

CONSUMER: Lodging

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Reasons for this report

✓ Our analysis of the most recent weekly US lodging results

Lodging: U.S. RevPAR +2.5% y/y last week; Holiday shifts likely a neutral, but tailwinds from San Fran and Houston

Overall U.S. RevPAR was +2.5% y/y for the week ending 9/21/2024, per STR/CoStar, above the prior week's result of -1.4% y/y and above the trailing 10-week average of +1.2%.

Holiday calendar shifts of Rosh Hashanah and Yom Kippur likely resulted in a net neutral impact to last week's results. Last year, Rosh Hashanah occurred Friday 9/15 - Sunday 9/17 and Yom Kippur took place Sunday 9/24 - Monday 9/25, neither of which we believe had much of an impact on last week's comparable results. These holidays will fall in October this year which will make for a difficult y/y comparison at that time.

We note that Group RevPAR of +4.4% y/y was roughly in-line with our expectations and is an indicator of the net neutral holiday impact. If there had been a strong impact to lodging demand from the holiday shift, Group results are normally unusually strong or weak, which was not the case in last week's results. Last week was also helped by the timing of the Dreamforce conference in San Francisco as the city was +71.6% y/y vs. -37.2% in the prior week. Lastly, Houston RevPAR continues to experience tailwinds from Hurricane Beryl as RevPAR growth was +25.4% y/y.

Major RevPAR statistics presented below:

- Luxury RevPAR: +1.5% y/y
- Upper Upscale RevPAR: +2.9% y/y
- Upscale RevPAR: +1.9% y/y
- Upper Midscale RevPAR: +2.5% y/y
- Midscale RevPAR: +1.3% y/y
- Economy RevPAR: -0.4% y/y
- Independent hotels (~ 1/3rd of the data set) RevPAR: +1.2% y/y; and
- Within Upper Upscale & Luxury class hotels:
 - Group: +4.4% y/y vs. -0.5% prior week;
 - Transient: +1.5% y/y vs. -1.3% prior week;
- Las Vegas RevPAR: +0.8% y/y
 - **As a caveat, we note that many large Strip casino hotel operators do not participate in STR's survey.**

Last week's RevPAR details and sequential trends (all comparable information on new STR methodology):

- **Headline RevPAR** was +2.5% y/y vs. the running 28-day average of -0.0% y/y.
- **Occupancy:** Absolute occupancy was 68.9% vs. 64.2% for the running 28-day average.
- **Absolute Group occupancy:** 26.9% last week vs. 20.3% for the running 28 days.

The Lodging stocks:

- **Bottom line for the hotel companies/stocks:** We do not see RevPAR growth itself as a catalyst for the lodging sector though results for most of the C-Corps should reaffirm the compounding earnings drivers of modest RevPAR growth + **mid-single digit net rooms growth** (a very high margin business) + share repurchases combined with margin growth. Any outsized earnings growth for the C-Corps and any earnings growth for the hotel REITS (Ryman Hospitality Properties (RHP, Buy) excluded) will need to come from other sources such as net rooms growth (C-Corps) and share repurchases. We look generally favorably on the hotel C-Corp sub-sector given their multiple drivers of earnings growth, and **we see shares of Wyndham Hotels (WH, Buy) as the stand-out value name in the group** though acknowledge it may be

at least several more quarters before we see a shift to positive Economy segment RevPAR growth.

