	\$280
Total Dept. Profit % Total Rev.	-40	20	bps	62.3%	60.8%	60.0%	10 bps	59.9%
Total Hotel Labor Costs % Total Rev.	100	20	bps	33.2%	35.0%	35.5%	20 bps	35.3%
Total GOP PAR	-3.0%	2.2%	%	\$132	\$120	\$108	4.1%	\$104
Total GOP % of Total Rev.	-110	0	bps	40.9%	38.8%	37.4%	20 bps	37.2%

Source: STRH Research, HotStats

All dollar figures are in USD. 2017 figures have been revised as of December 2018 to account for the updated sample set.

March profitability: Slightly negative RevPAR growth although y/y margins were modestly positive.

- **1Q:** Operating Department margins were ~ + 40 bps and GOP margins were ~ +50 bps.

Industry Metric	Mar 2019 y/y	YTD		Mar 2019	YTD	FY2018	2018 y/y	FY2017
Occupancy	-160	-110	bps	81.1%	75.1%	77.7%	30 bps	77.4%
ADR	1.3%	2.7%	%	\$245	\$236	\$225	2.5%	\$220
RevPAR	-0.8%	1.2%	%	\$198	\$177	\$175	2.8%	\$170
Total Revenue PAR	2.3%	2.9%	%	\$333	\$304	\$289	3.3%	\$280
Total Dept. Profit % Total Rev.	20	40	bps	63.0%	60.2%	60.0%	10 bps	59.9%
Total Hotel Labor Costs % Total Rev.	-30	-20	bps	32.5%	35.6%	35.5%	20 bps	35.3%
Total GOP PAR	3.2%	4.3%	%	\$142	\$116	\$108	4.1%	\$104
Total GOP % of Total Rev.	40	50	bps	42.7%	38.1%	37.4%	20 bps	37.2%

Source: STRH Research, HotStats

All dollar figures are in USD. 2017 figures have been revised as of December 2018 to account for the updated sample set.

February profitability: Decent RevPAR growth resulted in modest y/y margins.

Industry Metric	Feb 2019 y/y	YTD		Feb 2019	YTD	FY2018	2018 y/y	FY2017
Occupancy	-40	-70	bps	76.0%	72.0%	77.7%	30 bps	77.4%
ADR	4.4%	3.6%	%	\$235	\$231	\$225	2.5%	\$220
RevPAR	3.9%	2.5%	%	\$179	\$166	\$175	2.8%	\$170
Total Revenue PAR	3.6%	3.2%	%	\$308	\$288	\$289	3.3%	\$280
Total Dept. Profit % Total Rev.	100	60	bps	60.6%	58.5%	60.0%	10 bps	59.9%
Total Hotel Labor Costs % Total Rev.	-40	-10	bps	35.3%	37.5%	35.5%	20 bps	35.3%
Total GOP PAR	7.1%	5.0%	%	\$118	\$102	\$108	4.1%	\$104
Total GOP % of Total Rev.	120	60	bps	38.4%	35.2%	37.4%	20 bps	37.2%

Source: STRH Research, HotStats

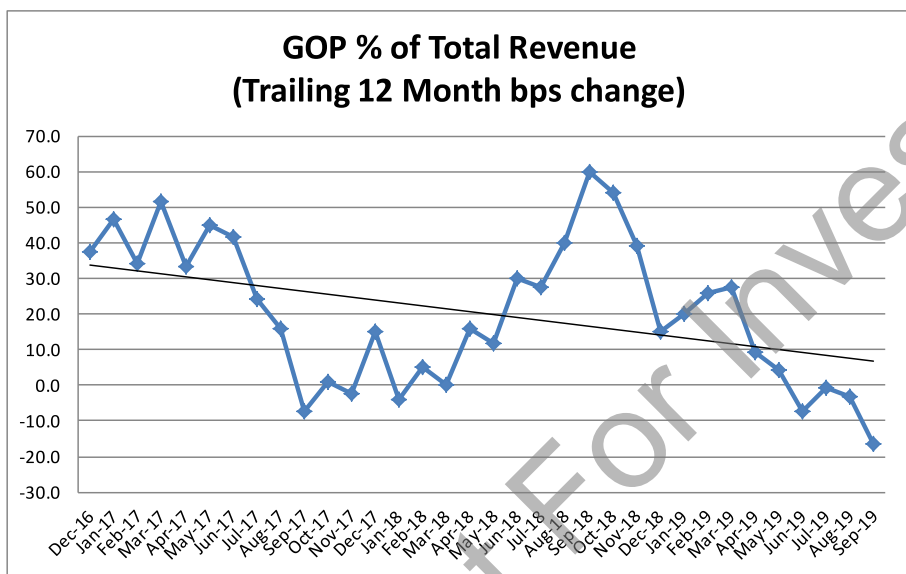
All dollar figures are in USD. 2017 figures have been revised as of December 2018 to account for the updated sample set.

