UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 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

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 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, smaller reporting company, or an emerging growth company. See the definition 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	☐	Small 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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

As of June 30, 2020, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately $2,313 million (based upon the closing sale price of the common stock on that date on the New York Stock Exchange).

The number of shares of common stock outstanding on February 19, 2021 was 236,376,542.

Documents incorporated by reference: The information called for by Part III will be incorporated by reference from the registrant's definitive Proxy Statement for the 2021 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A.

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Forward-Looking Statements

This Annual Report on Form 10-K 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," "hopes" 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. Actual results may differ materially from those expressed in these forward-looking statements. You should not put undue reliance on any forward-looking statements and we urge investors to carefully review the disclosures we make concerning risk and uncertainties in Item 1A: "Risk Factors" in this Annual Report on Form 10-K. Currently, one of the most significant factors continue to be the 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. COVID-19 has significantly affected our business, and the extent to which COVID-19 continues to affect 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, the efficacy, availability and deployment of vaccinations and other treatments to combat COVID-19, 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. 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.

The risk factors discussed in Item 1A: "Risk Factors" could cause our results to differ materially from those expressed in forward-looking statements. There may be other risks and uncertainties that we are unable to predict at this time or that we currently do not expect to have a material adverse effect on our business. Any such risks could cause our results to differ materially from those expressed in forward-looking statements.

Definitions

Except where the context suggests otherwise, we define certain terms in this Annual Report on Form 10-K as follows:

- "Adjusted EBITDA" means EBITDA (as defined below) further adjusted to exclude: (i) gains or losses on sales of assets for both consolidated and unconsolidated investments; (ii) costs associated with hotel acquisitions or dispositions expensed during the period; (iii) severance expense; (iv) share-based compensation expense; (v) impairment losses and casualty gains or losses; and (vi) other items that we believe are not representative of our current or future operating performance. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" for information regarding our use of Adjusted EBITDA, which is a non-GAAP financial measure.
- "Adjusted FFO attributable to stockholders" means Nareit funds from (used in) operations ("FFO") attributable to stockholders (as defined below), as further adjusted to exclude: (i) costs associated with hotel acquisitions or dispositions expensed during the period; (ii) severance expense; (iii) share-based compensation expense; (iv) casualty gains or losses, and (v) other items that we believe are not representative of our current or future operating performance. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" for information regarding our use of Adjusted FFO attributable to stockholders, which is a non-GAAP financial measure.
- "ADR" or "average daily rate" represents rooms revenue divided by total number of room nights sold in a given period.
- "EBITDA" 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. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" for information regarding our use of EBITDA, which is a non-GAAP financial measure.

- "HGV" refers to Hilton Grand Vacations Inc. and its consolidated subsidiaries, and references to "HGV Parent" refers only to Hilton Grand Vacations Inc., exclusive of its subsidiaries.
- "Hilton" refers to Hilton Worldwide Holdings Inc. and its consolidated subsidiaries, and references to "Hilton Parent" or "Parent" refers only to Hilton Worldwide Holdings Inc., exclusive of its subsidiaries.
- "Hotel Adjusted EBITDA" measures hotel-level results before debt service, depreciation and corporate expenses for our consolidated hotels but excluding hotels owned by unconsolidated affiliates. See "Management's Discussion and Analysis of Financial Condition and Results of Operations —Non-GAAP Financial Measures" for information regarding our use of Hotel Adjusted EBITDA, which is a non-GAAP financial measure.
- a "luxury" hotel refers to a luxury hotel as defined by Smith Travel Research ("STR").
- "Nareit FFO attributable to stockholders" means net income (loss) attributable to stockholders (calculated in accordance with U.S. generally accepted accounting principles ("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. We calculate Nareit FFO attributable to stockholders for a given operating period in accordance with the guidelines of the National Association of Real Estate Investment Trusts ("Nareit") and its December 2018 "Nareit Funds from Operations White Paper – 2018 Restatement". See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" for information regarding our use of Nareit FFO attributable to stockholders, which is a non-GAAP financial measure.
- "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.
- "Park Hotels & Resorts," "we," "our," "us" and the "Company" refer to Park Hotels & Resorts Inc. and its consolidated subsidiaries, and references to "Park Parent" refers only to Park Hotels & Resorts Inc., exclusive of its subsidiaries.
- "RevPAR" or "revenue per available room" 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.
- "Select Hotels" means the hotels that are managed by us rather than a third-party hotel management company, consisting of the following four hotels: the Hilton Garden Inn LAX/El Segundo in Los Angeles, California; the Hampton Inn & Suites Memphis—Shady Grove in Memphis, Tennessee, the Hilton Suites Chicago/Oak Brook in Chicago, Illinois and the Hilton Garden Inn Chicago/Oak Brook in Chicago, Illinois.
- "TRS" refers to a taxable REIT subsidiary under the Internal Revenue Code of 1986, as amended (the "Code"), and includes any subsidiaries or other, lower-tier entities of that taxable REIT subsidiary.
- an "upper midscale" hotel refers to an upper midscale hotel as defined by STR.
- an "upper upscale" hotel refers to an upper upscale hotel as defined by STR.
- an "upscale" hotel refers to an upscale hotel as defined by STR.

PART I

Item 1. Business

Our Company

We are the second largest publicly-traded lodging real estate investment trust ("REIT") with a diverse portfolio of iconic and market-leading hotels and resorts with significant underlying real estate value. We were originally formed as Hilton Hotels Corporation, a Delaware corporation, in 1946 and existed as a part of one of Hilton's business segments. On January 3, 2017, Hilton Parent completed the spin-off that resulted in our establishment as an independent, publicly traded company. As of February 26, 2021, our portfolio consists of 60 premium-branded hotels and resorts with over 33,000 rooms, primarily located in prime United States ("U.S.") markets with high barriers to entry. Over 86% of our rooms are luxury and upper upscale and all of our rooms are located in the U.S. and its territories. We are 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.

On September 18, 2019, pursuant to the terms and subject to the conditions set forth in the Agreement and Plan of Merger (the "Merger Agreement"), dated as of May 5, 2019, by and among Park Parent, PK Domestic Property LLC, an indirect subsidiary of Park Parent ("PK Domestic"), PK Domestic Sub LLC, a wholly-owned subsidiary of PK Domestic ("Merger Sub") and Chesapeake Lodging Trust ("Chesapeake"), Chesapeake merged with and into Merger Sub (the "Merger"). Park Intermediate Holdings LLC (our "Operating Company"), continues to directly or indirectly, hold all of our assets and conduct all of our operations. Park Parent owns 100% of the interests in our Operating Company.

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.

Our Business and Growth Strategies

Our objective is to be the preeminent lodging 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. We intend to pursue this objective through the following strategies:

- ***Maximizing Hotel Profitability through Active Asset Management***. We are focused on continually improving the operating performance and profitability of each of our hotels and resorts through our proactive asset management efforts. The novel strain of coronavirus and the disease it causes ("COVID-19") has challenged the lodging industry in many ways, and, working with our hotel managers, we have adapted our operational approach and implemented measures in an effort to ensure the safety of both hotel guests and employees and minimize losses. Examples of such measures include temporarily halting operations at hotels; seeking alternative, non-traditional sources of demand; consolidating demand into fewer hotels in markets where we have multiple assets; reducing the available rooms at hotels to help mitigate expenses; consolidating or eliminating managerial positions to reduce payroll; and limiting food and beverage operations for both safety considerations and cost controls. As we move into what we expect to be a recovery phase, we will continue to identify revenue-enhancement opportunities and drive cost efficiencies to maximize the operating performance, cash flow and value of each property. As a pure-play lodging real estate company with significant financial resources and an extensive portfolio of large, multi-use assets, including 8 hotels with 125,000 square feet of meeting space or more, we believe our ability to implement compelling return on investment initiatives represents a significant embedded growth opportunity. These may include the expansion of meeting platforms in convention and resort markets; the upgrade or redevelopment of existing amenities, including retail platforms, food and beverage outlets, pools and other facilities; the development of vacant land into income-generating uses, including retail or mixed-use properties; or the redevelopment or optimization of underutilized spaces. We also may create value through repositioning certain hotels across brands or chain scale segments and exploring adaptive reuse opportunities to ensure our assets achieve their highest and best use. Finally, we are focused on maintaining the competitive strength of our properties and adapting to evolving customer preferences by renovating properties to provide updated guestroom design, open and activated lobby areas, food and beverage and public spaces, and modernized meeting space.
- ***Pursuing Growth and Diversification through Prudent Capital Allocation***. We intend to leverage our scale, liquidity and transaction expertise to create value throughout all phases of the lodging cycle through opportunistic acquisitions and dispositions, which we believe will enable us to further diversify our portfolio. In September 2019, we completed the $2.5 billion acquisition of Chesapeake, which helped us to increase our scale and achieve greater diversification. Additionally, since our spin-off, we have sold or otherwise disposed of 24 hotels located in lower growth domestic and non-core international markets for a combined sales price of approximately $1.2 billion, providing us with liquidity to execute on a variety of strategic corporate initiatives. We will continue to opportunistically seek to expand our presence in target markets and further diversify over time, including by acquiring hotels that are affiliated with leading hotel brands and operators.
- ***Maintaining a Strong and Flexible Balance Sheet***. We intend to maintain a strong and flexible balance sheet. We will focus on maintaining sufficient liquidity with minimal short-term maturities and intend to have a mix of debt that will provide us with the flexibility to prepay debt when desired, dispose of assets, pursue our value enhancement strategies within our existing portfolio, and support acquisition activity. In order to increase liquidity and extend debt maturities while dealing with the effects of COVID-19, we drew $1 billion from our revolving credit facility ("Revolver") in March 2020 and issued $650 million of senior secured notes due 2025 ("2025 Senior Secured Notes") in May 2020 (a portion of

which was used to partially repay amounts outstanding under our Revolver and the term loan due December 2021 ("2016 Term Loan")). In September 2020, we issued $725 million of senior secured notes due 2028 ("2028 Senior Secured Notes") (a portion of which was used to repay the remaining amount outstanding under the 2016 Term Loan in full as well as a portion of the Revolver) and extended almost 90% of the Revolver commitments until 2023. 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. We also deferred $150 million of the $200 million in capital expenditures previously budgeted for 2020 and plan to reduce capital expenditures to approximately $40 million for 2021, as we continue to prioritize hotel re-openings and cost mitigation efforts. Additionally, we expect to reduce our level of secured debt over time, which will provide additional balance sheet flexibility. Our senior management team has extensive experience managing capital structures over multiple lodging cycles and has extensive and long-standing relationships with numerous lending institutions and financial advisors to address our capital needs.

Our Properties

The following tables provide summary information regarding our portfolio as of February 26, 2021.

Brand Affiliations and Chain Scale

We own and lease hotels and resorts primarily in the upper upscale chain scale segment. The following table sets forth our portfolio by brand affiliations and chain scale segment:

Brand	Chain Scale	Number of Properties	Total Rooms
Hilton Hotels & Resorts	Upper Upscale	25	22,045
DoubleTree by Hilton	Upscale	9	3,733
Embassy Suites by Hilton	Upper Upscale	5	1,259
W Hotels	Luxury	3	1,020
Hyatt Regency	Upper Upscale	2	940
Waldorf Astoria Hotels & Resorts	Luxury	2	813
Marriott	Upper Upscale	1	430
Marriott Tribute Portfolio	Upper Upscale	1	393
Curio - A Collection by Hilton	Upper Midscale	2	374
Le Meridien	Upper Upscale	1	360
JW Marriott	Luxury	1	344
Hyatt Centric	Upper Upscale	1	316
Hilton Garden Inn	Upscale	2	290
Hotel Indigo	Upper Upscale	1	210
Courtyard by Marriott	Upscale	1	204
Homewood Suites by Hilton	Upscale	1	195
Marriott Autograph Collection	Upper Upscale	1	171
Hampton by Hilton	Upper Midscale	1	131
Total		**60**	**33,228**

Type of Property Interest

The following table sets forth our properties according to the nature of our real estate interest:

Types of Interest	Number of Properties	Total Rooms
Fee Simple[1]	39	23,212
Ground Lease	14	5,719
	53	28,931
Unconsolidated Joint Ventures[2]		
Fee Simple	4	2,452
Ground Lease	3	1,845
	7	4,297
Total	**60**	**33,228**

(1) Includes certain properties that, while primarily owned fee simple, are subject to ground lease in respect of certain portions of land or facilities. Refer to "—Ground Leases," Item 2: "Properties," and Note 9: "Leases" in our audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K for additional information.

(2) Seven of our hotels are owned by unconsolidated joint ventures in which we hold an interest. Refer to Item 2: "Properties" for the percentage ownership in such unconsolidated joint ventures.

Hotel Laundry Operations

During the year ended December 31, 2020, we permanently closed operations at our three commercial laundry facilities located in Piscataway, New Jersey, Portage, Indiana, and Portland, Oregon. Revenue from our commercial laundry operations accounted for less than half a percent of our consolidated revenue in each of the years ended December 31, 2020, 2019 and 2018.

Sustainability

We incorporate sustainability into our investment and asset management strategies, with a focus on minimizing environmental impact. When we evaluate the acquisition of new properties, we will assess both sustainability opportunities and climate change-related risks as part of our due diligence process. During the ownership of our properties, we seek to invest in proven sustainability practices in our redevelopment projects that can enhance asset value, while also improving environmental performance. In such projects, we target specific environmental efficiency enhancements, equipment upgrades and replacements that reduce energy and water consumption and offer appropriate returns on investment. As part of our asset management strategy, we also work with our various hotel managers to monitor environmental performance and support implementation of operational best practices. We are committed to being a responsible corporate citizen and minimizing our impact on the environment. Our approach to corporate citizenship is reinforced by periodic engagement with key stakeholders to understand their corporate responsibility priorities. In addition, we have published our 2020 Annual Corporate Responsibility Report on our website, which discloses our environmental and social programs and performance.

Our Principal Agreements

In order for us to continue to qualify as a REIT, independent third parties must operate substantially all of our hotels. Except for the Select Hotels, we lease substantially all of our hotels to our TRS lessees, which, in turn have engaged third parties to operate these hotels pursuant to management agreements. Except for the Select Hotels, the hotels not leased to our TRS lessees are owned by TRSs, which have also engaged third parties to operate these hotels pursuant to management agreements. Certain of our hotels also have franchise agreements. We may, in the future, re-flag existing properties, acquire additional properties that operate under other brands and/or engage other third-party hotel managers and franchisors.

Below is a general overview of our management and franchise agreements.

Management Agreements

Our hotel managers control the day-to-day operations of our hotels that are subject to a management agreement. We have consultative and specified approval rights with respect to certain actions of our hotel managers, including entering into long-term or high value contracts, engaging in certain actions relating to legal proceedings, approving the operating budget, making certain capital expenditures and the hiring of certain management personnel.

As in our franchise agreements described below, we receive a variety of services and benefits under our management agreements with our hotel managers, including the benefit of the name, marks and system of operation of the brand, as well as centralized reservation systems, participation in customer loyalty programs, national advertising, marketing programs and publicity designed to increase brand awareness, as well as training of personnel and payroll and accounting services.

Term

Our management agreements have initial terms ranging from 5 to 30 years and most allow for one or more renewal periods. Assuming all renewal periods are exercised by our hotel managers, the total term of our management agreements range between 5 and 70 years.

Fees

Our management agreements generally contain a two-tiered fee structure, where our hotel managers receive a base management fee and an incentive management fee. The base management fee for our hotels range from approximately 2% to 4% of gross hotel revenues or receipts, as defined in each agreement. The incentive management fee is typically a percentage of a specified performance measure such as operating income, cash flow or other performance measures, as defined in the agreements with some agreements only providing for incentive fees following the satisfaction of certain dollar thresholds. We also pay certain service fees to our hotel managers and generally reimburse our hotel managers for salaries and wages of their employees at our hotels, as well as for certain other expenses incurred in connection with the operation of the hotel.

Termination Events

Subject to certain qualifications, notice requirements and applicable cure periods, the management agreements generally are terminable by either party upon a material casualty or condemnation of the hotel or the occurrence of certain customary events of default, including, among others: the bankruptcy or insolvency of either party; the failure of either party to make a payment when due, and failure to cure such non-payment after late payment notice; or breach by either party of covenants or obligations under the management agreement. In certain instances, we retain the right to terminate a management agreement if manager fails to meet specified performance criteria.

Additionally, our hotel managers generally have the right to terminate the management agreement in certain situations, including the occurrence of certain actions with respect to a mortgage or our failing to complete or commence required repair after damage or destruction to the hotel, or our failure to meet minimum brand standards. For certain properties, our management agreements also allow early termination, subject to entering into a franchise agreement with an affiliated brand. If our hotel managers terminate due to our default, our hotel managers may exercise all of their rights and remedies at law or in equity.

Sale of a Hotel

Our management agreements generally provide that we cannot sell a hotel to a person who (i) does not have sufficient financial resources, (ii) is of bad moral character, (iii) is a competitor of our hotel managers or (iv) is a specially designated national or blocked person, as set forth in the applicable management agreement. It is generally an event of default if we proceed with a sale or an assignment of the hotel's management agreement to such a transferee, without receiving consent from our hotel managers.

Franchise Agreements

Twelve of our hotels are subject to franchise agreements. Pursuant to the franchise agreements, we have been granted a limited, non-exclusive license to use our franchisor's brand names, marks and systems. The franchisor also may provide us with a variety of services and benefits, including centralized reservation systems, participation in customer loyalty programs, national advertising, marketing programs and publicity designed to increase brand awareness, as well as training of personnel. In return, we are required to operate franchised hotels consistent with the applicable brand standards. The franchise agreements specify operational, record-keeping, accounting, reporting and marketing standards and procedures with which we must comply, and will promote consistency across the brand by outlining standards for guest services, products, signage and furniture, fixtures and equipment, among other things. To monitor our compliance, the franchise agreements specify that we must make the hotel available for quality inspections by the franchisor.

Term

Our franchise agreements contain an initial term of between 7 and 20 years and require the franchisor's consent to be extended.

Fees

Our franchise agreements require that we pay a royalty fee on gross rooms revenue at rates ranging from 4% to 6%, plus a percentage of food and beverage revenue for certain hotels, which in most cases is 3%. We must also pay certain marketing, reservation, program and other customary fees. In addition, the franchisor has the right to require that we renovate guest rooms and public facilities from time to time to comply with then-current brand standards.

Termination Events

Our franchise agreements provide for termination at the franchisor's option upon the occurrence of certain events, including, among others: the failure to maintain brand standards; the failure to pay royalties and fees or to perform other obligations under the franchise license; bankruptcy; and abandonment of the franchise or a change of control, and in the event of such termination, we are required to pay liquidated damages.

Spin-Off Related Agreements

We were originally formed as Hilton Hotels Corporation, a Delaware corporation, in 1946 and existed as a part of one of Hilton's business segments. On January 3, 2017, Hilton Parent completed the spin-off that resulted in our establishment as an independent, publicly traded company.

Distribution Agreement

We entered into a distribution agreement ("Distribution Agreement") with Hilton Parent regarding the principal actions taken or to be taken in connection with the spin-off. The Distribution Agreement provided for certain transfers of assets and assumptions of liabilities by us and Hilton Parent and the settlement or extinguishment of certain liabilities and other obligations among Hilton Parent and us. In particular, the Distribution Agreement provided that, subject to the terms and conditions contained in the Distribution Agreement:

- all of the assets and liabilities (including whether accrued, contingent or otherwise, and subject to certain exceptions) associated with the separated real estate business were retained by or transferred to us;
- all of the assets and liabilities (including whether accrued, contingent or otherwise, and subject to certain exceptions) associated with the timeshare business were retained by or transferred to HGV Parent or its subsidiaries;
- all other assets and liabilities (including whether accrued, contingent or otherwise, and subject to certain exceptions) of Hilton were retained by or transferred to Hilton Parent or its subsidiaries;
- liabilities (including whether accrued, contingent or otherwise) related to, arising out of or resulting from businesses of Hilton that were previously terminated or divested were allocated among the parties to the extent formerly owned or managed by or associated with such parties or their respective businesses;
- each of Park Parent and HGV Parent assumed or retained any liabilities (including under applicable U.S. federal and state securities laws) relating to, arising out of or resulting from the Form 10 registering its common stock to be distributed by Hilton Parent in the spin-off and from any disclosure documents that offered for sale securities in transactions related to the spin-off, subject to exceptions for certain information for which Hilton Parent retained liability; and
- except as otherwise provided in the Distribution Agreement or any ancillary agreement, we retained responsibility for any costs or expenses incurred by us following the distribution in connection with the transactions contemplated by the Distribution Agreement, including costs and expenses relating to legal counsel, financial advisors and accounting advisory work related to the distribution.

In addition, notwithstanding the allocation described above, we, HGV and Hilton have agreed that losses related to certain contingent liabilities (and related costs and expenses), which generally are not specifically attributable to any of the separated real estate business, the timeshare business or the retained business of Hilton ("Shared Contingent Liabilities"), will be apportioned among the parties according to fixed percentages of 65%, 26% and 9% for each of Hilton, us and HGV, respectively. Examples of Shared Contingent Liabilities may include uninsured losses arising from actions (including derivative actions) against current or former directors or officers of Hilton in respect of acts or omissions occurring prior to the distribution date, or against current or former

directors or officers of any of Hilton, HGV or us, arising out of, in connection with, or otherwise relating to, the spin-offs and the distribution, subject to certain exceptions described in the Distribution Agreement. In addition, costs and expenses of, and indemnification obligations to, third party professional advisors arising out of the foregoing actions may also be subject to these provisions. Subject to certain limitations and exceptions, Hilton shall generally be vested with the exclusive management and control of all matters pertaining to any such Shared Contingent Liabilities, including the prosecution of any claim and the conduct of any defense.

The Distribution Agreement also provides for cross-indemnities that, except as otherwise provided in the Distribution Agreement, are principally designed to place financial responsibility for the obligations and liabilities of each business with the appropriate company.

Tax Matters Agreement

We entered into a tax matters agreement ("Tax Matters Agreement") with Hilton Parent, HGV Parent and Hilton Domestic Operating Company that governs the respective rights, responsibilities and obligations of us, Hilton Parent and HGV Parent after the spin-off with respect to tax liabilities and benefits, tax attributes, tax contests and other tax sharing regarding U.S. federal, state, local and foreign income taxes, other tax matters and related tax returns. Although binding between the parties, the Tax Matters Agreement is not binding on the IRS. We and HGV Parent have joint and several liability with Hilton Parent to the IRS for the consolidated U.S. federal income taxes of the Hilton consolidated group relating to the taxable periods in which we were part of that group. The Tax Matters Agreement specifies the portion, if any, of this tax liability for which we bear responsibility, and each party has agreed to indemnify the other against any amounts for which they are not responsible. The Tax Matters Agreement also provides special rules for allocating tax liabilities in the event that the spin-off is not tax-free. In general, under the Tax Matters Agreement, each party is responsible for any taxes imposed on Hilton that arise from the failure of the spin-off and certain related transactions to qualify as a tax-free transaction for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code, as applicable, and certain other relevant provisions of the Code, to the extent that the failure to qualify is attributable to actions taken by such party (or with respect to such party's stock). The parties share responsibility in accordance with sharing percentages for any such taxes imposed on Hilton that are not attributable to actions taken by a particular party.

The Tax Matters Agreement also provides for cross-indemnities with respect to tax matters that, except as otherwise provided in the Tax Matters Agreement, are principally designed to place financial responsibility for the tax-related obligations and liabilities of each business with the appropriate company.

Ground Leases

The following table summarizes the remaining primary term, renewal rights and purchase rights as of February 26, 2021, associated with land underlying our hotels and meeting facilities that we lease from third parties:

Property	Rooms	Current Lease Term Expiration	Renewal Rights / Purchase Rights
Leases of U.S. Properties (Excluding Properties Leased by Joint Ventures)			
Embassy Suites Phoenix Airport	182	November 30, 2031	None
Portfolio of Five Hotels(1)	2,053	December 31, 2025	2 x 5 years(2)
Embassy Suites Austin Downtown South Congress	262	February 28, 2029	1 x 10 years(3)
Hilton Oakland Airport	360	January 19, 2034	None
Hilton Orlando Lake Buena Vista	814	January 31, 2034	1 x 25 years
Hilton Boston Logan Airport	604	September 30, 2044	2 x 20 years
Hilton Seattle Airport & Conference Center	396	December 31, 2046	Purchase Rights(4) Renewal Rights 2 x 10 years; 1 x 5 years
Hyatt Regency Mission Bay Spa and Marina	438	January 31, 2056	None
Embassy Suites Kansas City Plaza	266	January 30, 2076(5)	Renewal Rights(5) 2 x 25 years
JW Marriott San Francisco Union Square	344	January 14, 2083	None
Leases of U.S. Properties by Joint Ventures			
Embassy Suites Secaucus Meadowlands	261	October 31, 2021	None(6)
Hilton La Jolla Torrey Pines	394	June 30, 2067	1 x 10 years; 1 x 20 years(7)
Hilton San Diego Bayfront	1,190	December 31, 2071	None

(1) Reflects the terms of a master lease agreement pursuant to which we lease the following five hotels: the Hilton Salt Lake City Center; the DoubleTree Hotel Seattle Airport; the DoubleTree Hotel San Diego—Mission Valley; the DoubleTree Hotel Sonoma Wine Country; and the DoubleTree Hotel Durango.

(2) The renewal option may be exercised for less than all 5 of the hotels. Minimum rent is reduced if the renewal option is exercised for less than all of the 5 hotels.

(3) The term of this renewal option exceeds the expiration of the underlying master ground lease in 2031. No extension rights are available, and it is unlikely that the landlord under the master ground lease will grant a term past 2031.

(4) Tenant has a right of first offer with respect to the property.

(5) Lease expires on January 30, 2026; however, the renewal rights are included in the current lease term expiration as the landlord has the option to renew the lease.

(6) In November 2020, the renewal option with the ground lessor was terminated.

(7) Renewal rights are dependent on the amount of capital expenditures invested in the hotel during the term.

We (or certain joint ventures in which we own an interest) are also party to certain leases for facilities related to certain hotels owned by us (or such joint ventures).

Competition

The lodging industry is highly competitive. Our hotels compete with other hotels for guests on the basis of several factors, including the attractiveness of the facility, location, level of service, quality of accommodations, amenities, food and beverage options and outlets, public and meeting spaces and other guest services, consistency of service, room rate, brand reputation and the ability to earn and redeem loyalty program points through a global system. Competition is often specific to the individual markets in which our hotels are located and includes competition from existing and new hotels operated under brands primarily in the upper upscale chain scale segments. Increased competition could have a material adverse effect on the occupancy rate, average daily room rate and RevPAR of our hotels or may require us to make capital improvements that we otherwise would not have to make, which may result in decreases in our profitability. We believe our hotels enjoy certain competitive advantages as a result of being flagged with globally recognized brands, including access to centralized reservation systems and national advertising, marketing and promotional services, strong hotel management expertise and guest loyalty programs.

Our principal competitors include hotel operating companies, ownership companies (including other lodging REITs) and national and international hotel brands. We face increased competition from providers of less expensive accommodations, such as

select-service hotels or independently managed hotels, during periods of economic downturn when leisure and business travelers become more sensitive to room rates. Increasingly, we also face competition from peer-to-peer inventory sources that allow travelers to stay at homes and apartments booked from owners, thereby providing an alternative to hotel rooms. We face competition for the acquisition of hotels from other REITs, private equity investors, institutional pension funds, sovereign wealth funds and numerous local, regional and national owners, including franchisors, in each of our markets. Some of these entities may have substantially greater financial resources than we do and may be able and willing to accept more risk than we believe we can prudently manage. During the recovery phase of the lodging cycle, competition among potential buyers may increase the bargaining power of potential sellers, which may reduce the number of suitable investment opportunities available to us or increase pricing. Similarly, during times when we seek to sell hotels, competition from other sellers may increase the bargaining power of the potential property buyers.

Seasonality

The lodging industry is seasonal in nature, which can be expected to cause fluctuations in our hotel rooms revenues, occupancy levels, room rates, operating expenses and cash flows. The periods during which our hotels experience higher or lower levels of demand vary from property to property, depending principally upon location, type of property and competitive mix within the specific location.