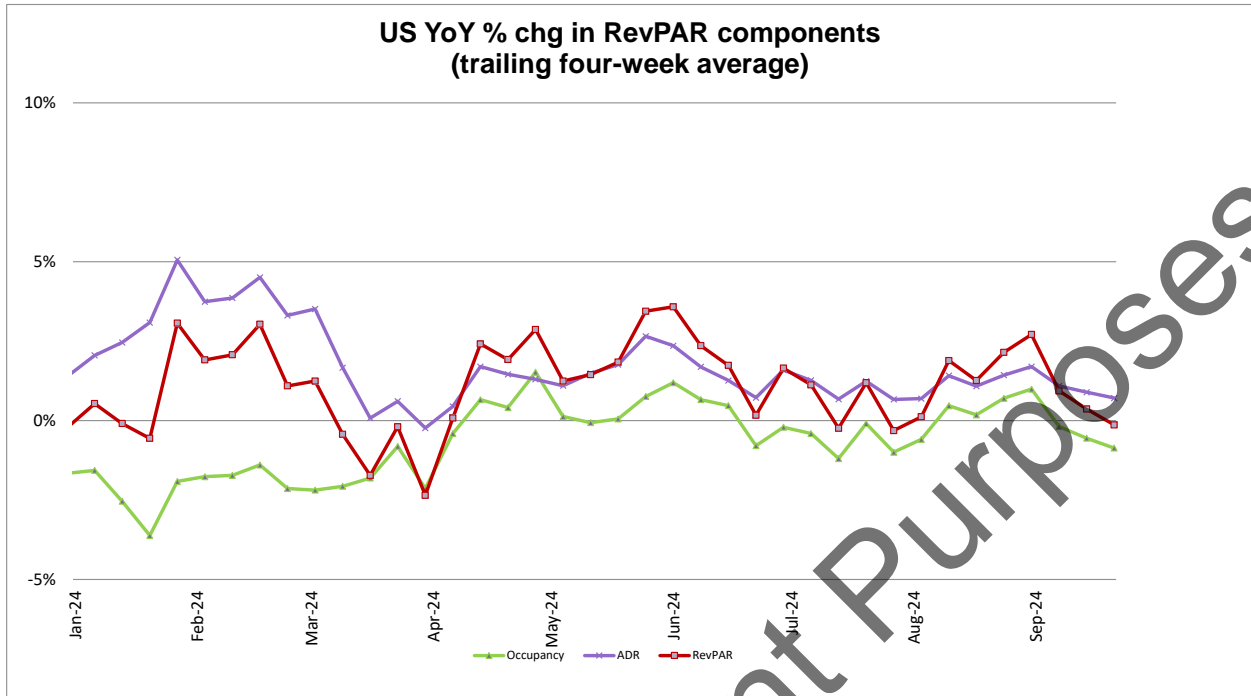
- Hotel REITS, with the notable exception of RHP, will, in our view, continue to be challenged by cost increases slightly higher than revenue growth. Hotel REITS could have opportunity for earnings growth if they were to sell assets, which for the most part are valued higher on a stand-alone basis than as a part of the REIT (parts greater than the sum), and subsequently repurchase shares - though we do not envision this happening. Rather for the hotel REITS, we continue to see the primary opportunity for stock upside driven by investor sentiment around [interest rate cuts happening sooner than expected](#) (Source: Skift). While we are generally lethargic-to-unfavorable on the hotel REIT sector and as discussed further [see 2H24 and 2025 consensus RevPAR growth expectations around 50-100 bps too high](#), [we are positive](#) on Ryman Hospitality (RHP) given its heavy exposure to Group (~70% of RHP's Hospitality segment EBITDA) and differentiated and [proven business model](#). Additionally, recent news around [expansion at the Rockies property](#) (Source: Denver Business Journal) and what we see as a high ROIC investment initially sound encouraging.

