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, 2024

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 Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 25, 2024 was 206,404,619.

Table of Contents

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, 2024 (unaudited)	December 31, 2023
ASSETS		
Property and equipment, net	$ 7,413	$ 7,459
Contract asset	804	760
Intangibles, net	42	42
Cash and cash equivalents	480	717
Restricted cash	38	33
Accounts receivable, net of allowance for doubtful accounts of $3 and $3	124	112
Prepaid expenses	57	59
Other assets	38	40
Operating lease right-of-use assets	177	197
TOTAL ASSETS (variable interest entities – $231 and $236)	$ 9,173	$ 9,419
LIABILITIES AND EQUITY		
Liabilities		
Debt	$ 3,855	$ 3,765
Debt associated with hotels in receivership	725	725
Accrued interest associated with hotels in receivership	79	35
Accounts payable and accrued expenses	240	210
Dividends payable	57	362
Due to hotel managers	111	131
Other liabilities	187	200
Operating lease liabilities	212	223
Total liabilities (variable interest entities – $215 and $218)	5,466	5,651
Commitments and contingencies – refer to Note 12		
Stockholders' Equity		
Common stock, par value $0.01 per share, 6,000,000,000 shares authorized, 207,257,541 shares issued and 206,403,675 shares outstanding as of September 30, 2024 and 210,676,264 shares issued and 209,987,581 shares outstanding as of December 31, 2023	2	2
Additional paid-in capital	4,103	4,156
Accumulated deficit	(353)	(344)
Total stockholders' equity	3,752	3,814
Noncontrolling interests	(45)	(46)
Total equity	3,707	3,768
TOTAL LIABILITIES AND EQUITY	$ 9,173	$ 9,419

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,	
	2024	2023	2024	2023
Revenues				
Rooms	$ 403	$ 432	$ 1,193	$ 1,256
Food and beverage	157	159	521	518
Ancillary hotel	68	66	196	203
Other	21	22	64	64
Total revenues	649	679	1,974	2,041
Operating expenses				
Rooms	107	119	314	343
Food and beverage	112	122	356	377
Other departmental and support	154	161	454	484
Other property	65	59	174	182
Management fees	30	31	93	95
Impairment and casualty loss	—	—	13	204
Depreciation and amortization	63	65	192	193
Corporate general and administrative	17	18	52	50
Other	21	19	62	61
Total expenses	569	594	1,710	1,989
Gain on sale of assets, net	—	—	—	15
Gain on derecognition of assets	15	—	44	—
Operating income	95	85	308	67
Interest income	6	9	16	29
Interest expense	(54)	(51)	(161)	(155)
Interest expense associated with hotels in receivership	(15)	(14)	(44)	(31)
Equity in earnings from investments in affiliates	28	2	29	9
Other (loss) gain, net	(1)	—	(4)	4
Income (loss) before income taxes	59	31	144	(77)
Income tax (expense) benefit	(2)	—	9	(5)
Net income (loss)	57	31	153	(82)
Net income attributable to noncontrolling interests	(3)	(4)	(7)	(8)
Net income (loss) attributable to stockholders	$ 54	$ 27	$ 146	$ (90)
Earnings (loss) per share:				
Earnings (loss) per share – Basic	$ 0.26	$ 0.13	$ 0.70	$ (0.42)
Earnings (loss) per share – Diluted	$ 0.26	$ 0.13	$ 0.69	$ (0.42)
Weighted average shares outstanding – Basic	206	212	208	216
Weighted average shares outstanding – Diluted	208	212	210	216

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, 2024	Nine Months Ended September 30, 2023
Operating Activities:		
Net income (loss)	$ 153	$ (82)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	192	193
Gain on sales of assets, net	—	(15)
Gain on derecognition of assets	(44)	—
Impairment and casualty loss	12	204
Equity in earnings from investments in affiliates	(29)	(9)
Other loss, net	3	—
Share-based compensation expense	14	14
Amortization of deferred financing costs	6	7
Distributions from unconsolidated affiliates	4	9
Deferred income taxes	(13)	—
Changes in operating assets and liabilities	51	56
Net cash provided by operating activities	349	377
Investing Activities:		
Capital expenditures for property and equipment	(164)	(195)
Acquisitions, net	—	(11)
Proceeds from asset dispositions, net	—	116
Proceeds from the sale of investments in affiliates, net	—	3
Distributions from unconsolidated affiliates	33	—
Contributions to unconsolidated affiliates	(3)	(4)
Net cash used in investing activities	(134)	(91)
Financing Activities:		
Proceeds from issuance of Senior Notes	550	—
Repurchase or redemption of Senior Notes	(650)	—
Borrowings from credit facilities	200	—
Repayments of credit facilities	—	(50)
Repayments of mortgage debt	(6)	(82)
Debt issuance costs	(11)	(1)
Dividends paid	(459)	(120)
Distributions to noncontrolling interests, net	(6)	(4)
Tax withholdings on share-based compensation	(5)	(2)
Repurchase of common stock	(60)	(180)
Net cash used in financing activities	(447)	(439)
Net decrease in cash and cash equivalents and restricted cash	(232)	(153)
Cash and cash equivalents and restricted cash, beginning of period	750	939
Cash and cash equivalents and restricted cash, end of period	$ 518	$ 786
Supplemental Disclosures		
Non-cash financing activities:		
Dividends declared but unpaid	$ 51	$ 31

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

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

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Non-controlling Interests	Total
	Shares	Amount				
Balance as of December 31, 2023	210	$ 2	$ 4,156	$ (344)	$ (46)	$ 3,768
Share-based compensation, net	1	—	(2)	2	—	—
Net income	—	—	—	28	1	29
Dividends and dividend equivalents[1]	—	—	—	(53)	—	(53)
Distributions to noncontrolling interests	—	—	—	—	(2)	(2)
Balance as of March 31, 2024	211	2	4,154	(367)	(47)	3,742
Share-based compensation, net	—	—	4	—	—	4
Net income	—	—	—	64	3	67
Dividends and dividend equivalents[1]	—	—	—	(52)	—	(52)
Repurchase of common stock	(2)	—	(25)	—	—	(25)
Balance as of June 30, 2024	209	2	4,133	(355)	(44)	3,736
Share-based compensation, net	—	—	5	—	—	5
Net income	—	—	—	54	3	57
Dividends and dividend equivalents[1]	—	—	—	(52)	—	(52)
Distributions to noncontrolling interests	—	—	—	—	(4)	(4)
Repurchase of common stock	(3)	—	(35)	—	—	(35)
Balance as of September 30, 2024	206	$ 2	$ 4,103	$ (353)	$ (45)	$ 3,707

	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

(1) Dividends declared per common share were $0.25 for each of the three months ended March 31, 2024, June 30, 2024 and September 30, 2024. 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.

