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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2022

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

(State or other jurisdiction of
incorporation or organization)

36-2058176

(I.R.S Employer
Identification No.)

1775 Tysons Boulevard, 7th Floor, Tysons, VA

(Address of principal executive offices)

22102

(Zip Code)

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

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

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

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

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

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

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

The number of shares of common stock outstanding on October 28, 2022 was 224,843,229.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
	(unaudited)	
ASSETS		
Property and equipment, net	\$ 8,292	\$ 8,511
Investments in affiliates	4	15
Intangibles, net	43	44
Cash and cash equivalents	971	688
Restricted cash	29	75
Accounts receivable, net of allowance for doubtful accounts of \$2 and \$2	144	96
Prepaid expenses	40	35
Other assets	39	69
Operating lease right-of-use assets	224	210
TOTAL ASSETS (variable interest entities - \$240 and \$237)	<u>\$ 9,786</u>	<u>\$ 9,743</u>
LIABILITIES AND EQUITY		
Liabilities		
Debt	\$ 4,670	\$ 4,672
Accounts payable and accrued expenses	254	156
Due to hotel managers	123	111
Other liabilities	177	174
Operating lease liabilities	243	227
Total liabilities (variable interest entities - \$220 and \$219)	5,467	5,340
Commitments and contingencies - refer to Note 11		
Stockholders' Equity		
Common stock, par value \$0.01 per share, 6,000,000,000 shares authorized, 225,354,874 shares issued and 224,842,791 shares outstanding as of September 30, 2022 and 236,888,804 shares issued and 236,483,990 shares outstanding as of December 31, 2021	2	2
Additional paid-in capital	4,325	4,533
Retained earnings (accumulated deficit)	38	(83)
Total stockholders' equity	4,365	4,452
Noncontrolling interests	(46)	(49)
Total equity	4,319	4,403
TOTAL LIABILITIES AND EQUITY	<u>\$ 9,786</u>	<u>\$ 9,743</u>

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

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

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues				
Rooms	\$ 428	\$ 274	\$ 1,153	\$ 587
Food and beverage	148	76	431	152
Ancillary hotel	67	58	198	137
Other	19	15	54	35
Total revenues	<u>662</u>	<u>423</u>	<u>1,836</u>	<u>911</u>
Operating expenses				
Rooms	115	76	298	170
Food and beverage	115	63	321	126
Other departmental and support	162	119	453	298
Other property-level	58	51	173	151
Management fees	30	19	84	40
Casualty and impairment loss, net	3	2	4	7
Depreciation and amortization	67	68	204	213
Corporate general and administrative	16	14	48	48
Other	18	14	52	34
Total expenses	<u>584</u>	<u>426</u>	<u>1,637</u>	<u>1,087</u>
Gain (loss) on sales of assets, net	14	(11)	13	(5)
Operating income (loss)	92	(14)	212	(181)
Interest income	4	—	5	—
Interest expense	(61)	(66)	(185)	(195)
Equity in earnings (losses) from investments in affiliates	1	—	6	(6)
Other gain (loss), net	1	(5)	98	(7)
Income (loss) before income taxes	37	(85)	136	(389)
Income tax benefit	3	3	2	2
Net income (loss)	40	(82)	138	(387)
Net income attributable to noncontrolling interests	(5)	(4)	(10)	(5)
Net income (loss) attributable to stockholders	<u>\$ 35</u>	<u>\$ (86)</u>	<u>\$ 128</u>	<u>\$ (392)</u>
Other comprehensive income, net of tax expense:				
Change in fair value of interest rate swap, net of tax	—	1	—	2
Loss from interest rate swap reclassified into earnings	—	2	—	2
Total other comprehensive income	<u>—</u>	<u>3</u>	<u>—</u>	<u>4</u>
Comprehensive income (loss)	40	(79)	138	(383)
Comprehensive income attributable to noncontrolling interests	(5)	(4)	(10)	(5)
Comprehensive income (loss) attributable to stockholders	<u>\$ 35</u>	<u>\$ (83)</u>	<u>\$ 128</u>	<u>\$ (388)</u>
Earnings (loss) per share:				
Earnings (loss) per share – Basic	\$ 0.15	\$ (0.36)	\$ 0.55	\$ (1.66)
Earnings (loss) per share – Diluted	\$ 0.15	\$ (0.36)	\$ 0.55	\$ (1.66)
Weighted average shares outstanding – Basic	224	236	229	236
Weighted average shares outstanding – Diluted	224	236	229	236

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

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

	Nine Months Ended September 30,	
	2022	2021
Operating Activities:		
Net income (loss)	\$ 138	\$ (387)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	204	213
(Gain) loss on sales of assets, net	(13)	5
Casualty and impairment loss, net	4	7
Equity in (earnings) losses from investments in affiliates	(6)	6
Other (gain) loss, net	(92)	7
Share-based compensation expense	13	15
Amortization of deferred financing costs	7	9
Distributions from unconsolidated affiliates	6	—
Deferred income taxes	—	(1)
Changes in operating assets and liabilities	78	31
Net cash provided by (used in) operating activities	339	(95)
Investing Activities:		
Capital expenditures for property and equipment	(104)	(28)
Proceeds from asset dispositions, net	143	454
Proceeds from the sale of investments in affiliates, net	101	—
Contributions to unconsolidated affiliates	—	(5)
Insurance proceeds for property damage claims	—	4
Net cash provided by investing activities	140	425
Financing Activities:		
Repayments of credit facilities	—	(1,193)
Proceeds from issuance of Senior Secured Notes	—	750
Proceeds from issuance of mortgage debt	30	14
Repayments of mortgage debt	(36)	(18)
Debt issuance costs	(3)	(15)
Dividends paid	(5)	—
Distributions to noncontrolling interests, net	(7)	(2)
Tax withholdings on share-based compensation	(3)	(5)
Repurchase of common stock	(218)	—
Net cash used in financing activities	(242)	(469)
Net increase (decrease) in cash and cash equivalents and restricted cash	237	(139)
Cash and cash equivalents and restricted cash, beginning of period	763	981
Cash and cash equivalents and restricted cash, end of period	\$ 1,000	\$ 842
Supplemental Disclosures		
Non-cash financing activities:		
Dividends declared but unpaid	\$ 2	\$ —

