



# Nareit Presentation

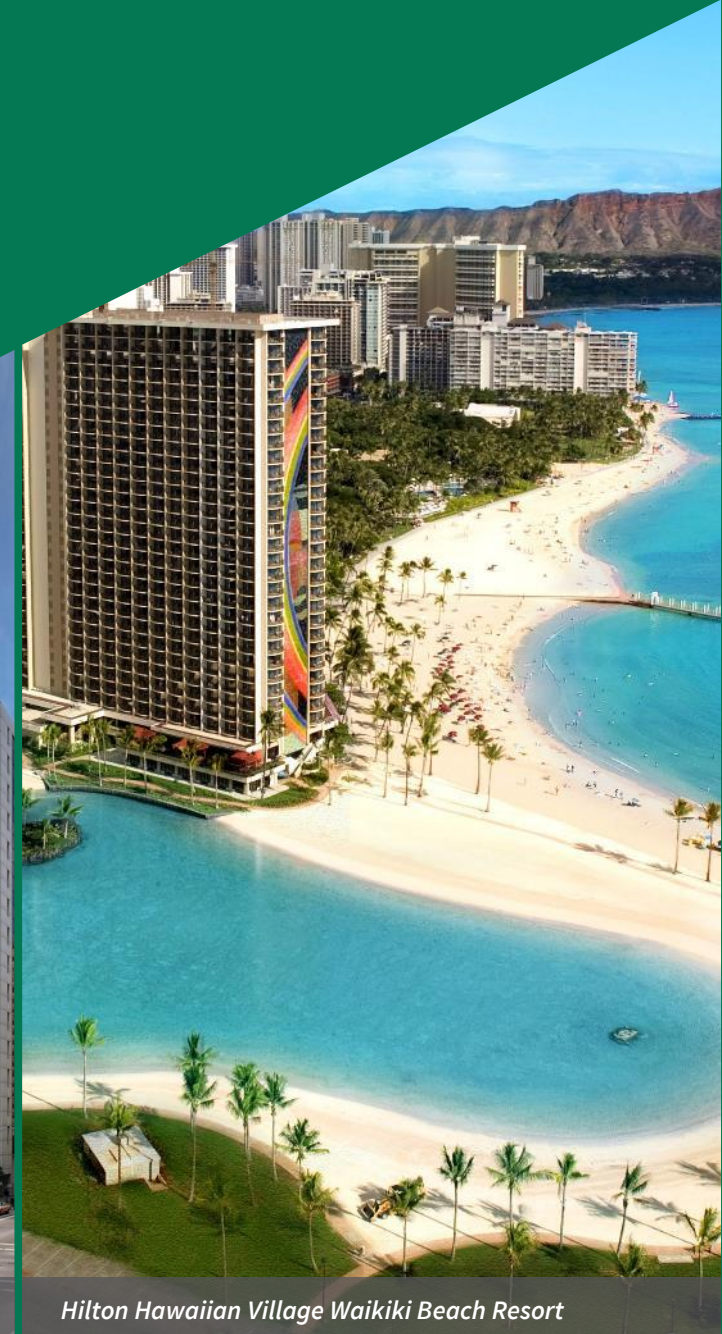
June 2020



Waldorf Astoria Orlando



Le Méridien San Francisco



Hilton Hawaiian Village Waikiki Beach Resort



# Mission

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*To be the preeminent lodging REIT, focused on consistently delivering superior, risk-adjusted returns for stockholders through active asset management and a thoughtful external growth strategy, while maintaining a strong and flexible balance sheet*



# Pillars of our Corporate Strategy

## **Aggressive Asset Management**

- Continually improve property level operating performance
- Consistently implement revenue management initiatives to optimize market pricing and segment mix

## **Prudent Capital Allocation**

- Allocate capital effectively by leveraging scale, liquidity and M&A expertise to create value throughout all phases of the lodging cycle
- Employ an active capital recycling program—expanding our presence in target markets with a focus on brand and operator diversification, while reducing exposure to slower growth assets/markets
- Target value enhancement projects with strong unlevered ROI yields

## **Strong and Flexible Balance Sheet**

- Preserve a strong and flexible balance sheet, with a targeted leverage ratio of 3x to 5x
- Maintain liquidity across lodging cycle and access to multiple types of financing
- Aspire to achieve investment grade rating

# Park at a Glance



**Park Spin-off from  
Hilton in January 2017**

**67** Branded Assets

**35k+** Rooms

**100%** Hilton Branded



**Chesapeake Acquisition in  
September 2019**

**\$2.5B** Acquisition

**18** High Quality Assets in  
High Growth Markets

Advanced Brand, Operator &  
Geographic Diversification:



**Park Today:  
2<sup>nd</sup> Largest Lodging REIT**

**60** Branded Assets

**33k+** Rooms

**17** States

# Park Investment Highlights



**Iconic Portfolio of Irreplaceable Assets**



**Reshaped / Transformed Portfolio with 24 Non-Core Assets Sold for \$1.2B**  
*(Including 14 International Assets)*



**CHSP Acquisition Provided Brand, Operator & Geographic Diversification**



**Solid Balance Sheet with Healthy Liquidity**



**Significant Unencumbered Asset Base**



**Decisive Actions to Mitigate Impact of COVID-19**



**Seasoned & Experienced Management Team with Demonstrated Track Record**

# Park Overview

*Since Park's spin from Hilton in January 2017, Park has been guided by its Corporate Strategy pillars to achieve results: significant progress in **reshaping and improving portfolio** quality over the last 3+ years*

## 3-Year Track Record of Success



- ✓ Outperformed peers in top-line growth and margin expansion
- ✓ Disposed of **24** international and other lower quality, non-core legacy assets
- ✓ Enhanced and diversified portfolio with acquisition of **18-hotel** Chesapeake ("CHSP") portfolio (subsequently sold 2 assets)

3-Year Performance	@ Spin (2016) <sup>(1)</sup>	2019 <sup>(2)</sup>	Change
Number of Hotels	67	60	-9%
# of International Hotels	14	0	-100%
\$ Comp. RevPAR <sup>(3)</sup>	\$161	\$186	+16%
Comp. Hotel Adj. EBITDA Margins <sup>(3)</sup>	27.7%	29.5%	+180bps
Hotel Adj. EBITDA per Key	\$25,100	\$30,600	+22%
% Rooms Represented by Hilton	100%	85%	-15 % pts

- As Park entered 2020, its priorities were clear: **1) realize synergies from the Chesapeake acquisition, 2) continue recycling non-core assets to further improve the quality of the portfolio** and **3) further de-lever and strengthen its balance sheet**
- The emergence of the COVID-19 pandemic has drastically altered Park's priorities; the Company is now focused on **operational cost reductions including hotel suspensions to reduce monthly cash burn** and **measures to increase liquidity**

(1) As reported

(2) Figures exclude Hilton Sao Paulo Morumbi and the Embassy Suites – Washington, D.C. Georgetown, which were sold in February 2020

(3) The Pro-forma comparable portfolios in 2016 and 2019 represent the comparable portfolio at each specified period