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

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

Note 1: Organization

Park Hotels & Resorts Inc. ("we," "us," "our" or the "Company" and, exclusive of any subsidiaries, "Park Parent") is a Delaware corporation that owns a portfolio of premium-branded hotels and resorts primarily located in prime city center and resort locations. On January 3, 2017, Hilton Worldwide Holdings Inc. ("Hilton") completed the spin-off of a portfolio of premium 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, 2023 included in our Annual Report on Form 10-K, filed with the Securities and Exchange Commission ("SEC") on February 28, 2024.

Use of Estimates

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

Reclassifications

Certain line items on the condensed consolidated statements of operations for the three and nine months ended September 30, 2023 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, 2023, filed with the SEC on February 28, 2024, contains a discussion of significant accounting policies. There have been no significant changes to our significant accounting policies since December 31, 2023.

Note 3: Acquisitions and Dispositions

Acquisitions

During the nine months ended September 30, 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 July 2024, the unconsolidated joint venture that owns and operates the Hilton La Jolla Torrey Pines sold the hotel for gross proceeds of approximately $165 million, and our pro-rata share of the gross proceeds was approximately $41 million, which was reduced by our portion of debt of approximately $17 million. We recognized a gain of approximately $19 million, which is included in *equity in earnings from investments in affiliates* in our condensed consolidated statements of operations.

Additionally, in August 2024, we permanently closed the Hilton Oakland Airport and subsequently terminated its ground lease, returning the property to the ground lessor.

During the nine months ended September 30, 2023, we sold the Hilton Miami Airport hotel for gross proceeds of $118.25 million. We recognized a net gain of approximately $15 million, which is included in *gain on sale of assets, net* in our condensed consolidated statements of operations.

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 (loss) gain, net* in our condensed consolidated statements of operations.

Note 4: Property and Equipment

Property and equipment were:

	September 30, 2024	December 31, 2023
	(in millions)	
Land	$ 3,007	$ 2,990
Buildings and leasehold improvements	5,926	5,814
Furniture and equipment	1,028	947
Construction-in-progress	229	341
	10,190	10,092
Accumulated depreciation	(2,777)	(2,633)
	$ 7,413	$ 7,459

Depreciation of property and equipment was $63 million and $65 million during the three months ended September 30, 2024 and 2023, respectively, and $191 million and $193 million for the nine months ended September 30, 2024 and 2023, respectively.

During the nine months ended September 30, 2024, we recognized impairment losses of approximately $12 million related to two of our hotels subject to ground leases and our inability to recover the carrying value of the assets over the remaining lease term. Refer to Note 7: "Fair Value Measurements" for additional information.

For the nine months ended September 30, 2023, we recognized approximately $202 million of impairment loss related to one of the hotels securing our $725 million non-recourse CMBS loan ("SF Mortgage Loan") as a result of a decision to cease making debt service payments. In October 2023, the two 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") that secure the SF Mortgage Loan were placed into receivership. 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, 2024	December 31, 2023
	(in millions)	
Property and equipment, net	$ 204	$ 209
Cash and cash equivalents	17	17
Restricted cash	3	2
Accounts receivable, net	5	5
Prepaid expenses	2	3
Debt	200	202
Accounts payable and accrued expenses	11	11
Due to hotel manager	1	2
Other liabilities	3	3

Unconsolidated Entities

Three of our hotels are owned by unconsolidated joint ventures in which we hold an interest. These hotels are accounted for using the equity method and had total debt of approximately $685 million and $702 million as of September 30, 2024 and December 31, 2023, respectively. Substantially all the debt is secured solely by the affiliates' assets or is guaranteed by other partners without recourse to us.

Note 6: Debt

Debt balances and associated interest rates as of September 30, 2024 were:

	Interest Rate at September 30, 2024	Maturity Date	Principal balance as of September 30, 2024	Principal balance as of December 31, 2023
			(in millions)	
HHV Mortgage Loan[1]	4.20%	November 2026	$ 1,275	$ 1,275
Other mortgage loans	Average rate of 4.37%	2025 to 2027[2]	379	385
Revolver[3]	SOFR + 1.80%[4]	December 2026	—	—
2024 Term Loan	SOFR + 1.75%[4]	May 2027	200	—
2025 Senior Notes[5]	7.50%	June 2025	—	650
2028 Senior Notes[5]	5.88%	October 2028	725	725
2029 Senior Notes[5]	4.88%	May 2029	750	750
2030 Senior Notes[5]	7.00%	February 2030	550	—
Finance lease obligations	7.44%	2024 to 2028	1	1
			3,880	3,786
Add: unamortized premium			—	1
Less: unamortized deferred financing costs and discount			(25)	(22)
			$ 3,855	$ 3,765

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

(2) Assumes the exercise of all extensions that are exercisable solely at our option. The mortgage loan for Hilton Denver City Center matures in 2042 but became callable by the lender in August 2022 with six months of notice. As of September 30, 2024, Park had not received notice from the lender.

(3) Our revolving credit facility ("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, 2024, we had approximately $4 million outstanding on a standby letter of credit and $946 million of available capacity under our Revolver.