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

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

	Common Stock		Additional Paid-in Capital	(Accumulated Deficit) Retained Earnings	Non- controlling Interests	Total
	Shares	Amount				
Balance as of December 31, 2021	236	\$ 2	\$ 4,533	\$ (83)	\$ (49)	\$ 4,403
Share-based compensation, net	—	—	1	—	—	1
Net loss	—	—	—	(57)	1	(56)
Dividends and dividend equivalents ⁽¹⁾	—	—	—	(2)	—	(2)
Repurchase of common stock	(3)	—	(61)	—	—	(61)
Balance as of March 31, 2022	233	2	4,473	(142)	(48)	4,285
Share-based compensation, net	—	—	5	—	—	5
Net income	—	—	—	150	4	154
Dividends and dividend equivalents ⁽¹⁾	—	—	—	(2)	—	(2)
Distributions to noncontrolling interests	—	—	—	—	(4)	(4)
Repurchase of common stock	(8)	—	(157)	—	—	(157)
Balance as of June 30, 2022	225	2	4,321	6	(48)	4,281
Share-based compensation, net	—	—	4	—	—	4
Net income	—	—	—	35	5	40
Dividends and dividend equivalents ⁽¹⁾	—	—	—	(3)	—	(3)
Distributions to noncontrolling interests	—	—	—	—	(3)	(3)
Balance as of September 30, 2022	225	\$ 2	\$ 4,325	\$ 38	\$ (46)	\$ 4,319

	Common Stock		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive (Loss) Income	Non- controlling Interests	Total
	Shares	Amount					
Balance as of December 31, 2020	236	\$ 2	\$ 4,519	\$ 376	\$ (4)	\$ (50)	\$ 4,843
Share-based compensation, net	—	—	1	(1)	—	—	—
Net loss	—	—	—	(190)	—	(1)	(191)
Other comprehensive income	—	—	—	—	1	—	1
Balance as of March 31, 2021	236	2	4,520	185	(3)	(51)	4,653
Share-based compensation, net	—	—	5	1	—	—	6
Net loss	—	—	—	(116)	—	2	(114)
Balance as of June 30, 2021	236	2	4,525	70	(3)	(49)	4,545
Share-based compensation, net	—	—	4	—	—	—	4
Net loss	—	—	—	(86)	—	4	(82)
Other comprehensive income	—	—	—	—	3	—	3
Distributions to noncontrolling interests	—	—	—	—	—	(2)	(2)
Balance as of September 30, 2021	236	\$ 2	\$ 4,529	\$ (16)	\$ —	\$ (47)	\$ 4,468

⁽¹⁾ Dividends declared per common share were \$0.01 for each of the three months ended March 31, 2022, June 30, 2022 and September 30, 2022.

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

PARK HOTELS & RESORTS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Note 1: Organization and Recent Events

Organization

Park Hotels & Resorts Inc. (“we,” “us,” “our” or the “Company” and, exclusive of any subsidiaries, “Park Parent”) is a Delaware corporation that owns a portfolio of premium-branded hotels and resorts primarily located in prime city center and resort locations. On January 3, 2017, Hilton Worldwide Holdings Inc. (“Hilton”) completed the spin-off of a portfolio of hotels and resorts that established Park Hotels & Resorts Inc. as an independent, publicly traded company.

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

We are 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. 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. 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. Park Parent owned 100% of the interests in our Operating Company until December 31, 2021 when the business undertook an internal reorganization transitioning our structure to a traditional umbrella partnership REIT structure (“UPREIT”). Effective January 1, 2022, Park Parent became the managing member of our Operating Company and PK Domestic REIT Inc., a wholly owned direct subsidiary of Park Parent, became a member in our Operating Company. We may, in the future, issue interests in (or from) our Operating Company in connection with acquiring hotels, financings, issuance of equity compensation or other purposes.

The novel strain of coronavirus and the disease it causes (“COVID-19”) and its aftermath have continued to affect the hospitality industry and our business. Beginning in March 2020, we 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 increase in vaccination rates across the country and the easing or removal of government restrictions, quarantining and “social distancing” mandates resulted in increased travel and hospitality spending beginning in the second quarter of 2021. As of May 2022, we have reopened all previously suspended hotels. While there can be no assurances that we will not experience further fluctuations in hotel revenues or earnings at our hotels due to the uncertainty of COVID-19 and other macroeconomic factors, such as inflation, increases in interest rates, potential economic slowdown or a recession and geopolitical conflicts, we expect to experience improvements in leisure, group and business transient demand.

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

Basis of Presentation

Principles of Consolidation

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

These financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2021 included in our Annual Report on Form 10-K, filed with the Securities and Exchange Commission (“SEC”) on February 18, 2022.

Use of Estimates

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

Reclassifications

Certain line items on the condensed consolidated balance sheets as of December 31, 2021 have been reclassified to conform to the current period presentation.

Summary of Significant Accounting Policies

Our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on February 18, 2022, contains a discussion of the significant accounting policies. There have been no significant changes to our significant accounting policies since December 31, 2021.

Note 3: Dispositions

Dispositions

During the nine months ended September 30, 2022, we sold the five consolidated hotels listed in the table below and received total gross proceeds of approximately \$149 million. We recognized a net gain of approximately \$15 million, which is included in *gain (loss) on sales of assets, net* in our condensed consolidated statements of comprehensive income (loss).

Hotel	Location	Month Sold
Hampton Inn & Suites Memphis - Shady Grove	Memphis, Tennessee	April 2022
Hilton Chicago/Oak Brook Suites	Chicago, Illinois	May 2022
Homewood Suites by Hilton Seattle Convention Center Pike Street	Seattle, Washington	June 2022
Hilton Garden Inn Chicago/Oakbrook Terrace	Chicago, Illinois	July 2022
Hilton Garden Inn LAX/El Segundo	El Segundo, California	September 2022

Additionally, in June 2022, we sold our ownership interests in the joint ventures that own and operate the Hilton San Diego Bayfront for gross proceeds of \$157 million. Our gross proceeds were reduced by \$55 million for our share of the mortgage debt in the joint venture. We recognized a gain of approximately \$92 million, net of selling costs, which is included in *other gain (loss), net* in our condensed consolidated statements of comprehensive income (loss).