Not for Investment Purposes

Weekly RevPAR Summary

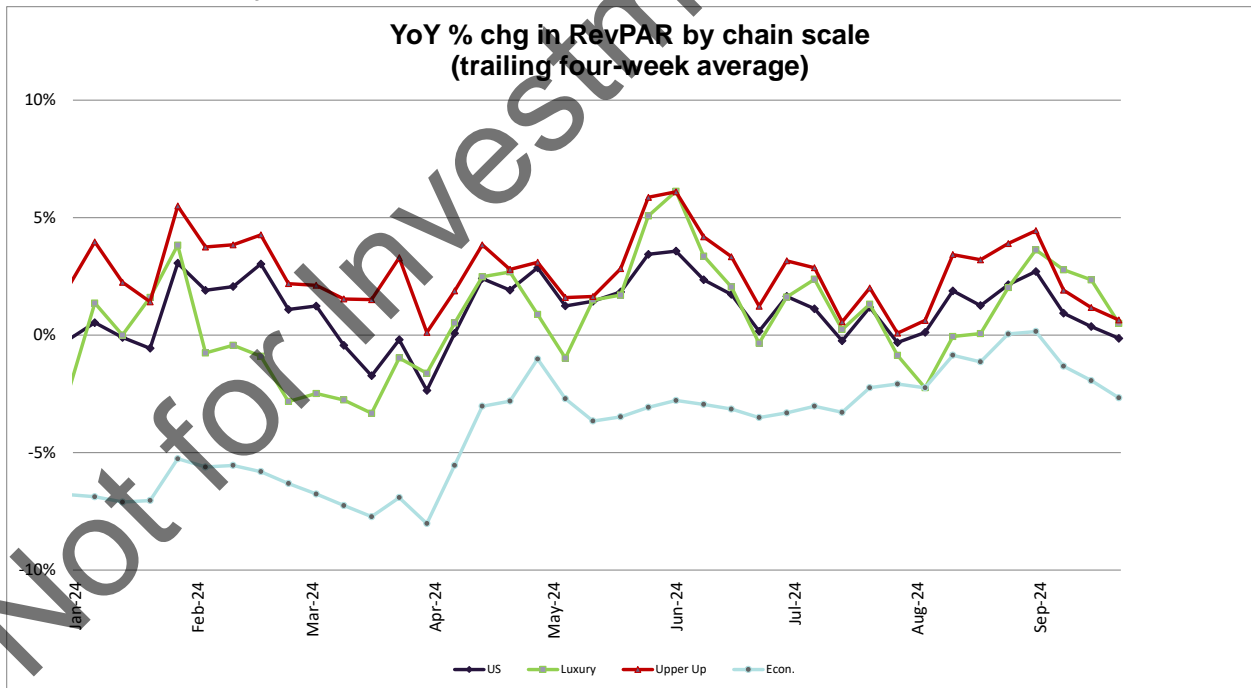
YoY % change in RevPAR													
U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Independent	New York	Boston	LA	Chicago	DC	
4/20/2024	1.2%	3.7%	1.2%	1.4%	0.3%	-0.1%	-3.5%	-0.3%	13.2%	9.1%	0.4%	-16.2%	15.4%
4/27/2024	-2.5%	-2.4%	-5.8%	-1.4%	-1.1%	-0.8%	-4.5%	-2.4%	-5.9%	-6.8%	-11.8%	-14.5%	-7.5%
5/4/2024	0.5%	0.5%	1.2%	0.9%	0.0%	-1.5%	-4.8%	-0.3%	7.8%	4.5%	-8.0%	-10.9%	7.1%
5/11/2024	6.6%	12.1%	9.9%	6.3%	3.7%	1.8%	-1.8%	5.1%	21.8%	6.8%	8.8%	7.5%	3.1%
5/18/2024	2.8%	4.5%	6.0%	3.6%	1.6%	0.8%	-2.8%	-0.7%	9.6%	13.0%	-4.9%	-11.2%	6.8%
5/25/2024	3.9%	6.0%	6.3%	3.7%	2.0%	0.9%	-2.9%	-2.6%	8.8%	6.8%	-3.4%	-10.5%	8.8%
6/1/2024	1.0%	1.9%	2.2%	1.3%	0.5%	-1.2%	-3.7%	-0.1%	4.8%	3.9%	-6.0%	-1.9%	-10.3%
6/8/2024	1.7%	1.0%	2.2%	2.1%	0.7%	-0.4%	-2.4%	1.1%	13.7%	-0.2%	-1.7%	-4.5%	8.2%
6/15/2024	0.3%	-0.7%	2.6%	1.2%	-0.4%	-1.5%	-3.6%	-2.0%	7.5%	11.8%	-11.4%	0.4%	9.8%
6/22/2024	-2.3%	-3.6%	-2.1%	-2.8%	-3.0%	-2.5%	-4.3%	-2.7%	-6.4%	-3.5%	-6.0%	8.7%	-12.9%
6/29/2024	6.9%	9.8%	8.9%	8.2%	5.4%	3.0%	-2.9%	5.2%	23.7%	17.3%	8.2%	17.6%	23.3%
7/6/2024	-0.4%	4.1%	1.1%	-1.6%	-2.4%	-1.5%	-1.3%	-0.8%	6.6%	-2.6%	5.8%	-8.5%	4.0%
7/13/2024	-5.2%	-9.3%	-6.6%	-4.5%	-3.6%	-2.9%	-4.7%	-6.6%	1.1%	4.5%	0.5%	-10.2%	-0.5%
7/20/2024	3.4%	0.7%	3.6%	4.2%	3.3%	2.1%	-0.1%	2.7%	1.6%	6.4%	2.8%	10.1%	-2.3%
7/27/2024	0.9%	1.1%	2.2%	0.9%	0.4%	-0.6%	-2.2%	-0.9%	0.6%	13.7%	2.7%	5.8%	2.2%
8/3/2024	1.3%	-1.5%	3.2%	2.5%	1.3%	0.0%	-2.0%	-0.5%	1.1%	1.9%	-10.7%	15.5%	6.7%
8/10/2024	1.9%	-0.6%	4.6%	2.1%	1.1%	1.3%	0.9%	0.1%	10.0%	10.3%	-12.2%	27.8%	3.7%
8/17/2024	0.9%	1.2%	2.8%	0.7%	0.2%	-0.3%	-1.2%	-0.7%	-2.4%	4.0%	-4.3%	18.7%	0.8%
8/24/2024	4.5%	18.9%	3.0%	4.9%	4.0%	4.1%	2.5%	2.0%	5.1%	9.5%	0.7%	51.1%	3.1%
8/31/2024	3.6%	4.9%	5.4%	4.3%	2.5%	1.0%	-1.5%	2.2%	5.8%	8.8%	-2.5%	23.8%	8.7%
9/7/2024	-5.2%	-4.0%	-5.5%	-5.6%	-5.0%	-5.1%	-5.0%	-6.7%	-1.4%	-18.3%	-0.4%	2.2%	-10.5%
9/14/2024	-1.4%	-0.5%	-0.2%	-1.1%	-2.5%	-2.0%	-3.7%	-3.6%	-6.6%	-5.1%	11.0%	20.5%	8.8%