Cyclicality

The lodging industry is cyclical and demand generally follows, on a lagged basis, key macroeconomic indicators. There is a history of increases and decreases in demand for hotel rooms, in occupancy levels and in room rates realized by owners of hotels through economic cycles. Variability of results through some of the cycles in the past has been more severe due to changes in the supply of hotel rooms in given markets or in given segments of hotels. The combination of changes in economic conditions and in the supply of hotel rooms can result in significant volatility in results for owners of hotel properties. As a result, in a negative economic environment the rate of decline in earnings can be higher than the rate of decline in revenues.

Government Regulations

Our business is subject to various federal and state laws and regulations (in the U.S. and Puerto Rico). In particular, we are subject to the Americans with Disabilities Act ("ADA"). Under the ADA, all public accommodations are required to meet certain U.S. federal requirements related to access and use by disabled persons. These regulations apply to accommodations first occupied after January 26, 1993. Public accommodations built before January 26, 1993 are required to remove architectural barriers to disabled access where such removal is "readily achievable." The regulations also mandate certain operational requirements that hotel operators must observe. The failure of a property to comply with the ADA could result in injunctive relief, fines, an award of damages to private litigants or mandated capital expenditures to remedy such noncompliance. Any imposition of injunctive relief, fines, damage awards or capital expenditures could result in reputational harm or otherwise materially and negatively affect our performance and results of operations.

In addition, a number of states regulate the activities of hospitality properties and restaurants, including safety and health standards, as well as the sale of liquor at such properties, by requiring licensing, registration, disclosure statements and compliance with specific standards of conduct. As an operator of the Select Hotels we are also subject to laws governing our relationship with employees, including minimum wage requirements, overtime, working conditions and work permit requirements. We are also subject to privacy and data security laws. Compliance with, or changes in, these laws could reduce the revenue and profitability of our properties and could otherwise adversely affect our operations.

Environmental Matters

We are subject to certain requirements and potential liabilities under various federal, state and local environmental, health and safety laws and regulations (in the U.S. and Puerto Rico) and incur costs in complying with such requirements. These laws and regulations govern our operations including any associated air emissions; the use, storage and disposal of hazardous and toxic substances and petroleum projects; and wastewater disposal. In addition, as a current and former owner of property, we could be subject to investigation and remediation liabilities that could arise under local, state and federal environmental laws, as well as personal injury, property damage, fines or other claims by third parties associated with environmental compliance or the presence of contamination. We use and store hazardous and toxic substances, such as cleaning materials, pool chemicals, heating oil and fuel for back-up generators at some of our facilities, and we generate certain wastes in connection with our operations. In addition to our hotel accommodations, we previously operated certain laundry facilities. Some of our properties include older buildings, and some may have, or may historically have had impacts from current or historical site operations including dry-cleaning facilities, gasoline and auto service stations, underground storage tanks for heating oil and back-up generators, and other operations that may have caused

environmental contamination. We have from time to time been responsible for investigating and remediating contamination at some of our facilities, such as contamination from leaking underground storage tanks or as a result of current or historical dry-cleaning operations, and we could be held responsible for any contamination resulting from the disposal of wastes that we generate, including at locations where such wastes have been sent for treatment or disposal, without regard to whether we complied with environmental laws in sending our wastes to such treatment or disposal sites. In some cases, we may be entitled to indemnification, but there can be no assurance that we would be able to recover all or any costs we incur in addressing such problems. From time to time, we may also be required to manage, abate, remove or contain mold, lead, asbestos-containing materials, radon gas or other hazardous conditions found in or on our properties. We have implemented an on-going operations and maintenance plan that seeks to identify and remediate these conditions as appropriate. Although we have incurred, and expect that we will continue to incur, costs relating to the investigation, identification, management, and remediation of hazardous materials or petroleum products known or discovered to exist at our properties, as well as costs of complying with various local, state and federal environmental, health and safety laws, those costs have not had, and are not expected to have, a material adverse effect on our financial condition, results of operations or cash flow.

REIT Qualification

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 operated, 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. To comply with REIT requirements, we may need to forego otherwise attractive opportunities and limit our expansion opportunities and the manner in which we conduct our operations. Refer to "Risk Factors—Risks Related to our REIT Status and Certain Other Tax Items."

Insurance

We maintain insurance coverage for general liability, property, including business interruption, terrorism, and other risks with respect to our business for all of our hotels. We also maintain workers' compensation insurance for our corporate employees and employees at our Select Hotels, while our managers maintain workers' compensation insurance for their employees at our managed hotels. Most of our insurance policies are written with self-insured retentions or deductibles that are common in the insurance market for similar risks. These policies provide coverage for claim amounts that exceed our self-insured retentions or deductibles. Our insurance provides coverage related to any claims or losses arising out of the design, development and operation of our hotels.

Human Capital

Employees

Through ongoing employee development programs, comprehensive and competitive compensation and benefits, and a focus on our employees' health and well-being, we strive to help our employees in all aspects of their lives. As of December 31, 2020, we had 182 employees, including 85 corporate employees and 97 employees of the Select Hotels. We believe relations are positive between us and our employees. Our hotel managers are generally responsible for hiring and maintaining the labor force at each of our hotels, other than the Select Hotels. Although we generally do not manage employees at our hotels (other than the Select Hotels), we still are subject to the costs and risks generally associated with the hotel labor force, particularly those hotels with unionized labor. We believe relations are positive between our third-party hotel managers and their employees. For a discussion of these relationships, refer to "Risk Factors—Risks Related to Our Business and Industry—We are subject to risks associated with the employment of hotel personnel, particularly with hotels that employ unionized labor, which could increase our operating costs, reduce flexibility of our hotel managers to adjust the size of the workforce at our hotels and could materially and adversely affect our revenues and profitability."

Diversity and Inclusion

We value the unique perspectives that a workforce with diverse cultures, ages, genders, and ethnicities brings to our process, and we are committed to enhancing diversity, equity and inclusion at Park. Our commitment to diversity is exemplified in our highly skilled and diverse board, which includes two female directors, and management team. The following charts summarize the gender and ethnic diversity of our workforce as of December 31, 2020:

Our commitment to being a positive catalyst for change by enhancing diversity and inclusion is reflected both in the actions we take within our Company and our efforts in our larger community, such as through recruitment, employee development, mentorship, education, advocacy and community outreach. In 2020, we established a Diversity & Inclusion Steering Committee, which is comprised of employees at our corporate headquarters and includes members of executive leadership, all corporate departments and a broad assortment of levels, genders, ages and races. The committee is dedicated to enhancing our focus on activities that increase awareness and take actions in support of equality, and it plans to develop partnerships and adopt new initiatives that support systematic change related to racism and diversity. To date, we have conducted a supplier and vendor diversity, equity and inclusion survey to identify opportunities to strengthen relationships with diverse suppliers and evaluate ways in which we can emphasize the value and benefit of a Diversity & Inclusion Policy for our top suppliers. All of our employees will be encouraged to take part in initiatives implemented by the Diversity & Inclusion Steering Committee.

Training and Development

Human capital development underpins our efforts to execute our strategy and continue to provide a high-level of service. We continually invest in our employees' career growth and provide employees with a wide range of development opportunities, including training on diversity and inclusion, unconscious bias and other social issues, as well as an annual anti-bribery/anti-corruption training. All associates also participate in anti-harassment and compliance training at least once a year.

Additionally, we provide associates at corporate headquarters with leadership development programs, management development series programs, corporate technical "lunch and learn" trainings, REIT tax training, executive coaching and emotional intelligence training. Our leadership team encourages associates to continue education and professional certifications with time away from work and training budgets. Our Corporate Strategy and Design & Construction departments also participate in sustainability training, including Nareit's ESG JumpStart workshop.

To support employee development, we conduct associate performance reviews with our corporate employees, which includes continuous feedback to encourage immediate and consistent feedback. Regular one-on-one feedback sessions are conducted in order to ensure feedback is current and to reinforce positive performance. We encourage our associates to participate in our Associate Satisfaction and Engagement Survey and undertake initiatives to improve areas identified in the survey.

Our Board of Directors receives regular reports on these initiatives to ensure that we continue to demonstrate our strong commitment to our employees, diversity and inclusion and other human capital matters.

Health, Safety and Well-being

We provide benefits to support our corporate employees and their families, including but not limited to medical, vision and dental insurance, gym memberships, a 401(k) match program, paid parental leave, and an employee assistance program. We also provide mindfulness training with dedicated coaches and leaders and emotional intelligence workshops.

Together with our hotel managers, we also aim to ensure the health, safety and well-being of all our employees and guests at our properties. For example, in 2020, we committed to the American Hotel & Lodging Association's 5-Star Promise, which enhances policies, trainings and resources related to the safety of hotel employees and guests. We aim to promote health and well-being measures in our design and construction projects through the use of natural ventilation, daylighting and air and water quality monitoring. Hotel employee health and safety factors are designed into projects, which include alarm systems cameras, first aid locations and personal alert devices.

Community Engagement

We have a committee comprised of employees at our corporate headquarters that focuses on engagement with local communities and spearheads volunteer work. We introduced an annual event, which aims to concentrate our volunteer efforts around one central cause that all corporate headquarters' employees can participate in if they desire. In 2020, we also supported over 14 organizations through charitable contributions, sponsorships and volunteer hours. The hotels within our portfolio are also extremely involved with their respective communities, raising money or donating supplies, food or services as well as contributing countless hours to many worthwhile causes.

For additional information on the above matters, please review our 2020 Annual Corporate Responsibility Report on our website.

Corporate Information

Our principal executive offices are currently located at 1775 Tysons Boulevard, 7th Floor, Tysons, Virginia 22102. Our telephone number is (571) 302-5757. Our website is located at *www.pkhotelsandresorts.com*. The information that is found on or accessible through our website is not incorporated into, and does not form a part of, this Annual Report on Form 10-K or any other report or document that we file with or furnish to the Securities and Exchange Commission ("SEC"). We have included our website address in this Annual Report on Form 10-K as an inactive textual reference and do not intend it to be an active link to our website.

We make available on our website, free of charge, our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. We also make our Code of Conduct, and any amendments or waivers thereto, for our directors, officers and employees available on our website on the Corporate Governance – Governance Documents page under the Investors section of our website.

Availability of Reports

The SEC maintains a website (*http://www.sec.gov*) that contains reports, proxy statements, information statements, and other information regarding issuers that file electronically with the SEC.

Item 1A. Risk Factors.

Owning our common stock involves a number of significant risks. You should consider carefully the following risk factors. If any of the following risks, as well as additional risks and uncertainties not currently known to us or that we currently deem immaterial, occur, our business, liquidity, financial condition and results of operations could be materially and adversely affected. If this were to happen, the market price of our common stock could decline significantly, and you could lose all or a part of the value of your ownership in our common stock. In addition, the statements in the following risk factors include forward-looking statements. See "Forward-Looking Statements."

Risks Related to Our Business

The COVID-19 pandemic, including the resulting economic slowdown, travel restrictions and decrease in demand for our hotel properties, has 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.

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 and sustained impact of the outbreak and resulting control measures, including states of emergency, mandatory quarantines, "shelter in place" orders, border closures, and travel and large gatherings restrictions, have significantly decreased the demand for travel to our hotel properties. We have been and expect to continue to be negatively affected by these and other 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 economic slowdown.

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 in 2020. Since late February 2020, we have experienced a significant decline in occupancy and RevPAR associated with COVID-19 throughout our portfolio. Additionally, the vast majority of our group business through the first half of 2021 has now been canceled and we continue to see 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 our hotels operating at a reduced capacity will return to regular operations, when demand for travel (including business and leisure travel and demand for conference space) will increase or if we will need to suspend operations or decrease capacity at additional hotel properties in the future, including as a result of increase or changes to government regulations, 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;
- limited opportunities to acquire new properties or the need 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;
- unexpected increase in our cash burn rate, which is subject to numerous risks and uncertainties, including related to hotel working capital needs as well as the terms of any financing available to us, which could mean we do not have sufficient liquidity to withstand any sustained decreases in occupancy or RevPAR in 2021 from historical levels;
- sustained reduction or elimination of quarterly dividends;
- our ability to obtain bank lending or access the capital markets could deteriorate as a result of the pandemic, including its impact of our business and the economy;
- our increased indebtedness and decreased operating revenues, which could increase our risk of default on our loans;
- we may require additional indebtedness, which may contain even more restrictive covenants than our existing indebtedness or may require incremental collateral;
- 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;
- disruptions in the continued service and availability of personnel, including our senior leadership team and key field personnel, 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 of the risk factors set forth elsewhere in the below risk factors 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, efficacy, and availability and deployment 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 or any future 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.

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 year ended December 31, 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.

We face various risks posed by our acquisition activities.

A key element of our business strategy is identifying and consummating acquisitions of additional hotels and portfolios. We can provide no assurances that we will be successful in identifying attractive hotels in the future or that, once identified, we will be successful in consummating future acquisitions. We also face significant competition for attractive investment opportunities, which may impact our ability acquire certain hotels or portfolios that we deem attractive at a favorable price, pursuant to acceptable terms, or at all. Any delay or failure on our part to identify, negotiate, finance on favorable terms, consummate and integrate such acquisitions could materially increase our costs or impede our growth.

We may continue to seek to sell certain hotels as we seek to pursue growth and diversification through prudent capital allocation. However, investments in real estate are illiquid, and it may not be possible to dispose of assets in a timely manner or on favorable terms, which could adversely affect our financial condition, operation results and cash flows.

Our ability to dispose of properties on advantageous terms depends on factors beyond our control, including competition from other sellers and the availability of attractive financing for potential buyers, and we cannot predict whether we will be able to sell any hotel we desire to for the price or on the terms set by us or acceptable to us, or the length of time needed to find a willing buyer and to close the sale of the hotel. Upon sales of properties or assets, we may become subject to contractual indemnity obligations, incur unusual or extraordinary distribution requirements, be required to expend funds to correct defects or make capital improvements or, as a result of required debt repayment, face a shortage of liquidity. In addition, many of our hotel management and franchise agreements generally contain restrictive covenants that limit or restrict our ability to sell a hotel free of the management or franchise encumbrance other than to permitted transferees, and as a result we may be prohibited from taking disposition actions that would otherwise be in our and our stockholders' best interests.

Moreover, the Code imposes restrictions on a REIT's ability to dispose of properties that are not applicable to other types of real estate companies. In addition, our ability to dispose of some of our hotels could be constrained by their tax attributes. Many of our hotels, including related ancillary personal property, may have low tax bases. If we dispose of these hotels in taxable transactions, we may be required to pay tax on the sale and will be required distribute the after-tax gain to our stockholders under the requirements of the Code applicable to REITs, which, in turn, would impact our cash flow. Therefore, as a result of the foregoing events or circumstances, we may not be able to adjust the composition of our portfolio promptly, on favorable terms or at all in response to changing economic, financial and investment conditions, which may adversely affect our cash flows and our ability to make distributions to stockholders.

We are subject to risks associated with the concentration of our portfolio in the Hilton family of brands. Any deterioration in the quality or reputation of the Hilton brands could have an adverse effect on our reputation, business, financial condition or results of operations.

A majority of our properties currently utilize brands owned by Hilton and participate in the Hilton Honors guest loyalty and rewards program. As a result, our ability to attract and retain guests depends, in part, on the public recognition of the Hilton brands and their associated reputation. Changes in ownership or management practices, the occurrence of accidents or injuries, force majeure events, crime, individual guest notoriety or similar events at our hotels or other properties managed, owned or leased by Hilton can harm our reputation, create adverse publicity, subject us to legal claims and cause a loss of consumer confidence in our business. If the Hilton brands become obsolete or consumers view them as unfashionable or lacking in consistency and quality, we may be unable to attract guests to our hotels, which could adversely affect our business, financial condition or results of operations. In addition, any adverse developments in Hilton's business and affairs, reputation or financial condition could impair its ability to manage our properties and could have a material adverse effect on us.

Hilton Honors guest loyalty program allows program members to accumulate points based on eligible stays and hotel charges and redeem the points for a range of benefits, including free rooms and other items of value. The program is an important aspect of our business and of the affiliation value of a majority of our hotels. Changes to the Hilton Honors loyalty program, which we do not control, or our access to it could negatively impact our business. If the program deteriorates or materially changes in an adverse manner, or if currently tax-exempt program benefits become subject to taxation such that a material number of Hilton Honors members choose to no longer participate in the program, our business, financial condition or results of operations could be materially adversely affected.

Contractual and other disagreements with or involving our current and future third-party hotel managers and franchisors could make us liable to them or result in litigation costs or other expenses.

Our management and franchise agreements require us and our managers to comply with operational and performance conditions that are subject to interpretation and could result in disagreements, and we expect this will be true of any management and franchise agreements that we enter into with future third-party hotel managers or franchisors. We cannot predict the outcome of any arbitration or litigation related to such agreements, the effect of any negative judgment against us or the amount of any settlement that we may enter into with any third-party. In the event we terminate a management or franchise agreement early and the hotel manager or franchisor considers such termination to have been wrongful, they may seek damages. Additionally, we may be required to indemnify our third-party hotel managers and franchisors against disputes with third parties pursuant to our management and franchise agreements. An adverse result in any of these proceedings could materially and adversely affect our revenues and profitability.

We are dependent on the performance of our managers and could be materially and adversely affected if our managers do not properly manage our hotels or otherwise act in our best interests or if we are unable to maintain a good relationship with our third-party hotel managers.

In order for us to continue to qualify as a REIT, independent third parties must operate our hotels. Except for the Select Hotels, we lease substantially all of our hotels to our TRS lessees. Our TRS lessees and the TRSs that own our hotels, in turn, have entered into management agreements with third-party managers to operate our hotels. We could be materially and adversely affected if any third-party hotel manager fails to provide quality services and amenities, fails to maintain a quality brand name or otherwise fails to manage our hotels in our best interest, and could be held financially responsible for the actions and inactions of our third-party hotel managers pursuant to our management agreements. In addition, our third-party hotel managers manage, and in some cases may own or lease, or may have invested in or may have provided credit support or operating guarantees to hotels that compete with our hotels, any of which could result in conflicts of interest. As a result, third-party managers may make decisions regarding competing lodging facilities that are not in our best interests.

The success of our properties largely depends on our ability to establish and maintain good relationships with our hotel managers and other third-party hotel managers and franchisors that we may engage in the future. If we are unable to maintain good relationships with our third-party hotel managers and franchisors, we may be unable to renew existing management or franchise agreements or expand relationships with them. Additionally, opportunities for developing new relationships with additional third-party managers or franchisors may be adversely affected. This, in turn, could have an adverse effect on our results of operations and our ability to execute our growth strategy. In the event that we terminate any of our management agreements, we can provide no assurances that we could find a replacement hotel manager or that any replacement hotel manager will be successful in operating our hotels. If any of the foregoing were to occur, it could materially and adversely affect us.

Cyber threats and the risk of data breaches or disruptions of our hotel managers' or our own information technology systems could materially adversely affect our business.

Our hotel managers are dependent on information technology networks and systems, including the internet, to access, process, transmit and store proprietary and customer information, including personally identifiable information of hotel guests, including credit card numbers.

These information networks and systems can be vulnerable to threats such as system, network or internet failures; computer hacking or business disruption, including through network- and email-based attacks; cyber-terrorism; viruses, worms or other malicious software programs; and employee error, negligence or fraud. The risk of a security breach or disruption, particularly through cyber-attack or cyber intrusion, including by computer hackers, nation-state affiliated actors and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. We rely on our hotel managers to protect proprietary and customer information from these threats. Any compromise of our own network or hotel managers' networks could result in a disruption to our booking or sales systems or other operations, in increased costs (e.g., related to response, investigation, and notification) or in potential litigation and liability. In addition, public disclosure or loss of customer or proprietary information could result in damage to the hotel manager's reputation, a loss of confidence among hotel guests, reputational harm for our hotels and potential litigation, any of which may have a material adverse effect on our business, financial condition and results of operations.

In addition to the information technologies and systems our hotel managers use to operate our hotels, we have our own corporate technologies and systems that are used to access, store, transmit, and manage or support a variety of business processes and employee personally identifiable information. We may be required to expend significant attention and financial resources to protect these technologies and systems against physical or cybersecurity incidents and even then our security measures may subsequently be deemed to have been inadequate by regulators or courts given the lack of prescriptive measures in data security and cybersecurity laws. There can be no assurance that the security measures we have taken to protect the contents of these systems will prevent failures, inadequacies or interruptions in system services or that system security will not be breached through system or user error, physical or electronic break-ins, computer viruses, or attacks by hackers. Any such breach could have a material adverse effect on our business, our financial reporting and compliance, and could subject us to or result in liability claims, monetary losses or regulatory penalties which could be significant.

Costs associated with, or failure to maintain, brand operating standards may materially and adversely affect our results of operations and profitability.

The terms of our franchise and brand management agreements generally require us to meet specified operating standards and other terms and conditions, and compliance with such standards may be costly. Failure by us, or any hotel management company that we engage, to maintain these standards or other terms and conditions could result in a franchise license being canceled or the franchisor requiring us to undertake a costly property improvement program. If a franchise license is terminated due to our failure to make required improvements or to otherwise comply with its terms, we also may be liable to the franchisor for a termination payment, which could materially and adversely affect our results of operations and profitability.

If we were to lose a brand license, the underlying value of a particular hotel could decline significantly (including from the loss of brand name recognition, marketing support, guest loyalty programs, brand manager or franchisor central reservation systems or other systems), which could require us to recognize an impairment on the hotel. Furthermore, the loss of a franchise license at a particular hotel could harm our relationship with the franchisor or brand manager and cause us to incur significant costs to obtain a new franchise license or brand management agreement for the particular hotel. Accordingly, if we lose one or more franchise licenses or brand management agreements, it could materially and adversely affect our results of operations and profitability as well as limit or slow our future growth.

Our efforts to develop, redevelop or renovate our properties, in connection with our active asset management strategy, could be delayed or become more expensive, which could reduce revenues or impair our ability to compete effectively.

If not maintained, the condition of certain of our properties could negatively affect our ability to attract guests or result in higher operating and capital costs. These factors could reduce revenues or profits from these properties. There can be no assurance that our planned replacements and repairs will occur, or even if completed, will result in improved performance. In addition, these efforts are subject to a number of risks, including the following: construction delays or cost overruns; delays in obtaining, or failure to obtain, zoning, occupancy and other required permits or authorizations; government restrictions on the size or kind of development; changes in economic conditions that may result in weakened or lack of demand for improvements that we make or negative project returns; and lack of availability of rooms or meeting spaces for revenue-generating activities during construction, modernization or

renovation projects. If our properties are not updated to meet guest preferences, if properties under development or renovation are delayed in opening as scheduled, or if renovation investments adversely affect or fail to improve performance, our operations and financial results could be negatively affected.

Our hotels are geographically concentrated in a limited number of markets and, accordingly, we could be disproportionately harmed by adverse changes to these markets, natural disasters or terrorist attacks.

A significant portion of our room count is located in a concentrated number of markets that exposes us to greater risk to local economic or business conditions, changes in hotel supply in these markets, and other conditions than more geographically diversified hotel companies. As of December 31, 2020, hotels in New York City, Washington, D.C., Chicago, San Francisco, Boston, New Orleans, Florida and Hawaii represented approximately 70% of our room count, with our hotels in Florida, San Francisco and Hawaii alone each representing greater than 11% of our room count. An economic downturn, an increase in hotel supply, a force majeure event, a natural disaster, a terrorist attack or similar event in any one of these markets likely would cause a decline in the hotel market and adversely affect occupancy rates, the financial performance of our hotels in these markets and our overall results of operations, which could be material, and could significantly increase our costs.

If the insurance that we carry does not sufficiently cover damage or other potential losses or liabilities involving our properties, including as a result of terrorism, our profits could be reduced.

Because certain types of losses are uncertain, including natural disaster or other catastrophic losses, they may be uninsurable or prohibitively expensive. There are also other risks that may fall outside the general coverage terms and limits of our policies. Market forces beyond our control could limit the scope of the insurance coverage that we can obtain or may otherwise restrict our ability to buy insurance coverage at reasonable rates. In the event of a substantial loss, the insurance coverage that we carry may not be sufficient to pay the full value of our financial obligations, our liabilities or the replacement cost of any lost investment or property. Furthermore, certain of our properties may qualify as legally permissible nonconforming uses and improvements, including certain of our iconic and most profitable properties, and we may not be permitted to rebuild such properties as they exist now or at all, regardless of insurance proceeds, if such properties are destroyed. Any loss of this nature, whether insured or not, could materially adversely affect our results of operations and prospects.

In addition, we carry insurance to respond to both first-party and third-party liability losses related to terrorism under a program authorized by Congress following the September 11, 2001 terrorist attacks, which is set to expire in 2027. If the program is not extended or renewed upon its expiration in 2027, or if there are changes to the program that would negatively affect insurance carriers, premiums for terrorism insurance coverage will likely increase and/or the terms of such insurance may be materially amended to increase stated exclusions or to otherwise effectively decrease the scope of coverage available, perhaps to the point where it is effectively unavailable.

We have investments in joint venture projects, which limit our ability to manage third-party risks associated with these projects.

In certain cases, we are minority participants and do not control the decisions of the joint ventures in which we are involved. Consequently, actions by a co-venturer or other third-party outside of our control could expose us to claims for damages, financial penalties and reputational harm, any of which could adversely affect our business and operations. In addition, we may be unable to take action without the approval of our joint venture partners (including approving distributions even from joint ventures with positive cash flow), or our joint venture partners could take actions binding on the joint venture without our consent (including actions taken that are inconsistent with our business interest or goals). Moreover, we may agree to guarantee indebtedness incurred by a joint venture or co-venturer or provide standard indemnifications to lenders for loss liability or damage occurring as a result of our actions or actions of the joint venture or other co-venturers. Such a guarantee or indemnity may be on a joint and several basis with a co-venturer, in which case we may be liable in the event that our co-venturer defaults on its guarantee obligation. The non-performance of a co-venturer's obligations (including due to bankruptcy or inability of such party to meet their capital contribution or other financial obligations) may cause losses to us in excess of the capital we initially may have invested or committed.

In addition, preparing our financial statements requires us to have access to information regarding the results of operations, financial position and cash flows of our joint ventures. Any deficiencies in our joint ventures' internal controls over financial reporting may affect our ability to report our financial results accurately or prevent or detect fraud. Such deficiencies also could result in restatements of, or other adjustments to, our previously reported or announced operating results, which could diminish investor confidence and reduce the market price for our shares. Additionally, if our joint ventures are unable to provide this information for any meaningful period or fail to meet expected deadlines, we may be unable to satisfy our financial reporting obligations or timely file our periodic reports, which could have a material adverse impact on our business, growth or liquidity, including our ability to access external sources of capital and our cost of capital.

We depend on external sources of capital for future growth. Any disruption to our ability to access capital at times and on terms reasonably acceptable to us may affect adversely our business and results of operations.

Ownership of hotels is a capital-intensive business that requires significant capital expenditures to acquire, operate, maintain and renovate properties. To continue to qualify as a REIT, we are required to distribute to our stockholders at least 90% of our REIT taxable income (determined without regard to the deduction for dividends paid and excluding any net capital gain), including taxable income recognized for U.S. federal income tax purposes but with regard to which we do not receive cash. As a result, we must finance our growth, fund debt repayments and fund significant capital expenditures largely with external sources of capital. Our ability to access external capital could be hampered by a number of factors, including, but not limited to, macroeconomic changes, changes in market perceptions of our growth potential, fluctuations in the market price of our common stock, and changes in the terms of our indebtedness, any of which may be outside of our control, and which, individually or in combination, could prevent us from being able to obtain the external capital we require on terms that are acceptable to us, or at all, which could have a material adverse effect on our ability to finance our future growth, our cost of capital, our liquidity and our financial condition and results of operations.

We are subject to risks associated with the employment of hotel personnel, particularly with hotels that employ unionized labor, which could increase our operating costs, reduce the flexibility of our hotel managers to adjust the size of the workforce at our hotels and could materially and adversely affect our revenues and profitability.

