UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2019

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number 001-37795

Park Hotels & Resorts Inc.
(Exact name of registrant as specified in its charter)

Delaware	**36-2058176**
(State or Other jurisdiction of incorporation or organization)	(I.R.S Employer Identification Number)
1775 Tysons Blvd., 7th Floor, Tysons, VA	**22102**
(Address of Principal Executive Offices)	(Zip Code)

(571) 302-5757
(Registrant's telephone number, including area code)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbol	Name of exchange on which registered
Common Stock, $0.01 par value per share	PK	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of common stock outstanding on November 1, 2019 was 239,387,334.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

PARK HOTELS & RESORTS INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions, except share and per share data)

	September 30, 2019 (unaudited)	December 31, 2018
ASSETS		
Property and equipment, net	$ 9,986	$ 7,975
Investments in affiliates	52	50
Goodwill	607	607
Intangibles, net	46	27
Cash and cash equivalents	321	410
Restricted cash	43	15
Accounts receivable, net of allowance for doubtful accounts of $1 and $1	193	153
Prepaid expenses	76	82
Other assets	29	44
Operating lease right-of-use assets	267	—
TOTAL ASSETS (variable interest entities - $248 and $242)	$ 11,620	$ 9,363
LIABILITIES AND EQUITY		
Liabilities		
Debt	$ 4,100	$ 2,948
Accounts payable and accrued expenses	237	183
Due to hotel managers	128	137
Due to Hilton Grand Vacations	135	135
Deferred income tax liabilities	42	42
Other liabilities	241	332
Operating lease liabilities	284	—
Total liabilities (variable interest entities - $218 and $217)	5,167	3,777
Commitments and contingencies - refer to Note 13		
Stockholders' Equity		
Common stock, par value $0.01 per share, 6,000,000,000 shares authorized, 239,590,752 shares issued and 239,388,083 shares outstanding as of September 30, 2019 and 201,290,458 shares issued and 201,198,381 shares outstanding as of December 31, 2018	2	2
Additional paid-in capital	4,572	3,589
Retained earnings	1,931	2,047
Accumulated other comprehensive loss	(8)	(6)
Total stockholders' equity	6,497	5,632
Noncontrolling interests	(44)	(46)
Total equity	6,453	5,586
TOTAL LIABILITIES AND EQUITY	$ 11,620	$ 9,363

Refer to the notes to the unaudited condensed consolidated financial statements.

PARK HOTELS & RESORTS INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited, in millions, except per share data)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2019		2018		2019		2018	
Revenues								
Rooms	$	431	$	429	$	1,271	$	1,298
Food and beverage		156		144		534		532
Ancillary hotel		63		60		170		168
Other		22		19		59		53
Total revenues		672		652		2,034		2,051
Operating expenses								
Rooms		114		113		334		337
Food and beverage		117		111		371		368
Other departmental and support		153		157		453		469
Other property-level		54		54		152		157
Management fees		32		32		101		103
Casualty loss (gain) and impairment loss, net		8		(1)		8		(1)
Depreciation and amortization		61		69		184		208
Corporate general and administrative		14		16		47		47
Acquisition costs		59		—		65		—
Other		23		19		61		54
Total expenses		635		570		1,776		1,742
Gain on sales of assets, net		1		2		20		98
Operating income		38		84		278		407
Interest income		2		2		5		4
Interest expense		(33)		(32)		(98)		(94)
Equity in earnings from investments in affiliates		3		4		18		16
Loss on foreign currency transactions		(2)		(1)		(2)		(4)
Other gain (loss), net		1		(2)		1		106
Income before income taxes		9		55		202		435
Income tax expense		—		—		(12)		(13)
Net income		9		55		190		422
Net income attributable to noncontrolling interests		(4)		(3)		(7)		(4)
Net income attributable to stockholders	$	5	$	52	$	183	$	418
Other comprehensive (loss) income, net of tax expense:								
Currency translation adjustment, net of tax expense of $0, $1, $0, $2		(3)		(1)		(2)		36
Total other comprehensive (loss) income		(3)		(1)		(2)		36
Comprehensive income	$	6	$	54	$	188	$	458
Comprehensive income attributable to noncontrolling interests		(4)		(3)		(7)		(4)
Comprehensive income attributable to stockholders	$	2	$	51	$	181	$	454
Earnings per share:								
Earnings per share - Basic	$	0.02	$	0.26	$	0.90	$	2.04
Earnings per share - Diluted	$	0.02	$	0.26	$	0.90	$	2.04
Weighted average shares outstanding - Basic		206		200		203		204
Weighted average shares outstanding - Diluted		207		201		204		205

Refer to the notes to the unaudited condensed consolidated financial statements.

PARK HOTELS & RESORTS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, in millions)

	Nine Months Ended September 30,	
	2019	2018
Operating Activities:		
Net income	$ 190	$ 422
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	184	208
Gain on sales of assets, net	(20)	(98)
Casualty loss (gain) and impairment loss, net	8	(1)
Equity in earnings from investments in affiliates	(18)	(16)
Loss on foreign currency transactions	2	4
Other gain, net	(1)	(106)
Share-based compensation expense	12	12
Amortization of deferred financing costs	3	3
Distributions from unconsolidated affiliates	16	12
Deferred income taxes	—	(3)
Changes in operating assets and liabilities	(27)	(142)
Net cash provided by operating activities	349	295
Investing Activities:		
Acquisitions, net of cash and restricted cash acquired	(913)	—
Capital expenditures for property and equipment	(182)	(133)
Proceeds from asset dispositions, net	230	369
Proceeds from the sale of investments in affiliates, net	—	150
Insurance proceeds for property damage claims	10	87
Net cash (used in) provided by investing activities	(855)	473
Financing Activities:		
Borrowings under credit facilities	850	—
Payments of deferred financing costs	(11)	—
Dividends paid	(382)	(379)
Distributions to noncontrolling interests	(5)	(1)
Tax withholdings on share-based compensation	(7)	(2)
Repurchase of common stock	—	(348)
Net cash provided by (used in) financing activities	445	(730)
Effect of exchange rate changes on cash and cash equivalents and restricted cash	—	(2)
Net (decrease) increase in cash and cash equivalents and restricted cash	(61)	36
Cash and cash equivalents and restricted cash, beginning of period	425	379
Cash and cash equivalents and restricted cash, end of period	$ 364	$ 415
Supplemental Disclosures		
Non-cash investing activities:		
Transfer of property and equipment to Hilton Grand Vacations	$ —	$ 3
Non-cash financing activities:		
Issuance of common shares in connection with the acquisition of Chesapeake Lodging Trust	$ 978	$ —
Assumption of mortgage loans in connection with acquisitions	$ 311	$ —
Dividends declared but unpaid	107	86

Refer to the notes to the unaudited condensed consolidated financial statements.

PARK HOTELS & RESORTS INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(unaudited, in millions)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Non-controlling Interests	Total
	Shares	Amount					
Balance as of December 31, 2018	201	$ 2	$ 3,589	$ 2,047	$ (6)	$ (46)	$ 5,586
Share-based compensation, net	—	—	(1)	—	—	—	(1)
Net income	—	—	—	96	—	1	97
Dividends and dividend equivalents(1)	—	—	—	(91)	—	—	(91)
Distributions to noncontrolling interests	—	—	—	—	—	(3)	(3)
Cumulative effect of change in accounting principle	—	—	—	(8)	—	—	(8)
Balance as of March 31, 2019	201	2	3,588	2,044	(6)	(48)	5,580
Share-based compensation, net	1	—	3	—	—	—	3
Net income	—	—	—	82	—	2	84
Other comprehensive income	—	—	—	—	1	—	1
Dividends and dividend equivalents(1)	—	—	—	(92)	—	—	(92)
Balance as of June 30, 2019	202	2	3,591	2,034	(5)	(46)	5,576
Issuance of common stock	38	—	978	—	—	—	978
Share-based compensation, net	—	—	3	—	—	—	3
Net income	—	—	—	5	—	4	9
Other comprehensive loss	—	—	—	—	(3)	—	(3)
Dividends and dividend equivalents(1)	—	—	—	(108)	—	—	(108)
Distributions to noncontrolling interests	—	—	—	—	—	(2)	(2)
Balance as of September 30, 2019	240	$ 2	$ 4,572	$ 1,931	$ (8)	$ (44)	$ 6,453

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Non-controlling Interests	Total
	Shares	Amount					
Balance as of December 31, 2017	215	$ 2	$ 3,825	$ 2,229	$ (45)	$ (49)	$ 5,962
Share-based compensation, net	—	—	3	—	—	—	3
Net income (loss)	—	—	—	150	—	(1)	149
Other comprehensive income	—	—	—	—	37	—	37
Dividends and dividend equivalents(1)	—	—	—	(88)	—	—	(88)
Repurchase of common stock	(14)	—	(250)	(98)	—	—	(348)
Balance as of March 31, 2018	201	2	3,578	2,193	(8)	(50)	5,715
Share-based compensation, net	—	—	3	—	—	—	3
Net income	—	—	—	216	—	2	218
Dividends and dividend equivalents(1)	—	—	—	(178)	—	—	(178)
Distributions to noncontrolling interests	—	—	—	—	—	(1)	(1)
Balance as of June 30, 2018	201	2	3,581	2,231	(8)	(49)	5,757
Share-based compensation, net	—	—	4	—	—	—	4
Net income	—	—	—	52	—	3	55
Other comprehensive loss	—	—	—		(1)	—	(1)
Dividends and dividend equivalents(1)	—	—	—	(87)	—	—	(87)
Balance as of September 30, 2018	201	$ 2	$ 3,585	$ 2,196	$ (9)	$ (46)	$ 5,728

(1) Dividends declared per common share were $0.45 for the three months ended March 31, 2019, June 30, 2019 and September 30, 2019. Dividends declared per common share were $0.43 for the three months ended March 31, 2018, June 30, 2018 and September 30, 2018. An additional special cash dividend of $0.45 per common share was declared for the three months ended June 30, 2018.

Refer to the notes to the unaudited condensed consolidated financial statements.

Note 1: Organization

Park Hotels & Resorts Inc. ("we," "us," "our" or the "Company") is a Delaware corporation that owns a portfolio of premium-branded hotels and resorts primarily located in prime city center and resort locations. On January 3, 2017, Hilton Worldwide Holdings Inc. ("Hilton" or "Parent") completed the spin-off of a portfolio of hotels and resorts that established Park Hotels & Resorts Inc. as an independent, publicly traded company. The spin-off transaction was effected through a pro rata distribution of Park Hotels & Resorts Inc. stock to existing Hilton stockholders.

On May 5, 2019, the Company, PK Domestic Property LLC, an indirect subsidiary of the Company ("Domestic"), and PK Domestic Sub LLC, a wholly-owned subsidiary of Domestic ("Merger Sub") entered into a definitive Agreement and Plan of Merger (the "Merger Agreement") with Chesapeake Lodging Trust ("Chesapeake"). On September 18, 2019, pursuant to the terms and subject to the conditions set forth in the Merger Agreement, Chesapeake merged with and into Merger Sub (the "Merger") and each of Chesapeake's common shares of beneficial interest, $0.01 par value per share ("Chesapeake common shares") was converted into $11.00 in cash and 0.628 of a share of our common stock. No fractional shares of our common stock were issued in the Merger. The value of any fractional interests to which a Chesapeake shareholder would otherwise have been entitled was paid in cash.

