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, 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	**36-2058176**
(State or other jurisdiction of incorporation or organization)	(I.R.S Employer Identification No.)
1775 Tysons Boulevard, 7th Floor, Tysons, VA	**22102**
(Address of principal executive offices)	(Zip Code)

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

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

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

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

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

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

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

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

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

The number of shares of common stock outstanding on October 27, 2023 was 209,983,724.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	September 30, 2023 (unaudited)	December 31, 2022
ASSETS		
Property and equipment, net	$ 8,028	$ 8,301
Intangibles, net	42	43
Cash and cash equivalents	726	906
Restricted cash	60	33
Accounts receivable, net of allowance for doubtful accounts of $1 and $2	149	129
Prepaid expenses	63	58
Other assets	36	47
Operating lease right-of-use assets	201	214
TOTAL ASSETS (variable interest entities – $241 and $237)	$ 9,305	$ 9,731
LIABILITIES AND EQUITY		
Liabilities		
Debt	$ 4,490	$ 4,617
Accounts payable and accrued expenses	293	220
Due to hotel managers	136	141
Other liabilities	221	228
Operating lease liabilities	225	234
Total liabilities (variable interest entities – $218 and $219)	5,365	5,440
Commitments and contingencies – refer to Note 12		
Stockholders' Equity		
Common stock, par value $0.01 per share, 6,000,000,000 shares authorized, 210,672,182 shares issued and 209,983,781 shares outstanding as of September 30, 2023 and 224,573,858 shares issued and 224,061,745 shares outstanding as of December 31, 2022	2	2
Additional paid-in capital	4,151	4,321
(Accumulated deficit) retained earnings	(169)	16
Total stockholders' equity	3,984	4,339
Noncontrolling interests	(44)	(48)
Total equity	3,940	4,291
TOTAL LIABILITIES AND EQUITY	$ 9,305	$ 9,731

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 September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
Revenues				
Rooms	$ 432	$ 428	$ 1,256	$ 1,153
Food and beverage	159	148	518	431
Ancillary hotel	66	67	203	198
Other	22	19	64	54
Total revenues	679	662	2,041	1,836
Operating expenses				
Rooms	119	115	343	298
Food and beverage	122	115	377	321
Other departmental and support	161	162	484	453
Other property-level	59	58	182	173
Management fees	31	30	95	84
Casualty and impairment loss	—	3	204	4
Depreciation and amortization	65	67	193	204
Corporate general and administrative	18	16	50	48
Other	19	18	61	52
Total expenses	594	584	1,989	1,637
Gain on sales of assets, net	—	14	15	13
Operating income	85	92	67	212
Interest income	9	4	29	5
Interest expense	(65)	(61)	(186)	(185)
Equity in earnings from investments in affiliates	2	1	9	6
Other gain, net	—	1	4	98
Income (loss) before income taxes	31	37	(77)	136
Income tax benefit (expense)	—	3	(5)	2
Net income (loss)	31	40	(82)	138
Net income attributable to noncontrolling interests	(4)	(5)	(8)	(10)
Net income (loss) attributable to stockholders	$ 27	$ 35	$ (90)	$ 128
Earnings (loss) per share:				
Earnings (loss) per share – Basic	$ 0.13	$ 0.15	$ (0.42)	$ 0.55
Earnings (loss) per share – Diluted	$ 0.13	$ 0.15	$ (0.42)	$ 0.55
Weighted average shares outstanding – Basic	212	224	216	229
Weighted average shares outstanding – Diluted	212	224	216	229

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, 2023	Nine Months Ended September 30, 2022
Operating Activities:		
Net (loss) income	$ (82)	$ 138
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	193	204
Gain on sales of assets, net	(15)	(13)
Impairment and casualty loss	204	4
Equity in earnings from investments in affiliates	(9)	(6)
Other gain, net	—	(92)
Share-based compensation expense	14	13
Amortization of deferred financing costs	7	7
Distributions from unconsolidated affiliates	9	6
Changes in operating assets and liabilities	56	78
Net cash provided by operating activities	377	339
Investing Activities:		
Capital expenditures for property and equipment	(195)	(104)
Acquisitions, net	(11)	—
Proceeds from asset dispositions, net	116	143
Proceeds from the sale of investments in affiliates, net	3	101
Contributions to unconsolidated affiliates	(4)	—
Net cash (used in) provided by investing activities	(91)	140
Financing Activities:		
Repayments of credit facilities	(50)	—
Proceeds from issuance of mortgage debt	—	30
Repayments of mortgage debt	(82)	(36)
Debt issuance costs	(1)	(3)
Dividends paid	(120)	(5)
Distributions to noncontrolling interests, net	(4)	(7)
Tax withholdings on share-based compensation	(2)	(3)
Repurchase of common stock	(180)	(218)
Net cash used in financing activities	(439)	(242)
Net (decrease) increase in cash and cash equivalents and restricted cash	(153)	237
Cash and cash equivalents and restricted cash, beginning of period	939	763
Cash and cash equivalents and restricted cash, end of period	$ 786	$ 1,000
Supplemental Disclosures		
Non-cash financing activities:		
Dividends declared but unpaid	$ 31	$ 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 (Accumulated Deficit)	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[1]	—	—	—	(32)	—	(32)
Distributions to noncontrolling interests	—	—	—	—	(1)	(1)
Repurchase of common stock	(9)	—	(105)	—	—	(105)
Balance as of March 31, 2023	216	2	4,216	19	(49)	4,188
Share-based compensation, net	—	—	5	—	—	5
Net (loss) income	—	—	—	(150)	4	(146)
Dividends and dividend equivalents[1]	—	—	—	(34)	—	(34)
Balance as of June 30, 2023	216	2	4,221	(165)	(45)	4,013
Share-based compensation, net	—	—	5	—	—	5
Net income	—	—	—	27	4	31
Dividends and dividend equivalents[1]	—	—	—	(31)	—	(31)
Distributions to noncontrolling interests	—	—	—	—	(3)	(3)
Repurchase of common stock	(6)	—	(75)	—	—	(75)
Balance as of September 30, 2023	210	$ 2	$ 4,151	$ (169)	$ (44)	$ 3,940