While our hotel managers are generally responsible for hiring and maintaining the labor force at our hotels other than the Select Hotels, we are subject to the costs and risks generally associated with the hotel labor force, and increased labor costs due to factors like additional taxes or requirements to incur additional employee benefits costs may adversely impact our operating costs. Labor costs can be particularly challenging at those of our hotels with unionized labor, and additional hotels may be subject to new collective bargaining agreements in the future.

From time to time, strikes, lockouts, public demonstrations or other negative actions and publicity may disrupt hotel operations at any of our hotels, negatively impact our reputation or the reputation of our brands, or harm relationships with the labor forces at our hotels. We also may incur increased legal costs and indirect labor costs as a result of contract disputes or other events. Additionally, hotels where our hotel managers have collective bargaining agreements with employees are more highly affected by labor force activities than others. The resolution of labor disputes or new or re-negotiated labor contracts could lead to increased labor costs, either by increases in wages or benefits or by changes in work rules that raise hotel operating costs. Furthermore, labor agreements may limit the ability of our hotel managers to reduce the size of hotel workforces during an economic downturn because collective bargaining agreements are negotiated between the hotel managers and labor unions. Except with respect to the employees of the Select Hotels, we do not have the ability to control the outcome of these negotiations.

We could be materially and adversely affected if we are found to be in breach of a ground lease or are unable to renew a ground lease.

Unless we purchase a fee interest in the land and improvements subject to our ground leases or extend the terms of these leases before their expiration, we will lose our right to operate these properties and we will not have any economic interest in the land or improvements at the expiration of our ground leases; therefore, we generally will not share in any increase in value of the land or improvements beyond the term of a ground lease, notwithstanding our capital outlay to purchase our interest in the hotel or fund improvements thereon, and will lose our right to use the hotel. We can provide no assurances that we will be able to renew any ground lease upon its expiration at all or on favorable terms. In addition, if we are found to be in breach of certain of our third-party ground leases, we could lose the right to use the applicable hotel. Our ability to exercise any extension options relating to our ground leases is subject to the condition that we are not in default under the terms of the ground lease at the time that we exercise such options. Additionally, if a governmental authority seizes a hotel subject to a ground lease under its eminent domain power, we may only be entitled to a portion of any compensation awarded for the seizure. If we were to lose the right to use a hotel, we would be unable to derive income from such hotel, which could adversely affect us.

Risks Related to Our Industry

We operate in a highly competitive industry.

The lodging industry is highly competitive. Our principal competitors are other owners and investors in upper upscale, full-service hotels, including other lodging REITs, as well as major hospitality chains with well-established and recognized brands. Our hotels face competition for individual guests, group reservations and conference business. We also compete against smaller hotel chains and independent and local hotel owners and operators. We also face competition from peer-to-peer inventory sources that allow

travelers to stay at homes and apartments booked from owners. New hotels may be constructed, and these additions create new competitors, in some cases without corresponding increases in demand for hotel rooms. Our competitors may have greater commercial, financial and marketing resources and more efficient technology platforms, which could allow them to improve their properties and expand and improve their marketing efforts in ways that could affect our ability to compete for guests effectively and adversely affect our revenues and profitability as well as limit or slow our future growth.

The lodging industry is subject to seasonal volatility, which is expected to contribute to fluctuations in our financial condition and results of operations.

The lodging industry is typically seasonal in nature. The periods during which our properties experience higher revenues vary from property to property, depending principally upon location and the customer base served. This seasonality can be expected to cause periodic fluctuations in a hotel's rooms revenues, occupancy levels, room rates and operating expenses. We can provide no assurances that our cash flows will be sufficient to offset any shortfalls that occur as a result of these fluctuations. Consequently, volatility in our financial performance resulting from the seasonality of the lodging industry could adversely affect our financial condition and results of operations.

Governmental regulation may adversely affect the operation of our properties and our Company as a whole.

The hotel industry is subject to extensive U.S. federal, state and local governmental regulations, including those relating to the service of alcoholic beverages, the preparation and sale of food, building and zoning requirements and data protection, cybersecurity and privacy. We and our hotel managers are also subject to licensing and regulation by U.S. state and local departments relating to health, sanitation, fire and safety standards, and to laws governing our relationships with employees, including minimum wage requirements, overtime, working conditions and citizenship requirements. Our existing systems may be unable to satisfy changing regulatory requirements and employee and customer expectations, or may require significant additional investments or time to do so. We are also subject to certain environmental compliance costs, including associated air emissions, the use, storage and disposal of hazardous and toxic substances, and wastewater disposal. Our failure to comply with any such laws, including any required permits or licenses, or publicity resulting from actual or alleged compliance failures, could result in substantial fines or possible revocation of our authority to conduct some of our operations or otherwise have an adverse effect on our business.

Environmental laws may also impose potential liability on a current or former owner or operator of real property for, among other things, investigation, removal or remediation of hazardous or toxic substances at our currently or formerly owned or leased real property, regardless of whether or not we knew of, or caused, the presence or release of such substances. From time to time, we may be required to remediate such substances or remove, abate or manage asbestos, mold, radon gas, lead or other hazardous conditions at our properties. The presence or release of such toxic or hazardous substances at our currently or formerly owned or leased properties could result in limitations on or interruptions to our operations or in third-party claims for personal injury, property or natural resource damages, business interruption or other losses, including liens in favor of the government for costs the government incurs in cleaning up contamination. Such claims and the need to investigate, remediate or otherwise address hazardous, toxic or unsafe conditions could adversely affect our operations, the value of any affected real property, or our ability to sell, lease or assign our rights in any such property, or could otherwise harm our business or reputation. In addition, we also may be liable for the costs of remediating contamination at off-site waste disposal facilities to which we have arranged for the disposal, transportation or treatment of hazardous substances without regard to whether we complied with environmental laws in doing so. Environmental, health and safety requirements have also become, and may continue to become, increasingly stringent, and our costs may increase as a result. New or revised laws and regulations or new interpretations of existing laws and regulations, such as those related to climate change, could affect the operation of our properties or result in significant additional expense and operating restrictions on us or our hotel managers. In addition, unlike other REITs, our active management of the Select Hotels subjects us to potential environmental liabilities associated with that business, which liabilities could be material.

Further, failure of a property to comply with the ADA could result in injunctive relief, fines, an award of damages to private litigants or mandated capital expenditures to remedy such noncompliance. Any imposition of injunctive relief, fines, damage awards or capital expenditures could adversely impact our business or results of operations. If we fail to comply with the requirements of the ADA, we could be subject to fines, penalties, injunctive action, reputational harm and other business effects which could materially and negatively affect our performance and results of operations.

Risks Related to Our Indebtedness

Our indebtedness and other contractual obligations could adversely affect our financial condition, our ability to raise additional capital to fund our operations, our ability to operate our business, our ability to react to changes in the economy or our industry and our ability to pay our debts and could divert our cash flow from operations for debt payments.

Our outstanding debt and other contractual obligations could have important consequences, including requiring a substantial portion of cash flow from operations to be dedicated to debt service payments, thereby reducing our ability to use our cash flow to fund our operations, capital expenditures, distributions to stockholders and to pursue future business opportunities and limiting our flexibility in planning for, or reacting to, changes in our business or market conditions, increasing our vulnerability to adverse economic, industry or competitive developments and placing us at a competitive disadvantage compared to our competitors who may be better positioned to take advantage of opportunities that our leverage prevents us from exploiting.

Certain of our debt agreements impose significant operating and financial restrictions on us and our subsidiaries, which may prevent us from capitalizing on business opportunities or could result in foreclosure of our hotels.

The debt agreements and instruments that govern our outstanding indebtedness, including our senior unsecured credit facilities and senior secured notes, impose significant financial and operating restrictions on us, including covenants that may restrict our ability to implement our business plan, finance future operations, respond to changing business and economic conditions, secure additional financing, and engage in opportunistic transactions, such as strategic acquisitions, mergers or asset sales or transactions with affiliates. In addition, if we fail to satisfy the covenants contained in the credit facilities, our ability to borrow additional funds under the credit facilities may be restricted. Furthermore, the credit agreements that govern our senior unsecured credit facilities contain certain affirmative covenants that require us to be in compliance with certain leverage, liquidity and other financial ratios and the mortgage-backed loans of our subsidiaries also require them to maintain certain debt service coverage ratios and minimum net worth requirements. We cannot assure you that we will be able to comply with our financial or other covenants and, if we fail to do so, we may not be able to obtain waivers from the lenders and/or amend the covenants. Our failure to comply with the restrictive covenants described above, as well as other terms of our other indebtedness and/or the terms of any future indebtedness from time to time, could result in an event of default, which, if not cured or waived, could result in our being required to repay these borrowings before their due date. If we are forced to refinance these borrowings on less favorable terms or are unable to refinance these borrowings, our financial condition and results of operations could be adversely affected. If we are unable to refinance our debt on acceptable terms or at all, we may be forced to dispose of hotels at inopportune times or on disadvantageous terms, which could result in losses. To the extent we cannot meet our future debt service obligations, we will also risk losing to foreclosure some or all of our hotels that may be pledged to secure our obligation.

For tax purposes, a foreclosure of any of our hotels would be treated as a sale of the hotel for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the hotel, we would recognize taxable gain on foreclosure, but we would not receive any cash proceeds, which could impact our ability to meet the REIT distribution requirements imposed by the Code. In addition, we may give full or partial guarantees to lenders of mortgage debt on behalf of the entities that own our hotels. When we give a guarantee on behalf of an entity that owns one of our hotels, we will be responsible to the lender for satisfaction of the debt if it is not paid by such entity. If any of our hotels are foreclosed on due to a default, our ability to pay cash distributions to our stockholders will be limited.

We may be able to incur substantially more debt and enter into other transactions, which could further exacerbate the risks to our financial condition described above. The use of debt to finance future acquisitions could restrict operations, inhibit our ability to grow our business and revenues, and negatively affect our business and financial results.

We may be able to incur significant additional indebtedness in the future. We may also incur significant additional obligations, such as trade payables, without restrictions under our debt instruments. In addition, we may incur mortgage debt by obtaining loans secured by a portfolio of some or all of the hotels that we own or acquire. To the extent we incur additional debt, the substantial leverage risks described in the preceding two risk factors would increase.

We may be adversely affected by changes in LIBOR reporting practices, the method in which LIBOR is determined or the use of alternative reference rates.

As of December 31, 2020, we have $1.3 billion of debt outstanding that is indexed to the London Interbank Offered Rate ("LIBOR"). In July 2017, the United Kingdom regulator that regulates LIBOR announced its intention to phase out LIBOR rates by the end of 2021. At this time, no consensus exists as to what rate or rates may become accepted alternatives to USD-LIBOR or the exact time when LIBOR rates will cease to be published or supported, which may occur prior to the end of 2021. Once a published

USD-LIBOR rate is unavailable, the interest rates on our debt which is indexed to USD-LIBOR will be determined using various alternative methods, any of which may result in interest obligations which are more than or do not otherwise correlate over time with the payments that would have been made on such debt if USD-LIBOR was available in its current form. Further, the same costs and risks that may lead to the unavailability of USD-LIBOR may make one or more of the alternative methods impossible or impracticable to determine. The discontinuation of a benchmark rate or other financial metric, changes in a benchmark rate or other financial metric, or changes in market perceptions of the acceptability of a benchmark rate or other financial metric, including LIBOR, could, among other things result in increased interest payments, changes to our risk exposures, or require renegotiation of previous transactions. In addition, any such discontinuation or changes, whether actual or anticipated, could result in market volatility, adverse tax or accounting effects, increased compliance, legal and operational costs, and risks associated with contract negotiations.

Risks Related to the Spin-Off

We may be responsible for U.S. federal income tax liabilities that relate to the spin-off.

Hilton Parent received a ruling ("IRS Ruling") from the U.S Internal Revenue Service ("IRS") regarding certain U.S. federal income tax aspects of the spin-off. The IRS Ruling received is binding on the IRS, however, the validity of the IRS Ruling is based upon and subject to the accuracy of factual statements and representations made to the IRS by Hilton Parent. As a result of the IRS's ruling policy at the time of Hilton Parent's submission, with respect to transactions under Section 355 of the Code, the IRS Ruling is limited to specified aspects of the spin-off under Section 355 of the Code and does not represent a determination by the IRS that all of the requirements necessary to obtain tax-free treatment to holders of Hilton Parent's common stock and to Hilton have been satisfied. Moreover, if any statement or representation upon which the IRS Ruling is based is incorrect or untrue in any material respect, or if the facts upon which the IRS Ruling is based are materially different from the facts that prevailed at the time of the spin-off, the IRS Ruling could be invalidated.

If all or a portion of the spin-off does not qualify as a tax-free transaction for any reason, Hilton Parent may recognize a substantial gain for U.S. federal income tax purposes. In such case, under U.S. Treasury regulations, each member of the Hilton consolidated group at the time of the spin-off (including us) would be jointly and severally liable for the resulting entire amount of any U.S. federal income tax liability. Additionally, if the distribution of HGV Parent common stock and/or the distribution of Park Parent common stock do not qualify as tax-free under Section 355 of the Code, Hilton Parent stockholders will be treated as having received a taxable dividend to the extent of Hilton Parent's current and accumulated earnings and profits and then would have a tax-free basis recovery up to the amount of their tax basis in their shares and then would have taxable gain from the sale or exchange of the shares to the extent of any excess.

Even if the spin-off otherwise qualifies as a tax-free transaction for U.S. federal income tax purposes, the distribution would be taxable to us, Hilton Parent and HGV Parent (but not to Hilton Parent stockholders) pursuant to Section 355(e) of the Code if there were one or more acquisitions (including issuances) of our stock, the stock of HGV Parent or the stock of Hilton Parent, representing 50% or more, measured by vote or value, of the stock of any such corporation and the acquisition or acquisitions are deemed to be part of a plan or series of related transactions that include the distribution. The distribution occurred on January 3, 2017. Any acquisition of our common stock within the two-year period before or after January 3, 2017 (with exceptions, including public trading by less-than-5% stockholders and certain compensatory stock issuances) generally would be presumed to have been part of such a plan; however, that presumption is rebuttable. The resulting tax liability would be substantial, and under U.S. Treasury regulations, each member of the Hilton consolidated group at the time of the spin-off (including us) would be jointly and severally liable for the resulting U.S. federal income tax liability. We do not believe that there have been acquisitions of 50% or more of our stock pursuant to a plan that would cause the distribution to be taxable pursuant to Section 355(e) of the Code. This determination relies in part upon factual statements and representations by Hilton Parent, HGV Parent and certain of our shareholders. Also, the rules for determining whether our shares have been acquired pursuant to the requisite plan are not clear in all cases. Accordingly, the IRS or a court could disagree with our view.

Pursuant to the Tax Matters Agreement, we agreed to indemnify Hilton Parent and HGV Parent for any tax liabilities resulting from certain actions we take, or fail to take, and Hilton Parent and HGV Parent agreed to indemnify us for any tax liabilities resulting from transactions entered into by Hilton Parent or HGV Parent. For additional detail, see "Spin-off Related Agreements—Tax Matters Agreement."

We could be required to assume responsibility for obligations allocated to Hilton Parent or HGV Parent under the Distribution Agreement or Tax Matters Agreement or could have indemnification obligations under such agreements.

Under the Distribution Agreement and related ancillary agreements, from and after the spin-offs, each of Hilton Parent, Park Parent and HGV Parent are generally responsible for the debts, liabilities and other obligations related to the business or businesses

which they own and operate following the spin-off. Although we do not expect to be liable for any obligations that are not allocated to us under the Distribution Agreement, a court could disregard the allocation agreed to between the parties, and require that we assume responsibility for obligations allocated to Hilton Parent or HGV (for example, tax and/or environmental liabilities), particularly if Hilton Parent or HGV Parent were to refuse or were unable to pay or perform the allocated obligations. See "Spin-off Related Agreements—Distribution Agreement."

In addition, the Distribution Agreement and Tax Matters Agreement provide for cross-indemnities that, except as provided in such agreements, are principally designed to place financial responsibility for the obligations and liabilities of each business with the appropriate company. As well, losses in respect of certain shared contingent liabilities, which generally are not specifically attributable to our business, HGV business or the retained business of Hilton, were determined on the date on which the Distribution Agreement was entered into. The percentage of shared contingent liabilities for which we are responsible was fixed in a manner that is intended to approximate our estimated enterprise value on the distribution date relative to the estimated enterprise values of HGV and Hilton. Subject to certain limitations and exceptions, Hilton will generally be vested with the exclusive management and control of all matters pertaining to any such shared contingent liabilities, including the prosecution of any claim and the conduct of any defense. Any of the foregoing indemnification obligations or shared contingent liabilities could negatively affect our business, financial condition, results of operations and cash flows. See "Spin-off Related Agreements—Distribution Agreement" and "—Tax Matters Agreement."

In connection with the spin-offs, Hilton and HGV indemnified us for certain liabilities. These indemnities may not be sufficient to insure us against the full amount of the liabilities assumed by Hilton and HGV, and Hilton and HGV may be unable to satisfy their indemnification obligations to us in the future.

In connection with the spin-offs, each of Hilton and HGV indemnified us with respect to such parties' assumed or retained liabilities pursuant to the Distribution Agreement and breaches of the Distribution Agreement or other agreements related to the spin-offs. There can be no assurance that the indemnities from each of Hilton and HGV will be sufficient to protect us against the full amount of these and other liabilities. Third parties also could seek to hold us responsible for any of the liabilities that Hilton and HGV have agreed to assume. Even if we ultimately succeed in recovering from Hilton or HGV any amounts for which we are held liable, we may be temporarily required to bear those losses. Each of these risks could negatively affect our business, financial condition, results of operations and cash flows.

Risks Related to our REIT Status and Certain Other Tax Items

If we do not maintain our qualification as a REIT, we will be subject to tax as a C corporation and could face a substantial tax liability.

We have been taxed as a REIT for U.S. federal income tax purposes beginning January 4, 2017. 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. However, qualification as a REIT involves the interpretation and application of highly technical and complex Code provisions for which no or only a limited number of judicial or administrative interpretations may exist. Notwithstanding the availability of cure provisions in the Code, we could fail to meet various compliance requirements, which could jeopardize our REIT status. Furthermore, new tax legislation, administrative guidance or court decisions, in each instance potentially with retroactive effect, could make it more difficult or impossible for us to qualify as a REIT. If we fail to qualify as a REIT in any tax year, then:

- we would be taxed as a C corporation, which under current laws, among other things, means being unable to deduct dividends paid to stockholders in computing taxable income and being subject to U.S. federal income tax on our taxable income at corporate income tax rates;
- any resulting tax liability could be substantial and could have a material adverse effect on our value and financial condition;
- unless we were entitled to relief under applicable statutory provisions, we would be required to pay income taxes, and thus, our cash available for distribution to stockholders would be reduced for each of the years during which we did not qualify as a REIT; and
- we generally would not be eligible to requalify as a REIT for the subsequent four taxable years.

As a result of all these factors, our failure to qualify as a REIT could impair our ability to execute our business and growth strategies, as well as make it more difficult for us to raise capital and service our indebtedness. In addition, if we fail to qualify as a REIT, we will not be required to make distributions to stockholders, and all distributions to stockholders will be subject to tax to the extent of our current and accumulated earnings and profits.

Park would incur adverse tax consequences if Chesapeake or any of Park or Chesapeake's subsidiary REITs failed to qualify as a REIT for U.S. federal income tax purposes.

Park accepted that Chesapeake qualified as a REIT for U.S. federal income tax purposes prior to the Merger and that Park will be able to continue to qualify as a REIT following the Merger. However, if Chesapeake has failed to qualify as a REIT, Merger Sub would succeed to significant tax liabilities (including the significant tax liability that would result from the deemed sale of assets by Chesapeake pursuant to the Merger) the economic burden of which would be borne by PK Domestic and Park, and Park could possibly lose its REIT status should disqualifying activities continue after the Merger. Park's REIT status is also dependent upon the ongoing qualification of subsidiary entities qualifying as REITs or TRSs, as applicable, as a result of its substantial ownership interest in those entities.

We may face other tax liabilities that reduce our cash flows.

Even if we qualify for taxation as a REIT, we may be subject to certain U.S. federal, state and local taxes on our income and assets, including taxes on any undistributed income, built-in gain tax on the taxable sale of assets, tax on income from some activities conducted as a result of a foreclosure, and non-U.S. income, state or local income, property and transfer taxes. Moreover, if we have net income from "prohibited transactions," that income will be subject to a 100% tax. In addition, we could, in certain circumstances, be required to pay an excise or penalty tax (which could be significant in amount) in order to utilize one or more relief provisions under the Code to maintain our qualification as a REIT. We are subject to U.S. federal and state income tax (and any applicable non-U.S. taxes) on the income earned by our TRSs. Any of these taxes would decrease cash available for distributions to stockholders. Finally, we have operations and assets in Puerto Rico that are subject to tax. Any of these taxes decrease cash available for distribution to our stockholders.

Complying with REIT requirements may force us to borrow to make distributions to stockholders.

From time to time, our taxable income may be greater than our cash flow available for distribution to stockholders. If we do not have other funds available in these situations, we may be unable to distribute substantially all of our taxable income as required by the REIT provisions of the Code. In addition, we may be subject to limitations on the ability to use our net operating loss carryovers to offset taxable income that we do not distribute. Thus, we could be required to borrow funds, raise additional equity capital, sell a portion of our assets at disadvantageous prices, issue securities or find another alternative to make distributions to stockholders. These options could increase our costs or reduce our equity.

Our transactions with our TRSs may cause us to be subject to a 100% penalty tax on certain income or deductions if those transactions are not conducted on arm's-length terms.

The Code imposes a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm's-length basis. The 100% tax may apply, for example, to the extent that we were found to have charged our TRS lessees rent in excess of an arm's-length rent. It is our policy to evaluate material intercompany transactions and to attempt to set the terms of such transactions so as to achieve substantially the same result as would have been the case if they were unrelated parties. As a result, we believe that all material transactions between and among us and the entities in which we own a direct or indirect interest have been and will be negotiated and structured with the intention of achieving an arm's-length result and that the potential application of the 100% excise tax will not have a material effect on us. There can be no assurance, however, that we will be able to comply with the TRS limitation or to avoid application of the 100% excise tax.

If the leases of our hotels to our TRS lessees are not respected as true leases for U.S. federal income tax purposes, we will fail to qualify as a REIT.

To continue to qualify as a REIT, we must annually satisfy two gross income tests, under which specified percentages of our gross income must be derived from certain sources, such as "rents from real property." Rents paid to us by our TRS lessees pursuant to the leases of our hotels will constitute substantially all of our rents from real property gross income. In order for such rent to qualify as "rents from real property" for purposes of the gross income tests, the leases must be respected as true leases for U.S. federal income tax purposes and not be treated as service contracts, financing arrangements, joint ventures or some other type of arrangement. We have structured our leases, and intend to structure any future leases, so that the leases will be respected as true leases for U.S. federal income tax purposes, but there can be no assurance that the IRS will agree with this characterization, not challenge this treatment or that a court would not sustain such a challenge. If our leases are not respected as true leases for U.S. federal income tax purposes, we will fail to qualify as a REIT.

If any third-party hotel managers do not qualify as "eligible independent contractors" or if our hotels are not "qualified lodging facilities," we will fail to qualify as a REIT.

Rent paid by a lessee that is a "related party tenant" of ours will not be qualifying income for purposes of the two gross income tests applicable to REITs. An exception is provided, however, for leases of "qualified lodging facilities" to a TRS so long as the hotels are operated by an "eligible independent contractor" and certain other requirements are satisfied. Substantially all of our hotels are leased to our TRS lessees which have engaged third-party hotel managers (including Hilton, which manages a majority of our hotels) that we believe qualify as "eligible independent contractors." Among other requirements, an operator will qualify as an eligible independent contractor if it meets certain ownership tests with respect to us, and if, at the time the operator enters into a property management contract with a TRS or its TRS lessee with respect to one of our properties, the operator is actively engaged in the trade or business of operating "qualified lodging facilities" (as defined below) for one or more persons not related to the REIT or its TRSs. No assurances can be provided that any of our current and future hotel managers will in fact comply with this requirement. Failure to comply with this requirement would require us to find other hotel managers for future contracts, and, if we hired a management company without knowledge of the failure, it could jeopardize our status as a REIT.

Finally, each property with respect to which our TRS lessees pay rent must be a "qualified lodging facility." A "qualified lodging facility" is a hotel, motel, or other establishment more than one-half of the dwelling units in which are used on a transient basis, including customary amenities and facilities, provided that no wagering activities are conducted at or in connection with such facility by any person who is engaged in the business of accepting wagers and who is legally authorized to engage in such business at or in connection with such facility. We believe that the properties that are leased to our TRS lessees are qualified lodging facilities. Although we intend to monitor future acquisitions and improvements of properties, REIT provisions of the Code provide no or only limited guidance for making determinations under the requirements for qualified lodging facilities, and there can be no assurance that these requirements will be satisfied.

Even if we continue to qualify to be a REIT, we could be subject to tax on any recognized net built-in gains in our assets held before electing to be treated as a REIT.

We own appreciated assets that were held by Hilton, a C corporation, and were acquired by us in the spin-off from Hilton Parent in a transaction in which the adjusted tax basis of the assets in our hands was determined by reference to the adjusted basis of the assets in the hands of Hilton. If we dispose of any such appreciated assets during the five-year period following the effective date of our REIT election (January 4, 2017), we will be subject to tax at the highest corporate tax rates on the lesser of (i) the amount of gain that we recognize at the time of the sale or disposition; and (ii) the amount of gain that we would have recognized if we had sold the assets at the time that we acquired them (i.e., the effective date of our REIT election) (such gain referred to as "built-in gains"). We would be subject to this tax liability even if we maintain our status as a REIT. The amount of tax could be significant. We may choose not to sell appreciated assets we might otherwise sell during the five-year period in which the built-in gain tax applies to avoid the built-in gain tax. If we sell such assets in a taxable transaction, the amount of corporate tax that we will pay will vary depending on the actual amount of net built-in gain in those assets as of the time we became a REIT. The same rules would apply to any assets we acquire in the future from a C corporation in a carryover basis transaction with built-in gain at the time of the acquisition by us.

Risks Related to Ownership of Our Common Stock

Anti-takeover provisions in our organizational documents and Delaware law might discourage or delay acquisition attempts for us that stockholders might consider favorable.

Our amended and restated certificate of incorporation and bylaws contains provisions that may make the merger or acquisition of our company more difficult without the approval of our board of directors. Among other things, the provisions:

- include a restriction on ownership and transfer of our stock to prevent any person from acquiring more than 9.8% (in value or by number of shares, whichever is more restrictive) of our outstanding common stock or more than 9.8% (in value or by number of shares, whichever is more restrictive) of any outstanding class or series of our preferred stock without the approval of our board of directors (the "Ownership Limitation");

- would allow us to authorize the issuance of undesignated preferred stock in connection with a stockholder rights plan or otherwise, the terms of which may be established and the shares of which may be issued without stockholder approval, and which may include super voting, special approval, dividend, or other rights or preferences superior to the rights of the

holders of common stock (although we do not have a stockholder rights plan, and our policy is to either submit any such plan to stockholders for ratification or cause such plan to expire within a year);

- provide that our board of directors is expressly authorized to make, alter or repeal our bylaws; and

- establish advance notice requirements for nominations for elections to our board or for proposing matters that can be acted upon by stockholders at stockholder meetings.

These anti-takeover provisions could discourage, delay or prevent a transaction involving a change in control of our company, including actions that our stockholders may deem advantageous, or negatively affect the trading price of our common stock. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire.

The stock ownership limits imposed by the Code for REITs and our amended and restated certificate of incorporation restrict stock transfers and/or business combination opportunities.