During the nine months ended September 30, 2021, we sold the five consolidated hotels listed in the table below, received total gross proceeds of approximately \$477 million and recognized a net \$5 million loss due to selling costs, which is included in *gain (loss) on sales of assets, net* in our condensed consolidated statements of comprehensive income (loss).

Hotel	Location	Month Sold
W New Orleans - French Quarter	New Orleans, Louisiana	April 2021
Hotel Indigo San Diego Gaslamp Quarter ⁽¹⁾	San Diego, California	June 2021
Courtyard Washington Capitol Hill Navy Yard ⁽¹⁾	Washington, D.C.	June 2021
Hotel Adagio, Autograph Collection	San Francisco, California	July 2021
Le Meridien San Francisco	San Francisco, California	August 2021

⁽¹⁾ Sold as a portfolio in the same transaction.

Note 4: Property and Equipment

Property and equipment were:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
	(in millions)	
Land	\$ 3,317	\$ 3,333
Buildings and leasehold improvements	6,509	6,606
Furniture and equipment	988	1,005
Construction-in-progress	140	82
	<u>10,954</u>	<u>11,026</u>
Accumulated depreciation and amortization	(2,662)	(2,515)
	<u>\$ 8,292</u>	<u>\$ 8,511</u>

Depreciation of property and equipment was \$67 million and \$68 million during the three months ended September 30, 2022 and 2021, respectively, and \$203 million and \$212 million during the nine months ended September 30, 2022 and 2021, respectively.

For the nine months ended September 30, 2021, we recognized \$5 million of impairment losses related to one of our hotels classified as held for sale as of June 30, 2021, which was subsequently sold in July 2021, as the estimated selling costs were expected to reduce the gross proceeds below the net book value of the property.

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

Consolidated VIEs

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
	(in millions)	
Property and equipment, net	\$ 207	\$ 209
Cash and cash equivalents	25	18
Restricted cash	1	6
Accounts receivable, net	5	3
Prepaid expenses	2	1
Debt	206	208
Accounts payable and accrued expenses	9	7
Due to hotel manager	1	1
Other liabilities	4	3

Unconsolidated Entities

Investments in affiliates were:

	<u>Ownership %</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>
		(in millions)	
Hilton San Diego Bayfront ⁽¹⁾	25%	\$ —	\$ 11
All others (5 hotels)	20% - 50%	4	4
		<u>\$ 4</u>	<u>\$ 15</u>

⁽¹⁾ In June 2022, we sold our ownership interests in the joint ventures that own and operate the Hilton San Diego Bayfront. Refer to Note 3: "Dispositions" for additional information.

The affiliates in which we own investments accounted for under the equity method had total debt of approximately \$722 million and \$943 million as of September 30, 2022 and December 31, 2021, respectively. Substantially all the debt is secured solely by the affiliates' assets or is guaranteed by other partners without recourse to us.

Note 6: Debt

Debt balances and associated interest rates as of September 30, 2022 were:

	Interest Rate at September 30, 2022	Maturity Date	Principal balance as of	
			September 30, 2022	December 31, 2021
			(in millions)	
SF Mortgage Loan ⁽¹⁾	4.11%	November 2023	\$ 725	\$ 725
HHV Mortgage Loan ⁽¹⁾	4.20%	November 2026	1,275	1,275
	Average rate of			
Other mortgage loans	4.34%	2023 to 2027 ⁽²⁾	497	503
Revolver ⁽³⁾	L +1.80% ⁽⁴⁾	December 2023	—	—
2019 Term Facility ⁽³⁾	L + 1.70% ⁽⁴⁾	August 2024	78	78
2025 Senior Secured Notes ⁽⁵⁾	7.50%	June 2025	650	650
2028 Senior Secured Notes ⁽⁵⁾	5.88%	October 2028	725	725
2029 Senior Secured Notes ⁽⁵⁾	4.88%	May 2029	750	750
			4,700	4,706
Add: unamortized premium			3	4
Less: unamortized deferred financing costs and discount			(33)	(38)
			\$ 4,670	\$ 4,672

⁽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 Mortgage Loan”) and a \$1.275 billion CMBS loan secured by the Hilton Hawaiian Village Waikiki Beach Resort (“HHV Mortgage Loan”).

⁽²⁾ Assumes the exercise of all extensions that are exercisable solely at our option. The mortgage loan for Hilton Denver City Center matures in 2042 but is callable by the lender with six months of notice. As of September 30, 2022, Park had not received notice from the lender.

⁽³⁾ In August 2019, the Company, our Operating Company and PK Domestic entered into a term loan facility (the “2019 Term Facility”). As of September 30, 2022, we had \$901 million of available capacity under our revolving credit facility (“Revolver”).

⁽⁴⁾ In May 2020, we amended our credit and term loan facilities to add a LIBOR floor of 25 basis points. Additionally, upon exiting the covenant relief period under our credit facilities in July 2022, the applicable margin on the interest rate of the Revolver and 2019 Term Facility decreased by 1.20% and 0.95%, respectively.

⁽⁵⁾ In May and September 2020, our Operating Company, PK Domestic and PK Finance issued an aggregate of \$650 million of senior secured notes due 2025 (“2025 Senior Secured Notes”) and an aggregate of \$725 million of senior secured notes due 2028 (“2028 Senior Secured Notes”), respectively. Additionally, in May 2021, our Operating Company, PK Domestic and PK Finance issued an aggregate of \$750 million of senior secured notes due 2029 (“2029 Senior Secured Notes”).

We are required to deposit with lenders certain cash reserves for restricted uses. As of September 30, 2022 and December 31, 2021, our condensed consolidated balance sheets included \$6 million and \$60 million of restricted cash, respectively, related to our mortgage loans. The \$92 million held by the lenders of the HHV Mortgage Loan and the mortgage loan secured by the Hilton Denver City Center was released to us during the third quarter upon submission of the certificates reflecting compliance with financial ratios of these loans.