# Iconic Portfolio: Urban and Resort Destinations



*Hilton Hawaiian Village Waikiki Beach Resort*



*Hilton San Francisco Union Square*



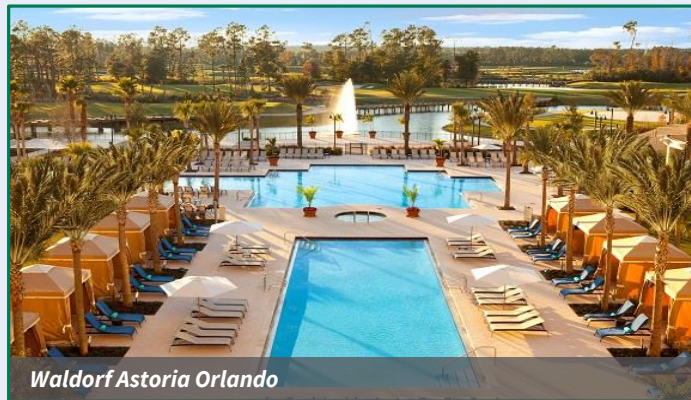
*Royal Palm South Beach Miami*



*Hilton Denver City Center*



*Le Meridien San Francisco*



*Waldorf Astoria Orlando*



*JW Marriott SF Union Square*



*Hilton New Orleans Riverside*



*Hilton Chicago*



*W Chicago - City Center*









*Casa Marina, a Waldorf Astoria Resort*



*New York Hilton Midtown*



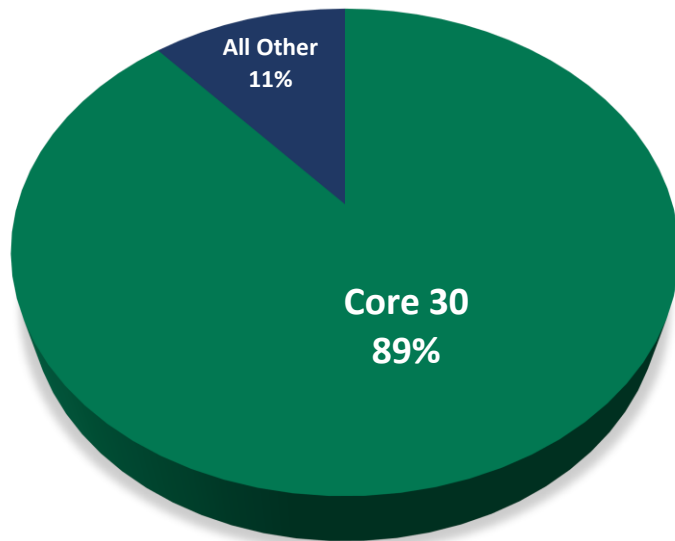
# Iconic Portfolio of High-Quality Urban & Resort Destinations

Pro-forma Comparable Room RevPAR	Pro-forma Comparable Total RevPAR	Pro-forma Comparable Hotel Adj. EBITDA	Pro-forma Comparable Hotel Adj. EBITDA / Key	Pro-forma Comparable Hotel Adj. EBITDA Margin
\$186	\$284	\$879M	\$31k	29.5%
 <i>Hilton Waikoloa Village</i>	 <i>Hilton San Francisco Union Square</i>	 <i>Hyatt Regency Boston</i>		
 <i>Hyatt Centric Fisherman's Wharf</i>	 <i>Hilton New York Midtown</i>	 <i>Casa Marina, A Waldorf Astoria Resort</i>		



# High Quality Portfolio: Top 30 Portfolio Best in Class

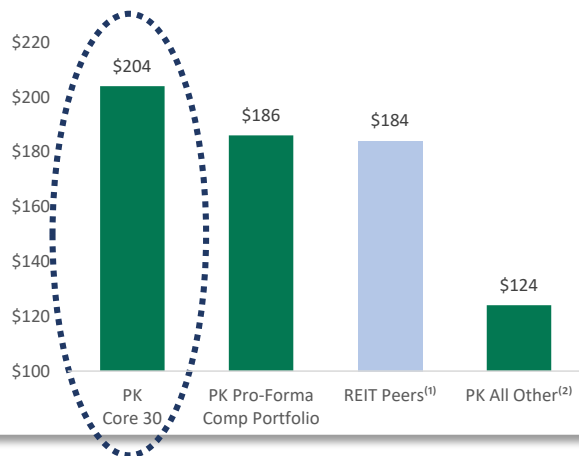
## 2019 Pro-forma Hotel Adj. EBITDA<sup>(1)</sup> Breakdown



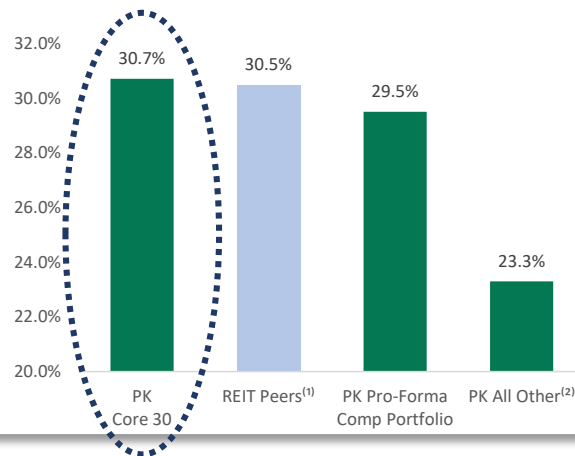
## PK Owns One of the Highest Quality Portfolios

- **Core 30 (89% of Pro-forma Comparable Hotel Adj. EBITDA):**
  - ✓ RevPAR of **\$204** is **\$20 higher** than peers<sup>(1)</sup>
  - ✓ Margin of **30.7%** is **20bps higher** than peers<sup>(1)</sup>
  - ✓ EBITDA/Key of **\$35,500** is **14% greater** than peers<sup>(1)</sup>
- PK All Other<sup>(2)</sup> represents just ~11% of 2019 Pro-forma Hotel Adj. EBITDA
- Pro-forma Comparable Hotel Portfolio generated RevPAR of **\$186** in 2019, in line with hotel REIT peers<sup>(1)</sup>
- Pro-forma Comparable Hotel Portfolio: 2019 Hotel Adjusted EBITDA margin (**29.5%**) 100bps lower than hotel REIT peers<sup>(1)</sup>