9/21/2024	2.5%	1.5%	2.9%	1.9%	2.5%	1.3%	-0.4%	1.2%	-14.5%	16.7%	10.0%	5.1%	5.4%
Holiday shifts likely a net neutral impact													
Upper Upscale and Upper Midscale led chainscales													
Boston and LA led top 5 markets													
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%
3Q19	0.7%	1.3%	1.1%	-0.5%	-0.1%	-1.0%	-0.9%	1.6%	-2.2%	-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%	-4.1%	-11.6%	1.1%	-0.7%	5.2%
1Q22	67.4%	112.3%	127.2%	69.2%	51.0%	22.5%	52.3%	97.1%	131.7%	115.2%	85.1%	115.2%	85.1%
2Q22	38.8%	70.2%	82.9%	46.8%	26.2%	15.4%	8.8%	27.7%	141.2%	172.1%	51.0%	109.5%	145.7%
3Q22	16.6%	27.7%	36.6%	22.5%	10.8%	3.5%	0.0%	11.3%	67.4%	59.9%	21.4%	48.1%	54.6%
4Q22	5.8%	10.3%	11.7%	7.7%	3.7%	1.7%	0.8%	1.1%	59.8%	35.1%	11.4%	37.3%	42.2%
1Q23	16.7%	16.0%	29.8%	20.4%	13.4%	4.8%	0.8%	12.9%	46.6%	35.0%	11.6%	26.6%	56.7%
2Q23	2.5%	-2.3%	5.1%	5.8%	3.8%	-0.4%	-3.8%	-0.6%	13.3%	11.2%	1.2%	12.1%	17.4%
3Q23	1.7%	-1.7%	1.7%	1.7%	-1.0%	0.2%	-1.0%	0.2%	18.4%	8.0%	1.2%	11.5%	11.5%
4Q23	1.3%	-0.5%	4.3%	2.7%	-0.1%	-3.0%	-5.4%	0.2%	14.6%	13.8%	0.6%	0.7%	5.7%
1Q24	0.2%	-0.3%	2.9%	0.1%	-2.1%	-1.4%	-6.9%	-0.2%	11.6%	9.7%	-4.3%	1.9%	5.3%
2Q24	2.5%	2.0%	3.8%	3.1%	2.1%	1.4%	-2.0%	0.4%	8.6%	7.9%	-3.4%	3.0%	5.5%
YoY % change in ADR													
U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Independent	New York	Boston	LA	Chicago	DC	
4/20/2024	1.5%	-0.9%	1.5%	1.4%	0.8%	-0.5%	-2.4%	-0.8%	-6.0%	4.2%	-0.1%	-12.4%	10.0%
4/27/2024	-1.3%	-5.3%	-2.9%	-0.8%	-0.7%	-0.8%	-2.7%	-0.6%	-2.4%	-6.1%	-6.9%	-9.1%	-4.7%
5/4/2024	1.3%	-3.1%	1.3%	1.4%	1.1%	-1.0%	-2.3%	1.1%	4.3%	1.0%	-6.2%	-7.7%	3.8%
5/11/2024	4.4%	4.1%	4.1%	3.8%	2.2%	0.7%	-1.4%	4.4%	12.3%	4.5%	6.2%	1.8%	1.3%
5/18/2024	2.8%	3.1%	2.9%	1.4%	1.6%	1.1%	-0.3%	-3.7%	5.0%	0.0%	-3.7%	5.5%	5.8%
5/25/2024	2.3%	-0.3%	2.0%	1.5%	1.0%	0.2%	-2.1%	2.4%	5.7%	4.3%	-4.5%	2.5%	4.3%
6/1/2024	0.1%	-4.0%	-0.2%	-0.5%	-0.7%	-1.0%	-3.0%	0.2%	1.0%	2.7%	-4.8%	-3.4%	-5.6%
6/8/2024	1.8%	-0.4%	1.4%	1.6%	1.1%	0.4%	-2.1%	1.9%	9.1%	-1.3%	-1.8%	-2.5%	5.2%
6/15/2024	0.9%	-3.1%	1.1%	0.9%	0.5%	-0.3%	-2.4%	0.1%	4.1%	6.6%	-11.1%	0.6%	6.6%
