January 31, 2024



Equity Research Report

**CONSUMER: Lodging** 

#### C. Patrick Scholes

212-319-3915 Patrick.Scholes@truist.com

#### **Gregory J. Miller**

212-303-4198 Gregory.J.Miller@truist.com

#### **Barry Jonas**

212-590-0998 Barry.Jonas@truist.com

#### Samuel Durno

212-303-4183 Samuel.Durno@truist.com

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# Reasons for this report

✓ Our analysis of the most recent weekly US lodging results

# Lodging: US RevPAR +4.8% y/y last week. Clean y/y comp with above-trend growth driven by strong group results

Overall U.S. RevPAR was +4.8% y/y for the week ending 1/27/2024, per STR, above the prior week's result of -2.2% and above the trailing 10-week average of +1.0%.

Last week was a clean comp with Group outperformance. Chicago (RevPAR +52.1% y/y) and Las Vegas (+88.5%) had particularly strong Group RevPAR of over +150% y/y.

#### Major RevPAR statistics presented below:

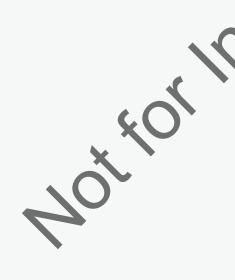
- Luxury RevPAR: +1.1% y/y
- Upper Upscale RevPAR: +6.6% y/y
- Upscale RevPAR: +3.9% y/y
- Midscale RevPAR: -3.4% y/y
- Economy RevPAR: -5.6% y/y
- Independent hotels (~ 1/3rd of the data set) RevPAR: +11.2% y/y; and
- Within Upper Upscale & Luxury class hotels:
  - Group: +18.4% y/y vs +5.9% prior week;
- o Transient: +5.2% y/y vs -4.3% prior week;
- Las Vegas RevPAR: +88.5% 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 +4.8% y/y vs. the running 28-day average of +3.0% y/y.
- Occupancy: Absolute occupancy was 56.2% vs. 52.1% for the running 28-day average.
- Absolute Group occupancy: 23.3% last week vs. 17.5% for the running 28 days.

**The lodging stocks:** Overall, we continue to summarize our view on the lodging sector at the moment as one of "relative optimism," *though more so for the global C-Corps and less so for the hotel REITS.* 

- Of the lodging stocks our favorite name continues to be Hyatt Hotels Corp. (H, Buy), which we see having several idiosyncratic catalysts. Hyatt is a beneficiary of group strength primarily through its legacy portfolio but also to an extent due to the acquired Apple Leisure Group, the recovery of international higher-rated travel, and particular strength in leisure demand to the Caribbean and Europe, a continued push to asset-light, a leading global rooms pipeline, and improved FCF story. Hyatt generates approx. 30% of earnings from the group segment and 30% from its Caribbean-centric Apple Leisure Group business.
- For the hotel REITS, our favorite name is RHP (Buy). With 75% of its business coming from groups/conventions, Ryman Hospitality Properties has the greatest exposure to this customer segment and has no hotels located in the especially techneavy San Francisco area. We add that RHP's hotels are likely benefiting from several "self-help" factors including having properties in better condition than some other big box comparables and convention centers as well as what has proven to be a smart strategy of maintaining their property-level salesforce during the peak of the pandemic.