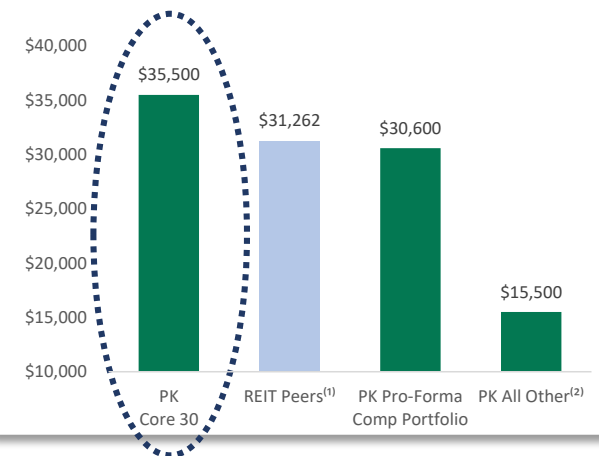
### 2019 Pro-forma RevPAR



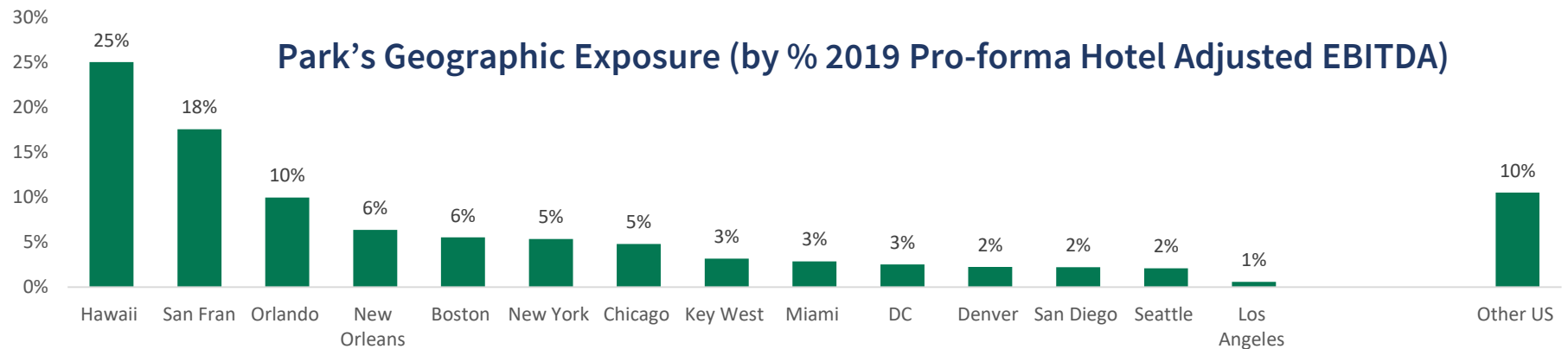
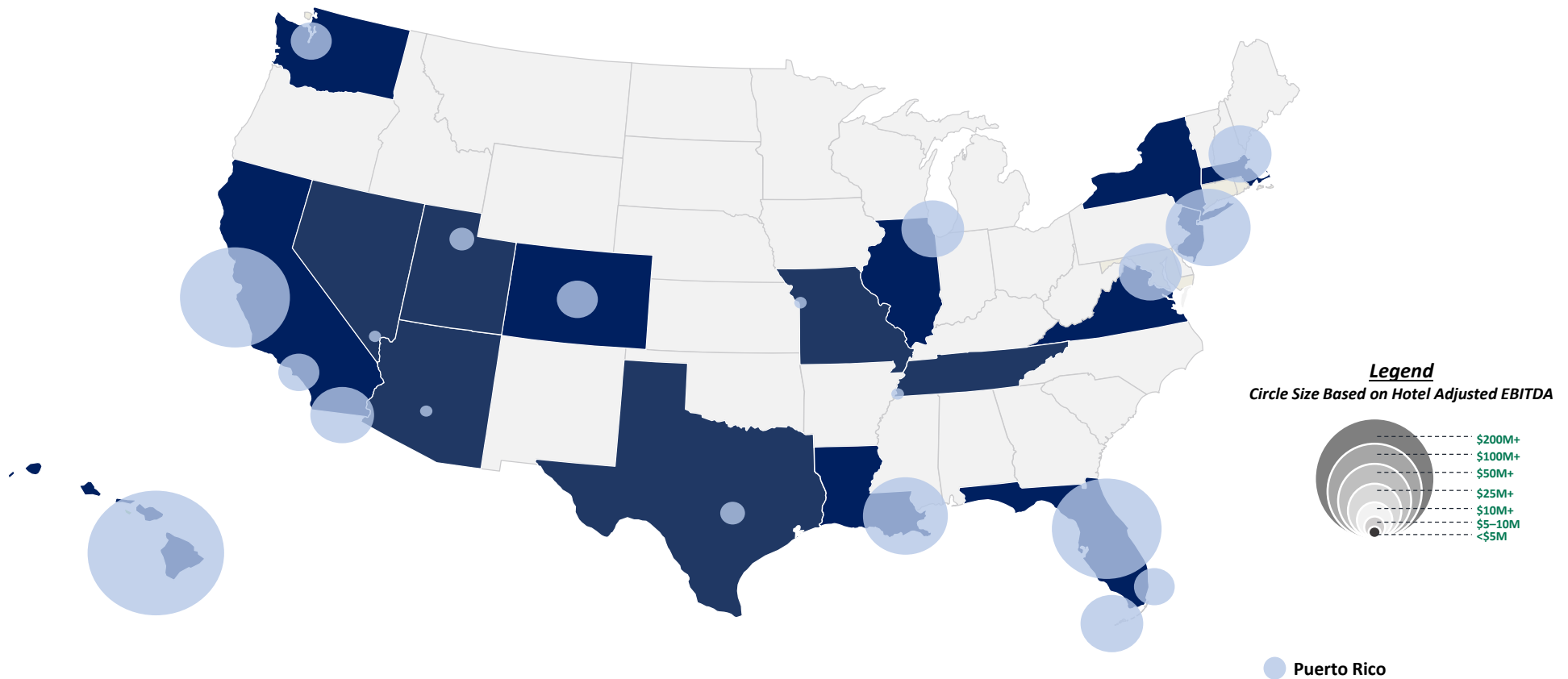
### 2019 Pro-forma Comparable Hotel Adj. EBITDA Margin



### 2019 Pro-forma Hotel Adj. EBITDA/Key




# Diversification: Park Hotel Portfolio





# Park's Active Capital Recycling

Since Spin-Off	Hotels	Rooms	Hotel Adj. EBITDA	RevPAR	Hotel Adj. EBITDA Margin
Hotels Acquired <sup>(1)</sup>	18	5.9K	\$181M	\$193	32.3%
Hotels Disposed <sup>(2)</sup>	24	6.5K	\$97M	\$119	25.8%



**Hilton Berlin: sold in 2018**

**2018:**

- **13** hotels sold for **\$519M**, including **10** international assets

**2019:**

- **8** hotels<sup>(3)</sup> sold for **\$497M** (pro rata), including 2 international assets
- **18** hotels added to portfolio as part of **\$2.5B** Chesapeake acquisition