We are treated as a real estate investment trust ("REIT") for United States ("U.S.") federal income tax purposes, and we have been organized and operated, and expect to continue to be organized and operate in a manner to qualify as a REIT. From the date of our spin-off from Hilton, Park Intermediate Holdings LLC (our "Operating Company"), directly or indirectly, has held all our assets and has conducted all of our operations. We own 100% of the interests in our Operating Company.

Note 2: Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

Principles of Consolidation

The unaudited condensed consolidated financial statements reflect our financial position, results of operations and cash flows, in conformity with U.S. generally accepted accounting principles ("U.S. GAAP"). We have condensed or omitted certain information and footnote disclosures normally included in financial statements presented in accordance with U.S. GAAP. In our opinion, the accompanying unaudited condensed consolidated financial statements reflect all adjustments, including normal recurring items, considered necessary for a fair presentation of the interim periods. All significant intercompany transactions and balances within the financial statements have been eliminated.

These financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2018 included in our Annual Report on Form 10-K, filed with the SEC on February 28, 2019.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Interim results are not necessarily indicative of full year performance.

Reclassifications

Certain line items on the condensed consolidated statements of comprehensive income for the nine months ended September 30, 2018 have been reclassified to conform to the current period presentation.

Summary of Significant Accounting Policies

Our Annual Report on Form 10-K for the year ended December 31, 2018, filed with the SEC on February 28, 2019, contains a discussion of the significant accounting policies. There have been no significant changes to our significant accounting policies since December 31, 2018, except for the change in lease accounting, referred to under "Recently Issued Accounting Pronouncements."

Recently Issued Accounting Pronouncements

Adopted Accounting Standards

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-02 ("ASU 2016-02"), *Leases (Topic 842)*, which supersedes existing lease accounting guidance in *Leases (Topic 840)* and generally requires all leases to be recognized on the statement of financial position. We adopted this ASU on January 1, 2019 using the optional transition method, which allows entities to initially apply the ASU at the adoption date without revising comparable periods. We consider an arrangement to contain a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for compensation. We elected certain practical expedients that allowed us to utilize historical lease classifications and elected an accounting policy to continue accounting for leases with an initial term of 12 months and less using existing guidance for operating leases. We did not elect the practical expedient that allows us to use hindsight to reassess our probability of exercising renewal options; however, we did include any renewal options controlled by the lessor. On a prospective basis, lease terms will include both renewal options that we are reasonably certain to exercise as well as renewal options controlled by the lessor. Upon adoption, we recognized an operating lease right-of-use asset of $213 million representing the right to use land, buildings, and equipment over lease terms which include renewal options we have exercised, and renewal options controlled by the lessor, and a corresponding operating lease liability of $213 million representing the present value of our fixed lease payment obligations. We also recognized an $8 million impairment of the operating lease right-of-use asset associated with one of our previously impaired hotels as a cumulative effect of change in accounting principle within *retained earnings.* In addition, we reclassified $25 million of below market lease intangibles from *intangibles, net* and $8 million of deferred rent liabilities from *other liabilities* on our condensed consolidated balance sheet to the operating lease right-of-use asset. The discount rate used to calculate the operating lease right-of-use asset and operating lease liability was based on our estimated incremental borrowing rate at our adoption date of January 1, 2019.

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40)*, which adds recognition, measurement, and disclosure guidance on implementation costs of cloud computing arrangements. Implementation costs incurred by customers in cloud computing arrangements are deferred if they would be capitalized by customers in software license arrangements under the existing internal-use software guidance. We elected to early adopt this ASU as of January 1, 2019 on a prospective basis and there was no effect on our consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, "*Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*", which will replace the existing "incurred loss" approach with an "expected loss" model for instruments measured at amortized cost. For trade and other receivables, loans and other instruments, the forward looking "expected loss" model will generally result in the earlier recognition of allowances for losses. In November 2018, the FASB issued ASU No. 2018-19, "*Codification Improvements to Topic 326, Financial Instruments-Credit Losses*", which clarifies that operating lease receivables accounted for under ASC 842 are not in the scope of ASU No. 2016-13. Both ASUs are effective January 1, 2020 and require new disclosures. Both ASUs require a modified retrospective approach. We are currently evaluating the effect that these ASUs will have on our consolidated financial statements.

Note 3: Acquisitions and Dispositions

Acquisitions

Merger with Chesapeake

As a result of the Merger, we acquired a 100% ownership interest in the following 18 hotels:

Hotel	Location	Rooms
Hilton Denver City Center	Denver, CO	613
W Chicago – Lakeshore	Chicago, IL	520
Hyatt Regency Boston	Boston, MA	502
Hyatt Regency Mission Bay Spa and Marina	San Diego, CA	438
Boston Marriott Newton	Newton, MA	430
Le Meridien New Orleans	New Orleans, LA	410
W Chicago – City Center	Chicago, IL	403
Royal Palm South Beach Miami, a Tribute Portfolio Resort	Miami Beach, FL	393
Le Meridien San Francisco	San Francisco, CA	360
JW Marriott San Francisco Union Square	San Francisco, CA	344
Hyatt Centric Fisherman's Wharf	San Francisco, CA	316
Hotel Indigo San Diego Gaslamp Quarter	San Diego, CA	210
Courtyard Washington Capitol Hill/Navy Yard	Washington, DC	204
Homewood Suites by Hilton Seattle Convention Center Pike Street	Seattle, WA	195
Hilton Checkers Los Angeles	Los Angeles, CA	193
Ace Hotel Downtown Los Angeles	Los Angeles, CA	182
Hotel Adagio, Autograph Collection	San Francisco, CA	171
W New Orleans – French Quarter	New Orleans, LA	97
		5,981

The total consideration for the Merger was approximately $2 billion, which included the issuance of approximately 37.8 million shares of common stock valued at $25.88 per share to Chesapeake common shareholders based on the closing price of our common stock on September 17, 2019. We accounted for the Merger using the acquisition method of accounting.

We preliminarily allocated the purchase price consisting of common stock issued of $978 million and cash of $1,013 million as follows:

	(in millions)
Investment in hotel properties, net	$ 2,220
Intangibles, net	45
Cash and cash equivalents	62
Restricted cash	38
Accounts receivable, net	26
Prepaid expenses	9
Other assets	2
Operating lease right-of-use asset	65
Debt	(311)
Accounts payable and accrued expenses	(46)
Due to hotel managers	(15)
Other liabilities	(16)
Operating lease liability	(88)
Total consideration	$ 1,991

The estimated fair values for the assets acquired and the liabilities assumed are preliminary and are subject to change during the one-year measurement period as additional information related to the inputs and assumptions used in determining the fair value of the assets and liabilities becomes available. We will continue to review the underlying inputs and assumptions. Therefore, the purchase price allocation is not yet complete as of the date of this filing. Once the allocation is complete, an additional adjustment to the allocation may occur.

We used the following valuation methodologies, inputs and assumptions to estimate the fair value of the assets acquired and liabilities assumed:

- Investment in hotel properties – We estimated the fair values of the land and improvements, buildings and improvements, and furniture, fixtures and equipment at the hotel properties by using a combination of the market, cost and income approaches. These valuation methodologies are based on significant Level 3 inputs in the fair value hierarchy, such as estimates of future income growth, capitalization rates, discount rates, capital expenditures and cash flow projections at the respective hotel properties.
- Intangible assets – We estimated the fair value of the air rights contract acquired as part of the Hyatt Regency Boston by calculating the present value of the difference between the contractual rental amounts according to the contract and the market rental rates for similar contracts, measured over a period equal to the remaining non-cancellable term of the contract. This valuation methodology is based on Level 3 inputs in the fair value hierarchy. The intangible asset is amortized using the straight-line method over the remaining term of the contract.
- Above and below market lease liabilities – We estimated the fair value of our above and below market lease liabilities by calculating the present value of the difference between the contractual rental amounts paid according to the in-place lease agreements and the market rental rates for similar leased space, measured over a period equal to the remaining non-cancellable terms of the leases. This valuation methodology is based on Level 3 inputs in the fair value hierarchy. The above and below market lease liabilities are included as adjustments to the right-of-use asset in the accompanying condensed consolidated balance sheet. The above and below market lease liabilities are amortized as adjustments to ground rent expense over the remaining terms of the respective leases.
- Operating lease right-of-use-asset and Operating lease liability – We estimated the fair value of the operating lease right-of-use asset and operating lease liability by calculating the present value of the fixed contractual rental amounts due over a period equal to the remaining non-cancellable terms of the leases. This valuation methodology is based on Level 3 inputs in the fair value hierarchy.
- Debt – We estimated the fair value of the mortgage loans by calculating the present value of the remaining loan payments due over the term of the loans. This valuation methodology is based on Level 3 inputs in the fair value hierarchy.
- Restricted cash, accounts receivable, prepaid expenses and other assets, accounts payable and accrued expenses, due to hotel managers and other liabilities – The amounts constitute the carrying amounts of the assets acquired and the liabilities assumed, which we believe approximate fair value because of their short-term nature.

For the three and nine months ended September 30, 2019, we incurred $59 million and $65 million, respectively, in acquisition costs in connection with the Merger. Acquisition costs primarily related to severance, transfer tax and fees for financial advisors, legal, accounting, tax and other professional services in connection with the Merger. The Merger-related costs noted above are included in *acquisition costs* in our condensed consolidated statements of comprehensive income.

The following unaudited condensed pro-forma financial information presents the results of operations as if the Merger had taken place on January 1, 2018. The unaudited condensed pro-forma financial information is not necessarily indicative of what our actual results of operations would have been assuming the Merger had taken place on January 1, 2018, nor is it indicative of the results of operations for future periods. The unaudited condensed pro-forma financial information is as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	2018	2019	2018
(unaudited)	(in millions)		(in millions)	
Total revenues	$ 797	$ 800	$ 2,440	$ 2,477
Operating income	63	112	350	483
Net income	23	70	227	460

From the date of Merger through September 30, 2019, we recognized $23 million of total revenues, $5 million of operating income and $4 million of net income related to the hotels acquired in connection with the Merger.

Dispositions

During the nine months ended September 30, 2019, we sold five consolidated hotels listed in the table below and we received total gross proceeds of $236 million and recognized a gain, net of selling costs, of $20 million on these hotels which is included in *gain on sales of assets, net* in our condensed consolidated statements of comprehensive income.

Hotel	Location	Month Sold
Pointe Hilton Squaw Peak Resort	Phoenix, Arizona	February 2019
Hilton Nuremberg	Nuremberg, Germany	March 2019
Hilton Atlanta Airport	Atlanta, Georgia	June 2019
Hilton New Orleans Airport(1)	New Orleans, Louisiana	June 2019
Embassy Suites Parsippany(1)	Parsippany, New Jersey	June 2019

(1) Hotels were sold as a portfolio in the same transaction.

During the nine months ended September 30, 2018, we sold 12 consolidated hotels for total gross proceeds of $379 million. We recognized a net gain of approximately $98 million, including the reclassification of a currency translation adjustment of $31 million from accumulated other comprehensive loss into earnings concurrent with the dispositions, which was included in *gain on sales of assets, net* in our condensed consolidated statements of comprehensive income.

Additionally, in May 2018, we and the other owners of our unconsolidated affiliates that owned the Hilton Berlin hotel sold our interests for gross proceeds of approximately $375 million, before customary closing adjustments, of which our pro rata share was approximately $151 million. We recognized a net gain of approximately $107 million, including the reclassification of a currency translation adjustment of $8 million from accumulated other comprehensive loss into earnings concurrent with the disposition, which is included in *other gain (loss), net* in our condensed consolidated statements of comprehensive income.

