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, 2020

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 No.)
1775 Tysons Boulevard., 7th Floor, Tysons, VA	**22102**
(Address of principal executive offices)	(Zip Code)

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

Securities 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 October 30, 2020 was 235,612,787.

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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, 2020 (unaudited)	December 31, 2019
ASSETS		
Property and equipment, net	$ 9,255	$ 9,594
Assets held for sale, net	—	71
Investments in affiliates	17	35
Goodwill	—	607
Intangibles, net	45	46
Cash and cash equivalents	1,134	346
Restricted cash	35	40
Accounts receivable, net of allowance for doubtful accounts of $4 and $2	36	180
Prepaid expenses	43	83
Other assets	53	40
Operating lease right-of-use assets	235	248
TOTAL ASSETS (variable interest entities - $234 and $242)	$ 10,853	$ 11,290
LIABILITIES AND EQUITY		
Liabilities		
Debt	$ 5,121	$ 3,871
Accounts payable and accrued expenses	168	217
Due to hotel managers	102	159
Deferred income tax liabilities	34	50
Other liabilities	124	282
Operating lease liabilities	249	260
Total liabilities (variable interest entities - $217 and $219)	5,798	4,839
Commitments and contingencies - refer to Note 13		
Stockholders' Equity		
Common stock, par value $0.01 per share, 6,000,000,000 shares authorized, 235,914,952 shares issued and 235,613,445 shares outstanding as of September 30, 2020 and 239,589,639 shares issued and 239,386,877 shares outstanding as of December 31, 2019	2	2
Additional paid-in capital	4,512	4,575
Retained earnings	595	1,922
Accumulated other comprehensive loss	(5)	(3)
Total stockholders' equity	5,104	6,496
Noncontrolling interests	(49)	(45)
Total equity	5,055	6,451
TOTAL LIABILITIES AND EQUITY	$ 10,853	$ 11,290

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenues				
Rooms	$ 70	$ 430	$ 453	$ 1,267
Food and beverage	10	156	174	534
Ancillary hotel	15	64	87	174
Other	3	22	25	59
Total revenues	98	672	739	2,034
Operating expenses				
Rooms	30	114	162	334
Food and beverage	18	117	155	371
Other departmental and support	64	153	296	453
Other property-level	84	54	200	152
Management fees	2	32	27	101
Impairment and casualty loss, net	2	8	696	8
Depreciation and amortization	75	61	225	184
Corporate general and administrative	13	14	42	47
Acquisition costs	9	59	10	65
Other	6	23	31	61
Total expenses	303	635	1,844	1,776
(Loss) gain on sales of assets, net	(1)	1	62	20
Operating (loss) income	(206)	38	(1,043)	278
Interest income	—	2	2	5
Interest expense	(59)	(33)	(149)	(98)
Equity in (losses) earnings from investments in affiliates	(7)	3	(16)	18
Other loss, net	(3)	(1)	(6)	(1)
(Loss) income before income taxes	(275)	9	(1,212)	202
Income tax expense	(1)	—	(14)	(12)
Net (loss) income	(276)	9	(1,226)	190
Net loss (income) attributable to noncontrolling interests	—	(4)	3	(7)
Net (loss) income attributable to stockholders	$ (276)	$ 5	$ (1,223)	$ 183
Other comprehensive income (loss), net of tax expense:				
Currency translation adjustment, net of tax expense of $0	1	(3)	4	(2)
Change in fair value of interest rate swap, net of tax expense of $0	—	—	(6)	—
Total other comprehensive income (loss)	1	(3)	(2)	(2)
Comprehensive (loss) income	(275)	6	(1,228)	188
Comprehensive (income) loss attributable to noncontrolling interests	—	(4)	3	(7)
Comprehensive (loss) income attributable to stockholders	$ (275)	$ 2	$ (1,225)	$ 181
(Loss) Earnings per share:				
(Loss) Earnings per share - Basic	$ (1.17)	$ 0.02	$ (5.19)	$ 0.90
(Loss) Earnings per share - Diluted	$ (1.17)	$ 0.02	$ (5.19)	$ 0.90
Weighted average shares outstanding - Basic	235	206	236	203
Weighted average shares outstanding - Diluted	235	207	236	204

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,	
	2020	**2019**
Operating Activities:		
Net (loss) income	$ (1,226)	$ 190
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Depreciation and amortization	225	184
Gain on sales of assets, net	(62)	(20)
Impairment and casualty loss, net	696	8
Equity in losses (earnings) from investments in affiliates	16	(18)
Other loss, net	6	1
Share-based compensation expense	10	12
Amortization of deferred financing costs	6	3
Distributions from unconsolidated affiliates	5	16
Deferred income taxes	2	—
Changes in operating assets and liabilities	48	(27)
Net cash (used in) provided by operating activities	(274)	349
Investing Activities:		
Acquisitions, net of cash and restricted cash acquired	—	(913)
Capital expenditures for property and equipment	(70)	(182)
Proceeds from asset dispositions, net	207	230
Contributions to unconsolidated affiliates	(2)	—
Insurance proceeds for property damage claims	1	10
Net cash provided by (used in) investing activities	136	(855)
Financing Activities:		
Proceeds from issuance of Senior Secured Notes	1,376	—
Borrowings from credit facilities	1,000	850
Repayments of credit facilities	(1,099)	—
Repayment of mortgage debt	(4)	—
Debt issuance costs	(39)	(11)
Dividends paid	(241)	(382)
Distributions to noncontrolling interests, net	(1)	(5)
Tax withholdings on share-based compensation	(5)	(7)
Repurchase of common stock	(66)	—
Net cash provided by financing activities	921	445
Net increase (decrease) in cash and cash equivalents and restricted cash	783	(61)
Cash and cash equivalents and restricted cash, beginning of period	386	425
Cash and cash equivalents and restricted cash, end of period	$ 1,169	$ 364
Supplemental Disclosures		
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

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, 2019	239	$ 2	$ 4,575	$ 1,922	$ (3)	$ (45)	$ 6,451
Share-based compensation, net	—	—	(5)	1	—	—	(4)
Net loss	—	—	—	(688)	—	(1)	(689)
Other comprehensive loss	—	—	—	—	(2)		(2)
Dividends and dividend equivalents[1]	—	—	—	(106)	—	—	(106)
Distributions to noncontrolling interests	—	—	—	—	—	(1)	(1)
Repurchase of common stock	(4)	—	(66)	—	—	—	(66)
Balance as of March 31, 2020	235	2	4,504	1,129	(5)	(47)	5,583
Share-based compensation, net	1	—	4	1	—	—	5
Net loss	—	—	—	(259)	—	(2)	(261)
Other comprehensive loss	—	—	—	—	(1)	—	(1)
Balance as of June 30, 2020	236	2	4,508	871	(6)	(49)	5,326
Share-based compensation, net	—	—	4	—	—	—	4
Net loss	—	—	—	(276)	—	—	(276)
Other comprehensive income	—	—	—	—	1	—	1
Balance as of September 30, 2020	236	$ 2	$ 4,512	$ 595	$ (5)	$ (49)	$ 5,055

	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

(1) Dividends declared per common share were $0.45 for the three months ended March 31, 2020, March 31, 2019, June 30, 2019 and September 30, 2019, respectively.

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

Note 1: Organization and Recent Events

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") completed the spin-off of a portfolio of hotels and resorts that established Park Hotels & Resorts Inc. as an independent, publicly traded company.

On May 5, 2019, the Company, PK Domestic Property LLC, an indirect subsidiary of the Company ("PK Domestic"), and PK Domestic Sub LLC, a wholly-owned subsidiary of PK 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 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 believe 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.

Recent Events

The novel strain of coronavirus and the disease it causes ("COVID-19") have had a significant effect on the hospitality industry and our business. The effects of COVID-19, including government restrictions such as mandated closings of non-essential businesses and travel restrictions, have severely reduced overall lodging demand. Since the beginning of March 2020, we have experienced a significant decline in occupancy and Revenue per Available Room ("RevPAR") associated with COVID-19 throughout our portfolio, which resulted in a decline in our operating cash flow. We expect that COVID-19 will continue to negatively affect our operating results for the remainder of 2020 and the early part of 2021.

During the first-half of 2020, we and our hotel managers took various actions to mitigate the effects of COVID-19, including temporarily suspending operations at 38 of our 60 hotels, limiting capacity at our hotels that remained open, deferring approximately $150 million of capital expenditures planned for 2020, suspending our dividend after the first quarter of 2020, and as a precautionary measure to increase liquidity and preserve financial flexibility, drawing on our $1 billion revolving credit facility ("Revolver"). We have since commenced a phased reopening of 26 of our hotels as restrictions are removed and demand returns. The timing of fully reopening these and the remainder of our hotels will depend primarily on government restrictions imposed or re-imposed, recommendations of health officials and market demand.

In May 2020, our Operating Company, PK Domestic and PK Finance Co-Issuer Inc. ("PK Finance"), an indirect, wholly-owned subsidiary of the Company, issued an aggregate of $650 million of senior secured notes due 2025 ("2025 Senior Secured Notes"). We set aside $350 million of the net proceeds for general corporate purposes, further increasing our liquidity, and used the remainder of the net proceeds to repay portions of our Revolver and the term loan we entered into in December 2016 ("2016 Term Loan").

In September 2020, our Operating Company, PK Domestic and PK Finance issued an aggregate of $725 million of senior secured notes due 2028 ("2028 Senior Secured Notes"). Net proceeds were used to repay the $631 million remaining balance outstanding under the 2016 Term Loan in full and to repay $80 million of our outstanding balance under the Revolver, which may be redrawn. Additionally, in September 2020, we further amended our credit facilities to, among other things, increase borrowing capacity of the Revolver, extend the maturity date with respect to $901 million of the aggregate commitments of the Revolver, extend the waiver period for the testing of the financial covenants and place certain additional restrictions on us. Refer to Note 7: "Debt" for additional information.

