



## Lodging - US RevPAR +3.1% Y/Y Last Week; Relatively clean comp and strong Group

Another decent week; Group RevPAR (+6.3%) all occupancy driven

### What's Incremental To Our View

Overall U.S. RevPAR was +3.1% Y/Y for the week ending 3/10/2018, per STR, down from the prior week's result of +4.1%. (2-year stacked RevPAR was +8.0% vs. +7.7% in the prior week.) Independent hotels (about 1/3rd of the data set) were -1.5% y/y. Economy (+5.2%) was the strongest chain scale for branded hotels; Upper Upscale was the weakest chain scale at +3.7%. Midscale (+4.8%) outperformed the overall US hotel industry average. Within Upper Upscale & Luxury class hotels, Group (+6.3% vs. +3.0% prior week) was stronger than Transient (-0.9% vs. +2.7% prior week).

### Overall takeaways from last week's results:

- This was another relatively clean comp week ex-hurricane impacted markets (see below for detail).
- Group demand was quite strong in a number of markets. Overall Group RevPAR of +6.3% was driven almost entirely by occupancy (+6.2%). While one week of RevPAR data does not make a trend, in our opinion it is not particularly great news that such a strong y/y demand lift came with no rate growth.

Over the next several weeks the weekly STR data will be impacted by various calendar shifts. [Please see our Calendar Shift RevPAR Roadmap for week-to-week expectations.](#) We anticipate that next week will be an easier comp in some destination markets due to the shift of St. Patrick's Day to Saturday from Friday.

### RevPAR details:

- **Economy was the strongest chain scale. Midscale and Upper Midscale underperformed by 40 bps and 30 bps, respectively:** Luxury RevPAR (+4.8%), Upper Upscale (+3.7%), Upscale (+3.9%), Upper Midscale (+4.9%), Midscale (+4.8%), and Economy (+5.2%). Independent hotels (-1.5%) underperformed headline U.S. RevPAR.
- **Within Upper Upscale & Luxury class hotels, Group was stronger than Transient:** Transient segment (individual business and leisure travelers) RevPAR was -0.9% (vs. +2.7% last week) and Group segment RevPAR was +6.3% (vs. +3.0% last week).
- **Chicago (+8.4%) was the strongest of the top 5 markets:** Boston (+4.0%), LA (+6.9%), NYC (+5.1%), and D.C. (-2.0%).
- **Other relevant markets:**

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### What's Inside

Weekly STR results and analysis

- **San Francisco was down:** RevPAR was -10.4% vs. -19.3% last week. We anticipate weak y/y results in San Francisco for 1Q due to the renovations at the Moscone Center (comps get easier starting in 2Q).
- **Texas results were up:** Dallas RevPAR was +4.8% (vs. +6.9% last week). Houston RevPAR was +27.7% (vs. +15.8% last week).
- **Hurricane-impacted markets in FL had strong results:** Miami (+9.9% vs. +18.4% last week); Orlando (+8.5% vs. +1.9% last week).

#### The lodging and leisure stocks:

- **Based on our last several months of RevPAR data analytics observations, we are less cautious on the hotel REITS than we were at the same time last year, though to be clear not overly bullish (however, due to some unique self-help drivers, we have a Buy rating on PK).** Given recent forward-looking demand and pricing trends, we continue to have higher confidence that numbers will not need to be cut in 2018 and that dividends will be paid (though we're not expecting dividend raises of any size this year). **LHO is the exception here as they saw a demand shock due to renovations and issues with their Kimpton hotels.** We see the major issue/challenge for the hotel owners in 2018 as cost containment. **In an environment of property-level operating costs of 3%+ vs. flat to 2% RevPAR growth,** this does not bode well for margin expansion for hotel owners (outside of PK, which has some unique self-help drivers). A second strike against the hotel REITs at this moment is that the growth in RevPAR is primarily driven by the leisure segment as opposed to the corporate segment, the latter being the bread and butter customer for the hotel REITs. Within the hotel REITs, PK is one of our favorite names.
- **For the C-Corps, it's all good until it isn't.** While most C-corps trade at expensive multiples by historical standards (not the case for the hotel REITs as the gap between hotel REITs and C-Corps is as wide as it has ever been), we note that historically asset-light C-Corp multiples can potentially get "wacky" (we note Four Seasons and Choice Hotels in the prior cycle, for example) and can stay expensive up to the point where a management team potentially delivers unexpected bad news (then look out below!). Based on our data research and industry conversations (private hotel owners), we are not anticipating such unexpected bad news (the "all good until it isn't" part) in April/May earnings releases as it relates to 1Q results and forward expectations.