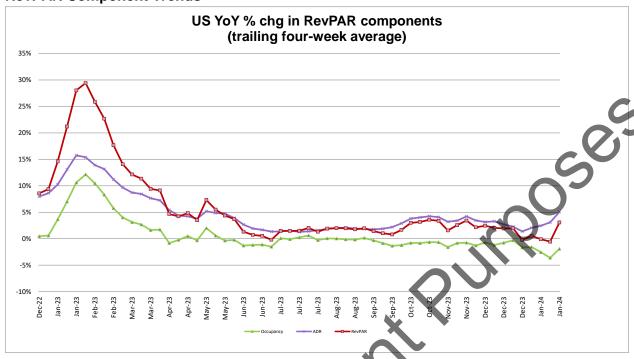
### **Weekly RevPAR Summary**

Weekly	RevPAR	summary
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_			Upper		Yo	Y % chang	je in Revi	PAR Inde-	New					
10/14/2023	U.S.	Luxury -7.0%	Upscale 2.0%	Upscale 1.8%		Midscale E	-3.2%	pendent	York 7.3%	Boston 18.5%	LA (	Chicago 2.3%	DC -14.8%	
10/21/2023 10/28/2023 11/4/2023 11/14/2023 11/18/2023 11/25/2023 12/2/2023 12/9/2023	2.9% 4.6% -2.1% 4.9% 6.3% -0.6% -0.8% 3.3%	-2.2% 3.3% -7.7% 5.6% 6.3% -2.1% -9.8% 3.6%	3.9% 6.0% -3.0% 8.6% 8.6% 0.7% 1.8% 5.0%	4.8% 6.7% -1.1% 6.5% 5.5% -0.4% 1.0% 4.4%	1.8% 3.7% -1.1% 2.6% 2.5% -1.7% -1.1%	-0.6% -0.2% -2.7% -1.9% -1.6% -3.5% -3.5% -1.4%	-3.0% -3.7% -3.2% -4.3% -4.4% -5.9% -5.9% -3.7%	3.3% 3.9% -2.4% 3.9% 10.0% 0.3% -1.2% 3.1%	8.5% 18.1% 6.4% 15.7% 12.5% 15.3% 17.2% 10.7%	8.6% 20.0% 6.0% 18.2% 22.8% 7.3% 0.2% 29.3%	1.5% 1.9% 0.1% 2.7% -6.8% -5.0% 6.8%	5.7% -11.4% -12.1% 11.5% 4.8% -0.6% 1.9% 2.9%	6.5% 20.5% 9.4% 16.9% 19.0% 1.2% 3.4% 3.3%	S
12/16/2023 12/23/2023 12/30/2023 1/6/2024 1/13/2024 1/20/2024 1/27/2024	5.8% -0.4% -9.7% 6.4% 3.3% -2.2% 4.8%	1.8% -8.0% -7.8% 19.4% -3.7% -1.6% 1.1%	9.0% 3.6% -9.7% 13.0% 2.1% 0.3% 6.6%	6.7% 2.8% -9.4% 5.1% 0.8% -0.7% 3.9%	2.5% 1.6% -10.9% 1.8% -2.8% -4.3% -0.7%	-0.6% -1.8% -12.0% -0.9% -5.2% -5.3% -3.4%	-5.4% -5.4% -12.7% -4.0% -6.3% -5.1% -5.6%	8.5% -3.3% -10.1% 4.4% 14.8% -4.1% 11.2%	25.7% 18.7% 4.7% 49.9% 6.2% 7.4% 9.0%	17.8% 23.1% -9.3% 12.4% 16.0% 5.8% 8.2%	-2.9% -0.7% -1.9% 8.8% -16.6% 3.1% -2.2%	-13.5% 0.9% -14.6% 21.2% -4.3% 3.5% 52.1%	-6.7% 5.2% -11.5% 4.0% 4.8% 3.0% 4.6%	S
	Above tre	nd growth driver results	n by strong g	Iroup	Upper Up	scale and Ups	cale led the i	ndustry	С	hicago and	NYC led the	Top 5 mark	ets	
1Q19 2Q19 3Q19 4Q19 1Q22 2Q22 3Q22 4Q22 1Q23 2Q23 3Q23 4Q23	1.5% 1.1% 0.7% 0.7% 67.2% 38.8% 16.6% 16.3% 1.7% 2.5% 1.7%	-0.7% 1.1% 1.3% 3.6% 112.3% 70.2% 27.7% 19.7% 16.0% -2.3% 0.1% -0.5%	1.2% 0.5% 1.1% 1.0% 127.2% 82.9% 36.6% 30.1% 29.8% 5.1% 3.9% 4.3%	-0.5% -0.4% -0.5% -0.6% 69.7% 46.8% 22.5% 20.5% 20.4% 5.8% 3.7% 2.7%	0.4% 0.0% -0.1% -1.0% 51.0% 26.2% 10.8% 