Note 4: Property and Equipment

Property and equipment were:

	September 30, 2019	December 31, 2018
	(in millions)	
Land	$ 3,594	$ 3,344
Buildings and leasehold improvements	7,300	5,616
Furniture and equipment	1,133	949
Construction-in-progress	106	124
	12,133	10,033
Accumulated depreciation and amortization	(2,147)	(2,058)
	$ 9,986	$ 7,975

Depreciation of property and equipment was $60 million and $66 million, respectively, during the three months ended September 30, 2019 and 2018, and $182 million and $205 million during the nine months ended September 30, 2019 and 2018, respectively.

Hurricanes Irma and Maria

In September 2017, Hurricanes Irma and Maria caused damage and disruption at certain of our hotels in Florida and the Caribe Hilton in Puerto Rico. The Caribe Hilton remained closed throughout 2018 and reopened on May 15, 2019. Our insurance coverage provides us with reimbursement for the replacement cost for the damage to these hotels, which includes certain clean-up and repair costs, exceeding the applicable deductibles, in addition to loss of business.

During the nine months ended September 30, 2019, we recognized $23 million of insurance recoveries, of which $12 million related to property damage, $8 million related to business interruption, and $3 million related to expense reimbursements. Business interruption proceeds are included within *ancillary hotel revenue* in our condensed consolidated statements of comprehensive income. Additionally, we recognized a net loss of $7 million within *casualty loss (gain) and impairment loss, net* in our condensed consolidated statements of comprehensive income for amounts not expected to be recovered from insurance. The insurance receivable as of September 30, 2019 and December 31, 2018 was $5 million and $25 million, respectively, and is included within *other assets* in our condensed consolidated balance sheets.

During the nine months ended September 30, 2018, we incurred $32 million of expenses, and based upon additional information obtained during the period, we recognized an additional loss of $22 million for property and equipment that was damaged during the hurricanes. These amounts were offset by the recognition of an insurance receivable of $54 million. Additionally, we received $108 million of insurance proceeds, of which $15 million related to business interruption and $6 million related to expense reimbursements.

Note 5: Consolidated Variable Interest Entities ("VIEs") and Investments in Affiliates

Consolidated VIEs

We consolidate three VIEs that own hotels in the U.S. We are the primary beneficiary of these VIEs as we have the power to direct the activities that most significantly affect their economic performance. Additionally, we have the obligation to absorb their losses and the right to receive benefits that could be significant to them. The assets of our VIEs are only available to settle the obligations of these entities. Our condensed consolidated balance sheets include the following assets and liabilities of these entities:

	September 30, 2019	December 31, 2018
	(in millions)	
Property and equipment, net	$ 221	$ 223
Cash and cash equivalents	19	12
Restricted cash	2	1
Accounts receivable, net	5	4
Prepaid expenses	1	2
Debt	207	207
Accounts payable and accrued expenses	9	7
Due to hotel manager	—	2
Other liabilities	2	1

During the nine months ended September 30, 2019 and 2018, we did not provide any financial or other support to these VIEs that we were not previously contractually required to provide, nor do we intend to provide any such support in the future.

Unconsolidated Entities

Investments in affiliates were:

	Ownership %	September 30, 2019	December 31, 2018
		(in millions)	
Hilton San Diego Bayfront	25%	$ 20	$ 19
All others (7 hotels)(1)	20% - 50%	32	31
		$ 52	$ 50

(1) In July 2019, we and the other owners of the entity that own the Conrad Dublin, entered into an agreement to sell the ownership interest in the entity for a gross sales price of approximately $127 million, which is payable in cash at closing and is subject to customary pro rations and adjustments. Our pro rata share of the gross sales price is approximately $61 million and our pro rata share of debt associated with the Conrad Dublin was $9 million as of September 30, 2019. The sale is subject to customary closing conditions and required regulatory approvals and is currently anticipated to close in the fourth quarter of 2019. The basis in our interest in the Conrad Dublin was $7 million as of September 30, 2019 and December 31, 2018.

The affiliates in which we own investments accounted for under the equity method had total debt of approximately $961 million and $955 million as of September 30, 2019 and December 31, 2018, respectively. Substantially all the debt is secured solely by the affiliates' assets or is guaranteed by other partners without recourse to us.

Note 6: Debt

Debt balances and associated interest rates as of September 30, 2019 were:

	Interest Rate at September 30, 2019	Maturity Date	Principal balance as of September 30, 2019	Principal balance as of December 31, 2018
			(in millions)	
SF CMBS Loan	4.11%	November 2023	$ 725	$ 725
HHV CMBS Loan	4.20%	November 2026	1,275	1,275
Mortgage loans(1)	Average rate of 4.28%	2020 to 2026(3)	517	207
2016 Term Loan(2)	L + 1.45%	December 2021	750	750
2019 Term Facility	L + 1.40%	September 2024	850	—
Revolving credit facility(4)	L + 1.50%	December 2021(3)	—	—
Financing lease obligations	3.07%	2021 to 2022	1	1
			4,118	2,958
Add: unamortized premium			3	—
Less: unamortized deferred financing costs and discount			(21)	(10)
			$ 4,100	$ 2,948

(1) Includes $310 million of mortgage loans assumed in connection with the Merger, all of which require payments of principal and interest on a monthly basis.

(2) The 2016 Term Loan was entered into in December 2016, with a maturity date of December 2021.

(3) Assumes the exercise of all extensions that are exercisable solely at our option.

(4) $1 billion available.

New Term Facility

In advance of the Merger, in August 2019, the Company, our Operating Company and Domestic entered into a delayed draw term loan agreement (the “2019 Term Facility”) with Bank of America, N.A. as administrative agent, and certain other financial institutions party thereto as lenders. The 2019 Term Facility provided for $950 million unsecured delayed draw term loan commitments to fund the Merger. The 2019 Term Facility included a $100 million two-year delayed draw term loan tranche, which was unfunded and the commitments thereunder terminated on September 18, 2019, and a $850 million five-year delayed draw term loan tranche, which has a scheduled maturity date of August 2024. On September 18, 2019, the five-year tranche was fully drawn to fund the Merger. The 2019 Term Facility agreement includes the option to increase the size of the 2019 Term Facility and enter into additional incremental term loan credit facilities, subject to certain limitations and obtaining additional commitments, in an aggregate amount not to exceed $400 million for all such increases.

Borrowings from the 2019 Term Facility bear interest at variable rates at our option, based upon either a base rate or LIBOR rate, plus an applicable margin based on our leverage ratio. Beginning in August 2019, we accrued an unused commitment fee equal to 0.25% per annum of the undrawn portion of the 2019 Term Facility, which was paid on September 18, 2019 when the 2019 Term Facility was fully drawn. Additionally, we incurred upfront financing fees of $9 million associated with the 2019 Term Facility, of which $1 million was expensed in connection with the terminated commitments.

The 2019 Term Facility agreement contains certain financial covenants relating to our maximum leverage ratio, minimum fixed charge coverage ratio, maximum secured leverage ratio, maximum unsecured indebtedness to unencumbered asset value and minimum unencumbered adjusted net operating income to unsecured interest coverage. If an event of default exists, we generally are not permitted to make distributions to stockholders, other than those required to qualify for and maintain REIT status and certain other limited exceptions.

In connection with the Merger, we assumed Chesapeake’s interest rate swap, which is designated as a cash flow hedge, to hedge the interest rate risk on a portion of the 2019 Term Facility. The interest rate swap requires us to pay fixed interest of 1.86% per annum maturing on April 21, 2022 on a notional amount of $225 million, in exchange for floating rate interest equal to one-month LIBOR.

CMBS and Mortgage Loans

We are required to deposit with lenders certain cash reserves for restricted uses. As of September 30, 2019 and December 31, 2018, our condensed consolidated balance sheets included $18 million and $15 million of restricted cash, respectively, related to our CMBS loans and mortgage loans.

Debt Maturities

The contractual maturities of our debt, assuming the exercise of all extensions that are exercisable solely at our option, as of September 30, 2019 were:

Year	(in millions)
2019	$ 2
2020	20
2021	759
2022	97
2023	827
Thereafter(1)	2,413
	$ 4,118

(1) Assumes the exercise of all extensions that are exercisable solely at our option.

Note 7: Fair Value Measurements and Derivative Instruments

We did not elect the fair value measurement option for our financial assets or liabilities. The fair value of our debt and the hierarchy level we used to estimate fair values are shown below:

		September 30, 2019		December 31, 2018	
	Hierarchy Level	Carrying Amount	Fair Value	Carrying Amount	Fair Value
		(in millions)			
Liabilities:					
SF CMBS Loan	3	$ 725	$ 743	$ 725	$ 706
HHV CMBS Loan	3	1,275	1,330	1,275	1,214
2016 Term Loan	3	750	750	750	732
2019 Term Facility	3	850	850	—	—
Mortgage loans	3	517	522	207	201

The fair value of the interest rate swap we assumed in the Merger is measured on a recurring basis and classified within Level 2 of the fair value hierarchy as it is valued using a third-party pricing model which contain inputs that are derived from observable market data. Where possible, the values produced by the pricing model are verified to market prices. Valuation models require a variety of inputs, including contractual terms, market prices, yield curves, credit spreads, measures of volatility and correlations of such inputs. As of September 30, 2019, the fair value of our interest rate swap liability was $2 million, which is included within *other liabilities* on our condensed consolidated balance sheet.

The fair values of our other financial instruments are estimated to be equal to their carrying amounts.

Note 8: Leases

We lease hotel properties, land and equipment under operating and financing leases. We are subject to ground leases on 16 of our consolidated properties, 3 of which were acquired as part of the Merger. Our leases expire, including options under lessor control, at various dates through 2083, with varying renewal options, and the majority expire before 2034.

Our operating leases may require minimum rent payments, variable rent payments based on a percentage of revenue or income or rent payments equal to the greater of a minimum rent or variable rent. In addition, we may be required to pay some, or all, of the capital costs for property and equipment in the hotel during the term of the lease.

The maturities of our non-cancelable operating lease liabilities, due in each of the next five years and thereafter as of September 30, 2019, were:

Year	Operating Leases (in millions)
2019	$ 8
2020	32
2021	32
2022	32
2023	26
Thereafter	414
Total minimum rent payments	$ 544
Less: imputed interest	260
Total operating lease liabilities	$ 284

As of September 30, 2019 the weighted average remaining operating lease term was 25.7 years and the weighted average discount rate used to determine the operating lease liabilities was 5.4%.

The components of rent expense, which are primarily included in *other property-level expenses* in our condensed consolidated statements of comprehensive income, supplemental cash flow and non-cash information for all operating leases were:

	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2019
	(in millions)	
Operating lease expense	$ 7	$ 21
Variable lease expense	4	11
Operating cash flows for operating leases	7	20
Right-of-use assets obtained in exchange for lease obligations(1)	65	278

(1) For the nine months ended September 30, 2019, balance represents right-of-use assets recognized upon adoption of ASC 842, *Leases,* on January 1, 2019, and right-of-use assets assumed in connection with the Merger. For the three months ended September 30, 2019, balance represents right-of-use assets assumed in connection with the Merger.