Not For Investment Purposes

## Weekly RevPAR Summary

YoY % change in RevPAR														
U.S.	Upper			Upper			Inde- pendent	New	York	Boston	LA	Chicago	DC	
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy								
1/6/2018	9.6%	25.0%	11.8%	11.7%	10.1%	9.9%	9.8%	2.5%	34.0%	24.4%	14.5%	13.8%	1.9%	
1/13/2018	5.5%	6.2%	0.8%	0.2%	0.8%	1.0%	4.4%	16.5%	-1.6%	-4.2%	-2.4%	-10.6%	-3.6%	
1/20/2018	-3.2%	-7.2%	-7.1%	-2.3%	-0.1%	1.2%	2.9%	-4.9%	4.8%	0.7%	4.3%	6.2%	-64.1%	
1/27/2018	4.5%	6.1%	3.3%	1.2%	1.2%	2.8%	5.4%	8.5%	10.1%	0.6%	2.5%	44.7%	-13.4%	
2/3/2018	3.6%	5.3%	2.2%	2.5%	4.4%	3.7%	4.5%	3.1%	7.2%	3.8%	-1.3%	11.1%	-0.7%	
2/10/2018	2.6%	5.0%	0.7%	0.9%	2.3%	3.5%	4.9%	2.9%	1.6%	0.2%	-5.4%	-1.2%	-7.4%	
2/17/2018	4.4%	9.5%	1.8%	2.5%	1.9%	3.7%	5.8%	6.5%	4.2%	-4.0%	17.6%	10.0%	2.9%	
2/24/2018	2.0%	5.9%	-0.2%	0.7%	1.6%	2.5%	3.6%	1.9%	2.9%	-0.3%	4.7%	6.2%	-3.0%	
3/3/2018	4.1%	4.1%	2.3%	3.0%	4.7%	4.8%	4.0%	4.3%	0.4%	8.8%	6.5%	-1.4%	3.2%	
3/10/2018	3.1%	4.8%	3.7%	3.9%	4.9%	4.8%	5.2%	-1.5%	5.1%	4.0%	6.9%	8.4%	-2.0%	

Clean comp; strength in Group and hurricane-impacted markets

Economy and Upper Midscale led the industry

Chicago and LA led the Top 5 markets

1Q15	8.0%	6.3%	6.0%	7.0%	8.5%	8.8%	9.2%	8.9%	-4.3%	13.8%	7.7%	11.4%	6.3%
2Q15	6.5%	5.5%	5.4%	5.9%	6.3%	6.6%	6.7%	7.1%	-1.8%	7.1%	7.4%	11.0%	11.7%
3Q15	5.9%	4.4%	4.0%	5.7%	5.7%	6.4%	6.1%	6.8%	0.6%	7.1%	11.1%	5.1%	0.3%
4Q15	4.8%	2.7%	3.8%	4.2%	4.9%	3.7%	4.4%	5.9%	-2.0%	5.3%	8.3%	1.4%	2.1%
1Q16	2.7%	1.6%	1.9%	2.2%	2.0%	0.0%	1.8%	4.0%	-1.2%	-3.0%	16.6%	-4.8%	3.1%
2Q16	3.5%	0.8%	2.9%	3.1%	3.2%	3.2%	3.0%	4.2%	-4.5%	1.5%	11.1%	-1.0%	3.5%
3Q16	3.3%	1.5%	2.5%	2.0%	1.8%	2.5%	3.0%	5.1%	-2.5%	-0.5%	9.3%	1.2%	5.5%
4Q16	3.2%	1.9%	0.6%	1.2%	2.2%	3.9%	4.4%	5.1%	0.9%	-1.6%	6.9%	3.3%	8.0%
1Q17	3.4%	2.1%	3.0%	1.0%	2.4%	3.5%	2.6%	5.2%	-1.3%	-1.1%	-2.5%	1.5%	16.1%
2Q17	2.7%	2.3%	0.6%	0.6%	1.2%	2.4%	3.7%	5.1%	0.2%	4.4%	3.6%	0.8%	0.8%
3Q17	1.9%	0.5%	-0.7%	0.7%	1.8%	3.5%	2.9%	3.1%	-0.9%	-0.2%	-1.2%	-5.0%	-0.6%
4Q17	4.2%	4.5%	3.2%	3.8%	3.9%	3.7%	3.7%	4.1%	0.8%	3.7%	4.2%	-2.5%	2.2%