In order for us to maintain our qualification as a REIT under the Code, not more than 50% in value of our outstanding stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) at any time during the last half of each taxable year. Our amended and restated certificate of incorporation also contains other limitations, including the Ownership Limitation, and prohibits any person from: (1) beneficially or constructively owning, as determined by applying certain attribution rules of the Code, our stock if that would result in us being "closely held" under Section 856(h) of the Code or otherwise cause us to fail to qualify as a REIT; (2) beneficially or constructively owning shares of our stock that would cause any person, including Hilton Parent, to fail to qualify as our eligible independent contractor; (3) transferring stock if such transfer would result in our stock being owned by fewer than 100 persons; and (4) beneficially owning shares of our stock to the extent such ownership would result in our failing to qualify as a "domestically controlled qualified investment entity" within the meaning of Section 897(h) of the Code. In addition, there can be no assurances that our board, as permitted in the charter, will not decrease the Ownership Limitation to lower than 9.8% in the future. These stock ownership limits, including the Ownership Limitation, might delay or prevent a transaction or a change in our control that might involve a premium price for our common stock or otherwise be in the best interests of our stockholders.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our Properties

The following table provides a list of our portfolio as of February 26, 2021:

Location	Type[1]	Ownership Percentage	Rooms
Arizona			
Embassy Suites Phoenix Airport	GL	100%	182
California			
Hilton San Francisco Union Square	FS	100%	1,921
Hilton San Diego Bayfront	JV, GL	25%	1,190
Parc 55 San Francisco - a Hilton Hotel	FS	100%	1,024
DoubleTree Hotel San Jose	FS	100%	505
DoubleTree Hotel Ontario Airport	FS	67%	482
Hyatt Regency Mission Bay Spa and Marina	GL	100%	438
Hilton La Jolla Torrey Pines	JV, GL	25%	394
Hilton Santa Barbara Beachfront Resort	FS	50%	360
Hilton Oakland Airport	GL	100%	360
Le Meridien San Francisco	FS	100%	360
JW Marriott San Francisco Union Square	GL	100%	344
Hyatt Centric Fisherman's Wharf	FS	100%	316
DoubleTree Hotel San Diego – Mission Valley	GL	100%	300
DoubleTree Hotel Sonoma Wine Country	GL	100%	245
Juniper Hotel Cupertino, Curio Collection	FS	100%	224
Hotel Indigo San Diego Gaslamp Quarter	FS	100%	210
Hilton Checkers Los Angeles	FS	100%	193
Hotel Adagio - Autograph Collection	FS	100%	171
Hilton Garden Inn LAX/El Segundo	FS	100%	162
Colorado			
Hilton Denver City Center	FS[2]	100%	613
DoubleTree Hotel Durango	GL	100%	159
District of Columbia			
Capital Hilton	JV, FS	25%	550
Courtyard Washington Capitol Hill / Navy Yard	FS	100%	204
Florida			
Hilton Orlando	JV, FS	20%	1,424
Hilton Orlando Bonnet Creek	FS	100%	1,009
Hilton Orlando Lake Buena Vista	GL	100%	814
Hilton Miami Airport	FS	100%	508
Waldorf Astoria Orlando	FS	100%	502
Royal Palm South Beach Miami - a Tribute Portfolio Resort	FS	100%	393
Casa Marina, A Waldorf Astoria Resort	FS	100%	311
The Reach Key West, Curio Collection	FS	100%	150
Hawaii			
Hilton Hawaiian Village Waikiki Beach Resort	FS[2]	100%	2,860
Hilton Waikoloa Village	FS[2]	100%	647

Location	Type[1]	Ownership Percentage	Rooms
Illinois			
Hilton Chicago	FS	100%	1,544
W Chicago - Lakeshore	FS	100%	520
W Chicago - City Center	FS	100%	403
Hilton Chicago/Oak Brook Suites	FS	100%	211
Hilton Garden Inn Chicago/Oak Brook Terrace	FS	100%	128
Louisiana			
Hilton New Orleans Riverside	FS[2]	100%	1,622
W New Orleans - French Quarter	FS	100%	97
Massachusetts			
Hilton Boston Logan Airport	GL	100%	604
Hyatt Regency Boston	FS	100%	502
Boston Marriott Newton	FS	100%	430
Missouri			
Embassy Suites Kansas City Plaza	GL	100%	266
Nevada			
DoubleTree Hotel Las Vegas Airport	JV, FS[2]	50%	190
New Jersey			
Hilton Short Hills	FS	100%	314
Embassy Suites Secaucus Meadowlands	JV, GL	50%	261
New York			
New York Hilton Midtown	FS[2]	100%	1,878
Puerto Rico			
Caribe Hilton	FS[2]	100%	652
Tennessee			
Hampton Inn & Suites Memphis – Shady Grove	FS	100%	131
Texas			
Embassy Suites Austin Downtown South Congress	GL	100%	262
Utah			
Hilton Salt Lake City Center	GL	100%	499
Virginia			
DoubleTree Hotel Washington DC - Crystal City	FS	100%	627
Hilton McLean Tysons Corner	FS	100%	458
Embassy Suites Alexandria Old Town	JV, FS[2]	50%	288
Washington			
DoubleTree Hotel Seattle Airport	GL	100%	850
Hilton Seattle Airport & Conference Center	GL	100%	396
DoubleTree Hotel Spokane City Center	FS	10%	375
Homewood Suites Seattle Convention Center Pike Street	FS	100%	195
Total			**33,228**

(1) "FS" refers to fee simple ownership interest; "GL" refers to ground lease; "JV" refers to unconsolidated joint venture.

(2) Certain portions of land or facilities are subject to lease.

Item 3. 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.

Additionally, the Distribution Agreement and Tax Matters Agreement provide for cross-indemnities that, except as otherwise provided in the Distribution Agreement and Tax Matters Agreement, are principally designed to place financial responsibility for the obligations and liabilities of Hilton, Hilton Grand Vacations and the Company with the appropriate company. See "Spin-off Related Agreements – Distribution Agreement" and "– Tax Matters Agreement" and Note 15: "Commitments and Contingencies" in our audited consolidated financial statements included elsewhere within this Annual Report on Form 10-K for additional information.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our common stock began "regular way" trading on the NYSE under the symbol "PK" on January 4, 2017.

Shareholder Information

At February 19, 2021, we had 13 holders of record of our common stock. However, because our common stock is held by brokers and other institutions on behalf of stockholders, we believe there are substantially more beneficial holders of our common stock than record holders.

In order to comply with certain requirements related to our qualification as a REIT, subject to certain exceptions, our amended and restated certificate of incorporation provides that no person may own, or be deemed to own by virtue of the attribution provisions of the Code, more than 9.8% (in value or by number of shares, whichever is more restrictive) of our outstanding common stock or more than 9.8% (in value or by number of shares, whichever is more restrictive) of any outstanding class or series of our preferred stock.

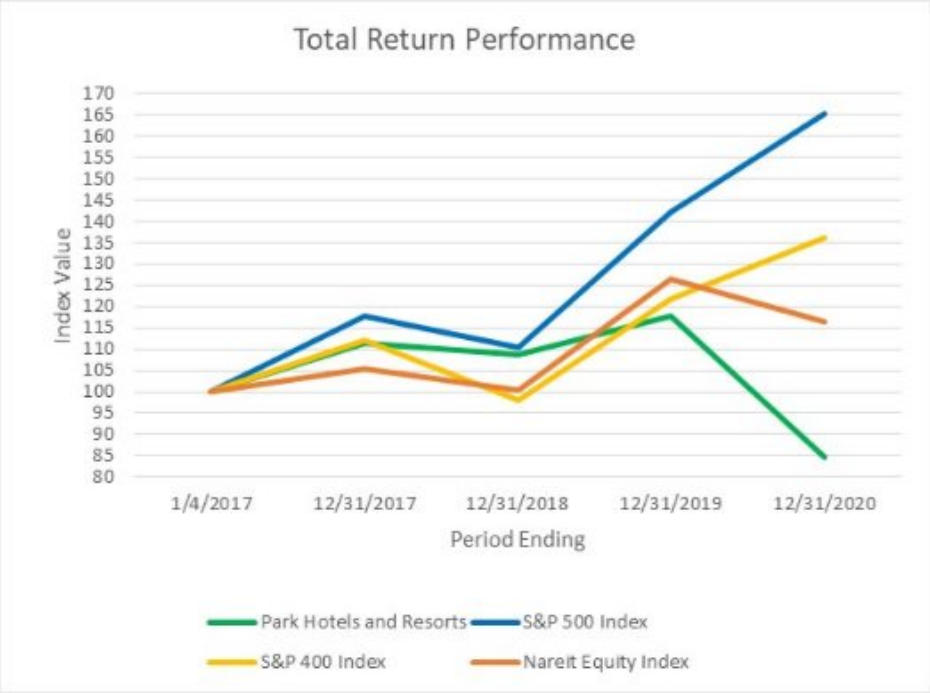
Distribution Information

In order to maintain our qualification for taxation as a REIT, we intend to distribute annually at least 90% of our REIT taxable income (determined without regard to the deduction for dividends paid and excluding any net capital gain). To avoid paying tax on our income, we intend to make distributions of all, or substantially all, of our REIT taxable income (including net capital gains) to our stockholders. Prior to the COVID-19 pandemic, we regularly declared quarterly cash dividends. However, as a precautionary measure in light of COVID-19, after the payment of the first quarter 2020 dividend, we suspended our quarterly dividend.

Our future distributions will be at the sole discretion of our board of directors. When determining the amount of future distributions, we expect that our board of directors will consider, among other factors, (1) the amount required to be distributed to maintain our status as a REIT, (2) the amount of cash generated from our operating activities, (3) our expectations of future cash flows, (4) our determination of near-term cash needs for debt repayments, existing or future share repurchases, and selective acquisitions of new properties, (5) the timing of significant capital investments and expenditures and the establishment of any cash reserves, (6) our ability to continue to access additional sources of capital, (7) any limitations on our distributions contained in our debt agreements, (8) the sufficiency of legally available assets, and (9) the restrictions on dividends under the indentures for the 2025 Senior Secured Notes and 2028 Senior Secured Notes.

Share Performance Graph

The following graph compares our cumulative total stockholder return since January 4, 2017 (the day our stock began "regular way" trading on the NYSE) against the cumulative total returns of the National Association of Real Estate Investment Trust ("Nareit") Equity Index, the Standard and Poor's MidCap 400 Index ("S&P 400 Index") and the Standard and Poor's Corporation Composite 500 Index ("S&P 500 Index"). The graph assumes an initial investment of $100 in our common stock and each of the indexes on January 4, 2017, and that all dividends and other distributions were reinvested. We have historically presented the stock performance graph by comparing our cumulative total shareholder return against the cumulative total return of the S&P 500 Index and the Nareit Equity Index. We have decided to change from the S&P 500 Index to the S&P 400 Index as management believes the S&P 400 Index is more comparable to us which is demonstrated by the fact that we became a part of the S&P 400 Index in September 2019, with 2020 being the first full year that we were a part of the S&P 400 Index. Beginning with our Annual Report on Form 10-K for 2021, we will only present the cumulative total return of the S&P 400 Index and the Nareit Equity Index.



	1/4/2017	12/31/2017	12/31/2018	12/31/2019	12/31/2020
Park Hotels and Resorts Inc.	$ 100.00	$ 111.56	$ 108.81	$ 117.89	$ 84.45
S&P 500 Index	100.00	117.74	110.40	142.28	165.41
S&P 400 Index	100.00	112.07	98.07	121.65	136.02
Nareit Equity Index	100.00	105.23	100.36	126.45	116.34

This performance graph shall not be deemed "filed" for the purposes of Section 18 of the Exchange Act, or incorporated by reference into any filing by us under the Securities Act, except as shall be expressly set forth by specific reference in such filing.

Unregistered Sales of Equity Securities

We did not sell any equity securities during the fiscal year ended December 31, 2020 that were not registered under the Securities Act of 1933, as amended.

Use of Proceeds from Registered Securities

We did not receive any proceeds from registered securities during the fiscal year ended December 31, 2020.

Purchases of Equity Securities by the Issuer and Affiliate Purchasers

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
October 1, 2020 through October 31, 2020	67	$ 10.59	—	$ 234
November 1, 2020 through November 30, 2020	21	$ 10.48	—	$ 234
December 1, 2020 through December 31, 2020	—	$ —	—	$ 234
	4,649,715		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.

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, and we do not currently anticipate renewing the stock repurchase program. Stock repurchases, if any, would be made through open market purchases, including through Rule 10b5-1 trading programs, in privately negotiated transactions, or in such other manner that would comply with applicable securities laws. The timing of stock repurchases and the number of shares to be repurchased will depend upon prevailing market conditions and other factors, and we may suspend the repurchase program at any time. During the year ended December 31, 2020, we repurchased 4.6 million shares of our common stock for a total purchase price of $66 million. As of December 31, 2020, approximately $234 million remained available for stock repurchases. However, our credit facility and term loan amendments entered into during 2020 impose restrictions surrounding our ability to repurchase stock until certain financial ratio metrics are achieved.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the accompanying consolidated financial statements, related notes included thereto and Item 1A., "Risk Factors," appearing elsewhere in this Annual Report on Form 10-K. For the discussion and analysis of our 2018 financial condition and results of operations compared to 2019, refer to Item 7., "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the year ended December 31, 2019.

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 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 14: "Geographic and Business Segment Information" in our audited consolidated financial statements included elsewhere within this Annual Report on Form 10-K for additional information regarding our operating segments.

Basis of Presentation

The 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"). Refer to Note 2: "Basis of Presentation and Summary of Significant Accounting Policies" in our audited consolidated financial statements included elsewhere within this Annual Report on Form 10-K for additional information.

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 and continue to have 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 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 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 and quarterly 2020 pro-forma metrics, which exclude results from property dispositions and include results from property acquisitions, as compared to the same periods 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
October	(43.4)	(61.6)	(84.5)	23.3
November	(41.5)	(61.8)	(86.0)	19.5
December	(30.0)	(57.8)	(83.2)	18.3
Q4	(38.8)	(60.4)	(84.5)	20.4

We believe that imposed or re-imposed government restrictions and the economic contraction associated with COVID-19 will continue to significantly affect our business. We believe demand will remain significantly reduced as long as mandatory travel restrictions, "social distancing," and cost-saving measures, such as the postponing or cancelling of non-essential business travel, remain in place. However, the announcements of COVID-19 vaccines in November 2020 and the reports of their initial effectiveness appear to have resulted in an improvement in traveler and general consumer sentiment. Although we were able to recommence operations at reduced capacity at most of our previously suspended hotels by the end of 2020, there remains considerable uncertainty as to both the time it will take to see travel and demand for lodging and travel-related experiences to increase and the long-term impacts on consumer attitudes to travel. We cannot predict whether our reopened hotels will be forced to suspend operations again or decrease capacity in the future. We believe that the distribution of COVID-19 vaccines will eventually ease government regulation and decrease the number of COVID-19 cases, resulting in an improvement in business and other consumer preferences for travel. Due to the effects of COVID-19, during the year ended December 31, 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 at least the first-half of 2021.

We and our hotel managers have taken various actions to mitigate the effect of COVID-19 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, reducing 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 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 5.875% 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. Additionally, we reduced budgeted 2021 capital expenditures to approximately $40 million.

Since originally suspending operations, we have commenced the phased reopening of 28 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 February 26, 2021 is as follows:

Status	Number of Hotels	Total Rooms
Consolidated Open	43	20,338
Consolidated Suspended	10	8,593
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 the remaining 10 suspended hotels by the end of the second 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 contraction 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 over the last 6 months, these metrics remain significantly below levels prior to the COVID-19 pandemic. The exact impact, magnitude and duration of the economic contraction 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 contraction, to be dictated by, among other things, its duration, the success of efforts to contain it, efficacy, availability and deployment of vaccinations and other treatments to combat COVID-19 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 2021. 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 "Item 1A. Risk Factors" included in this Annual Report on Form 10-K.

Principal Components of and Factors Affecting Our Results of Operations

Revenues

Revenues from our hotels are primarily derived from two categories of customers: transient and group, which historically have accounted for approximately two thirds and one third, respectively, of our rooms revenue. Transient guests are individual travelers who are traveling for business or leisure. Group guests are traveling for group events that reserve rooms for meetings, conferences or social functions sponsored by associations, corporate, social, military, educational, religious or other organizations. Group business usually includes a block of room accommodations, as well as other ancillary services, such as meeting facilities, catering and banquet services. A majority of our food and beverage sales and other ancillary services are provided to customers who also are occupying rooms at our hotels. As a result, occupancy affects all components of revenues from our hotels. Due to the effects of COVID-19, we have experienced a greater shift to transient business as a result of the cancellation or postponement of business conferences and other group events.

Principal Components

Rooms. Represents the sale of room rentals at our hotels and accounts for a substantial majority of our total revenue.

Food and beverage. Represents revenue from group functions, which may include both banquet revenue and audio and visual revenue, as well as revenue from outlets such as restaurants and lounges at our hotels.

Ancillary hotel. Represents revenue for guest services provided at our hotels, including parking, telecommunications, golf course and spa. Also includes tenant leases and other rental revenue.

Other. Primarily related to support services we provide to Hilton Grand Vacations ("HGV") timeshare properties that have a presence within or adjacent to certain of our hotels, which include cost reimbursements for the costs of providing housekeeping, landscaping, general maintenance and other services plus a fee representing a percentage of cost reimbursements. Also included, revenue from our laundry business prior to permanent suspension of operations in 2020.

Factors Affecting our Revenues

Consumer demand. Consumer demand for our products and services is closely linked to the performance of the general economy and is sensitive to business and personal discretionary spending levels. Leading indicators of demand include gross domestic product, non-residential fixed investment and the consumer price index. Declines in consumer demand due to adverse general economic conditions, reductions in travel patterns, lower consumer confidence, outbreaks of pandemic or contagious diseases, and adverse political conditions can lower the revenues and profitability of our hotels. Further, competition for guests and the supply of services at our hotels affect our ability to sustain or increase rates charged to customers at our hotels. As a result, changes in consumer demand and general business cycles have historically subjected and could in the future subject our revenues to significant volatility. In addition, leisure travelers currently make up the majority of our transient demand. Therefore, we will be significantly more affected by trends in leisure travel than trends in business travel.

Supply. New room supply is an important factor that can affect the lodging industry's performance. Room rates and occupancy, and thus RevPAR, tend to increase when demand growth exceeds supply growth. The addition of new competitive hotels and resorts affects the ability of existing hotels and resorts to sustain or grow RevPAR, and thus profits. New development is determined largely by construction costs, the availability of financing and expected performance of existing hotels and resorts.

Expenses

Principal Components

Rooms. These costs include housekeeping, reservation systems, room supplies, laundry services at our hotels and front desk costs.

Food and beverage. These costs primarily include food, beverage and the associated labor and will correlate closely with food and beverage revenues.

Other departmental and support. These costs include labor and other costs associated with other ancillary revenue, such as parking, telecommunications, golf course and spa, as well as labor and other costs associated with administrative departments, sales and marketing, repairs and minor maintenance and utility costs. Additionally, these costs include franchise fees and are generally

computed as a percentage of rooms revenues. Refer to Item 1: "Business – Our Principal Agreements," included elsewhere in this Annual Report on Form 10-K for additional information on franchise fees.

Other property-level. These costs consist primarily of real and personal property taxes, other local taxes, ground rent, equipment rent and property insurance.

Management fees. Base management fees are computed as a percentage of gross revenue. Incentive management fees generally are paid if specified financial performance targets are achieved. Refer to Item 1: "Business – Our Principal Agreements," included elsewhere in this Annual Report on Form 10-K for additional information.

Impairment loss and casualty (gain) loss, net. Impairment losses are non-cash expenses that are recognized when circumstances indicate that the carrying value of a long-lived asset is not recoverable. An impairment loss is recognized for the excess of the carrying value over the fair value of the asset. Casualty losses are expenses that represent losses incurred resulting from property damage or destruction caused by any sudden, unexpected or unusual event such as a hurricane. Casualty gains are insurance proceeds for property damage claims that are in excess of any associated impairment loss recognized and clean-up and recovery costs incurred, less any insurance deductible.

Depreciation and amortization. These are non-cash expenses that primarily consist of depreciation of fixed assets such as buildings, furniture, fixtures and equipment at our hotels, as well as amortization of finite lived intangible assets.

Corporate general & administrative. These costs include general and administrative expenses, including costs associated with the potential disposition of hotels. General and administrative expenses consist primarily of compensation expense for our corporate staff and personnel supporting our business, professional fees, travel and entertainment expenses, and office administrative and related expenses.

Acquisition costs. These costs include expenses associated with our hotel acquisitions.

Other. These costs include costs to provide support services to certain HGV timeshare properties and expenses for our laundry business.

Factors Affecting our Costs and Expenses

Variable expenses. Expenses associated with our room expense and food and beverage expense are mainly affected by occupancy and correlate closely with their respective revenues. These expenses can increase based on increases in salaries and wages, as well as on the level of service and amenities that are provided. Additionally, food and beverage expense is affected by the mix of business between banquet, catering and outlet sales.

Fixed expenses. Many of the other expenses associated with our hotels are relatively fixed. These expenses include 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, any resulting decline in our revenues can have a greater adverse effect on our net cash flow, margins and profits. This effect can be especially pronounced during periods of economic contraction or slow economic growth. The effectiveness of any cost-cutting efforts is limited by the amount of fixed costs inherent in our business. As a result, we may not be able to successfully offset revenue reductions through cost cutting. The individuals employed at certain of our hotels are party to collective bargaining agreements with our hotel managers that may also limit the manager's ability to make timely staffing or labor changes in response to declining revenues. In addition, any efforts to reduce costs, or to defer or cancel capital improvements, could adversely affect the economic value of our hotels. We have taken steps to reduce our fixed costs to levels we believe are appropriate to maximize profitability and respond to market conditions without jeopardizing the overall customer experience or the value of our hotels.

Changes in depreciation and amortization expense. Changes in depreciation expense are due to renovations of existing hotels, acquisition or development of new hotels, the disposition of existing hotels through sale or closure or changes in estimates of the useful lives of our assets. As we place new assets into service, we will be required to recognize additional depreciation expense on those assets.

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 and ADR 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 year ended December 31, 2020 as compared to the year ended December 31, 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;
- Impairment losses and casualty gains or 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:

	Year Ended December 31,	
	2020	2019
	(in millions)	
Net (loss) income	$ (1,444)	$ 316
Depreciation and amortization expense	298	264
Interest income	(2)	(6)
Interest expense	213	140
Income tax (benefit) expense	(6)	35
Interest expense, income tax and depreciation and amortization included in equity in earnings from investments in affiliates	16	23
EBITDA	(925)	772
Gain on sales of assets, net	(62)	(19)
Gain on sale of investments in affiliates[1]	(1)	(44)
Acquisition costs	10	70
Severance expense	33	2
Share-based compensation expense	20	16
Impairment loss and casualty (gain), net	696	(18)
Other items[2]	35	7
Adjusted EBITDA	(194)	786
Less: Adjusted EBITDA from investments in affiliates	3	(37)
Add: All other[3]	44	53
Hotel Adjusted EBITDA	$ (147)	$ 802

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

(2) For the years ended December 31, 2020 and 2019, includes a $12 million and $7 million reserve, respectively, related to ongoing claims in connection with our obligation to indemnify Hilton under the spin-off agreements. Refer to Note 15: "Commitments and Contingencies" in our audited consolidated financial statements included elsewhere within this Annual Report on Form 10-K for additional information.

(3) 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 (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:

	Year Ended December 31,	
	2020	2019
	(in millions)	
Net (loss) income attributable to stockholders	$ (1,440)	$ 306
Depreciation and amortization expense	298	264
Depreciation and amortization expense attributable to noncontrolling interests	(4)	(4)
Gain on sales of assets, net	(62)	(19)
Gain on sale of investments in affiliates[1]	(1)	(44)
Impairment loss	697	—
Equity investment adjustments:		
Equity in losses (earnings) from investments in affiliates	22	(14)
Pro rata FFO of investments in affiliates	(10)	31
Nareit FFO attributable to stockholders	(500)	520
Casualty gain, net	(1)	(18)
Acquisition costs	10	70
Severance expense	33	2
Share-based compensation expense	20	16
Other items[2]	49	23
Adjusted FFO attributable to stockholders	$ (389)	$ 613
Nareit FFO per share - Diluted[3]	$ (2.12)	$ 2.44
Adjusted FFO per share - Diluted[3]	$ (1.65)	$ 2.88

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

(2) Includes $37 million and $15 million of tax expense associated with hotels sold during 2020 and 2019, respectively.

(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 discussed 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 year ended December 31, 2019 are not included in our consolidated results.
- *Property Dispositions:* Since January 1, 2019, we disposed of ten consolidated hotels, including two hotels acquired in the Merger that were subsequently sold. As a result of these dispositions, our revenues and operating expenses decreased for the year ended December 31, 2020 as compared to the same period 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 contraction 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 year ended December 31, 2020 will not be comparable to the same period in 2019.

Hotel Revenues and Operating Expenses

	Year Ended December 31,					
	2020	2019	Change	Change from Property Acquisitions	Change from Property Dispositions	Change from Other Factors[1]
Rooms revenue	$ 526	$ 1,764	$ (1,238)	$ (2)	$ (71)	$ (1,165)
Food and beverage revenue	189	743	(554)	(8)	(23)	(523)
Ancillary hotel revenue	108	260	(152)	8	(4)	(156)
Rooms expense	193	467	(274)	10	(14)	(270)
Food and beverage expense	173	518	(345)	1	(15)	(331)
Other departmental and support expense	359	638	(279)	31	(29)	(281)
Other property-level expense	258	219	39	31	(12)	20
Management fees expense	30	139	(109)	(1)	(5)	(103)

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

Other revenue and Other expense

During the year ended December 31, 2020, we permanently closed operations at all three of our laundry facilities resulting in a decrease in both laundry revenue and laundry expense. The decreases in support services revenue and expense are due to reductions in expenses as well as lower cost reimbursements as a result of operations being suspended at most hotels that have a service arrangement with Hilton Grand Vacations ("HGV").

	Year ended December 31,		
	2020	2019	Percent Change
	(in millions)		
Support services revenue	$ 27	$ 66	(59.1)
Laundry revenue	2	11	(81.8)%
Total other revenue	$ 29	$ 77	(62.3)%

	Year Ended December 31,		
	2020	2019	Percent Change
	(in millions)		
Support services expense	$ 26	$ 62	(58.1)%
Laundry expense	10	16	(37.5)
Total other expense	$ 36	$ 78	(53.8)%

Corporate general and administrative

	Year Ended December 31,		
	2020	2019	Percent Change
	(in millions)		
General and administrative expenses	$ 40	$ 43	(7.0)%
Share-based compensation expense	20	16	25.0
Disposition costs	1	2	(50.0)
Severance expense	2	1	100.0
Total corporate general and administrative	$ 63	$ 62	1.6%

Acquisition costs

During the year ended December 31, 2020, we incurred $10 million of acquisition costs, primarily as a result of $9 million of transfer tax in connection with the Merger with Chesapeake based on new information received during the year. Acquisition costs of $70 million for the year ended December 31, 2019 related to costs incurred in connection with the Merger.

Impairment loss and casualty (gain) loss, net

During the year ended December 31, 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.

During the year ended December 31, 2019, we recognized a net gain of $18 million within *impairment loss and casualty (gain) loss, net* in our consolidated statements of comprehensive (loss) income, which included a gain of $27 million for amounts recovered from insurance in excess of the insurance receivable and a loss of $9 million relating to property damage at certain of our hotels.

Gain on sales of assets, net

During the year ended December 31, 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, Dispositions and Assets Held for Sale” in our audited consolidated financial statements included elsewhere within this Annual Report on Form 10-K for additional information.

During the year ended December 31, 2019, we recognized a net gain of $19 million as a result of the sale of seven of our consolidated hotels.

Non-operating Income and Expenses

Interest expense

	Year ended December 31,		
	2020	2019	Percent Change
	(in millions)		
SF and HHV CMBS Loans[1]	$ 85	$ 85	—%
Mortgage Loans	22	13	69.2%
2016 Term Loan[2]	15	29	(48.3)%
2019 Term Facility[3]	20	8	150.0%
Revolver	19	—	NM[4]
2025 Senior Secured Notes	29	—	NM[4]
2028 Senior Secured Notes	12	—	NM[4]
Other	11	5	120.0%
Total interest expense	$ 213	$ 140	52.1%

(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) 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.

(3) In August 2019, the Company, our Operating Company 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.

(4) Percentage change is not meaningful.

Interest expense increased in 2020 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.