	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) income	—	—	—	(57)	1	(56)
Dividends and dividend equivalents[2]	—	—	—	(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[2]	—	—	—	(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[2]	—	—	—	(3)	—	(3)
Distributions to noncontrolling interests	—	—	—	—	(3)	(3)
Balance as of September 30, 2022	225	$ 2	$ 4,325	$ 38	$ (46)	$ 4,319

(1) Dividends declared per common share were $0.15 for each of the three months ended March 31, 2023, June 30, 2023 and September 30, 2023.

(2) 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

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 ("UPREIT") structure. 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 acquired two parcels of land, adjacent to the Hilton Hawaiian Village Waikiki Beach Resort, for a purchase price of 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 sales of assets, net* in our condensed consolidated statements of operations.

Additionally, in June 2023, the ground lessor terminated the ground lease for the Embassy Suites Phoenix Airport hotel and, pursuant to an agreement, we received an early termination fee of approximately $4 million, which is included in *other gain, net* in our condensed consolidated statements of operations.

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 on sales of assets, net* in our condensed consolidated statements of operations.

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, net* in our condensed consolidated statements of operations.

Note 4: Property and Equipment

Property and equipment were:

	September 30, 2023	December 31, 2022
	(in millions)	
Land	$ 3,196	$ 3,317
Buildings and leasehold improvements	6,315	6,512
Furniture and equipment	983	994
Construction-in-progress	295	201
	10,789	11,024
Accumulated depreciation	(2,761)	(2,723)
	$ 8,028	$ 8,301

Depreciation of property and equipment was $65 million and $67 million during the three months ended September 30, 2023 and 2022, respectively, and $193 million and $203 million during the nine months ended September 30, 2023 and 2022, respectively.

For the nine months ended September 30, 2023, we recognized an impairment loss of approximately $202 million related to one of the hotels securing our $725 million non-recourse CMBS loan as a result of a decision to cease making debt service payments that we expect will result in us no longer owning the property and benefiting from the cash flow. Refer to Note 6: "Debt" and Note 7: "Fair Value Measurements" for additional information.

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:

	September 30, 2023	December 31, 2022
	(in millions)	
Property and equipment, net	$ 209	$ 208
Cash and cash equivalents	21	21
Restricted cash	3	2
Accounts receivable, net	6	4
Prepaid expenses	2	2
Debt	203	205
Accounts payable and accrued expenses	11	8
Due to hotel manager	1	2
Other liabilities	3	4

Unconsolidated Entities

Four of our hotels are owned by unconsolidated joint ventures in which we hold an interest, are accounted for using the equity method and had total debt of approximately $721 million as of both September 30, 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 September 30, 2023 were:

	Interest Rate at September 30, 2023	Maturity Date	Principal balance as of September 30, 2023	Principal balance as of December 31, 2022
			(in millions)	
SF Mortgage Loan[1]	7.11%[2]	November 2023	$ 725	$ 725
HHV Mortgage Loan[1]	4.20%	November 2026	1,275	1,275
Other mortgage loans[3]	Average rate of 4.37%	2024 to 2027[4]	387	469
Revolver[5]	SOFR + 2.10%	December 2026	—	50
2025 Senior Notes[6]	7.50%	June 2025	650	650
2028 Senior Notes[6]	5.88%	October 2028	725	725
2029 Senior Notes[6]	4.88%	May 2029	750	750
			4,512	4,644
Add: unamortized premium			1	3
Less: unamortized deferred financing costs and discount			(23)	(30)
			$ 4,490	$ 4,617

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

(2) In June 2023, we ceased making debt service payments toward the SF Mortgage Loan, and we have received notice of default from the servicer. The stated rate on the loan is 4.11%, however, beginning June 1, 2023, the default interest rate on the loan is 7.11%. Additionally, beginning June 1, 2023, the loan accrues a monthly late payment administrative fee of 3% of the monthly amount due. In October 2023, the trustee for the SF Mortgage Loan filed a lawsuit against the borrowers under the SF Mortgage Loan. In connection with the lawsuit, the court appointed a receiver to take control of the Hilton San Francisco Hotels, which serve as security for the SF Mortgage Loan, and their operations, and thus, we have no further economic interest in the operations of the hotels. Refer to Note 13: "Subsequent Events" for additional information.