We are committed to using our liquidity to support our hotels' operations during the COVID-19 pandemic and subsequent recovery, while being focused on continuing to maintain and enhance our stockholders' value.

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, 2019 included in our Annual Report on Form 10-K, filed with the Securities and Exchange Commission ("SEC") on February 27, 2020.

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 (loss) income for the three and nine months ended September 30, 2019 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, 2019, filed with the SEC on February 27, 2020, contains a discussion of the significant accounting policies. There have been no significant changes to our significant accounting policies since December 31, 2019.

Recently Issued Accounting Pronouncements

Adopted Accounting Standards

In June 2016, the FASB issued ASU No. 2016-13*, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments",* which replaced the existing "incurred loss" approach with an "expected loss" model for instruments measured at amortized cost. For trade and other receivables, 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 clarified that operating lease receivables accounted for under ASC 842 are not in the scope of ASU No. 2016-13. We adopted the provisions of ASU 2016-13 and the related ASUs as of January 1, 2020 using a modified retrospective approach, which resulted in no cumulative effect adjustment to retained earnings as of January 1, 2020. An allowance for doubtful accounts is provided on accounts receivable for the expected credit loss over the life of the receivable based on historical credit losses, current business conditions, and reasonable and supportable forecasts.

In January 2017, the FASB issued ASU No. 2017-04 ("ASU 2017-04"), *Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. This ASU eliminates Step 2 from goodwill impairment testing. The goodwill impairment test will now consist of one step which compares the fair value of the reporting unit to the carrying value of the reporting unit and we would recognize an impairment loss if the carrying value exceeds the fair value but only to the extent of the amount of the goodwill allocated to the reporting unit. We adopted the provisions of this ASU effective January 1, 2020.

In March 2020, the FASB issued ASU 2020-04, *"Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting"* to provide optional expedients and exceptions for applying generally accepted accounting principles if certain criteria are met to contract modifications, hedging relationships, and other transactions that reference the London Interbank Offered Rate ("LIBOR") or another reference rate expected to be discontinued. The ASU is effective from March 12, 2020 through December 31, 2022 and did not have a material effect 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(1)	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(1)	Los Angeles, CA	182
Hotel Adagio, Autograph Collection	San Francisco, CA	171
W New Orleans – French Quarter	New Orleans, LA	97
		5,981

(1) Hotels were subsequently sold in December 2019.

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 allocated the purchase price, consisting of $978 million of common stock issued 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	(47)
Due to hotel managers	(15)
Other liabilities	(15)
Operating lease liability	(88)
Total consideration	$ 1,991

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 – The fair values of the land and improvements, buildings and improvements, and furniture, fixtures and equipment at the hotel properties were determined 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 – The fair value of the air rights contract acquired as part of the Hyatt Regency Boston were determined using 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 – The fair value of our above and below market lease liabilities were determined using 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 – The fair value of the operating lease right-of-use asset and operating lease liability were determined using 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 – The fair value of the mortgage loans were determined using 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 months ended September 30, 2020, we incurred an additional $9 million in acquisition costs in connection with the Merger, primarily related to transfer taxes based on new information received during the period. 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 primarily related to severance, transfer tax and fees for financial advisors, legal, accounting, tax and other professional services. The Merger-related costs noted above are included in *acquisition costs* in our condensed consolidated statements of comprehensive (loss) income.

The following unaudited condensed pro-forma financial information presents the results of operations as if the Merger had taken place on January 1, 2019. 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, 2019, nor is it indicative of the results of operations for future periods. The unaudited condensed pro-forma financial information is as follows:

(unaudited)	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2019
	(in millions)	
Total revenues	$ 797	$ 2,440
Operating income	63	350
Net income	23	227

From the date of the 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, 2020, we sold the Embassy Suites Washington DC Georgetown and our interests in the entity that owns the Hilton São Paulo Morumbi for total gross proceeds of $208 million and recognized a gain, net of selling costs, of $64 million on these hotels, which is included in *gain on sales of assets, net* in our condensed consolidated statements of comprehensive (loss) income. Additionally, the net gain includes the reclassification of a currency translation adjustment of $7 million from accumulated other comprehensive loss into earnings concurrent with the sale of the Hilton São Paulo Morumbi.

During the nine months ended September 30, 2019, we sold our ownership interests in five consolidated hotels listed in the table below for 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 (loss) 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.

Note 4: Property and Equipment

Property and equipment were:

	September 30, 2020	December 31, 2019(1)
	(in millions)	
Land	$ 3,429	$ 3,512
Buildings and leasehold improvements	6,949	6,978
Furniture and equipment	1,041	1,059
Construction-in-progress	46	134
	11,465	11,683
Accumulated depreciation and amortization	(2,210)	(2,089)
	$ 9,255	$ 9,594

(1) Excludes $62 million of property and equipment, net, classified as held for sale as of December 31, 2019.

Depreciation of property and equipment was $75 million and $60 million during the three months ended September 30, 2020 and 2019, respectively, and $224 million and $182 million during the nine months ended September 30, 2020 and 2019, respectively.

For the nine months ended September 30, 2020, we recognized $90 million of impairment losses, primarily related to one of our hotels, and our inability to recover the carrying value of the asset because of COVID-19. Refer to Note 8: “Fair Value Measurements” for additional information.

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 (loss) income. Additionally, we recognized a net loss of $7 million within *impairment and casualty loss, net* in our condensed consolidated statements of comprehensive (loss) income for amounts not expected to be recovered from insurance.

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, 2020	December 31, 2019
	(in millions)	
Property and equipment, net	$ 218	$ 221
Cash and cash equivalents	11	13
Restricted cash	2	1
Accounts receivable, net	2	5
Prepaid expenses	1	2
Debt	207	207
Accounts payable and accrued expenses	8	8
Due to hotel manager	—	2
Other liabilities	2	2

Unconsolidated Entities

Investments in affiliates were:

	Ownership %	September 30, 2020	December 31, 2019
		(in millions)	
Hilton San Diego Bayfront	25%	$ 11	$ 18
All others (6 hotels)	20% - 50%	6	17
		$ 17	$ 35

The affiliates in which we own investments accounted for under the equity method had total debt of approximately $943 million as of September 30, 2020 and December 31, 2019. Substantially all the debt is secured solely by the affiliates' assets or is guaranteed by other partners without recourse to us.

Note 6: Goodwill

Hilton allocated goodwill to us recorded as part of the acquisition of Hilton by Blackstone in 2007. We typically evaluate the carrying value of our goodwill annually. However, due to the effects of COVID-19, including (i) the significant decline in our common stock price, (ii) negative operating cash flows in the first quarter of 2020, (iii) the suspension of operations at certain of our hotels, and (iv) significant declines in occupancy and demand, we assessed goodwill during the first quarter of 2020. We determined that the carrying value of our consolidated and unconsolidated hotel reporting units exceeded their respective estimated fair value and fully impaired our remaining goodwill balance, recognizing an impairment loss of $607 million in the first quarter of 2020. Refer to Note 8: "Fair Value Measurements" for additional information.

	Goodwill	Accumulated Impairment Losses	Balance
		(in millions)	
Balance as of December 31, 2019	$ 2,709	$ (2,102)	$ 607
Impairment loss	—	(607)	(607)
Balance as of September 30, 2020	$ 2,709	$ (2,709)	$ —

Note 7: Debt

Debt balances and associated interest rates as of September 30, 2020 were:

	Interest Rate at September 30, 2020	Maturity Date	Principal balance as of September 30, 2020	Principal balance as of December 31, 2019
			(in millions)	
SF CMBS Loan[1]	4.11%	November 2023	$ 725	$ 725
HHV CMBS Loan[1]	4.20%	November 2026	1,275	1,275
Mortgage loans	Average rate of 4.17%	2020 to 2026[2][3]	510	515
2016 Term Loan[4]	N/A	December 2021	—	700
2019 Term Facility[5]	L + 2.65%	September 2024	670	670
Revolver[5]	L + 3.00%	2021 to 2023[6]	601	—
2025 Senior Secured Notes	7.50%	June 2025	650	—
2028 Senior Secured Notes	5.88%	October 2028	725	—
Finance lease obligations	3.07%	2021 to 2022	1	1
			5,157	3,886
Add: unamortized premium			4	3
Less: unamortized deferred financing costs and discount			(40)	(18)
			$ 5,121	$ 3,871

(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) Assumes the exercise of all extensions that are exercisable solely at our option. The mortgage loan for Hilton Denver City Center matures in 2042 but is callable by the lender beginning August 2022.

(3) We are actively negotiating a one-year maturity date extension for the $12 million loan secured by the Doubletree Spokane to October 2021. The loan was not paid in full at its originally scheduled maturity date in October 2020 due to current market conditions. Failure to pay off the loan constitutes an event of default; however, we have not received, nor do we expect to receive, notice of the lenders' intent to foreclose.

(4) In September 2020, the 2016 Term Loan was fully repaid.

(5) In May 2020, we amended our credit and term loan facilities which added a LIBOR floor of 25 basis points.

(6) In September 2020, we increased our aggregate commitments under the Revolver by $75 million to $1.075 billion and extended the maturity date with respect to $901 million of the aggregate commitments for two years to December 2023, including all $75 million of the increased Revolver commitments. The maturity date for the remaining $174 million of commitments under the Revolver is December 2021.

Credit Facilities

2019 Term Facility

In advance of the Merger, in August 2019, the Company, our Operating Company and PK Domestic entered into a delayed draw term loan agreement (the "2019 Term Facility"). In September 2019, the 2019 Term Facility was fully drawn to fund the Merger and was partially repaid in December 2019. To hedge the interest rate risk on a portion of the 2019 Term Facility, we assumed an interest rate swap from Chesapeake in connection with the Merger, which is designated as a cash flow hedge. 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.