6/22/2024	0.1%	-3.9%	0.2%	-0.4%	-0.2%	-0.5%	-2.2%	0.3%	-4.1%	-1.5%	-4.1%	5.6%	-5.4%
6/29/2024	3.6%	-1.9%	3.3%	3.4%	2.3%	0.9%	-2.1%	3.3%	15.4%	8.7%	1.4%	12.0%	12.6%
7/6/2024	0.5%	-2.8%	1.3%	-0.1%	-0.8%	-0.5%	-0.9%	0.2%	3.5%	-3.9%	1.7%	-2.2%	1.7%
7/13/2024	-1.5%	-3.2%	-2.0%	-0.7%	-0.3%	-0.5%	-2.1%	1.2%	3.3%	3.8%	-4.1%	2.1%	2.0%
7/20/2024	2.4%	2.1%	2.4%	2.4%	1.8%	2.4%	2.2%	5.0%	2.7%	5.0%	1.5%	5.1%	2.4%
7/27/2024	1.3%	-1.9%	1.8%	0.8%	0.8%	1.1%	-0.7%	0.6%	1.4%	10.9%	1.1%	1.8%	3.1%
8/3/2024	0.6%	-3.5%	0.9%	0.7%	0.6%	0.5%	-1.4%	-0.5%	0.0%	1.3%	-8.5%	10.7%	3.9%
8/10/2024	1.4%	-0.8%	2.7%	1.3%	1.0%	1.3%	-0.1%	0.4%	3.1%	7.7%	3.8%	13.8%	2.0%
8/17/2024	1.9%	-0.2%	1.7%	0.6%	1.0%	1.6%	-0.9%	0.1%	12.0%	8.0%	-1.2%	12.9%	-0.3%
8/24/2024	2.7%	3.3%	3.2%	2.4%	2.3%	2.5%	1.4%	1.0%	1.1%	6.8%	-3.1%	41.8%	1.6%
8/31/2024	1.6%	-1.9%	0.4%	1.4%	1.0%	0.9%	-0.4%	1.0%	2.5%	6.5%	-4.8%	11.8%	2.9%
9/7/2024	-1.0%	-0.2%	-0.5%	-1.2%	-1.1%	-1.0%	-2.0%	-2.3%	7.0%	-7.7%	3.8%	3.8%	-2.4%
9/14/2024	0.5%	-3.7%	0.3%	0.6%	0.0%	0.5%	-1.2%	-1.8%	1.2%	5.2%	1.3%	15.5%	5.8%
9/21/2024	2.0%	-2.5%	2.0%	1.7%	2.1%	1.4%	0.1%	0.8%	1.2%	11.5%	3.5%	3.9%	5.2%
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%	-0.2%	1.4%	0.6%	0.7%	0.2%	-0.6%	3.2%	1.6%	0.0%	-0.8%	-1.7%	0.2%
3Q19	0.8%	1.5%	1.3%	0.2%	-0.1%	-0.5%	-0.5%	1.5%	-1.3%	0.9%	-0.2%	-2.8%	4.0%
4Q19	0.7%	2.4%	0.6%	-0.4%	-0.3%	-1.0%	-1.0%	1.9%	-2.7%	-5.5%	0.3%	-2.2%	3.6%
1Q20	-0.9%	-1.4%	-2.8%	-3.1%	-3.8%	-3.1%	-3.8%	-4.1%	-3.8%	-4.1%	-2.7%	-2.7%	-6.8%
2Q20	-37.1%	-22.0%	-34.0%	-30.0%	-23.1%	-17.1%	-14.6%	-34.8%	-52.3%	-56.9%	-40.5%	-53.7%	-48.8%
3Q20	-24.1%	-12.6%	-25.6%	-24.2%	-17.3%	-11.6%	-9.4%	-16.1%	-47.7%	-47.3%	-31.6%	-43.2%	-34.5%
4Q20	-27.2%	-11.1%	-29.0%	-26.9%	-17.8%	-10.4%	-8.6%	-20.9%	-54.1%	-45.5%	-29.2%	-44.8%	-40.7%
1Q22	37.5%	21.0%	39.7%	31.1%	27.2%	17.6%	20.5%	61.8%	69.0%	73.6%	32.9%	53.6%	31.7%
2Q22	26.2%	14.3%	29.0%	27.1%	18.9%	14.8%	11.8%	20.5%	69.0%	73.6%	32.9%	53.6%	31.7%
3Q22	11.6%	6.7%	12.6%	13.3%	7.6%	5.9%	4.2%	8.9%	32.6%	30.0%	14.6%	25.4%	25.5%