11.7% 13.4% 3.8% 1.7% -0.1%	-0.1% -0.7% -1.0% -2.7% 38.2% 15.4% 3.5% 5.1% 4.8% -0.4% -1.0% -3.0%	1.9% 1.7% -0.9% -1.5% 24.3% 8.8% 0.0% 1.4% 0.8% -3.8% -3.5% -5.4%	3.1% 2.4% 1.6% 2.3% 58.3% 27.7% 11.3% 12.3% 12.9% -0.6% 0.2%	-7.1% -1.8% -2.2% -4.1% 97.1% 67.4% 50.8% 46.6% 13.3% 16.4% 14.6%	-2.1% 4.5% -0.4% -11.6% 137.1% 172.1% 59.9% 35.8% 35.8% 35.0% 11.2% 8.0% 13.8%	-1.7% 1.6% -0.2% 1.1% 115.2% 51.0% 21.4% 11.4% 11.6% 1.2% 0.6%	-4.5% -0.1% -2.2% -0.7% 85.1% 109.5% 48.1% 37.3% 26.6% 12.1% -1.9% 0.7%	-2.4% -1.5% 4.5% 5.2% 58.1% 145.7% 54.6% 53.2% 56.7% 17.4% 11.5% 5.7%	Purposes
-	U.S.	Luxury	Upper Upscale	Upscale	Upper	YoY % cha		Inde- pendent	New York	Boston	LA (	Chicago	DC	
10/14/2023 10/21/2023 10/28/2023 11/4/2023 11/14/2023 11/18/2023 11/25/2023 12/2/2023 12/2/2023 12/2/2023 12/2/2023 12/3/2023 12/3/2023 1/6/2024	3.2% 3.8% 3.9% 2.0% 4.0% 7.0% 0.9% 0.8% 4.5% 4.7% -2.8% 7.2%	-3.8% -1.8% -0.2% -2.5% -0.8% -4.0% -5.1% -9.2% -4.6% -1.2% -13.3% -8.3% -6.2%	2.5% 2.9% 2.6% 1.4% 3.2% -0.2% 0.3% 4.5% 4.2% -0.9% -3.9% 6.6%	3.6% 3.7% 3.6% 2.4% 3.4% 3.9% 0.0% 1.4% 4.1% 4.0% -0.4% -3.7% 5.5%	3.1% 2.9% 2.9% 2.7% 2.4% 0.0% 1.0% 2.5% 2.4% 0.3% -3.0% 4.1%	1.5% 0.8% 0.5% 0.5% 0.4% -0.2% -1.7% -1.3% 0.1% 0.2% -4.5% -4.5%	0.6% -0.4% -0.7% 0.2% -0.8% -0.7% -1.9% -2.1% -1.2% -0.6% -2.6% -4.7%	4.5% 5.7% 5.0% 2.8% 4.6% 14.1% 2.4% 2.0% 5.8% 6.9% -1.0% -2.8% 6.8%	8.3% 8.0% 12.7% 5.0% 8.8% 7.7% 7.2% 9.8% 11.4% 16.2% 9.9% 3.2% 33.6%	13.3% 5.9% 11.5% 0.4% 9.9% 10.6% 1.5% -0.6% 13.4% 5.0% 1.3% -7.8%	-0.4% -0.1% 0.4% 0.1% 0.6% -4.0% -3.4% 2.1% -1.8% -0.9% -1.8% -1.8%	4.1% 0.9% -9.7% -6.1% 6.0% 2.2% -1.2% 1.6% 1.6% -3.7% -0.1% -8.5%	7.5% 4.9% 11.6% 5.6% 8.9% 10.4% 0.9% 0.8% 1.7% -6.1% 1.8% -5.8% 2.5%	
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1Q19 2Q19 3Q19 4Q19 1Q20 2Q20 3Q20 4Q20 1Q21 2Q21	1.1% 1.2% 0.8% 0.7% -4.0% -37.1% -24.1% -27.2% -19.6% 43.2%	2.2% 2.5% 1.5% 2.4% 1.6% -22.0% -12.6% -11.1% 3.4% 37.8%	2.5% 1.4% 1.3% 0.6% -1.4% -34.0% -25.6% -29.0% -23.4% 30.6%	1.0% 0.6% 0.2% -0.4% -2.9% -30.0% -24.2% -26.9% -23.0% 21.3%	0.8% 0.7% -0.1% -0.3% -3.1% -23.1% -17.3% -17.8% -14.2% 