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Park Hotels & Resorts Inc. Announces HNA Secondary Offering / Repurchase Completion, Updated 2018 Earnings Guidance and New Corporate Headquarters

TYSONS, VA (March 12, 2018) – Park Hotels & Resorts Inc. (“Park”) (NYSE:PK) announced today the completion of the underwritten secondary offering of shares by an affiliate of HNA Tourism Group Co., Ltd. (“HNA”), and corresponding repurchase of shares by Park, both of which were completed on Friday, March 9, 2018. As well, Park announced its updated 2018 earnings guidance giving effect to the retirement of shares following the repurchase from HNA, and its move to a new corporate headquarters.

Completion of HNA Secondary Offering and Repurchase

The underwritten secondary involved the offering and sale by HNA of 39,651,453 common shares, including 5,171,929 shares of common stock upon full exercise of the underwriters’ option to purchase additional shares. The price per share to the public was $25.75. Park did not receive any proceeds from the sale of shares by HNA. Concurrent with the completion of the offering, Park repurchased 14,000,000 shares of common stock from HNA at a pre-negotiated price per share of $24.85 (which was equivalent to the price per share to the public minus underwriting discounts and commissions) for an aggregate repurchase price of approximately $348 million. All 14,000,000 shares repurchased from HNA were retired. HNA sold a total of 53,651,453 shares in these transactions, or 100% of HNA’s holdings in Park. As a result, HNA no longer beneficially owns any shares of Park’s common stock.

“Today marks an important step forward for Park and its stockholders. While HNA has been a valued partner over the last 12 months, I am pleased to announce our stockholder base has now been substantially broadened while eliminating market concerns of a potential sale,” commented Thomas J. Baltimore, Jr., Chairman and Chief Executive Officer of Park. “We were thrilled by the institutional investor support for our stock, with the order book over five times oversubscribed and shares priced at just a 1.5% discount to last Tuesday’s closing price of $26.15. We remain committed to our guiding principles of demonstrating operational excellence, prudently allocating capital and maintaining a strong balance sheet to create long-term stockholder value. Using substantially all of the proceeds from our recent non-core asset sales to repurchase our stock was both accretive to NAV and FFO. And with our stock trading at a significant discount to NAV, there was no more appropriate use of our cash – and validation of our belief in Park, our team and our strategy.”

Updated Guidance

Park is updating its guidance for 2018 to reflect its repurchase of Park stock from HNA as noted above. Guidance changes are detailed below and a more detailed view can be found in our financial supplement which is available on our website: www.pkhotelsandresorts.com. Achievement of the anticipated results is subject to the risks disclosed in Park's filings with the U.S. Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended December 31, 2017.

(unaudited, in millions, except per share data)

Metric	2018 Outlook as of March 9, 2018 Low	2018 Outlook as of March 9, 2018 High	Variance to Prior Outlook as of March 1, 2018 Low	Variance to Prior Outlook as of March 1, 2018 High
Comparable RevPAR Growth(1)(2)	0.0%	2.0%	0.0%	0.0%
Net income	$ 232	$ 266	$ —	$ —
Net income attributable to stockholders	$ 227	$ 260	$ —	$ —
Diluted earnings per share(3)	$ 1.11	$ 1.27	$ 0.06	$ 0.07
Adjusted EBITDA(4)	$ 705	$ 745	$ —	$ —
Comparable Hotel Adjusted EBITDA margin change(1)(2)	(80) bps	20 bps	0 bps	0 bps
Adjusted FFO per share - Diluted(3)	$ 2.74	$ 2.90	$ 0.15	$ 0.15
Weighted average diluted shares outstanding(4)(5)	204.2	204.2	(11.3)	(11.3)

(1) Excludes unconsolidated joint ventures.
(2) Excludes Hilton Waikoloa Village and Caribe Hilton.
(3) Per share amounts are calculated based on unrounded numbers.
(4) General and administrative expenses are projected to be $44 million, excluding $17 million of non-cash share-based compensation expense and $5 million of transition costs.
(5) Following the secondary offering and repurchase we have approximately 201.5 million shares of common stock outstanding.

New Headquarters

Park also announced that as of Monday, March 12th, its new executive offices will be located at 1775 Tysons Blvd., 7th Floor, Tysons VA 22102. The new executive offices are in a Class A, LEED-certified office building developed by Lerner Enterprises and opened in 2015. We welcome members of the investment community to visit our new headquarters and meet with senior management and other members of our team.