(3) In June 2023, we fully repaid the $75 million mortgage loan secured by the W Chicago – City Center.

(4) 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, 2023, Park had not received notice from the lender.

(5) 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 September 30, 2023, we had approximately $4 million outstanding on a standby letter of credit and $946 million of available capacity under our Revolver.

(6) 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 September 30, 2023 and December 31, 2022, our condensed consolidated balance sheets included $27 million and $6 million of restricted cash, respectively, related to our mortgage loans. As of September 30, 2023, restricted cash included $26 million of cash related to the default on our SF Mortgage Loan and the use of such funds is limited pursuant to the terms of the loan and associated agreements.

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, 2023 were:

Year	(in millions)
2023	$ 781
2024	7
2025	657
2026	1,563
2027	30
Thereafter[(1)]	1,474
	$ 4,512

[(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:

		September 30, 2023		December 31, 2022	
	Hierarchy Level	Carrying Amount	Fair Value	Carrying Amount	Fair Value
		(in millions)			
Liabilities:					
SF Mortgage Loan	3	$ 725	$ 722	$ 725	$ 692
HHV Mortgage Loan	3	1,275	1,149	1,275	1,142
Other mortgage loans	3	387	357	469	435
Revolver	3	—	—	50	50
2025 Senior Notes	1	650	650	650	652
2028 Senior Notes	1	725	663	725	661
2029 Senior Notes	1	750	638	750	635

During the nine months ended September 30, 2023, we recognized an impairment loss related to one of our hotels. The estimated value of the asset that was measured on a nonrecurring basis was:

	September 30, 2023	
	Fair Value	Impairment Loss
	(in millions)	
Property and equipment[(1)]	$ 234	$ 202
Total	$ 234	$ 202

[(1)] Fair value as of September 30, 2023 was measured using significant unobservable inputs (Level 3). We estimated fair value of the asset using a discounted cash flow analysis, with an estimated stabilized growth rate of 3%, a discounted cash flow term of 10 years, terminal capitalization rate of 6.3%, and discount rate of 9.5%. The discount and terminal capitalization rates used for the fair values of the asset reflected the risk profile of the market where the property is located.

Note 8: Income Taxes

We are a REIT for U.S. federal income tax purposes. We have been organized and operated, and we expect to continue to be organized and operate in a manner to qualify as a REIT. To qualify as a REIT, we must satisfy requirements related to, among other things, the real estate qualification of sources of our income, the real estate composition and values of our assets, the amounts we distribute to our stockholders annually and the diversity of ownership of our stock. To the extent we continue to remain qualified as a REIT, we generally will not be subject to U.S. federal (and state) income tax on taxable income generated by our REIT activities that we distribute annually to our stockholders. Accordingly, no provision for U.S. federal income taxes has been included in our accompanying condensed consolidated financial statements for the three or nine months ended September 30, 2023 and 2022 related to our REIT activities. Our taxable REIT subsidiaries ("TRSs") are generally subject to U.S. federal, state and local, and foreign income taxes (as applicable).

During the nine months ended September 30, 2023, we recognized income tax expense of $5 million primarily related to taxable income from our TRSs.

Note 9: 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 September 30, 2023, 7,498,093 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, 2023, 263,524 shares of common stock remain available for future issuance. For the three months ended September 30, 2023 and 2022, we recognized $5 million and $4 million, respectively, of share-based compensation expense and $14 million and $13 million, respectively, for the nine months ended September 30, 2023 and 2022. As of September 30, 2023, unrecognized compensation expense was $24 million, which is expected to be recognized over a weighted-average period of 1.6 years. The total fair value of shares vested (calculated as the number of shares multiplied by the vesting date share price) for both the nine months ended September 30, 2023 and 2022 was $7 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 nine months ended September 30, 2023:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested at January 1, 2023	843,846	$ 20.19
Granted	687,041	13.41
Vested	(530,137)	20.46
Forfeited	(13,251)	15.60
Unvested at September 30, 2023	987,499	$ 15.40

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, 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 nine months ended September 30, 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 September 30, 2023	1,527,196	$ 19.72

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[(1)]	—
Risk-free rate	4.3 %
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 10: 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,	
	2023	2022	2023	2022
	(in millions, except per share amounts)			
Numerator:				
Net income (loss) attributable to stockholders	$ 27	$ 35	$ (90)	$ 128
Earnings attributable to participating securities	—	—	(1)	—
Net income (loss) attributable to stockholders , net of earnings allocated to participating securities	27	35	(91)	128
Denominator:				
Weighted average shares outstanding – basic	212	224	216	229
Unvested restricted shares	—	—	—	—
Weighted average shares outstanding – diluted	212	224	216	229
Earnings (loss) per share – Basic[(1)]	$ 0.13	$ 0.15	$ (0.42)	$ 0.55
Earnings (loss) per share – Diluted[(1)]	$ 0.13	$ 0.15	$ (0.42)	$ 0.55

[(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, 2023 and 2022 because their effect would have been anti-dilutive.