4Q22	5.8%	12.8%	13.2%	8.7%	10.2%	8.7%	10.2%	8.7%	28.0%	20.5%	8.2%	20.2%	27.8%
1Q23	10.2%	-1.9%	8.4%	11.0%	8.1%	4.7%	3.8%	9.1%	13.4%	15.6%	3.8%	11.5%	24.4%
2Q23	3.2%	-1.2%	2.5%	4.3%	3.5%	1.6%	0.9%	2.1%	9.6%	5.8%	2.5%	8.5%	11.8%
3Q23	2.5%	-1.4%	1.5%	2.6%	2.1%	0.8%	3.8%	0.2%	2.0%	2.1%	0.2%	-2.1%	1.8%
4Q23	2.9%	-2.3%	2.7%	2.5%	1.8%	-0.3%	-1.3%	3.7%	9.6%	7.0%	0.0%	0.7%	3.5%
1Q24	2.2%	-3.4%	1.9%	1.1%	0.6%	-1.0%	-3.0%	3.1%	6.7%	3.3%	-2.2%	0.4%	2.8%
2Q24	1.6%	-2.2%	1.5%	1.6%	1.3%	1.7%	1.4%	0.7%	4.6%	3.6%	-3.1%	0.3%	3.6%
YoY % change in Occupancy													
U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Independent	New York	Boston	LA	Chicago	DC	
4/20/2024	-0.3%	4.8%	-0.2%	0.0%	-0.5%	0.3%	-1.1%	-1.2%	6.8%	4.8%	0.5%	-4.3%	5.0%
4/27/2024	-1.2%	-2.3%	0.0%	0.6%	0.4%	0.0%	-1.9%	-1.8%	-3.6%	-0.7%	-5.2%	-5.9%	-2.8%
5/4/2024	-0.8%	0.8%	0.0%	0.5%	-1.0%	-0.6%	-2.6%	-1.4%	3.3%	3.4%	-1.9%	-3.5%	3.2%
5/11/2024	2.1%	6.1%	5.6%	2.8%	1.4%	1.2%	-0.4%	0.8%	8.5%	2.2%	2.4%	5.6%	1.8%
5/18/2024	0.2%	2.4%	3.0%	1.7%	0.2%	0.3%	-1.4%	-2.2%	2.2%	4.7%	-1.3%	5.2%	1.1%
5/25/2024	1.6%	2.4%	2.4%	1.8%	1.6%	0.7%	-0.8%	0.4%	3.9%	2.4%	1.1%	7.8%	3.9%
6/1/2024	0.9%	6.2%	2.4%	1.8%	1.2%	-0.1%	-0.7%	-0.3%	3.8%	1.2%	-1.2%	1.5%	-5.0%
6/8/2024	-0.1%	1.4%	0.8%	0.5%	-0.4%	-0.8%	-0.3%	-0.8%	4.3%	1.1%	0.2%	-2.0%	2.9%
6/15/2024	30.8%	2.4%	-8.6%	0.3%	-0.0%	-1.3%	-1.2%	-2.0%	3.2%	4.9%	-0.3%	-0.2%	3.0%
6/22/2024	3.4%	-0.6%	-3.2%	-3.4%	-3.8%	-2.9%	-3.2%	-4.0%	-3.4%	-3.0%	-3.0%	1.8%	-8.8%
6/29/2024	3.2%	9.9%	6.4%	4.7%	3.1%	2.2%	-0.8%	1.8%	7.2%	7.9%	6.7%	5.0%	9.5%
7/6/2024	-0.9%	7.0%	-0.2%	-1.6%	-1.6%	-0.9%	-0.4%	-0.9%	3.1%	1.3%	4.0%	-6.4%	2.2%
7/13/2024	-3.7%	-8.1%	-4.7%	-3.8%	-3.3%	-2.4%	-2.2%	-4.5%	-0.1%	0.7%	0.9%	-6.4%	-2.4%
7/20/2024	1.0%	-2.5%	1.5%	1.7%	0.7%	0.2%	0.3%	0.5%	-1.0%	1.3%	2.3%	4.8%	-1.1%
7/27/2024	-0.8%	3.0%	0.4%	0.1%	-0.4%	-1.6%	-1.6%	-0.8%	-0.8%	2.4%	1.6%	1.0%	-0.9%
8/3/2024	0.8%	2.1%	2.3%	1.9%	0.7%	-0.5%	-0.6%	0.0%	1.1%	0.0%	-2.5%	4.3%	2.6%
8/10/2024	0.5%	0.2%	1.9%	0.7%	0.2%	0.0%	1.0%	-0.3%	6.8%	3.0%	-3.6%	12.2%	1.7%
8/17/2024	-0.2%	1.5%	1.1%	0.1%	-0.5%	-0.9%	-0.4%	-0.8%	-0.5%	-			