Note 9: Income Taxes

We are treated as a REIT for U.S. federal income tax purposes, and we have been organized and operated, and expect to continue to be organized and operate in a manner to qualify as a REIT. To qualify as a REIT, we must satisfy requirements related to, among other things, the real estate qualification of sources of our income, the real estate composition and values of our assets, the amounts we distribute to our stockholders annually and the diversity of ownership of our stock. To the extent we continue to remain qualified as a REIT, we generally will not be subject to U.S. federal income tax on taxable income generated by our REIT activities that we distribute annually to our stockholders. Accordingly, no provision for U.S. federal income taxes has been included in our accompanying condensed consolidated financial statements for the three and nine months ended September 30, 2019 and 2018 related to our REIT activities, other than taxes associated with built-in gains related to our assets owned at the date of our spin-off including the remeasurement of associated deferred tax assets and liabilities.

We will be subject to U.S. federal income tax on taxable sales of built-in gain property (representing property with an excess of fair value over tax basis held by us on January 4, 2017) during the five-year period following the date of our spin-off. In addition, we are subject to non-U.S. income tax on foreign held REIT activities. Further, our taxable REIT subsidiaries ("TRSs") are generally subject to U.S. federal, state and local, and foreign income taxes (as applicable). Income tax expense during the nine months ended September 30, 2019 is primarily related to taxable income from our TRSs.

Note 10: Share-Based Compensation

We issue equity-based awards to our employees pursuant to the 2017 Omnibus Incentive Plan ("2017 Employee Plan") and our non-employee directors pursuant to the 2017 Stock Plan for Non-Employee Directors ("2017 Director Plan"). The 2017 Employee Plan provides that a maximum of 8,000,000 shares of our common stock may be issued, and as of September 30, 2019, 5,496,016 shares of common stock remain available for future issuance. The 2017 Director Plan provides that a maximum of 450,000 shares of our common stock may be issued, and as of September 30, 2019, 297,344 shares of common stock remain available for future issuance. For both the three months ended September 30, 2019 and 2018, we recognized $4 million of share-based compensation expense, and $12 million for both the nine months ended September 30, 2019 and 2018. As of September 30, 2019, unrecognized compensation expense was $20 million, which is expected to be recognized over a weighted-average period of 1.4 years.

Restricted Stock Awards

Restricted Stock Awards ("RSAs") generally vest in annual installments between one and three years from each grant date. The following table provides a summary of RSAs for the nine months ended September 30, 2019:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested at January 1, 2019	585,106	$ 26.89
Granted	298,329	31.31
Vested	(308,094)	27.00
Forfeited	(12,615)	29.96
Unvested at September 30, 2019	562,726	$ 29.10

Performance Stock Units

Performance Stock Units ("PSUs") generally vest at the end of a three-year performance period and are subject to the achievement of a market condition based on a measure of our total shareholder return relative to the total shareholder return of the companies that comprise the FTSE Nareit Lodging Resorts Index (that have a market capitalization in excess of $1 billion as of the first day of the applicable performance period). The number of PSUs that may become vested ranges from zero to 200% of the number of PSUs granted to an employee, based on the level of achievement of the foregoing performance measure. The following table provides a summary of PSUs for the nine months ended September 30, 2019:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested at January 1, 2019	537,936	$ 31.16
Granted	314,858	34.28
Vested	(277,325)	31.25
Forfeited	(672)	42.05
Unvested at September 30, 2019	574,797	$ 32.82

The grant date fair values of these awards were determined using a Monte Carlo simulation valuation model with the following assumptions:

Expected volatility(1)	19.5% - 21.5%
Dividend yield(2)	—
Risk-free rate	1.8% - 2.4%
Expected term	3 years

(1) Due to limited trading history of our common stock, we used the historical and implied volatilities of our peer group in addition to our historical and implied volatilities over the performance period to estimate appropriate expected volatilities. The weighted average expected volatility was 20.5%.

(2) Dividends are assumed to be reinvested in shares of our common stock and dividends will not be paid unless shares vest.

Note 11: Earnings Per Share

The following table presents the calculation of basic and diluted earnings per share ("EPS"):

	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
	(in millions, except per share amounts)		(in millions, except per share amounts)	
Numerator:				
Net income attributable to stockholders	$ 5	$ 52	$ 183	$ 418
Earnings allocated to participating securities	—	—	(1)	(1)
Net income attributable to stockholders, net of earnings allocated to participating securities	$ 5	$ 52	$ 182	$ 417
Denominator:				
Weighted average shares outstanding – basic	206	200	203	204
Unvested restricted shares	1	1	1	1
Weighted average shares outstanding – diluted	207	201	204	205
Basic EPS[(1)]	$ 0.02	$ 0.26	$ 0.90	$ 2.04
Diluted EPS[(1)]	$ 0.02	$ 0.26	$ 0.90	$ 2.04

(1) Per share amounts are calculated based on unrounded numbers and are calculated independently for each period presented.

Certain of our outstanding equity awards were excluded from the above calculation of EPS for the three and nine months ended September 30, 2019 and 2018 because their effect would have been anti-dilutive.

Note 12: Business Segment Information

As of September 30, 2019, we have two operating segments, our consolidated hotels and unconsolidated hotels. Our unconsolidated hotels operating segment does not meet the definition of a reportable segment, thus our consolidated hotels is our only reportable segment. We evaluate our consolidated hotels primarily based on hotel adjusted earnings before interest expense, taxes and depreciation and amortization ("EBITDA"). Hotel Adjusted EBITDA is calculated as EBITDA from hotel operations, adjusted to exclude:

- Gains or losses on sales of assets for both consolidated and unconsolidated investments;
- Gains or losses on foreign currency transactions;
- Share-based compensation expense;
- Non-cash impairment losses; and
- Other items that we believe are not representative of our current or future operating performance.

The following table presents revenues for our consolidated hotels reconciled to our consolidated amounts and Hotel Adjusted EBITDA to net income:

	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
	(in millions)			
Revenues:				
Total consolidated hotel revenue	$ 650	$ 633	$ 1,975	$ 1,998
Other revenues	22	19	59	53
Total revenues	$ 672	$ 652	$ 2,034	$ 2,051
Hotel Adjusted EBITDA	$ 183	$ 171	$ 573	$ 573
Other revenues	22	19	59	53
Casualty (loss) gain and impairment loss, net	(8)	1	(8)	1
Depreciation and amortization expense	(61)	(69)	(184)	(208)
Corporate general and administrative expense	(14)	(16)	(47)	(47)
Acquisition costs	(59)	—	(65)	—
Other operating expenses	(23)	(19)	(61)	(54)
Gain on sales of assets, net	1	2	20	98
Interest income	2	2	5	4
Interest expense	(33)	(32)	(98)	(94)
Equity in earnings from investments in affiliates	3	4	18	16
Loss on foreign currency transactions	(2)	(1)	(2)	(4)
Income tax expense	—	—	(12)	(13)
Other gain (loss), net	1	(2)	1	106
Other items	(3)	(5)	(9)	(9)
Net income	$ 9	$ 55	$ 190	$ 422

The following table presents total assets for our consolidated hotels, reconciled to consolidated amounts:

	September 30, 2019	December 31, 2018
	(in millions)	
Consolidated hotels	$ 11,551	$ 9,305
All other	69	58
Total	$ 11,620	$ 9,363

Note 13: Commitments and Contingencies

We expect that insurance proceeds, excluding any applicable insurance deductibles, will be sufficient to cover a significant portion of the property damage to our two hotels in Key West, Florida and the Caribe Hilton from Hurricanes Irma and Maria in September 2017 and the resulting loss of business. We have recognized a total loss of $22 million representing losses up to the amount of our deductibles and additional amounts not expected to be recovered from insurance. The amount of expected insurance proceeds could change as more information becomes available about the nature and extent of damage. Any gain resulting from insurance proceeds, including those for business interruption, will not be recognized until all contingencies have been resolved.

As of September 30, 2019, we had outstanding commitments under third-party contracts of approximately $68 million for capital expenditures at certain hotels. Our contracts contain clauses that allow us to cancel all or some portion of the work. If cancellation of a contract occurred, our commitment would be any costs incurred up to the cancellation date, in addition to any costs associated with the discharge of the contract.

We may make certain indemnifications or guarantees to select buyers of our hotels as part of the sale process. In addition, losses related to certain contingent liabilities could be apportioned to us under the distribution and tax matters agreements related to the spin-off transaction.

We are involved in litigation arising from the normal course of business, some of which includes claims for substantial sums. We are also involved in litigation that is not in the ordinary course of business, and we are indemnified from certain of these claims under the distribution agreement with Hilton. While the ultimate results of claims and litigation relating to assets retained by Hilton in connection with the spin-off cannot be predicted with certainty, we expect that the ultimate resolution of all pending or threatened claims and litigation as of September 30, 2019 will not have a material effect on our condensed consolidated results of operations, financial position or cash flows.

Following the May 6, 2019 announcement that we and Chesapeake had entered into the Merger Agreement, two purported shareholder class actions were filed in the United States District Court for the District of Delaware captioned: Kent v. Chesapeake Lodging Trust, et al., No. 1:19-cv-01201 (D.Del.) (filed June 25, 2019) (the “Kent Action”) and *Terlinden v. Chesapeake Lodging Trust, et al*., No. 1;19-cv-01263 (D.Del.) (filed July 8, 2019). The complaint in each case alleged purported violations of the federal securities laws and named as defendants Chesapeake, the individual members of the Chesapeake board of trustees, the Company, Domestic and Merger Sub. The plaintiffs alleged that Chesapeake and the individual defendants violated Section 14(a) of the Exchange Act, and Rule 14a-9 promulgated thereunder, by providing inadequate disclosure regarding the proposed merger in the Form S-4 Registration Statement filed with the SEC on June 14, 2019 (the “Registration Statement”). The plaintiffs also alleged that the individual defendants, the Company, Domestic and Merger Sub violated Section 20(a) of the Exchange Act. Plaintiffs sought, among other things, to enjoin or rescind the merger, an award of damages in the event the merger was consummated and an award of costs and attorneys’ fees. While we believe that these claims were without merit, in order to avoid the risk of these claims delaying or adversely affecting the Merger, to minimize the costs, risks and uncertainties inherent in litigation, and without admitting any liability or wrongdoing, Chesapeake agreed to amend and supplement the definitive proxy statement filed with the SEC on July 26, 2019 in connection with the Merger in a Current Report on Form 8-K filed with the SEC on September 3, 2019. The plaintiffs in these actions subsequently dismissed each case with prejudice as to the named plaintiffs only. The cases are now closed.

Note 14: Subsequent Events

In November 2019, we executed agreements to sell the Ace Hotel and Theater Downtown Los Angeles for a sales price of $117 million and the Hilton São Paulo Morumbi for a sales price of approximately $125 million. Both of these hotel sales will be payable in cash at closing and are subject to customary closing adjustments.

In October 2019, we executed an agreement to terminate the ground lease on the Hilton Sheffield Hotel. The termination is expected to occur prior to January 31, 2020.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of the financial condition and results of operations of Park Hotels & Resorts Inc. ("we," "us," "our" or the "Company") should be read in conjunction with the accompanying unaudited condensed consolidated financial statements, related notes included elsewhere in this Quarterly Report on Form 10-Q, and with our Annual Report on Form 10-K for the year ended December 31, 2018.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended ("Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"). 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.