Note 11: Business Segment Information

As of September 30, 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 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 to Hotel Adjusted EBITDA:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in millions)			
Revenues:				
Total consolidated hotel revenues	$ 657	$ 643	$ 1,977	$ 1,782
Other revenues	22	19	64	54
Total revenues	$ 679	$ 662	$ 2,041	$ 1,836
Net income (loss)	$ 31	$ 40	$ (82)	$ 138
Other revenues	(22)	(19)	(64)	(54)
Depreciation and amortization expense	65	67	193	204
Corporate general and administrative expense	18	16	50	48
Casualty and impairment loss	—	3	204	4
Other operating expenses	19	18	61	52
Gain on sales of assets, net	—	(14)	(15)	(13)
Interest income	(9)	(4)	(29)	(5)
Interest expense	65	61	186	185
Equity in earnings from investments in affiliates	(2)	(1)	(9)	(6)
Income tax (benefit) expense	—	(3)	5	(2)
Other gain, net	—	(1)	(4)	(98)
Other items	8	4	21	11
Hotel Adjusted EBITDA	$ 173	$ 167	$ 517	$ 464

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

	September 30, 2023	December 31, 2022
	(in millions)	
Consolidated hotels	$ 9,298	$ 9,726
All other	7	5
Total assets	$ 9,305	$ 9,731

Note 12: Commitments and Contingencies

As of September 30, 2023, we had outstanding commitments under third-party contracts of approximately $135 million for capital expenditures at our properties, of which $30 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, $28 million relates to the complete renovation of all guestrooms, public spaces, and certain hotel infrastructure at the Casa Marina Key West, Curio Collection, and $25 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 September 30, 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.

Note 13: Subsequent Events

In October 2023, the trustee for the SF Mortgage Loan filed a lawsuit against the borrowers under the SF Mortgage Loan. In connection with the lawsuit, the court appointed a receiver to take control of the Hilton San Francisco Hotels, which serve as security for the SF Mortgage Loan, and their operations, and thus, we have no further economic interest in the operations of the hotels. The receiver will operate and has authority over the hotels and, until no later than November 1, 2024, has the ability to sell the hotels. The lawsuit contemplates the receivership will end with a non-judicial foreclosure by December 2, 2024, if the hotels are not sold within the predetermined sale period.

The effective exit from the Hilton San Francisco Hotels results in a required distribution. Thus, our Board of Directors declared a special cash dividend of $0.77 per share on October 27, 2023, which will be paid on January 16, 2024 to stockholders of record as of December 29, 2023.

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 the anticipated effects of the Company's decision to cease payments on its $725 million non-recourse CMBS loan ("SF Mortgage Loan") secured by two of our San Francisco hotels – the 1,921-room Hilton San Francisco Union Square and the 1,024-room Parc 55 San Francisco – a Hilton Hotel (collectively, the "Hilton San Francisco Hotels") and the effects of the lender's exercise of its remedies, including placing such hotels into receivership, as well as our current 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 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, 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 have interests in 43 hotels (excluding the Hilton San Francisco Hotels), consisting of premium-branded hotels and resorts with over 26,000 rooms, of which over 86% are luxury and upper upscale (as defined by Smith Travel Research) and are located in prime U.S. markets and its territories. Our high-quality portfolio currently 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 11: "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 three months ended September 30, 2023, we repurchased approximately 5.8 million shares of our common stock for a total purchase price of $75 million.

Additionally, in October 2023, the trustee for the SF Mortgage Loan filed a lawsuit against the borrowers under the SF Mortgage Loan. In connection with the lawsuit, the court appointed a receiver to take control of the Hilton San Francisco Hotels, which serve as security for the SF Mortgage Loan, and their operations, and thus, we have no further economic interest in the operations of the hotels. The receiver will operate and has authority over the hotels and, until no later than November 1, 2024, has the ability to sell the hotels. The lawsuit contemplates the receivership will end with a non-judicial foreclosure by December 2, 2024, if the hotels are not sold within the predetermined sale period. The effective exit from the Hilton San Francisco Hotels results in a required distribution. Thus, our Board of Directors declared a special cash dividend of $0.77 per share on October 27, 2023, which will be paid on January 16, 2024 to stockholders of record as of December 29, 2023.