Debt Maturities

The contractual maturities of our debt, assuming the exercise of all extensions that are exercisable solely at our option, as of September 30, 2022 were:

Year	(in millions)
2022	\$ 2
2023	889
2024	85
2025	657
2026	1,563
Thereafter ⁽¹⁾	1,504
	\$ 4,700

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

Note 7: Fair Value Measurements

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

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

	Hierarchy Level	September 30, 2022		December 31, 2021	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
(in millions)					
Liabilities:					
SF Mortgage Loan	3	\$ 725	\$ 681	\$ 725	\$ 733
HHV Mortgage Loan	3	1,275	1,133	1,275	1,282
Other mortgage loans	3	497	460	503	491
2019 Term Facility	3	78	76	78	76
2025 Senior Secured Notes	1	650	641	650	688
2028 Senior Secured Notes	1	725	621	725	761
2029 Senior Secured Notes	1	750	609	750	771

Note 8: 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 (as amended and restated from time to time, the “2017 Director Plan”). The 2017 Employee Plan provides that a maximum of 8,000,000 shares of our common stock may be issued, and as of September 30, 2022, 2,315,269 shares of common stock remain available for future issuance. The 2017 Director Plan provides that a maximum of 950,000 shares of our common stock may be issued, and as of September 30, 2022, 407,210 shares of common stock remain available for future issuance. For the three months ended September 30, 2022 and 2021, we recognized \$4 million and \$5 million of share-based compensation expense, respectively, and \$13 million and \$15 million, respectively, for the nine months ended September 30, 2022 and 2021. As of September 30, 2022, unrecognized compensation expense was \$21 million, which is expected to be recognized over a weighted-average period of 1.4 years. The total fair value of shares vested (calculated as the number of shares multiplied by the vesting date share price) during the nine months ended September 30, 2022 and 2021 was \$7 million and \$18 million, respectively.

Restricted Stock Awards

Restricted Stock Awards (“RSAs”) generally vest in annual installments between one and three years from each grant date. The following table provides a summary of RSAs for the nine months ended September 30, 2022:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested at January 1, 2022	789,322	\$ 22.52
Granted	457,046	18.38
Vested	(366,400)	22.88
Forfeited	(38,485)	20.28
Unvested at September 30, 2022	841,483	\$ 20.22

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 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 September 30, 2022, six of the eight Share Price Targets were achieved and thus 75% of the awards granted were vested.

The following table provides a summary of PSUs for the nine months ended September 30, 2022:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested at January 1, 2022	972,074	\$ 22.59
Granted	392,843	21.93
Forfeited	(166,974)	34.47
Unvested at September 30, 2022	<u>1,197,943</u>	<u>\$ 20.71</u>

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

Expected volatility	57.5%
Dividend yield ⁽¹⁾	—
Risk-free rate	1.7%
Expected term	3 years

⁽¹⁾ Dividends are assumed to be reinvested in shares of our common stock and dividends will not be paid unless shares vest.

Note 9: Earnings Per Share

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(in millions, except per share amounts)			
Numerator:				
Net income (loss) attributable to stockholders, net of earnings allocated to participating securities	\$ 35	\$ (86)	\$ 128	\$ (392)
Denominator:				
Weighted average shares outstanding – basic	224	236	229	236
Unvested restricted shares	—	—	—	—
Weighted average shares outstanding – diluted	224	236	229	236
Earnings (loss) per share – Basic ⁽¹⁾	\$ 0.15	\$ (0.36)	\$ 0.55	\$ (1.66)
Earnings (loss) per share – Diluted ⁽¹⁾	\$ 0.15	\$ (0.36)	\$ 0.55	\$ (1.66)

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

Certain of our outstanding equity awards were excluded from the above calculation of EPS for the three and nine months ended September 30, 2022 and 2021 because their effect would have been anti-dilutive.

Note 10: Business Segment Information

As of September 30, 2022, 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 income (loss) to Hotel Adjusted EBITDA:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(in millions)			
Revenues:				
Total consolidated hotel revenues	\$ 643	\$ 408	\$ 1,782	\$ 876
Other revenues	19	15	54	35
Total revenues	<u>\$ 662</u>	<u>\$ 423</u>	<u>\$ 1,836</u>	<u>\$ 911</u>
Net income (loss)	\$ 40	\$ (82)	\$ 138	\$ (387)
Other revenues	(19)	(15)	(54)	(35)
Depreciation and amortization expense	67	68	204	213
Corporate general and administrative expense	16	14	48	48
Casualty and impairment loss, net	3	2	4	7
Other operating expenses	18	14	52	34
(Gain) loss on sales of assets, net	(14)	11	(13)	5
Interest income	(4)	—	(5)	—
Interest expense	61	66	185	195
Equity in (earnings) losses from investments in affiliates	(1)	—	(6)	6
Income tax benefit	(3)	(3)	(2)	(2)
Other (gain) loss, net	(1)	5	(98)	7
Other items	4	4	11	(1)
Hotel Adjusted EBITDA	<u>\$ 167</u>	<u>\$ 84</u>	<u>\$ 464</u>	<u>\$ 90</u>

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

	September 30, 2022	December 31, 2021
	(in millions)	
Consolidated hotels	\$ 9,778	\$ 9,724
All other	8	19
Total assets	<u>\$ 9,786</u>	<u>\$ 9,743</u>

Note 11: Commitments and Contingencies

In September 2022, Hurricanes Ian and Fiona caused minimal damage and disruption at our hotels in Florida and Puerto Rico, respectively. Although the total amount of the costs to repair and remediate the minor damage has not yet been determined, they are not expected to be significant. The affected hotels experienced some group cancellations and displacement; however, the majority of lost revenue in September 2022 was replaced with revenue from displaced residents, recovery personnel and incremental transient demand. We continue to assess both the extent of costs and any ongoing business interruption. As of September 30, 2022, we recognized a loss of approximately \$2 million resulting from these hurricanes included within *casualty and impairment loss, net* in our condensed consolidated statements of comprehensive income (loss).

As of September 30, 2022, we had outstanding commitments under third-party contracts of approximately \$121 million for capital expenditures at our properties, of which \$47 million relates to the expansion project at the Bonnet Creek complex. The Bonnet Creek expansion project includes additional meeting space for the Signia by Hilton Orlando Bonnet Creek and the Waldorf Astoria Orlando. 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 provide that Hilton will 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 \$8 million as of September 30, 2022 related to litigation with respect to an audit by the Australian Tax Office (“ATO”) of Hilton related to the sale of the Hilton Sydney in June 2015. This amount could change as the litigation of the ATO’s claim progresses.