(4) The secured overnight financing rate ("SOFR") includes a credit spread adjustment of 0.1%.

(5) In May 2020, our Operating Company, PK Domestic and PK Finance Co-Issuer Inc. ("PK Finance") issued an aggregate of $650 million senior notes due 2025 ("2025 Senior Notes"), all of which were repurchased or redeemed during the second quarter of 2024. Our Operating Company, PK Domestic, and PK Finance also issued an aggregate of $725 million of senior notes due 2028 ("2028 Senior Notes") in September 2020, an aggregate of $750 million of senior notes due 2029 ("2029 Senior Notes") in May 2021 and an aggregate of $550 million of senior notes due 2030 ("2030 Senior Notes") in May 2024.

Credit Facilities

2024 Term Loan

In May 2024, the Company, our Operating Company and PK Domestic amended our existing credit agreement to include a new $200 million senior unsecured term loan facility ("2024 Term Loan") with a scheduled maturity date of May 14, 2027. Borrowings under the 2024 Term Loan bear interest based upon SOFR plus a credit spread adjustment of 0.1%, plus an applicable margin based on our leverage ratio. We capitalized $2 million of financing fees incurred during the nine months ended September 30, 2024.

The amendment did not amend or modify existing financial maintenance covenants or other terms and provisions under our existing credit agreement, except to provide that income, value and debt of the Hilton San Francisco Hotels be excluded from the calculations of our leverage ratio, the fixed charge coverage ratio and the secured leverage ratio under the existing credit agreement.

Senior Notes

2030 Senior Notes

In May 2024, our Operating Company, PK Domestic and PK Finance issued an aggregate of $550 million of 2030 Senior Notes. Net proceeds from the 2030 Senior Notes and the 2024 Term Loan were used to repurchase or redeem all of the 2025 Senior Notes, and the remainder was used for general corporate purposes. The 2030 Senior Notes bear interest at a rate of 7.000% per annum, payable semi-annually in arrears on February 1 and August 1 of each year, beginning February 1, 2025. The 2030 Senior Notes will mature on February 1, 2030. We capitalized approximately $9 million of issuance costs during the nine months ended September 30, 2024.

We may redeem the 2030 Senior Notes at any time prior to August 1, 2026, in whole or in part, at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, to, but excluding, the redemption date plus a make-whole premium. On or after August 1, 2026, we may redeem the 2030 Senior Notes at (i) 103.500% of the principal amount on or prior to August 1, 2027, (ii) 101.750% of the principal amount prior to August 1, 2028 and (iii) 100.000% of the principal amount on or after August 1, 2028, in each case plus accrued and unpaid interest, if any, to, but excluding, the redemption date. In addition, at any time prior to August 1, 2026, we may redeem up to 40% of the 2030 Senior Notes with net cash proceeds from certain equity offerings at a redemption price of 107.000% of the principal amount redeemed plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

Indenture

The 2030 Senior Notes are guaranteed by Park Parent, PK Domestic REIT Inc., and by the subsidiaries of our Operating Company that also guarantee indebtedness under our credit facility, the 2028 Senior Notes and 2029 Senior Notes. The guarantees are full and unconditional and joint and several. The indenture governing the 2030 Senior Notes contains customary covenants that limit the issuers' ability and, in certain instances, the ability of the issuers' subsidiaries, to borrow money, create liens on assets, make distributions and pay dividends on or redeem or repurchase stock, make certain types of investments, sell stock in certain subsidiaries, enter into agreements that restrict dividends or other payments from subsidiaries, enter into transactions with affiliates, issue guarantees of indebtedness, and sell assets or merge with other companies. These limitations are subject to a number of exceptions and qualifications, including exceptions and qualifications related to the declaration and payment of dividends and the making of distributions in order to maintain our status as a REIT. In addition, the indenture requires our Operating Company to maintain total unencumbered assets as of each fiscal quarter of at least 150% of total unsecured indebtedness, in each case calculated on a consolidated basis.

Debt Maturities

The contractual maturities of our debt, assuming the exercise of all extensions that are exercisable solely at our option, as of September 30, 2024 were:

Year		(in millions)
2024[(1)]	$	2
2025		60
2026		1,563
2027		230
2028		725
Thereafter		1,300
	$	3,880

(1) Excludes the SF Mortgage Loan secured by the Hilton San Francisco Hotels.

Debt Associated with Hotels in Receivership

In June 2023, we ceased making debt service payments towards the SF Mortgage Loan secured by the Hilton San Francisco Hotels, which was due November 2023, and we received a 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. The receiver will operate and has authority over the hotels and, until no later than March 31, 2025, has the ability to sell the hotels. The court order contemplates that the receivership will end with a non-judicial foreclosure by July 15, 2025, if the hotels are not sold within the predetermined sale period.

We derecognized the Hilton San Francisco Hotels from our consolidated balance sheet in October 2023 when the receiver took control of the hotels. For the three and nine months ended September 30, 2024, we recognized a gain of $15 million and $44 million, respectively, which is included in *gain on derecognition of assets* in our condensed consolidated statements of operations. The gain represents the accrued interest expense associated with the default of the SF Mortgage Loan, which results in a corresponding increase of the *contract asset* on our condensed consolidated balance sheets as we expect to be released from this obligation upon final resolution with the lender on the SF Mortgage Loan, in exchange for the transfer of ownership of the Hilton San Francisco Hotels. As of September 30, 2024 and December 31, 2023, the *contract asset* on our condensed consolidated balance sheets was $804 million and $760 million, respectively. The SF Mortgage Loan will remain a liability until final resolution with the lender is concluded and is included in *debt associated with hotels in receivership* on our condensed consolidated balance sheets.