### YoY % change in ADR

U.S.	Upper			Upper			Inde- pendent	New	York	Boston	LA	Chicago	DC
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy							
1/6/2018	5.8%	15.9%	6.9%	6.8%	4.8%	5.7%	5.9%	1.5%	23.8%	7.4%	10.6%	5.1%	-1.9%
1/13/2018	5.4%	7.0%	2.5%	1.5%	1.4%	2.2%	3.8%	13.8%	-2.1%	-2.7%	2.8%	-3.8%	-2.5%
1/20/2018	-1.7%	-6.1%	-3.7%	-0.9%	0.1%	1.6%	2.2%	-1.5%	-0.1%	0.0%	5.9%	3.0%	-54.4%
1/27/2018	3.9%	2.3%	2.5%	2.3%	2.3%	3.3%	4.6%	6.3%	4.2%	-0.9%	3.4%	17.1%	-2.9%
2/3/2018	2.2%	2.7%	0.6%	1.1%	2.2%	3.0%	4.1%	2.1%	1.8%	-0.9%	2.5%	2.1%	-1.7%
2/10/2018	2.8%	3.7%	2.4%	1.8%	2.2%	3.4%	4.1%	3.3%	-0.1%	-1.6%	-1.6%	-0.9%	-3.4%
2/17/2018	3.2%	4.7%	0.8%	1.7%	1.7%	3.8%	4.8%	4.5%	0.6%	-2.5%	15.0%	2.3%	1.0%
2/24/2018	1.9%	3.6%	0.7%	0.8%	1.2%	2.4%	3.4%	2.5%	0.7%	-1.6%	2.8%	1.8%	-2.5%
3/3/2018	2.3%	2.4%	0.8%	1.3%	1.8%	3.0%	3.8%	3.1%	0.0%	0.5%	5.4%	-1.8%	-3.2%
3/10/2018	2.0%	3.2%	2.0%	2.4%	2.7%	3.2%	5.5%	-1.4%	2.9%	-4.1%	4.4%	3.2%	-2.7%

1Q15	4.7%	5.8%	4.7%	5.2%	4.7%	4.7%	5.5%	4.7%	-4.1%	7.3%	6.5%	7.1%	1.7%
2Q15	4.8%	4.9%	4.8%	5.3%	4.6%	4.3%	5.4%	4.8%	-1.5%	6.8%	7.1%	9.2%	7.9%
3Q15	4.5%	3.7%	3.6%	5.2%	4.4%	4.6%	5.0%	4.6%	0.3%	7.4%	9.6%	5.3%	-0.1%
4Q15	3.6%	2.3%	3.0%	3.9%	3.5%	3.0%	4.2%	3.8%	-2.3%	3.9%	6.1%	2.3%	1.0%
1Q16	3.2%	1.9%	2.7%	3.2%	2.6%	1.7%	3.3%	3.7%	-3.1%	1.4%	11.3%	-1.9%	1.1%
2Q16	2.9%	1.5%	2.2%	2.9%	2.8%	2.7%	3.4%	3.0%	-3.1%	3.3%	9.4%	0.3%	2.1%
3Q16	3.4%	1.5%	2.5%	2.7%	2.4%	3.1%	3.6%	4.4%	-2.7%	2.3%	7.5%	1.9%	3.5%
4Q16	2.6%	2.1%	1.4%	2.2%	2.0%	2.2%	3.2%	3.8%	-1.2%	1.3%	5.8%	3.9%	4.1%
1Q17	2.5%	2.3%	2.4%	1.3%	1.6%	1.8%	2.4%	3.5%	-2.2%	0.0%	-0.2%	1.7%	13.6%
2Q17	2.2%	2.2%	1.2%	1.7%	1.5%	2.1%	2.3%	3.5%	-1.5%	4.1%	2.8%	1.5%	2.0%
3Q17	1.4%	1.4%	0.2%	0.8%	1.2%	1.9%	2.4%	2.2%	-2.0%	0.8%	1.8%	-2.4%	0.0%
4Q17	2.4%	2.2%	1.9%	1.8%	1.8%	2.5%	3.4%	2.1%	-0.2%	0.8%	4.6%	-2.0%	2.4%