All such forward-looking statements are based on current expectations of management and therefore involve estimates and assumptions that are subject to risks, uncertainties and other factors that could cause actual results to differ materially from the results expressed in the statements. Forward-looking statements include, but are not limited to, statements related to our current expectations regarding the performance of our business, financial results, liquidity and capital resources, the effects of competition and the effects of future legislation or regulations, the declaration and payment of future dividends, statements about our acquisition of Chesapeake Lodging Trust ("Chesapeake") and statements that address operating performance, events or developments that we expect or anticipate will occur in the future, including but not limited to statements regarding anticipated synergies or cost savings, future financial and operating results, plans, objectives, expectations and intentions, creation of value for stockholders, benefits of the acquisition of Chesapeake to customers, employees, stockholders and other constituents of the combined company, the integration of Chesapeake, the effects of industry, market, economic, political or regulatory conditions outside of our control and other non-historical statements. You should not put undue reliance on any forward-looking statements and we urge investors to carefully review the disclosures we make concerning risk and uncertainties in Item 1A: "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2018, our Quarterly Reports on Form 10-Q and our, Current Reports on Form 8-K. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Overview

We have a diverse portfolio of iconic and market-leading hotels and resorts with significant underlying real estate value. After giving effect to our acquisition of Chesapeake in September 2019, we currently hold investments in entities that have ownership or leasehold interests in 66 hotels, consisting of premium-branded hotels and resorts with over 35,000 rooms, of which over 86% are luxury and upper upscale (as defined by Smith Travel Research) and over 97% are located in the U.S. Our high-quality portfolio includes hotels in major urban and convention areas, such as New York City, Washington, D.C., Chicago, San Francisco, Boston, New Orleans and Denver; premier resorts in key leisure destinations, including Hawaii, Orlando, Key West and Miami Beach; and hotels adjacent to major gateway airports, such as Los Angeles International, Boston Logan International and Miami International, as well as hotels in select suburban locations.

Our objective is to be the preeminent lodging real estate investment trust ("REIT"), focused on consistently delivering superior, risk-adjusted returns to stockholders through active asset management and a thoughtful external growth strategy while maintaining a strong and flexible balance sheet. As a pure-play real estate company with direct access to capital and independent financial resources, we believe our enhanced ability to implement compelling return on investment initiatives within our portfolio represents a significant embedded growth opportunity. Finally, given our scale and investment expertise, we believe we will be able to successfully execute single-asset and portfolio acquisitions and dispositions to further enhance the value and diversification of our assets throughout the lodging cycle, including potentially taking advantage of the economies of scale that could come from consolidation in the lodging REIT industry.

We operate our business through two operating segments, our consolidated hotels and unconsolidated hotels. Our consolidated hotels operating segment is our only reportable segment. Refer to Note 12: "Business Segment Information" in our unaudited condensed consolidated financial statements included elsewhere within this Quarterly Report on Form 10-Q for additional information regarding our operating segments.

Outlook

Gross domestic product ("GDP") increased 1.9% during the third quarter of 2019 due to increases in federal, state and local government spending, personal consumption expenditures, residential fixed investments, and exports. Non-residential fixed business investment, a leading indicator of RevPAR performance, declined 3% during the quarter. Despite this decline, RevPAR for our comparable hotels increased 1.9% and 2.3% for the three and nine months ended September 30, 2019, respectively. Our ability to experience continued RevPAR growth during the remainder of 2019 depends on various factors, including the strength of group and transient demand and the timing of completion of renovation projects at several of our hotels. In addition, RevPAR growth and profitability will depend on several macroeconomic factors, including corporate profitability, consumer confidence, employment (and resulting increase in wages) and GDP growth, coupled with supply growth and increased popularity of online booking services and short-term lodging websites.

Recent Events

On September 18, 2019, pursuant to the terms and subject to the conditions set forth in the Agreement and Plan of Merger (the "Merger Agreement"), dated as of May 5, 2019, by and among the Company, PK Domestic Property LLC, an indirect subsidiary of the Company ("Domestic"), PK Domestic Sub LLC, a wholly-owned subsidiary of Domestic ("Merger Sub") and Chesapeake, Chesapeake merged with and into Merger Sub (the "Merger"). We continue to be led by the senior management team that was leading the Company prior to the Merger.

Key Business Metrics Used by Management

Occupancy

Occupancy represents the total number of room nights sold divided by the total number of room nights available at a hotel or group of hotels. Occupancy measures the utilization of our hotels' available capacity. Management uses occupancy to gauge demand at a specific hotel or group of hotels in a given period. Occupancy levels also help us determine achievable Average Daily Rate ("ADR") levels as demand for rooms increases or decreases.

Average Daily Rate

ADR represents rooms revenue divided by total number of room nights sold in a given period. ADR measures average room price attained by a hotel and ADR trends provide useful information concerning the pricing environment and the nature of the customer base of a hotel or group of hotels. ADR is a commonly used performance measure in the hotel industry, and we use ADR to assess pricing levels that we are able to generate by type of customer, as changes in rates have a more pronounced effect on overall revenues and incremental profitability than changes in occupancy, as described above.

Revenue per Available Room

Revenue per Available Room ("RevPAR") represents rooms revenue divided by the total number of room nights available to guests for a given period. We consider RevPAR to be a meaningful indicator of our performance as it provides a metric correlated to two primary and key factors of operations at a hotel or group of hotels: occupancy and ADR. RevPAR is also a useful indicator in measuring performance over comparable periods for comparable hotels.

References to RevPAR, ADR and occupancy are presented on a comparable basis and references to RevPAR and ADR are presented on a currency neutral basis (prior periods are reflected using current period exchange rates), unless otherwise noted.

Comparable Hotels Data

We present certain data for our hotels on a comparable hotel basis as supplemental information for investors. We define our comparable hotels as those that: (i) were active and operating in our portfolio since January 1st of the previous year; and (ii) have not sustained substantial property damage or business interruption, have not undergone large-scale capital projects or for which comparable results are not available. We present comparable hotel results to help us and our investors evaluate the ongoing operating performance of our comparable hotels.

2019 Comparable Hotels

Of the 58 hotels that we consolidated as of September 30, 2019, 39 hotels have been classified as comparable hotels. Due to the effects of business interruption from Hurricane Maria at the Caribe Hilton in Puerto Rico during the first half of 2019, the results from that property were excluded from our comparable hotels. Our comparable hotels as of September 30, 2019 also excludes 18 hotels acquired through the Merger, one hotel returned to the lessor after the expiration of the ground lease in December 2018, and five consolidated hotels that were sold in 2019.

Comparable Hotel Operating Statistics

The following table represents the key hotel operating statistics for our comparable hotels for the three and nine months ended September 30, 2019 and 2018. This table includes information from all of the comparable hotels we owned as of September 30, 2019.

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2019	2018	Change	2019	2018	Change
Comparable RevPAR	$ 183.51	$ 180.07	1.9%	$ 184.77	$ 180.57	2.3%
Comparable Occupancy	83.7%	83.7%	0.0%pts	83.3%	82.9%	0.4%pts
Comparable ADR	$ 219.16	$ 215.01	1.9%	$ 221.82	$ 217.75	1.9%

Non-GAAP Financial Measures

We also evaluate the performance of our business through certain other financial measures that are not recognized under U.S. GAAP. Each of these non-GAAP financial measures should be considered by investors as supplemental measures to GAAP performance measures such as total revenues, operating profit and net income.

EBITDA, Adjusted EBITDA and Hotel Adjusted EBITDA

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, 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 expense related to our establishment as an independent, publicly traded company;
- Transaction costs associated with hotel acquisitions or dispositions expensed during the period;
- Severance expense;
- Share-based compensation expense;
- Casualty gains or losses and impairment losses; and
- Other items that we believe are not representative of our current or future operating performance.

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

EBITDA, Adjusted EBITDA and Hotel Adjusted EBITDA are not recognized terms under 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, our definitions of EBITDA, Adjusted EBITDA and Hotel Adjusted EBITDA may not be comparable to similarly titled measures of other companies.

We believe that EBITDA, Adjusted EBITDA and Hotel Adjusted EBITDA provide useful information to investors about us and our financial condition and results of operations for the following reasons: (i) EBITDA, Adjusted EBITDA and Hotel Adjusted EBITDA are among the measures used by our management team to make day-to-day operating decisions and evaluate our operating performance between periods and between REITs by removing the effect of our capital structure (primarily interest expense) and asset base (primarily depreciation and amortization) from our operating results; and (ii) EBITDA, Adjusted EBITDA and Hotel Adjusted EBITDA 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 our industry.

EBITDA, Adjusted EBITDA and Hotel Adjusted EBITDA 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 our operating performance and results as reported under U.S. GAAP. Some of these limitations are:

- EBITDA, Adjusted EBITDA and Hotel Adjusted EBITDA do not reflect our interest expense;
- EBITDA, Adjusted EBITDA and Hotel Adjusted EBITDA do not reflect our income tax expense;
- EBITDA, Adjusted EBITDA and Hotel Adjusted EBITDA do not reflect the effect on earnings or changes resulting from matters that we consider not to be indicative of our future operations; and
- other companies in our industry may calculate EBITDA, Adjusted EBITDA and Hotel Adjusted EBITDA differently, limiting their usefulness as comparative measures.

We do not use or present EBITDA, Adjusted EBITDA and Hotel Adjusted EBITDA as measures of our liquidity or cash flow. These measures have limitations as analytical tools and should not be considered either in isolation or as a substitute for cash flow or other methods of analyzing our cash flows and liquidity as reported under U.S. GAAP. Some of these limitations are:

- EBITDA, Adjusted EBITDA and Hotel Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs;
- EBITDA, Adjusted EBITDA and Hotel Adjusted EBITDA do not reflect the cash requirements necessary to service interest or principal payments, on our indebtedness;
- EBITDA, Adjusted EBITDA and Hotel Adjusted EBITDA do not reflect the cash requirements to pay our taxes;
- EBITDA, Adjusted EBITDA and Hotel Adjusted EBITDA do not reflect historical cash expenditures or future requirements for capital expenditures or contractual commitments; and
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA, Adjusted EBITDA and Hotel Adjusted EBITDA do not reflect any cash requirements for such replacements.

Because of these limitations, EBITDA, Adjusted EBITDA and Hotel Adjusted EBITDA should not be considered as discretionary cash available to us to reinvest in the growth of our business or as measures of cash that will be available to us to meet our obligations.

The following table provides the components of Hotel Adjusted EBITDA:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019(1)	**2018**(1)	**2019**(1)	**2018**(1)
	(in millions)			
Comparable Hotel Adjusted EBITDA	$ 172	$ 163	$ 556	$ 537
Non-comparable Hotel Adjusted EBITDA	11	8	17	36
Hotel Adjusted EBITDA	$ 183	$ 171	$ 573	$ 573

(1) Based on our 2019 comparable hotels as of September 30, 2019.

The following table provides a reconciliation of Net income to Hotel Adjusted EBITDA:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
	(in millions)			
Net income	$ 9	$ 55	$ 190	$ 422
Depreciation and amortization expense	61	69	184	208
Interest income	(2)	(2)	(5)	(4)
Interest expense	33	32	98	94
Income tax expense	—	—	12	13
Interest expense, income tax and depreciation and amortization included in equity in earnings from investments in affiliates	7	8	19	20
EBITDA	108	162	498	753
Gain on sales of assets, net	(1)	(2)	(20)	(98)
Loss (gain) on sale of investments in affiliates(1)	—	1	—	(107)
Loss on foreign currency transactions	2	1	2	4
Transition expense	—	1	—	3
Acquisition costs	59	—	65	—
Severance expense	—	1	2	2
Share-based compensation expense	4	4	12	12
Casualty loss (gain) and impairment loss, net	8	(1)	8	(1)
Other items	—	1	(4)	2
Adjusted EBITDA	180	168	563	570
Less: Adjusted EBITDA from investments in affiliates	9	10	31	36
Less: All other(2)	(12)	(13)	(41)	(39)
Hotel Adjusted EBITDA	$ 183	$ 171	$ 573	$ 573

(1) Included in *other gain (loss), net.*

(2) Includes *other revenues* and *other expenses*, non-income taxes on TRS leases included in *other property-level expenses and corporate general and administrative expenses*.