**2020:**

- **2** hotels sold for **\$208M**; exiting Park's international exposure

(1) Reflects Chesapeake's 2018 operating results

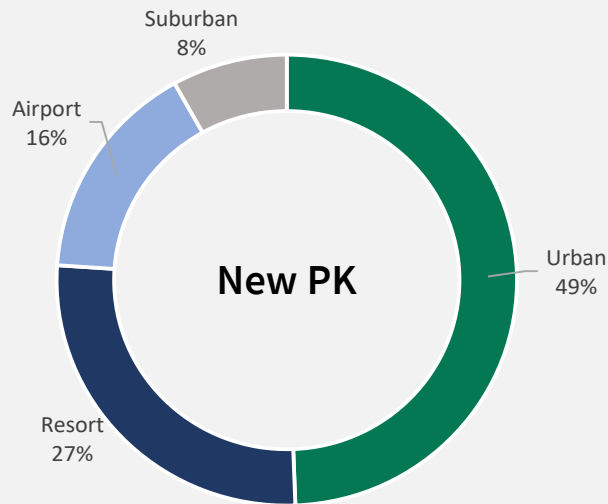
(2) Reflects Park's pro-rata share of ownership; operating results reflect performance of fiscal year prior to dispositions. Includes the Hilton Sheffield, which was disposed of / removed in December 2019

(3) Excludes Chesapeake's 2 New York City assets, which were sold prior to merger closing

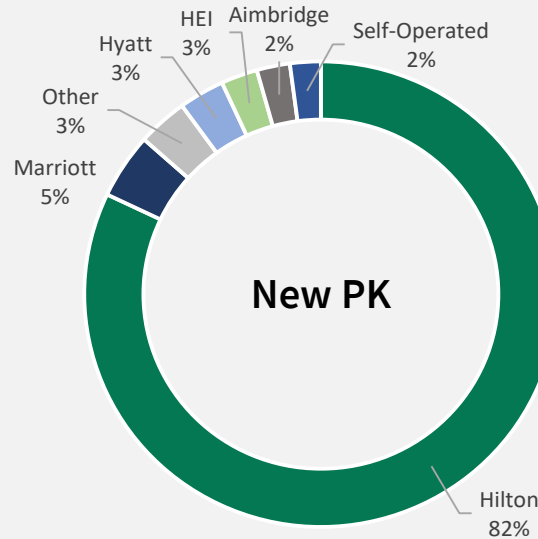
# Diversification: Brand, Operator and Asset Type

*Chesapeake acquisition advanced Park's brand and operator strategy, providing exposure to Marriott and Hyatt*

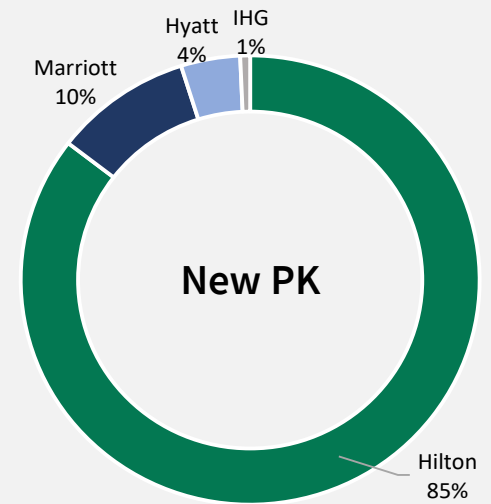
## ✓ Hotel Type Mix



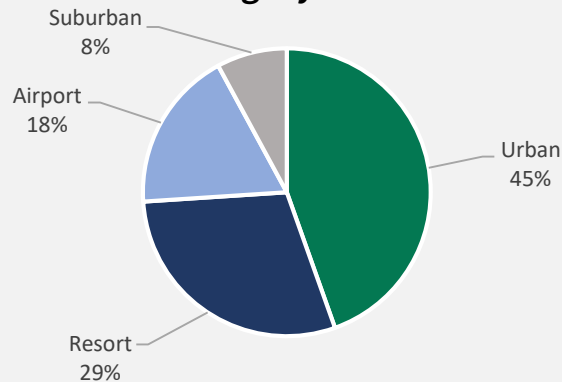
## ✓ Diversified Operator Pool<sup>(1)</sup>



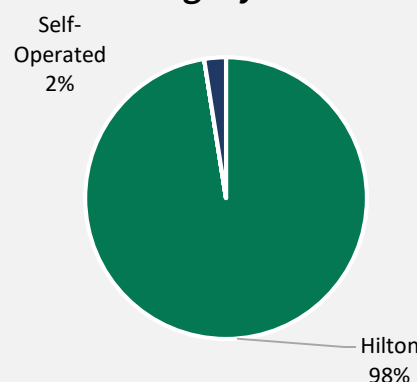
## ✓ Expanded Brand Exposure



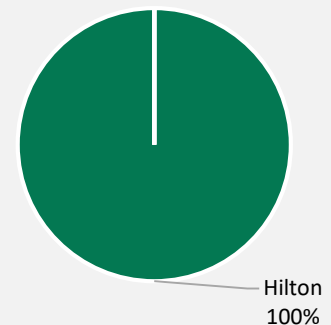
## Legacy PK



## Legacy PK



## Legacy PK



Note: "New PK" is based on the total number of guestrooms in our current portfolio, including our pro rata share of guestrooms in properties held by unconsolidated joint ventures, as of March 31, 2020. "Legacy PK" is based on the total number of guestrooms in our legacy portfolio, including our pro rata share of guestrooms in properties held by unconsolidated joint ventures, as of September 17, 2019, immediately prior to the acquisition of Chesapeake.