RevPAR Component Trends



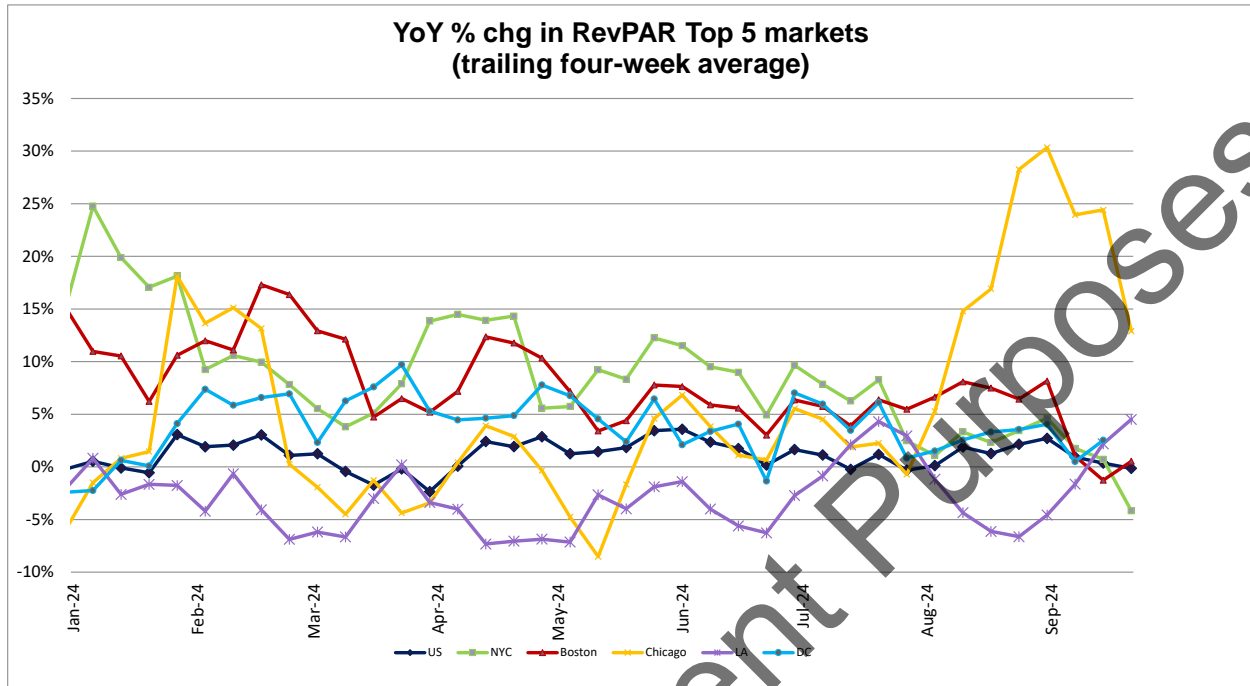
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



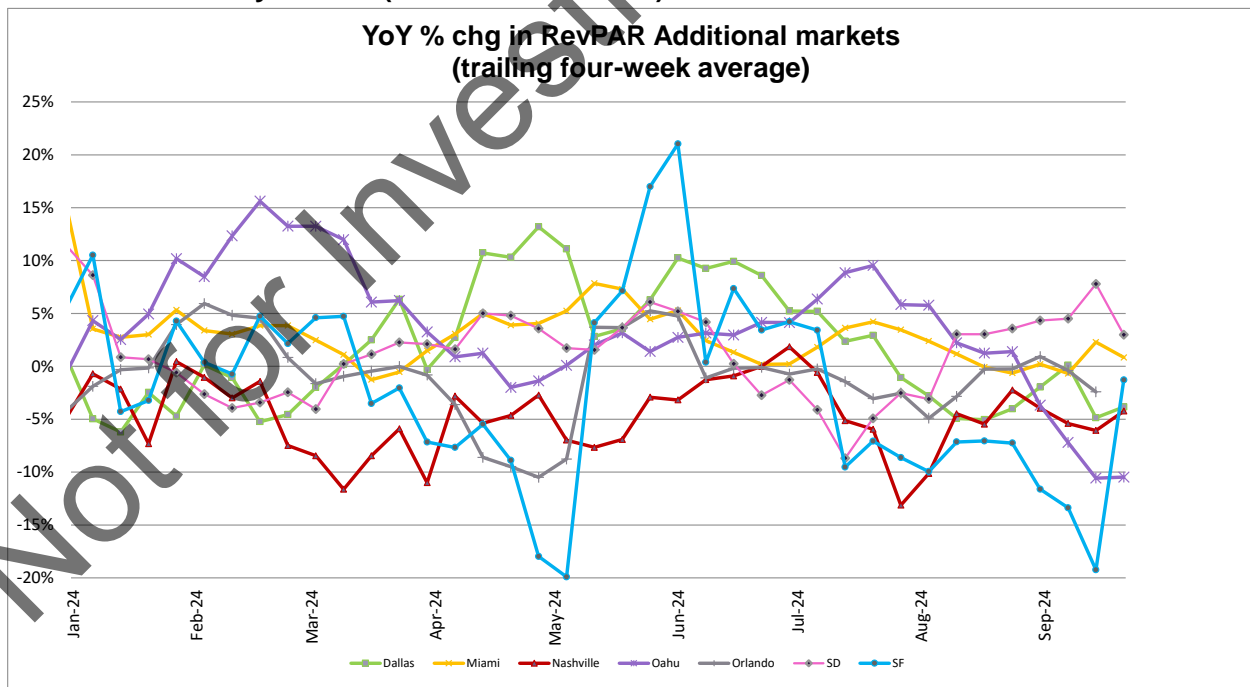
Source: STR data, Truist Securities research

RevPAR Trends by Market (Top 5 markets)



Source: STR data, Truist Securities research

RevPAR Trends by Market (Additional markets)



Source: STR data, Truist Securities research

WH: Valuation and Risks

Our price target of \$104 for WH is based on a 15.0x target EV/EBITDA multiple (in line with portfolio quality/RevPAR relative to peers) of our 2025 EBITDA estimate.