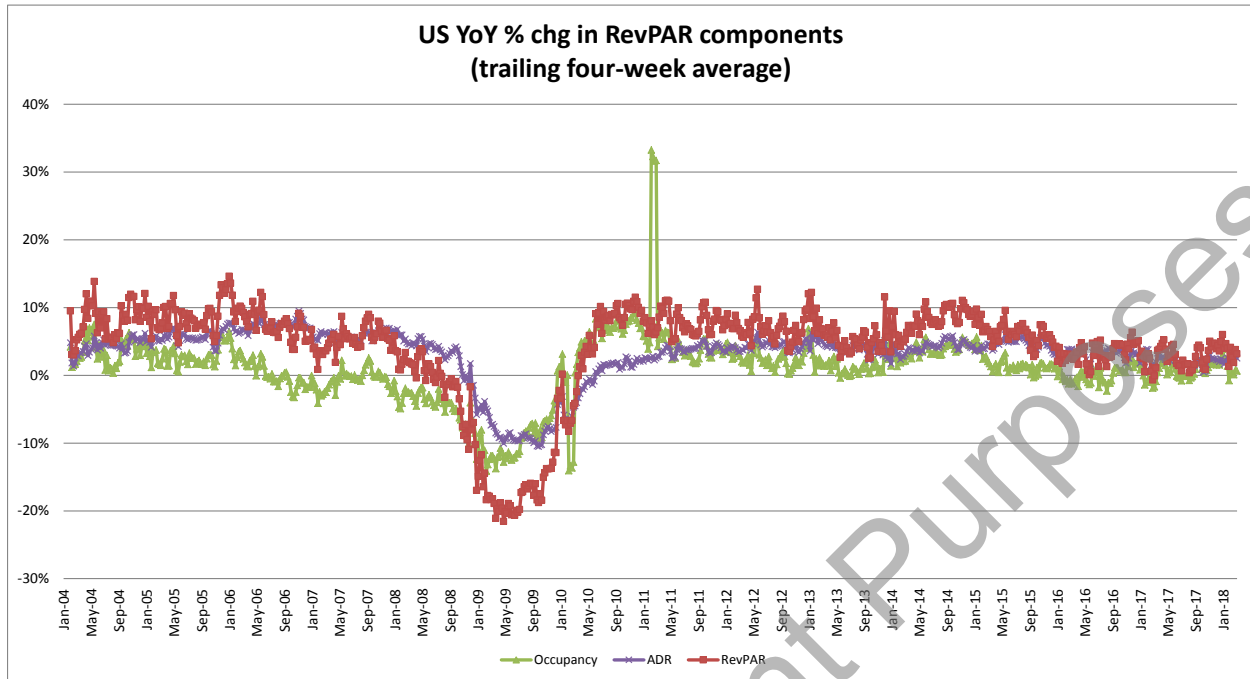
### YoY % change in Occupancy

U.S.	Upper			Upper			Inde- pendent	New	York	Boston	LA	Chicago	DC
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy							
1/6/2018	3.6%	7.8%	4.6%	4.6%	5.0%	4.0%	3.7%	1.0%	8.2%	15.8%	3.6%	8.3%	3.9%
1/13/2018	0.2%	-0.7%	-1.7%	-1.3%	-0.6%	-1.2%	0.6%	2.3%	0.5%	-1.5%	-5.0%	-7.1%	-1.1%
1/20/2018	-1.5%	-1.1%	-3.6%	-1.4%	-0.2%	-0.4%	0.7%	-3.5%	4.8%	0.7%	-1.5%	3.1%	-21.2%
1/27/2018	0.6%	3.8%	0.8%	-1.1%	-1.1%	-0.5%	0.8%	2.1%	5.7%	1.6%	-0.9%	23.6%	-10.8%
2/3/2018	1.4%	2.5%	1.6%	1.4%	2.2%	0.6%	0.4%	0.9%	5.3%	4.7%	-3.7%	8.8%	1.0%
2/10/2018	-0.2%	1.2%	-1.7%	-0.9%	0.0%	0.0%	0.7%	-0.3%	1.8%	1.9%	-3.9%	-0.3%	-4.2%
2/17/2018	1.2%	4.6%	1.0%	0.8%	0.2%	-0.1%	0.9%	1.9%	3.6%	-1.5%	2.3%	7.5%	1.9%
2/24/2018	0.0%	2.3%	-0.8%	-0.1%	0.4%	0.2%	0.2%	-0.6%	2.2%	1.3%	1.8%	4.3%	-0.5%
3/3/2018	1.7%	1.7%	1.5%	1.7%	2.9%	1.7%	0.1%	1.2%	0.4%	8.3%	1.1%	0.4%	6.7%
3/10/2018	1.1%	1.5%	1.7%	1.5%	2.1%	1.6%	-0.3%	-0.2%	2.2%	8.5%	2.4%	5.1%	0.8%

1Q15	3.1%	0.5%	1.3%	1.7%	3.6%	3.9%	3.5%	4.0%	-0.2%	6.1%	1.1%	4.0%	4.6%
2Q15	1.6%	0.6%	0.5%	0.6%	1.7%	2.2%	1.3%	2.3%	-0.3%	0.3%	0.3%	1.7%	3.5%
3Q15	1.4%	0.6%	0.4%	0.5%	1.3%	1.8%	1.0%	2.1%	0.2%	-0.3%	1.3%	-0.1%	0.4%
4Q15	1.2%	0.4%	0.8%	0.2%	1.3%	0.6%	0.2%	2.1%	0.3%	1.4%	2.0%	-0.9%	1.1%
1Q16	-0.5%	-0.3%	-0.8%	-0.9%	-0.6%	-1.7%	-1.5%	0.3%	2.0%	-4.3%	4.7%	-3.0%	2.0%
2Q16	0.6%	-0.7%	0.7%	0.2%	0.4%	0.5%	-0.4%	1.2%	-1.4%	-1.7%	1.5%	-1.4%	1.3%
3Q16	0.0%	0.0%	-0.1%	-0.6%	-0.6%	-0.6%	-0.6%	0.7%	0.3%	-2.8%	1.7%	-0.7%	1.9%
4Q16	0.6%	-0.2%	-0.8%	-1.0%	0.2%	1.7%	1.2%	1.2%	2.2%	-2.8%	1.0%	-0.5%	3.7%
1Q17	0.9%	-0.2%	0.6%	-0.3%	0.7%	1.6%	0.2%	1.6%	1.0%	-1.1%	-2.4%	-0.2%	2.2%
2Q17	0.5%	0.1%	-0.6%	-1.1%	-0.3%	0.4%	1.4%	1.6%	1.7%	0.3%	0.8%	-0.7%	-1.2%
3Q17	0.5%	-0.9%	-0.9%	-0.1%	0.6%	1.6%	0.5%	0.9%	1.1%	-1.0%	-2.9%	-2.7%	-0.5%
4Q17	1.8%	2.2%	1.3%	2.0%	2.1%	1.2%	0.3%	2.0%	1.0%	2.8%	-0.3%	-0.5%	-0.2%