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 increased 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. During the third quarter of 2023, we have continued to experience improvements in overall demand across our portfolio, although average daily rate ("ADR") growth has slowed as the industry recovery has stabilized and seasonal patterns have normalized. 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 further increases in interest rates, local economic factors and demand, a potential economic slowdown or a recession and geopolitical conflicts, we expect the positive momentum to continue through the remainder of 2023 and into 2024 based on current demand trends and as demand from international travel continues to improve.

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 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 (loss).

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 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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in millions)			
Net income (loss)	$ 31	$ 40	$ (82)	$ 138
Depreciation and amortization expense	65	67	193	204
Interest income	(9)	(4)	(29)	(5)
Interest expense	65	61	186	185
Income tax (benefit) expense	—	(3)	5	(2)
Interest expense, income tax and depreciation and amortization included in equity in earnings from investments in affiliates	2	2	7	7
EBITDA	154	163	280	527
Gain on sales of assets, net	—	(14)	(15)	(13)
Gain on sale of investments in affiliates(1)	—	—	(3)	(92)
Share-based compensation expense	5	4	14	13
Casualty and impairment loss	—	3	204	4
Other items	4	2	16	8
Adjusted EBITDA	163	158	496	447
Less: Adjusted EBITDA from investments in affiliates	(4)	(4)	(19)	(20)
Add: All other(2)	14	13	40	37
Hotel Adjusted EBITDA	$ 173	$ 167	$ 517	$ 464

(1) Included in *other gain, 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;
- 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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in millions, except per share amounts)			
Net income (loss) attributable to stockholders	$ 27	$ 35	$ (90)	$ 128
Depreciation and amortization expense	65	67	193	204
Depreciation and amortization expense attributable to noncontrolling interests	(1)	(1)	(3)	(3)
Gain on sales of assets, net	—	(14)	(15)	(13)
Gain on sale of investments in affiliates[1]	—	—	(3)	(92)
Impairment loss	—	—	202	—
Equity investment adjustments:				
Equity in earnings from investments in affiliates	(2)	(1)	(9)	(6)
Pro rata FFO of investments in affiliates	2	1	12	11
Nareit FFO attributable to stockholders	91	87	287	229
Casualty loss	—	3	2	4
Share-based compensation expense	5	4	14	13
Other items[2]	12	—	26	5
Adjusted FFO attributable to stockholders	$ 108	$ 94	$ 329	$ 251
Nareit FFO per share – Diluted[3]	$ 0.43	$ 0.39	$ 1.33	$ 1.00
Adjusted FFO per share – Diluted[3]	$ 0.51	$ 0.42	$ 1.52	$ 1.09

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

(2) For the three and nine months ended September 30, 2023, includes $6 million and $8 million, respectively, of incremental interest expense associated with the default of the SF Mortgage Loan.

(3) 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 seven 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 September 30,				
	2023	2022	Change	Change from Property Dispositions	Change from Other Factors(1)
			(in millions)		
Rooms revenue	$ 432	$ 428	$ 4	$ (9)	$ 13
Food and beverage revenue	159	148	11	(2)	13
Ancillary hotel revenue	66	67	(1)	—	(1)
Rooms expense	119	115	4	(2)	6
Food and beverage expense	122	115	7	(1)	8
Other departmental and support expense	161	162	(1)	(4)	3
Other property-level expense	59	58	1	—	1
Management fees expense	31	30	1	—	1

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

	Nine Months Ended September 30,				
	2023	2022	Change	Change from Property Dispositions	Change from Other Factors(1)
			(in millions)		
Rooms revenue	$ 1,256	$ 1,153	$ 103	$ (33)	$ 136
Food and beverage revenue	518	431	87	(6)	93
Ancillary hotel revenue	203	198	5	(2)	7
Rooms expense	343	298	45	(8)	53
Food and beverage expense	377	321	56	(4)	60
Other departmental and support expense	484	453	31	(13)	44
Other property-level expense	182	173	9	(3)	12
Management fees expense	95	84	11	(1)	12

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

Group, transient, contract and other rooms revenue for the three and nine months ended September 30, 2023, as well as the change for each segment compared to the same periods in 2022 are as follows:

	Three Months Ended September 30,				
	2023	2022	Change	Change from Property Dispositions	Change from Other Factors(1)
			(in millions)		
Group rooms revenue	$ 112	$ 97	$ 15	$ (1)	$ 16
Transient rooms revenue	283	302	(19)	(7)	(12)
Contract rooms revenue	27	20	7	(1)	8
Other rooms revenue	10	9	1	—	1
Rooms revenue	$ 432	$ 428	$ 4	$ (9)	$ 13

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

	Nine Months Ended September 30,				
	2023	2022	Change	Change from Property Dispositions	Change from Other Factors(1)
	(in millions)				
Group rooms revenue	$ 368	$ 293	$ 75	$ (5)	$ 80
Transient rooms revenue	790	783	7	(26)	33
Contract rooms revenue	70	52	18	(2)	20
Other rooms revenue	28	25	3	—	3
Rooms revenue	$ 1,256	$ 1,153	$ 103	$ (33)	$ 136