Note 12: Subsequent Events

In October 2022, the joint ventures that own and operate the DoubleTree Hotel Las Vegas Airport sold the hotel for gross proceeds of approximately \$22 million, and our pro-rata share of the gross proceeds was approximately \$11 million.

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

The following discussion and analysis of the financial condition and results of operations of Park Hotels & Resorts Inc. (“we,” “us,” “our” or the “Company”) should be read in conjunction with the accompanying unaudited condensed consolidated financial statements, related notes included elsewhere in this Quarterly Report on Form 10-Q, and with our Annual Report on Form 10-K for the year ended December 31, 2021.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (“Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (“Exchange Act”). Forward-looking statements include, but are not limited to, statements related to our expectations regarding the performance of our business, our financial results, our liquidity and capital resources, including expected dates that our hotels will break even or achieve positive Hotel Adjusted EBITDA, the impact to our business and financial condition and that of our hotel management companies, measures being taken in response to COVID-19, the impact from macroeconomic factors (including inflation, increases in interest rates, potential economic slowdown or a recession and geopolitical conflicts), the effects of competition, the effects of future legislation or regulations, the expected completion of anticipated dispositions, the declaration and payment of future dividends 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.

All such forward-looking statements are based on current expectations of management and therefore involve estimates and assumptions that are subject to risks, uncertainties and other factors that could cause actual results to differ materially from the results expressed in the statements. You should not put undue reliance on any forward-looking statements and we urge investors to carefully review the disclosures we make concerning risks and uncertainties in Item 1A: “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2021, as such factors may be updated from time to time in our periodic filings with the SEC, which are accessible on the SEC’s website at www.sec.gov, as well as risks, uncertainties and other factors discussed in this Quarterly Report on Form 10-Q. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Overview

We have a diverse portfolio of iconic and market-leading hotels and resorts with significant underlying real estate value. We currently hold investments in entities that have ownership or leasehold interests in 47 hotels, consisting of premium-branded hotels and resorts with approximately 30,000 rooms, of which 88% are luxury and upper upscale (as defined by Smith Travel Research) and are located in prime U.S. markets and its territories. Our high-quality portfolio includes hotels mostly in major urban and convention areas, such as New York City, Washington, D.C., Chicago, San Francisco, Boston, New Orleans and Denver; and premier resorts in key leisure destinations, including Hawaii, Orlando, Key West and Miami Beach; as well as hotels in select airport and 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 10: “Business Segment Information” in our unaudited condensed consolidated financial statements included elsewhere within this Quarterly Report on Form 10-Q for additional information regarding our operating segments.

Recent Events

During the third quarter of 2022, we sold two consolidated hotels, the Hilton Garden Inn Chicago/Oakbrook Terrace and the Hilton Garden Inn LAX/El Segundo for gross proceeds of approximately \$47 million. Additionally, in October 2022, the joint ventures that own and operate the DoubleTree Hotel Las Vegas Airport sold the hotel for gross proceeds of approximately \$22 million, and our pro-rata share of the gross proceeds was approximately \$11 million.

Outlook

The novel strain of coronavirus and the disease it causes (“COVID-19”) and its aftermath have continued to affect the hospitality industry and our business. Beginning in March 2020, travel restrictions and mandated closings of non-essential businesses were imposed, which resulted in temporary suspensions of operations at a majority of our hotels. As vaccination rates across the country increased and COVID-19 related restrictions were eased or removed, we saw an increase in travel and hospitality spending beginning in the second quarter of 2021. During 2022, we continued to experience improvements in leisure, group and business transient demand, despite macroeconomic and inflationary pressures, and by May 2022, we had reopened all previously suspended hotels.

We believe the distribution of the COVID-19 vaccine during 2021 drove the improvement in traveler sentiment we experienced and resulted in an improvement in occupancy, Average Daily Rate (“ADR”) and Revenue per Available Room (“RevPAR”) during the second quarter of 2021. Changes in our 2022 pro-forma metrics, which exclude results from properties disposed of and include results from properties acquired as of November 3, 2022, as compared to the same periods in 2021 and 2019, and 2022 occupancy are as follows:

	Change in Pro-forma ADR		Change in Pro-forma Occupancy		Change in Pro-forma RevPAR		2022 Pro-forma Occupancy
	2022 vs. 2021	2022 vs. 2019	2022 vs. 2021	2022 vs. 2019	2022 vs. 2021	2022 vs. 2019	
Q1 2022	43.7%	0.8%	25.3% pts	(26.0)% pts	183.4%	(33.1)%	51.4%
Q2 2022	29.0	8.5	29.3	(14.7)	120.0	(10.1)	70.9
Jul 2022	11.7	12.5	16.5	(12.7)	44.5	(4.2)	73.0
Aug 2022	9.0	3.4	20.7	(15.5)	54.7	(15.4)	69.9
Sept 2022	25.8	5.1	25.6	(9.3)	94.9	(6.8)	72.2
Q3 2022	14.6	7.2	20.9	(12.5)	61.7	(8.8)	71.7

While there can be no assurances that we will not experience further fluctuations in hotel revenues or earnings at our hotels due to the uncertainty of COVID-19 and other macroeconomic factors, such as inflation, increases in interest rates, potential economic slowdown or a recession and geopolitical conflicts, we expect to continue to recover through the remainder of 2022 based on current demand trends.

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. We use 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 (which we also refer to as rate) 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.

Comparable Hotels Data

Historically, we have presented certain data for our hotels on a comparable hotel basis as supplemental information for investors. We defined 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 dispositions and other factors to our results of operations for the three and nine months ended September 30, 2022 as compared to the same periods in 2021. Change from other factors primarily relates to the effects of COVID-19 and subsequent ongoing recovery.