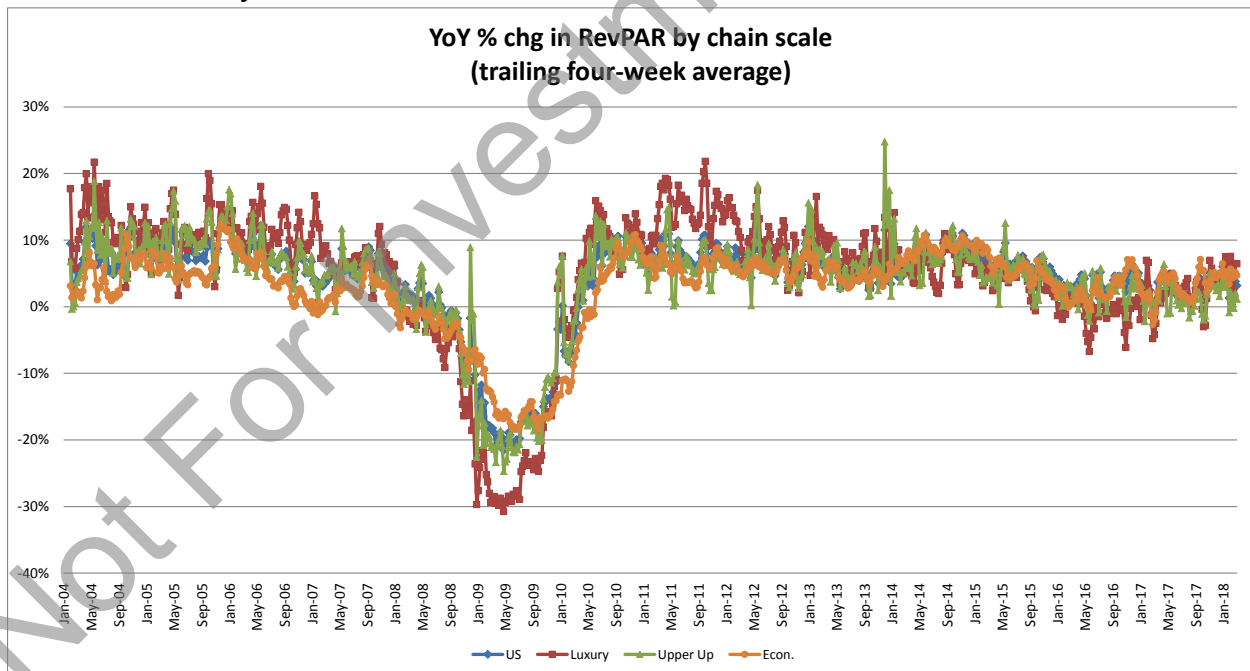
Source: STR data, STRH research

### RevPAR Component Trends



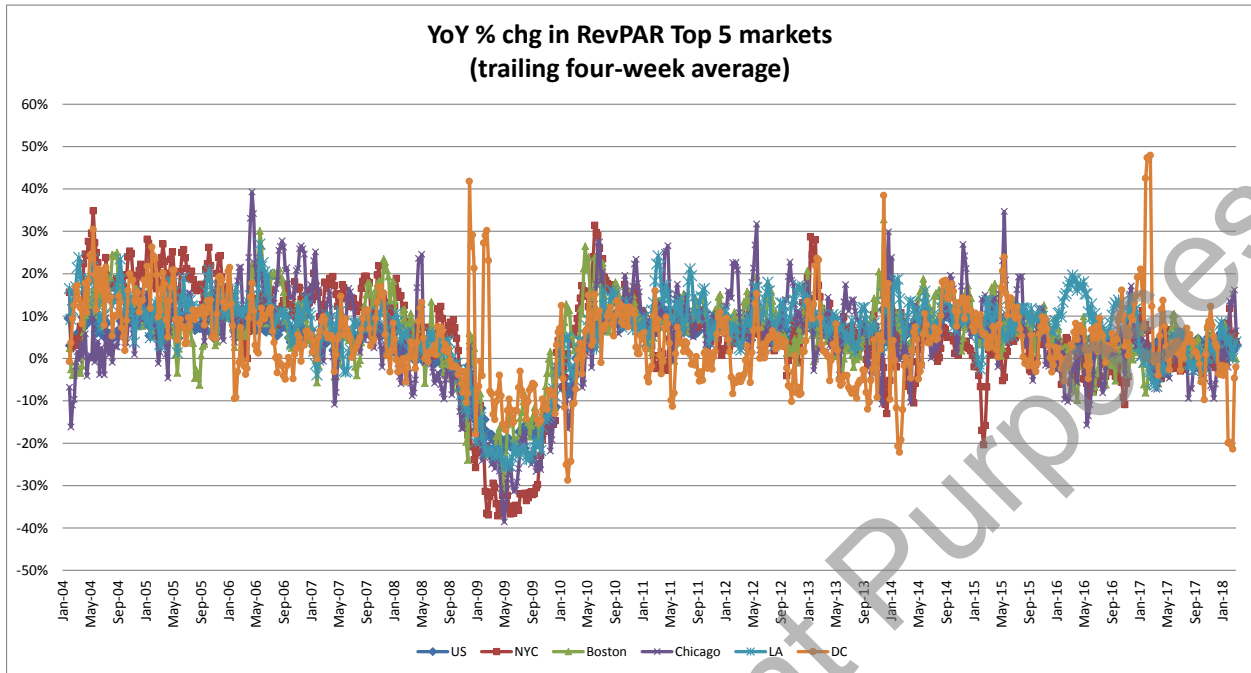
Source: STR data, STRH research

### RevPAR Trends by Chain Scale



Source: STR data, STRH research

### RevPAR Trends by Market



Source: STR data, STRH research

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## Price Target/Risks Summary

Lodging	TKR	Price 3/13/18	Rating	PT*	% upside down- side	2019E EBITDA (\$M)	Target EV/EBITDA Multiple	Risks
Chesapeake Lodging Trust	CHSP	\$27.04	Hold	\$26	-4%	\$191	12.0X	Upside risk: improvement in NY and Chicago markets Downside risk: softening of RevPAR trends in Boston or SF. Slowdown in real estate lending.
Choice Hotels	CHH	\$83.65	Hold	\$82	-2%	\$333	15.0X	Upside risk: conservative guidance. Downside risk: big catalyst of special dividend already baked into the stock.
DiamondRock Hospitality	DRH	\$10.60	Hold	\$11	4%	\$260	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	\$18.70	Hold	\$20	7%	\$1,520	12.5X	Upside risk: the company increases dividends by more than expected; NYC outperforms or is sold down at attractive multiples Downside risk: Group underperforms. NYC hotels underperform and asset sales do not happen.
Hyatt Hotels	H	\$80.45	Hold	\$80	-1%	\$825	13.9X	Upside risk: Transient and group trends outperform expectations Downside risk: ongoing misexecution and volatility.
Bluegreen Vacations Corporation	BXG	\$20.10	Buy	\$21	4%	\$184	7.9X	Downside risk: 3rd party induced defaults, worsen. Middle market customers underperform.
Hilton Grand Vacations	HGV	\$45.80	Buy	\$50	9%	\$465	12.0X	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	\$81.25	Buy	\$92	13%	\$2,267	15.6X	Downside risk: overhang from remaining big sponsor ownership, slowing pipeline
InterContinental Hotels	IHG	\$63.88	Hold	\$66	3%	\$991	14.5X	Upside risk: further acceleration in returning capital to shareholders. Downside risk: trends continue to worsen in Greater China