Risks to our rating and price target: Slowdown in development opportunities. Macro demand/pipeline headwinds.

RHP: Valuation and Risks

Our price target of \$130 for RHP is derived by applying a 13.0x target EV/EBITDA multiple to our estimate for 2025 lodging EBITDA and a 16.0x multiple to our Opry/attractions estimate. We view the multiple assignments as appropriate for the quality and unique nature of the portfolios (slight premium to REIT peer average of ~12.0-12.5x on Hospitality).

Risks to our rating and price target include: Group demand returns slower than expected. Property-specific risks given a small portfolio.

Companies Mentioned in This Note

Ryman Hospitality Properties, Inc. (RHP, \$112.40, Buy, C. Patrick Scholes)

Wyndham Hotels & Resorts, Inc. (WH, \$80.25, Buy, C. Patrick Scholes)

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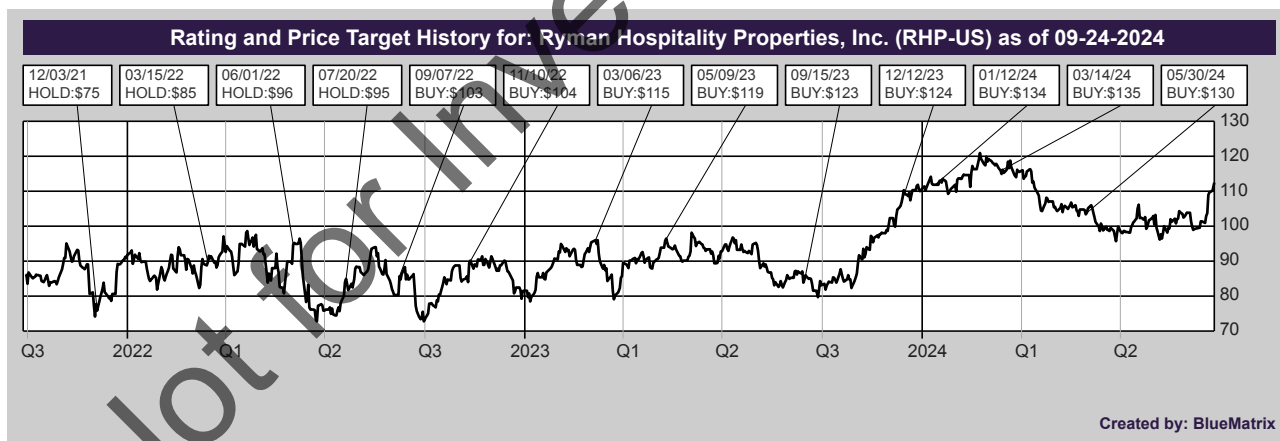
Required Disclosures

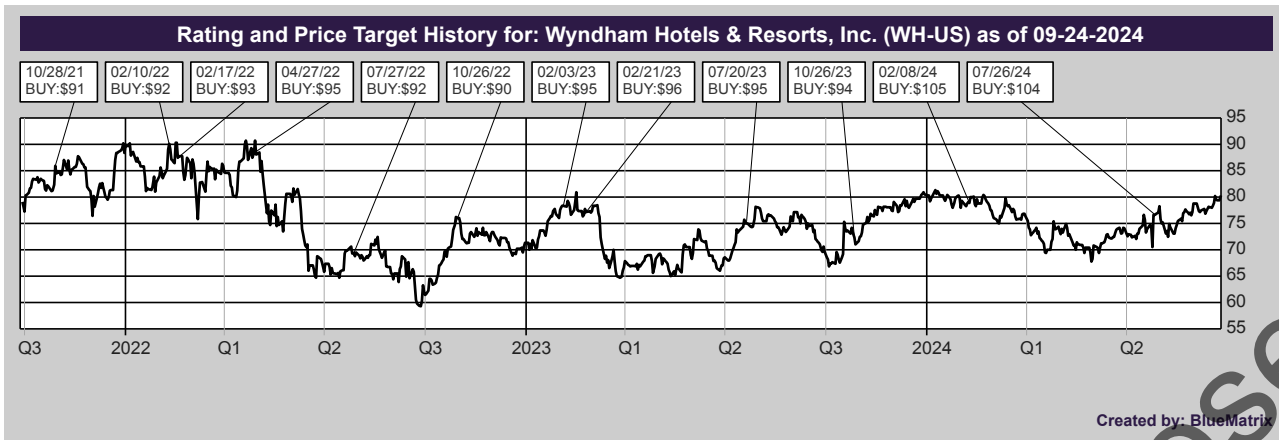
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S = Sell

D = Drop Coverage

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NR = Not Rated

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Sell	2	0.29%	Sell	0	0.00%

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