2016 Term Loan and Revolver

In March 2020, we fully drew down our $1 billion Revolver as a precautionary measure to increase liquidity and preserve financial flexibility in connection with the economic effect of COVID-19. We subsequently repaid $399 million of the Revolver using $299 million of the proceeds from the issuance of the 2025 Senior Secured Notes and 2028 Senior Secured Notes and $100 million of existing cash. We also used $631 million of the proceeds from the issuance of the 2028 Senior Secured Notes to repay all of the amounts outstanding under our 2016 Term Loan.

In May 2020, in order to maintain compliance under our credit and term loan facilities in future quarters, we amended our credit and term loan facilities to suspend compliance with all existing financial covenants tested through and including March 31, 2021 and to adjust the levels of particular financial covenants after such period. In September 2020, we further amended our Revolver and 2019 Term Facility to extend the waiver period for the testing of the financial covenants to the date the financial statements are delivered for the quarter ended March 31, 2022. As part of the amendment process, we (i) increased commitments under the Revolver by $75 million to $1.075 billion and extended the maturity date with respect to $901 million of the aggregate commitments for two years to December 2023, including all $75 million of the increased Revolver commitments, (ii) extended the temporary periods for which certain financial covenants are adjusted once quarterly testing of financial covenants resumes, (iii) increased the mandatory repayment carve out for equity issuances from $500 million to $1 billion, so long as proceeds from the issuances are used for capital expenditures and hotel acquisitions that become part of the unencumbered pool, (iv) maintained the existing guarantees by certain Park-affiliated entities until repayment of the Revolver and 2019 Term Facility and existing pledges of equity interests in Park-affiliated entities owning certain unencumbered assets during the extended waiver period and until the ratio of net debt to EBITDA falls below 6.50x for two consecutive quarters, (v) extended the minimum liquidity covenant through December 2022 and increased the minimum liquidity required to be maintained through December 24, 2021 from $200 million to $200 million plus 50% of the Revolver commitments that mature in December 2021 (which minimum liquidity covenant amount as of September 30, 2020 was $287 million), (vi) obtained the ability to pay a $0.01 per share per fiscal quarter dividend during the extended waiver period and (vii) modified certain restrictions and covenants for the duration of the extended waiver period, including certain mandatory prepayments. We incurred $6 million of fees related to these amendments during the nine months ended September 30, 2020 that were recognized as deferred financing costs.

Senior Secured Notes

2025 Senior Secured Notes

In May 2020, our Operating Company, PK Domestic and PK Finance issued an aggregate of $650 million of 2025 Senior Secured Notes. We set aside $219 million of the net proceeds to partially repay the Revolver, $69 million to partially repay the 2016 Term Loan and the remainder was used for general corporate purposes. The 2025 Senior Secured Notes bear interest at a rate of 7.500% per annum, payable semi-annually in arrears on June 1 and December 1 of each year, beginning December 1, 2020. The 2025 Senior Secured Notes will mature on June 1, 2025. We capitalized $13 million of issuance costs during the three months ended June 30, 2020.

We may redeem the 2025 Senior Secured Notes at any time prior to June 1, 2022, in whole or in part, at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, to the redemption date plus a make-whole premium. On or after June 1, 2022, we may redeem the 2025 Senior Secured Notes, in whole or in part, at the applicable redemption prices set forth in the indenture. On or after June 1, 2024, we may redeem the 2025 Senior Secured Notes at 100% of the principal amount, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. In addition, before June 1, 2022, we may redeem up to 40% of the 2025 Senior Secured Notes with the net cash proceeds from certain equity offerings at a redemption price of 107.500% of the principal amount redeemed.

2028 Senior Secured Notes

In September 2020, our Operating Company, PK Domestic LLC and the PK Finance issued an aggregate of $725 million of 2028 Senior Secured Notes. The 2028 Senior Secured Notes bear interest at a rate of 5.875% per annum, payable semi-annually in arrears on April 1 and October 1 of each year beginning April 1, 2021. Net proceeds were used to repay the 2016 Term Loan in full and to repay $80 million of our outstanding balance under the Revolver, which may be redrawn. We capitalized $13 million of issuance costs during the three months ended September 30, 2020.

We may redeem the 2028 Senior Secured Notes at any time prior to October 1, 2023, in whole or in part, at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, to the redemption date plus a make-whole premium. On or after October 1, 2023, we may redeem the 2028 Senior Secured Notes, in whole or in part, at the applicable redemption prices set forth in the indenture. On or after October 1, 2025, we may redeem the 2028 Senior Secured Notes at 100% of the principal amount, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. In addition, before October 1, 2023, we may redeem up to 40% of the 2028 Senior Secured Notes with the net cash proceeds from certain equity offerings at a redemption price of 105.875% of the principal amount redeemed.

Indentures

Both the 2025 Senior Secured Notes and the 2028 Senior Secured Notes (collectively, the "Senior Secured Notes") are guaranteed by us and by the subsidiaries of our Operating Company that also guarantee indebtedness under our credit facilities and the guarantees are full and unconditional and joint and several. The Senior Secured Notes are secured, subject to permitted liens, by a first priority security interest in all of the capital stock of certain wholly-owned subsidiaries of certain of the guarantors and PK Domestic, which collateral also secures the obligations under our credit and term loan facilities on a first priority basis. The indentures governing the Senior Secured Notes contain customary covenants that limit the issuers' ability and, in certain instances, the ability of the issuers' subsidiaries, to borrow money, create liens on assets, make distributions and pay dividends on or redeem or repurchase stock, make certain types of investments, sell stock in certain subsidiaries, enter into agreements that restrict dividends or other payments from subsidiaries, enter into transactions with affiliates, issue guarantees of indebtedness, and sell assets or merge with other companies. These covenants are subject to a number of exceptions and qualifications, including the ability to declare or pay any cash dividend or make any cash distribution to us to the extent necessary for us to fund a dividend or distribution by us that we believe is necessary to maintain our status as a REIT or to avoid payment of any tax for any calendar year that could be avoided by reason of such distribution, and the ability to make certain restricted payments not to exceed $100.0 million, plus 95% of our cumulative Funds From Operations (as defined in the indenture), plus the aggregate net proceeds from (i) the sale of certain equity interests in, (ii) capital contributions to, and (iii) certain convertible indebtedness of the Operating Company. In addition, the indenture requires our Operating Company to maintain total unencumbered assets as of each fiscal quarter of at least 150% of total unsecured indebtedness, in each case calculated on a consolidated basis.

CMBS and Mortgage Loans

We are required to deposit with lenders certain cash reserves for restricted uses. As of September 30, 2020 and December 31, 2019, our condensed consolidated balance sheets included $7 million and $13 million of restricted cash, respectively, related to our CMBS loans and mortgage loans. During the second and third quarters of 2020, we amended certain mortgage loan agreements to defer interest or interest and principal payments for three to six months and temporarily suspend required cash reserves.

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, 2020 were:

Year	(in millions)
2020	$ 14
2021	105
2022	98
2023	1,331
2024	676
Thereafter[1]	2,933
	$ 5,157

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

Note 8: Fair Value Measurements

We did not elect the fair value measurement option for our financial assets or liabilities. The fair values of our other financial instruments not included in the table below are estimated to be equal to their carrying amounts.

The fair value of our debt and the hierarchy level we used to estimate fair values are shown below:

	Hierarchy Level	September 30, 2020		December 31, 2019	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		(in millions)			
Liabilities:					
SF CMBS Loan	3	$ 725	$ 707	$ 725	$ 740
HHV CMBS Loan	3	1,275	1,192	1,275	1,316
2016 Term Loan	3	—	—	700	698
2019 Term Facility	3	670	648	670	667
Revolver	3	601	591	—	—
2025 Senior Secured Notes	1	651	694	—	—
2028 Senior Secured Notes	1	725	725	—	—
Mortgage loans	3	511	480	516	516

During the nine months ended September 30, 2020, we recognized impairment losses for goodwill and for certain assets resulting from a significant decline in market value of those assets. The estimated fair values of these assets that were measured on a nonrecurring basis were:

	September 30, 2020	
	Fair Value	Impairment Loss
	(in millions)	
Property and equipment[1]	$ 24	$ 90
Goodwill[2]	—	607
Total	$ 24	$ 697

(1) Fair value of our property and equipment as of September 30, 2020 was measured using significant unobservable inputs (Level 3). We estimated fair value of the assets using discounted cash flow analyses, with an estimated stabilized growth rate of 3%, a discounted cash flow term between 1.7 to 10 years, terminal capitalization rate ranging from 7.25% to 7.75%, and discount rates ranging from 9.5% to 12.5%. The discount and terminal capitalization rates used for the fair value of the assets reflected the risk profile of the markets where these properties are located.

(2) Fair value of our consolidated and unconsolidated hotel reporting units was measured using significant unobservable inputs (Level 3), which included discounted cash flows, terminal capitalization rates, and discount rates.

Note 9: Income Taxes

We are a REIT for U.S. federal income tax purposes. We have been organized and operated, and we 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, 2020 and 2019 related to our REIT activities, other than taxes related to our built-in gain property (representing property held by us with an excess of fair value over tax basis on January 4, 2017).

We will be subject to U.S. federal income tax on taxable sales of built-in gain property 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 and certain sales of foreign investments. Further, our taxable REIT subsidiaries ("TRSs") are generally subject to U.S. federal, state and local, and foreign income taxes (as applicable).