ILG	ILG	\$33.88	Buy	\$34	0%	\$436	11.1X	Downside risk: membership base erosion as chum outstrips new timeshare sales
LaSalle Hotel Properties	LHO	\$25.77	Hold	\$24	-7%	\$313	12.5X	Upside risk: ability to increase dividend. Downside risk: heavy D.C. exposure.
Marriott International	MAR	\$141.75	Hold	\$128	-10%	\$3,731	15.8X	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: 2018 is a recession year in the US. Geopolitical and policy risks negatively impact lodging demand.
Marriott Vacations	VAC	\$146.26	Hold	\$141	-4%	\$336	11.1X	Upside risk: Mix shift not an issue for margins, quicker execution/upsized of buyback program; Downside risk: inability to achieve development margin targets, inability to close asset sales or asset sales are done at lesser values than expected
Park Hotels & Resorts	PK	\$27.04	Buy	\$32	18%	\$745	12.6X	Downside risk: Significant supply growth and macroeconomic challenges/shocks.
RLJ Lodging Trust	RLJ	\$20.35	Hold	\$21	3%	\$549	11.5X	Upside risk: RevPAR reaccelerates due to macroeconomic improvements, leading to estimate revisions and multiple expansion. Downside risk: Significant supply growth, struggle to source deals/lower leverage, macroeconomic challenges/demand shocks.
Ryman Hospitality Properties	RHP	\$77.26	Hold	\$70	-9%	\$444	12.3X	Upside risk: recovering group demand better than expected, better margin recovery. Downside risk: booking issues stickier than expected.
Sunstone Hotel Investors	SHO	\$14.79	Hold	\$15	1%	\$331	12.0X	Upside risk: Recovery of corporate demand in SHO's markets. Above average group bookings in Orlando and Boston Park Plaza post-meeting space expansions. Downside risk: Weaker than expected demand trends following capital investment projects.
Wyndham Worldwide Corp	WYN	\$118.40	Buy	\$131	11%	\$1,436	10.6X	Downside risk: the timeshare business is especially vulnerable to economic softness.