Nareit FFO attributable to stockholders and Adjusted FFO attributable to stockholders

We present Nareit FFO attributable to stockholders and Nareit FFO per diluted share (defined as set forth below) as non-GAAP measures of our performance. We calculate 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 or 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 our pro rata share of the FFO of those entities on the same basis. As noted by Nareit in its December 2018 "Nareit Funds from Operations White Paper – 2018 Restatement," 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. We believe Nareit FFO provides useful information to investors regarding our operating performance and can facilitate comparisons of operating performance between periods and between REITs. Our 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 than we do. We calculate Nareit FFO per diluted share as our Nareit FFO divided by the number of fully diluted shares outstanding during a given operating period.

We also present Adjusted FFO attributable to stockholders and Adjusted FFO per diluted share when evaluating our performance because we believe that the exclusion of certain additional items described below provides useful supplemental information to investors regarding our ongoing operating performance. Management historically has made the adjustments detailed below in evaluating our performance and in our annual budget process. We believe that the presentation of Adjusted FFO provides useful supplemental information that is beneficial to an investor's complete understanding of our operating performance. We adjust Nareit FFO attributable to stockholders for the following items, which may occur in any period, and refer to this measure as Adjusted FFO attributable to stockholders:

- Gains or losses on foreign currency transactions;

- Transition expense related to our establishment as an independent, publicly traded company;
- Transaction costs associated with hotel acquisitions or dispositions expensed during the period;
- Severance expense;
- Share-based compensation expense;
- Casualty gains or losses; and
- Other items that we believe are not representative of our current or future operating performance.

The following table provides a reconciliation of net income attributable to stockholders to Nareit FFO attributable to stockholders and Adjusted FFO attributable to stockholders:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
	(in millions, except per share amounts)			
Net income attributable to stockholders	$ 5	$ 52	$ 183	$ 418
Depreciation and amortization expense	61	69	184	208
Depreciation and amortization expense attributable to noncontrolling interests	(1)	(1)	(3)	(3)
Gain on sales of assets, net	(1)	(2)	(20)	(98)
Loss (gain) on sale of investments in affiliates[1]	—	1	—	(107)
Equity investment adjustments:				
Equity in earnings from investments in affiliates	(3)	(4)	(18)	(16)
Pro rata FFO of investments in affiliates	6	8	27	28
Nareit FFO attributable to stockholders	67	123	353	430
Loss on foreign currency transactions	2	1	2	4
Casualty loss (gain), net	7	(1)	7	(1)
Transition expense	—	1	—	3
Acquisition costs	59	—	65	—
Severance expense	—	1	2	2
Share-based compensation expense	4	4	12	12
Other items	1	3	(1)	6
Adjusted FFO attributable to stockholders	$ 140	$ 132	$ 440	$ 456
Nareit FFO per share - Diluted[2]	$ 0.33	$ 0.61	$ 1.73	$ 2.10
Adjusted FFO per share - Diluted[2]	$ 0.68	$ 0.65	$ 2.16	$ 2.23

(1) Included in *other gain (loss), net.*

(2) Per share amounts are calculated based on unrounded numbers and are calculated independently for each period presented.

Results of Operations

The following items have had a significant effect on the year-over-year comparability of our operations and are further discussed in the sections below:

- *Property Dispositions:* During the nine months ended September 30, 2019 and 2018, we sold 5 and 12 consolidated hotels, respectively. Additionally, as of January 2019, we no longer lease the Hilton Chicago O'Hare. The results of operations during our period of ownership of these hotels are included within non-comparable revenues and operating expenses.
- *Property Acquisitions:* On September 18, 2019, we acquired 18 hotels through the Merger. The results of operations during our period of ownership of these hotels are included within non-comparable revenues and operating expenses.

Revenue

Rooms

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2019[(1)]	2018[(1)]	Percent Change	2019[(1)]	2018[(1)]	Percent Change
	(in millions)			(in millions)		
Comparable rooms revenue	$ 408	$ 401	1.7%	$ 1,220	$ 1,193	2.3%
Non-comparable rooms revenue	23	28	(17.9)	51	105	(51.4)
Total rooms revenue	$ 431	$ 429	0.5%	$ 1,271	$ 1,298	(2.1)%

(1) Based on our 2019 comparable hotels as of September 30, 2019.

Comparable rooms revenue increased $7 million and $27 million during the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018 primarily as a result of an increase in comparable hotel RevPAR of 1.9% and 2.3%, respectively. The increase in RevPAR during the three months ended September 30, 2019 was primarily due to an increase in group revenue of 20.7% partially offset by a decrease in transient revenue of 4.8%. The increase in group revenue was primarily a result of an increase in demand and rate. The increase in RevPAR during the nine months ended September 30, 2019 was primarily due to increases in group and contract revenues of 8.5% and 8.6%, respectively, partially offset by a decrease in transient revenue of 1.5%. The increase in group and contract revenue was a result of increases in both demand and rate.

During the three and nine months ended September 30, 2019, the overall increase in RevPAR for our comparable hotels was primarily a result of increases at our Hawaii and Southern California hotels. Our Hawaii hotels experienced an increase in RevPAR of 13.0% and 4.5% during the three and nine months ended September 30, 2019, respectively, primarily due to an increase in rate and occupancy from both group and transient business at the Hilton Waikoloa Village which previously experienced disruption caused by the 2018 volcanic activity on the Big Island beginning in May of 2018. Southern California benefited primarily from a 7.4% and 23.1% RevPAR increase at the Hilton Santa Barbara Beachfront Resort during the three and nine months ended September 30, 2019, respectively, from an increase in occupancy and rate following the renovation and repositioning of the hotel completed in April 2018. Additionally, RevPAR at our Northern California hotels increased during the nine months ended September 30, 2019 primarily from a combined 23% increase in group revenue at the Hilton San Francisco Union Square and Parc 55 San Francisco.

The overall increase in RevPAR for our comparable hotels was partially offset by declines in RevPAR at our Florida and Chicago hotels. During the three and nine months ended September 30, 2019, the decline at our Florida hotels was primarily attributable to renovation displacement at The Reach, A Waldorf Astoria Resort, which is undergoing a conversion to a Curio branded hotel and rooms renovation at the Hilton Orlando Bonnet Creek in connection with its conversion to a Signia Hilton branded hotel. The decrease in transient revenue at our Florida hotels was partially offset by an increase in group revenue at the Waldorf Astoria Orlando due to an increase in group demand and an increase in transient demand at Casa Marina, A Waldorf Astoria Resort during the three and nine months ended September 30, 2019 as well as an increase in group demand during the three months ended September 30, 2019. The decline in RevPAR in our Chicago hotels was primarily a result of a decrease in transient revenue of 26% and 10%, respectively. Additionally, RevPAR at our Northern California hotels decreased during the three months end September 30, 2019 primarily as a result of a decrease in transient revenue resulting from lower rates, partially offset by an increase in group business.

Non-comparable rooms revenue decreased $5 million and $54 million during the three and nine months ended September 30, 2019, respectively, primarily as a result of our property dispositions, partially offset by an increase of $17 million contributed by the hotels acquired through the Merger.

Food and beverage

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2019[(1)]	2018[(1)]	Percent Change	2019[(1)]	2018[(1)]	Percent Change
	(in millions)			(in millions)		
Comparable food and beverage revenue	$ 149	$ 133	12.0%	$ 518	$ 492	5.3%
Non-comparable food and beverage revenue	7	11	(36.4)	16	40	(60.0)
Total food and beverage revenue	$ 156	$ 144	8.3%	$ 534	$ 532	0.4%

(1) Based on our 2019 comparable hotels as of September 30, 2019.

Comparable food and beverage revenue increased $16 million during the three months ended September 30, 2019 and increased $26 million during the nine months ended September 30, 2019, compared to the same periods in 2018 primarily as a result of an increase in banquet and catering revenue. Food and beverage revenue at our non-comparable hotels decreased $4 million and $24 million during the three and nine months ended September 30, 2019, respectively, primarily as a result of our property dispositions, partially offset by an increase of $5 million contributed by the hotels acquired through the Merger.

Ancillary hotel

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2019(1)	2018(1)	Percent Change	2019(1)	2018(1)	Percent Change
	(in millions)			(in millions)		
Comparable ancillary hotel revenue	$ 55	$ 50	10.0%	$ 156	$ 144	8.3%
Non-comparable ancillary hotel revenue	8	10	(20.0)	14	24	(41.7)
Total ancillary hotel revenue	$ 63	$ 60	5.0%	$ 170	$ 168	1.2%

(1) Based on our 2019 comparable hotels as of September 30, 2019.

Ancillary hotel revenue at our comparable hotels increased $5 million and $12 million during the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018 as a result of an increase in resort and parking fees. Ancillary revenue at our non-comparable hotels decreased $2 million and $10 million during the three and nine months ended September 30, 2019, respectively, primarily as a result of our property dispositions, partially offset by an increase of $1 million contributed by the hotels acquired through the Merger.

Other

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2019	2018	Percent Change	2019	2018	Percent Change
	(in millions)			(in millions)		
Laundry revenue	$ 3	$ 4	(25.0)%	$ 9	$ 11	(18.2)%
Support service revenue	19	15	26.7	50	42	19.0
Total other revenue	$ 22	$ 19	15.8%	$ 59	$ 53	11.3%

Support service revenue increased during the three and nine months ended September 30, 2019 primarily due to an increase in reimbursable costs from the services agreements at the Hilton Hawaiian Village Waikiki Beach Resort.

Operating Expenses

Rooms

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2019(1)	2018(1)	Percent Change	2019(1)	2018(1)	Percent Change
	(in millions)			(in millions)		
Comparable rooms expense	$ 108	$ 105	2.9%	$ 320	$ 310	3.2%
Non-comparable rooms expense	6	8	(25.0)	14	27	(48.1)
Total rooms expense	$ 114	$ 113	0.9%	$ 334	$ 337	(0.9)%

(1) Based on our 2019 comparable hotels as of September 30, 2019.

Rooms expense at our comparable hotels increased $3 million and $10 million for the three and nine months ended September 30, 2019, respectively. Room expense increased during the nine months primarily due to an increase in occupancy. Non-comparable rooms expense decreased $2 million and $13 million during the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018 as a result of our property dispositions, partially offset by an increase of $4 million from the hotels acquired through the Merger.

Food and beverage

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2019(1)	2018(1)	Percent Change	2019(1)	2018(1)	Percent Change
	(in millions)			(in millions)		
Comparable food and beverage expense	$ 111	$ 103	7.8%	$ 358	$ 342	4.7%
Non-comparable food and beverage expense	6	8	(25.0)	13	26	(50.0)
Total food and beverage expense	$ 117	$ 111	5.4%	$ 371	$ 368	0.8%

(1) Based on our 2019 comparable hotels as of September 30, 2019.