(1) "Other" includes TPG Hospitality, Crestline Hotels & Resorts and IHG



# Size & Scale: Nearly 3x the Size of the Avg. Lodging REIT<sup>(1)</sup>

*Park solidified its position as the 2nd largest publicly traded Lodging REIT*



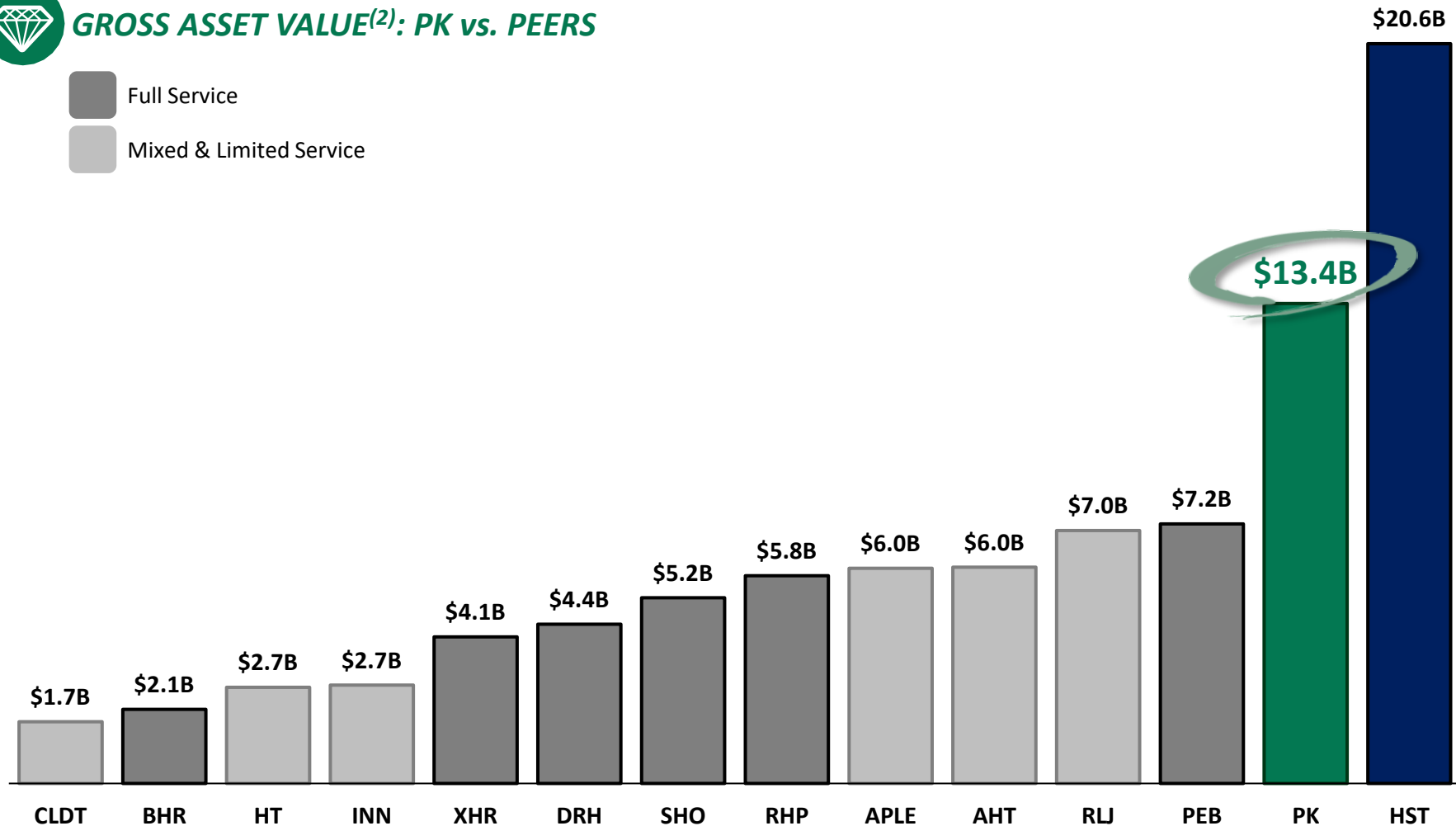
## GROSS ASSET VALUE<sup>(2)</sup>: PK vs. PEERS



Full Service



Mixed & Limited Service

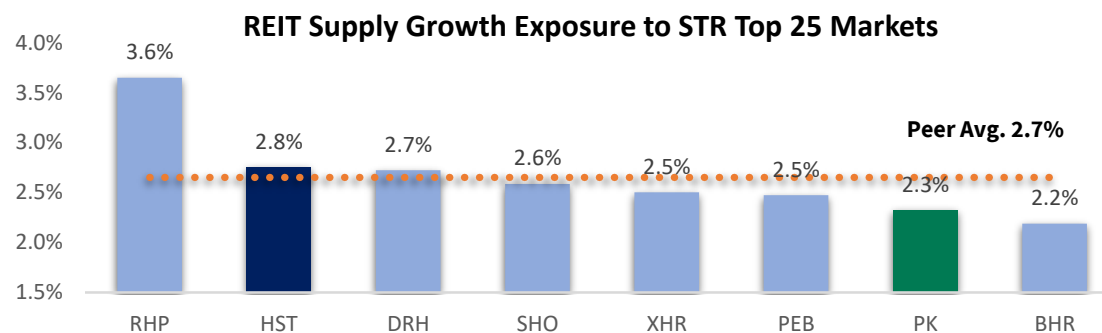


Source: Company filings as of 12/31/19

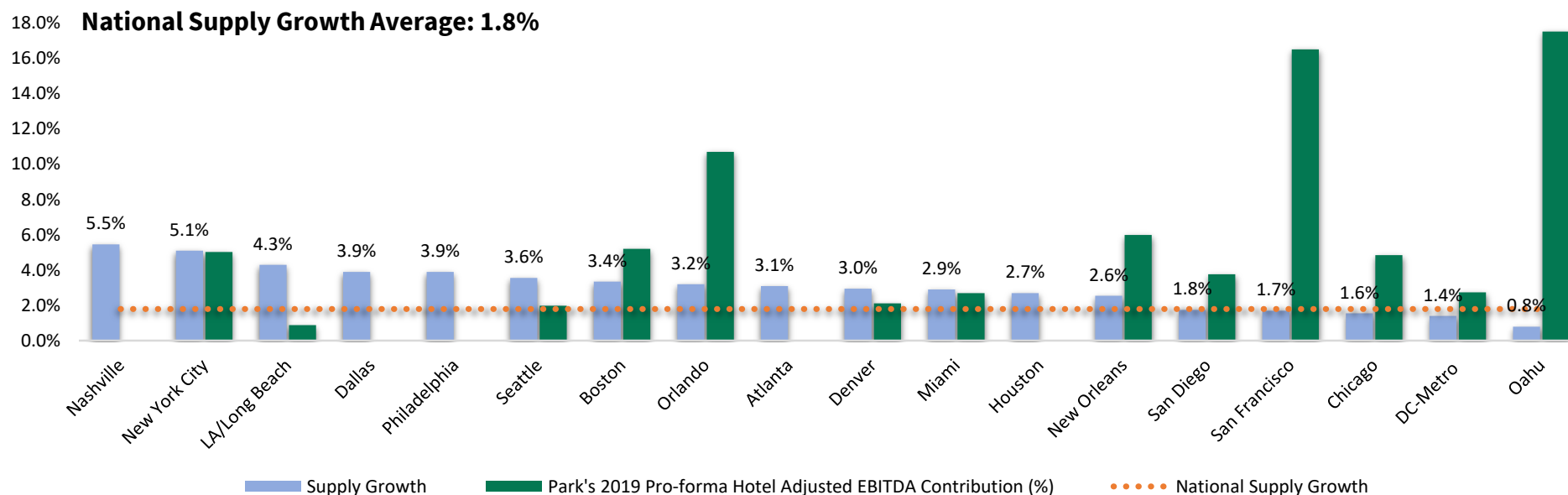
# Portfolio Well Insulated from New Supply

With outsized exposure to Oahu and San Francisco, **Park anticipates 2.3% average annual supply growth through 2021, or 40bps lower than its peer group**

## Supply Growth Exposure for Lodging REITs<sup>(1)</sup>



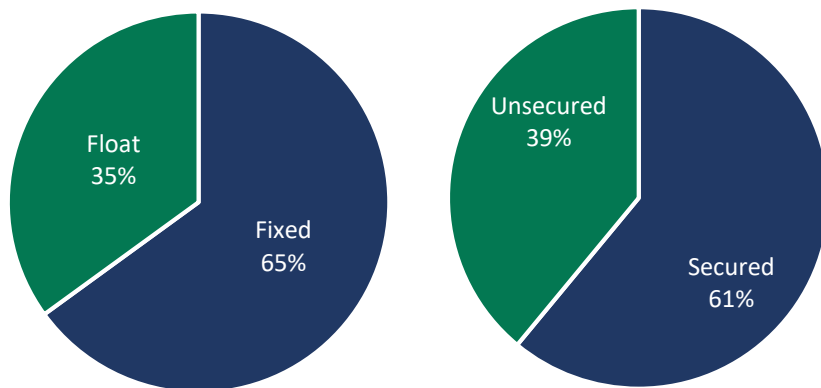
## Favorable Supply Picture for Park through 2021<sup>(1)</sup>