\* All of our Lodging price targets are derived by applying a target EV/EBITDA multiple to our estimate for 2019 EBITDA

Source: FactSet, STRH research

**LHO: Valuation and Risks**

Our price target of \$24 for LHO is derived by applying a 12.5X target EV/EBITDA multiple (a premium to the industry given most of the portfolio is unbranded and therefore unencumbered by franchise/management contracts) to our estimate for 2019 EBITDA.

Upside risk: ability to increase dividend. Downside risk: heavy D.C. exposure.

**PK: Valuation and Risks**

Our \$32 price target is based on an 12.5x multiple on our 2019 EBITDA estimate. This multiple is in-line with portfolio quality.

Downside risk: Significant supply growth and macroeconomic challenges/shocks. Press reports (FT, Bloomberg, others) have indicated possible financial difficulties at HNA, a 25% holder of PK shares. If HNA should have to liquidate PK we believe this would create near-term pressure on the shares.

**CHH: Valuation and Risks**

Our price target of \$82 for CHH is derived by applying a 15.0x target EV/EBITDA multiple (slightly above industry average) to our estimate for 2019 EBITDA.

Upside risk: conservative guidance. Downside risk: big catalyst of special dividend already baked into the stock.

**Companies Mentioned in This Note**

**Bluegreen Vacations Corporation** (BXG, \$20.10, Buy, C. Patrick Scholes)  
**Choice Hotels International, Inc.** (CHH, \$83.65, Hold, C. Patrick Scholes)  
**Chesapeake Lodging Trust** (CHSP, \$27.04, Hold, C. Patrick Scholes)  
**DiamondRock Hospitality Company** (DRH, \$10.60, Hold, C. Patrick Scholes)  
**Hyatt Hotels Corporation** (H, \$80.45, Hold, C. Patrick Scholes)  
**Hilton Grand Vacations Inc.** (HGV, \$45.80, Buy, Bradford Dalinka)  
**Hilton Worldwide Holdings Inc.** (HLT, \$81.25, Buy, C. Patrick Scholes)  
**Host Hotels & Resorts, Inc.** (HST, \$18.70, Hold, C. Patrick Scholes)  
**InterContinental Hotels Group PLC** (IHG, \$63.88, Hold, C. Patrick Scholes)  
**ILG, Inc.** (ILG, \$33.88, Buy, C. Patrick Scholes)  
**LaSalle Hotel Properties** (LHO, \$25.77, Hold, C. Patrick Scholes)  
**Marriott International, Inc.** (MAR, \$141.75, Hold, C. Patrick Scholes)  
**Park Hotels & Resorts Inc.** (PK, \$27.04, Buy, C. Patrick Scholes)  
**Ryman Hospitality Properties, Inc.** (RHP, \$77.26, Hold, C. Patrick Scholes)  
**RLJ Lodging Trust** (RLJ, \$20.35, Hold, C. Patrick Scholes)  
**Sunstone Hotel Investors, Inc.** (SHO, \$14.79, Hold, C. Patrick Scholes)  
**Marriott Vacations Worldwide Corporation** (VAC, \$146.26, Hold, C. Patrick Scholes)  
**Wyndham Worldwide Corporation** (WYN, \$118.40, Buy, C. Patrick Scholes)  
Four Seasons (private)