(1) 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 increases in certain of our largest markets. During the three months ended September 30, 2023, our New York, Hawaii and Seattle markets experienced the most significant changes compared to the same period in 2022. The New York Hilton Midtown benefited from increases in group and transient demand resulting in increases in occupancy and ADR of 17.8 percentage points and 4.1%, respectively, for the three months ended September 30, 2023 compared to the same period in 2022. Combined occupancy at our two Hawaii hotels increased 2.3 percentage points for the three months ended September 30, 2023 compared to same period in 2022, driven by an increase in group demand primarily at the Hilton Hawaiian Village Waikiki Beach Resort, which experienced increases in both occupancy and ADR of 1.5 percentage points and 1.6%, respectively. Combined occupancy at our Seattle hotels increased 14.2 percentage points for the three months ended September 30, 2023 compared to the same period in 2022 due to an increase in transient demand.

During the nine months ended September 30, 2023, our Hawaii, New York and and Chicago markets experienced the most significant changes compared to the same period in 2022. Combined occupancy and ADR at our two Hawaii hotels increased 6.3 percentage points and 4.2%, respectively, for the nine months ended September 30, 2023 compared to same period in 2022, driven by increases in group and domestic transient demand primarily at the Hilton Hawaiian Village Waikiki Beach Resort, which experienced increases in both occupancy and ADR of 6.5 percentage points and 5.8%, respectively. The New York Hilton Midtown benefited from increases in group and transient demand resulting in increases in occupancy of 23.5 percentage points for the nine months ended September 30, 2023 compared to the same period in 2022. Combined occupancy at our Chicago hotels increased 7.7 percentage points for the nine months ended September 30, 2023 compared to the same period in 2022 due to increases in transient and group demand.

Additionally, for the nine months ended September 30, 2023, hotel revenues and operating expenses for the Parc 55 San Francisco – a Hilton Hotel increased $23 million and $15 million, respectively, compared to the same period in

2022 as the hotel's operations were suspended until May 2022. These increases are partially offset by the impact from the suspension of operations at the Casa Marina Key West, Curio Collection, beginning in May 2023 due to renovations, which resulted in a decrease in hotel revenues of $11 million and $28 million, respectively, and operating expenses of $5 million and $10 million, respectively, for the three and nine months ended September 30, 2023, compared to the same periods in 2022.

Other revenue and Other operating expense

During the three and nine months ended September 30, 2023, *other revenue* increased by $3 million and $10 million, respectively, and *other operating expense* increased by $1 million and $9 million, respectively, due to an increase in business and related costs that are allocated to the Hilton Grand Vacations pursuant to service arrangements with certain of our hotels.

Corporate general and administrative

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	Percent Change	2023	2022	Percent Change
	(in millions)			(in millions)		
General and administrative expenses	$ 13	$ 12	8.3 %	$ 34	$ 32	6.3 %
Share-based compensation expense	5	4	25.0	14	13	7.7
Other items[(1)]	—	—	—	2	3	(33.3)
Total corporate general and administrative	$ 18	$ 16	12.5 %	$ 50	$ 48	4.2 %

(1) Consists primarily of disposition costs.

Casualty and impairment loss

During the nine months ended September 30, 2023, we recognized an impairment loss of approximately $202 million. Refer to Note 7: "Fair Value Measurements" in our unaudited condensed consolidated financial statements included elsewhere within this Quarterly Report on Form 10-Q for additional information.

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.

Gain on sales of assets, net

During the nine months ended September 30, 2023, we recognized a net gain of $15 million from the sale of one consolidated hotel.

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.

Non-operating Income and Expenses

Interest income

Interest income increased $5 million and $24 million, respectively, during the three and nine months ended September 30, 2023 compared to the same periods in 2022. The increase for the three months ended September 30, 2023 was a result of an increase in interest rates, which more than offset a decrease in the average cash balances, and the increase for the nine months ended September 30, 2023 was a result of both an increase in average cash balances and interest rates.

Interest expense

Interest expense increased for both the three and nine months ended September 30, 2023 compared to the same periods in 2022. Interest expense increased from accrued default interest in connection with the SF Mortgage Loan beginning in June 2023 and the $50 million of borrowings under our Revolver in December 2022, which was subsequently repaid in February 2023. This was partially offset by a decrease due to the full repayments in December 2022 of our unsecured delayed draw term loan facility ("2019 Term Facility") and the $26 million mortgage loan secured by the Hilton Checkers, as well as the full repayment of the $75 million mortgage loan secured by the W Chicago - City Center in June 2023. Interest expense associated with our debt for the three and nine months ended September 30, 2023 and 2022 were as follows:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	Percent Change	2023	2022	Percent Change
	(in millions)			(in millions)		
SF Mortgage Loan[(1)]	$ 14	$ 8	75.0 %	$ 31	$ 23	34.8 %
HHV Mortgage Loan[(2)]	13	13	— %	40	40	— %
Other mortgage loans	4	5	(20.0)	14	16	(12.5)
Revolver	1	1	—	3	2	50.0
2019 Term Facility[(3)]	—	1	(100.0)	—	2	(100.0)
2025 Senior Notes[(4)]	13	13	—	37	37	—
2028 Senior Notes[(4)]	11	11	—	32	32	—
2029 Senior Notes[(4)]	9	9	—	27	27	—
Other	—	—	—	2	6	(66.7)
Total interest expense	$ 65	$ 61	6.6 %	$ 186	$ 185	0.5 %