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") included several tax provisions that may impact us and our subsidiaries, including:

- the ability for our TRSs to carry back net operating losses ("NOLs") arising in 2020 to all post spin-off taxable years preceding the taxable year of the loss;
- an increase of the business interest limitation under Internal Revenue Code ("Code") section 163(j) from 30 percent to 50 percent of adjusted taxable income for taxable years beginning in 2019 and 2020 and the addition of an election by taxpayers to use their 2019 adjusted taxable income as their adjusted taxable income in 2020 for purposes of applying the limitation;
- a "technical correction" amending Code section 168(e)(3)(E) to add "qualified improvement property" to "15-year property" and assigning a class life of 20-years under section 168(g)(3)(B) to qualified improvement property under section 168(e)(3)(E)(vii), and
- the elimination of the taxable income limit for NOLs for all taxable years beginning before January 1, 2021, thereby permitting corporate taxpayers to use NOLs to fully offset taxable income (although as a REIT we will continue to only be able to use NOLs against taxable income remaining after taking into account any dividends paid deduction).

During the nine months ended September 30, 2020, we recognized $14 million of income tax expense, which is comprised of $14 million of built-in gains tax expense from assets sold during the nine months ended September 30, 2020 and $16 million of non-U.S. income tax expense on the gain from the entity that owns the Hilton São Paulo Morumbi that was sold during the nine months ended September 30, 2020, partially offset by a TRS income tax benefit of $20 million from utilizing the NOL carryback provisions of the CARES Act. We expect $24 million of refunds related to the carryback of 2020 NOLs of our TRSs to prior years, as provided by the CARES Act.

During the nine months ended September 30, 2019, we recognized $12 million of income tax expense 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, 2020, 4,512,900 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, 2020, 80,530 shares of common stock remain available for future issuance. For both the three months ended September 30, 2020 and 2019, we recognized $4 million of share-based compensation expense, and $10 million and $12 million, respectively, for the nine months ended September 30, 2020 and 2019. As of September 30, 2020, unrecognized compensation expense was $22 million, which is expected to be recognized over a weighted-average period of 1.6 years. The total fair values of shares vested (calculated as the number of shares multiplied by the vesting date share price) during the nine months ended September 30, 2020 and 2019 were $17 million and $21 million, respectively.

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, 2020:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested at January 1, 2020	557,245	$ 29.10
Granted	665,141	18.19
Vested	(325,885)	25.87
Forfeited	(60,286)	29.05
Unvested at September 30, 2020	836,215	$ 21.69

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 measure.

Additionally, in February 2020, we granted special awards with a one-year performance period that are subject to the achievement of a total shareholder return similar to the three-year awards, and, in addition, are subject to the achievement of a performance condition for certain cost synergies associated with the Merger. The number of PSUs that may become vested are zero if neither goal is achieved, 100% if one performance goal is achieved and 200% if both goals are achieved.

The following table provides a summary of PSUs for the nine months ended September 30, 2020:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested at January 1, 2020	574,797	$ 32.82
Granted	605,535	24.93
Vested	(456,121)	32.39
Forfeited	(52,114)	33.14
Unvested at September 30, 2020	672,097	$ 25.98

The grant date fair values of the awards that are subject to the achievement of market conditions based on total shareholder return were determined using a Monte Carlo simulation valuation model with the following assumptions:

Expected volatility[1]	22.0% - 23.0%
Dividend yield[2]	—
Risk-free rate	1.2% - 1.5%
Expected term	1 - 3 years

(1) The weighted average expected volatility was 22.5%.

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

As of September 30, 2020, the achievement of the performance condition associated with the Merger cost synergies element of the special one-year awards was not probable and thus no compensation expense was recognized for the Merger cost synergies element for the three and nine months ended September 30, 2020.

Note 11: Earnings Per Share

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
	(in millions, except per share amounts)		(in millions, except per share amounts)	
Numerator:				
Net (loss) income attributable to stockholders	$ (276)	$ 5	$ (1,223)	$ 183
Loss allocated to participating securities	—	—	—	(1)
Net (loss) income attributable to stockholders, net of earnings allocated to participating securities	$ (276)	$ 5	$ (1,223)	$ 182
Denominator:				
Weighted average shares outstanding – basic	235	206	236	203
Unvested restricted shares	—	1	—	1
Weighted average shares outstanding – diluted	235	207	236	204
(Loss) Earnings per share - Basic[1]	$ (1.17)	$ 0.02	$ (5.19)	$ 0.90
(Loss) Earnings per share - Diluted[1]	$ (1.17)	$ 0.02	$ (5.19)	$ 0.90

(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, 2020 and 2019 because their effect would have been anti-dilutive.

Note 12: Business Segment Information

As of September 30, 2020, 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 (loss) 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;
- Costs associated with hotel acquisitions or dispositions expensed during the period;
- Severance expense;
- Share-based compensation expense;
- Casualty gains or losses;
- 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 (loss) income:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
	(in millions)			
Revenues:				
Total consolidated hotel revenue	$ 95	$ 650	$ 714	$ 1,975
Other revenues	3	22	25	59
Total revenues	$ 98	$ 672	$ 739	$ 2,034
Hotel Adjusted EBITDA	$ (76)	$ 183	$ (93)	$ 573
Other revenues	3	22	25	59
Depreciation and amortization expense	(75)	(61)	(225)	(184)
Corporate general and administrative expense	(13)	(14)	(40)	(46)
Impairment and casualty loss, net	(2)	(8)	(696)	(8)
Acquisition costs	(9)	(59)	(10)	(65)
Other operating expenses	(6)	(23)	(31)	(61)
(Loss) gain on sales of assets, net	(1)	1	62	20
Interest income	—	2	2	5
Interest expense	(59)	(33)	(149)	(98)
Equity in (losses) earnings from investments in affiliates	(7)	3	(16)	18
Income tax expense	(1)	—	(14)	(12)
Other loss, net	(3)	(1)	(6)	(1)
Severance expense	(24)	—	(26)	(2)
Other items	(3)	(3)	(9)	(8)
Net (loss) income	$ (276)	$ 9	$ (1,226)	$ 190

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

	September 30, 2020	December 31, 2019
	(in millions)	
Consolidated hotels	$ 10,828	$ 11,236
All other	25	54
Total assets	$ 10,853	$ 11,290

Note 13: Commitments and Contingencies

As of September 30, 2020, we had outstanding commitments under third-party contracts of approximately $23 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 are involved in litigation arising from the normal course of business, some of which includes claims for substantial sums, and may make certain indemnifications or guarantees to select buyers of our hotels as part of the sale process. We are also involved in claims and litigation that is not in the ordinary course of business in connection with the spin-off from Hilton. The spin-off agreements indemnify us from certain of these claims as well as require us to indemnify Hilton for other claims. In addition, losses related to certain contingent liabilities could be apportioned to us under the spin-off agreements. In connection with our obligation to indemnify Hilton under the spin-off agreements, we have reserved approximately $7 million related to ongoing claims as of September 30, 2020 with respect to an audit by the Australian Tax Office ("ATO") related to the sale of the Hilton Sydney in June 2015. This amount could change as more information becomes available about the progress of Hilton's defense against the ATO's claim.

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, 2019.

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, but are not limited to, statements related to our expectations regarding the performance of our business, our financial results, our liquidity and capital resources, the impact to our business and financial condition and that of our hotel management companies, and measures (including through potential alternative sources of revenue) being taken in response to, COVID-19, the effects of competition and the effects of future legislation or regulations and other non-historical statements. Forward-looking statements include all statements that are not historical facts, and in some cases, can be identified by the use of forward-looking terminology such as the words "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "could," "seeks," "projects," "predicts," "intends," "plans," "estimates," "anticipates" or the negative version of these words or other comparable words. You should not rely on forward-looking statements since they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond our control and which could materially affect our results of operations, financial condition, cash flows, performance or future achievements or events. Currently, one of the most significant factors is the potential adverse effect of COVID-19, including possible resurgences, on our financial condition, results of operations, cash flows and performance, our hotel management companies and our hotels' tenants, and the global economy and financial markets. The extent to which COVID-19 impacts us, our hotel managers, tenants and guests at our hotels will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic, the actions taken to contain the pandemic or mitigate its effect, additional closures that may be mandated or advisable even after the reopening of certain of our hotels on a limited basis, whether due to an increased number of COVID-19 cases or otherwise, and the direct and indirect economic effects of the pandemic and containment measures, among others. Moreover, investors are cautioned to interpret many of the risks identified in the risk factors discussed in our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2020 and June 30, 2020 and our Annual Report on Form 10-K for the year ended December 31, 2019 as being heightened as a result of the ongoing and numerous adverse impacts of COVID-19.

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. You should not put undue reliance on any forward-looking statements and we urge investors to carefully review the disclosures we make concerning risks and uncertainties in Item 1A: "Risk Factors" in this Quarterly Report on Form 10-Q, our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2020 and June 30, 2020 and our Annual Report on Form 10-K for the year ended December 31, 2019, as such factors may be updated from time to time in our periodic filings with the SEC, which are accessible on the SEC's website at www.sec.gov, as well as risks, uncertainties and other factors discussed in this Quarterly Report on Form 10-Q. 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. We currently hold investments in entities that have ownership or leasehold interests in 60 hotels, consisting of premium-branded hotels and resorts with over 33,000 rooms, of which over 86% are luxury and upper upscale (as defined by Smith Travel Research) and are located in prime U.S. markets and its territories. 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.