## 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.

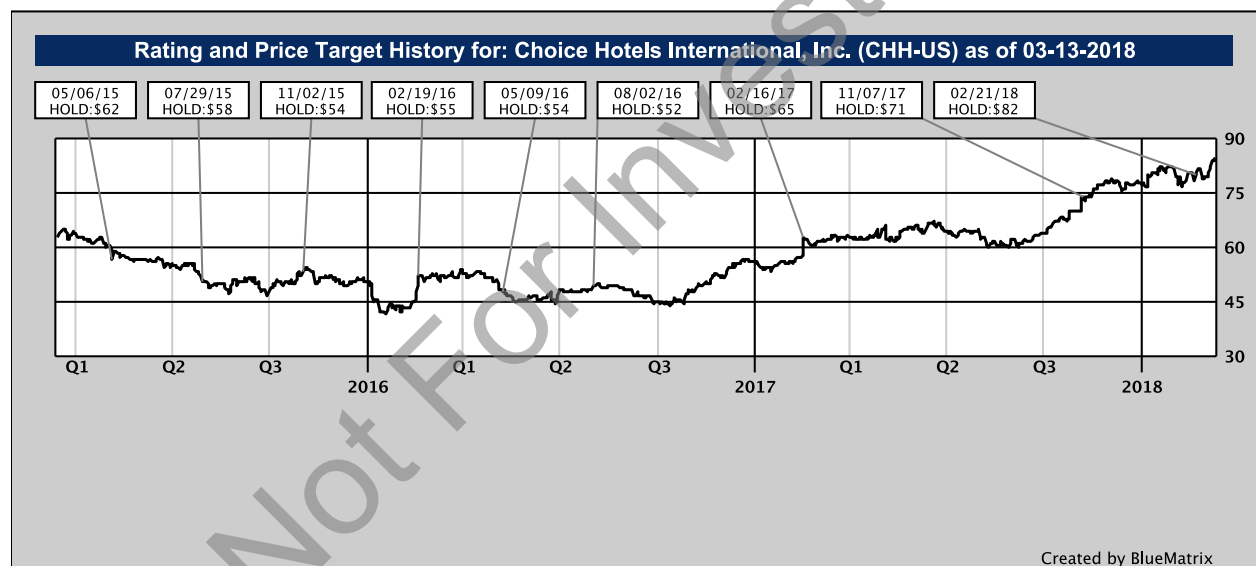
I, Bradford Dalinka , hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company(ies) and its (their) securities. I also certify that I have not been, am not, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.

## Required Disclosures

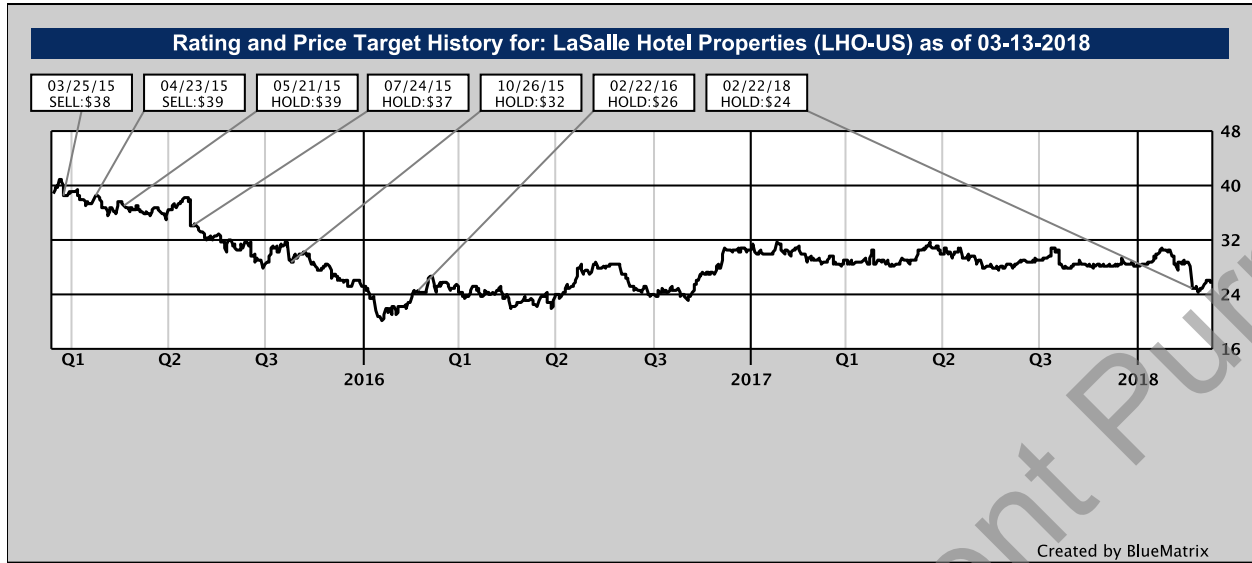
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**Hold (H)** – the stock's total return is expected to perform in line with the S&P 500 or relevant benchmark over the next 12-18 months (unless otherwise indicated)

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**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

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H = Hold

S = Sell

D = Drop Coverage

CS = Coverage Suspended

NR = Not Rated

I = Initiate Coverage

T = Transfer Coverage

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· Buy – total return  $\geq$  15% (10% for low-Beta securities)\*\*\*

- Reduce – total return  $\leq$  negative 10% (5% for low Beta securities)
- Neutral – total return is within the bounds above
- NR – NOT RATED, STRH does not provide equity research coverage
- CS – Coverage Suspended

\*Total return (price appreciation + dividends); \*\*Price targets are within a 12-month period, unless otherwise noted; \*\*\*Low Beta defined as securities with an average Beta of 0.8 or less, using Bloomberg's 5-year average

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