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, 2024		December 31, 2023	
	Hierarchy Level	Carrying Amount	Fair Value	Carrying Amount	Fair Value
		(in millions)			
Liabilities:					
HHV Mortgage Loan	3	$ 1,275	$ 1,217	$ 1,275	$ 1,195
Other mortgage loans	3	379	367	385	365
2024 Term Loan	3	200	199	—	—
2025 Senior Notes	1	—	—	650	652
2028 Senior Notes	1	725	725	725	713
2029 Senior Notes	1	750	727	750	702
2030 Senior Notes	1	550	572	—	—

The fair value of the SF Mortgage Loan, which has a carrying value of $725 million as of both September 30, 2024 and December 31, 2023 and categorized as Level 3 of the fair value hierarchy, was $718 million as of both September 30, 2024 and December 31, 2023. Refer to Note 6: "Debt" for additional information.

During the nine months ended September 30, 2024, we recognized impairment losses related to two of our hotels due to our inability to recover the carrying value of the assets. During the nine months ended September 30, 2023, we recognized an impairment loss related to one of our hotels and in October 2023, that hotel, along with the other hotel securing our SF Mortgage Loan, were placed into receivership. Refer to Note 6: "Debt" for additional information. The estimated fair value of the assets that were measured on a nonrecurring basis were:

	September 30, 2024		September 30, 2023	
	Fair Value	Impairment Loss	Fair Value	Impairment Loss
	(in millions)			
Property and equipment[1]	$ 2	$ 12	$ 234	$ 202
Total	$ 2	$ 12	$ 234	$ 202

(1) We estimated fair value of the assets during the nine months ended September 30, 2024, using a discounted cash flow analysis, with an estimated stabilized growth rate range of 2% to 3%, a discounted cash flow term of 10 years and a discount rate ranging from 17.0% to 20.0%. We estimated fair value of the asset during the nine months ended September 30, 2023, 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 assets reflected the risk profile of the markets where the properties are located. Fair value as of both September 30, 2024 and 2023 were measured using significant unobservable inputs (Level 3).

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, 2024 and 2023 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 three months ended September 30, 2024, we recognized income tax expense of $2 million, which was primarily related to taxable income from our TRSs. During the nine months ended September 30, 2024, we recognized an income tax benefit of $9 million, which was primarily associated with the effective exit from the Hilton San Francisco Hotels and the reversal of $14 million of tax expense that is no longer expected to be incurred.

During the nine months ended September 30, 2023, we recognized income tax expense of $5 million, which was 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. The 2017 Employee Plan provides that a maximum of 14,070,000 shares of our common stock may be issued, and as of September 30, 2024, 6,430,660 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, 2024, 154,166 shares of common stock remain available for future issuance. For both the three months ended September 30, 2024 and 2023, we recognized $5 million of share-based compensation expense and $14 million for both the nine months ended September 30, 2024 and 2023. As of September 30, 2024, unrecognized compensation expense was $24 million, which is expected to be recognized over a weighted-average period of 1.5 years. The total fair value of shares vested (calculated as the number of shares multiplied by the vesting date share price) for the nine months ended September 30, 2024 and 2023 was $14 million and $7 million, respectively.

Restricted Stock Awards

Restricted Stock Awards (“RSAs”) generally vest in annual installments between one and three years from each grant date. The following table provides a summary of RSAs for the nine months ended September 30, 2024:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested at January 1, 2024	982,585	$ 15.40
Granted	616,092	16.20
Vested	(537,578)	15.81
Forfeited	(51,934)	15.48
Unvested at September 30, 2024	1,009,165	$ 15.66

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, 2024, 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, 2024:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested at January 1, 2024	1,527,576	$ 19.72
Granted	591,672	17.75
Vested	(337,283)	26.99
Forfeited	(22,720)	16.04
Unvested at September 30, 2024	1,759,245	$ 17.72

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	36.0 %
Dividend yield[(1)]	—
Risk-free rate	4.5 %
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,	
	2024	2023	2024	2023
	(in millions, except per share amounts)			
Numerator:				
Net income (loss) attributable to stockholders	$ 54	$ 27	$ 146	$ (90)
Earnings attributable to participating securities	(1)	—	(1)	(1)
Net income (loss) attributable to stockholders, net of earnings allocated to participating securities	53	27	145	(91)
Denominator:				
Weighted average shares outstanding – basic	206	212	208	216
Unvested restricted shares	2	—	2	—
Weighted average shares outstanding – diluted	208	212	210	216
Earnings (loss) per share – Basic[(1)]	$ 0.26	$ 0.13	$ 0.70	$ (0.42)
Earnings (loss) per share – Diluted[(1)]	$ 0.26	$ 0.13	$ 0.69	$ (0.42)

(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, 2024 and 2023 because their effect would have been anti-dilutive.

Note 11: Business Segment Information

As of September 30, 2024, 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, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
	(in millions)			
Revenues:				
Total consolidated hotel revenues	$ 628	$ 657	$ 1,910	$ 1,977
Other revenues	21	22	64	64
Total revenues	$ 649	$ 679	$ 1,974	$ 2,041
Net income (loss)	$ 57	$ 31	$ 153	$ (82)
Other revenues	(21)	(22)	(64)	(64)
Depreciation and amortization expense	63	65	192	193
Corporate general and administrative expense	17	18	52	50
Impairment and casualty loss	—	—	13	204
Other operating expenses	21	19	62	61
Gain on sales of assets, net	—	—	—	(15)
Gain on derecognition of assets	(15)	—	(44)	—
Interest income	(6)	(9)	(16)	(29)
Interest expense	54	51	161	155
Interest expense associated with hotels in receivership	15	14	44	31
Equity in earnings from investments in affiliates	(28)	(2)	(29)	(9)
Income tax expense (benefit)	2	—	(9)	5
Other loss (gain), net	1	—	4	(4)
Other items	8	8	17	21
Hotel Adjusted EBITDA	$ 168	$ 173	$ 536	$ 517

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

	September 30, 2024	December 31, 2023
	(in millions)	
Consolidated hotels	$ 9,163	$ 9,406
All other	10	13
Total assets	$ 9,173	$ 9,419

Note 12: Commitments and Contingencies

As of September 30, 2024, we had outstanding commitments under third-party contracts of approximately $113 million for capital expenditures at our properties, of which $34 million relates to guestroom renovations at the Hilton Hawaiian Village Waikiki Beach Resort, $19 million relates to guestroom renovations at the Hilton Waikoloa Village and $6 million relates to guestroom renovations at the Hilton New Orleans Riverside. 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, 2024 related to litigation with respect to an audit by the Australian Tax Office (“ATO”) of Hilton related to the sale of the Hilton Sydney in June 2015. This amount could change as the litigation of the ATO’s claim progresses.