January profitability: Limited RevPAR growth resulted in flat y/y margins.

Industry Metric	Jan 2019 y/y		Jan 2019	FY2018	2018 y/y	FY2017
Occupancy	-110	bps	68.3%	77.7%	30 bps	77.4%
ADR	2.6%	%	\$226	\$225	2.5%	\$220
RevPAR	1.0%	%	\$154	\$175	2.8%	\$170
Total Revenue PAR	2.8%	%	\$271	\$289	3.3%	\$280
Total Dept. Profit % Total Rev.	20	bps	56.4%	60.0%	10 bps	59.9%
Total Hotel Labor Costs % Total Rev.	20	bps	39.7%	35.5%	20 bps	35.3%
Total GOP PAR	2.7%	%	\$87	\$108	4.1%	\$104
Total GOP % of Total Rev.	0	bps	32.0%	37.4%	20 bps	37.2%

Source: STRH Research, HotStats

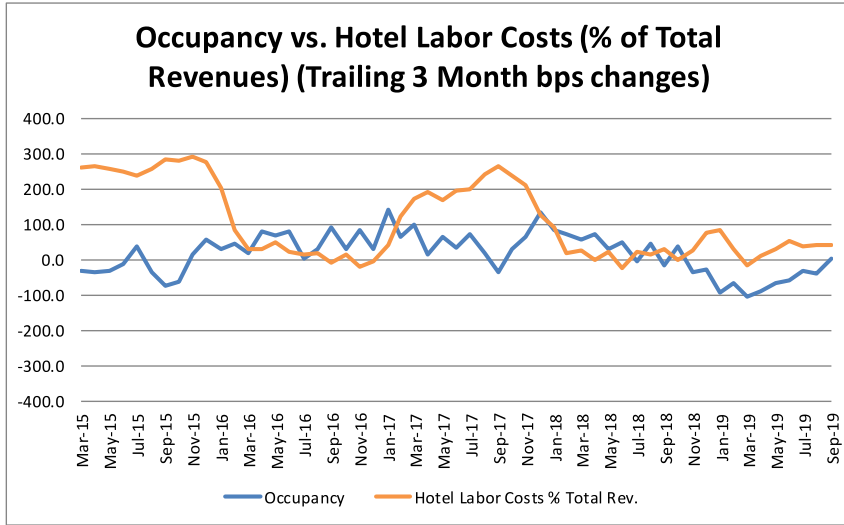
All dollar figures are in USD. 2017 figures have been revised as of December 2018 to account for the updated sample set.



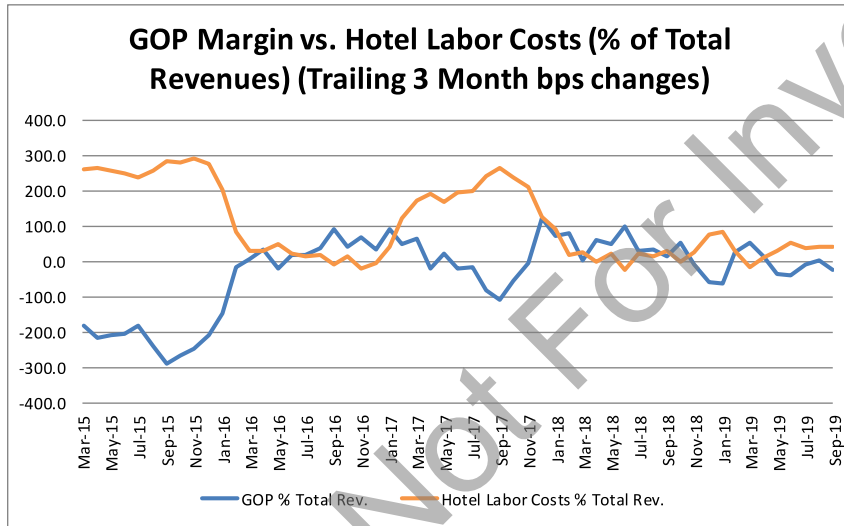
Source: STRH Research, HotStats

NOT FOR INVESTMENT PURPOSES

- The following charts highlight trends in labor costs vs. occupancy and GOP margins.