23.1%	-0.2% -0.2% -0.5% -1.0% -3.8% -17.1% -11.6% -10.4% -6.3% 20.4%	-0.3% 0.6% -0.5% -1.0% -3.8% -4.6% -9.4% -5.9% -1.5% 18.6%	1.0% 1.7% 1.6% 1.9% 2.3% -34.8% -16.4% -20.9% -12.1%	3.8% -1.0% -1.9% -3.7% -8.6% -52.3% -47.7% -54.1% -28.3% 33.5%	0.7% 3.2% 0.9% 5.5% -6.2% -56.9% -47.3% -45.5% -32.7% 38.0%	-1.0% 0.8% -0.2% 0.3% -2.7% -40.5% -31.6% -29.2% -29.7% 42.5%	-2.4% -1.7% -2.8% -2.2% -2.6% -53.7% -43.2% -44.8% -25.7% 46.1%	1.5% 0.2% 4.0% 3.9% -6.8% -48.8% -34.5% -40.7% -27.9% 23.1%	
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1Q22 2Q22 3Q22	37.5% 26.2% 11.6%	21.0% 14.3% 6.7%	39.7% 29.0% 12.6%	34.1% 27.1% 13.3%	27.3% 18.9% 7.6%	20.8% 14.8% 5.9%	17.3% 11.8% 4.2%	34.0% 20.5% 8.9%	52.2% 69.0% 32.6%	50.5% 73.6% 30.0%	61.8% 32.9% 14.6%	41.1% 53.6% 25.4%	31.7% 60.6% 25.5%	
4Q22 1Q23 2Q23 3Q23	12.0% 10.2% 3.2% 2.2%	6.5% -1.9% -1.2% -1.4%	12.6% 8.4% 2.5% 1.3%	13.7% 11.0% 4.3% 2.2%	8.7% 8.1% 3.5% 2.2%	6.2% 4.7% 1.6% 0.3% -0.3%	4.5% 3.8% 0.9% 0.0%	10.2% 9.1% 2.1% 2.1%	28.0% 13.4% 9.6% 9.8%	20.5% 15.6% 5.8% 3.8%	8.4% 3.8% 2.5% 0.2%	20.2% 11.5% 8.5% -2.1%	27.9% 24.4% 11.6% 6.2%	
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1019 2019 3018 4019 1022 2022 3027 4022 1023 2023 3023 4023	0.4% -0.1% -0.1% 56.2% 10.0% 4.5% 3.8% -0.7% -0.5% -1.6%	-2.8% -1.4% -0.2% 54.0% 48.8% 19.7% 12.4% 18.3% -1.0% 1.5% 1.8%	-1.3% -0.9% -0.2% 0.4% 53.2% 41.8% 21.3% 15.5% 19.8% 2.6% 2.6% 1.5%	-1.4% -1.0% -0.7% -0.2% 60.3% 15.5% 8.1% 6.0% 8.5% 1.4% 0.2%	-0.5% -0.7% 0.0% -0.8% -0.8% 59.4% 6.2% 2.9% 2.7% 4.9% 0.3% -0.5% -1.8%	0.0% -0.6% -0.5% -1.7% 52.3% -2.3% -1.1% 0.1% -2.0% -1.3% -2.7%	2.3% 1.1% -0.4% -0.4% 55.5% -2.6% -4.0% -2.9% -2.9% -4.6% -3.5% -4.2%	2.1% 0.7% 0.0% 0.4% 54.2% 5.9% 2.2% 1.9% 3.5% -2.7% -1.8% -3.3%	-3.5% -0.7% -0.3% -0.4% 29.5% 42.7% 26.3% 17.8% 29.3% 3.3% 6.0% 4.5%	-2.8% 1.3% -1.4% -6.5% 57.6% 56.7% 23.0% 12.7% 16.8% 5.1% 4.1% 6.4%	-0.7% 0.8% 0.1% 0.8% 33.0% 13.7% 5.9% 7.6% 7.5% -1.3% 1.1% 0.5%	-2.2% 1.7% 0.6% 1.5% 31.2% 36.3% 18.1% 14.2% 13.6% 3.3% 0.3% 0.1%	-3.8% -1.7% 0.4% 1.3% 20.1% 53.0% 23.2% 19.8% 25.9% 5.1% 5.0% 2.1%	