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

The following discussion and analysis of the financial condition and results of operations of Park Hotels & Resorts Inc. ("we," "us," "our" or the "Company") should be read in conjunction with the accompanying unaudited condensed consolidated financial statements, related notes included elsewhere in this Quarterly Report on Form 10-Q, and with our Annual Report on Form 10-K for the year ended December 31, 2023.

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 effects of our decision to cease payments on the $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 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 our indebtedness, the completion of capital allocation priorities, the expected repurchase of our stock, the impact from macroeconomic factors (including inflation, elevated 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, payment and any change in amounts 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, 2023, 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 41 hotels, consisting of premium-branded hotels and resorts with over 25,000 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, 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.

Outlook

Economic disruptions, including as a result of elevated interest rates and elevated rates of inflation, may adversely affect our business by affecting consumer sentiment and demand for travel. However, inflationary concerns have moderated and expectations of further interest rate reductions continue. In addition, we are experiencing near-term disruption related to negotiations between our third-party operators and unions at certain hotels, which includes strikes and other labor activity and may include increases in labor or other costs to maintain or operate hotels during a labor disruption. We have relied on the performance of our hotels and active asset management to mitigate the effects of current macroeconomic uncertainty and disruption from union activity. During the third quarter of 2024, we 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, local economic factors and demand, a potential economic slowdown or a recession and geopolitical conflicts, we expect the positive momentum to continue for the remainder of 2024 based on current demand trends, expected increases in city-wide events and as demand from international travel continues to improve.

Recent Events

In July 2024, the unconsolidated joint venture that owns and operates the Hilton La Jolla Torrey Pines sold the hotel for gross proceeds of approximately $165 million, and our pro-rata share of the gross proceeds was approximately $41 million, which was reduced by our portion of debt of approximately $17 million. We recognized a gain of approximately $19 million, which is included in *equity in earnings from investments in affiliates* in our condensed consolidated statements of operations.

Additionally, in August 2024, we permanently closed the Hilton Oakland Airport and subsequently terminated its ground lease, returning the property to the ground lessor.

During the three months ended September 30, 2024, we repurchased approximately 2.5 million shares of our common stock for a total purchase price of $35 million.

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.

Comparable Hotels Data

We present certain data for our hotels on a comparable hotel basis as supplemental information for investors. We present comparable hotel results to help us and our investors evaluate the ongoing performance of our comparable hotels. Our comparable hotels data includes results from hotels that were active and operating in our portfolio since January 1st of the previous year and excludes results from property dispositions that have occurred through September 30, 2024 and the Hilton San Francisco Hotels, which were placed into receivership at the end of October 2023.

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. 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. 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.

The following table provides a reconciliation of Net income (loss) to Hotel Adjusted EBITDA:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(in millions)			
Net income (loss)	$ 57	$ 31	$ 153	$ (82)
Depreciation and amortization expense	63	65	192	193
Interest income	(6)	(9)	(16)	(29)
Interest expense	54	51	161	155
Interest expense associated with hotels in receivership[(1)]	15	14	44	31
Income tax expense (benefit)	2	—	(9)	5
Interest expense, income tax and depreciation and amortization included in equity in earnings from investments in affiliates	4	2	9	7
EBITDA	189	154	534	280
Gain on sales of assets, net[(2)]	(19)	—	(19)	(15)
Gain on derecognition of assets[(1)]	(15)	—	(44)	—
Gain on sale of investments in affiliates[(3)]	—	—	—	(3)
Share-based compensation expense	5	5	14	14
Impairment and casualty loss	—	—	13	204
Other items	(1)	4	16	16
Adjusted EBITDA	159	163	514	496
Less: Adjusted EBITDA from investments in affiliates	(3)	(4)	(19)	(19)
Add: All other[(4)]	12	14	41	40
Hotel Adjusted EBITDA	$ 168	$ 173	$ 536	$ 517

(1) For the three and nine months ended September 30, 2024 and 2023, represents accrued interest expense associated with the default of the SF Mortgage Loan, which is offset by a gain on derecognition for the corresponding increase of the *contract asset* on our condensed consolidated balance sheets beginning October 2023, as we expect to be released from this obligation upon final resolution with the lender.

(2) For the three and nine months ended September 30, 2024, includes a gain of $19 million on the sale of the Hilton La Jolla Torrey Pines included in *equity in earnings from investments in affiliates.*

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

(4) Includes *other revenues* and *other expenses*, non-income taxes on leases with our taxable REIT subsidiaries ("TRSs") included in *other property 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,	
	2024	2023	2024	2023
	(in millions, except per share amounts)			
Net income (loss) attributable to stockholders	$ 54	$ 27	$ 146	$ (90)
Depreciation and amortization expense	63	65	192	193
Depreciation and amortization expense attributable to noncontrolling interests	(1)	(1)	(3)	(3)
Gain on sales of assets, net	—	—	—	(15)
Gain on derecognition of assets[1]	(15)	—	(44)	—
Gain on sale of investments in affiliates[2]	—	—	—	(3)
Impairment loss	—	—	12	202
Equity investment adjustments:				
Equity in earnings from investments in affiliates	(28)	(2)	(29)	(9)
Pro rata FFO of investments in affiliates	9	2	14	12
Nareit FFO attributable to stockholders	82	91	288	287
Casualty loss	—	—	1	2
Share-based compensation expense	5	5	14	14
Interest expense associated with hotels in receivership[1]	15	6	44	8
Other items	—	6	3	18
Adjusted FFO attributable to stockholders	$ 102	$ 108	$ 350	$ 329
Nareit FFO per share – Diluted[3]	$ 0.40	$ 0.43	$ 1.37	$ 1.33
Adjusted FFO per share – Diluted[3]	$ 0.49	$ 0.51	$ 1.67	$ 1.52