Our current debt outstanding is approximately $5.1 billion at a weighted average interest rate of 4.6%, of which approximately 79% is fixed-rate debt, refer to Item 7A: "Interest Rate Risk" and Note 7 "Debt" in our audited consolidated financial statements included elsewhere within this Annual Report on Form 10-K for additional information.

Equity in (losses) earnings from investments in affiliates

The decrease in equity in earnings from investments in affiliates in 2020 compared to the same period in 2019 was primarily due to the effects of COVID-19.

Other (loss) gain, net

During the year ended December 31, 2020, we recognized a net loss of $15 million, which is primarily due to an additional $12 million reserve related to ongoing claims in connection with our obligation to indemnify Hilton under the spin-off agreements. Refer to Note 15: "Commitments and Contingencies" in our audited consolidated financial statements included elsewhere within this Annual Report on Form 10-K for additional information. The net gain of $45 million during December 31, 2019 primarily included a $7 million reserve related to these claims offset by a net gain of $44 million due to the sale of our ownership interest in the Conrad Dublin.

Income tax benefit (expense)

	Year Ended December 31,		
	2020	2019	Percent Change
	(in millions)		
Income tax benefit (expense)	$ 6	$ (35)	NM(1)

(1) Percentage change is not meaningful.

Income tax expense for the year ended December 31, 2020 includes $37 million of income tax expense associated with sales of hotels sold during the period, partially offset by a TRS income tax benefit of $24 million from utilizing the NOL carryback provisions of the CARES Act. Additionally, the year ended December 31, 2020 includes $22 million of a net tax benefit from the derecognition of deferred tax liabilities. Refer to Note 10: "Income Taxes" in our audited consolidated financial statements included elsewhere within this Annual Report on Form 10-K for additional information.

Income tax expense for the year ended December 31, 2019 includes $15 million of income tax expense associated with the sales of hotels in 2019 and $9 million of income tax primarily associated with our taxable REIT subsidiaries.

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 December 31, 2020, we had total cash and cash equivalents of $951 million and $30 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 flows through the first-half of 2021 to be significantly lower than prior to COVID-19. We have taken several steps to preserve capital and increase liquidity, including drawing $1 billion from our Revolver in March 2020 (which we subsequently partially repaid), 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 reductions in budgeted capital expenditures to approximately $40 million for 2021. 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 an average monthly burn rate of $42 million, 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 33 months of liquidity available to meet our financial obligations. This estimate does not take into account planned capital expenditures (which are expected to be approximately $40 million for 2021) or any possible alternative sources of revenue that may arise, any hotel property dispositions or payment of future cash dividends, if any. The estimated burn rate amount does not take into account 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 audited consolidated financial statements included elsewhere within this Annual Report on Form 10-K 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, 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 debt agreements.

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, and we do not currently anticipate renewing the stock repurchase program. Stock repurchases, if any, would be made through open market purchases, including through Rule 10b5-1 trading programs, in privately negotiated transactions, or in such other manner that would comply with applicable securities laws. The timing of stock repurchases and the number of shares to be repurchased will depend upon prevailing market conditions and other factors, and we may suspend the repurchase program at any time. During the year ended December 31, 2020, we repurchased 4.6 million shares of our common stock for a total purchase price of $66 million. As of December 31, 2020, approximately $234 million remained available for stock repurchases. 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:

	Year Ended December 31,		
	2020	2019	Percent Change
	(in millions)		
Net cash (used in) provided by operating activities	$ (438)	$ 499	NM(1)
Net cash provided by (used in) investing activities	119	(635)	NM(1)
Net cash provided by financing activities	914	97	NM(1)

(1) Percentage change is not meaningful.

Operating Activities

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

The $937 million decrease in net cash provided by operating activities for the year ended December 31, 2020 compared to the year ended December 31, 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 $52 million.

Investing Activities

The $119 million in net cash provided by investing activities for the year ended December 31, 2020 was primarily attributable to $207 million in net proceeds received from the sale of hotels, partially offset by $86 million in capital expenditures.

The $635 million in net cash used in investing activities for the year ended December 31, 2019 was primarily attributable to the $914 million used in the acquisition of Chesapeake and $240 million used for capital expenditures for property and equipment at our hotels, partially offset by $480 million in net proceeds received from the sale of hotels.

Financing Activities

The $914 million in net cash provided by financing activities for the year ended December 31, 2020 was 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 4.6 million shares of our common stock for $66 million.

The $97 million in net cash provided by financing activities for the year ended December 31, 2019 was primarily attributable to borrowings of $850 million from the 2019 Term Facility entered into in September 2019 to fund the Merger, partially offset by the repayment of $232 million of outstanding debt and $494 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.

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 December 31, 2020, our total indebtedness was approximately $5.1 billion, including approximately $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 audited consolidated financial statements included elsewhere within this Annual Report on Form 10-K for additional information.

Contractual Obligations

The following table summarizes our significant contractual obligations as of December 31, 2020:

	Payments Due by Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
			(in millions)		
Debt[1][2]	$ 6,288	$ 375	$ 1,838	$ 1,624	$ 2,451
Operating leases[3]	472	30	53	48	341
Total contractual obligations	$ 6,760	$ 405	$ 1,891	$ 1,672	$ 2,792

(1) Assumes the exercise of all extensions that are exercisable solely at our option. The $60 million mortgage loan for Hilton Denver City Center matures 2042 but is callable by the lender beginning August 2022. In December 2020, our joint venture executed a forbearance agreement for the $12 million loan secured by the Doubletree Spokane in which the lender agreed to forbear exercising its rights and remedies arising from the joint venture's non-payment of the loan at maturity due to market conditions until October 6, 2021.

(2) Includes principal, as well as estimated interest payments. For our variable-rate debt not subject to a LIBOR floor, we have assumed a constant 30-day LIBOR rate of 0.14% as of December 31, 2020.

(3) Only includes our future minimum lease payments, refer to Note 9: "Leases" in our audited consolidated financial statements included elsewhere within this Annual Report on Form 10-K for additional information.

Off-Balance Sheet Arrangements

Our off-balance sheet arrangements as of December 31, 2020 included construction contract commitments of approximately $10 million for capital expenditures at our properties. Our contracts contain clauses that allow us to cancel all or some portion of the work. If cancellation of a contract occurred, our commitment would be any costs incurred up to the cancellation date, in addition to any costs associated with the discharge of the contract.

Critical Accounting Policies and Estimates

The preparation of our financial statements in accordance with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of our financial statements, the reported amounts of revenues and expenses during the reporting periods and the related disclosures in our historical consolidated financial statements and accompanying footnotes. We believe that of our significant accounting policies, which are described in Note 2: "Basis of Presentation and Summary of Significant Accounting Policies" in our audited consolidated financial statements included elsewhere within this Annual Report on Form 10-K, the following accounting policies are critical because they involve a higher degree of judgment, and the estimates required to be made were based on assumptions that are inherently uncertain. As a result, these accounting policies could materially affect our financial position, results of operations and related disclosures. On an ongoing basis, we evaluate these estimates and judgments based on historical experiences and various other factors that are believed to reflect the current circumstances. While we believe our estimates, assumptions and judgments are reasonable, they are based on information presently available. Actual results may differ significantly from these estimates due to changes in judgments, assumptions and conditions as a result of unforeseen events or otherwise, which could have a material effect on our financial position or results of operations.

Acquisitions

We evaluate each of our acquisitions to determine if it is as an asset acquisition or a business combination. An asset acquisition occurs when substantially all the fair value of an acquisition is concentrated in a single identifiable asset or a group of similar identifiable assets. In an acquisition of assets, the total cash consideration, including transaction costs is allocated to the individual assets acquired and liabilities assumed, respectively, on a relative fair value basis. In a business combination, the assets acquired and liabilities assumed are measured at fair value. We evaluate several factors, including market data for similar assets, expected future cash flows discounted at risk-adjusted rates and replacement cost for the assets to determine an appropriate fair value of the assets. Changes to these factors could affect the measurement of assets and liabilities.

Impairment of Long-Lived Assets with Finite Lives

We evaluate the carrying value of our property and equipment and intangible assets with finite lives by comparing the expected undiscounted future cash flows to the net book value of the assets if we determine there are indicators of potential impairment. If it is determined that the expected undiscounted future cash flows are less than the net book value of the assets, the excess of the net book value over the estimated fair value is recorded in our consolidated statements of comprehensive (loss) income as an impairment loss.

As part of the process described above, we exercise judgment to:

- determine if there are indicators of impairment present. Factors we consider when making this determination include assessing the overall effect of trends in the hospitality industry and the general economy, historical experience, capital costs and other asset-specific information;
- determine the projected undiscounted future cash flows when indicators of impairment are present. Judgment is required when developing projections of future revenues and expenses based on estimated growth rates over the expected hold period of the asset group. These estimated growth rates are based on historical operating results, as well as various internal projections and external sources; and
- determine the asset fair value when required. In determining the fair value, we often use internally-developed discounted cash flow models. Assumptions used in the discounted cash flow models include estimating cash flows, which may require us to adjust for specific market conditions, as well as capitalization rates, which are based on location, property or asset type, market-specific dynamics and overall economic performance. The discount rate takes into account our weighted average cost of capital according to our capital structure and other market specific considerations.

Changes in estimates and assumptions used in our impairment testing of property and equipment and intangible assets with finite lives could result in future impairment losses, which could be material.

We did not identify any additional property and equipment or intangible assets with finite lives with indicators of impairment for which an additional 10% change in our estimates of undiscounted future cash flows or other significant assumptions would result in material impairment losses.

Investments in Affiliates

We evaluate our investments in affiliates for impairment when there are indicators that the fair value of our investment may be less than our carrying value. We record an impairment loss when we determine there has been an "other-than-temporary" decline in the investment's fair value. If an identified event or change in circumstances requires an evaluation to determine if the value of an investment may have an other-than-temporary decline, we assess the fair value of the investment based on the accepted valuation methods, which include discounted cash flows, estimates of sales proceeds and external appraisals. If an investment's fair value is below its carrying value and the decline is considered to be other-than-temporary, we will recognize an impairment loss in *equity in (losses) earnings from investments in affiliates* for equity method investments in our consolidated statements of comprehensive (loss) income.

Our investments in affiliates consist primarily of our interests in entities that own or lease properties. As such, the factors we consider when determining if there are indicators of potential impairment are similar to property and equipment discussed above. If there are indicators of potential impairment, we estimate the fair value of our equity method and cost method investments by internally developed discounted cash flow models. The principal factors used in our discounted cash flow models that require judgment are the same as the items discussed in property and equipment above.

Changes in estimates and assumptions used in our impairment testing of investments in affiliates could result in future impairment losses, which could be material.

We did not identify any investments in affiliates with indicators of impairment for which a 10% change in our estimates of future cash flows or other significant assumptions would result in material impairment losses.

Income Taxes

We recognize deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax basis of assets and liabilities using currently enacted tax rates. In relation to our deferred tax liabilities, to the extent we dispose of hotels we owned as of the date of spin-off within a five-year period in a taxable sale, we would be subject to income tax on any gain on sale, to the extent the gain existed as of the date of the spin-off ("built-in-gain"). Each period we are required to assess our intent and ability to hold or dispose of hotels that had built-in-gains as of the spin-off, as well as the fair value of those hotels relative to the fair value at the spin-off. Changes in these assumptions could result in an increase or decrease in our deferred tax liabilities associated with built-in-gains.

We use a prescribed more-likely-than-not recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return if there is uncertainty in income taxes recognized in the financial statements. Assumptions and estimates are used to determine the more-likely-than-not designation. Changes to these assumptions and estimates can lead to an additional income tax expense (benefit), which can materially change our consolidated financial statements.

Consolidations

We use judgment when evaluating whether we have a controlling financial interest in an entity, including the assessment of the importance of rights and privileges of the partners based on voting rights, as well as financial interests in an entity that are not controllable through voting interests. If the entity is considered to be a variable interest entity ("VIE"), we use judgment determining whether we are the primary beneficiary, and then consolidate those VIEs for which we have determined we are the primary beneficiary. If the entity in which we hold an interest does not meet the definition of a VIE, we evaluate whether we have a controlling financial interest through our voting interest in the entity. Changes to judgments used in evaluating our partnerships and other investments could materially affect our consolidated financial statements.

Item 7A. 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.

Interest Rate Risk

We are exposed to interest rate risk on our variable-rate debt. Interest rates on our variable-rate debt discussed below are based on one-month LIBOR, so we are most vulnerable to changes in this rate.

The following table sets forth the contractual maturities and the total fair values as of December 31, 2020 for our financial instruments that are materially affected by interest rate risk:

	Maturities by Period							
	2021	2022	2023	2024	2025	Thereafter	Carrying Value	Fair Value
	(in millions, excluding average interest rate)							
Liabilities:								
Fixed-rate debt (1)	$ 21	$ 69	$ 827	$ 232	$ 657	$ 2,275	$ 4,081	$ 4,058
Average interest rate	3.95%	4.82%	4.13%	4.51%	7.46%	4.73%	5.03%	
Variable-rate debt	$ 126	$ —	$ 504	$ 445	$ —	$ —	$ 1,075	$ 1,061
Average interest rate	3.05%	—%	3.25%	2.90%	—%	—%	3.08%	

(1) Excludes finance lease obligations with a carrying value of $1 million as of December 31, 2020.

Refer to Note 7: “Debt” in our audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K for additional information.

Item 8. Financial Statements and Supplementary Data.

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Management's Report on Internal Control Over Financial Reporting

Management of Park Hotels & Resorts Inc. (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Company's management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets of the Company that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2020. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework (2013). Based on this assessment, management determined that the Company maintained effective internal control over financial reporting as of December 31, 2020.

Ernst & Young LLP, the independent registered public accounting firm that has audited the consolidated financial statements included in this Annual Report on Form 10-K, has issued an attestation report on the Company's internal control over financial reporting as of December 31, 2020. The report is included herein.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of Park Hotels & Resorts Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Park Hotels & Resorts Inc. (the Company) as of December 31, 2020 and 2019, the related consolidated statements of comprehensive (loss) income, cash flows, and equity for each of the three years in the period ended December 31, 2020, and the related notes and financial statement schedule listed in the Index at Item 15 (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 26, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Valuation of Property and Equipment

Description of the Matter

At December 31, 2020, the Company's property and equipment, net balance was $9,193 million and the Company recognized impairment charges totaling $90 million on property and equipment during the year ended December 31, 2020. As discussed in Note 2 of the consolidated financial statements, property and equipment is evaluated for recoverability based on expected future cash flows if there are indicators of potential impairment.

Auditing management's assessment of potential impairment of property and equipment was complex and highly judgmental due to the significant estimation required in determining the estimated hold period, expected future cash flows, discount rate and/or capitalization rates for the properties subject to a recoverability test and/or a fair value measurement. In particular, the expected future cash flows are based on assumptions, including the projections of revenues and expenses based on estimated growth rates that are forward looking, could be affected by future economic and market conditions, and sensitive to discount rate and/or capitalization rate changes.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's review process over impairment testing of property and equipment, including controls over management's review of the significant assumptions described above.

Our testing of the Company's impairment assessment included, among other procedures, evaluating the significant assumptions and testing the completeness and accuracy of the underlying data used by the Company to develop the expected future cash flows, if applicable, for their properties. We compared the significant assumptions used by management to current industry and economic trends, changes to the Company's strategy and other relevant factors. For example, we compared estimates of future income growth, discount rates and capitalization rates used in the discounted cash flow models to market data. We assessed the historical accuracy of management's estimates and performed sensitivity analyses of significant assumptions to evaluate changes in the expected undiscounted future cash flows and fair value of the properties that would result from changes in the assumptions. We held discussions with management about the current status of potential transactions and about management's judgments to understand the probability of future events that could affect the hold period and other cash flow assumptions for the properties. We searched for and evaluated information that corroborates and/or contradicts the Company's assumptions. Lastly, we involved a valuation specialist to assist in the evaluation of the methodologies used, assumptions underlying the fair value measurement and recalculation of the fair value measurement.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2016.

Tysons, Virginia
February 26, 2021

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Park Hotels & Resorts Inc.

Opinion on Internal Control over Financial Reporting

We have audited Park Hotels & Resorts Inc.'s internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Park Hotels & Resorts Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2020 and 2019, the related consolidated statements of comprehensive (loss) income, cash flows, and equity for each of the three years in the period ended December 31, 2020, and the related notes and financial statement schedule listed in the Index at Item 15 and our report dated February 26, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Tysons, Virginia
February 26, 2021

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

	December 31, 2020	December 31, 2019
ASSETS		
Property and equipment, net	$ 9,193	$ 9,594
Assets held for sale, net	—	71
Investments in affiliates	14	35
Goodwill	—	607
Intangibles, net	45	46
Cash and cash equivalents	951	346
Restricted cash	30	40
Accounts receivable, net of allowance for doubtful accounts of $3 and $2	26	180
Prepaid expenses	39	83
Other assets	60	40
Operating lease right-of-use assets	229	248
TOTAL ASSETS (variable interest entities - $229 and $242)	$ 10,587	$ 11,290
LIABILITIES AND EQUITY		
Liabilities		
Debt	$ 5,121	$ 3,871
Accounts payable and accrued expenses	147	217
Due to hotel managers	88	159
Deferred income tax liabilities	10	50
Other liabilities	134	282
Operating lease liabilities	244	260
Total liabilities (variable interest entities - $213 and $219)	5,744	4,839
Commitments and contingencies - refer to Note 15		
Stockholders' Equity		
Common stock, par value $0.01 per share, 6,000,000,000 shares authorized, 236,217,344 shares issued and 235,915,749 shares outstanding as of December 31, 2020 and 239,589,639 shares issued and 239,386,877 shares outstanding as of December 31, 2019	2	2
Additional paid-in capital	4,519	4,575
Retained earnings	376	1,922
Accumulated other comprehensive loss	(4)	(3)
Total stockholders' equity	4,893	6,496
Noncontrolling interests	(50)	(45)
Total equity	4,843	6,451
TOTAL LIABILITIES AND EQUITY	$ 10,587	$ 11,290

Refer to the notes to the consolidated financial statements.

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

	Year Ended December 31,		
	2020	**2019**	**2018**
Revenues			
Rooms	$ 526	$ 1,764	$ 1,710
Food and beverage	189	743	713
Ancillary hotel	108	260	242
Other	29	77	72
Total revenues	852	2,844	2,737
Operating expenses			
Rooms	193	467	449
Food and beverage	173	518	495
Other departmental and support	359	638	627
Other property-level	258	219	207
Management fees	30	139	137
Impairment loss and casualty (gain) loss, net	696	(18)	(1)
Depreciation and amortization	298	264	277
Corporate general and administrative	63	62	65
Acquisition costs	10	70	—
Other	36	78	73
Total expenses	2,116	2,437	2,329
Gain on sales of assets, net	62	19	96
Operating (loss) income	(1,202)	426	504
Interest income	2	6	6
Interest expense	(213)	(140)	(127)
Equity in (losses) earnings from investments in affiliates	(22)	14	18
Other (loss) gain, net	(15)	45	99
(Loss) Income before income taxes	(1,450)	351	500
Income tax benefit (expense)	6	(35)	(23)
Net (loss) income	(1,444)	316	477
Net loss (income) attributable to noncontrolling interests	4	(10)	(5)
Net (loss) income attributable to stockholders	$ (1,440)	$ 306	$ 472
Other comprehensive (loss) income, net of tax expense:			
Currency translation adjustment, net of tax expense of $0, $4 and $0	$ 4	$ 3	$ 39
Change in fair value of interest rate swap, net of tax expense of $0	(5)	$ —	$ —
Total other comprehensive (loss) income	(1)	3	39
Comprehensive (loss) income	(1,445)	319	516
Comprehensive loss (income) attributable to noncontrolling interests	4	(10)	(5)
Comprehensive (loss) income attributable to stockholders	$ (1,441)	$ 309	$ 511
(Loss) Earnings per share:			
(Loss) Earnings per share - Basic	$ (6.11)	$ 1.44	$ 2.32
(Loss) Earnings per share - Diluted	$ (6.11)	$ 1.44	$ 2.31
Weighted average shares outstanding - Basic	236	212	203
Weighted average shares outstanding - Diluted	236	213	204

Refer to the notes to the consolidated financial statements.

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

	Year Ended December 31,		
	2020	**2019**	**2018**
Operating Activities:			
Net (loss) income	$ (1,444)	$ 316	$ 477
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:			
Depreciation and amortization	298	264	277
Gain on sales of assets, net	(62)	(19)	(96)
Impairment loss and casualty (gain) loss, net	696	(18)	(1)
Equity in losses (earnings) from investments in affiliates	22	(14)	(18)
Other loss (gain), net	15	(45)	(99)
Share-based compensation expense	20	16	16
Amortization of deferred financing costs	9	5	4
Distributions from unconsolidated affiliates	5	22	18
Deferred income taxes	(30)	5	(20)
Changes in operating assets and liabilities:			
Accounts receivable, net	152	(3)	(27)
Prepaid expenses	44	6	(34)
Other assets	(22)	(20)	(34)
Accounts payable and accrued expenses	(51)	(28)	(21)
Due to hotel manager	(71)	7	(4)
Other liabilities	(21)	10	14
Other	2	(5)	(8)
Net cash (used in) provided by operating activities	(438)	499	444
Investing Activities:			
Acquisitions, net of cash and restricted cash acquired	—	(914)	(10)
Capital expenditures for property and equipment	(86)	(240)	(178)
Proceeds from asset dispositions, net	207	429	369
Proceeds from the sale of investments in affiliates, net	1	51	150
Insurance proceeds for property damage claims	1	39	88
Contributions to unconsolidated affiliates	(4)	—	—
Net cash provided by (used in) investing activities	119	(635)	419
Financing Activities:			
Proceeds from issuance of Senior Secured Notes	1,376	—	—
Borrowings from credit facilities	1,000	850	—
Repayments of credit facilities	(1,099)	(232)	—
Repayments of mortgage debt	(6)	—	—
Debt issuance costs	(39)	(11)	—
Dividends paid	(241)	(494)	(464)
Distributions to noncontrolling interests, net	(1)	(9)	(2)
Tax withholdings on share-based compensation	(10)	(7)	(2)
Repurchase of common stock	(66)	—	(348)
Net cash provided by (used in) financing activities	914	97	(816)
Effect of exchange rate changes on cash and cash equivalents and restricted cash	—	—	(1)
Net increase (decrease) in cash and cash equivalents and restricted cash	595	(39)	46
Cash and cash equivalents and restricted cash, beginning of period	386	425	379
Cash and cash equivalents and restricted cash, end of period	$ 981	$ 386	$ 425

For supplemental disclosures, refer to Note 16: “Supplemental Disclosures of Cash Flow Information”

Refer to the notes to the consolidated financial statements.

PARK HOTELS & RESORTS INC.
CONSOLIDATED STATEMENTS OF EQUITY
(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, 2017	215	$ 2	$ 3,825	$ 2,229	$ (45)	$ (49)	$ 5,962
Share-based compensation, net	—	—	14	—	—	—	14
Net income	—	—	—	472	—	5	477
Other comprehensive income	—	—	—	—	39	—	39
Dividends and dividend equivalents[1]	—	—	—	(556)	—	—	(556)
Repurchase of common stock	(14)	—	(250)	(98)	—	—	(348)
Distributions to noncontrolling interests	—	—	—	—	—	(2)	(2)
Balance as of December 31, 2018	201	2	3,589	2,047	(6)	(46)	5,586
Issuance of common stock	38	—	978	—	—	—	978
Share-based compensation, net	—	—	8	—	—	—	8
Net income	—	—	—	306	—	10	316
Other comprehensive income	—	—	—	—	3	—	3
Dividends and dividend equivalents[1]	—	—	—	(423)	—	—	(423)
Distributions to noncontrolling interests	—	—	—	—	—	(9)	(9)
Cumulative effect of change in accounting principle	—	—	—	(8)	—	—	(8)
Balance as of December 31, 2019	239	2	4,575	1,922	(3)	(45)	6,451
Share-based compensation, net	1	—	10	—	—	—	10
Net loss	—	—	—	(1,440)	—	(4)	(1,444)
Other comprehensive loss	—	—	—	—	(1)	—	(1)
Dividends and dividend equivalents[1]	—	—	—	(106)	—	—	(106)
Repurchase of common stock	(4)	—	(66)	—	—	—	(66)
Distributions to noncontrolling interests	—	—	—	—	—	(1)	(1)
Balance as of December 31, 2020	236	$ 2	$ 4,519	$ 376	$ (4)	$ (50)	$ 4,843

(1) Dividends declared per common share were $1.99, $1.90 and $0.45 for the years ended December 31, 2018, December 31, 2019, and December 31, 2020, respectively. Additional special cash dividends totaling $0.75 per common share were declared for the year ended December 31, 2018.

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

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 a real estate investment trust ("REIT") for United States ("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. 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 and continue to have 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. The announcements of the COVID-19 vaccines in November 2020 and the reports of their initial effectiveness appear to have resulted in an improvement in traveler and general consumer sentiment. However, we expect that COVID-19 will continue to negatively affect our operating results for at least the first-half 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 revolving credit facility ("Revolver"). We have since commenced a phased reopening of 28 of our hotels as restrictions are removed and demand returns. The timing of fully reopening these hotels and reopening our hotels that still remain closed 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 consolidated financial statements include the accounts of the Company, our wholly owned subsidiaries and entities in which we have a controlling financial interest, including variable interest entities ("VIEs") where we are the primary beneficiary. The 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"). All significant intercompany transactions and balances within these consolidated financial statements have been eliminated.

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.

Reclassifications

Certain line items on the consolidated statements of comprehensive (loss) income and the consolidated statements of cash flows for the years ended December 31, 2019 and 2018 have been reclassified to conform to the current period presentation.

Summary of Significant Accounting Policies

Property and Equipment

Property and equipment are recorded at cost, and interest applicable to major construction or development projects is capitalized. Costs of improvements that extend the economic life or improve service potential are also capitalized. Capitalized costs are depreciated over their estimated useful lives. Costs for normal repairs and maintenance are expensed as incurred.

Depreciation is recorded using the straight-line method over the assets' estimated useful lives, which are generally as follows: buildings and improvements (8 to 40 years); furniture and equipment (3 to 8 years); and computer equipment and acquired software (3 years). Leasehold improvements are depreciated over the shorter of the estimated useful life, based on the estimates above, or the lease term.

We evaluate the carrying value of our property and equipment if there are indicators of potential impairment. We perform an analysis to determine the recoverability of the asset's carrying value by comparing the expected undiscounted future cash flows to the net book value of the asset. If it is determined that the expected undiscounted future cash flows are less than the net book value of the asset, the excess of the net book value over the estimated fair value is recorded in our consolidated statements of comprehensive (loss) income within impairment losses. Fair value is generally estimated using valuation techniques that consider the discounted cash flows of the asset using discount and capitalization rates deemed reasonable for the type of asset, as well as prevailing market conditions, appraisals, recent similar transactions in the market and, if appropriate and available, current estimated net sales proceeds from pending offers.

If sufficient information exists to reasonably estimate the fair value of a conditional asset retirement obligation, including environmental remediation liabilities, we recognize the fair value of the obligation when the obligation is incurred, which is generally upon acquisition, construction or development and/or through the normal operation of the asset.

Assets Held for Sale

We classify a property as held for sale when we commit to a plan to sell the asset, the sale of the asset is probable within one year, and it is unlikely that action to complete the sale will change or that the sale will be withdrawn. When we determine that classification of an asset as held for sale is appropriate, we cease recording depreciation for the asset and value the property at the lower of depreciated cost or fair value, less costs to dispose. Further, the related assets and liabilities of the held for sale property will be classified as assets held for sale in our consolidated balance sheets. Any gains on sales of properties are recognized at the time of sale or deferred and recognized in *net income (loss)* in subsequent periods as any relevant conditions requiring deferral are satisfied.