Supplemental Disclosures

In conjunction with this release, Park has updated its financial supplement with additional disclosures on its website. Visit **www.pkhotelsandresorts.com** for more information. Park has no obligation to update any of the information provided to conform to actual results or changes in Park's portfolio, capital structure or future expectations.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended Forward-looking statements include, but are not limited to, statements related to Park's current expectations regarding the performance of its business, financial results, and other non-historical statements. Forward-looking statements include all statements that are not historical facts, and in some cases, can be identified by the use of forward-looking terminology such as the words “outlook,” “believes,” “expects,” “potential,” “continues,” “may,” “will,” “should,” “could,” “seeks,” “projects,” “predicts,” “intends,” “plans,” “estimates,” “anticipates” or the negative version of these words or other comparable words. Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements. You should not put undue reliance on any forward-looking statements and Park urges investors to carefully review the disclosures Park makes concerning risk and uncertainties in Item 1A: “Risk Factors” in Park’s Annual Report on Form 10-K for the year ended December 31, 2017, as such factors may be updated from time to time in Park’s periodic filings with the SEC, which are accessible on the SEC’s website at www.sec.gov. Except as required by law, Park undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Non-GAAP Financial Measures

Park presents certain non-GAAP financial measures in this press release, including NAREIT FFO attributable to stockholders Adjusted FFO attributable to stockholders, EBITDA, Adjusted EBITDA, Hotel Adjusted EBITDA, and Hotel Adjusted EBITDA margin. These non-GAAP financial measures should be considered along with, but not as alternatives to, net income (loss) as a measure of its operating performance. Please see the schedules included in this press release including the “Definitions” section for additional information and reconciliations of such non-GAAP financial measures.

About Park Hotels & Resorts

Park Hotels & Resorts Inc. (NYSE: PK) is the second largest publicly traded lodging real estate investment trust with a diverse portfolio of market-leading hotels and resorts with significant underlying real estate value. Park’s portfolio currently consists of 55 premium-branded hotels and resorts with over 32,000 rooms located in prime U.S. and international markets with high barriers to entry.

PARK HOTELS & RESORTS INC.
NON-GAAP FINANCIAL MEASURES RECONCILIATIONS
2018 OUTLOOK

EBITDA AND ADJUSTED EBITDA

(unaudited, in millions)	Year Ending December 31, 2018	
	Low Case	High Case
Net income	$ 232	$ 266
Depreciation and amortization expense	292	292
Interest income	(2)	(2)
Interest expense	123	125
Income tax expense	8	12
Interest expense, income tax and depreciation and amortization included in equity in earnings from investments in affiliates	29	29
EBITDA	682	722
Transition costs	5	5
Share-based compensation expense	17	17
Other items	1	1
Adjusted EBITDA	$ 705	$ 745

NAREIT FFO ATTRIBUTABLE TO STOCKHOLDERS AND ADJUSTED FFO ATTRIBUTABLE TO STOCKHOLDERS

(unaudited, in millions except per share data)	Year Ending December 31, 2018	
	Low Case	High Case
Net income attributable to stockholders	$ 227	$ 260
Depreciation and amortization expense	288	288
Equity investment adjustments:		
Equity in earnings from investments in affiliates	(18)	(18)
Pro rata FFO of equity investments	39	39
NAREIT FFO attributable to stockholders	536	569
Transition costs	5	5
Share-based compensation expense	17	17
Other items	1	1
Adjusted FFO attributable to stockholders	$ 559	$ 592
Adjusted FFO per share - Diluted[(1)]	$ 2.74	$ 2.90
Weighted average diluted shares outstanding	204.2	204.2

(1) Per share amounts are calculated based on unrounded numbers.

Definitions

EBITDA, Adjusted EBITDA, Hotel Adjusted EBITDA and Hotel Adjusted EBITDA Margin

Earnings before interest expense, taxes and depreciation and amortization ("EBITDA"), presented herein, reflects net income excluding depreciation and amortization, interest income, interest expense, income taxes and interest expense, income tax and depreciation and amortization included in equity in earnings from investments in affiliates.

Adjusted EBITDA, presented herein, is calculated as EBITDA, as previously defined, further adjusted to exclude:

- Gains or losses on sales of assets for both consolidated and unconsolidated investments;
- Gains or losses on foreign currency transactions;
- Transition costs related to Park's establishment as an independent, publicly traded company;
- Transaction costs associated with the potential acquisition or disposition of hotels;
- Severance costs;
- Share-based compensation expense;
- Casualty and impairment losses; and
- Other items that management believes are not representative of Park's current or future operating performance.

Hotel Adjusted EBITDA measures hotel-level results before debt service, depreciation and corporate expenses of Park's consolidated hotels, including both comparable and non-comparable hotels but excluding hotels owned by unconsolidated affiliates, and is a key measure of Park's profitability. Park presents Hotel Adjusted EBITDA to help Park and its investors evaluate the ongoing operating performance of Park's consolidated hotels.

Hotel Adjusted EBITDA margin is calculated as Hotel Adjusted EBITDA divided by total hotel revenue.

EBITDA, Adjusted EBITDA, Hotel Adjusted EBITDA and Hotel Adjusted EBITDA margin are not recognized terms under United States ("U.S.") GAAP and should not be considered as alternatives to net income (loss) or other measures of financial performance or liquidity derived in accordance with U.S. GAAP. In addition, Park's definitions of EBITDA, Adjusted EBITDA, Hotel Adjusted EBITDA and Hotel Adjusted EBITDA margin may not be comparable to similarly titled measures of other companies.