(1) For the three and nine months ended September 30, 2024, represents accrued interest expense associated with the default of the SF Mortgage Loan, which is offset by a gain on derecognition for the corresponding increase of the *contract asset* on our condensed consolidated balance sheets beginning October 2023, as we expect to be released from this obligation upon final resolution with the lender. For the three and nine months ended September 30, 2023, reflects incremental default interest expense and late payment administrative fees associated with the default of the SF Mortgage Loan beginning in June 2023.

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

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

Results of Operations

Our non-comparable hotels consist of one hotel sold and two hotels returned to the lessor upon termination of the ground leases since January 1, 2023. The results of operations of these hotels are included in our consolidated results only during our period of ownership. Additionally, our non-comparable hotels also consist of the two Hilton San Francisco Hotels, which are excluded from our consolidated results for the three and nine months ended September 30, 2024, as a result of the hotels being placed into receivership in October 2023, which 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.

Hotel Revenues and Operating Expenses

	Three Months Ended September 30,				Change from Non-Comparable Hotels	
	2024	2023	Change	Change from Comparable Hotels[1]	Change from the Hilton San Francisco Hotels	Change from Other Non-Comparable Hotels
			(in millions)			
Rooms revenue	$ 403	$ 432	$ (29)	$ 13	$ (40)	$ (2)
Food and beverage revenue	157	159	(2)	7	(9)	—
Ancillary hotel revenue	68	66	2	5	(3)	—
Rooms expense	107	119	(12)	4	(16)	—
Food and beverage expense	112	122	(10)	1	(11)	—
Other departmental and support expense	154	161	(7)	10	(16)	(1)
Other property expense	65	59	6	10	(8)	4
Management fees expense	30	31	(1)	1	(2)	—

(1) Change from our comparable hotels primarily relates to the market-specific conditions discussed below.

	Nine Months Ended September 30,				Change from Non-Comparable Hotels	
	2024	2023	Change	Change from Comparable Hotels[1]	Change from the Hilton San Francisco Hotels	Change from Other Non-Comparable Hotels
			(in millions)			
Rooms revenue	$ 1,193	$ 1,256	$ (63)	$ 53	$ (107)	$ (9)
Food and beverage revenue	521	518	3	35	(29)	(3)
Ancillary hotel revenue	196	203	(7)	2	(9)	—
Rooms expense	314	343	(29)	15	(42)	(2)
Food and beverage expense	356	377	(21)	13	(32)	(2)
Other departmental and support expense	454	484	(30)	18	(44)	(4)
Other property expense	174	182	(8)	9	(20)	3
Management fees expense	93	95	(2)	5	(6)	(1)

(1) Change from our comparable hotels 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, 2024, as well as the change for each segment compared to the same periods in 2023 are as follows:

	Three Months Ended September 30,				Change from Non-Comparable Hotels	
	2024	2023	Change	Change from Comparable Hotels(1)	Change from the Hilton San Francisco Hotels	Change from Other Non-Comparable Hotels
	(in millions)					
Group rooms revenue	$ 107	$ 112	$ (5)	$ 12	$ (17)	$ —
Transient rooms revenue	264	283	(19)	—	(18)	(1)
Contract rooms revenue	24	27	(3)	1	(4)	—
Other rooms revenue	8	10	(2)	—	(1)	(1)
Rooms revenue	$ 403	$ 432	$ (29)	$ 13	$ (40)	$ (2)

(1) Change from our comparable hotels primarily relates to the market-specific conditions discussed below.

	Nine Months Ended September 30,				Change from Non-Comparable Hotels	
	2024	2023	Change	Change from Comparable Hotels(1)	Change from the Hilton San Francisco Hotels	Change from Other Non-Comparable Hotels
	(in millions)					
Group rooms revenue	$ 358	$ 368	$ (10)	$ 38	$ (47)	$ (1)
Transient rooms revenue	742	790	(48)	3	(43)	(8)
Contract rooms revenue	68	70	(2)	11	(13)	—
Other rooms revenue	25	28	(3)	1	(4)	—
Rooms revenue	$ 1,193	$ 1,256	$ (63)	$ 53	$ (107)	$ (9)

(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 for our comparable hotels during the three and nine months ended September 30, 2024, as compared to the same periods in 2023, were primarily attributable to our hotels in the Orlando, Key West, Chicago, New Orleans, Boston and New York markets.

Our Orlando hotels both benefited from an increase in group demand after the completion of the ballroom expansion project in early 2024, resulting in increases in occupancy and ADR of 1.4 percentage points and 7.0%, respectively, for the three months ended September 30, 2024 and 3.3 percentage points and 6.9%, respectively, for the nine months ended September 30, 2024 compared to the same periods in 2023 at the Signia by Hilton Orlando Bonnet Creek. The Waldorf Astoria Orlando benefited from increases in both group and transient demand, resulting in increases in occupancy and ADR of 17.0 percentage points and 6.9%, respectively, for the three months ended September 30, 2024 and 4.9 percentage points and 4.3%, respectively, for the nine months ended September 30, 2024 compared to the same periods in 2023.

The increases in the Key West market were driven by the Casa Marina Key West, Curio Collection, which was closed during the entirety of the third quarter of 2023 for a comprehensive renovation of the hotel that started in May 2023 when the hotel suspended operations, with all rooms reopening by December 2023.