Investments in Affiliates

The consolidated financial statements include entities in which we have a controlling financial interest, including VIEs where we are the primary beneficiary. The determination of a controlling financial interest is based upon the terms of the governing agreements of the respective entities, including the evaluation of rights held by other interests. If the entity is considered to be a VIE, we determine whether we are the primary beneficiary, and then consolidate those VIEs for which we have determined we are the primary beneficiary. If the entity in which we hold an interest does not meet the definition of a VIE, we evaluate whether we have a controlling financial interest through our voting interests in the entity. We consolidate entities when we own more than 50 percent of the voting shares of a company or otherwise have a controlling financial interest. References in these financial statements to *net income (loss) attributable to stockholders* do not include non-controlling interests, which represent the outside ownership interests of our consolidated, non-wholly owned entities and are reported separately.

We hold investments in affiliates that primarily own or lease hotels. Investments in affiliates over which we exercise significant influence, but lack a controlling financial interest, are accounted for using the equity method. We account for investments using the equity method when we have the ability to exercise significant influence over the entity, typically through a more than minimal investment.

Our proportionate share of earnings (losses) from our equity method investments is presented as *equity in (losses) earnings from investments in affiliates* in our consolidated statements of comprehensive (loss) income. Distributions from investments in affiliates are presented as an operating activity in our consolidated statements of cash flows when such distributions are a return on investment. Distributions from investments in affiliates are recorded as an investing activity in our consolidated statements of cash flows when such distributions are a return of investment.

We assess the recoverability of our equity method investments if there are indicators of potential impairment. If an identified event or change in circumstances requires an evaluation to determine if an investment may have an other-than-temporary impairment, we assess the fair value of the investment based on accepted valuation methodologies, which include discounted cash flows, estimates of sales proceeds and external appraisals. If an investment's fair value is below its carrying value and the decline is considered to be other-than-temporary, we will recognize an impairment loss in *equity in (losses) earnings from investments in affiliates* in our consolidated statements of comprehensive (loss) income.

Non-controlling Interests

We present the portion of any equity that we do not own in entities that we have a controlling financial interest (and thus consolidate) as non-controlling interests and classify those interests as a component of total equity, separate from total stockholders' equity, on our consolidated balance sheets. For consolidated joint ventures with pro rata distribution allocations, net income or loss is allocated between the joint venture partners based on their respective stated ownership percentages. In addition, we include net income (loss) attributable to the noncontrolling interest in *net (loss) income* in our consolidated statements of comprehensive (loss) income.

Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. We do not amortize goodwill, but rather evaluate goodwill for potential impairment on an annual basis or at other times during the year if events or circumstances indicate that the carrying amount may not be recoverable. 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 had two reporting units, consolidated and unconsolidated hotels, to which goodwill has been allocated. Certain of the entities that are included in our consolidated financial statements were consolidated subsidiaries of our Parent at the time of its predecessor's merger with an affiliate of The Blackstone Group L.P. ("Blackstone Merger"). Our Parent allocated goodwill to us based on the relative fair value of our properties compared to that of Parent's ownership segment as of the date of the Blackstone Merger. We reviewed the carrying value of goodwill by comparing the carrying value of a reporting unit to its fair value, as determined by us. The valuation was based on internal projections of expected future cash flows and operating plans, as well as market conditions relative to the operations of our reporting unit. 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 included within *impairment loss and casualty (gain) loss, net* in our consolidated statements of comprehensive (loss) income.

Intangible Assets

Intangible assets with finite useful lives primarily include an air rights contract. The air rights contract value is based on the present value of the difference between the contractual rental amounts and the market rental rates for similar contracts, measured over a period equal to the remaining non-cancellable term of the contract. Intangible assets are amortized using the straight-line method over the remaining term of the contract.

We review all finite lived intangible assets for impairment when circumstances indicate that their carrying amounts may not be recoverable. If the carrying value of an asset group is not recoverable, we recognize an impairment loss for the excess of the carrying value over the fair value in our consolidated statements of comprehensive (loss) income.

Asset Acquisitions

We consider an asset acquisition to occur when substantially all the fair value of an acquisition is concentrated in a single identifiable asset or a group of similar identifiable assets. In an acquisition of assets, we are not required to expense our acquisition-related costs, and goodwill is not assigned. We will account for the properties purchased as asset acquisitions by allocating the total cash consideration, including transaction costs, to the individual assets acquired and liabilities assumed, respectively, on a relative fair value basis.

Business Combinations

We consider a business combination to occur when we take control of a business by acquiring its net assets or equity interests. We record the assets acquired, liabilities assumed and non-controlling interests at fair value as of the acquisition date, including any contingent consideration. We evaluate factors, including market data for similar assets, expected future cash flows discounted at risk-adjusted rates and replacement cost for the assets to determine an appropriate fair value of the assets. Acquisition-related costs, such as due diligence, legal and accounting fees, are expensed in the period incurred and are not capitalized or applied in determining the fair value of the acquired assets.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with original maturities, when purchased, of three months or less.

Restricted Cash

Restricted cash includes cash balances established as lender reserves required by our debt agreements and reserves for capital expenditures in accordance with certain of our management agreements.

Allowance for Doubtful Accounts

An allowance for doubtful accounts is provided on accounts receivable when losses are probable based on historical collection activity and current business conditions.

Leases

We consider an arrangement to contain a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for compensation. Right-of-use ("ROU") assets represent our right to use an underlying asset for the lease term and lease liabilities represent the present value of our fixed payment obligations. Leases with a term of 12 months or less are not recorded on the balance sheet. We use our estimated incremental borrowing rate to determine the present value of our lease obligations. Our operating leases may require fixed payments, variable payments based on a percentage of revenue or income, or payments equal to the greater of a fixed or variable payment. Variable payments are excluded from the ROU assets and lease liabilities and are recognized in the period in which the obligation is incurred. Operating lease expense is recognized on a straight-line basis over the lease term. Our lease terms include renewal options that we are reasonably certain to exercise, and renewal options controlled by the lessor.

Fair Value Measurements—Valuation Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date (an exit price). We use the three-level valuation hierarchy for classification of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. Inputs refer broadly to the assumptions that market participants would use in pricing an asset or liability. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources. Unobservable inputs are inputs that reflect our own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The three-level hierarchy of inputs is summarized below:

- Level 1—Valuation is based upon quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2—Valuation is based upon quoted prices for similar assets and liabilities in active markets, or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the instrument.
- Level 3—Valuation is based upon other unobservable inputs that are significant to the fair value measurement.

The classification of assets and liabilities within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement in its entirety at the end of each reporting period.

Derivative Instruments

We may use derivative instruments as part of our overall strategy to manage our exposure to market risks associated with fluctuations in interest rates. We will regularly monitor the financial stability and credit standing of the counterparties to our derivative instruments. Under the terms of certain loan agreements, we may be required to maintain derivative financial instruments to manage interest rates. We do not enter into derivative financial instruments for trading or speculative purposes.

We record all derivatives at fair value. On the date the derivative contract is entered, we designate the derivative as one of the following: a hedge of a forecasted transaction or the variability of cash flows to be paid ("cash flow hedge"); a hedge of the fair value of a recognized asset or liability ("fair value hedge"); or an undesignated hedge instrument. Changes in the fair value of a derivative that is qualified, designated and highly effective as a cash flow hedge or net investment hedge are recorded in *other comprehensive income (loss)* in the consolidated statements of comprehensive (loss) income until they are reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Changes in the fair value of a derivative that is qualified, designated and highly effective as a fair value hedge, along with the gain or loss on the hedged asset or liability that is attributable to

the hedged risk, are recorded in current period earnings. Changes in the fair value of undesignated derivative instruments and the ineffective portion of designated derivative instruments are reported in current period earnings. Cash flows from designated derivative financial instruments are classified within the same category as the item being hedged in the consolidated statements of cash flows. Cash flows from undesignated derivative financial instruments are included as an investing activity in our consolidated statements of cash flows.

If we determine that we qualify for and will designate a derivative as a hedging instrument, at the designation date we formally document all relationships between hedging activities, including the risk management objective and strategy for undertaking various hedge transactions. This process includes matching all derivatives that are designated as cash flow hedges to specific forecasted transactions and linking all derivatives designated as fair value hedges to specific assets and liabilities in our consolidated balance sheets.

To the extent we have designated a derivative as a hedging instrument, each reporting period we assess the effectiveness of our designated hedges in offsetting the variability in the cash flows or fair values of the hedged assets or obligations using the Hypothetical Derivative Method. This method compares the cumulative change in fair value of each hedging instrument to the cumulative change in fair value of a hypothetical hedging instrument, which has terms that identically match the critical terms of the respective hedged transactions. Thus, the hypothetical hedging instrument is presumed to perfectly offset the hedged cash flows. Ineffectiveness results when the cumulative change in the fair value of the hedging instrument exceeds the cumulative change in the fair value of the hypothetical hedging instrument. We discontinue hedge accounting prospectively, when the derivative is not highly effective as a hedge, the underlying hedged transaction is no longer probable, or the hedging instrument expires, is sold, terminated or exercised.

Revenue Recognition

Our results of operations primarily consist of room rentals, food and beverage sales and other ancillary goods and services from hotel properties. Other revenues primarily relate to support services we provide to Hilton Grand Vacations ("HGV"), in addition to revenue from our laundry business prior to permanently suspending operations in 2020. Hotel operating revenues are disaggregated into room revenue, food and beverage revenue, ancillary hotel revenue and other revenue on the consolidated statements of comprehensive (loss) income to illustrate how economic factors affect the nature, amount and timing, and uncertainty of revenue and cash flows. Rooms revenue is recognized over time when rooms are occupied and food and beverage revenue is recognized at a point in time when goods and services have been delivered or rendered. Ancillary hotel revenue and other revenue is generally recognized at a point in time as goods and services are delivered or rendered.

We assess if we are the principal or agent for certain ancillary services provided by third parties. If we are the principal, we recognize revenue based on the gross sales price. If we are the agent, we recognize revenue net of costs paid to service providers. Payment received for a future stay or event is recognized as an advance deposit, which is included in *other liabilities* on our consolidated balance sheet. Advance deposits are recognized as revenue when rooms are occupied or goods or services have been delivered or rendered to our customer. Our advance deposit balance as of December 31, 2020 and 2019 was $46 million and $98 million, respectively, and are generally recognized as revenue within a one-year period. Additionally, we collect sales, use, occupancy and similar taxes at our hotels, which we present on a net basis (excluded from revenues) in our consolidated statements of comprehensive (loss) income.

Currency Translation

The United States dollar ("USD") is our reporting currency and is the functional currency of our consolidated and unconsolidated entities operating in the U.S. The functional currency for our consolidated and unconsolidated entities operating outside of the U.S. is the currency of the primary economic environment in which the respective entity operates. Assets and liabilities measured in foreign currencies are translated into USD at the prevailing exchange rates in effect as of the financial statement date and the related gains and losses, net of applicable deferred income taxes, are reflected in *accumulated other comprehensive income (loss)* in our consolidated balance sheets. Income and expense accounts are translated at the average exchange rate for the period. Gains and losses from foreign exchange rate changes related to transactions denominated in a currency other than an entity's function currency are included within *other (loss) gain, net* in our consolidated statements of comprehensive income. We sold our last international hotel in February 2020.

Share-based Compensation

We recognize the cost of services received in share-based payment transactions with employees and non-employee directors as services are received and recognize a corresponding increase in additional paid-in capital for equity classified awards. We account for any forfeitures when they occur.

The measurement objective for these equity awards is the estimated fair value at the grant date of the equity instruments that we will be obligated to issue when employees have rendered the requisite service and satisfied any other conditions necessary to earn the right to benefit from the instruments. The compensation expense for an award classified as an equity instrument is recognized ratably over the requisite service period. The requisite service period is the period during which an employee is required to provide service in exchange for an award.

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 consolidated financial statements for the years ended December 31, 2020, 2019 and 2018 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).

We account for income taxes using the asset and liability method. The objectives of accounting for income taxes are to recognize the amount of taxes payable or refundable for the current year, to recognize the deferred tax assets and liabilities that relate to tax consequences in future years, which result from differences between the respective tax basis of assets and liabilities and their financial reporting amounts, and tax loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which the respective temporary differences or operating loss or tax credit carry forwards are expected to be recovered or settled. The realization of deferred tax assets and tax loss and tax credit carry forwards is contingent upon the generation of future taxable income and other restrictions that may exist under the tax laws of the jurisdiction in which a deferred tax asset exists. Valuation allowances are provided to reduce such deferred tax assets to amounts more likely than not to be ultimately realized.

We use a prescribed recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken in a tax return. For all income tax positions, we first determine whether it is "more-likely-than-not" that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. If it is determined that a position meets the more-likely-than-not recognition threshold, the benefit recognized in the financial statements is measured as the largest amount of benefit that is greater than 50 percent likely of being realized upon settlement.

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, Dispositions and Assets Held for Sale

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 common stock issued of $978 million and cash of $1,013 million, as follows:

	(in millions)
Investment in hotel properties, net	$ 2,220
Intangibles, net	45
Cash and cash equivalents	62
Restricted cash	38
Accounts receivable, net	26
Prepaid expenses	9
Other assets	2
Operating lease right-of-use asset	65
Debt	(311)
Accounts payable and accrued expenses	(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 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 year ended December 31, 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 year. For the year ended December 31, 2019, we incurred $70 million 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 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, 2018. The unaudited condensed pro-forma financial information is not necessarily indicative of what our actual results of operations would have been assuming the Merger had taken place on January 1, 2018, nor is it indicative of the results of operations for future periods. The unaudited condensed pro-forma financial information is as follows:

	For the year ended December 31,	
	2019	2018
(unaudited)	(in millions)	
Total revenues	$ 3,250	$ 3,297
Operating income	504	608
Net income	359	531

From the date of the Merger through December 31, 2019, we recognized $156 million of total revenues, $20 million of operating income and $16 million of net income related to the hotels acquired in connection with the Merger.

Dispositions

During the year ended December 31, 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 $63 million on these hotels, which is included in *gain on sales of assets, net* in our 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 year ended December 31, 2019, we sold seven consolidated hotels listed in the table below, received total gross proceeds of $436 million and recognized a total gain, net of selling costs, of $19 million on these hotels which is included in *gain on sales of assets, net* in our 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
Ace Hotel Downtown Los Angeles	Los Angeles, California	December 2019
Le Meridien New Orleans	New Orleans, Louisiana	December 2019

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

Additionally, in November 2019, we and the other owners of the entity that own the Conrad Dublin sold our ownership interest in the entity that owns the hotel for a gross sales price of approximately $128 million, before customary closing adjustments and debt repayment, of which our pro rata share was approximately $61 million. We recognized a net gain of approximately $44 million, which is included in *other (loss) gain, net* in our consolidated statements of comprehensive (loss) income.

Additionally, on December 16, 2019, we terminated the ground lease for the Hilton Sheffield.

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

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

Assets Held for Sale

In November 2019, we executed an agreement to sell the Hilton São Paolo, a wholly owned hotel, which subsequently sold in February 2020 for a gross sales price of 500 million Brazilian Real or approximately $118 million, which was payable in cash at closing and was subject to customary pro rations and adjustments.

Assets and liabilities held for sale related to the Hilton São Paolo were as follows as of December 31, 2019:

	(in millions)
Assets:	
Property and equipment, net	$ 62
Cash and cash equivalents	7
Accounts receivable	2
Total Assets Held for Sale	$ 71
Liabilities:	
Liabilities related to assets held for sale[1]	$ 6
Total Liabilities Held for Sale	$ 6

(1) Amounts included in *other liabilities* in our consolidated balance sheet as of December 31, 2019.

Note 4: Property and Equipment

Property and equipment were:

	December 31,	
	2020	2019[1]
	(in millions)	
Land	$ 3,429	$ 3,512
Buildings and leasehold improvements	6,951	6,978
Furniture and equipment	1,042	1,059
Construction-in-progress	52	134
	11,474	11,683
Accumulated depreciation and amortization	(2,281)	(2,089)
	$ 9,193	$ 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 $297 million, $262 million and $273 million during the years ended December 31, 2020, 2019 and 2018, respectively.

For the year ended December 31, 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.

Transactions with HGV

In October 2016, we completed the sale of 600 rooms at the Hilton Waikoloa Village to HGV in connection with timeshare projects. The net book value of these assets was approximately $177 million. Due to our continuing involvement, this transaction was not recognized as a sale and was accounted for as a sales-leaseback liability under the financing method. Pursuant to an arrangement representing a lease, we reserved exclusive rights to occupy and operate these rooms beginning on the date of transfer and continuing

until the end of the lease term, which expired on December 31, 2019. During 2017, 134 of the 600 rooms at the Hilton Waikoloa Village previously transferred to HGV and leased back by us were released to HGV; accordingly, we derecognized $38 million of property and equipment, net, and the related $39 million liability due to HGV. During 2018, we transferred a restaurant at the Hilton Waikoloa Village to HGV and derecognized $3 million of property and equipment, net and $3 million of the related liability due to HGV. On December 31, 2019, the remaining 466 rooms at the Hilton Waikoloa Village were released to HGV and we derecognized $123 million of property and equipment, net, and the related $135 million liability due to HGV, and recognized a gain of $12 million within o*ther (loss) gain, net* in our consolidated statements of comprehensive (loss) income.

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. Claims related to the Hilton Caribe were fully settled in December 2019, and claims related to our Florida hotels were fully settled in January 2021.

During the year ended December 31, 2019, we recognized $70 million of insurance recoveries, of which $39 million related to property damage, $28 million related to business interruption, and $3 million related to expense reimbursements. Business interruption proceeds are included within *ancillary hotel revenue* in our consolidated statements of comprehensive (loss) income. Additionally, we recognized a net gain of $18 million within *impairment loss and casualty (gain) loss, net* in our consolidated statements of comprehensive (loss) income, which includes a gain of $27 million for amounts recovered from insurance in excess of the insurance receivable and a loss of $9 million relating to property damage at certain of our hotels that we may not recover from insurers. The insurance receivable as of December 31, 2019 was $4 million and is included within *other assets* in our consolidated balance sheets.

During the year ended December 31, 2018, we incurred $35 million of expenses, and based upon additional information obtained during the period, we recognized an additional loss of $22 million for property and equipment that was damaged during the hurricanes. These amounts were offset by the recognition of an insurance receivable of $57 million. Additionally, we received $119 million of insurance proceeds, of which $25 million related to business interruption and $6 million related to expense reimbursements.

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

Consolidated VIEs

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

	December 31,	
	2020	2019
	(in millions)	
Property and equipment, net	$ 216	$ 221
Cash and cash equivalents	8	13
Restricted cash	2	1
Accounts receivable, net	1	5
Prepaid expenses	1	2
Other assets	1	—
Debt	207	207
Accounts payable and accrued expenses	5	8
Due to hotel manager	—	2
Other liabilities	1	2

Unconsolidated Entities

Investments in affiliates were:

	Ownership %	December 31, 2020	December 31, 2019
		(in millions)	
Hilton San Diego Bayfront	25%	11	18
All others (6 hotels)(1)	20% - 50%	3	17
		$ 14	$ 35

(1) In November 2019, we disposed of our ownership interest in the Conrad Dublin. Refer to Note 3: "Acquisitions, Dispositions and Assets Held for Sale" for additional information.

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

Note 6: Goodwill and Intangibles

Hilton allocated $3.5 billion of goodwill to us as part of the Blackstone Merger and during the year ended December 31, 2008, we recognized a $2.7 billion impairment loss. Additionally, 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.

Our goodwill balance and related activity was:

	Goodwill	Accumulated Impairment Losses	Balance
		(in millions)	
Balance as of December 31, 2018	$ 2,709	$ (2,102)	$ 607
Impairment loss	—	—	—
Balance as of December 31, 2019	2,709	(2,102)	607
Impairment loss	—	(607)	(607)
Balance as of December 31, 2020	$ 2,709	$ (2,709)	$ —

Intangible assets were:

	December 31, 2020	December 31, 2019
	(in millions)	
Air rights contract(1)	45	45
Other	8	8
Accumulated amortization	(8)	(7)
	$ 45	$ 46

(1) In conjunction with the Merger, we acquired an air rights contract as part of the Hyatt Regency Boston, which expires in September 2079 and requires no payments through maturity.

As of December 31, 2020, we estimated our future amortization expense for our intangible assets to be:

Year	(in millions)
2021	$ 1
2022	1
2023	1
2024	1
2025	1
Thereafter	40
	$ 45

Note 7: Debt

Debt balances and associated interest rates as of December 31, 2020 were:

	Interest Rate at December 31, 2020	Maturity Date	Principal balance as of December 31, 2020	Principal balance as of December 31, 2019
			(in millions)	
SF CMBS Loan	4.11%	November 2023	$ 725	$ 725
HHV CMBS Loan	4.20%	November 2026	1,275	1,275
Mortgage loans	Average rate of 4.17%	2021 to 2026[1][2]	509	515
2016 Term Loan[3]	N/A	December 2021	—	700
2019 Term Facility[4]	L + 2.65%	August 2024	670	670
Revolver[4]	L + 3.00%	2021 to 2023[5]	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
			5,156	3,886
Add: unamortized premium			3	3
Less: unamortized deferred financing costs and discount			(38)	(18
			$ 5,121	$ 3,871

(1) 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.

(2) In December 2020, our joint venture executed a forbearance agreement for the $12 million loan secured by the Doubletree Spokane in which the lender agreed to forbear exercising its rights and remedies arising from the joint venture's non-payment of the loan at maturity due to market conditions until October 6, 2021. Beginning April 2021, the interest rate on the loan will be accrued at the default rate of 6.55%.

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

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

(5) 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.

CMBS and Mortgage Loans

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 ("HHV CMBS Loan"). Both the SF CMBS Loan and the HHV CMBS Loan bear interest at a fixed-rate and require interest-only payments through their respective maturity dates. At any time after the permitted release date of May 1, 2019, the SF CMBS Loan and HHV CMBS Loan may be partially or fully prepaid, subject to prepayment penalties.

Our mortgage loans, which are associated with our three consolidated VIEs and mortgage loans acquired through the Merger, bear interest at either a fixed-rate or variable rate. Our mortgage loans associated with our VIEs require interest-only loan payments through their respective maturity dates and the mortgage loans associated with the Merger require payments of principal and interest on a monthly basis.

We are required to deposit with lenders certain cash reserves for restricted uses. As of December 31, 2020 and 2019, our consolidated balance sheets included $5 million and $13 million of restricted cash, respectively, related to our CMBS loans and mortgage loans.

During 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. The maturity date for the mortgage loan secured by the Doubletree Spokane, originally set to mature in October 2020, was deferred to October 2021, with default interest beginning to accrue in April 2021. Additionally, in January 2021, we ceased making debt service payments for the $76 million mortgage loan secured by the W Chicago City Center. Failure to make debt service payments constitutes an event of default. While we hope to negotiate an amendment with the lender, there can be no assurances that such an agreement will be reached.

Credit Facilities

2016 Term Loan and Revolver

In December 2016, we entered into a credit agreement ("Credit Agreement") with Wells Fargo Bank, National Association as administrative agent, and certain others financial institutions party thereto as lenders. The facility included a $1 billion Revolver, which was increased to $1.075 billion in September 2020, and our 2016 Term Loan. The Revolver and 2016 Term Loan borrowings bear interest at variable rates at our option, based upon either a base rate or LIBOR rate, plus an applicable margin based on our leverage ratio. We incur an unused facility fee on the Revolver of between 0.2% and 0.3%, based on our level of usage. The Credit Agreement also contains certain financial covenants including a maximum leverage ratio, minimum fixed charge coverage ratio, maximum secured leverage ratio, maximum unsecured indebtedness to unencumbered asset value ratio and minimum unencumbered adjusted net operating income to unsecured interest coverage ratio. Additionally, the Revolver permits one or more standby letters of credit, up to a maximum aggregate outstanding balance of $50 million, to be issued on behalf of us. Any outstanding standby letters of credit reduce the available borrowings on the Revolver by a corresponding amount.

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 our unsecured delayed draw term loan facility ("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 December 31, 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. The September 2020 amendment also contained limitations on our ability to make dividends and distributions (except to the extent required to maintain REIT status, the ability of the Park Parent to pay a $0.01 per

share per fiscal quarter dividend and certain other agreed exceptions). We incurred $6 million of fees related to these amendments during the year ended December 31, 2020 that were recognized as deferred financing costs.

2019 Term Facility

In advance of the Merger, in August 2019, the Company, our Operating Company and PK Domestic entered into the 2019 Term Facility with Bank of America, N.A. as administrative agent, and certain other financial institutions party thereto as lenders. The 2019 Term Facility provided for $950 million unsecured delayed draw term loan commitments to fund the Merger. The 2019 Term Facility included a $100 million two-year delayed draw term loan tranche, which was unfunded and the commitments thereunder terminated on September 18, 2019, and a $850 million five-year delayed draw term loan tranche, which has a scheduled maturity date of August 2024. On September 18, 2019, the five-year tranche was fully drawn to fund the Merger of which $180 million was prepaid in December 2019. The 2019 Term Facility agreement includes the option to increase the size of the 2019 Term Facility and enter into additional incremental term loan credit facilities, subject to certain limitations and obtaining additional commitments, in an aggregate amount not to exceed $400 million for all such increases.

Borrowings from the 2019 Term Facility bear interest at variable rates at our option, based upon either a base rate or LIBOR rate, plus an applicable margin based on our leverage ratio. Beginning in August 2019, we accrued an unused commitment fee equal to 0.25% per annum of the undrawn portion of the 2019 Term Facility, which was paid on September 18, 2019 when the 2019 Term Facility was fully drawn. Additionally, we incurred upfront financing fees of $9 million associated with the 2019 Term Facility, of which $3 million was expensed in connection with the terminated commitments and the $180 million prepayment in December 2019.

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

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

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 year ended December 31, 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 year ended December 31, 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.

Debt Maturities

The contractual maturities of our debt, assuming the exercise of all extensions that are exercisable solely at our option, as of December 31, 2020 were:

Year	(in millions)
2021[1]	$ 147
2022	69
2023	1,331
2024	677
2025	657
Thereafter[2]	2,275
	$ 5,156

(1) Represents $96 million of the current outstanding balance under the Revolver; however, we have sufficient capacity with extended undrawn commitments under the Revolver to effectively extend for two years.

(2) 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	December 31, 2020		December 31, 2019	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		(in millions)			
Liabilities:					
SF CMBS Loan	3	$ 725	$ 708	$ 725	$ 740
HHV CMBS Loan	3	1,275	1,195	1,275	1,316
2016 Term Loan	3	—	—	700	698
2019 Term Facility	3	670	661	670	667
Revolver	3	601	596	—	—
2025 Senior Secured Notes	1	650	705	—	—
2028 Senior Secured Notes	1	725	774	—	—
Mortgage loans	3	509	480	516	516

During the year ended December 31, 2020, we recognized impairment losses for goodwill and for certain assets resulting from a significant decline in market value of those assets due to the effects from the COVID-19 pandemic. The estimated fair values of these assets that were measured on a nonrecurring basis were:

	December 31, 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 December 31, 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: Leases

We lease hotel properties, land and equipment under operating and financing leases. We are subject to ground leases on 14 of our consolidated properties. Our leases expire, including options under lessor control, at various dates through 2083, with varying renewal options, and the majority expire before 2032.

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

The maturities of our non-cancelable operating lease liabilities, due in each of the next five years and thereafter as of December 31, 2020, were:

Year	Operating Leases (in millions)
2021	$ 30
2022	29
2023	24
2024	24
2025	24
Thereafter	341
Total minimum rent payments	472
Less: imputed interest	228
Total operating lease liabilities	$ 244

As of December 31, 2020 and 2019, the weighted average remaining operating lease term was 26.5 years and 26.3 years, respectively, and the weighted average discount rate used to determine the operating lease liabilities was 5.3% for both periods.

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

	Year Ended December 31, 2020	Year Ended December 31, 2019
	(in millions)	
Operating lease expense	$ 30	$ 30
Variable lease expense	2	13
Operating cash flows for operating leases	28	36
Right-of-use assets obtained in exchange for lease obligations(1)	—	278

(1) For the year ended December 31, 2019, balance represents right-of-use assets recognized upon adoption of ASC 842, *Leases,* on January 1, 2019, and right-of-use assets assumed in connection with the Merger.

Note 10: 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 consolidated financial statements for the years ended December 31, 2020, 2019 and 2018 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).