Recent Events

COVID-19 Effect on Our Business

The global outbreak of a novel strain of coronavirus and the disease it causes ("COVID-19") have had a significant effect on the lodging industry and our company. We cannot presently determine the extent or duration of the overall operational and financial effects that COVID-19 will have on our company. The effects of COVID-19, including related government restrictions, border closings, quarantining, "shelter-in-place" orders and "social distancing," have had and continue to have a significant adverse effect on the hospitality industry, including our business, and have contributed to a significant decrease in business and consumer spending, with a particularly dramatic effect on travel and hospitality spending. In March and April 2020, travel restrictions and mandated closings of non-essential businesses were imposed, which resulted in temporary suspensions of operations at certain of our hotels, the majority of which have now reopened, and significantly reduced capacity at the remainder of our hotels. Temporary closings of other restaurants and hotels across entire regions also contributed to severely reduced overall lodging demand. There continues to be significant cancellations of existing reservations, including the vast majority of group business and events throughout the remainder of 2020 and the first-half of 2021 and significant reductions in new reservations.

Since the beginning of March, we have experienced a significant decline in occupancy, Average Daily Rate ("ADR") and Revenue per Available Room ("RevPAR") associated with the COVID-19 pandemic throughout our consolidated portfolio, which resulted in a decline in our operating cash flow. Changes in our monthly pro-forma metrics, which exclude results from property dispositions and include results from property acquisitions, for the first nine months of 2020 as compared to the same period in 2019 and pro-forma occupancy are as follows:

	Change in Pro-forma ADR	Change in Pro-forma Occupancy	Change in Pro-forma RevPAR	Pro-forma Occupancy
January	(1.0)%	1.6%pts	1.2%	73.8%
February	(0.7)	0.9	0.4	79.2
March	(10.1)	(49.4)	(63.8)	33.3
Q1	(2.5)	(16.0)	(22.6)	61.7
April	(47.0)	(80.9)	(97.6)	3.9
May	(54.1)	(79.9)	(97.3)	4.9
June	(36.5)	(78.5)	(93.0)	9.7
Q2	(43.2)	(79.8)	(95.9)	6.1
July	(31.7)	(71.3)	(88.3)	14.7
August	(38.1)	(65.5)	(85.4)	20.3
September	(43.0)	(59.7)	(84.5)	22.3
Q3	(38.3)	(65.6)	(86.1)	19.1

We believe that imposed or re-imposed government restrictions and the economic recession associated with COVID-19 will continue to significantly affect our business. We believe demand will remain significantly reduced as a result of ongoing mandatory travel restrictions, "social distancing," and cost-saving measures, as companies continue to reduce non-essential travel and as conferences and events are cancelled and postponed. We do not expect to realize a material improvement in our results until medical advances (e.g., therapeutics, vaccines) are made available that will allow business traveler and general consumer confidence related to risks associated with the COVID-19 pandemic to improve and various government restrictions on travel, freedom of movement and the operations of our hotels are lifted. Although we were able to recommence operations at reduced capacity at most of our previously suspended hotels during the second and third quarters, there remains considerable uncertainty as to both the time it will take to see travel and demand for lodging and travel-related experiences increase and the long-term impacts on consumer attitudes to travel, and we cannot predict whether our reopened hotels will be forced to suspend operations again or decrease capacity in the future, including as a result of government regulation, an increase in the number of COVID-19 cases or changes in business and other consumer preferences for travel. The pandemic has had a prolonged effect on travel within and to the United States, where all of our properties are located. In addition, due to the effects of COVID-19, during the nine months ended September 30, 2020, we recognized $607 million of impairment losses for goodwill and $90 million of impairment losses primarily related to one of our hotels resulting from a significant decline in market value. Further, economic uncertainty generally will make it more difficult to execute on our external growth strategy. These factors lead us to believe that our operating results will continue to be adversely affected by COVID-19 through the remainder of 2020 and at least the early part of 2021.

We and our hotel managers have taken various actions to mitigate the effect on our business including cost saving initiatives to reduce costs at our hotels. During the first quarter of 2020, we temporarily suspended operations at 38 of our 60 hotels, deferred approximately $150 million of the $200 million in capital expenditures previously budgeted for 2020, reduced expected 2020 capital spending to approximately $50 million, suspended dividend payments following the payment of the first quarter 2020 dividend, which was paid on April 15, 2020, and drew on our $1 billion revolving credit facility (the "Revolver") as a precautionary measure to increase liquidity and preserve financial flexibility in light of the current uncertainty resulting from the COVID-19 pandemic. In May 2020, despite headwinds in the debt market, Park Intermediate Holdings LLC (our "Operating Company"), PK Domestic Property LLC ("PK Domestic") and PK Finance Co-Issuer Inc. ("PK Finance") issued an aggregate of $650 million 7.500% senior secured notes due 2025 ("2025 Senior Secured Notes"). We used $219 million of the net proceeds to partially repay the Revolver and $69 million of the net proceeds to partially repay the term loan due December 2021 ("2016 Term Loan"). We also repaid an additional $100 million of the Revolver with existing cash. In September 2020, we issued an aggregate of $725 million of senior secured notes due 2028 ("2028 Senior Secured Notes"). Net proceeds from the 2028 Senior Secured Notes offering were used to repay the 2016 Term Loan in full and to repay $80 million of our outstanding balance under the Revolver, which may be redrawn.

Since originally suspending operations, we have commenced the phased reopening of 26 of our hotels at limited capacity. The timing of fully reopening our hotels will depend primarily on government restrictions imposed or re-imposed, health official recommendations and market demand. The status of our hotels as of November 6, 2020 is as follows:

Status	Number of Hotels	Total Rooms
Consolidated Open	41	16,831
Consolidated Suspended	12	12,100
Total Consolidated	53	28,931
Unconsolidated Open	7	4,297
Total Hotels	60	33,228

We cannot predict whether we will be able to resume operations at any of our other suspended hotels or whether our reopened hotels will be forced to suspend operations again in the future. However, we currently expect to open an additional 2 hotels during the fourth quarter of 2020, which would bring the total open hotel count to 50 hotels and account for 74% of our total room count, with the remaining 10 suspended hotels expected to open by the first quarter of 2021.

We continue to proactively pursue alternative sources of revenue from applicable government authorities and hospitals, such as providing temporary lodging for first responders, other medical personnel, military personnel, displaced guests and residents of communities where our hotels are located, colleges and universities, and professional sports associations.

In addition, the operating environment for us and our hotel managers could remain challenging if the current economic recession extends beyond the lifting of government restrictions and reopening of our hotels. Historically, economic indicators such as GDP growth, corporate earnings, consumer confidence and employment are highly correlated with lodging demand, and although these factors have seen improvement, these metrics remain significantly below levels prior to the COVID-19 pandemic. The exact impact, magnitude and duration of the economic recession is unknown at this time.

We expect the significance of the COVID-19 pandemic, including the extent of its effect on our financial and operational results and the economic recession, to be dictated by, among other things, its duration, the success of efforts to contain it and the effect of actions taken in response (such as travel advisories and restrictions and social distancing), including the extent and duration of such actions. For instance, recent government action to provide substantial financial support to affected industries could provide helpful assistance to the travel and hospitality industry, including our operators. However, we cannot predict the manner in which such benefits or any of the other benefits described herein will be allocated or administered and we cannot assure you that we will be able to access such benefits in a timely manner or at all.

The extent and duration of the effects of COVID-19 are not yet clear. Despite cost reduction initiatives, we do not expect to be able to fully, or even materially, offset revenue losses from the COVID-19 pandemic. In addition, as states and cities have begun to lift quarantines, "shelter in place" orders and other similar restrictions, the timing and approach differs in different locations and we cannot predict whether our reopened hotels will be forced to suspend operations again in the future. These uncertainties make it difficult to predict operating results for our hotels for the remainder of 2020. Therefore, there can be no assurances that we will not experience further declines in hotel revenues or earning at our hotels. For more information, see "Part II – Item 1.A. Risk Factors" included in this Quarterly Report on Form 10-Q.

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. Room nights available to guests have not been adjusted for suspended or reduced operations at certain of our hotels as a result of COVID-19. 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 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

RevPAR represents rooms revenue divided by the total number of room nights available to guests for a given period. Room nights available to guests have not been adjusted for suspended or reduced operations at certain of our hotels as a result of COVID-19. 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 currency neutral basis (prior periods are reflected using current period exchange rates), unless otherwise noted.

Comparable Hotels Data

Historically, we have presented 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 presented comparable hotel results to help us and our investors evaluate the ongoing operating performance of our comparable hotels. However, given the significant effect of COVID-19 on most of our hotels and the lack of comparability to prior periods, we do not believe this supplemental information is useful to us or our investors at this time. Under "Results of Operations" below, we have provided information on the effects from acquisitions, dispositions and other factors to our results of operations for the three and nine months ended September 30, 2020 as compared to the three and nine months ended September 30, 2019. Change from other factors primarily relates to the effects of COVID-19.