The Hilton Chicago and the Hilton New Orleans Riverside both benefited from increased group demand, with occupancy and ADR at the Hilton Chicago increasing 12.9 percentage points and 0.9%, respectively, for the three months ended September 30, 2024 and 6.7 percentage points and 0.2%, respectively, for the nine months ended September 30, 2024 compared to the same periods in 2023. Occupancy and ADR at the Hilton New Orleans Riverside increased 7.9 percentage points and 10.1%, respectively, for the three months ended September 30, 2024 and 3.5 percentage points and 2.3%, respectively, for the nine months ended September 30, 2024 compared to the same periods in 2023.

Combined occupancy and ADR at our Boston hotels increased 1.5 percentage points and 5.2%, respectively, for the three months ended September 30, 2024 and 2.9 percentage points and 4.6%, respectively, for the nine months ended September 30, 2024 compared to the same periods in 2023 due to increases in transient demand.

The New York Hilton Midtown benefited from increases in group and transient demand, resulting in increases in occupancy and ADR of 2.1 percentage points and 1.3%, respectively, for the nine months ended September 30, 2024, while occupancy and ADR remained relatively flat for the three months ended September 30, 2024, compared to the same periods in 2023.

These increases were partially offset by decreases in hotel revenues and operating expenses at our two Hawaii hotels where combined occupancy decreased 5.0 percentage points and 3.1 percentage points for the three and nine months ended September 30, 2024, respectively, compared to the same periods in 2023 due to a decrease in transient demand.

Corporate general and administrative

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	Percent Change	2024	2023	Percent Change
	(in millions)			(in millions)		
General and administrative expenses	$ 11	$ 13	(15.4)%	$ 35	$ 34	2.9 %
Share-based compensation expense	5	5	—	14	14	—
Other corporate expenses	1	—	100.0	3	2	50.0
Total corporate general and administrative	$ 17	$ 18	(5.6)%	$ 52	$ 50	4.0 %

Impairment and casualty loss

During the nine months ended September 30, 2024, we recognized impairment losses of approximately $12 million related to two of our hotels subject to ground leases and our inability to recover the carrying value of the assets over the remaining lease term. 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.

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.

Gain on sale 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.

Gain on derecognition of assets

During the three and nine months ended September 30, 2024, we recognized a gain of $15 million and $44 million, respectively, from the accrued interest expense associated with the default of the SF Mortgage Loan, which resulted in a corresponding increase of the *contract asset* in our condensed consolidated balance sheets, as we expect to be released from this obligation upon final resolution with the lender.

Non-operating Income and Expenses

Interest income

Interest income decreased $3 million and $13 million during the three and nine months ended September 30, 2024, respectively, compared to the same periods in 2023 primarily as a result of a decrease in average cash balances.

Interest expense

Interest expense increased $3 million and $6 million, respectively during the three and nine months ended September 30, 2024 compared to the same periods in 2023 due to the issuance of the $550 million of senior notes due in 2030 ("2030 Senior Notes") and the $200 million senior unsecured term loan facility due May 2027 ("2024 Term Loan"), partially offset by the repurchase and redemption of all the $650 million senior notes due in 2025 ("2025 Senior Notes"). Interest expense associated with our debt for the three and nine months ended September 30, 2024 and 2023 were as follows:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	Percent Change	2024	2023	Percent Change
	(in millions)			(in millions)		
HHV Mortgage Loan[1]	$ 13	$ 13	— %	$ 40	$ 40	— %
Other mortgage loans	5	4	25.0	14	14	—
Revolver	1	1	—	2	3	(33.3)
2024 Term Loan	4	—	100.0	6	—	100.0
2025 Senior Notes[2]	—	13	(100.0)	19	37	(48.6)
2028 Senior Notes[2]	11	11	—	32	32	—
2029 Senior Notes[2]	9	9	—	27	27	—
2030 Senior Notes[2]	10	—	100.0	15	—	100.0
Other	1	—	100.0	6	2	200.0
Total interest expense	$ 54	$ 51	5.9 %	$ 161	$ 155	3.9 %

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

(2) In May 2020, our Operating Company, PK Domestic, and PK Finance issued an aggregate of $650 million of 2025 Senior Notes, all of which were repurchased or redeemed during the second quarter of 2024. Our Operating Company, PK Domestic, and PK Finance also issued an aggregate of $725 million of senior notes due 2028 ("2028 Senior Notes") in September 2020, an aggregate of $750 million of senior notes due 2029 ("2029 Senior Notes") in May 2021 and an aggregate of $550 million of 2030 Senior Notes in May 2024.

Interest expense associated with hotels in receivership

Interest expense on the SF Mortgage Loan increased $1 million and $13 million for the three and nine months ended September 30, 2024, respectively, compared to the same periods in 2023 due to accrued default interest beginning in June 2023 when we ceased making payments on the loan. 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.

Other (loss) gain, net

During the nine months ended September 30, 2024, we recognized a loss of approximately $4 million, which was primarily related to the write-off of the remaining unamortized deferred financing costs associated with the repurchase and redemption of all the 2025 Senior Notes.

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.

Equity in earnings from investments in affiliates

Equity in earnings from investments in affiliates increased $26 million and $20 million for the three and nine months ended September 30, 2024, respectively, compared to the same periods in 2023 primarily due to a $19 million gain from the sale of the Hilton La Jolla Torrey Pines.

Income tax (expense) benefit

During the three months ended September 30, 2024, we recognized income tax expense of $2 million, which was primarily related to taxable income from our TRSs. During the nine months ended September 30, 2024, we recognized an income tax benefit of $9 million, which was primarily associated with the effective exit from the Hilton San Francisco Hotels and the reversal of $14 million of tax expense that is no longer expected to be incurred.

During the nine months ended September 30, 2023, we recognized income tax expense of $5 million, which was 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, 2024, we had total cash and cash equivalents of $480 million and $38 million of restricted cash. Restricted cash primarily consists of cash restricted as to use by our debt agreements and reserves for capital expenditures in accordance with certain of our management agreements.