(1) In October 2016, we entered into the $725 million SF Mortgage Loan. In June 2023, we ceased making debt service payments toward the SF Mortgage Loan, and we have received notice of default from the servicer. The stated rate on the loan is 4.11%, however, beginning June 1, 2023, the default interest rate on the loan is 7.11%. Additionally, beginning June 1, 2023, the loan accrues a monthly late payment administrative fee of 3% of the monthly amount due. In October 2023, the trustee for the SF Mortgage Loan filed a lawsuit against the borrowers under the SF Mortgage Loan. In connection with the lawsuit, the court appointed a receiver to take control of the Hilton San Francisco Hotels, which serve as security for the SF Mortgage Loan, and their operations, and thus, we have no further economic interest in the operations of the hotels. Refer to Note 6: "Debt" and Note 13: "Subsequent Events" in our unaudited condensed consolidated financial statements included elsewhere within this Quarterly Report on Form 10-Q for additional information.

(2) In October 2016, we entered into a $1.275 billion CMBS loan secured by the Hilton Hawaiian Village Waikiki Beach Resort (“HHV Mortgage Loan”).

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

(4) 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").

Other gain, net

During the nine months ended September 30, 2023, we recognized a gain of approximately $4 million for an early termination fee received from the lessor to terminate the lease for the Embassy Suites Phoenix Airport hotel.

During the nine months ended September 30, 2022, we recognized a gain of $98 million 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: "Acquisitions and Dispositions" in our unaudited condensed consolidated financial statements included elsewhere within this Quarterly Report on Form 10-Q for additional information.

Income tax benefit (expense)

During the nine months ended September 30, 2023, we recognized income tax expense of $5 million, primarily related to taxable income from our TRSs.

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, 2023, we had total cash and cash equivalents of $726 million and $60 million of restricted cash. Restricted cash primarily consists of cash restricted as to use by our debt agreements and reserves for capital expenditures in accordance with certain of our management agreements. As of September 30, 2023, restricted cash included $26 million of cash related to the default on our SF Mortgage Loan and the use of such funds is limited pursuant to the terms of the loan and associated agreements.

During the third quarter of 2023, we continued to experience improvements in overall demand across our portfolio and expect the positive momentum to continue through the remainder of 2023 and into 2024 based on current demand trends and as demand from international travel continues to improve. We continue to mitigate the effects of macroeconomic and inflationary pressures through active asset management.

With approximately $950 million available under our Revolver and $726 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 12 months and beyond. We have no significant maturities in 2023, except for the SF Mortgage Loan due in November 2023, for which we ceased making debt service payments in June 2023 and is in default. Refer to Note 6: "Debt" and Note 13: "Subsequent Events" in our unaudited condensed consolidated financial statements included elsewhere within this Quarterly Report on Form 10-Q for additional information. 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. In addition, our Board of Directors declared a special cash dividend of $0.77 per share, or approximately $162 million, which will be paid in January 2024, refer to Note 13: "Subsequent Events" in our unaudited condensed consolidated financial statements included elsewhere within this Quarterly Report on Form 10-Q for additional information. 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 $135 million for capital expenditures at our properties, of which $30 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, $28 million relates to the complete renovation of all guestrooms, public spaces, and certain hotel infrastructure at the Casa Marina Key West, Curio Collection, and $25 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 nine months ended September 30, 2023, we repurchased in aggregate under the Stock Repurchase Programs approximately 14.6 shares of our common stock for a total purchase price of $180 million. As of September 30, 2023, $150 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:

	Nine Months Ended September 30,		
	2023	**2022**	**Percent Change**
	(in millions)		
Net cash provided by operating activities	$ 377	$ 339	11.2 %
Net cash (used in) provided by investing activities	(91)	140	165.0
Net cash used in financing activities	(439)	(242)	81.4

Operating Activities

Cash flow from operating activities are primarily generated from the operating income generated at our hotels. The $38 million increase in net cash provided by operating activities for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022 was primarily due to an increase in cash from operations as a result of an increase in occupancy at our hotels, a decrease in cash paid for interest of $20 million, primarily due to the cessation of debt service payments toward the SF Mortgage Loan, and an increase in interest income of $23 million due to an increase in average cash balances and interest rates.