# 5 Strong, Flexible Balance Sheet with Ample Liquidity

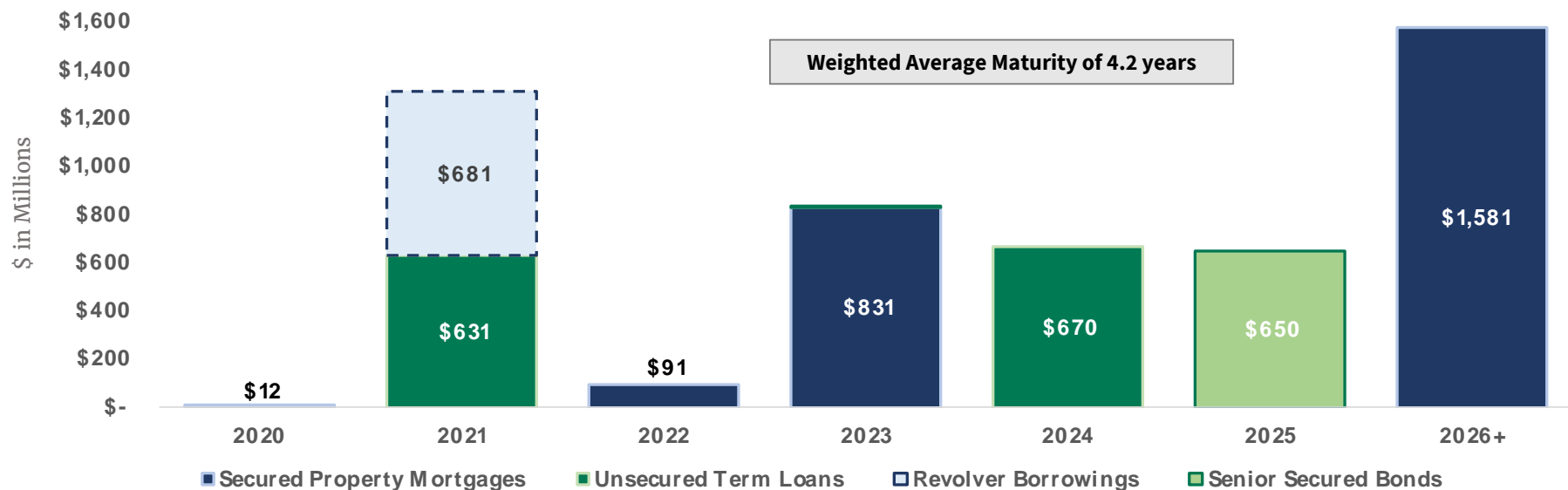
Debt Mix<sup>(1)</sup>



Liquidity Profile

- Park has approximately **\$1.8B of liquidity** (including cash, cash equivalents and available borrowings under our revolver) after paying its previously declared dividend for the first quarter of 2020 of \$105 million on April 15, 2020 and funding other working capital needs since March 31, 2020
- Following its **\$650M** senior secured bond offering in May, Park **repaid \$319M** on its revolving credit facility, out of the \$1B outstanding, and **paid down \$70M** on its term loan due 2021
- Suspended dividends until year-end, preserving ~\$420M of cash on an annual basis
- Assuming a conservative total burn rate of roughly \$73 million per month (excludes CapEx)

Debt Maturity Schedule (as of May 31, 2020)<sup>(1)(2)</sup>



15 | (1) Reflects consolidated debt only (excludes unconsolidated JV debt)  
 (2) Reflects fully extended maturities for outstanding loans as stated in each of the respective loan agreements except Hilton Denver, which matures in August 2042 but is callable by the lender beginning in August 2022



# COVID-19



*Hilton Waikoloa Village*



# COVID-19: Park Response

*Park has proactively shifted its priorities and actions to focus on **operational & corporate cost reductions** and **increased liquidity**, resulting in \$1.8B, or 25 months, of liquidity under extreme cash burn scenario*

## Operational Response: Cost Elimination / CapEx Deferral / G&A Reductions

- *Suspending hotel operations*
  - Suspended operations at **38 out of 60 hotels** and reduced capacity at open hotels; **~15% of total portfolio rooms are available**
- *Cancelling / deferring CapEx*
  - Cancelled or deferred approximately **\$150M (75%)** of the planned **\$200M** CapEx program for 2020
- *Reduced corporate G&A*
  - Reduced corporate G&A by 13%, or \$5.4M

## Corporate / Capital Response: Liquidity / Balance Sheet

- *Credit facility*
  - Park drew **\$350M** on March 16<sup>th</sup> and then drew the remaining **\$650M** of capacity on March 25<sup>th</sup>; \$319M was repaid with the May bond offering, resulting in **a current outstanding balance of \$681M** as of May 31<sup>st</sup>
- *Bond offering*
  - In May, Park issued **\$650M** of senior secured notes; a portion of the proceeds (\$389M) was used to pay down the credit facility and its term loan due 2021; Accounting for the bond offering, Park's liquidity is a very healthy **\$1.8B**
- *Suspended dividend*
  - Park **suspended dividends** until such time that Park's Board of Directors determines a year-end dividend, if any
- *Tom Baltimore waived his salary for the balance of 2020 and purchased \$1M of shares during last open window*



# COVID-19: Cash Burn Analysis

*Park's Monthly Burn Ratio is Estimated to be Approximately **\$73 Million***

## Estimated Monthly Hotel Operating Expenditures:

Along with its operating partners, Park developed projected hotel working capital needs **assuming suspensions for all hotels**, resulting in an **average aggregate hotel funding burn rate of approximately \$50M per month** across the portfolio

## Estimated Monthly Corporate Expenditures:

Park's **corporate burn rate is estimated to average roughly \$23M/month** for the remainder of 2020. This includes:

- Debt service (including recent bond offering)
- Corporate G&A

## Total Monthly Cash Burn:

Based on **\$1.8B** of liquidity and assuming a conservative total burn rate of roughly **\$73M** per month, Park currently has approximately **25 months** of liquidity under extreme conditions (i.e. all hotels have suspended operations)

# COVID-19: Park Operational Snapshot

*Park portfolio currently operating at 15% capacity<sup>(1)</sup>*

Consolidated Hotels					
Status	Number of Hotels	Total Rooms	Rooms Suspended	Rooms Available	% of Rooms Suspended
Open	18	7,017	2,664	4,353	38%
Operations Suspended	35	21,914	21,914	0	100%
<b>Total</b>	<b>53</b>	<b>28,931</b>	<b>24,578</b>	<b>4,353</b>	<b>85%</b>