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 (loss) excluding depreciation and amortization, interest income, interest expense, income taxes and also interest expense, income tax and depreciation and amortization included in equity in earnings (losses) 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;
- Costs associated with hotel acquisitions or dispositions expensed during the period;
- Severance expense;
- Share-based compensation expense;

- Casualty gains or losses;
- 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 a reconciliation of Net (loss) income to Hotel Adjusted EBITDA:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
	(in millions)			
Net (loss) income	$ (276)	$ 9	$ (1,226)	$ 190
Depreciation and amortization expense	75	61	225	184
Interest income	—	(2)	(2)	(5)
Interest expense	59	33	149	98
Income tax expense	1	—	14	12
Interest expense, income tax and depreciation and amortization included in equity in earnings from investments in affiliates	2	7	11	19
EBITDA	(139)	108	(829)	498
Loss (gain) on sales of assets, net	1	(1)	(62)	(20)
Acquisition costs	9	59	10	65
Severance expense	24	—	26	2
Share-based compensation expense	4	4	10	12
Impairment and casualty loss, net	2	8	696	8
Other items	10	2	20	(2)
Adjusted EBITDA	(89)	180	(129)	563
Less: Adjusted EBITDA from investments in affiliates	2	(9)	2	(31)
Add: All other[(1)]	11	12	34	41
Hotel Adjusted EBITDA	$ (76)	$ 183	$ (93)	$ 573

(1) 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 (used in) 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:

- 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 (loss) 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,	
	2020	2019	2020	2019
	(in millions, except per share amounts)			
Net (loss) income attributable to stockholders	$ (276)	$ 5	$ (1,223)	$ 183
Depreciation and amortization expense	75	61	225	184
Depreciation and amortization expense attributable to noncontrolling interests	(1)	(1)	(3)	(3)
Loss (gain) on sales of assets, net	1	(1)	(62)	(20)
Gain on sale of investments in affiliates(1)	—	—	(1)	—
Impairment loss	2	—	697	—
Equity investment adjustments:				
Equity in losses (earnings) from investments in affiliates	7	(3)	16	(18)
Pro rata FFO of investments in affiliates	(5)	6	(9)	27
Nareit FFO attributable to stockholders	(197)	67	(360)	353
Casualty loss (gain), net	—	7	(1)	7
Acquisition costs	9	59	10	65
Severance expense	24	—	26	2
Share-based compensation expense	4	4	10	12
Other items(2)	11	3	48	1
Adjusted FFO attributable to stockholders	$ (149)	$ 140	$ (267)	$ 440
Nareit FFO per share - Diluted(3)	$ (0.84)	$ 0.33	$ (1.53)	$ 1.73
Adjusted FFO per share - Diluted(3)	$ (0.63)	$ 0.68	$ (1.13)	$ 2.16

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

(2) For the nine months ended September 30, 2020, includes $30 million of tax expense on hotels sold during the period.

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

Results of Operations

The following items have had a significant effect on the year-over-year comparability of our operations and are illustrated further in the table of Hotel Revenues and Operating Expenses below:

- *Property Acquisitions:* On May 5, 2019, the Company, PK Domestic and PK Domestic Sub LLC, a wholly-owned subsidiary of PK 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"). As a result of the Merger, we acquired 18 hotels, two of which were disposed of in December 2019. The results of operations of these hotels prior to acquisition for the three and nine months ended September 30, 2019 are not included in our consolidated results.
- *Property Dispositions:* Since January 1, 2019, we disposed of 8 consolidated hotels excluding the 2 hotels acquired in the Merger that were subsequently sold. As a result of these dispositions, our revenues and operating expenses decreased for the three and nine months ended September 30, 2020 as compared to the same periods in 2019. The results of operations during our period of ownership of these hotels are included in our consolidated results.
- *COVID-19*: Beginning in March 2020, we experienced a significant decline in ADR, occupancy and RevPAR due to COVID-19. The economic recession resulting from the spread of COVID-19 has and is expected to continue to significantly affect our business. Consequently, the results of our portfolio during the three and nine months ended September 30, 2020 will not be comparable to the same periods in 2019.

Hotel Revenues and Operating Expenses

	Three Months Ended September 30,					
	2020	2019	Change	Change from Property Acquisitions	Change from Property Dispositions	Change from Other Factors[1]
	(in millions)					
Rooms revenue	$ 70	$ 430	$ (360)	$ 1	$ (11)	$ (350)
Food and beverage revenue	10	156	(146)	(2)	(4)	(140)
Ancillary hotel revenue	15	64	(49)	3	(1)	(51)
Rooms expense	30	114	(84)	4	(2)	(86)
Food and beverage expense	18	117	(99)	—	(2)	(97)
Other departmental and support expense	64	153	(89)	9	(5)	(93)
Other property-level expense	84	54	30	12	(2)	20
Management fees expense	2	32	(30)	—	(1)	(29)

(1) Change from other factors primarily relates to the effects of COVID-19.

	Nine Months Ended September 30,					
	2020	2019	Change	Change from Property Acquisitions	Change from Property Dispositions	Change from Other Factors[1]
	(in millions)					
Rooms revenue	$ 453	$ 1,267	$ (814)	$ 72	$ (54)	$ (832)
Food and beverage revenue	174	534	(360)	16	(17)	(359)
Ancillary hotel revenue	87	174	(87)	12	(3)	(96)
Rooms expense	162	334	(172)	26	(10)	(188)
Food and beverage expense	155	371	(216)	17	(10)	(223)
Other departmental and support expense	296	453	(157)	49	(21)	(185)
Other property-level expense	200	152	48	32	(6)	22
Management fees expense	27	101	(74)	3	(3)	(74)

(1) Change from other factors primarily relates to the effects of COVID-19.

Other revenue and Other expense

During the three months ended September 30, 2020, we permanently suspended operations at two of our three laundry facilities and expect to permanently suspend operations at our third laundry facility in the fourth quarter of 2020. The decrease in support revenue is due to lower cost reimbursements as a result of these operations being suspended at most hotels that have a service arrangement with Hilton Grand Vacations ("HGV").

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Percent Change	2020	2019	Percent Change
	(in millions)			(in millions)		
Laundry revenue	$ —	$ 3	(100.0)%	$ 2	$ 9	(77.8)%
Support service revenue	3	19	(84.2)	23	50	(54.0)
Total other revenue	$ 3	$ 22	(86.4)%	$ 25	$ 59	(57.6)%

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Percent Change	2020	2019	Percent Change
	(in millions)			(in millions)		
Laundry expense	$ 5	$ 4	25.0%	$ 10	$ 13	(23.1)%
Support services expense	1	19	(94.7)	21	48	(56.3)
Total other expense	$ 6	$ 23	(73.9)%	$ 31	$ 61	(49.2)%

Corporate general and administrative

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Percent Change	2020	2019	Percent Change
	(in millions)			(in millions)		
General and administrative expenses	$ 9	$ 10	(10.0)%	$ 29	$ 33	(12.1)%
Share-based compensation expense	4	4	—	10	12	(16.7)
Disposition costs	—	—	—	1	1	—
Severance expense	—	—	—	2	1	100.0
Total corporate general and administrative	$ 13	$ 14	(7.1)%	$ 42	$ 47	(10.6)%

Acquisition costs

During the nine months ended September 30, 2020, we incurred $10 million of acquisition costs, primarily as a result of $9 million of transfer tax in connection with the Merger Agreement with Chesapeake based on new information received during the period. Acquisition costs of $59 million and $65 million for the three and nine months ended September 30, 2019, respectively, primarily related to costs incurred in connection with the entry into the Merger Agreement with Chesapeake.

Impairment and casualty loss, net

During the nine months ended September 30, 2020, we recognized a net loss of $696 million primarily as a result of $607 million of impairment losses related to our goodwill and $90 million of impairment losses primarily related to one of our hotels, and our inability to recover the carrying value because of COVID-19.

Gain on sales of assets, net

During the nine months ended September 30, 2020, we recognized a net gain of $62 million primarily as a result of the sale of two 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, 2019, we recognized a net gain of $20 million as a result of the sale of five of our consolidated hotels.

Non-operating Income and Expenses

Interest expense

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Percent Change	2020	2019	Percent Change
	(in millions)			(in millions)		
SF and HHV CMBS Loans[1]	$ 21	$ 21	—%	$ 63	$ 63	—%
Mortgage Loans	5	3	66.7	16	7	NM[2]
2016 Term Loan[3]	4	7	(42.9)	15	22	(31.8)
2019 Term Facility[4]	5	1	NM[2]	15	1	NM[2]
Revolver	6	—	NM[2]	14	—	NM[2]
2025 Senior Secured Notes	13	—	NM[2]	17	—	NM[2]
2028 Senior Secured Notes	2	—	NM[2]	2	—	NM[2]
Other	3	1	NM[2]	7	5	40.0
Total interest expense	$ 59	$ 33	78.8%	$ 149	$ 98	52.0%

(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) Percentage change is not meaningful.

(3) The 2016 Term Loan was entered into in December 2016, with a maturity date of December 2021. We repaid the 2016 Term Loan by $50 million and $69 million in December 2019 and June 2020, respectively. The 2016 Term Loan was fully repaid in September 2020.

(4) In August 2019, the Company, Park Intermediate Holdings LLC and PK 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. On December 31, 2019, we repaid $180 million of the 2019 Term Facility.

Interest expense increased during three and nine months ended September 30, 2020 as compared to the same periods in 2019 as a result of $310 million in mortgage loans assumed in connection with the Merger, borrowings under the 2019 Term Facility to fund the Merger, the $1 billion drawn under the Revolver in March 2020 (of which $319 million and $80 million was repaid during the second and third quarters of 2020, respectively), and the issuances of our $650 million 2025 Senior Secured Notes and $725 million 2028 Senior Secured Notes, partially offset by a decrease in interest expense as a result of the full repayment of the 2016 Term Loan in September 2020.

Income tax expense

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	Percent Change	2020	2019	Percent Change
	(in millions)			(in millions)		
Income tax expense	$ 1	$ —	100.0%	$ 14	$ 12	16.7%

Income tax expense for the nine months ended September 30, 2020 includes $30 million of income tax expense from hotels sold during the period, partially offset by a TRS income tax benefit of $20 million from utilizing the NOL carryback provisions of the CARES Act. Refer to Note 9: “Income Taxes” in our unaudited condensed consolidated financial statements included elsewhere within this Quarterly Report on Form 10-Q for additional information

Income tax expense for the nine months ended September 30, 2019 includes $7 million of income tax liabilities associated with our taxable operations and $2 million of built-in gain tax recognized on hotels disposed during 2019, beyond that of our previously recognized deferred tax liabilities.

Liquidity and Capital Resources

Overview

We seek to maintain sufficient amounts of liquidity with an appropriate balance of cash, debt and equity to provide financial flexibility. As of September 30, 2020, we had total cash and cash equivalents of approximately $1.1 billion and $35 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.