Park believes that EBITDA, Adjusted EBITDA, Hotel Adjusted EBITDA and Hotel Adjusted EBITDA margin provide useful information to investors about Park and its financial condition and results of operations for the following reasons: (I) EBITDA, Adjusted EBITDA, Hotel Adjusted EBITDA and Hotel Adjusted EBITDA margin are among the measures used by Park's management team to make day-to-day operating decisions and evaluate its operating performance between periods and between REITs by removing the effect of its capital structure (primarily interest expense) and asset base (primarily depreciation and amortization) from its operating results; and (ii) EBITDA, Adjusted EBITDA, Hotel Adjusted EBITDA and Hotel Adjusted EBITDA margin are frequently used by securities analysts, investors and other interested parties as a common performance measure to compare results or estimate valuations across companies in the industry.

EBITDA, Adjusted EBITDA, Hotel Adjusted EBITDA and Hotel Adjusted EBITDA margin have limitations as analytical tools and should not be considered either in isolation or as a substitute for net income (loss) or other methods of analyzing Park's operating performance and results as reported under U.S. GAAP.

NAREIT FFO attributable to stockholders, Adjusted FFO attributable to stockholders NAREIT FFO per share - diluted and Adjusted FFO per share – diluted

NAREIT FFO attributable to stockholders and NAREIT FFO per diluted share (defined as set forth below) are presented herein as non-GAAP measures of Park's performance. Park calculates funds from operations ("FFO") attributable to stockholders for a given operating period in accordance with standards established by the National Association of Real Estate Investment Trusts ("NAREIT"), as net income (loss) attributable to stockholders (calculated in accordance with U.S. GAAP), excluding depreciation and amortization, gains or losses on sales of assets, impairment, and the cumulative effect of changes in accounting principles, plus adjustments for unconsolidated joint ventures. Adjustments for unconsolidated joint ventures are calculated to reflect Park's pro rata share of the FFO of those entities on the same basis. As noted by NAREIT in its April 2002 "White Paper on Funds From Operations," since real estate values historically have risen or fallen with market conditions, many industry investors have considered presentation of operating results for real estate companies that use historical cost accounting to be insufficient by themselves. For these reasons, NAREIT adopted the FFO metric in order to promote an industry-wide measure of REIT operating performance. Park believes NAREIT FFO provides useful information to investors regarding its operating performance and can facilitate comparisons of operating performance between periods and between REITs. Park's presentation may not be comparable to FFO reported by other REITs that do not define the terms in accordance with the current NAREIT definition, or that interpret the current NAREIT definition differently. Park calculates NAREIT FFO per diluted share as NAREIT FFO divided by the number of fully diluted shares outstanding during a given operating period.

Park also presents Adjusted FFO attributable to stockholders and Adjusted FFO per diluted share when evaluating its performance because management believes that the exclusion of certain additional items described below provides useful supplemental information to investors regarding Park's ongoing operating performance. Management historically has made the adjustments detailed below in evaluating its performance and in its annual budget process. Management believes that the presentation of Adjusted FFO provides useful supplemental information that is beneficial to an investor's complete understanding of operating performance. Park adjusts NAREIT FFO attributable to stockholders for the following items, which may occur in any period, and refers to this measure as Adjusted FFO attributable to stockholders:

- Gains or losses on foreign currency transactions;
- Transition costs related to Park's establishment as an independent, publicly traded company;
- Transaction costs associated with the potential acquisition or disposition of hotels;
- Severance costs;
- Share-based compensation expense;
- Casualty losses;
- Litigation gains and losses outside the ordinary course of business; and

- Other items that management believes are not representative of Park's current or future operating performance.

Revenue per Available Room

Revenue per Available Room ("RevPAR") is calculated by dividing rooms revenue by total number of room nights available to guests for a given period. Management considers RevPAR to be a meaningful indicator of Park's performance as it provides a metric correlated to two primary and key factors of operations at a hotel or group of hotels: occupancy and average daily rate. RevPAR is also a useful indicator in measuring performance over comparable periods for comparable hotels.

References to RevPAR are presented on a currency neutral basis (prior periods are reflected using current period exchange rates).

Comparable Hotels

Park presents certain data for its hotels on a comparable hotel basis as supplemental information for investors. Park defines its comparable hotels as those that: (i) were active and operating in its system since January 1st of the previous year; and (ii) have not sustained substantial property damage, business interruption, undergone large-scale capital projects or for which comparable results are not available. Park presents comparable hotel results to help Park and its investors evaluate the ongoing operating performance of its comparable hotels. Due to the transfer of a significant number of rooms at the Hilton Waikoloa Village to Hilton Grand Vacations in 2017, and because the Caribe Hilton is expected to be closed most of the year, the results from these hotels will be excluded from Park's comparable results in 2018.