Source: STRH Research, HotStats



Source: STRH Research, HotStats

NOT FOR INVESTMENT PURPOSES

We present REIT margin guidances for 3Q below (unadjusted for REITs that have already provided 3Q earnings).

<u>REIT Margin Guidances*</u>				
		<u>3Q Guide</u>	<u>2019 Guide</u>	<u>Margin Guidance Provided</u>
DiamondRock	DRH	none	none	
Host	HST	none	-25 to +25 bps	Comp Hotel EBITDA margins
Pebblebrook	PEB	-250 to -225 bps	-50 to -40 bps	Same Property EBITDA margins
Park	PK	none	+0-50 bps (Legacy PK)	Comp Hotel Adjusted EBITDA Margins
Ryman	RHP	none	none	
RLJ	RLJ	none	-70 bps to -10 bps	Pro Forma Hotel EBITDA Margins (Implied guide from 32.3% YE 2018)
Sunstone	SHO	none	-25 to -75 bps	21 Hotel Comp Portfolio Adjusted EBITDAre Margin

*Note: We do not consider EBITDA margin guidances to be comparable across the Lodging REIT space as indicative of the type of margin guidance provided.

Source: Company filings, STRH Research

Not For Investment Purposes

SHO: Valuation and Risks

Our price target of \$14 for SHO is derived by applying a 11.5x target EV/EBITDA multiple (industry average) to our estimate for 2020 EBITDA. This is in-line with the average for REITs with similar quality portfolios.

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. Inability to find accretive acquisitions.

PK: Valuation and Risks

Our \$28 price target is based on an 12.0x multiple on our 2020 EBITDA estimate. This multiple is in-line with portfolio quality.

Risks to our rating and price target: Significant supply growth, macroeconomic challenges/shocks, higher than expected labor costs.

PEB: Valuation and Risks

Valuation: Our price target of \$26 for PEB is derived by applying a 14.0x target EV/EBITDA to our estimate for 2021 EBITDA. We believe PEB's sector-leading EBITDA/Key, relatively high aggregate RevPAR, strong portfolio quality, heavy mix of flexible management contracts (more so than most REITs), and precedence for high multiples on dispositions suggests a marked premium to our sector average (~ 200 bps premium). Due to the timing of repositioning efforts and the ramp-up to stabilization, we anticipate PEB's initial portfolio enhancements may take 5+ years to be fully materialized, beyond our projection period. For now, we use a 2021 valuation model. To account for risk and the time value of money, we apply a 10% annualized discount for 2021 to our implied share price to derive a 2020 price target.

Upside Risks: Material near-term incremental EBITDA from Legacy LHO assets. RevPAR reaccelerates due to macroeconomic factors, leading to estimate revisions and multiple expansion. Private vs. public market valuation differentials contract.

Downside Risks: Supply-demand fundamentals shift negatively. Planned asset sales do not materialize as expected and/or at lower-than-expected pricing. Incremental EBITDA growth following major CapEx investment takes longer than anticipated and/or does not materialize, resulting in multiple contraction. San Francisco (~ 20% of EBITDA) experiences a market-specific demand issue.

HST: Valuation and Risks

Our price target of \$19 for HST is derived by applying a 12.0x target EV/EBITDA multiple (a ~50 bps premium to the industry average given high portfolio quality and geographic diversification) to our estimate for 2020 EBITDA.

Upside risks: the company increases dividends by more than expected. NYC outperforms or is sold down at attractive multiples. Downside risks: Group underperforms. NYC hotels underperform and asset sales do not happen.

RHP: Valuation and Risks

Our price target of \$78 for RHP is derived by applying a 12.0x target EV/EBITDA multiple (equivalent to HST and PK) to our estimate for 2020 lodging EBITDA and a 12.0x multiple to our Opry/attractions estimate. Risks to our rating and price target include: Upside risks: recovering group demand better than expected, better margin recovery. Downside risks: booking issues stickier than expected.