Food and beverage expense at our comparable hotels increased $8 million and $16 million during the three and nine months ended September 30, 2019 compared to the same periods in 2018 primarily as a result of increases in banquet and catering expenses associated with the increase in associated revenues. Non-comparable food and beverage expense decreased $2 million and $13 million during the three and nine months ended September 30, 2019 compared to the same periods in 2018 primarily as a result of our property dispositions, partially offset by an increase of $3 million from the hotels acquired through the Merger.

Other departmental and support

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2019(1)	2018(1)	Percent Change	2019(1)	2018(1)	Percent Change
	(in millions)			(in millions)		
Comparable other departmental and support expense	$ 142	$ 137	3.6%	$ 425	$ 414	2.7%
Non-comparable other departmental and support expense	11	20	(45.0)	28	55	(49.1)
Total other departmental and support expense	$ 153	$ 157	(2.5)%	$ 453	$ 469	(3.4)%

(1) Based on our 2019 comparable hotels as of September 30, 2019.

Other departmental and support expense at our comparable hotels increased $5 million and $11 million during the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018 as a result of increases in administrative and general and sales and marketing expenses primarily as a result of an increase in business. Other departmental and support expense at our non-comparable hotels decreased $9 million and $27 million during the three and nine months ended September 30, 2019, respectively compared to the same periods in 2018 primarily as a result of our property dispositions, partially offset by an increase of $6 million from the hotels acquired through the Merger.

Other property-level

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2019(1)	2018(1)	Percent Change	2019(1)	2018(1)	Percent Change
	(in millions)			(in millions)		
Comparable other property-level expense	$ 51	$ 48	6.3%	$ 146	$ 139	5.0%
Non-comparable other property-level expense	3	6	(50.0)	6	18	(66.7)
Total other property-level expense	$ 54	$ 54	—	$ 152	$ 157	(3.2)%

(1) Based on our 2019 comparable hotels as of September 30, 2019.

Other property-level expenses at our comparable hotels increased $3 million and $7 million for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018 as a result of increases in insurance and property tax expense. Other property-level expenses at our non-comparable hotels decreased $3 million and $12 million during the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018 primarily as a result of our property dispositions, partially offset by an increase of $1 million from the hotels acquired through the Merger.

Management fees

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2019(1)	2018(1)	Percent Change	2019(1)	2018(1)	Percent Change
	(in millions)			(in millions)		
Comparable management fees expense	$ 30	$ 30	—%	$ 97	$ 95	2.1%
Non-comparable management fees expense	2	2	—	4	8	(50.0)
Total management fees expense	$ 32	$ 32	—	$ 101	$ 103	(1.9)%

(1) Based on our 2019 comparable hotels as of September 30, 2019.

Management fees at our non-comparable hotels remained the same for the three months ended September 30, 2019 and decreased $4 million for the nine months ended September 30, 2019, compared to the same periods in 2018 primarily as a result of our property dispositions, partially offset by an increase of $1 million from the hotels acquired through the Merger.

Corporate general and administrative

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2019	2018	Percent Change	2019	2018	Percent Change
	(in millions)			(in millions)		
General and administrative expenses	$ 10	$ 11	(9.1)%	$ 33	$ 31	6.5%
Share-based compensation expense	4	4	—	12	12	—
Transition expense	—	1	(100.0)	—	3	(100.0)
Disposition costs	—	—	—	1	—	100.0
Severance expense	—	—	—	1	1	—
Total corporate general and administrative	$ 14	$ 16	(12.5)%	$ 47	$ 47	—%

Acquisition costs

Acquisition costs of $59 million and $65 million for the three and nine months ended September 30, 2019, respectively, relate to costs incurred in connection with the Merger with Chesapeake.

Other

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2019	2018	Percent Change	2019	2018	Percent Change
	(in millions)			(in millions)		
Laundry expense	$ 4	$ 5	(20.0)%	$ 13	$ 14	(7)%
Support services expense	19	14	35.7	48	40	20.0
Total other	$ 23	$ 19	21%	$ 61	$ 54	13.0%

Support service expense increased during the three and nine months ended September 30, 2019 primarily due to an increase in costs incurred for the services agreements at the Hilton Hawaiian Village Waikiki Beach Resort.

Gain on sales of assets, net

During the nine months ended September 30, 2019, we recognized a net gain of $20 million as a result of the sale of five of our consolidated hotels. Refer to Note 3: “Acquisitions and Dispositions” in our unaudited condensed consolidated financial statements included elsewhere within this Quarterly Report on Form 10-Q for additional information.

During the nine months ended September 30, 2018, we recognized a net gain of $98 million, including the reclassification of a currency translation adjustment of $31 million from accumulated other comprehensive loss to earnings, as a result of the sale of 12 of our consolidated hotels.

Non-operating Income and Expenses

Interest expense

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2019	2018	Percent Change	2019	2018	Percent Change
	(in millions)					
SF and HHV CMBS Loans(1)	$ 21	$ 21	—%	$ 63	$ 63	—%
Mortgage Loans	3	2	50.0	7	6	16.7
2016 Term Loan	7	7	—	22	19	15.8
2019 Term Facility(2)	1	—	100.0	1	—	100.0
Other	1	2	(50.0)	5	6	(16.7)
Total interest expense	$ 33	$ 32	3.1%	$ 98	$ 94	4.3%

(1) In October 2016, we entered into a $725 million CMBS loan secured by the Hilton San Francisco Union Square and the Parc 55 Hotel San Francisco ("SF CMBS Loan") and a $1.275 billion CMBS loan secured by the Hilton Hawaiian Village Waikiki Beach Resort ("HHV CMBS Loan").

(2) In August 2019, the Company, Park Intermediate Holdings LLC (our "Operating Company") and Domestic entered into a credit agreement with Bank of America, N.A. and certain other lenders, providing a $950 million unsecured delayed draw term loan facility (the "2019 Term Facility"), with the $850 million, five-year delayed draw term loan tranche fully drawn on September 18, 2019 to fund the Merger. The $100 million, two-year delayed draw term loan tranche was unfunded and the commitments thereunder terminated on September 18, 2019.

Interest expense increased as a result of $310 million in mortgage loans assumed in connection with the Merger and borrowings under the 2019 Term Facility to fund the Merger.

Income tax expense

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2019	2018	Percent Change	2019	2018	Percent Change
	(in millions)			(in millions)		
Income tax expense	$ —	$ —	0.0%	$ (12)	$ (13)	(7.7)%

Income tax expense for the nine months ended September 30, 2019 includes $7 million of income tax liabilities primarily associated with our taxable REIT subsidiaries as compared to $9 million for the nine months ended September 30, 2018. Income tax expense for the nine months ended September 30, 2019 also includes $2 million of built-in gain tax recognized on the hotels disposed of during 2019, beyond that of our previously recognized deferred tax liabilities as compared to $6 million for the nine months ended September 30, 2018.

Liquidity and Capital Resources

Overview

Our sources of liquidity include cash flows from operations, cash and cash equivalents, borrowings under our revolving credit facility ("Revolver"), uncommitted additional borrowings under our 2019 Term Facility and issuing securities. As of September 30, 2019, we had total cash and cash equivalents of $321 million and $43 million of restricted cash. Restricted cash primarily consists of cash restricted as to use by our debt agreements and reserves for capital expenditures in accordance with certain of our management agreements. In addition, we had $1 billion of available capacity remaining under our Revolver and the ability to raise capital through the issuance of securities under our shelf-registration statement on Form S-3.

Our known short-term liquidity requirements primarily consist of funds necessary to pay for operating expenses and other expenditures, including reimbursements to our hotel manager for payroll and related benefits, costs associated with the operation of our hotels, interest and scheduled principal payments on our outstanding indebtedness, capital expenditures for renovations and maintenance at our hotels, and dividends to our stockholders. Our long-term liquidity requirements primarily consist of funds necessary to pay for scheduled debt maturities, capital improvements at our hotels, and costs associated with potential acquisitions.

Our commitments to fund capital expenditures for renovations and maintenance at our hotels will be funded by cash and cash equivalents, restricted cash to the extent permitted by our lending agreements and cash flow from operations. We have established reserves for capital expenditures ("FF&E reserve") in accordance with our management and certain debt agreements. Generally, these agreements require that we fund 4% of hotel revenues into a FF&E reserve, unless such amounts have been incurred.

We finance our business activities primarily with existing cash and cash generated from our operations, and if necessary, short-term borrowing under our Revolver, or proceeds from public offerings of other securities. We believe that this cash will be adequate to meet anticipated requirements for operating expenses and capital expenditures for the foreseeable future. Our cash management objectives are to maintain the availability of liquidity, minimize operational costs, make debt payments and fund our capital expenditure programs and future acquisitions. Further, we have an investment policy that is focused on the preservation of capital and maximizing the return on new and existing investments.

Merger with Chesapeake

On September 18, 2019, the Merger was completed pursuant to the terms and subject to the conditions set forth in the Merger Agreement, and Chesapeake merged with and into Merger Sub. Each of Chesapeake's common shares of beneficial interest, $0.01 par value per share, was converted into $11.00 in cash and 0.628 of a share of our common stock. No fractional shares of our common stock were issued in the Merger. The value of any fractional interests to which a Chesapeake shareholder would otherwise have been entitled was paid in cash. In August 2019, we entered into the 2019 Term Facility, which provided a $950 million Term Facility, with the $850 million, five-year delayed draw term loan tranche under the 2019 Term Facility fully drawn on September 18, 2019 to fund the Merger. The $100 million, two-year delayed draw term loan tranche under the 2019 Term Facility was not funded and the commitments thereunder terminated on September 18, 2019. Refer to Note 1: "Organization" and Note 6: "Debt" in our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional information.

We anticipate an increase in cash outflows as a result of the increased dividend payment requirements with respect to the 37.8 million shares of our common stock issued to Chesapeake common shareholders on September 18, 2019 as part of the consideration for the Merger. We expect to fund the dividends from increased cash flows generated from the hotels acquired in the Merger.

Stock Repurchase Program

In February 2019, our Board of Directors approved a stock repurchase program allowing us to repurchase up to $300 million of our common stock over a two-year period, ending in February 2021. Stock repurchases, if any, would be made through open market purchases, including through Rule 10b5-1 trading programs, in privately negotiated transactions, or in such other manner that would comply with applicable securities laws. The timing of stock repurchases and the number of shares to be repurchased will depend upon prevailing market conditions and other factors. No stock repurchases have been made to date under this program.

Sources and Uses of Our Cash and Cash Equivalents

The following tables summarize our net cash flows and key metrics related to our liquidity:

	Nine Months Ended September 30,		
	2019	**2018**	**Percent Change**
	(in millions)		
Net cash provided by operating activities	$ 349	$ 295	18.3%
Net cash (used in) provided by investing activities	(855)	473	NM[1]
Net cash provided by (used in) financing activities	445	(730)	NM[1]

(3) Percentage change is not meaningful.

Operating Activities

Cash flow from operating activities are primarily generated from the operating income generated at our hotels.

The $54 million increase in net cash provided by operating activities for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018 was primarily due to the timing of receipts from our customers and payments to our vendors and other third parties and an increase in cash from the hotels acquired in the Merger, coupled with a decrease in income tax payments of $44 million.

Investing Activities

The $855 million in net cash used in investing activities for the nine months ended September 30, 2019 was primarily attributable to the $913 million used in the acquisition of Chesapeake and $184 million used for capital expenditures for property and equipment at our hotels, partially offset by $230 million in net proceeds received from the sale of hotels.