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, which excludes 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 income (loss) to Hotel Adjusted EBITDA:

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	(in millions)			
Net income (loss)	\$ 40	\$ (82)	\$ 138	\$ (387)
Depreciation and amortization expense	67	68	204	213
Interest income	(4)	—	(5)	—
Interest expense	61	66	185	195
Income tax benefit	(3)	(3)	(2)	(2)
Interest expense, income tax and depreciation and amortization included in equity in earnings from investments in affiliates	2	3	7	8
EBITDA	<u>163</u>	<u>52</u>	<u>527</u>	<u>27</u>
(Gain) loss on sales of assets, net	(14)	11	(13)	5
Gain on sale of investments in affiliates ⁽¹⁾	—	—	(92)	—
Share-based compensation expense	4	5	13	15
Casualty and impairment loss, net	3	2	4	7
Other items	2	7	8	7
Adjusted EBITDA	<u>158</u>	<u>77</u>	<u>447</u>	<u>61</u>
Less: Adjusted EBITDA from investments in affiliates	(4)	(4)	(20)	(4)
Add: All other ⁽²⁾	13	11	37	33
Hotel Adjusted EBITDA	<u>\$ 167</u>	<u>\$ 84</u>	<u>\$ 464</u>	<u>\$ 90</u>

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

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

Nareit FFO attributable to stockholders and Adjusted FFO attributable to stockholders

We present Nareit FFO attributable to stockholders and Nareit FFO per diluted share (defined as set forth below) as non-GAAP measures of our performance. We calculate funds from (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; and
- Other items that we believe are not representative of our current or future operating performance.

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

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	(in millions, except per share amounts)			
Net income (loss) attributable to stockholders	\$ 35	\$ (86)	\$ 128	\$ (392)
Depreciation and amortization expense	67	68	204	213
Depreciation and amortization expense attributable to noncontrolling interests	(1)	(1)	(3)	(3)
(Gain) loss on sales of assets, net	(14)	11	(13)	5
Gain on sale of investments in affiliates ⁽¹⁾	—	—	(92)	—
Impairment loss	—	—	—	5
Equity investment adjustments:				
Equity in (earnings) losses from investments in affiliates	(1)	—	(6)	6
Pro rata FFO of investments in affiliates	1	3	11	1
Nareit FFO attributable to stockholders	87	(5)	229	(165)
Casualty loss, net	3	2	4	2
Share-based compensation expense	4	5	13	15
Other items	—	3	5	2
Adjusted FFO attributable to stockholders	\$ 94	\$ 5	\$ 251	\$ (146)
Nareit FFO per share – Diluted⁽²⁾	\$ 0.39	\$ (0.02)	\$ 1.00	\$ (0.70)
Adjusted FFO per share – Diluted⁽²⁾	\$ 0.42	\$ 0.02	\$ 1.09	\$ (0.62)

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

⁽²⁾ Per share amounts are calculated based on unrounded numbers.

Results of Operations

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

- *Property Dispositions:* Since January 1, 2021, we disposed of ten consolidated hotels. The results of operations of these hotels are included in our consolidated results only during our period of ownership. As a result of these dispositions, our revenues and operating expenses decreased for the three and nine months ended September 30, 2022 as compared to the same periods in 2021.
- *Ongoing COVID-19 Recovery:* Travel and hospitality spending began to improve beginning in the second quarter of 2021 as vaccination rates increased, which resulted in improved occupancy and ADR, and we reopened additional previously suspended hotels throughout 2021 and into the second quarter of 2022. Consequently, the results of our portfolio during the three and nine months ended September 30, 2022 will not be comparable to the same periods in 2021.

Hotel Revenues and Operating Expenses

	Three Months Ended September 30,			Change from Property Dispositions	Change from Other Factors ⁽¹⁾
	2022	2021	Change		
	(in millions)				
Rooms revenue	\$ 428	\$ 274	\$ 154	\$ (8)	\$ 162
Food and beverage revenue	148	76	72	(1)	73
Ancillary hotel revenue	67	58	9	(1)	10
Rooms expense	115	76	39	(2)	41
Food and beverage expense	115	63	52	(1)	53
Other departmental and support expense	162	119	43	(4)	47
Other property-level expense	58	51	7	(1)	8
Management fees expense	30	19	11	—	11

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

	Nine Months Ended September 30,			Change from Property Dispositions	Change from Other Factors ⁽¹⁾
	2022	2021	Change		
	(in millions)				
Rooms revenue	\$ 1,153	\$ 587	\$ 566	\$ (15)	\$ 581
Food and beverage revenue	431	152	279	(1)	280
Ancillary hotel revenue	198	137	61	(2)	63
Rooms expense	298	170	128	(5)	133
Food and beverage expense	321	126	195	(2)	197
Other departmental and support expense	453	298	155	(9)	164
Other property-level expense	173	151	22	(6)	28
Management fees expense	84	40	44	—	44

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

Group, transient, contract and other rooms revenue for the three and nine months ended September 30, 2022, as well as the change for each segment compared to the same periods in 2021 are as follows:

	Three Months Ended September 30,			Change from Property Dispositions	Change from Other Factors ⁽¹⁾
	2022	2021	Change		
	(in millions)				
Group rooms revenue	\$ 97	\$ 36	\$ 61	\$ (1)	\$ 62
Transient rooms revenue	302	219	83	(6)	89
Contract rooms revenue	20	14	6	—	6
Other rooms revenue	9	5	4	—	4
Rooms revenue	<u>\$ 428</u>	<u>\$ 274</u>	<u>\$ 154</u>	<u>\$ (7)</u>	<u>\$ 161</u>

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

	Nine Months Ended September 30,			Change from Property Dispositions	Change from Other Factors ⁽¹⁾
	2022	2021	Change		
	(in millions)				
Group rooms revenue	\$ 293	\$ 59	\$ 234	\$ —	\$ 234
Transient rooms revenue	783	482	301	(14)	315
Contract rooms revenue	52	36	16	(1)	17
Other rooms revenue	25	10	15	—	15
Rooms revenue	<u>\$ 1,153</u>	<u>\$ 587</u>	<u>\$ 566</u>	<u>\$ (15)</u>	<u>\$ 581</u>

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

Other revenue and Other operating expense

During the three and nine months ended September 30, 2022, *other revenue* increased by \$4 million and \$19 million, respectively, and *other operating expense* increased by \$4 million and \$18 million, respectively, primarily due to increases in support services revenue and expense from the reopening of our hotels that have service arrangements with Hilton Grand Vacations to full capacity following their suspension of operations during 2020.

Corporate general and administrative

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2022	2021	Percent Change	2022	2021	Percent Change
	(in millions)			(in millions)		
General and administrative expenses	\$ 12	\$ 8	50.0%	\$ 32	\$ 30	6.7%
Share-based compensation expense	4	5	(20.0)	13	15	(13.3)
Other items ⁽¹⁾	—	1	(100.0)	3	3	—
Total corporate general and administrative	<u>\$ 16</u>	<u>\$ 14</u>	14.3%	<u>\$ 48</u>	<u>\$ 48</u>	—%

⁽¹⁾ Consists of expenses not included in Adjusted EBITDA.