During the third quarter of 2024, we continued to experience improvements in overall demand across our portfolio and expect the improvement to continue through the remainder of 2024 based on current demand trends, including an increase in city-wide events and from international travel. We continue to mitigate the effects of macroeconomic and inflationary pressures through active asset management.

With approximately $950 million available under our Revolver and $480 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. Excluding the SF Mortgage Loan for which we ceased to make debt service payments in June 2023 and is in default, and following the issuance of the 2030 Senior Notes and borrowings under the 2024 Term Loan, the proceeds from which collectively were used to repurchase or redeem all of the 2025 Senior Notes and for other general corporate purposes, we have no significant maturities until the fourth quarter of 2026. 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. 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 be 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 July 2024, we declared a third quarter dividend of $0.25 per share that was paid on October 15, 2024 to stockholders of record as of September 30, 2024. 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 $113 million for capital expenditures at our properties, of which $34 million relates to guestroom renovations at the Hilton Hawaiian Village Waikiki Beach Resort, $19 million relates to guestroom renovations at the Hilton Waikoloa Village and $6 million relates to guestroom renovations at the

Hilton New Orleans Riverside. 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 authorized and approved a stock repurchase program allowing us to repurchase up to $300 million of our common stock over a two-year period ending in February 2025, subject to any applicable limitations or restrictions set forth in our credit facility and indentures related to our Senior Notes. Stock repurchases may be made through open market purchases, including through Rule 10b5-1 trading programs, in privately negotiated transactions, or in such other manner that would comply with applicable securities laws. The timing of any future stock repurchases and the number of shares to be repurchased will depend upon prevailing market conditions and other factors, and we may suspend the repurchase program at any time. During the three and nine months ended September 30, 2024, we repurchased approximately 2.5 million and 4.2 million shares of our common stock for a total purchase price of $35 million and $60 million, respectively. As of September 30, 2024, $90 million remained available for stock repurchases.

Sources and Uses of Our Cash and Cash Equivalents

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

	Nine Months Ended September 30,		
	2024	2023	Percent Change
	(in millions)		
Net cash provided by operating activities	$ 349	$ 377	(7.4)%
Net cash used in investing activities	(134)	(91)	47.3
Net cash used in financing activities	(447)	(439)	1.8

Operating Activities

Cash flow from operating activities are primarily generated from the operating income generated at our hotels. The $28 million decrease in net cash provided by operating activities for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023 was primarily due to an increase of $9 million in cash paid for taxes, a decrease in interest received of $13 million due to a decrease in average cash balances and timing of receipts from our customers and payments to our vendors and other third parties.

Investing Activities

The $134 million in net cash used in investing activities for the nine months ended September 30, 2024 was attributable to $164 million of capital expenditures, partially offset by $33 million of distributions from unconsolidated affiliates primarily related to the sale of the Hilton La Jolla Torrey Pines.

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.

Financing Activities

The $447 million in net cash used in financing activities for the nine months ended September 30, 2024 was primarily attributable to the issuance of $550 million of 2030 Senior Notes and the $200 million 2024 Term Loan, offset by $656 million of debt repayments, $459 million of dividends paid and the repurchase of approximately 4.2 million shares of our common stock for $60 million.

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.

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, 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 generally not be required to pay tax on our income. Consequently, 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 2024:

Record Date	Payment Date	Dividend per Share	
March 29, 2024	April 15, 2024	$	0.25
June 28, 2024	July 15, 2024	$	0.25
September 30, 2024	October 15, 2024	$	0.25

Debt

As of September 30, 2024, our total indebtedness was approximately $3.9 billion, including over $2 billion of our Senior Notes, and excluding both the $725 million SF Mortgage Loan (that we ceased making debt service payments in June 2023) and approximately $157 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, 2023, filed with the Securities and Exchange Commission on February 28, 2024. 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, 2024, 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, 2023.

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, 2024, repurchases made pursuant to our stock repurchase program were as follows:

Period	Total number of shares purchased[(1)]		Weighted average price paid per share[(2)]	Total number of shares purchased as part of publicly announced plans or programs[(3)]		Maximum number (or approximate dollar value) of common shares that may yet be purchased under the plans or programs *(in millions)*[(3)]
January 1, 2024 through January 31, 2024	—	$	—	—	$	150
February 1, 2024 through February 29, 2024	162,539	$	15.39	—	$	150
March 1, 2024 through March 31, 2024	—	$	—	—	$	150
April 1, 2024 through April 30, 2024	106	$	17.12	—	$	150
May 1, 2024 through May 31, 2024	1,483	$	15.95	—	$	150
June 1, 2024 through June 30, 2024	1,663,340	$	15.01	1,662,959	$	125
July 1, 2024 through July 31, 2024	260	$	14.48	—	$	125
August 1, 2024 through August 31, 2024	2,524,173	$	13.85	2,524,001	$	90
September 1, 2024 through September 30, 2024	242	$	14.44	—	$	90
Total	4,352,143			4,186,960		

(1) The number of shares purchased represents shares of common stock repurchased under the applicable previously announced stock repurchase program as well as 165,183 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) On February 17, 2023, our Board of Directors authorized and approved a $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 SF Mortgage Loan, and we have received a notice of default from the servicer. As of October 30, 2024, the total arrearage related to the SF Mortgage Loan, including interest and fees was $84 million, of which $39 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 March 31, 2025, has the ability to sell the hotels. The lawsuit contemplates the receivership will end with a non-judicial foreclosure by July 15, 2025, 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 3.2 to our Current Report of Form 10-Q, filed on August 1, 2024).
3.3	Certificate of Amendment to the 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 19, 2024).
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: October 30, 2024	By:	/s/ Thomas J. Baltimore Jr.
		Thomas J. Baltimore, Jr. Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)
Date: October 30, 2024	By:	/s/ Sean M. Dell'Orto
		Sean M. Dell'Orto Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
Date: October 30, 2024	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: October 30, 2024

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: October 30, 2024

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, 2024 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: October 30, 2024	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, 2024 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: October 30, 2024

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.