The $473 million in net cash provided by investing activities for the nine months ended September 30, 2018 was primarily attributable to the $519 million in net proceeds received from the sale of hotels, partially offset by $133 million used for capital expenditures for property and equipment at our hotels.

Financing Activities

The $445 million in net cash provided by financing activities for the nine months ended September 30, 2019 is primarily attributable to borrowings of $850 million from the 2019 Term Facility entered into in September 2019 to fund the Merger, partially offset by $382 million in dividends paid.

The $730 million in net cash used in financing activities for the nine months ended September 30, 2018 is primarily attributable to the repurchase of 14,000,000 shares of our common stock for $348 million during the three months ended March 31, 2018, coupled with $379 million in dividends paid.

Dividends

As a REIT, we are required to distribute at least 90% of our REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gain, to our stockholders on an annual basis. Therefore, as a general matter, it is unlikely that we will be able to retain substantial cash balances that could be used to meet our liquidity needs from our annual taxable income. Instead, we will need to meet these needs from external sources of capital and amounts, if any, by which our cash flow generated from operations exceeds taxable income.

We declared the following dividends to holders of our common stock during 2019:

Record Date	Payment Date	Dividend per Share
March 29, 2019	April 15, 2019	$ 0.45
June 28, 2019	July 15, 2019	$ 0.45
September 30, 2019	October 15, 2019	$ 0.45

Debt

As of September 30, 2019, our total indebtedness was approximately $4 billion, including approximately $310 million assumed in the Merger, and excluding approximately $234 million of our share of debt of investments in affiliates. Substantially all the debt of such unconsolidated affiliates is secured solely by the affiliates' assets or is guaranteed by other partners without recourse to us. Refer to Note 6: "Debt" in our unaudited condensed consolidated financial statements included elsewhere within this Quarterly Report on Form 10-Q for additional information.

Off-Balance Sheet Arrangements

Our off-balance sheet arrangements as of September 30, 2019 included construction contract commitments of approximately $68 million for capital expenditures at our properties. Our contracts contain clauses that allow us to cancel all or some portion of the work. If cancellation of a contract occurred, our commitment would be any costs incurred up to the cancellation date, in addition to any costs associated with the discharge of the contract.

Critical Accounting Policies and Estimates

The preparation of our financial statements in accordance with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of our financial statements, the reported amounts of revenues and expenses during the reporting periods and the related disclosures in our condensed consolidated financial statements and accompanying footnotes. We have discussed those policies and estimates that we believe are critical and require the use of complex judgment in their application in our Annual Report on Form 10-K for the year ended December 31, 2018, filed with the Securities and Exchange Commission on February 28, 2019. There have been no material changes to our critical accounting policies or the methods or assumptions we apply.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risk primarily from changes in interest rates, which may affect our future income, cash flows and fair value, depending on changes to interest rates. In certain situations, we may seek to reduce cash flow volatility associated with changes in interest rates by entering into financial arrangements intended to provide a hedge against a portion of the risks associated with such volatility. We continue to have exposure to such risks to the extent they are not hedged.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management has evaluated, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, the effectiveness of the disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, the ("Exchange Act"), as required by paragraph (b) of Rules 13a-15 and 15d-15 of the Exchange Act. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of September 30, 2019, our disclosure controls and procedures were effective to ensure that information we are required to disclose in reports filed or submitted with the SEC (i) is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and (ii) is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure.

Changes in Internal Control over Financial Reporting

On September 18, 2019, we completed the Merger, and we are currently in the process of integrating Chesapeake's operations into our internal control structure. We do not believe that any of these integration activities will have a material effect to our internal control over financial reporting. There were no other changes in our internal control over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

We are involved in various claims and lawsuits arising in the ordinary course of business or otherwise, some of which include claims for substantial sums, including proceedings involving tort and other general liability claims, employee claims and consumer protection claims. Most occurrences involving liability, claims of negligence and employees are covered by insurance with solvent insurance carriers. For those matters not covered by insurance, which include commercial matters, we recognize a liability when we believe the loss is probable and can be reasonably estimated. The ultimate results of claims and litigation cannot be predicted with certainty. We believe we have adequate reserves against such matters. We currently believe that the ultimate outcome of such lawsuits and proceedings will not, individually or in the aggregate, have a material adverse effect on our consolidated financial position, results of operations or liquidity. However, depending on the amount and timing, an unfavorable resolution of some or all of these matters could materially affect our future results of operations in a particular period.

Following the May 6, 2019 announcement that we and Chesapeake had entered into the Merger Agreement, two purported shareholder class actions were filed in the United States District Court for the District of Delaware captioned: Kent v. Chesapeake Lodging Trust, et al., No. 1:19-cv-01201 (D.Del.) (filed June 25, 2019) (the “Kent Action”) and Terlinden v. Chesapeake Lodging Trust, et al., No. 1;19-cv-01263 (D.Del.) (filed July 8, 2019). The complaint in each case alleged purported violations of the federal securities laws and named as defendants Chesapeake, the individual members of the Chesapeake board of trustees, the Company, Domestic, and Merger Sub. The plaintiffs alleged that Chesapeake and the individual defendants violated Section 14(a) of the Exchange Act, and Rule 14a-9 promulgated thereunder, by providing inadequate disclosure regarding the proposed merger in the Form S-4 Registration Statement filed with the SEC on June 14, 2019 (the “Registration Statement”). The plaintiffs also alleged that the individual defendants, the Company, Domestic and Merger Sub violated Section 20(a) of the Exchange Act. Plaintiffs sought, among other things, to enjoin or rescind the merger, an award of damages in the event the merger is consummated and an award of costs and attorneys’ fees. While we believe that these claims were without merit, in order to avoid the risk of these claims delaying or adversely affecting the Merger, to minimize the costs, risks and uncertainties inherent in litigation, and without admitting any liability or wrongdoing, Chesapeake agreed to amend and supplement the definitive proxy statement filed with the SEC on July 26, 2019 in connection with the Merger in a Current Report on Form 8-K filed with the SEC on September 3, 2019. The plaintiffs in these actions subsequently dismissed each case with prejudice as to the named plaintiffs only. The cases are now closed.

Item 1A. Risk Factors.

There have been no material changes from the risk factors previously disclosed in response to “Part I – Item 1A. Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2018 and the risk factors under the “Risks Related to Park Following the Merger” and “Risks Related to an Investment in Park Following the Merger” headers in “Part II – Item 1A. Risk Factors” of our Quarterly Report on Form 10-Q for the three months ended June 30, 2019, which risk factors are incorporated herein by reference.

Item 2. Unregistered Sales of Equity Securities.

2(a): Unregistered Sales of Equity Securities and Use of Proceeds

None.

2(b): Use of Proceeds from Registered Securities

None.

2(c): Purchases of Equity Securities

Record Date	Total number of shares purchased(1)		Weighted average price paid per share(1)	Total number of shares purchased as part of publicly announced plans or programs	Maximum number of shares that may yet be purchased under the plans or programs
January 1, 2019 through January 31, 2019	7	$	25.58	N/A	N/A
February 1, 2019 through February 28, 2019	77,411	$	31.82	N/A	N/A
March 1, 2019 through March 31, 2019	6,560	$	31.52	N/A	N/A
April 1, 2019 through April 30, 2019	—	$	—	N/A	N/A
May 1, 2019 through May 31, 2019	2,016	$	32.54	N/A	N/A
June 1, 2019 through June 30, 2019	29	$	27.70	N/A	N/A
July 1, 2019 through July 31, 2019	66	$	27.85	N/A	N/A
August 1, 2019 through August 31, 2019	8,820	$	26.09	N/A	N/A
September 1, 2019 through September 30, 2019	15,683	$	25.36	N/A	N/A
	110,592				

(1) The number of shares purchased represents shares of common stock surrendered by certain of our employees to satisfy their federal and state tax obligations associated with the vesting of restricted common stock. With respect to these shares, the weighted average price paid per share is based on the closing price of our common stock on the trading date immediately prior to the date of delivery of the shares. No shares of common stock were repurchased pursuant to the previously announced stock repurchase program.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits

Exhibit Number	Description
2.1	Distribution Agreement by and among Hilton Worldwide Holdings Inc., Park Hotels & Resorts Inc., Hilton Grand Vacations Inc. and Hilton Domestic Operating Company Inc., dated as of January 2, 2017 (incorporated by reference to Exhibit 2.1 to our Current Report on Form 8-K, filed on January 4, 2017).
2.2	Agreement and Plan of Merger by and among Park Hotels & Resorts Inc., PK Domestic Property LLC, PK Domestic Sub LLC, and Chesapeake Lodging Trust, dated as of May 5, 2019 (incorporated by reference to Exhibit 2.1 to our Current Report on Form 8-K, filed on May 6, 2019).
3.1	Amended and Restated Certificate of Incorporation of Park Hotels & Resorts Inc. (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K, filed on April 30, 2019).
3.2	Amended and Restated By-laws of Park Hotels & Resorts Inc. (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K, filed on February 26, 2019).
10.1	Delayed Draw Term Loan Agreement, dated as of August 28, 2019, by and among Park Hotels & Resorts Inc., PK Domestic Property LLC, Park Intermediate Holdings LLC, Bank of America, N.A., as administrative agent, and the lenders party thereto (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on September 4, 2019).
10.2	Second Amendment to Credit Agreement, dated as of August 28, 2019, by and among Park Hotels & Resorts Inc., PK Domestic Property LLC, Park Intermediate Holdings LLC, Wells Fargo Bank, National Association, as administrative agent, and the lenders party thereto (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K, filed on September 4, 2019).
11.1	Computation of Per Share Earnings from Operations (included in the notes to the unaudited financial statements contained in this Report).
31.1*	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished herewith.
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished herewith.
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).
*	Filed herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Park Hotels & Resorts Inc.

Date: November 7, 2019	By:	/s/ Thomas J. Baltimore Jr. Thomas J. Baltimore, Jr. Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)
Date: November 7, 2019	By:	/s/ Sean M. Dell'Orto Sean M. Dell'Orto Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
Date: November 7, 2019	By:	/s/ Darren W. Robb Darren W. Robb Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas J. Baltimore, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Park Hotels & Resorts Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in the Securities Exchange Act of 1934, as amended, Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2019

By: /s/ Thomas J. Baltimore, Jr.

Thomas J. Baltimore, Jr.
Chairman of the Board, President and
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Sean M. Dell'Orto, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Park Hotels & Resorts Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in the Securities Exchange Act of 1934, as amended, Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2019

By: /s/ Sean M. Dell'Orto

Sean M. Dell'Orto
Executive Vice President, Chief Financial Officer and Treasurer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Park Hotels & Resorts Inc. (the “Company”) on Form 10-Q for the quarter ended September 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Thomas J. Baltimore, Jr., President and Chief Executive Officer of the Company, in my capacity as an officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 7, 2019

By: /s/ Thomas J. Baltimore, Jr.

Thomas J. Baltimore, Jr.
Chairman of the Board, President and
Chief Executive Officer

In accordance with SEC Release NO. 34-47986, this Exhibit is furnished to the SEC as an accompanying document and is not deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Park Hotels & Resorts Inc. (the "Company") on Form 10-Q for the quarter ending September 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sean M. Dell'Orto, Executive Vice President, Chief Financial Officer and Treasurer, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 7, 2019

By: /s/ Sean M. Dell'Orto

Sean M. Dell'Orto
Executive Vice President,
Chief Financial Officer and Treasurer

In accordance with SEC Release NO. 34-47986, this Exhibit is furnished to the SEC as an accompanying document and is not deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended.