

**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 March 31, 2023

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, 7<sup>th</sup> 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 April 25, 2023 was 215,629,872.

## Table of Contents

	<u>Page</u>
<b>PART I. FINANCIAL INFORMATION</b>	
Item 1.	3
<a href="#">Financial Statements (unaudited)</a>	
<a href="#">Condensed Consolidated Balance Sheets as of March 31, 2023 and December 31, 2022</a>	3
<a href="#">Condensed Consolidated Statements of Operations for the Three Months Ended March 31, 2023 and 2022</a>	4
<a href="#">Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2023 and 2022</a>	5
<a href="#">Condensed Consolidated Statements of Equity for the Three Months Ended March 31, 2023 and 2022</a>	6
<a href="#">Notes to Condensed Consolidated Financial Statements</a>	7
Item 2.	14
<a href="#">Management’s Discussion and Analysis of Financial Condition and Results of Operations</a>	
Item 3.	22
<a href="#">Quantitative and Qualitative Disclosures About Market Risk</a>	
Item 4.	22
<a href="#">Controls and Procedures</a>	
<b>PART II. OTHER INFORMATION</b>	
Item 1.	23
<a href="#">Legal Proceedings</a>	
Item 1A.	23
<a href="#">Risk Factors</a>	
Item 2.	23
<a href="#">Unregistered Sales of Equity Securities and Use of Proceeds</a>	
Item 3.	23
<a href="#">Defaults Upon Senior Securities</a>	
Item 4.	23
<a href="#">Mine Safety Disclosures</a>	
Item 5.	24
<a href="#">Other Information</a>	
Item 6.	24
<a href="#">Exhibits</a>	
<a href="#">Signatures</a>	25

**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>March 31, 2023</u> (unaudited)	<u>December 31, 2022</u>
<b>ASSETS</b>		
Property and equipment, net	\$ 8,198	\$ 8,301
Intangibles, net	43	43
Cash and cash equivalents	842	906
Restricted cash	33	33
Accounts receivable, net of allowance for doubtful accounts of \$2 and \$2	130	129
Prepaid expenses	55	58
Other assets	42	47
Operating lease right-of-use assets	210	214
<b>TOTAL ASSETS (variable interest entities – \$231 and \$237)</b>	<u>\$ 9,553</u>	<u>\$ 9,731</u>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Debt	\$ 4,566	\$ 4,617
Accounts payable and accrued expenses	244	220
Due to hotel managers	117	141
Other liabilities	207	228
Operating lease liabilities	231	234
Total liabilities (variable interest entities – \$218 and \$219)	5,365	5,440
Commitments and contingencies – refer to Note 11		
<b>Stockholders' Equity</b>		
Common stock, par value \$0.01 per share, 6,000,000,000 shares authorized, 216,317,656 shares issued and 215,630,695 shares outstanding as of March 31, 2023 and 224,573,858 shares issued and 224,061,745 shares outstanding as of December 31, 2022	2	2
Additional paid-in capital	4,216	4,321
Retained earnings	19	16
Total stockholders' equity	4,237	4,339
Noncontrolling interests	(49)	(48)
Total equity	4,188	4,291
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 9,553</u>	<u>\$ 9,731</u>

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

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

	Three Months Ended March 31,	
	2023	2022
<b>Revenues</b>		
Rooms	\$ 382	\$ 292
Food and beverage	181	110
Ancillary hotel	65	61
Other	20	16
Total revenues	648	479
<b>Operating expenses</b>		
Rooms	107	85
Food and beverage	127	87
Other departmental and support	158	133
Other property-level	60	50
Management fees	30	22
Casualty loss	1	—
Depreciation and amortization	64	69
Corporate general and administrative	16	16
Other	20	16
Total expenses	583	478
Gain on sales of assets, net	15	—
<b>Operating income</b>	80	1
Interest income	10	—
Interest expense	(60)	(62)
Equity in earnings from investments in affiliates	4	—
Other gain, net	1	5
<b>Income (loss) before income taxes</b>	35	(56)
Income tax expense	(2)	—
<b>Net income (loss)</b>	33	(56)
Net income attributable to noncontrolling interests	—	(1)
<b>Net income (loss) attributable to stockholders</b>	\$ 33	\$ (57)
<b>Earnings (loss) per share:</b>		
Earnings (loss) per share – Basic	\$ 0.15	\$ (0.24)
Earnings (loss) per share – Diluted	\$ 0.15	\$ (0.24)
Weighted average shares outstanding – Basic	220	235
Weighted average shares outstanding – Diluted	221	235

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

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

	Three Months Ended March 31,	
	2023	2022
<b>Operating Activities:</b>		
Net income (loss)	\$ 33	\$ (56)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	64	69
Gain on sales of assets, net	(15)	—
Casualty loss	1	—
Equity in earnings from investments in affiliates	(4)	—
Other gain, net	—	(1)
Share-based compensation expense	4	4
Amortization of deferred financing costs	2	3
Distributions from unconsolidated affiliates	6	—
Changes in operating assets and liabilities	13	25
Net cash provided by operating activities	<u>104</u>	<u>44</u>
<b>Investing Activities:</b>		
Capital expenditures for property and equipment	(54)	(21)
Acquisitions, net	(11)	—
Proceeds from asset dispositions, net	116	—
Contributions to unconsolidated affiliates	(2)	—
Net cash provided by (used in) investing activities	<u>49</u>	<u>(21)</u>
<b>Financing Activities:</b>		
Repayments of credit facilities	(50)	—
Repayments of mortgage debt	(2)	(2)
Debt issuance costs	(1)	(3)
Dividends paid	(56)	—
Distributions to noncontrolling interests, net	(1)	—
Tax withholdings on share-based compensation	(2)	(3)
Repurchase of common stock	(105)	(61)
Net cash used in financing activities	<u>(217)</u>	<u>(69)</u>
<b>Net decrease in cash and cash equivalents and restricted cash</b>	<b>(64)</b>	<b>(46)</b>
<b>Cash and cash equivalents and restricted cash, beginning of period</b>	<b>939</b>	<b>763</b>
<b>Cash and cash equivalents and restricted cash, end of period</b>	<b><u>\$ 875</u></b>	<b><u>\$ 717</u></b>
<b>Supplemental Disclosures</b>		
Non-cash financing activities:		
Dividends declared but unpaid	\$ 32	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	Retained Earnings	Non- controlling Interests	Total
	Shares	Amount				
Balance as of December 31, 2022	224	\$ 2	\$ 4,321	\$ 16	\$ (48)	\$ 4,291
Share-based compensation, net	1	—	—	2	—	2
Net income	—	—	—	33	—	33
Dividends and dividend equivalents <sup>(1)</sup>	—	—	—	(32)	—	(32)
Distributions to noncontrolling interests	—	—	—	—	(1)	(1)
Repurchase of common stock	(9)	—	(105)	—	—	(105)
Balance as of March 31, 2023	<u>216</u>	<u>\$ 2</u>	<u>\$ 4,216</u>	<u>\$ 19</u>	<u>\$ (49)</u>	<u>\$ 4,188</u>

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	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 <sup>(1)</sup>	—	—	—	(2)	—	(2)
Repurchase of common stock	(3)	—	(61)	—	—	(61)
Balance as of March 31, 2022	<u>233</u>	<u>\$ 2</u>	<u>\$ 4,473</u>	<u>\$ (142)</u>	<u>\$ (48)</u>	<u>\$ 4,285</u>

<sup>(1)</sup> Dividends declared per common share were \$0.15 and \$0.01 for the three months ended March 31, 2023 and 2022, respectively.

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**

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 of 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 direct subsidiary of Park Parent, became a member of 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.

**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, 2022 included in our Annual Report on Form 10-K, filed with the Securities and Exchange Commission (“SEC”) on February 23, 2023.

*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 audited condensed consolidated balance sheet as of December 31, 2022 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, 2022, filed with the SEC on February 23, 2023, contains a discussion of significant accounting policies. There have been no significant changes to our significant accounting policies since December 31, 2022.

### Note 3: Acquisitions and Dispositions

#### Acquisitions

In March 2023, we purchased two parcels of land, including all improvements, adjacent to the Hilton Hawaiian Village Waikiki Beach Resort, for approximately \$18 million, including transaction costs. We accounted for the purchase as an acquisition of an asset, and the entire purchase price was allocated to land.

#### Dispositions

In February 2023, we sold the Hilton Miami Airport hotel for gross proceeds of \$118.25 million. We recognized a net gain of approximately \$15 million, which is included in *gain on sale of assets, net* in our condensed consolidated statements of operations.

### Note 4: Property and Equipment

Property and equipment were:

	March 31, 2023	December 31, 2022
	(in millions)	
Land	\$ 3,272	\$ 3,317
Buildings and leasehold improvements	6,469	6,512
Furniture and equipment	993	994
Construction-in-progress	211	201
	10,945	11,024
Accumulated depreciation	(2,747)	(2,723)
	<u>\$ 8,198</u>	<u>\$ 8,301</u>

Depreciation of property and equipment was \$64 million and \$68 million during the three months ended March 31, 2023 and 2022, respectively.

### 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:

	March 31, 2023	December 31, 2022
	(in millions)	
Property and equipment, net	\$ 208	\$ 208
Cash and cash equivalents	14	21
Restricted cash	2	2
Accounts receivable, net	5	4
Prepaid expenses	2	2
Debt	204	205
Accounts payable and accrued expenses	9	8
Due to hotel manager	1	2
Other liabilities	4	4

#### Unconsolidated Entities

Four of our hotels are owned by unconsolidated joint ventures in which we hold an interest, are accounted for under the equity method and had total debt of approximately \$721 million as of both March 31, 2023 and December 31, 2022. 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 March 31, 2023 were:

	Interest Rate at March 31, 2023	Maturity Date	Principal balance as of	
			March 31, 2023	December 31, 2022
			(in millions)	
SF Mortgage Loan <sup>(1)</sup>	4.11%	November 2023	\$ 725	\$ 725
HHV Mortgage Loan <sup>(1)</sup>	4.20%	November 2026	1,275	1,275
Other mortgage loans	Average rate of 4.35%	2023 to 2027 <sup>(2)</sup>	467	469
Revolver <sup>(3)</sup>	SOFR + 2.10%	December 2026	—	50
2025 Senior Notes <sup>(4)</sup>	7.50%	June 2025	650	650
2028 Senior Notes <sup>(4)</sup>	5.88%	October 2028	725	725
2029 Senior Notes <sup>(4)</sup>	4.88%	May 2029	750	750
			4,592	4,644
Add: unamortized premium			2	3
Less: unamortized deferred financing costs and discount			(28)	(30)
			<u>\$ 4,566</u>	<u>\$ 4,617</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) 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 March 31, 2023, Park had not received notice from the lender.

(3) In February 2023, we fully repaid the \$50 million outstanding balance under our revolving credit facility ("Revolver"). 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. As of March 31, 2023, we had approximately \$4 million outstanding on a standby letter of credit and \$946 million of available capacity under our Revolver.

(4) In May and September 2020, our Operating Company, PK Domestic and PK Finance Co-Issuer Inc. ("PK Finance") issued an aggregate of \$650 million of senior notes due 2025 ("2025 Senior Notes") and an aggregate of \$725 million of senior notes due 2028 ("2028 Senior Notes"), respectively. Additionally, in May 2021, our Operating Company, PK Domestic and PK Finance issued an aggregate of \$750 million of senior notes due 2029 ("2029 Senior Notes").

We are required to deposit with lenders certain cash reserves for restricted uses. As of March 31, 2023 and December 31, 2022, our condensed consolidated balance sheets included \$5 million and \$6 million of restricted cash, respectively, related to our mortgage loans.

### Debt Maturities

The contractual maturities of our debt, assuming the exercise of all extensions that are exercisable solely at our option, as of March 31, 2023 were:

Year	(in millions)
2023	\$ 861
2024	7
2025	657
2026	1,563
2027	30
Thereafter <sup>(1)</sup>	1,474
	<u>\$ 4,592</u>

(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	March 31, 2023		December 31, 2022	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
(in millions)					
Liabilities:					
SF Mortgage Loan	3	\$ 725	\$ 697	\$ 725	\$ 692
HHV Mortgage Loan	3	1,275	1,138	1,275	1,142
Other mortgage loans	3	467	434	469	435
Revolver	3	—	—	50	50
2025 Senior Notes	1	650	660	650	652
2028 Senior Notes	1	725	668	725	661
2029 Senior Notes	1	750	646	750	635

## Note 8: Share-Based Compensation

We issue equity-based awards to our employees pursuant to the 2017 Omnibus Incentive Plan (the “2017 Employee Plan”) and our non-employee directors pursuant to the 2017 Stock Plan for Non-Employee Directors (the “2017 Director Plan”), both of which are amended and restated from time to time. An amendment and restatement of the 2017 Employee Plan was approved by our Board of Directors in February 2023 and approved by our stockholders in April 2023 to, among other changes, increase the number of shares available to be issued by 6,070,000, from 8,000,000 to 14,070,000 shares. As of March 31, 2023, 1,429,141 shares of common stock remain available for future issuance, which excludes the 6,070,000 additional shares that were approved in April 2023. The 2017 Director Plan provides that a maximum of 950,000 shares of our common stock may be issued, and as of March 31, 2023, 383,258 shares of common stock remain available for future issuance. For both the three months ended March 31, 2023 and 2022, we recognized \$4 million of share-based compensation expense. As of March 31, 2023, unrecognized compensation expense was \$32 million, which is expected to be recognized over a weighted-average period of 2.1 years. The total fair value of shares vested (calculated as the number of shares multiplied by the vesting date share price) for both the three months ended March 31, 2023 and 2022 was \$6 million.

### 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 three months ended March 31, 2023:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested at January 1, 2023	843,846	\$ 20.19
Granted	566,259	13.79
Vested	(447,467)	20.97
Forfeited	(6,961)	15.99
Unvested at March 31, 2023	<u>955,677</u>	<u>\$ 16.07</u>

### 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 March 31, 2023, 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 three months ended March 31, 2023:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested at January 1, 2023	1,198,325	\$ 20.71
Granted	590,425	19.96
Forfeited	(261,554)	24.80
Unvested at March 31, 2023	<u>1,527,196</u>	<u>\$ 19.72</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	48.0%
Dividend yield <sup>(1)</sup>	—
Risk-free rate	4.3%
Expected term	3 years

<sup>(1)</sup> 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 March 31,	
	2023	2022
	(in millions, except per share amounts)	
Numerator:		
Net income (loss) attributable to stockholders, net of earnings allocated to participating securities	\$ 33	\$ (57)
Denominator:		
Weighted average shares outstanding – basic	220	235
Unvested restricted shares	1	—
Weighted average shares outstanding – diluted	221	235
Earnings (loss) per share – Basic <sup>(1)</sup>	\$ 0.15	\$ (0.24)
Earnings (loss) per share – Diluted <sup>(1)</sup>	\$ 0.15	\$ (0.24)

<sup>(1)</sup> 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 three months ended March 31, 2023 and 2022 because their effect would have been anti-dilutive.

## Note 10: Business Segment Information

As of March 31, 2023, 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, presented herein, is calculated as EBITDA from hotel operations, adjusted to exclude the following items that are not reflective of our ongoing operating performance or incurred in the normal course of business, and thus excluded from management’s analysis in making day to day operating decisions and evaluations of our operating performance against other companies within our industry:

- 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:

	<b>Three Months Ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
	(in millions)	
<b>Revenues:</b>		
Total consolidated hotel revenues	\$ 628	\$ 463
Other revenues	20	16
Total revenues	<u>\$ 648</u>	<u>\$ 479</u>
<b>Net income (loss)</b>		
Other revenues	(20)	(16)
Depreciation and amortization expense	64	69
Corporate general and administrative expense	16	16
Casualty loss	1	—
Other operating expenses	20	16
Gain on sales of assets, net	(15)	—
Interest income	(10)	—
Interest expense	60	62
Equity in earnings from investments in affiliates	(4)	—
Income tax expense	2	—
Other gain, net	(1)	(5)
Other items	6	3
<b>Hotel Adjusted EBITDA</b>	<u>\$ 152</u>	<u>\$ 89</u>

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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
	(in millions)	
Consolidated hotels	\$ 9,549	\$ 9,726
All other	4	5
<b>Total assets</b>	<u>\$ 9,553</u>	<u>\$ 9,731</u>

**Note 11: Commitments and Contingencies**

As of March 31, 2023, we had outstanding commitments under third-party contracts of approximately \$168 million for capital expenditures at our properties, of which \$51 million relates to projects at the Bonnet Creek complex, including the meeting space expansion project and renovation of guestrooms, existing meeting space, lobbies, golf course and other recreational amenities, \$39 million relates to the complete renovation of all guestrooms, public spaces, and hotel infrastructure at the Casa Marina Key West, Curio Collection, and \$30 million relates to the Tapa Tower guestroom renovations at the Hilton Hawaiian Village Waikiki Beach Resort. 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 March 31, 2023 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.

## 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, 2022.*

### 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 anticipated repayment of certain of the Company's indebtedness, the completion of capital allocation priorities, the expected repurchase of the Company's stock, the impact to our business and financial condition and that of our hotel management companies, 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 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 risks and uncertainties in Item 1A: “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2022, 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](http://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 46 hotels, consisting of premium-branded hotels and resorts with over 29,000 rooms, of which approximately 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***

In February 2023, we sold the 508-room Hilton Miami Airport hotel for gross proceeds of \$118.25 million, or \$233,000 per key, and utilized a portion of the net proceeds to fully repay the \$50 million outstanding under our revolving credit facility ("Revolver").

In March 2023, we purchased two parcels of land, including all improvements, adjacent to the Hilton Hawaiian Village Waikiki Beach Resort, for approximately \$18 million, including transaction costs. We accounted for the purchase as an acquisition of an asset, and we intend to develop an additional tower on the acquired parcels as part of the Hilton Hawaiian Village Waikiki Beach Resort.

During the three months ended March 31, 2023, we repurchased approximately 8.8 million shares of our common stock for a total purchase price of \$105 million.

## ***Outlook***

Current economic challenges have affected discretionary spending and travel, including supply chain disruptions and increased inflation. Inflationary concerns may affect both consumer sentiment and demand for travel, as well as increase labor or other costs to maintain or operate hotels that cannot be reduced without adversely affecting business growth or hotel value. However, we have relied on the performance of our hotels and active asset management to mitigate the effects of inflation and current macroeconomic uncertainty, including recent pressures on the banking and financial industry. During the first quarter of 2023, we have continued to experience improvements in leisure, group and business transient demand, including our urban hotels. While there can be no assurances that we will not experience further fluctuations in hotel revenues or earnings at our hotels due to inflation and other macroeconomic factors, such as increases in interest rates, potential economic slowdown or a recession and geopolitical conflicts, we expect the positive momentum to continue through the remainder of 2023 based on current demand trends and as demand from international travel is expected to improve during the second half of 2023.

## **Key Business Metrics Used by Management**

### ***Occupancy***

Occupancy represents the total number of room nights sold divided by the total number of room nights available at a hotel or group of hotels. Occupancy measures the utilization of our hotels' available capacity. 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 average daily rate ("ADR") levels as demand for rooms increases or decreases.

### ***Average Daily Rate***

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

### ***Revenue per Available Room***

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

## **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 the following items that are not reflective of our ongoing operating performance or incurred in the normal course of business, and thus, excluded from management's

analysis in making day-to-day operating decisions and evaluations of our operating performance against other companies within our industry:

- 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:

	Three Months Ended March 31,	
	2023	2022
	(in millions)	
<b>Net income (loss)</b>	\$ 33	\$ (56)
Depreciation and amortization expense	64	69
Interest income	(10)	—
Interest expense	60	62
Income tax expense	2	—
Interest expense, income tax and depreciation and amortization included in equity in earnings from investments in affiliates	3	1
<b>EBITDA</b>	152	76
Gain on sales of assets, net	(15)	—
Share-based compensation expense	4	4
Casualty loss	1	—
Other items	4	2
<b>Adjusted EBITDA</b>	146	82
Less: Adjusted EBITDA from investments in affiliates	(7)	(5)
Add: All other <sup>(1)</sup>	13	12
<b>Hotel Adjusted EBITDA</b>	\$ 152	\$ 89

<sup>(1)</sup> 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 income (loss) attributable to stockholders to Nareit FFO attributable to stockholders and Adjusted FFO attributable to stockholders:

	Three Months Ended March 31,	
	2023	2022
	(in millions, except per share amounts)	
<b>Net income (loss) attributable to stockholders</b>	\$ 33	\$ (57)
Depreciation and amortization expense	64	69
Depreciation and amortization expense attributable to noncontrolling interests	(1)	(1)
Gain on sales of assets, net	(15)	—
Equity investment adjustments:		
Equity in earnings from investments in affiliates	(4)	—
Pro rata FFO of investments in affiliates	5	2
<b>Nareit FFO attributable to stockholders</b>	82	13
Casualty loss	1	—
Share-based compensation expense	4	4
Other items	5	1
<b>Adjusted FFO attributable to stockholders</b>	\$ 92	\$ 18
<b>Nareit FFO per share – Diluted<sup>(1)</sup></b>	\$ 0.37	\$ 0.05
<b>Adjusted FFO per share – Diluted<sup>(1)</sup></b>	\$ 0.42	\$ 0.08

<sup>(1)</sup> Per share amounts are calculated based on unrounded numbers.

## Results of Operations

Property dispositions have had a significant effect on the year-over-year comparability of our operations as further illustrated in the table of Hotel Revenues and Operating Expenses below. Since January 1, 2022, we have disposed of six consolidated hotels. The results of operations of these hotels are included in our consolidated results only during our period of ownership.

### Hotel Revenues and Operating Expenses

	Three Months Ended March 31,			Change from Property Dispositions	Change from Other Factors <sup>(1)</sup>
	2023	2022	Change		
	(in millions)				
Rooms revenue	\$ 382	\$ 292	\$ 90	\$ (11)	\$ 101
Food and beverage revenue	181	110	71	(1)	72
Ancillary hotel revenue	65	61	4	(1)	5
Rooms expense	107	85	22	(2)	24
Food and beverage expense	127	87	40	(1)	41
Other departmental and support expense	158	133	25	(4)	29
Other property-level expense	60	50	10	(1)	11
Management fees expense	30	22	8	(1)	9

<sup>(1)</sup> Change from other factors primarily relates to the market-specific conditions discussed below.

Group, transient, contract and other rooms revenue for the three months ended March 31, 2023, as well as the change for each segment compared to the same period in 2022 are as follows:

	Three Months Ended March 31,			Change from Property Dispositions	Change from Other Factors <sup>(1)</sup>
	2023	2022	Change		
	(in millions)				
Group rooms revenue	\$ 125	\$ 73	\$ 52	\$ (2)	\$ 54
Transient rooms revenue	229	199	30	(9)	39
Contract rooms revenue	20	14	6	—	6
Other rooms revenue	8	6	2	—	2
Rooms revenue	\$ 382	\$ 292	\$ 90	\$ (11)	\$ 101

<sup>(1)</sup> Change from other factors primarily relates to the market-specific conditions discussed below.

### *Market-Specific Conditions*

The increases in hotel revenues and operating expenses from other factors were primarily a result of significant occupancy and ADR increases in certain of our largest markets during the three months ended March 31, 2023 compared to the same period in 2022, with our San Francisco, Hawaii and New York markets experiencing the most significant changes. Combined occupancy and ADR at our San Francisco hotels increased 23.3 percentage points and 45.7%, respectively, for the three months ended March 31, 2023 compared to the same period in 2022, as a result of an increase in both group and transient demand, coupled with the reopening of Parc 55 San Francisco - a Hilton Hotel in May 2022. Combined occupancy and ADR at our two Hawaii hotels increased 10.6 percentage points and 10.4%, respectively, for the three months ended March 31, 2023 compared to same period in 2022, driven by an increase in domestic transient demand primarily at the Hilton Hawaiian Village Waikiki Beach Resort, which experienced increases in both occupancy and ADR of 12.3 percentage points and 13.5%, respectively. The New York Hilton Midtown benefited from increases in both group and transient demand resulting in increases in occupancy and ADR of 35.2 percentage points and 4.2%, respectively, for the three months ended March 31, 2023 compared to the same period in 2022.

### *Other revenue and Other operating expense*

During the three months ended March 31, 2023, *other revenue* and *other operating expense* both increased by \$4 million compared to the same period in 2022, primarily due to increases in support services revenue and expense from the hotels that have service arrangements with Hilton Grand Vacations.

### *Corporate general and administrative*

	Three Months Ended March 31,		
	2023	2022	Percent Change
	(in millions)		
General and administrative expenses	\$ 11	\$ 10	10.0%
Share-based compensation expense	4	4	—
Other items <sup>(1)</sup>	1	2	(50.0)
Total corporate general and administrative	\$ 16	\$ 16	—%

<sup>(1)</sup> Consists primarily of disposition costs.

### *Gain on sales of assets, net*

During the three months ended March 31, 2023, we recognized a net gain of \$15 million from the sale of one consolidated hotel.

### *Non-operating Income and Expenses*

#### *Interest income*

Interest income increased \$10 million during the three months ended March 31, 2023 compared to the same period in 2022 as a result of an increase in cash coupled with an increase in interest rates.

## Interest expense

Interest expense decreased during the three months ended March 31, 2023 compared to the same period in 2022 as a result of the full repayments in December 2022 of our unsecured delayed draw term loan facility ("2019 Term Facility") and \$26 million mortgage loan secured by the Hilton Checkers, partially offset by \$50 million of borrowings under our Revolver in December 2022, which was subsequently repaid in February 2023. Interest expense associated with our debt for the three months ended March 31, 2023 and 2022 were as follows:

	Three Months Ended March 31,			Percent Change	
	2023	2022			
	(in millions)				
SF and HHV Mortgage Loans <sup>(1)</sup>	\$	21	\$	21	—%
Other mortgage loans		5		5	—
Revolver		1		1	—
2019 Term Facility <sup>(2)</sup>		—		1	(100.0)
2025 Senior Notes <sup>(3)</sup>		12		12	—
2028 Senior Notes <sup>(3)</sup>		11		11	—
2029 Senior Notes <sup>(3)</sup>		9		9	—
Other		1		2	(50.0)
Total interest expense	\$	60	\$	62	(3.2)%

(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 December 2022, we fully repaid our 2019 Term Facility.

(3) 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") in May 2020 issued an aggregate of \$650 million of senior notes due 2025 ("2025 Senior Notes") and in September 2020 issued an aggregate of \$725 million of senior notes due 2028 ("2028 Senior Notes") and in May 2021 issued an aggregate of \$750 million of senior notes due 2029 ("2029 Senior Notes"), collectively referred to as the "Senior Notes".

## 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 March 31, 2023, we had total cash and cash equivalents of \$842 million and \$33 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 first quarter of 2023, we continued to experience improvements in leisure, group and business transient demand across our portfolio and expect the positive momentum to continue through the remainder of 2023 based on current demand trends and as demand from international travel is expected to improve during the second half of 2023. We continue to mitigate the effects of macroeconomic and inflationary pressures through active asset management.

With approximately \$950 million available under our Revolver and \$842 million in 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 in 2023, except for the \$725 million mortgage loan secured by the Hilton San Francisco Union Square and the Parc 55 Hotel San Francisco due in November 2023, which we expect to address by the end of the second quarter of 2023. We expect to fully repay the \$75 million mortgage loan secured by the W Chicago – City Center, due in August 2023, prior to maturity with available cash on hand. Additionally, in February 2023, we fully repaid the \$50 million outstanding under our Revolver with net proceeds from the sale of the Hilton Miami Airport hotel, which was sold for gross proceeds of \$118.25 million, with the remaining proceeds used for general corporate purposes and stock repurchases. 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.

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 contractually due principal payments on our outstanding indebtedness, capital expenditures for in-progress 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, 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 \$168 million for capital expenditures at our properties, of which \$51 million relates to projects at the Bonnet Creek complex, including the meeting space expansion project and renovation of guestrooms, existing meeting space, lobbies, golf course and other recreational amenities, \$39 million relates to the complete renovation of all guestrooms, public spaces and hotel infrastructure at the Casa Marina Key West, Curio Collection, and \$30 million relates to the Tapa Tower guestroom renovations at the Hilton Hawaiian Village Waikiki Beach Resort. 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 2023, our Board of Directors terminated a previous stock repurchase program that was approved in February 2022 (the "February 2022 Stock Repurchase Program") and authorized and approved a new stock repurchase program allowing us to repurchase up to \$300 million of our common stock over a two-year period ending in February 2025 (the "February 2023 Stock Repurchase Program" and collectively with the February 2022 Stock Repurchase Program the "Stock Repurchase Programs"), subject to any applicable limitations or restrictions set forth in our credit facility and indentures related to our Senior Notes. Stock repurchases may be made through open market purchases, including through Rule 10b5-1 trading programs, in privately negotiated transactions, or in such other manner that would comply with applicable securities laws. The timing of any future 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 three months ended March 31, 2023, we repurchased in aggregate under the Stock Repurchase Programs approximately 8.8 million shares of our common stock for a total purchase price of \$105 million. As of March 31, 2023, \$225 million remained available for stock repurchases under the February 2023 Stock Repurchase Program.

### ***Sources and Uses of Our Cash and Cash Equivalents***

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

	<b>Three Months Ended March 31,</b>		
	<b>2023</b>	<b>2022</b>	<b>Percent Change</b>
	<b>(in millions)</b>		
Net cash provided by operating activities	\$ 104	\$ 44	136.4%
Net cash provided by (used in) investing activities	49	(21)	333.3%
Net cash used in financing activities	(217)	(69)	214.5%

#### ***Operating Activities***

Cash flow from operating activities are primarily generated from the operating income generated at our hotels. The \$60 million increase in net cash provided by operating activities for the three months ended March 31, 2023 compared to the three months ended March 31, 2022 was primarily due to an increase in cash from operations as a result of an increase in occupancy at our hotels.

#### ***Investing Activities***

The \$49 million in net cash provided by investing activities for the three months ended March 31, 2023 was primarily attributable to \$116 million of net proceeds from the sale of one of our hotels partially offset by \$65 million in capital expenditures and land acquisitions.

The \$21 million in net cash used in investing activities for the three months ended March 31, 2022 was attributable to capital expenditures.

### *Financing Activities*

The \$217 million in net cash used in financing activities for the three months ended March 31, 2023 was primarily attributable to the repurchase of approximately 8.8 million shares of our common stock for \$105 million, \$56 million of dividends paid and \$52 million of debt repayments.

The \$69 million in net cash used in financing activities for the three months ended March 31, 2022 was primarily attributable to the repurchase of approximately 3.4 million shares of our common stock for \$61 million.

### *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 gains, to our stockholders on an annual basis. Therefore, as a general matter, after consideration of the allowable use of our net operating loss carryforward, 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 net operating loss 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.

We declared the following dividends to holders of our common stock during 2023:

<b>Record Date</b>	<b>Payment Date</b>	<b>Dividend per Share</b>
March 31, 2023	April 17, 2023	\$ 0.15

### *Debt*

As of March 31, 2023, our total indebtedness was approximately \$4.6 billion, including approximately \$2.1 billion of our Senior Notes, and excluding approximately \$169 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, 2022, filed with the Securities and Exchange Commission on February 23, 2023. 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.

### **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 March 31, 2023, 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, 2022.

### 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 three months ended March 31, 2023, repurchases made pursuant to our stock repurchase programs were as follows:

Period	Total number of shares purchased <sup>(1)</sup>	Weighted average price paid per share <sup>(2)</sup>	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 <sup>(3)</sup> (in millions)
January 1, 2023 through January 31, 2023	2,536,900	\$ 11.64	2,536,900	\$ 43
February 1, 2023 through February 28, 2023	174,848	\$ 13.78	—	\$ 300
March 1, 2023 through March 31, 2023	6,278,600	\$ 11.93	6,278,600	\$ 225
Total	8,990,348		8,815,500	

<sup>(1)</sup> The number of shares purchased represents shares of common stock repurchased under the applicable previously announced stock repurchase programs 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.

<sup>(2)</sup> 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.

<sup>(3)</sup> The stock repurchase program authorized on February 25, 2022, which allowed for the repurchase of up to \$300 million of our common stock, was terminated on February 17, 2023 upon the authorization of a new \$300 million stock repurchase program, which expires on February 21, 2025.

### Item 3. Defaults Upon Senior Securities.

Not applicable.

### Item 4. Mine Safety Disclosures.

Not applicable.

**Item 5. Other Information.**

None.

**Item 6. Exhibits**

<b>Exhibit Number</b>	<b>Description</b>
2.1	<a href="#">Distribution Agreement by and among Hilton Worldwide Holdings Inc., Park Hotels &amp; 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).</a>
2.2	<a href="#">Agreement and Plan of Merger by and among Park Hotels &amp; 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).</a>
3.1	<a href="#">Amended and Restated Certificate of Incorporation of Park Hotels &amp; Resorts Inc. (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K, filed on April 30, 2019).</a>
3.2	<a href="#">Amended and Restated By-laws of Park Hotels &amp; Resorts Inc. (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K, filed on February 26, 2019).</a>
10.1	<a href="#">Park Hotels &amp; Resorts Inc. 2017 Omnibus Incentive Plan (as Amended and Restated Effective as of April 26, 2023) (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on April 28, 2023).</a>
31.1*	<a href="#">Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2*	<a href="#">Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1*	<a href="#">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.</a>
32.2*	<a href="#">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.</a>
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).
*	Filed herewith



## SIGNATURES

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

### **Park Hotels & Resorts Inc.**

Date: May 1, 2023

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

Date: May 1, 2023

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

Date: May 1, 2023

By:                   /s/ Darren W. Robb                    
Darren W. Robb  
Senior Vice President and  
Chief Accounting Officer  
(Principal Accounting Officer)







**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 March 31, 2023 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: May 1, 2023

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.