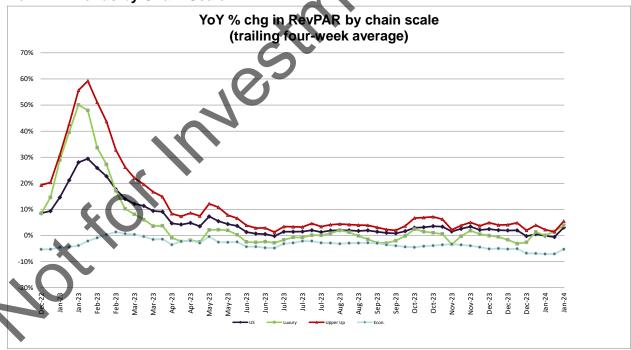
Source: STR data, Truist Securities research

# **RevPAR Component Trends**



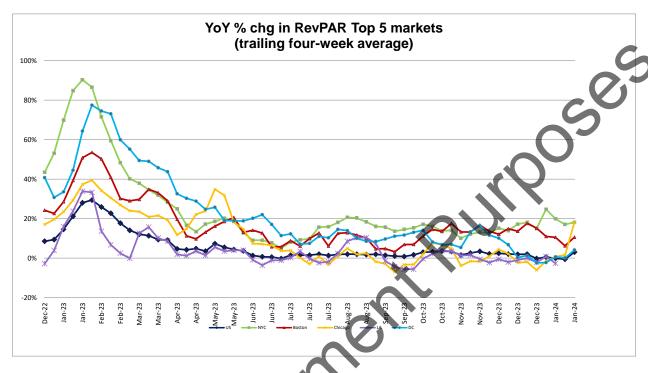
Source: STR data, Truist Securities research

# **RevPAR Trends by Chain Scale**



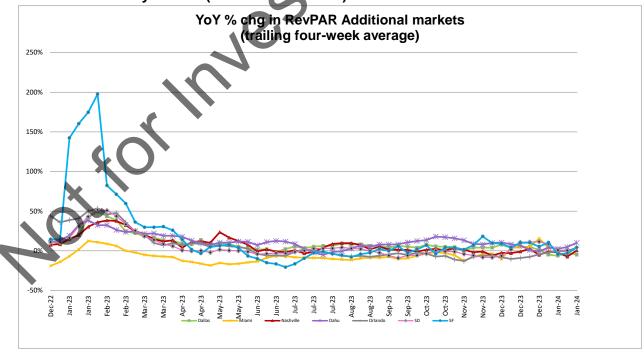
Source: STR data, Truist Securities research