Investing Activities

The $91 million in net cash used in investing activities for the nine months ended September 30, 2023 was primarily attributable to $206 million in capital expenditures and land acquisitions, partially offset by $116 million of net proceeds from the sale of one of our hotels.

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.

Financing Activities

The $439 million in net cash used in financing activities for the nine months ended September 30, 2023 was primarily attributable to the repurchase of approximately 14.6 million shares of our common stock for approximately $180 million, $132 million of debt repayments and $120 million of dividends paid.

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 approximately $218 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:

Record Date	Payment Date	Dividend per Share	
March 31, 2023	April 17, 2023	$	0.15
June 30, 2023	July 17, 2023	$	0.15
September 29, 2023	October 16, 2023	$	0.15
December 29, 2023	January 16, 2024	$	0.77

Debt

As of September 30, 2023, our total indebtedness was approximately $4.5 billion, including approximately $2.1 billion of our Senior Notes and the $725 million SF Mortgage Loan on which we ceased making debt service payments in June 2023, 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 September 30, 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 nine months ended September 30, 2023, repurchases made pursuant to our stock repurchase programs 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, 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
April 1, 2023 through April 30, 2023	105	$ 12.17	—	$ 225
May 1, 2023 through May 31, 2023	236	$ 12.40	—	$ 225
June 1, 2023 through June 30, 2023	332	$ 13.74	—	$ 225
July 1, 2023 through July 31, 2023	253	$ 13.16	—	$ 225
August 1, 2023 through August 31, 2023	5,760,165	$ 13.00	5,759,966	$ 150
September 1, 2023 through September 30, 2023	315	$ 12.83	—	$ 150
Total	14,751,754		14,575,466	

(1) 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.

(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 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.

In June 2023, we ceased making debt service payments toward the $725 million SF Mortgage Loan, and we have received a notice of default from the servicer. As of November 2, 2023, the total arrearage related to the SF Mortgage Loan, including interest and fees was $26 million, of which $10 million is default interest. In October 2023, the trustee for the SF Mortgage Loan filed a lawsuit against the borrowers under the SF Mortgage Loan. In connection with the lawsuit, the court has appointed a receiver to take control of the Hilton San Francisco Hotels, which serve as security for the SF Mortgage Loan, and their operations, and thus, we have no further economic interest in the operations of the hotels. The receiver will operate and has authority over the hotels and, until no later than November 1, 2024, has the ability to sell the hotels. The lawsuit contemplates the receivership will end with a non-judicial foreclosure by December 2, 2024, if the hotels are not sold within the predetermined sale period.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits

Exhibit Number	Description
2.1	Distribution Agreement by and among Hilton Worldwide Holdings Inc., Park Hotels & Resorts Inc., Hilton Grand Vacations Inc. and Hilton Domestic Operating Company Inc., dated as of January 2, 2017 (incorporated by reference to Exhibit 2.1 to our Current Report on Form 8-K, filed on January 4, 2017).
2.2	Agreement and Plan of Merger by and among Park Hotels & Resorts Inc., PK Domestic Property LLC, PK Domestic Sub LLC, and Chesapeake Lodging Trust, dated as of May 5, 2019 (incorporated by reference to Exhibit 2.1 to our Current Report on Form 8-K, filed on May 6, 2019).
3.1	Amended and Restated Certificate of Incorporation of Park Hotels & Resorts Inc. (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K, filed on April 30, 2019).
3.2	Amended and Restated By-laws of Park Hotels & Resorts Inc. (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K/A, filed on July 31, 2023).
31.1*	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished herewith.
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished herewith.
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).
*	Filed herewith

SIGNATURES

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

Park Hotels & Resorts Inc.

Date: November 2, 2023	By:	/s/ Thomas J. Baltimore Jr.
		Thomas J. Baltimore, Jr. Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)
Date: November 2, 2023	By:	/s/ Sean M. Dell'Orto
		Sean M. Dell'Orto Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
Date: November 2, 2023	By:	/s/ Darren W. Robb
		Darren W. Robb Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)

Exhibit 31.1

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

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

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

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

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

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

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

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

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

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

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

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

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

Date: November 2, 2023

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

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

Exhibit 31.2

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

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

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

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

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

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

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

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

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

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

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

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

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

Date: November 2, 2023

By: /s/ Sean M. Dell'Orto

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

Exhibit 32.1

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

In connection with the Quarterly Report of Park Hotels & Resorts Inc. (the “Company”) on Form 10-Q for the quarter ended September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Thomas J. Baltimore, Jr., President and Chief Executive Officer, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: November 2, 2023	By:	/s/ Thomas J. Baltimore, Jr.
		Thomas J. Baltimore, Jr.
		Chairman of the Board, President and Chief Executive Officer

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

Exhibit 32.2

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

In connection with the Quarterly Report of Park Hotels & Resorts Inc. (the “Company”) on Form 10-Q for the quarter ended September 30, 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: November 2, 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.