Unconsolidated Hotels					
Status	Number of Hotels	Total Rooms	Rooms Suspended	Rooms Available	% of Rooms Suspended
Open	4	2,269	1,587	682	70%
Operations Suspended	3	2,028	2,028	0	100%
<b>Total</b>	<b>7</b>	<b>4,297</b>	<b>3,615</b>	<b>682</b>	<b>84%</b>

Major Markets		By # of Hotels		2019 Pro-forma Segmentation <sup>(2)</sup>		
Market	Rooms	Open	Closed	% Group	% Leisure	% Business Transient
Boston	1,536	2	1	18%	34%	38%
Chicago	2,806	2	3	41%	24%	32%
Denver	613	0	1	38%	24%	31%
Hawaii	3,970	0	2	19%	64%	14%
Key West	461	0	2	16%	55%	28%
Los Angeles	355	0	2	10%	34%	55%
Miami	901	0	2	18%	51%	26%
New Orleans	1,719	0	2	63%	18%	15%
New York	1,878	0	1	33%	35%	28%
Orlando	2,325	0	3	50%	31%	18%
Other U.S.	5,016	7	8	25%	23%	43%
San Diego	948	1	2	28%	37%	34%
San Francisco	4,136	1	5	34%	23%	31%
Seattle	1,441	2	1	14%	25%	37%
Washington D.C.	1,289	3	0	23%	24%	44%

(1) Reflects Park's portfolio as of 5/11/20

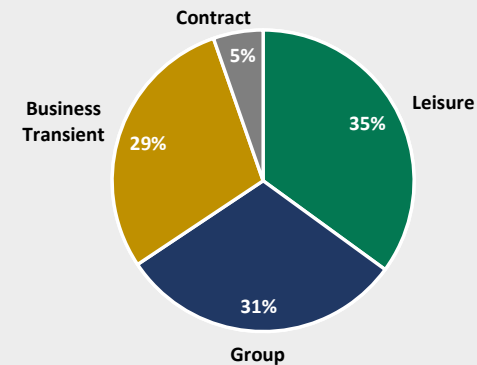
(2) Reflects Pro-forma portfolio in 2019; calculated based on rooms revenue

(3) Based on internal estimates; includes consolidated portfolio only

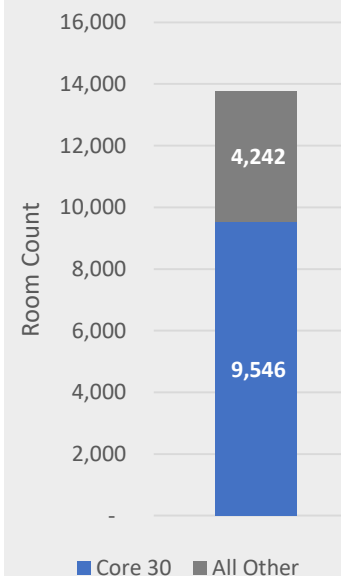
## Leisure Expected to Pave Way to Recovery

*As states ease stay-at-home restrictions, drive-to leisure markets expected to see first return of demand*

### Park 2019 Pro-forma Segmentation<sup>(2)</sup>



### Park Drive-to Markets<sup>(3)</sup>



- Approximately 13,800 rooms of Park's consolidated portfolio could benefit from drive-to demand, or 47% of room count
- Drive-to markets include:
  - Orlando
  - Miami
  - Key West
  - Southern California
  - New Orleans
  - Select urban hotels (Boston, DC, Denver and San Francisco)

# Amendment Overview and Covenant Relief

## Park Successfully Amended its Credit and Term Loan Facilities

### Amendment Overview

#### Exercise of Extension Options

- *revolver maturity extended to December 2021*

#### Covenant Waiver

- *Suspend compliance with all existing financial covenants tested through and including 3/31/21*
- *Pledge equity in certain subsidiaries to secure the facilities (eight high quality hotels—mix of urban, resort and suburban)*
- *Adjust levels of particular financial covenants after such period<sup>1</sup>*
- *Minimum liquidity covenant of \$200M*

#### Additional Covenants Limit:

- *Dividend and distribution payments (except to the extent required to maintain REIT status)*
- *stock repurchases*
- *prepayments of other indebtedness*
- *capital expenditures*
- *asset dispositions and transfers*
- *investments, including acquisitions or mergers*
- *incurrence of other indebtedness*

<i>Suspended Through March 31, 2021</i>	
Covenant	Metric
Leverage Ratio	< 7.25x
EBITDA / Fixed Charges	> 1.50x
Secured Indebtedness (%)	< 45.0%
Unsecured Indebtedness (%)	< 60.0%
Unsecured Interest Coverage	> 2.0x
Distributions - % of AFFO	< 95.0%



Hyatt Centric Fisherman's Wharf

<sup>1</sup> Next test period 6/30/21 with leverage < 8.5x for next two quarters (annualized EBITDA); 8.0x for next two quarters; 7.5x for one quarter; returns to 7.25x by September 2022; Also unsecured Interest Coverage hurdle beginning 3/31/21 will be 1.75x for two quarters and 2.0x thereafter



# Experienced Management Team



**Chairman and CEO**  
*Thomas J. Baltimore, Jr.*

## Executive Management



**EVP, CFO**  
*Sean M. Dell'Orto*



**EVP, Design & Construction**  
*Carl Mayfield*



**EVP, CIO**  
*Tom Morey*



**EVP, HR**  
*Jill Olander*

## Senior Management



**SVP, Investments**  
*Jonathan Fuisz*



**SVP, FP&A**  
*Diem Larsen*



**SVP, CAO**  
*Darren Robb*



**SVP, Deputy General Counsel**  
*Nancy Vu*



**SVP, Strategy**  
*Ian Weissman*



**SVP, Tax**  
*Scott Winer*

**20+ Years**

*Average Experience Among Senior Leadership*

**\$1.2B+**

*of Non-Core Hotels Sold Since Spin*

# Strong Corporate Governance and ESG Focus

## Public Disclosure of Materials

- Park issued its first **Annual Corporate Responsibility Report** in Jan '19; the second report was published Sep '19
- Park's "**Responsibility**" webpage launched Jan '19 with ESG-related data and case studies
- Added **GRI Index** to 2019 Annual Corporate Responsibility Report for enhanced ESG reporting and disclosure



## FY 2018 Performance Highlights<sup>(1)</sup>:

### Hotel Portfolio:

9.79

Greenhouse Gas  
Emission  
Intensity (kg/sf)

18

TripAdvisor  
Green Leaders  
Hotels

100%

Portfolio ISO  
14001, 9001 and  
50001 Certified

~\$1.0M

Investment in  
Energy Efficiency  
Projects

26%

Waste  
Diversion Rate

10.4M

Total Annualized  
Water Reduction  
in Gallons

### Corporate HQ:

\$270k

Charitable  
Contributions

90%

Associate  
Satisfaction

400+

Volunteer  
hours

## Accomplishments & Recognitions

- Named to **Newsweek's Most Responsible Companies 2020** list
- **Favorable ISS Disclosure Scores** indicate higher quality disclosure and transparency practices<sup>(2)</sup>:
  - Environmental: 3/10
  - Social: 3/10
  - Governance: 1/10