# **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

# **Price Target/Risks Summary**

							es Valuation EB k Based Comp/	ITDA excluding Other		/Consensus/Da Headline" EBITI			
Lodging	TKR	Price 1/30/24	Rating		% upside/ down- side	2022A EBITDA (\$M)* **	2023E EBITDA (\$M)* **	2024E EBITDA (\$M)* **	2022A EBITDA (\$M)*	2023E EBITDA (\$M)*	2024E EBITDA (\$M)* **	Target EV/EBITDA Multiple	Risks
													Upside risk: A better buy-out offer, though we do not see this as likely.  Downside risk: controlled company issues, limited cap/float, loan defaults, an
Bluegreen Vacations	BVH	\$75.00	Hold	\$75	0%	\$140	\$152	\$159	\$140	\$152	\$159	9.2X	macroeconomic risk.
Choice Hotels	СНН	\$123.34	Hold	\$140	14%	\$459	\$517	\$564	\$478	\$539	\$587	15.0X	Upside risk: conservative growth of new brands; market share gains.  Downside risk: slowdown in development opportunities; market share losset  Upside risk: faster demand improvement in corporate travel than expected.
													Brand changes (e.g. Vall) lead to material EBITDA improvement. Leisure hotels hold/improve on RevPAR and margins despite the enableging riteror Downside risk: lodging recovery takes longer, then expected, weaker results from ROI projects than forecasted, poor performance of recently acquired
DiamondRock Hospitality	DRH	\$9.35	Hold	\$10	7%	\$281	\$271	\$267	\$281	\$271	\$267	12.0X	assets.
Hilton	HLT	\$194.18	Hold	\$175	-10%	\$2,479	\$2,928	\$3,206	\$2,599	\$3,037	\$3,320	16.7X	Upside risk: Macro lodging trends improve beyond expectations. Faster than expected net unit growth. Downside risk: slowing pipeline. Deep recession. Downside risk: Disruption in a major market H-GV more concentrated than
Hilton Grand Vacations	HGV	\$42.63	Buy	\$66	54%	\$1,049	\$1,004	\$1,066	\$1,049	\$1,004	\$1,066	9.2X	peers), issues with Japanese eutromer (HGV more exposed than peers), difficulty sourcing additional re-for-sevice inventory deals Upside risk: faster demand improvement in corporate/convention travel than
													expected. Disco sisons at higher multiple than expected, stronger than expected performance by luxury issure resorts on both top-line and margins through the walkablow year. Downside risk: extended industry downturn with particular, mact to large big both folds, weak recovery of international trave during the valuation period. gardro demand shock to acquired resort assets.
Host Hotels & Resorts	HST	\$19.68	Hold	\$21	7%	\$1,498	\$1,624	\$1,541	\$1,498	\$1,624	\$1,541	12.0X	labor issues.  Downside risk: lobging recovery takes longer than expected. Planned
Hyatt Hotels	Н	\$130.70	Buy	\$143	9%	\$1,004	\$1,105	\$1,216	\$908	\$1,009	\$1,119	14.2X	dispositions take longer than expected. Material labor issues to owned hotels Ripeline growth slower than expected. Apple Leisure Group underperforms Upside risks Macro lodging trends improve beyond expectations. Faster that
Marriott International Marriott Vacations	MAR VAC	\$243.19 \$85.60	Hold Buy	\$233 \$149	-4% 74%	\$3,546 \$966	\$4,230 \$755	\$4,682 \$760	\$3,853 \$966	\$4,599 \$755	\$5,03 <b>7</b> \$760	16.7X	expected net unit growth. Downside risk: slowing pipeline. Deep recession.  Downside risk: M&A story fades and multiples revert to historical levels
												V	Downside risk: extended downturn in San Francisco, weak recovery of international travel during the valuation period especially Oahu, macro demar
Park Hotels & Resorts	PK	\$15.60	Buy	\$20	28%	\$589	\$633	\$620	\$606	\$652	\$644	12.0X	shock impact to major resort assets, labor issues.  Upside Risks: Material near-term incremental EBITDA from Legacy LHO assets. Faster than expected San Francisco recovery. Downside Risks: Incremental EBITDA from major CapEx investments take longer than
Pebblebrook Hotel Trust***	PEB	\$15.72	Hold	\$16	2%	\$345	\$338	\$334	\$357	\$350	\$347	13.5X	anticipated, contributing to multiple contraction. Very slow recovery in San Francisco.
Playa Hotels & Resorts	PLYA	\$8.46	Buy	\$13	54%	\$231	\$251	\$256	\$243	\$264	\$269	10.5X	Downside risk: demand shocks, hurricanes, reduced airlift, new supply, country-specific risks (emerging market portfolio) Downside risk: Slower than expected recovery of corporate business trave
RLJ Lodging Trust***	RLJ	\$11.88	Buy	\$14	18%	\$315	\$343	\$350	\$337	\$367	\$374	11.5X	post-COVID; scope/timing and/or upside from repositionings underwhelms investor expectations
Ryman Hospitality Properties	RHP	\$111.80	Buy	\$134	20%	\$536	\$662	\$746	\$556	\$689	\$777	13.0X	Downside risk: Group demand slower than expected. Property-specific risk: given a small portfolio.
													Upside risk: faster demand improvement in corporate travel than expected. Renovations lead to faster than expected EBITDA improvements. SHO buy, hotels at accretive terms and quickly adds incremental EBITDA during the valuation period. Downside risk: Lodging recovery takes longer than expected labor issues, weak recovery of international travel to gateway markets, natur.
Sunstone Hotel Investors	SHO	\$10.86	Hold	\$12	10%	\$223	\$249	\$222	\$234	\$260	\$234	13.5X	disaster risk. Montage EBITDA stabilizes well lower than expected.  Downside risks: MTN is subject to prolonged weakness in general economic conditions, including adverse effects on the overall travel and leisure related
Vail Resorts, Inc.	MTN	\$220.95	Buy	\$290	31%	\$833	\$847	\$946	\$833	\$847	\$946	13.0X	industries.  Downside risk: The timeshare business is especially vulnerable to economic
Travel + Leisure Co.	TNL	\$41.40	Buy	\$59	44%	\$859	\$906	\$956	\$859	\$906	\$956	8.5X	Downside risk: The timeshare dusiness is especially vulnerable to economic softness. There are potential execution risks post the spin off. Downside risk: Slowdown in development opportunities. Weaker than
Wyndham Hotels & Resorts	WH	\$79.73	Buy	\$94	18%	\$618	\$620	\$652	\$651	\$658	\$693	15.0X	expected transient trends.
* All of our Lodging price targets a ** Valuation EBITDA excludes sel	ect items for s	pecific compa	anies inclu	BITDA mul iding stock	tiple to our e -based com	estimate for 2024 pensation.	EBITDA						
*** Covered by Gregory J. Miller -	yregory.j.mill	ы wtruist.con	"		% unside/							Tarnet	