H.R. 1, commonly referred to as The Tax Cuts and Jobs Act of 2017 (the "Act") was enacted on December 22, 2017. The Act, which amended the Internal Revenue Code of 1986, was the most significant tax legislative development in decades. Major elements of the Act from our perspective include reducing the corporate tax rate; restricting the eligibility for tax deferred like-kind exchange treatment solely to real property; limiting the deductibility of interest expense; the one-time transition tax on foreign cash and unremitted earnings; and the treatment of global intangible low-taxed income for REIT gross income purposes. As a result of the changes in the Act, we recognized $8 million of income tax expense for the year ended December 31, 2018 when our analysis of the effects of the Act was completed.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was enacted on March 27, 2020 and 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).

Our tax provision includes U.S. federal, state and foreign income taxes payable. The domestic and foreign components of income before income taxes were:

	Year Ended December 31,		
	2020	2019	2018
	(in millions)		
U.S. (loss) income before tax	$ (1,449)	$ 350	$ 498
Foreign (loss) income before tax	(1)	1	2
(Loss) income before income taxes	$ (1,450)	$ 351	$ 500

The components of our (benefit) provision for income taxes were:

	Year Ended December 31,		
	2020	2019	2018
	(in millions)		
Current:			
U.S. Federal	$ 1	$ 16	$ 34
State	3	3	6
Foreign	20	11	3
Total current	24	30	43
Deferred:			
U.S. Federal	(29)	3	(18)
Foreign	(1)	2	(2)
Total deferred	(30)	5	(20)
Total (benefit) provision for income taxes	$ (6)	$ 35	$ 23

Reconciliations of our tax provision at the U.S. statutory rate to the (benefit) provision for income taxes were:

	Year Ended December 31,		
	2020	2019	2018
	(in millions)		
Statutory U.S. federal income tax (benefit) provision	$ (306)	$ 74	$ 105
State income taxes, net of U.S. federal tax benefit	1	2	3
Foreign income tax expense, net	19	13	2
Change in deferred tax asset valuation allowance	71	2	—
Tax rate change	(7)	—	(2)
REIT income not subject to tax	221	(69)	(92)
Derecognition and remeasurement of deferred taxes	(35)	13	7
Recognized built-in gain tax	29	—	—
Other	1	—	—
(Benefit) provision for income taxes	$ (6)	$ 35	$ 23

Deferred income taxes represent the tax effect of the differences between the book and tax bases of assets and liabilities plus carryforward items. The composition of net deferred tax balances were as follows:

	December 31,	
	2020	2019
	(in millions)	
Deferred income tax assets[1]	$ 1	$ 8
Deferred income tax liabilities	(10)	(50)
Net deferred tax liability	$ (9)	$ (42)

(1) Included within *other assets* in our consolidated balance sheets, net of valuation allowance.

The tax effects of the temporary differences and carryforwards that give rise to our net deferred tax liability were:

	December 31,	
	2020	2019
	(in millions)	
Deferred tax assets:		
Net operating loss carryforwards	$ 74	$ 9
Deferred income	5	4
Accrued compensation	1	2
Other	6	6
Total gross deferred tax assets	86	21
Less: valuation allowance	(77)	(6)
Deferred tax assets	9	15
Deferred tax liabilities:		
Property and equipment	(4)	(48)
Investments	(10)	(8)
Accrued compensation	(4)	(1)
Deferred tax liabilities	(18)	(57)
Net deferred tax liability	$ (9)	$ (42)

As of December 31, 2020, we had U.S. federal and state net operating loss carryforwards of $1 billion, which resulted in deferred tax assets of $74 million. Our U.S. federal and state net operating loss carryforwards of approximately $575 million and $452 million begin to expire in 2038 and 2025, respectively. Our valuation allowance increased $71 million during the year ended December 31, 2020.

For periods ended prior to January 4, 2017, Hilton filed income tax returns for us, with U.S. federal, state and foreign jurisdictions. Hilton is under regular and recurring audit by the Internal Revenue Service on open tax positions. The timing of the resolution of tax audits is highly uncertain, as are the amounts, if any, that may ultimately be paid upon such resolution. Changes may

result from the conclusion of ongoing audits, appeals or litigation in U.S. federal, state, local, and foreign tax jurisdictions or from the resolution of various proceedings between the U.S. and foreign tax authorities. Hilton is no longer subject to U.S. federal income tax examination for years through 2004. As of December 31, 2020, Hilton remains subject to U.S. federal examinations from 2005 through 2017, state examinations from 2005 through 2017 and foreign examinations of their income tax returns for the years 1996 through 2017. We will be subject to U.S. federal, state and foreign examinations for periods ending after January 4, 2017.

For U.S. federal income tax purposes, the cash distributions to stockholders are characterized as follows:

	Year Ended December 31,	
	2020	2019
Common distributions (per share):		
Ordinary dividends	$ 0.244571	$ 1.605405
Capital gain distributions[1]	0.205429	0.294595

(1) Capital gain distribution disclosure pursuant to Treasury Regulation §1.1061-6(c). The following additional information relates to the capital gain distribution for calendar year 2020, as reported on Park Hotels & Resorts Inc. Form 1099-DIV, Box 2a. For purposes of Internal Revenue Code Section 1061, which is generally applicable to direct and indirect holders of "applicable partnership interests,": (i) the "One Year Amounts" are $0.205429 per share, and (ii) the "Three Year Amounts" are $0.205429 per share, with respect to the 2020 capital gain distribution.

Note 11: 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 December 31, 2020, 3,588,672 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 December 31, 2020, 72,982 shares of common stock remain available for future issuance. For the year ended December 31, 2020, we recognized $20 million of share-based compensation expense and for the years ended December 31, 2019 and 2018, we recognized $16 million of share-based compensation expense, respectively. As of December 31, 2020, unrecognized compensation expense was $21 million, which is expected to be recognized over a weighted-average period of 2.2 years. The total fair value of shares vested (calculated as the number of shares multiplied by the vesting date share price) during the years ended December 31, 2020, 2019 and 2018 was $27 million, $21 million and $9 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 years ended December 31, 2020, 2019 and 2018:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested at January 1, 2018	461,639	26.47
Granted	367,463	27.34
Vested	(214,208)	26.67
Forfeited	(29,788)	27.48
Unvested at December 31, 2018	585,106	26.89
Granted	302,506	31.24
Vested	(312,462)	26.99
Forfeited	(17,905)	29.58
Unvested at December 31, 2019	557,245	29.10
Granted	672,689	18.18
Vested	(333,685)	25.67
Forfeited	(61,991)	28.97
Unvested at December 31, 2020	834,258	$ 21.68

Performance Stock Units

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

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. Neither metric was met and thus no compensation expense was recognized for the Merger cost synergies element for the year ended December 31, 2020.

In November 2020, we granted special awards with vesting of these awards subject to the achievement of eight increasing levels of our average closing sales price per share, from $11.00 to $25.00, over a consecutive 20 trading day period ("Share Price Target"). One-eighth of PSUs will vest at each date a Share Price Target is achieved and any PSUs remaining after a four-year performance period will be forfeited. As of December 31, 2020, four of the eight Share Price Targets were achieved and thus 50% of the awards granted were vested.

The following table provides a summary of PSUs for the years ended December 31, 2020, 2019 and 2018:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested at January 1, 2018	371,557	31.96
Granted	179,774	29.47
Forfeited	(13,395)	30.48
Unvested at December 31, 2018	537,936	31.16
Granted	314,858	34.28
Vested	(277,325)	31.25
Forfeited	(672)	42.05
Unvested at December 31, 2019	574,797	32.82
Granted	1,641,117	14.39
Vested	(973,891)	20.00
Forfeited	(163,468)	17.34
Unvested at December 31, 2020	1,078,555	$ 18.70

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

	Year Ended December 31,		
	2020	2019	2018
Expected volatility[1]	22.0% - 65.0%	19.5% - 21.5%	20.0% - 24.0%
Dividend yield[2]	—	—	—
Risk-free rate	0.3% - 1.5%	1.8% - 2.4%	2.4% - 2.7%
Expected term	1 - 4 years	3 years	3 years

(1) For the years ended December 31, 2020, 2019 and 2018, the weighted average expected volatility was 46.2%, 20.5% and 24.0%, respectively.

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

Note 12: Earnings Per Share

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

	Year Ended December 31,		
	2020	2019	2018
	(in millions, except per share amounts)		
Numerator:			
Net (loss) income attributable to stockholders	$ (1,440)	$ 306	$ 472
Earnings attributable to participating securities	—	(1)	(2)
Net (loss) income attributable to stockholders, net of earnings allocated to participating securities	$ (1,440)	$ 305	$ 470
Denominator:			
Weighted average shares outstanding – basic	236	212	203
Unvested restricted shares	—	1	1
Weighted average shares outstanding – diluted	236	213	204
(Loss) Earnings per share - Basic[1]	$ (6.11)	$ 1.44	$ 2.32
(Loss) Earnings per share - Diluted[1]	$ (6.11)	$ 1.44	$ 2.31

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

Certain of our outstanding equity awards were excluded from the above calculation of EPS for the years ended December 31, 2020, 2019 and 2018 because their effect would have been anti-dilutive.

Note 13: Hotel Management Operating and License Agreements

Management and Franchise Fees

We have management agreements, whereby we pay a base fee equal to a percentage of total revenues, as defined, as well as an incentive fee if specified financial performance targets are achieved. Our managers generally have sole responsibility for all activities necessary for the operation of the hotels, including establishing room rates, processing reservations and promoting and publicizing the hotels. Our managers also generally provide all employees for the hotels, prepare reports, budgets and projections, and provide other administrative and accounting support services to the hotels. We have consultative and limited approval rights with respect to certain actions of our managers, including entering into long-term or high value contracts, engaging in certain actions relating to legal proceedings, approving the operating budget, making certain capital expenditures and the hiring of certain management personnel.

Our management agreements have initial terms ranging from 5 to 30 years and allow for one or more renewal periods. Assuming all renewal periods are exercised by our hotel managers, the total term of our management agreements range from 30 to 70 years.

We also have franchise agreements for 12 hotels. The franchise agreements have an initial term of 7 to 20 years and cannot be extended without the franchisor's consent.

Marketing Fees

Additionally, the management and franchise agreements generally require a marketing fee equal to a percentage of rooms revenues. Total marketing fees were $15 million, $53 million and $53 million for the years ended December 31, 2020, 2019 and 2018, respectively, and were included in *other departmental and support expense* in our consolidated statements of comprehensive (loss) income.

Employee Cost Reimbursements

We are responsible for reimbursing our managers for certain employee related costs outside of payroll. These costs include contributions to a defined contribution 401(k) Retirement Savings Plan administered by our managers, union-sponsored pension plans and other post-retirement plans. All of these plans are the responsibility of our managers and our obligation is only for the reimbursement of these costs for individuals who work at our hotel properties. Total employee cost reimbursements were $57 million, $133 million and $134 million for the years ended December 31, 2020, 2019 and 2018, respectively, and were included in the respective operating expenses line item in our consolidated statements of comprehensive (loss) income based upon the nature of services provided by such employees.

Note 14: Geographic and Business Segment Information

As of December 31, 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;
- Impairment losses and casualty gains or 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 net (loss) income to Hotel Adjusted EBITDA:

	Year Ended December 31,		
	2020	2019	2018
	(in millions)		
Revenues:			
Total consolidated hotel revenue	$ 823	$ 2,767	$ 2,665
Other revenues	29	77	72
Total revenues	$ 852	$ 2,844	$ 2,737
Net (loss) income	$ (1,444)	$ 316	$ 477
Other revenues	(29)	(77)	(72)
Impairment loss and casualty (gain) loss, net	696	(18)	(1)
Depreciation and amortization expense	298	264	277
Corporate general and administrative expense	61	61	64
Acquisition costs	10	70	—
Other operating expenses	36	78	73
Gain on sales of assets, net	(62)	(19)	(96)
Interest income	(2)	(6)	(6)
Interest expense	213	140	127
Equity in losses (earnings) from investments in affiliates	22	(14)	(18)
Income tax (benefit) expense	(6)	35	23
Other loss (gain), net	15	(45)	(99)
Severance expense	33	2	2
Other items	12	15	10
Hotel Adjusted EBITDA	$ (147)	$ 802	$ 761

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

	December 31,	
	2020	2019
	(in millions)	
Consolidated hotels	$ 10,568	$ 11,236
All other	19	54
Total assets	$ 10,587	$ 11,290

The following table presents total revenues and property and equipment, net for each of the geographical areas in which we operate:

	As of and for the Year Ended December 31,					
	2020		2019		2018	
	Revenues	Property and Equipment, net	Revenues	Property and Equipment, net[1]	Revenues	Property and Equipment, net
	(in millions)					
United States[2]	$ 849	$ 9,193	$ 2,804	$ 9,594	$ 2,676	$ 7,906
All other	3	—	40	—	61	69
	$ 852	$ 9,193	$ 2,844	$ 9,594	$ 2,737	$ 7,975

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

(2) Includes revenues of $2 million, $11 million and $14 million for the years ended December 31, 2020, 2019 and 2018 from our laundry operations, which is not part of our segment and was permanently closed as of December 31, 2020. Also includes property and equipment, net of $2 million, $5 million and $5 million as of December 31, 2020, 2019 and 2018, respectively, from our laundry operations.

Note 15: Commitments and Contingencies

As of December 31, 2020, we had outstanding commitments under third-party contracts of approximately $10 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 a 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 $19 million related to ongoing claims as of December 31, 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.

Note 16: Supplemental Disclosures of Cash Flow Information

Interest paid during the years ended December 31, 2020, 2019 and 2018, was $187 million, $135 million and $123 million, respectively.

We paid $23 million, $15 million and $63 million in income taxes in 2020, 2019 and 2018, respectively.

Capital expenditures included within *accounts payable and accrued expenses* in our consolidated balance sheets were $6 million, $26 million, and $15 million during the years ended December 31, 2020, 2019 and 2018, respectively.

The following non-cash investing and financing activities were excluded from the consolidated statements of cash flows:

During the year ended December 31, 2019:

- We issued $978 million of common stock and assumed $310 million of mortgage loans in connection with the Merger.
- We transferred rooms at the Hilton Waikoloa Village to HGV and accordingly derecognized $123 million of property and equipment, net and $135 million of the related liability due to HGV.
- We declared $136 million of dividends that were unpaid and accrued as of December 31, 2019.

During the year ended December 31, 2018:

- We transferred a restaurant at the Hilton Waikoloa Village to HGV and accordingly derecognized $3 million of property and equipment, net and $3 million of the related liability due to HGV.
- We declared $206 million of dividends that were unpaid and accrued as of December 31, 2018.

Park Hotels & Resorts Inc.
Schedule III
Real Estate and Accumulated Depreciation
(Dollars in millions)

December 31, 2020

			Initial Cost				Gross Amounts at Which Carried at Close of Period							
Hotel Property	Encumbrances	Land	Building & Improvements	Furniture, Fixtures & Equipment	Costs Capitalized Subsequent to Acquisition	Land	Building & Improvements	Furniture, Fixtures & Equipment	Total	Accumulated Depreciation	Date of Construction	Date Acquired(1)	Life Upon Which Depreciation is Computed
Caribe Hilton	$ —	$ 38	$ 56	$ 7	$ 86	$ 41	$ 111	$ 35	$ 187	$ (34)	1949	10/24/2007	3 - 40 years
DoubleTree Hotel Durango	—	—	—	2	6	—	3	5	8	(6)	1985	10/24/2007	3 - 40 years
DoubleTree Hotel Ontario Airport	30	14	58	3	19	13	63	18	94	(31)	1974	10/24/2007	3 - 40 years
DoubleTree Hotel San Diego—Mission Valley	—	—	—	2	16	—	9	9	18	(12)	1989	10/24/2007	3 - 40 years
DoubleTree Hotel San Jose	—	15	67	5	25	15	81	16	112	(39)	1980	10/24/2007	3 - 40 years
DoubleTree Hotel Seattle Airport	—	—	—	11	27	—	11	27	38	(31)	1969	10/24/2007	3 - 40 years
DoubleTree Hotel Sonoma Wine Country	—	—	—	4	11	—	6	9	15	(11)	1977	10/24/2007	3 - 40 years
Embassy Suites Austin Downtown South Congress	—	—	45	2	18	—	58	7	65	(31)	1983	10/24/2007	3 - 40 years
Embassy Suites Phoenix —Airport	—	—	15	1	(16)	—	—	—	—	—	1986	10/24/2007	3 - 40 years
Hilton Boston Logan Airport	—	—	108	6	30	—	130	14	144	(44)	1999	10/24/2007	3 - 40 years
Hilton Chicago	—	69	233	12	148	69	343	50	462	(146)	1927	10/24/2007	3 - 40 years
Hilton Hawaiian Village Waikiki Beach Resort	1,275	925	807	17	346	963	1,037	95	2,095	(444)	1961	10/24/2007	3 - 40 years
Hilton McLean Tysons Corner	—	50	82	3	(14)	23	55	43	121	(64)	1987	10/24/2007	3 - 40 years
Hilton New Orleans Riverside	—	89	217	3	89	90	261	47	398	(122)	1977	10/24/2007	3 - 40 years
Hilton Oakland Airport	—	—	13	3	2	—	10	8	18	(10)	1970	10/24/2007	3 - 40 years
Hilton Salt Lake City Center		—	—	10	20	—	9	21	30	(23)	2002	10/24/2007	3 - 40 years
Hilton San Francisco Union Square	725 (2)	113	232	16	136	113	335	49	497	(140)	1964	10/24/2007	3 - 40 years
Hilton Santa Barbara Beachfront Resort	165	71	50	2	37	71	71	18	160	(33)	1986	10/24/2007	3 - 40 years
Hilton Seattle Airport & Conference Center	—	—	70	3	16	—	80	9	89	(37)	1961	10/24/2007	3 - 40 years
Hilton Short Hills		59	54	3	(91)	13	10	2	25	(1)	1988	10/24/2007	3 - 40 years
Hilton Waikoloa Village	—	160	340	25	(72)	106	288	59	453	(150)	1988	10/24/2007	3 - 40 years
New York Hilton Midtown	—	1,096	542	13	133	1,043	653	88	1,784	(252)	1963	10/24/2007	3 - 40 years
DoubleTree Hotel Washington DC—Crystal City	—	43	95	2	49	43	127	19	189	(60)	1982	12/14/2007	3 - 40 years
Hilton Miami Airport	—	64	36	3	38	64	60	17	141	(35)	1984	12/14/2007	3 - 40 years
DoubleTree Hotel Spokane City Center	12	3	24	2	12	3	31	7	41	(13)	1986	1/1/2010	3 - 40 years
Hilton Orlando Lake Buena Vista	—	—	137	10	40	—	156	31	187	(63)	1983	8/30/2010	3 - 40 years
Embassy Suites Kansas City—Plaza	—	—	26	1	4	—	29	2	31	(16)	1973	7/25/2014	3 - 40 years
Hilton Orlando Bonnet Creek	—	15	377	31	31	18	403	33	454	(68)	2009	2/12/2015	3 - 40 years

(1) On October 24, 2007, a predecessor to our Parent became a wholly owned subsidiary of an affiliate of Blackstone following the completion of the Blackstone Merger.

(2) Single $725 million CMBS loan secured by Hilton San Francisco Union Square and Parc 55 San Francisco – A Hilton Hotel.

Park Hotels & Resorts Inc.
Schedule III
Real Estate and Accumulated Depreciation—(continued)
(Dollars in millions)
December 31, 2020

Hotel Property	Encumbrances	Initial Cost			Costs Capitalized Subsequent to Acquisition	Gross Amounts at Which Carried at Close of Period				Accumulated Depreciation	Date of Construction	Date Acquired(1)	Life Upon Which Depreciation is Computed
		Land	Building & Improvements	Furniture, Fixtures & Equipment		Land	Building & Improvements	Furniture, Fixtures & Equipment	Total				
Parc 55 San Francisco - A Hilton Hotel	$ — (2)	$ 175	$ 315	$ 32	$ 16	$ 175	$ 325	$ 38	$ 538	$ (81)	1984	2/12/2015	3 - 40 years
Waldorf Astoria Orlando	—	34	274	29	8	34	274	37	345	(78)	2009	2/12/2015	3 - 40 years
Casa Marina, A Waldorf Astoria Resort		164	174	9	6	164	177	12	353	(36)	1920	2/17/2015	3 - 40 years
The Reach Key West, Curio Collection		57	67	3	18	57	79	9	145	(13)	1970	2/17/2015	3 - 40 years
Juniper Hotel Cupertino, Curio Collection	—	40	64	8	2	40	64	10	114	(18)	1973	6/2/2015	3 - 40 years
Boston Marriott Newton	—	24	74	15	—	24	74	15	113	(6)	1969	9/18/2019	3 - 40 years
Courtyard Washington Capitol Hill/Navy Yard	—	13	54	5	—	13	54	5	72	(4)	2006	9/18/2019	3 - 40 years
Hilton Checkers Los Angeles	27	19	44	7	1	19	45	7	71	(3)	1927	9/18/2019	3 - 40 years
Hilton Denver City Center	60	14	163	21	—	14	163	21	198	(10)	1982	9/18/2019	3 - 40 years
Homewood Suites by Hilton Seattle Convention Center Pike Street	—	5	75	7	—	5	75	7	87	(4)	1990	9/18/2019	3 - 40 years
Hotel Adagio, Autograph Collection	—	25	54	7	—	25	54	7	86	(3)	1929	9/18/2019	3 - 40 years
Hotel Indigo San Diego Gaslamp Quarter	—	7	60	8	—	7	60	8	75	(3)	2009	9/18/2019	3 - 40 years
Hyatt Centric Fisherman's Wharf	—	33	122	11	1	33	123	11	167	(9)	1990	9/18/2019	3 - 40 years
Hyatt Regency Boston	139	—	177	14	—	—	177	14	191	(11)	1985	9/18/2019	3 - 40 years
Hyatt Regency Mission Bay Spa and Marina	—	5	118	15	—	5	118	15	138	(8)	1961	9/18/2019	3 - 40 years
JW Marriott San Francisco Union Square	—	—	191	13	1	—	192	13	205	(9)	1987	9/18/2019	3 - 40 years
Le Meridien San Francisco	—	48	176	8	—	48	176	8	232	(9)	1989	9/18/2019	3 - 40 years
Royal Palm South Beach Miami, a Tribute Portfolio Resort	—	16	139	12	—	16	139	12	167	(8)	1926	9/18/2019	3 - 40 years
W Chicago – City Center	76	20	76	14	—	20	76	14	110	(5)	1928	9/18/2019	3 - 40 years
W Chicago – Lakeshore	—	22	58	8	—	22	58	8	88	(5)	1965	9/18/2019	3 - 40 years
W New Orleans – French Quarter	—	3	21	1	—	3	20	2	25	(2)	1872	9/18/2019	3 - 40 years
Total	**$ 2,509**	**$ 3,548**	**$ 6,180**	**$ 449**	**$ 1,199**	**$ 3,412**	**$ 6,953**	**$ 1,011**	**$ 11,376**	**$ (2,241)**			

(1) On October 24, 2007, a predecessor to our Parent became a wholly owned subsidiary of an affiliate of Blackstone following the completion of the Blackstone Merger.
(2) Single $725 million CMBS loan secured by Hilton San Francisco Union Square and Parc 55 San Francisco – A Hilton Hotel.

Park Hotels & Resorts Inc.
Schedule III
Real Estate and Accumulated Depreciation—(continued)
(Dollars in millions)

December 31, 2020

Notes:

(A) The change in total cost of properties for the fiscal years ended December 31, 2020, 2019 and 2018 is as follows:

	Year Ended December 31,		
	2020	2019	2018
	(in millions)		
Balance at beginning of period	$ 11,566	$ 9,921	$ 10,249
Additions during period:			
Acquisitions	—	2,220	—
Capital expenditures	66	248	192
Deductions during period:			
Transfers to assets held for sale	—	(86)	—
Dispositions, including casualty losses and impairment loss on planned dispositions	(250)	(734)	(512)
Foreign exchange effect	(6)	(3)	(8)
Balance at end of period	$ 11,376	$ 11,566	$ 9,921

(B) The change in accumulated depreciation for the fiscal years ended December 31, 2020, 2019 and 2018 is as follows:

	Year Ended December 31,		
	2020	2019	2018
	(in millions)		
Balance at beginning of period	$ 2,038	$ 2,011	$ 2,004
Additions during period:			
Depreciation expense	294	256	268
Deductions during period:			
Transfers to assets held for sale	—	(24)	—
Dispositions, including casualty losses	(89)	(206)	(262)
Foreign exchange effect	(2)	1	1
Balance at end of period	$ 2,241	$ 2,038	$ 2,011

(C) The aggregate cost of real estate for U.S. federal income tax purposes is approximately $6.651 billion as of December 31, 2020.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. 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 December 31, 2020, our disclosure controls and procedures were effective to ensure that information we are required to disclose in reports filed or submitted with the Securities and Exchange Commission (i) is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's 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.

Management's Annual Report on Internal Control over Financial Reporting

We have set forth management's report on internal control over financial reporting and the attestation report of our independent registered public accounting firm on the effectiveness of our internal control over financial reporting in Item 8 of this Annual Report on Form 10-K. Management's report on internal control over financial reporting is incorporated in this Item 9A by reference.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this item will be incorporated by reference from our definitive Proxy Statement to be filed pursuant to Regulation 14A.

Item 11. Executive Compensation.

The information required by this item will be incorporated by reference from our definitive Proxy Statement to be filed pursuant to Regulation 14A.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this item will be incorporated by reference from our definitive Proxy Statement to be filed pursuant to Regulation 14A.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item will be incorporated by reference from our definitive Proxy Statement to be filed pursuant to Regulation 14A.

Item 14. Principal Accounting Fees and Services.

The information required by this item will be incorporated by reference from our definitive Proxy Statement to be filed pursuant to Regulation 14A.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

The following documents are filed as part of this report.

(a) Financial Statements
We include this portion of Item 15 under Item 8 of this Annual Report on Form 10-K.

(b) Financial Statement Schedules
Schedule III – Real Estate and Accumulated Depreciation is filed herewith.

All other schedules are omitted as the required information is either not present, not present in material amounts or presented within the consolidated financial statements or related notes.

(c) Exhibits

Exhibit Index

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*	Description of Park Hotels & Resorts Inc. Common Stock
4.2	Indenture, dated as of May 29, 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 The Bank of New York Mellon, as trustee. (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K, filed on May 29, 2020).
4.3	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	Tax Matters 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 10.2 to our Current Report on Form 8-K, filed on January 4, 2017).
10.2	Park Hotels & Resorts Inc. 2017 Omnibus Incentive Plan, dated as of January 3, 2017 (incorporated by reference to Exhibit 10.5 to our Current Report on Form 8-K, filed on January 4, 2017).
10.3	Loan Agreement, dated as of October 7, 2016, among S.F. Hilton LLC and P55 Hotel Owner LLC, collectively, as Borrowers and JPMorgan Chase Bank, National Association, Deutsche Bank, AG, New York Branch, Goldman Sachs Mortgage Company, Barclays Bank PLC and Morgan Stanley Bank, N.A., collectively, as Lenders and the other parties thereto (incorporated by reference to Exhibit 10.7 to our Registration Statement on Form 10 (File No. 001-37795), as filed on November 14, 2016).
10.4	Guaranty Agreement, dated as of October 7, 2016, among Park Intermediate Holdings LLC and JPMorgan Chase Bank, National Association, Deutsche Bank AG, New York Branch, Goldman Sachs Mortgage Company, Barclays Bank PLC and Morgan Stanley Bank, N.A., collectively, as Lender (incorporated by reference to Exhibit 10.8 to our Registration Statement on Form 10 (File No. 001-37795), as filed on November 14, 2016).