Casualty and impairment loss, net

In September 2022, Hurricanes Ian and Fiona caused minimal damage and disruption at our hotels in Florida and Puerto Rico, respectively, and we recognized a loss of approximately \$2 million for costs to repair and remediate damage at these hotels for the three months ended September 30, 2022. During the nine months ended September 30, 2021, we recognized an impairment loss of \$5 million related to one of our hotels classified as held for sale as of June 30, 2021, primarily as a result of selling costs of \$5 million.

Gain (loss) on sales of assets, net

During the three and nine months ended September 30, 2022, we recognized a net gain of \$14 million and \$13 million, respectively, primarily as a result of the sales of our consolidated hotels during the respective periods.

During the three and nine months ended September 30, 2021, we recognized a net loss of \$11 million and \$5 million, respectively, primarily as a result of the sales of our consolidated hotels during the respective periods.

Non-operating Income and Expenses

Interest expense

Interest expense decreased during the three and nine months ended September 30, 2022 compared to the same periods in 2021 as a result of the partial repayment of our unsecured delayed draw term loan facility ("2019 Term Facility") during the second and third quarters of 2021 and the full repayment of our revolving credit facility ("Revolver") during 2021, partially offset by the issuance of \$750 million of 4.875% senior secured notes due 2029 ("2029 Senior Secured Notes") in May 2021. Interest expense associated with our debt for the three and nine months ended September 30, 2022 and 2021 were as follows:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2022	2021	Percent Change	2022	2021	Percent Change
	(in millions)			(in millions)		
SF and HHV Mortgage Loans ⁽¹⁾	\$ 21	\$ 21	—%	\$ 63	\$ 63	—%
Other mortgage loans	5	7	(28.6)	16	19	(15.8)
Revolver	1	1	—	2	9	(77.8)
2019 Term Facility	1	2	(50.0)	2	11	(81.8)
2025 Senior Secured Notes ⁽²⁾	13	13	—	37	37	—
2028 Senior Secured Notes ⁽²⁾	11	11	—	32	32	—
2029 Senior Secured Notes ⁽²⁾	9	9	—	27	14	92.9
Other	—	2	(100.0)	6	10	(40.0)
Total interest expense	<u>\$ 61</u>	<u>\$ 66</u>	<u>(7.6)%</u>	<u>\$ 185</u>	<u>\$ 195</u>	<u>(5.1)%</u>

⁽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 Mortgage Loan") and a \$1.275 billion CMBS loan secured by the Hilton Hawaiian Village Waikiki Beach Resort ("HHV Mortgage Loan").

⁽²⁾ In May and September 2020, Park Intermediate Holdings LLC (our "Operating Company"), PK Domestic Property LLC, an indirect subsidiary of the Company ("PK Domestic"), and PK Finance Co-Issuer Inc. ("PK Finance") issued an aggregate of \$650 million of senior secured notes due 2025 ("2025 Senior Secured Notes") and an aggregate of \$725 million of senior secured notes due 2028 ("2028 Senior Secured Notes"), respectively (collectively with the 2029 Senior Secured Notes, the "Senior Secured Notes").

Other gain (loss), net

During the nine months ended September 30, 2022, we recognized a gain of \$98 million, which is primarily due to the sale of our ownership interests in the joint ventures that own and operate the Hilton San Diego Bayfront. Refer to Note 3: "Dispositions" for additional information.

Liquidity and Capital Resources

Overview

We seek to maintain sufficient amounts of liquidity with an appropriate balance of cash, debt and equity to provide financial flexibility. As of September 30, 2022, we had total cash and cash equivalents of \$971 million and \$29 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. During the third quarter of 2022, \$92 million previously held by the lenders of the HHV Mortgage Loan and the mortgage loan secured by the Hilton Denver City Center was released to us upon submission of the certificates reflecting compliance with financial ratios of these loans.

As discussed above under "Outlook," during 2022, we continued to experience improvements in leisure, group and business transient demand across our portfolio despite macroeconomic and inflationary pressures. While we expect to continue to recover through the remainder of 2022 based on current demand trends, the potential for an economic slowdown or a recession may disrupt the positive momentum across our portfolio and our industry.

With \$901 million of availability under our Revolver and existing cash and cash equivalents, we have sufficient liquidity to pay our debt maturities and to fund other liquidity obligations over the next year and beyond. We have no significant maturities until the fourth quarter of 2023. We may also take 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 2020, we amended our credit facilities, which in addition to providing enhanced liquidity, extended the maturity of the Revolver and placed certain restrictions on the Company, including limitations on our ability to make dividends and distributions (except to the extent required to maintain REIT status, the ability to pay a \$0.01 per share per fiscal quarter dividend and certain other agreed exceptions). In February 2022, we further amended our credit facilities, including extending the waiver period for the testing of the financial covenants, obtaining the ability to repurchase up to \$250 million of shares as long as there is no outstanding balance on the Revolver (with the amount of any such repurchases increasing the minimum liquidity covenant, dollar for dollar, resulting in a minimum liquidity covenant amount as of September 30, 2022 of \$418 million), and removing or decreasing certain restrictions on the Company related to capital expenditures, acquisitions and asset sales. Upon delivery of the second quarter 2022 compliance certificate in July 2022, which reflected compliance with all required covenants, we exited the waiver period under our credit facilities (one quarter earlier than the scheduled end of the waiver period). Upon exit of the waiver period, certain restrictions related to investments and the incurrence and repayment of debt and dividends and distributions ceased to apply. Additionally, the applicable margin on the interest rate of the Revolver and the 2019 Term Facility decreased by 1.20% and 0.95%, respectively.

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

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 construction contract commitments of approximately \$121 million for capital expenditures at our properties, of which \$47 million relates to the expansion project at the Bonnet Creek complex. The Bonnet Creek expansion project includes additional meeting space for the Signia by Hilton Orlando Bonnet Creek and the Waldorf Astoria Orlando. Our contracts contain clauses that allow us to cancel all or some portion of the work. Additionally, 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.