As a result of the economic uncertainty resulting from the effects of COVID-19 including decreased occupancy, ADR and RevPAR at our hotels, as described above under “Recent Events–COVID-19 Effect on Our Business”, we expect our cash flow from operations through the remainder of 2020 and the first-half of 2021 to be significantly lower than in the past. We have taken several steps to preserve capital and increase liquidity, including drawing $1 billion from our Revolver in March 2020, issuing $650 million of 2025 Senior Secured Notes in May 2020 (a portion of which was used to partially repay amounts outstanding under our Revolver and 2016 Term Loan), issuing $725 million of 2028 Senior Secured Notes in September 2020 (a portion of which was used to repay the 2016 Term Loan in full as well as a portion of the Revolver), suspending our dividend following the payment of the first quarter 2020 dividend and implementing various cost saving initiatives at our hotels including: temporary suspension of operations at certain hotels and selected restaurants and other businesses and outlets and deferrals of approximately $150 million of the $200 million in capital expenditures budgeted for 2020. We will continue to assess when the deferred capital expenditures will resume or if any of the deferred expenditures will be cancelled.

While operations have been significantly reduced, and in some cases remain suspended, at most of our hotels, the duration and extent of the effects of COVID-19 remain unknown, and we cannot predict whether our reopened hotels will be forced to suspend operations again in the future. Based on our average monthly burn rate of $50 million for the third quarter which takes into account current operations from both open and suspended hotels and uses an accrual-based methodology, and as a result of the above-mentioned cost-reduction efforts and the overall strength of our balance sheet, absent any debt required to be repaid, we currently expect to have over two and a half years of liquidity available to meet our financial obligations. This estimate does not take into account capital expenditures (which were reduced by 75% in 2020 to approximately $4 million per month) or any possible alternative sources of revenue that may arise or any hotel property dispositions for the remainder of the year or payment of future cash dividends, if any. The estimated burn rate amount has not been reduced by any amount available to us under existing or future debt facilities, or proceeds from issuance of any additional debt, equity or equity-linked securities.

With the net proceeds from our Revolver borrowings during 2020, net proceeds from the offering of our 2025 Senior Secured Notes and 2028 Senior Secured Notes and the proceeds from the sales of two consolidated hotels during the first quarter of 2020, we have sufficient liquidity to pay our 2021 debt maturities and to fund other short-term liquidity obligations. We are maintaining higher than historical cash levels due to the continued uncertainty surrounding COVID-19, and we intend to do so until markets stabilize and demand in the lodging industry begins to recover. In addition, we also may take other actions to improve our liquidity, such as the issuance of additional debt, equity or equity-linked securities, if we determine that doing so would be beneficial to us. However, there can no assurance as to the timing of any such issuance, which may be in the near term, or that any such additional financing will be completed on favorable terms, or at all. In May and September 2020, we amended our credit facilities, which in addition to providing enhanced liquidity, extending the maturity of the Revolver and extending the waiver period for the testing of the financial covenants, placed certain restrictions on the Company. Refer to Note 7: "Debt" in our unaudited condensed consolidated financial statements included elsewhere within this Quarterly Report on Form 10-Q for additional information.

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 (including the 2025 Senior Secured Notes and 2028 Senior Secured Notes), capital expenditures for renovations and maintenance at our hotels (to the extent not deferred for 2020), corporate general and administrative expenses, and, when resumed, dividends to our stockholders. Many of the other expenses associated with our hotels are relatively fixed, including portions of rent expense, property taxes and insurance. Since we generally are unable to decrease these costs significantly or rapidly when demand for our hotels decreases, the resulting decline in our revenues can have a greater adverse effect on our net cash flow, margins and profits. Our long-term liquidity requirements primarily consist of funds necessary to pay for scheduled debt maturities, capital improvements at our hotels (to the extent not cancelled or deferred), and costs associated with potential acquisitions. Despite the impact of COVID-19 on the global economy, including a sustained decline in our performance, we were able to access the debt capital markets during the second and third quarters of 2020 and complete our inaugural notes offering for our 2025 Senior Secured Notes as well as the offering of our 2028 Senior Secured Notes. However, it may be difficult or costly for us to raise additional debt or equity capital in the future to fund long-term liquidity requirements.

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 an FF&E reserve, unless such amounts have been incurred. As a result of COVID-19, our hotel managers have temporarily delayed contributions to the FF&E reserve accounts and in addition, have allowed our hotels to utilize, as needed, their FF&E reserve for operating expenses at the respective hotels, as long as the hotels remain in compliance with their lenders.

Our cash management objectives continue to be 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.

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 future stock repurchases and the number of shares to be repurchased will depend upon prevailing market conditions and other factors. During the three months ended March 31, 2020, we repurchased 4.6 million shares of our common stock for a total purchase price of $66 million. No common stock was repurchased during the three months ended June 30, 2020 or three months ended September 30, 2020. As of September 30, 2020, approximately $234 million remained available for stock repurchases. The timing of stock repurchases and the number of shares to be repurchased will depend upon prevailing market conditions and other factors, and we may suspend the repurchase program at any time. In addition, our credit facility and term loan amendments impose restrictions surrounding our ability to repurchase stock until certain financial ratio metrics are achieved.

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,		
	2020	2019	Percent Change
	(in millions)		
Net cash (used in) provided by operating activities	$ (274)	$ 349	NM(1)
Net cash provided by (used in) investing activities	136	(855)	NM(1)
Net cash provided by financing activities	921	445	NM(1)

(1) Percentage change is not meaningful.

Operating Activities

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

The $623 million decrease in net cash provided by operating activities for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019 was primarily due to a decrease in cash from operations related to the effects of COVID-19 coupled with an increase in cash paid for interest of $28 million.

Investing Activities

The $136 million in net cash provided by investing activities for the nine months ended September 30, 2020 was primarily attributable to $207 million in net proceeds received from the sale of hotels, partially offset by $70 million in capital expenditures.

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 $182 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.

Financing Activities

The $921 million in net cash provided by financing activities for the nine months ended September 30, 2020 is primarily attributable to borrowings of $1 billion from our Revolver as a result of COVID-19, the issuance of our $650 million 2025 Senior Secured Notes and $725 million 2028 Senior Secured Notes, partially offset by $1.1 billion of debt repayments, $241 million in dividends paid and the repurchase of 4.5 million shares of our common stock for $66 million.

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.

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. However, as a precautionary measure in light of COVID-19, after the payment of the first quarter dividend, we suspended our quarterly dividend until such time that our Board of Directors determines our year-end dividend, if any.

We declared the following dividends to holders of our common stock during 2020:

Record Date	Payment Date	Dividend per Share
March 31, 2020	April 15, 2020	$ 0.45

Debt

As of September 30, 2020, our total indebtedness was approximately $5.1 billion, including $601 million of borrowings from our Revolver, $650 million of 2025 Senior Secured Notes and $725 million of 2028 Senior Secured Notes, as disclosed above, and excluding approximately $225 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 7: "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, 2020 included construction contract commitments of approximately $23 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. As a liquidity preservation initiative to mitigate the effects of COVID-19, we have deferred approximately $150 million of the originally budgeted $200 million of capital expenditures for 2020. None of these deferred expenditures will affect the ability of the hotels to quickly resume operations once normal travel patterns return. We will continue to assess when the deferred capital expenditures will resume or if any of the deferred expenditures will be cancelled.

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, 2019, filed with the Securities and Exchange Commission on February 27, 2020. 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, 2020, 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

There has been no change 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, 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.

Item 1A. Risk Factors.

Other than the additional risk factors below related to COVID-19, 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, 2019.

The current outbreak of the novel coronavirus and the COVID-19 disease it causes have significantly adversely impacted and disrupted, and is expected to continue to significantly adversely impact and disrupt, our business, financial performance and condition, operating results and cash flows.

Since first being reported in December 2019, COVID-19 has spread globally, including to every state in the United States. On March 11, 2020, the World Health Organization declared COVID-19 a pandemic, and on March 13, 2020, the United States declared a national emergency with respect to COVID-19.

The outbreak of COVID-19 has had and continues to have, and another pandemic in the future could similarly have, significant repercussions across regional and global economies and financial markets. The global impact of the outbreak has been rapidly evolving and many countries, including the United States, reacted by instituting a wide variety of control measures including states of emergency, mandatory quarantines, implementing "shelter in place" orders, border closures, and restricting travel and large gatherings. We have been and expect to continue to be negatively affected by additional governmental regulations and travel advisories to fight the pandemic, including recommendations by the U.S. Department of State, the Center for Disease Control and Prevention and the World Health Organization. In addition, the COVID-19 pandemic has triggered a global recession.

COVID-19 has disrupted and has had a significant adverse effect on, and will continue to significantly adversely impact and disrupt, our business, financial performance and condition, operating results and cash flows. The effects of the pandemic on the hotel industry are unprecedented. Global demand for lodging has been drastically reduced and occupancy levels have reached historic lows. Since late February, we have experienced a significant decline in occupancy and RevPAR associated with COVID-19 throughout our portfolio, and by March 31, 2020, we had temporarily suspended operations at 38 of our 60 properties (12 of which are still suspended as of November 6, 2020). The remainder of our properties are currently operating at reduced levels. We may need or elect to temporarily suspend the operations at additional hotels in the future as a result of the COVID-19 pandemic. Additionally, the vast majority of our group business through the remainder of 2020 has now been canceled and we are seeing a significant reduction in new reservations. Additionally, travel, especially business and leisure travel in the United States, where all of our hotels are located, has continued to be adversely affected as result of COVID-19. It is not currently known when the suspended operations at our hotel properties will resume at any level, when our hotels operating at a reduced capacity will return to regular operations or if we will need to suspend operations or decrease capacity at additional hotel properties in the future, including as a result of government regulation, an increase in the number of COVID-19 cases or changes in business and other consumer preferences for travel.