Exhibit Number	Description
10.5	Employment Agreement dated April 26, 2016, between Park Hotels & Resorts Inc. and Thomas J. Baltimore Jr (incorporated by reference to Exhibit 10.10 to our Registration Statement on Form 10 (File No. 001-37795), as filed on September 16, 2016). †
10.6	Park Hotels & Resorts Inc. 2017 Stock Plan for Non-Employee Directors, dated as of January 3, 2017 (incorporated by reference to Exhibit 10.6 to our Current Report on Form 8-K, filed on January 4, 2017). †
10.7	Loan Agreement, dated as of October 24, 2016, among Hilton Hawaiian Village LLC, as Borrower, Hilton Hawaiian Village Lessee LLC, as Operating Lessee, and JPMorgan Chase Bank, National Association, Deutsche Bank AG, New York Branch, Goldman Sachs Mortgage Company, Barclays Bank PLC and Morgan Stanley Bank, N.A., collectively, as Lender and the other parties thereto (incorporated by reference to Exhibit 10.15 to our Registration Statement on Form 10 (File No. 001-37795), as filed on November 14, 2016).
10.8	Guaranty Agreement, dated as of October 24, 2016, among Park Intermediate Holdings LLC and JPMorgan Chase Bank, National Association, Deutsche Bank AG, New York Branch, Goldman Sachs Mortgage Company, Barclays Bank PLC and Morgan Stanley Bank, N.A., collectively, as Lender (incorporated by reference to Exhibit 10.16 to our Registration Statement on Form 10 (File No. 001-37795), as filed on November 14, 2016).
10.9	Credit Agreement, dated as of December 28, 2016, by and among Park Intermediate Holdings LLC, Park Hotels & Resorts Inc., the lenders party thereto, Wells Fargo Bank, National Association, as administrative agent, Bank of America, N.A. and JPMorgan Chase Bank, N.A., as syndication agents, Barclays Bank PLC, Deutsche Bank Securities Inc., Goldman Sachs Bank USA and Morgan Stanley Senior Funding, Inc., as documentation agents, and The Bank of New York Mellon, Citibank, N.A., PNC Bank, National Association and Royal Bank of Canada, as senior managing agents (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on December 30, 2016).
10.10	Form of Indemnification Agreement entered into between Park Hotels & Resorts Inc. and each of its directors and executive officers (incorporated by reference to Exhibit 10.5 to our Registration Statement on Form 10 (File No. 0001-37795), filed on November 14, 2016).†
10.11	Park Hotels & Resorts Inc. Executive Long-Term Incentive Program (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K, filed on March 1, 2017).†
10.12	Form of CEO Performance Stock Unit Agreement (incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K, filed on March 1, 2017).†
10.13	Form of CEO Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.4 to our Current Report on Form 8-K, filed on March 1, 2017).†
10.14	Form of Executive Performance Stock Unit Award Agreement (incorporated by reference to Exhibit 10.5 to our Current Report on Form 8-K, filed on March 1, 2017).†
10.15	Form of Executive Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.6 to our Current Report on Form 8-K, filed on March 1, 2017).†
10.16	Park Hotels & Resorts Inc. Executive Severance Plan (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on May 3, 2017).†
10.17	Form of Award Notice and Nonqualified Stock Option Agreement (Converted Award) (incorporated by reference to Exhibit 10.19 to our Quarterly Report on Form 10-Q, filed on May 4, 2017).†
10.18	Form of Nonqualified Stock Option Agreement (Converted Award-2014 Grant) (incorporated by reference to Exhibit 10.20 to our Quarterly Report on Form 10-Q, filed on May 4, 2017).†
10.19	Park Hotels & Resorts Inc. Executive Long-Term Incentive Program (amended and restated as of January 25, 2019) (incorporated by reference to Exhibit 10.31 to our Annual Report on Form 10-K, filed on February 28, 2019). †
10.20	Park Hotels & Resorts Inc. Executive Short-Term Incentive Program (amended and restated as of January 25, 2019) (incorporated by reference to Exhibit 10.32 to our Annual Report on Form 10-K, filed on February 28, 2019). †

Exhibit Number	Description
10.21	First Amendment to Credit Agreement, by and among Park Intermediate Holdings LLC, Park Hotels & Resorts Inc., the Subsidiary Borrowers, and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q, filed on August 1, 2019).
10.22	Delayed Draw Term Loan Agreement, dated as of August 28, 2019, by and among Park Hotels & Resorts Inc., PK Domestic Property LLC, Park Intermediate Holdings LLC, Bank of America, N.A., as administrative agent, and the lenders party thereto (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on September 4, 2019).
10.23	Second Amendment to Credit Agreement, dated as of August 28, 2019, by and among Park Hotels & Resorts Inc., PK Domestic Property LLC, Park Intermediate Holdings LLC, Wells Fargo Bank, National Association, as administrative agent, and the lenders party thereto (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K, filed on September 4, 2019).
10.24	Master Amendment and Option Agreement, by and among the Company, HNA Tourism Group Co., Ltd. and HNA HLT Holdco I LLC, dated March 5, 2018 (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on March 5, 2018).
10.25	Form of CEO Special Performance Stock Unit Award Agreement (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on February 26, 2020).†
10.26	Form of CEO Special Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K, filed on February 26, 2020).†
10.27	Form of Executive Special Performance Stock Unit Award Agreement (incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K, filed on February 26, 2020).†
10.28	Form of Executive Special Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.4 to our Current Report on Form 8-K, filed on February 26, 2020).†
10.29	Park Hotels & Resorts Inc. Executive Short-Term Incentive Program (amended and restated as of February 24, 2020) (incorporated by reference to Exhibit 10.5 to our Current Report on Form 8-K, filed on February 26, 2020).†
10.30	Park Hotels & Resorts Inc. Executive Long-Term Incentive Program (amended and restated as of February 24, 2020) (incorporated by reference to Exhibit 10.6 to our Current Report on Form 8-K, filed on February 26, 2020).†
10.31	Form of CEO Special Performance Stock Unit Award Agreement (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on February 26, 2020).†
10.32	Form of CEO Special Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K, filed on February 26, 2020).†
10.33	Form of Executive Special Performance Stock Unit Award Agreement (incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K, filed on February 26, 2020). †
10.34	Form of Executive Special Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.4 to our Current Report on Form 8-K, filed on February 26, 2020). †
10.35	Park Hotels & Resorts Inc. Executive Short-Term Incentive Program (amended and restated as of February 24, 2020) (incorporated by reference to Exhibit 10.5 to our Current Report on Form 8-K, filed on February 26, 2020). †
10.36	Park Hotels & Resorts Inc. Executive Long-Term Incentive Program (amended and restated as of February 24, 2020) (incorporated by reference to Exhibit 10.6 to our Current Report on Form 8-K, filed on February 26, 2020). †
10.37	Third Amendment to Credit Agreement, dated as of May 8, 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 May 8, 2020).

Exhibit Number	Description
10.38	First Amendment to Loan Agreement, dated as of May 8, 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 May 8, 2020).
10.39	Separation Agreement and Release, by and between Matthew A. Sparks and Park Hotels & Resorts Inc. (incorporated by reference to Exhibit 10.7 to our Quarterly Report on Form 10-Q, filed on May 11, 2020).
10.40	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).
10.41	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).
10.42	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).
10.43	Form of CEO PSU Agreement (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on November 10, 2020). †
10.44	Form of Executive PSU Agreement (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K, filed on November 10, 2020). †
21*	Subsidiaries of Park Hotels & Resorts Inc.
23*	Consent of Independent Registered Public Accounting Firm, Ernst & Young LLP.
24.1*	Power of Attorney (included on the Signature Page of this Annual Report on Form 10-K).
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

Exhibit Number	Description
†	Denotes a management contract or compensatory plan, contract or arrangement

Item 16. Form 10-K Summary

None.

SIGNATURE

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: February 26, 2021

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

SIGNATURES AND POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Thomas J. Baltimore, Jr., Sean M. Dell'Orto and Thomas C. Morey, and each of them (with full power to act alone), the individual's true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for the person and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K and any other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as such person might or could do in person, hereby ratifying and confirming all that such attorneys-in-fact and agents, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This Power of Attorney may be signed in several counterparts.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

Name	Title	Date
/s/ Thomas J. Baltimore, Jr. Thomas J. Baltimore, Jr.	Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)	February 26, 2021
/s/ Sean M. Dell'Orto Sean M. Dell'Orto	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 26, 2021
/s/ Darren W. Robb Darren W. Robb	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	February 26, 2021
/s/ Patricia M. Bedient Patricia M. Bedient	Director	February 26, 2021
/s/ Gordon M. Bethune Gordon M. Bethune	Director	February 26, 2021
/s/ Thomas D. Eckert Thomas D. Eckert	Director	February 26, 2021
/s/ Geoffrey M. Garrett Geoffrey M. Garrett	Director	February 26, 2021
/s/ Christie B. Kelly Christie B. Kelly	Director	February 26, 2021
/s/ Joseph I. Lieberman Joseph I. Lieberman	Director	February 26, 2021
/s/ Timothy J. Naughton Timothy J. Naughton	Director	February 26, 2021
/s/ Thomas A. Natelli Thomas A. Natelli	Director	February 26, 2021
/s/ Stephen I. Sadove Stephen I. Sadove	Director	February 26, 2021

Exhibit 4.1

DESCRIPTION OF THE REGISTRANT'S SECURITIES

REGISTERED PURSUANT TO SECTION 12 OF THE

SECURITIES EXCHANGE ACT OF 1934

The following description sets forth certain material terms and provisions of our common stock, par value $0.01 per share, which is our only security registered under Section 12 of the Securities Exchange Act of 1934, as amended. This description also summarizes relevant provisions of the General Corporation Law of the State of Delaware (the "DGCL"). The following summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the applicable provisions of Delaware law and our Amended and Restated Certificate of Incorporation ("Certificate of Incorporation") and our Amended and Restated By-laws ("By-laws"), each of which are incorporated by reference as exhibits to the Annual Report on Form 10-K of which this Exhibit 4.1 is a part. We encourage you to read Amended and Restated Certificate of Incorporation, our Amended and Restated By-laws and the applicable provisions of Delaware law for additional information.

Authorized Capital Stock

Our Certificate of Incorporation provides that we may issue up to 6,600,000,000 shares, consisting of 6,000,000,000 shares of common stock, par value $0.01 per share ("common stock"), and 600,000,000 shares of preferred stock, par value $0.01 per share ("preferred stock"). The 6,600,000,000 aggregate number of authorized shares of common stock or preferred stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority in voting power of the stock of our company entitled to vote thereon. Unless our board of directors determines otherwise, we will issue all shares of our capital stock in uncertificated form.

Under Delaware law, stockholders generally are not personally liable for our debts or obligations solely as a result of their status as stockholders.

Description of Common Stock

General

Subject to the provisions in our Certificate of Incorporation regarding the restrictions on ownership and transfer of our stock discussed below under the caption "— Certain Provisions of Delaware Law and Our Certificate of Incorporation and By-laws — Restrictions on Ownership and Transfer," holders of shares of our common stock are entitled to one vote for each share held of record on all matters on which stockholders are entitled to vote generally, including the election or removal of directors elected by our stockholders generally.

Upon our liquidation, dissolution or winding up and after payment in full of all amounts required to be paid to creditors and to the holders of our preferred stock having liquidation preferences, if any, the holders of our common stock will be entitled to receive pro rata our remaining assets available for distribution. The common stock is not subject to further calls or assessment by us. Holders of our common stock do not have preemptive, subscription, redemption or conversion rights. There is no redemption or sinking fund provisions applicable to the common stock. The rights, powers, preferences and privileges of holders of our common stock are be subject to those of the holders of any shares of our preferred stock we may authorize and issue in the future.

Dividends

The DGCL permits a corporation to declare and pay dividends out of "surplus" or, if there is no "surplus," out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. "Surplus" is defined as the excess of the net assets of the corporation over the amount determined to be the capital of the corporation by its board of directors. The capital of the corporation is typically calculated to be (and cannot be less than) the aggregate par value of all issued shares of capital stock. Net assets equals the fair value of the total assets minus total liabilities. The DGCL also provides that dividends may not be paid out of net profits if, after the payment of the dividend, remaining capital would be less than the capital represented by the outstanding stock of all classes having a preference upon the distribution of assets. Declaration and payment of any dividend is subject to the discretion of our board of directors.

Certain Provisions of Delaware Law and Our Certificate of Incorporation and By-laws

Restrictions on Ownership and Transfer

Our Certificate of Incorporation includes a common stock ownership limit and a preferred stock ownership limit, which, subject to certain exceptions, restricts any person from acquiring more than 9.8% (in value or in number of shares, whichever is more restrictive) of our outstanding common stock or more than 9.8% (in value or in number of shares, whichever is more restrictive) of any outstanding class or series of our preferred stock without the approval of our board of directors. These provisions may delay, defer or prevent a change in control of us.

Undesignated Preferred Stock

The ability to authorize undesignated preferred stock will make it possible for our board of directors to issue preferred stock with super-majority voting, special approval, dividend or other rights or preferences that could impede the success of any attempt to acquire us or otherwise effect a change in control of us. These and other provisions may have the effect of deferring, delaying or discouraging hostile takeovers, or changes in control or management of our company.

We do not have a stockholder rights plan or any class or series of preferred stock designated in connection with such a plan, and if our board of directors were ever to adopt a stockholder rights plan in the future without prior stockholder approval, our board of directors would either submit the plan to stockholders for ratification or cause the rights plan to expire within one year.

Requirements for Advance Notification of Stockholder Meetings, Nominations and Proposals

Our By-laws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board of directors. For any matter to be "properly brought" before a meeting, a stockholder will have to comply with advance notice requirements and provide us with certain information specified by our By-laws about the stockholder, its affiliates and any proposed business or nominee for election as a director, including information about the material interest of the stockholder, its affiliates and any proposed nominee in us. These provisions may also defer, delay or discourage a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to influence or obtain control of our company.

By-law Amendments

Our Certificate of Incorporation provides that the board of directors is expressly authorized to make, alter or repeal our By-laws and that our stockholders may only amend our By-laws with the approval of a majority of all of the outstanding shares of our capital stock entitled to vote.

Proxy Access Nominations

In addition, our By-laws permit an eligible stockholder or group of up to 20 stockholders who have continuously owned 3% or more of our common stock for at least three years to nominate and include in our proxy statement director candidates to occupy up to the greater of two directors or 20% of the Board, provided that the stockholder has satisfied the notice and other requirements specified in our By-laws.

No Cumulative Voting

The DGCL provides that stockholders are not entitled to the right to cumulate votes in the election of directors unless our Certificate of Incorporation provides otherwise. Our Certificate of Incorporation does not provide for cumulative voting.

Stockholder Action by Written Consent

Pursuant to Section 228 of the DGCL, any action required to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote if a consent or consents in writing, setting forth the action so taken, is or are signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of our stock entitled to vote thereon were present and voted, unless our Certificate of Incorporation provides otherwise. Our Certificate of Incorporation provides that any action required or permitted to be taken by our stockholders may not be effected by consent in writing by stockholders unless such action is recommended by all directors then in office.

Power to Call Special Stockholder Meeting

Under Delaware law, a special meeting of stockholders may be called by our board of directors or by any other person authorized to do so in the company's certificate of incorporation or bylaws. Pursuant to our Certificate of Incorporation, special meetings of the stockholders may be called, for any purpose or purposes, by the chairman of the board of directors or the chief executive officer or the board of directors at any time. In addition, a special meeting of the stockholders shall be called by the board of directors upon written request to our company secretary of one or more stockholders owning in the aggregate not less than twenty five percent (25%) of the total voting power of all the then outstanding shares of stock of our company entitled to vote generally in the election of directors.

Exclusive Forum

Our Certificate of Incorporation provides that unless we consent to the selection of an alternative forum, the Delaware Court of Chancery shall, to the fullest extent permitted by law, be the sole and exclusive forum for any (i) derivative action or proceeding brought on behalf of our company, (ii) action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of our company to our company or our company's stockholders, (iii) action asserting a claim against our company or any director or officer of our company arising pursuant to any provision of the DGCL, our Certificate of Incorporation or our By-laws or (iv) action asserting a claim against our company or any director or officer of our company governed by the internal affairs doctrine, in each such case subject to said Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of our company shall be deemed to have notice of and consented to the forum provisions in our Certificate of Incorporation. This exclusive forum provision applies to claims arising under Delaware state law and would not apply to claims brought pursuant to the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended, or any other claim for which the federal courts have exclusive jurisdiction.

Delaware Anti-Takeover Statute

We have opted out of Section 203 of the DGCL. Section 203 provides that, subject to certain exceptions specified in the law, a publicly held Delaware corporation shall not engage in certain "business combinations" with any "interested stockholder" for a three-year period after the date of the transaction in which the person became an interested stockholder. These provisions generally prohibit or delay the accomplishment of mergers, assets or stock sales or other takeover or change-in-control attempts that are not approved by a company's board of directors.

Generally, a business combination includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. An interested stockholder is a person who, together with affiliates and associates, owns or, within three years prior to the determination of interested stockholder status, did own 15% or more of a corporation's outstanding voting stock.

Under certain circumstances, Section 203 makes it more difficult for a person who would be an "interested stockholder" to effect various business combinations with a corporation for a three-year period. Accordingly, Section 203 could have an anti-takeover effect with respect to certain transactions our board of directors does not approve in advance. The provisions of Section 203 may encourage companies interested in acquiring our company to negotiate in advance with our board of directors because the stockholder approval requirement would be avoided if our board of directors approves either the business combination or the transaction that results in the stockholder becoming an interested stockholder. However, Section 203 also could discourage attempts that might result in a premium over the market price for the shares of common stock held by stockholders. These provisions also may make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

Exchange Listing

Our common stock is listed on the NYSE under the symbol “PK.”

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Equiniti Trust Company.

EXHIBIT 21

PARK HOTELS & RESORTS INC.
LIST OF SUBSIDIARIES

Name	Jurisdiction
American Plaza Parking LLC	Utah
A-R HHC Orlando Convention Hotel Member, LLC	Delaware
A-R HHC Orlando Convention Hotel Mezz, LLC	Delaware
A-R HHC Orlando Convention Hotel, LLC	Delaware
A-R HHC Orlando New Parcel Owner, LLC	Delaware
Ashford HHC Partners III LP	Delaware
Atlanta Airport Lessee LLC	Delaware
Austin Lessee LLC	Delaware
Bonnet Creek Equity Holdings LLC	Delaware
Bonnet Creek Hilton Lessee LLC	Delaware
Boston Airport Lessee LLC	Delaware
BRE/FL Development Parcels L.L.C.	Delaware
Buckingham's Chicago, LLC	Delaware
Casa Marina Equity Holdings LLC	Delaware
Casa Marina Lessee LLC	Delaware
Casa Marina Owner, LLC	Delaware
Chesapeake Lodging, L.P.	Delaware
CHH Capital Hotel GP, LLC	Delaware
CHH Capital Hotel Partners, LP	Delaware
CHH Capital Tenant Corp.	Delaware
CHH III Tenant Parent Corp.	Delaware
CHH Torrey Pines Hotel GP, LLC	Delaware
CHH Torrey Pines Hotel Partners, LP	Delaware
CHH Torrey Pines Tenant Corp.	Delaware
Chicago Hilton LLC	Delaware
Chicago Lessee LLC	Delaware
CHSP 31st Street LLC	Delaware
CHSP 36th Street LLC	Delaware
CHSP Boston II LLC	Delaware
CHSP Boston LLC	Delaware
CHSP Bridge Lender LLC	Delaware
CHSP Chicago LLC	Delaware
CHSP DC Holding Trust	Maryland
CHSP Denver LLC	Delaware
CHSP Fisherman Wharf LLC	Delaware
CHSP French Quarter LLC	Delaware
CHSP Lakeshore LLC	Delaware
CHSP LLC	Delaware
CHSP Los Angeles II LLC	Delaware
CHSP Los Angeles LLC	Delaware
CHSP Miami Beach Holdings LLC	Delaware
CHSP Mission Bay LLC	Delaware
CHSP Navy Yard LLC	Delaware
CHSP New Orleans LLC	Delaware
CHSP Newton LLC	Delaware
CHSP San Diego LLC	Delaware
CHSP San Francisco LLC	Delaware
CHSP Seattle LLC	Delaware
CHSP TRS 31st Street LLC	Delaware
CHSP TRS 36th Street LLC	Delaware

CHSP TRS Boston II LLC	Delaware
CHSP TRS Boston LLC	Delaware
CHSP TRS Chicago LLC	Delaware
CHSP TRS Denver LLC	Delaware
CHSP TRS Fisherman Wharf LLC	Delaware
CHSP TRS French Quarter LLC	Delaware
CHSP TRS Lakeshore LLC	Delaware
CHSP TRS LLC	Delaware
CHSP TRS Los Angeles II LLC	Delaware
CHSP TRS Los Angeles LLC	Delaware
CHSP TRS Mission Bay LLC	Delaware
CHSP TRS Navy Yard LLC	Delaware
CHSP TRS New Orleans LLC	Delaware
CHSP TRS Newton LLC	Delaware
CHSP TRS San Diego LLC	Delaware
CHSP TRS San Francisco LLC	Delaware
CHSP TRS Seattle LLC	Delaware
CHSP TRS Union Square II LLC	Delaware
CHSP TRS Union Square LLC	Delaware
CHSP Union Square II LLC	Delaware
CHSP Union Square LLC	Delaware
Club Mack OPCO, L.L.C.	Nevada
Crystal City Lessee LLC	Delaware
Crystal City LLC	Delaware
Cupertino Hotel Owner LLC	Delaware
Cupertino Lessee LLC	Delaware
DC Lessee LLC	Delaware
DJONT Leasing L.L.C.	Delaware
Doubletree DTWC LLC	Delaware
Doubletree Spokane City Center LLC	Delaware
DR Spokane City Center LLC	Delaware
DT Ontario GP LLC	Delaware
DT Ontario Hotel Partners	California
DT Ontario Hotel Partners Lessee LLC	California
DT Spokane Equity Holdings LLC	Delaware
DTR TM Holdings, LLC	Arizona
DTWC Spokane City Center SPE, LLC	Delaware
Durango Lessee LLC	Delaware
EPT Kansas City Limited Partnership	Delaware
EPT Meadowlands Limited Partnership	Delaware
Fess Parker-Red Lion Hotel	California
G/B/H Condo Owner, LLC	Delaware
G/B/H Four Star, LLC	Delaware
G/B/H Golf Course, LLC	Delaware
Global Resort Partners	Hawaii
Global Resort Partners GP LLC	Delaware
Hapeville Hotel Limited Partnership	Delaware
HHC One Park Boulevard, LLC	Delaware
Hilton Brazil Holdings LLC	Delaware
Hilton CMBS Holdings LLC	Delaware
Hilton El Segundo LLC	Delaware
Hilton Embassy Holdings LLC	Delaware
Hilton Hawaiian Village Lessee LLC	Delaware
Hilton Hawaiian Village LLC	Hawaii
Hilton International of Puerto Rico Inc.	Delaware
Hilton Land Investment 1, LLC	Delaware
Hilton New Orleans, LLC	Delaware
Hilton OPB, LLC	Delaware
Hilton Orlando Partners III, LLC	Delaware

Hilton Riverside, LLC	Delaware
Hilton Seattle Airport LLC	Delaware
Hilton Suites, LLC	Delaware
HLT Alexandria Equity Holding LLC	Delaware
HLT CA Hilton LLC	Delaware
HLT DC Owner LLC	Delaware
HLT Domestic Owner LLC	Delaware
HLT GP LLC	Delaware
HLT Hawaii Holding LLC	Delaware
HLT Logan LLC	Delaware
HLT Memphis LLC	Delaware
HLT NY Hilton LLC	Delaware
HLT NY Waldorf LLC	Delaware
HLT Operate DTWC LLC	Delaware
HLT Owned VIII Holding LLC	Delaware
HLT Property Acquisition LLC	Delaware
HLT Resorts GP LLC	Delaware
HLT San Jose LLC	Delaware
International Rivercenter, L.L.C.	Louisiana
Kansas City Plaza Lessee LLC	Delaware
KC Plaza GP LLC	Delaware
Kenner Hotel Limited Partnership	Delaware
Key West Reach Lessee LLC	Delaware
Key West Reach Owner, LLC	Delaware
King Street Station Hotel Associates L.P.	Virginia
King Street Station Hotel Associates Lessee LLC	Delaware
Kitty O'Shea's Chicago, LLC	Delaware
Lake Buena Vista Lessee LLC	Delaware
Las Vegas Hotel Lessee LLC	Delaware
McLean Hilton LLC	Delaware
McLean Lessee LLC	Delaware
Meritex, LLC	Delaware
Miami Airport Lessee LLC	Delaware
Miami Airport LLC	Delaware
New Orleans Airport Lessee LLC	Delaware
New Orleans Rivercenter	Louisiana
New Orleans Riverside Lessee LLC	Delaware
New York Lessee LLC	Delaware
NORC Riparian Property, LLC	Delaware
Oakbrook Hilton Suites & Garden Inn LLC	Illinois
Oakland Airport Lessee LLC	Delaware
One Park Boulevard, LLC	Delaware
P55 Hotel Owner LLC	Delaware
Parc 55 Lessee LLC	Delaware
Park Ala Moana LLC	Delaware
Park DT Ontario Lessee Holdings LLC	Delaware
Park Embassy Alexandria Lessee Holdings LLC	Delaware
Park Intermediate Holdings LLC	Delaware
Park LA Holdings LLC	Delaware
Park Las Vegas Lessee Holdings LLC	Delaware
Park NO Airport GP LLC	Delaware
Park TRS II Operating Company	Delaware
Park TRS Operating Company	Delaware
Park US Lessee Holdings Inc.	Delaware
Park Victoria Quays Lessee Limited	England & Wales
Park-OCCC Hotel, Inc.	Florida
Parsippany Hotel Owner LLC	Delaware
Parsippany Lessee LLC	Delaware
Phoenix Lessee LLC	Delaware

Phoenix SP Hilton LLC	Delaware
PK Domestic Holdco LLC	Delaware
PK Domestic Property LLC	Delaware
PK Domestic Lessee LLC	Delaware
PK Domestic REIT Inc.	Delaware
PK Domestic Sub LLC	Delaware
PK Finance Co-Issuer Inc.	Delaware
Pointe Squaw Lessee LLC	Delaware
Puerto Rico Caribe Lessee LLC	Delaware
Reach Equity Holdings LLC	Delaware
RP Holdings Trust	Maryland
RP Hotel Holdings, LLC	Delaware
RP Hotel Operating Co., Inc.	Delaware
S.F. Hilton LLC	Delaware
Salt Lake City Lessee LLC	Delaware
San Diego Lessee LLC	Delaware
San Francisco Lessee LLC	Delaware
San Jose Lessee LLC	Delaware
Santa Barbara Hotel Lessee LLC	Delaware
Santa Barbara JV Holdings LLC	Delaware
Santa Barbara Lessee Holdings LLC	Delaware
Seattle Airport DT Lessee LLC	Delaware
Seattle Airport HLT Lessee LLC	Delaware
Short Hills Hilton LLC	Delaware
Short Hills Lessee LLC	Delaware
Sonoma Lessee LLC	Delaware
Suite Life LLC	Delaware
Sunstone Park Lessee LLC	Delaware
Tex Holdings, Inc.	Delaware
Waikoloa Village Lessee LLC	Delaware

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

1) Registration Statement (Form S-3 No. 333-223438) of Park Hotels & Resorts Inc. and the related Prospectus, and
2) Registration Statement (Form S-8 No. 333-215324) pertaining to the Park Hotels & Resorts Inc. 2017 Omnibus Incentive Plan and the Park Hotels & Resorts Inc. 2017 Stock Plan for Non-Employee Directors;

of our reports dated February 26, 2021, with respect to the consolidated financial statements of Park Hotels & Resorts Inc. and the effectiveness of internal control over financial reporting of Park Hotels & Resorts Inc. included in this Annual Report (Form 10-K) for the year ended December 31, 2020.

/s/ Ernst & Young LLP

Tysons, Virginia
February 26, 2021

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 Annual Report on Form 10-K 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 Exchange Act 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: February 26, 2021

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 Annual Report on Form 10-K 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 Exchange Act 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: February 26, 2021

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 Annual Report of Park Hotels & Resorts Inc. (the "Company") on Form 10-K for the year ended December 31, 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, 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: February 26, 2021

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 Annual Report of Park Hotels & Resorts Inc. (the "Company") on Form 10-K for the year ended December 31, 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: February 26, 2021

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.