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 2022, our Board of Directors authorized and approved a stock repurchase program allowing us to repurchase up to \$300 million of our common stock over a 24-month period, ending in February 2024. Stock repurchases 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 and subject to compliance with existing debt agreements (which currently limits the repurchase of common stock to \$250 million). The timing of any future stock repurchases and the number of shares to be repurchased will depend upon prevailing market conditions and other factors. During the nine months ended September 30, 2022, we repurchased approximately 12.0 million shares of our common stock for a total purchase price of \$218 million, and as of September 30, 2022, \$82 million remained available for stock repurchases.

Sources and Uses of Our Cash and Cash Equivalents

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

	Nine Months Ended September 30,		
	2022	2021	Percent Change
	(in millions)		
Net cash provided by (used in) operating activities	\$ 339	\$ (95)	456.8%
Net cash provided by investing activities	140	425	(67.1)%
Net cash used in financing activities	(242)	(469)	(48.4)%

Operating Activities

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

The \$434 million increase in net cash provided by operating activities for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021 was primarily due to an increase in cash from operations as a result of the increase in occupancy as our hotels continue to recover from the effects of COVID-19 coupled with a decrease in cash paid for interest of \$90 million primarily due to timing of payments.

Investing Activities

The \$140 million in net cash provided by investing activities for the nine months ended September 30, 2022 was primarily attributable to \$244 million of net proceeds from the sale of five of our hotels and our ownership interests in the joint ventures that own and operate one hotel, partially offset by \$104 million in capital expenditures.

The \$425 million in net cash provided by investing activities for the nine months ended September 30, 2021 was primarily attributable to \$454 million of net proceeds from the sale of five of our consolidated hotels, partially offset by \$28 million in capital expenditures.

Financing Activities

The \$242 million in net cash used in financing activities for the nine months ended September 30, 2022 was primarily attributable to the repurchase of approximately 12.0 million shares of our common stock for \$218 million.

The \$469 million in net cash used in financing activities for the nine months ended September 30, 2021 was primarily attributable to \$1.2 billion of debt repayments and \$15 million of debt issuance costs, partially offset by the issuance of \$750 million of 2029 Senior Secured Notes and the \$14 million mortgage loan secured by the Doubletree Spokane.

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, and after utilization of any NOL carryforward to our stockholders on an annual basis. Therefore, as a general matter, we intend to make distributions of all, or substantially all, of our REIT taxable income (including net capital gains) to our stockholders, and, as a result, we will not be required to pay tax on our income. Consequently, before consideration of the use of any NOL carryforward, 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. After the payment of the first quarter dividend in 2020, we suspended our quarterly dividend as a precautionary measure in light of COVID-19; in March 2022, our Board of Directors approved and reinstated our quarterly cash dividend.

We declared the following dividends to holders of our common stock during 2022:

Record Date	Payment Date	Dividend per Share	
March 31, 2022	April 15, 2022	\$	0.01
June 30, 2022	July 15, 2022	\$	0.01
September 30, 2022	October 17, 2022	\$	0.01

Debt

As of September 30, 2022, our total indebtedness was approximately \$4.7 billion, including approximately \$2.1 billion of our Senior Secured Notes, as disclosed above, and excluding approximately \$170 million of our share of debt from investments in affiliates. Substantially all the debt of such unconsolidated affiliates is secured solely by the affiliates' assets or is guaranteed by other partners without recourse to us. Refer to Note 6: "Debt" in our unaudited condensed consolidated financial statements included elsewhere within this Quarterly Report on Form 10-Q for additional information.

Critical Accounting 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 unaudited condensed consolidated financial statements and accompanying footnotes. We have discussed those estimates that we believe are critical and require the use of complex judgment in their application in our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the Securities and Exchange Commission on February 18, 2022. There have been no material changes to our critical accounting policies or the methods or assumptions we apply.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

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

Item 4. Controls and Procedures.*Evaluation of Disclosure Controls and Procedures*

Our management has evaluated, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, the effectiveness of the disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, (the "Exchange Act"), as required by paragraph (b) of Rules 13a-15 and 15d-15 of the Exchange Act. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of September 30, 2022, 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.

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.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

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

Item 1A. Risk Factors.

There have been no material changes from the risk factors previously disclosed in response to “[Part I – Item 1A. Risk Factors](#)” of our Annual Report on Form 10-K for the year ended December 31, 2021.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

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

None.

2(b): Use of Proceeds from Registered Securities

None.

2(c): Purchases of Equity Securities

During the nine months ended September 30, 2022, repurchases made pursuant to our repurchase program were as follows:

Period	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 ⁽³⁾ (in millions)
January 1, 2022 through January 31, 2022	—	\$ —	—	N/A
February 1, 2022 through February 28, 2022	106,694	\$ 19.38	—	\$ 300
March 1, 2022 through March 31, 2022	3,409,949	\$ 17.99	3,409,949	\$ 239
April 1, 2022 through April 30, 2022	230	\$ 19.52	—	\$ 239
May 1, 2022 through May 31, 2022	8,542,542	\$ 18.33	8,542,542	\$ 82
June 1, 2022 through June 30, 2022	20	\$ 18.45	—	\$ 82
July 1, 2022 through July 31, 2022	189	\$ 13.57	—	\$ 82
August 1, 2022 through August 31, 2022	44	\$ 15.31	—	\$ 82
September 1, 2022 through September 30, 2022	92	\$ 13.94	—	\$ 82
Total	<u>12,059,760</u>		<u>11,952,491</u>	

⁽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.

⁽³⁾ The stock repurchase program was authorized on February 25, 2022 allowing for the repurchase of up to \$300 million of our common stock and expires on February 23, 2024.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits

<u>Exhibit Number</u>	<u>Description</u>
2.1	<u>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).</u>
2.2	<u>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).</u>
3.1	<u>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).</u>
3.2	<u>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).</u>
31.1*	<u>Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2*	<u>Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1*	<u>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.</u>
32.2*	<u>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.</u>
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

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

In connection with the Quarterly Report of Park Hotels & Resorts Inc. (the “Company”) on Form 10-Q for the quarter ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Sean M. Dell’Orto, Executive Vice President and Chief Financial Officer, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 3, 2022

By: _____ /s/ Sean M. Dell’Orto
Sean M. Dell’Orto
Executive Vice President,
Chief Financial Officer and Treasurer

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