Source: FactSet, Truist Securities research

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#### **Companies Mentioned in This Note**

Bluegreen Vacations Holding Corporation (BVH, \$75.00, Hold, C. Patrick Scholes)

Choice Hotels International, Inc. (CHH, \$122.50, Hold, C. Patrick Scholes)

DiamondRock Hospitality Company (DRH, \$9.38, Hold, C. Patrick Scholes)

Hyatt Hotels Corporation (H, \$131.17, Buy, C. Patrick Scholes)

Hilton Grand Vacations Inc. (HGV, \$43.34, Buy, C. Patrick Scholes)

Hilton Worldwide Holdings Inc. (HLT, \$193.17, Hold, C. Patrick Scholes)

Host Hotels & Resorts, Inc. (HST, \$19.82, Hold, C. Patrick Scholes)

Marriott International, Inc. (MAR, \$242.13, Hold, C. Patrick Scholes)

Vail Resorts, Inc. (MTN, \$223.53, Buy, C. Patrick Scholes)

Pebblebrook Hotel Trust (PEB, \$15.82, Hold, Gregory Miller)

Park Hotels & Resorts Inc. (PK, \$15.76, Buy, C. Patrick Scholes)

Playa Hotels & Resorts N.V. (PLYA, \$8.45, Buy, C. Patrick Scholes)

Ryman Hospitality Properties, Inc. (RHP, \$111.52, Buy, C. Patrick Scholes)

RLJ Lodging Trust (RLJ, \$11.92, Buy, Gregory Miller)

Sunstone Hotel Investors, Inc. (SHO, \$10.90, Hold, C. Patrick Scholes)

Travel + Leisure Co. (TNL, \$41.45, Buy, C. Patrick Scholes)

Marriott Vacations Worldwide Corporation (VAC, \$86.68, Buy, C. Patrick Scholes)

Wyndham Hotels & Resorts, Inc. (WH, \$80.28, 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.

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