Additional factors that would negatively impact our ability to successfully operate during or following COVID-19 or another pandemic, or that could otherwise significantly adversely impact and disrupt our business, financial performance and condition, operating results and cash flows, include:

- sustained negative consumer or business sentiment, economic metrics (including unemployment levels, discretionary spending and declines in personal wealth) or demand for travel, including beyond the end of the COVID-19 pandemic and the lifting of travel restrictions and advisories, which could further adversely impact demand for lodging;
- an expansion of the number of postponed and cancelled conferences and similar events;
- our inability to reopen our hotels in a timely manner, or our inability to attract customers to our hotels when we are able to reopen;

- a change in government regulations;
- our growth strategy could be negatively impacted by the COVID-19 pandemic, including limiting opportunities to acquire new properties, and we may be required to dispose of properties to meet liquidity needs;
- increased costs to maintain hotels, including hotels whose operations are suspended, and increased sanitation and hygiene requirements, social distancing and other mitigation measures at hotels that continue to operate or that begin operating again;
- the scaling back or delay of a significant amount of planned capital expenditures, including planned renovation projects, which could adversely affect the value of our properties and guest experience at our properties;
- our estimated burn rates are subject to numerous risks and uncertainties, including uncertainties related to hotel working capital needs as well as the terms of any financing available to us. Accordingly, it is possible that our monthly burn rate could be significantly higher than the levels we currently anticipate, which could mean we do not have sufficient liquidity to withstand the suspension of our operations for the remainder of 2020;
- reduction or elimination of quarterly dividends;
- significant non-cash impairment charges due to adverse effects on our properties from reduced travel demand;
- our increased indebtedness and decreased operating revenues, which could increase our risk of default on our loans;
- continued volatility of our stock price;
- our dependence on our hotel managers, who are facing similar challenges from the COVID-19 pandemic;
- disruptions in our supply chains, which may impact our hotels that are still operating;
- fluctuations in regional and local economies;
- the continued service and availability of personnel, including our senior leadership team and key field personnel, such as general managers, and our ability to recruit, attract and retain skilled personnel to the extent our management or personnel are impacted by the outbreak of pandemic or epidemic disease and are not available or allowed to conduct work;
- disruptions as a result of corporate employees working remotely, including risk of cybersecurity incidents and disruptions to internal control procedures; and
- benefits of government action to provide financial support to affected industries, including the travel and hospitality industry, may not be available to us or our operators.

Moreover, many risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2019 should be interpreted as heightened risks as a result of the impact of the COVID-19 pandemic. In addition, historical data regarding our business, properties, results of operations, financial condition and liquidity prior to the first quarter of 2020 does not reflect the impact of the COVID-19 pandemic and related containment measures, and therefore comparability of our results between periods may be limited.

The significance, extent and duration of the impacts caused by the COVID-19 outbreak on our business, financial condition, operating results and cash flows, remains largely uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the continued severity, duration (including the extent of any resurgences in the future), transmission rate and geographic spread of COVID-19 in the United States, the extent and effectiveness of the containment measures taken, the timing of and manner in which containment efforts are reduced or lifted, the timing and ability of vaccinations and other treatments to combat COVID-19, and the response of the overall economy, the financial markets and the population, particularly in areas in which we operate, once the current containment measures are reduced or lifted. As a result, we cannot provide an estimate of the overall impact of the COVID-19 pandemic on our business or when, or if, we will be able to resume normal, pre-COVID-19 level operations. Nevertheless, COVID-19 presents material uncertainty and risk with respect to our business, financial performance and condition, operating results and cash flows.

The spread of the COVID-19 outbreak has caused severe disruptions in the U.S. and global economy and financial markets and could potentially create widespread business continuity issues of an as yet unknown magnitude and duration, which may impact our liquidity and access to capital.

The COVID-19 pandemic has also caused, and is likely to continue to cause, severe economic, market and other disruptions worldwide. We cannot assure you that conditions in the bank lending, capital and other financial markets will not continue to deteriorate as a result of the pandemic, or that our access to capital and other sources of funding will not become constrained, which could adversely affect the availability and terms of future borrowings, renewals or refinancings.

In addition, the terms of future debt agreements could include more restrictive covenants or require incremental collateral, which may restrict our business operations or make such debt unavailable due to our covenant restrictions then in effect. There is no guarantee that debt financings will be available in the future to fund our obligations, or that they will be available on terms consistent with our expectations.

While we have taken several steps to preserve capital and increase liquidity as described under "Liquidity and Capital Resources," our short-term liquidity needs are still significant, including funds necessary to pay for operating expenses and other expenditures, including reimbursements to our hotel managers 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 (to the extent not deferred for 2020) and corporate general and administrative expenses. Additionally, many of the other expenses associated with our hotels are relatively fixed, including portions of rent expense, property taxes and insurance. Since we generally are unable to decrease these costs significantly or rapidly when demand for our hotels decreases, the resulting decline in our revenues due to COVID-19 may have a greater adverse effect on our net cash flow, margins and profits. We may take actions in the near term to improve our liquidity, such as the issuance of additional debt, equity or equity-linked securities, if we determine that doing so would be beneficial to us. However, there can be no assurance as to the timing of any such issuance or that any such additional financing will be completed on favorable terms, or at all, due to the impact of COVID-19 on the global economy and our business as described above.

Additionally, a prolonged economic recession, including lower GDP growth, corporate earnings, consumer confidence and employment rates, could result in significantly below-average lodging demand by both group and transient travelers that continues beyond the lifting of travel and other government restrictions and after the COVID-19 pandemic has largely subsided. There can also be no guarantee that the demand for lodging, and consumer confidence in travel generally, will recover as quickly as other industries. All of the above factors could materially negatively impact our business, financial performance and condition, operating results and cash flows.

The significant adverse effect that the COVID-19 pandemic has had on the hospitality industry is likely to cause impairment in our long-lived assets.

The spread of COVID-19 and the recent developments surrounding the global pandemic are having an unprecedented adverse impact on the hospitality industry. As a result, during the nine months ended September 30, 2020, we recognized $607 million of impairment losses for goodwill and $90 million of impairment losses related to certain of our assets resulting from a significant decline in market value of those assets. We can provide no assurance that a further material impairment loss of assets will not occur in a future period, and the risk of future material impairments has been significantly heightened as result of the effects of the COVID-19 pandemic on our business. Further impairment losses could have a material adverse effect on our financial condition and operating results and our ability to secure financing.

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

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 may 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, and we may suspend the repurchase program at any time. In addition, our credit facility and term loan amendments impose restrictions surrounding our ability to repurchase stock until certain financial ratio metrics are achieved.

During the nine months ended September 30, 2020, repurchases made pursuant to our repurchase program were as follows:

Record Date	Total number of shares purchased[1]	Weighted average price paid per share[2]	Total number of shares purchased as part of publicly announced plans or programs	Maximum number (or approximate dollar value) of common shares that may yet be purchased under the plans or programs *(in millions)*
January 1, 2020 through January 31, 2020	9,248	$ 22.99	—	$ 300
February 1, 2020 through February 29, 2020	75,032	$ 23.57	—	$ 300
March 1, 2020 through March 31, 2020	4,557,446	$ 14.48	4,550,882	$ 234
April 1, 2020 through April 30, 2020	224	$ 6.50	—	$ 234
May 1, 2020 through May 31, 2020	2,027	$ 8.64	—	$ 234
June 1, 2020 through June 30, 2020	70	$ 11.96	—	$ 234
July 1, 2020 through July 31, 2020	313	$ 9.63	—	$ 234
August 1, 2020 through August 31, 2020	151	$ 8.27	—	$ 234
September 1, 2020 through September 30, 2020	5,116	$ 11.31	—	$ 234
	4,649,627		4,550,882	

(1) The number of shares purchased represents shares of common stock repurchased under the previously announced stock repurchase program as well as 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.

(2) The weighted average price paid per share for shares of common stock surrendered by certain employees is based on the closing price of our common stock on the trading date immediately prior to the date of delivery of the shares. The weighted average price paid per share for shares repurchased excludes commissions paid.

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).
4.1	Indenture, dated as of September 18, 2020, among Park Intermediate Holdings LLC, PK Domestic Property LLC, PK Finance Co-Issuer Inc., Park Hotels & Resorts Inc., the subsidiary guarantors party thereto and U.S. Bank National Association, as trustee. (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K, filed on September 18, 2020).
10.1	Fourth Amendment to Credit Agreement, dated as of September 14, 2020, among Park Intermediate Holdings LLC and PK Domestic Property LLC, as Borrowers, Park Hotels & Resorts Inc., the lenders party thereto and Wells Fargo Bank, National Association, as Administrative Agent (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on September 14, 2020).
10.2	Second Amendment to Loan Agreement, dated as of September 14, 2020, among Park Intermediate Holdings LLC and PK Domestic Property LLC, as Borrowers, Park Hotels & Resorts Inc., the lenders party thereto and Bank of America, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K, filed on September 14, 2020).
10.3	Increasing Lender Supplement, dated as of September 14, 2020, among Park Intermediate Holdings LLC, the lenders party thereto and Wells Fargo Bank, National Association, as Administrative Agent (incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K, filed on September 14, 2020).
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 6, 2020

By: /s/ Thomas J. Baltimore Jr.
Thomas J. Baltimore, Jr.
Chairman of the Board,
President and Chief Executive Officer
(Principal Executive Officer)

Date: November 6, 2020

By: /s/ Sean M. Dell'Orto
Sean M. Dell'Orto
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

Date: November 6, 2020

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 6, 2020

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 6, 2020

By: /s/ Sean M. Dell'Orto

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

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, 2020 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, 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 6, 2020 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 ended September 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sean M. Dell'Orto, Executive Vice President and Chief Financial Officer, 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 6, 2020

By: /s/ Sean M. Dell'Orto

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