Companies Mentioned in This Note

Host Hotels & Resorts, Inc. (HST, \$16.76, Hold, C. Patrick Scholes)

Pebblebrook Hotel Trust (PEB, \$26.34, Hold, Gregory Miller)

Park Hotels & Resorts Inc. (PK, \$23.91, Buy, C. Patrick Scholes)

Ryman Hospitality Properties, Inc. (RHP, \$85.92, Hold, C. Patrick Scholes)

Sunstone Hotel Investors, Inc. (SHO, \$13.88, Hold, 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.

Required Disclosures

The following company is a client of SunTrust Robinson Humphrey, Inc. for non-investment banking securities-related services within the last 12 months: HST-US

SunTrust Robinson Humphrey, Inc. or an affiliate has received compensation for non-investment banking services within the last 12 months: HST-US

The following company is a client of SunTrust Robinson Humphrey, Inc. for non-securities-related services within the last 12 months: PK-US

SunTrust Robinson Humphrey, Inc. or an affiliate has received compensation for non-securities related services within the last 12 months: PK-US

SunTrust Robinson Humphrey, Inc. makes a market in the following company: SHO-US

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.

Rating and Price Target History for: Host Hotels & Resorts, Inc. (HST-US) as of 11-01-2019

02/24/17 HOLD:\$18	07/27/17 HOLD:\$19	02/23/18 HOLD:\$20	05/03/18 HOLD:\$21	02/21/19 HOLD:\$22	08/08/19 HOLD:\$19
-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------



Created by: BlueMatrix

Rating and Price Target History for: Pebblebrook Hotel Trust (PEB-US) as of 11-01-2019

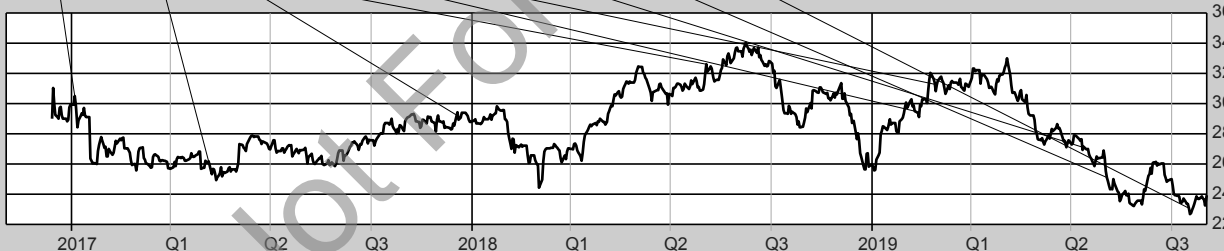
05/06/19 I:HOLD:\$34	07/30/19 HOLD:\$30	10/28/19 HOLD:\$26
-------------------------	-----------------------	-----------------------



Created by: BlueMatrix

Rating and Price Target History for: Park Hotels & Resorts Inc. (PK-US) as of 11-01-2019

01/03/17 I:HOLD:\$29	05/05/17 HOLD:\$28	12/21/17 BUY:\$32	08/02/18 BUY:\$34	02/08/19 BUY:\$33	02/28/19 BUY:\$34	07/16/19 BUY:\$33	08/02/19 BUY:\$30	10/16/19 BUY:\$28
-------------------------	-----------------------	----------------------	----------------------	----------------------	----------------------	----------------------	----------------------	----------------------



Created by: BlueMatrix

Rating and Price Target History for: Ryman Hospitality Properties, Inc. (RHP-US) as of 11-01-2019

Rating and Price Target History for: Sunstone Hotel Investors, Inc. (SHO-US) as of 11-01-2019


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.

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

SunTrust Robinson Humphrey ratings distribution (as of 11/04/2019):

Coverage Universe			Investment Banking Clients Past 12 Months		
Rating	Count	Percent	Rating	Count	Percent
Buy	408	61.63%	Buy	114	27.94%
Hold	246	37.16%	Hold	42	17.07%
Sell	8	1.21%	Sell	1	12.50%

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.

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

© SunTrust Robinson Humphrey, Inc. 2019. All rights reserved. Reproduction or quotation in whole or part without permission is forbidden.

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

Not For Investment Purposes