Hilton Waikoloa Village



# Appendix



Parc 55 San Francisco - a Hilton Hotel



# Core 30 Overview

Asset	Market	Location Type	Rooms <sup>(1)</sup>	RevPAR	Total RevPAR	Hotel Adj. EBITDA
1. Hilton Hawaiian Village Waikiki Beach Resort	Hawaii	Resort	2,860	\$248	\$398	\$163M
2. Hilton San Francisco Union Square	Northern CA	Urban	1,921	249	351	72M
3. New York Hilton Midtown	New York	Urban	1,878	254	414	47M
4. Hilton New Orleans Riverside	New Orleans	Urban	1,622	138	240	54M
5. Hilton Chicago	Chicago	Urban	1,544	146	256	28M
6. Parc 55 San Francisco - a Hilton Hotel	Northern CA	Urban	1,024	252	288	34M
7. Hilton Orlando Bonnet Creek	Florida	Resort	1,009	144	333	42M
8. Hilton Orlando Lake Buena Vista	Florida	Resort	814	132	237	21M
9. Hilton Waikoloa Village <sup>(2)</sup>	Hawaii	Resort	647	191	394	50M
10. DoubleTree by Hilton Hotel Washington DC - Crystal City	Washington D.C.	Airport	627	119	164	8M
11. Hilton Denver City Center	Denver	Urban	613	149	224	20M
12. Hilton Boston Logan Airport	Boston	Airport	604	205	264	16M
13. W Chicago - Lakeshore	Chicago	Urban	520	143	190	6M
14. DoubleTree by Hilton Hotel San Jose	Northern CA	Airport	505	190	273	15M
15. Waldorf Astoria Orlando	Florida	Resort	502	226	432	24M
16. Hyatt Regency Boston	Boston	Urban	502	232	299	22M
17. Hyatt Regency Mission Bay Spa and Marina	Southern CA	Resort	438	143	269	8M
18. Boston Marriott Newton	Boston	Suburban	430	137	222	10M
19. W Chicago - City Center	Chicago	Urban	403	182	229	8M
20. Royal Palm South Beach Miami, a Tribute Portfolio Resort	Miami	Resort	393	191	264	14M
21. Le Meridien San Francisco	Northern CA	Urban	360	300	353	16M
22. Hilton Santa Barbara Beachfront Resort	Southern CA	Resort	360	229	370	22M
23. JW Marriott San Francisco Union Square	Northern CA	Urban	344	332	412	14M
24. Hyatt Centric Fisherman's Wharf	Northern CA	Urban	316	246	315	11M
25. Casa Marina, A Waldorf Astoria Resort	Florida	Resort	311	322	510	23M
26. Juniper Hotel Cupertino, Curio Collection by Hilton	Northern CA	Suburban	224	207	246	7M
27. Hotel Indigo San Diego Gaslamp Quarter	Southern CA	Urban	210	176	211	6M
28. Hilton Checkers Los Angeles	Southern CA	Urban	193	193	222	5M
29. Hotel Adagio San Francisco, Autograph Collection	Northern CA	Urban	171	275	302	7M
30. The Reach, Curio Collection by Hilton	Florida	Resort	150	206	302	5M
<b>Core 30 Total</b>			<b>21,495</b>	<b>\$204</b>	<b>\$316</b>	<b>\$779M</b>
<b>% of Total Consolidated Hotel Portfolio</b>			<b>74%</b>	<b>N/A</b>	<b>N/A</b>	<b>89%<sup>(3)</sup></b>

Note: Sorted by room count as of 3/31/2020. Metrics for FY 2019

(1) At 100% ownership

(2) Waikoloa transferred 463 rooms to HGV at the end of 2019 (room count adjusted for the transfer). All other metrics are as reported and do not reflect transfer

(3) Represents % of Pro-forma comparable Hotel Adj. EBITDA

# Non-GAAP Reconciliations

## Net Income to Core 30 Pro-forma Hotel Adjusted EBITDA

	Full Year December 31, 2019
<i>(unaudited, in millions)</i>	
<b>Net income</b>	\$ 316
Depreciation and amortization expense	264
Interest income	(6)
Interest expense	140
Income tax expense	35
Interest expense, income tax and depreciation and amortization included in equity in earnings from investments in affiliates	23
<b>EBITDA</b>	772
Gain on sales of assets, net	(19)
Gain on sale of investments in affiliates <sup>(1)</sup>	(44)
Loss on foreign currency transactions	1
Acquisition costs	70
Severance expense	2
Share-based compensation expense	16
Casualty loss (gain) and impairment loss, net	(18)
Other items	6
<b>Adjusted EBITDA</b>	786
Add: Adjusted EBITDA from hotels acquired <sup>(2)</sup>	129
Less: Adjusted EBITDA from hotels disposed of	(37)
Less: Adjusted EBITDA from investments in affiliates disposed of	(2)
<b>Pro-forma Adjusted EBITDA<sup>(2)</sup></b>	876
Less: Adjusted EBITDA from investments in affiliates	(35)
Add: All other <sup>(3)</sup>	53
<b>Pro-forma Hotel Adjusted EBITDA<sup>(2)</sup></b>	\$ 894
Less: Adjusted EBITDDA from other non-comparable hotels	(15)
<b>Pro-forma Comparable Hotel Adjusted EBITDA<sup>(2)</sup></b>	\$ 879
Less: Non-core 30 hotels	(100)
<b>Core 30 Pro-forma Hotel Adjusted EBITDA<sup>(2)</sup></b>	\$ 779

(1) Included in other gain (loss), net in the consolidated statement of operations

(2) Assumes hotels were acquired on January 1, 2017

(3) Includes other revenues and other expenses, non-income taxes on TRS leases included in other property-level expenses and corporate general and administrative expenses in the condensed consolidated statement of operations

# Non-GAAP Reconciliations (Cont'd)

## Pro-forma Hotel Revenues

	Full Year December 31, 2019
<b>Total Revenues</b>	2,844
Less: Other revenue	(77)
<b>Total Hotel Revenues</b>	2,767
Add: Revenues from hotels acquired <sup>(1)</sup>	406
Less: Revenues from hotels disposed of	(143)
<b>Pro-forma Hotel Revenues<sup>(1)</sup></b>	3,030
Less: Revenue from non-comparable hotels	(54)
<b>Pro-forma Comparable Hotel Revenues<sup>(1)</sup></b>	2,976
Less: Revenues from non-core 30 hotels	(440)
<b>Pro-forma Core 30 Revenues<sup>(1)</sup></b>	2,536



# Definitions

## **EBITDA, Adjusted EBITDA, Pro-forma Adjusted EBITDA, Hotel Adjusted EBITDA and Hotel Adjusted EBITDA Margin**

Earnings before interest expense, taxes and depreciation and amortization (“EBITDA”), presented herein, reflects net income excluding depreciation and amortization, interest income, interest expense, income taxes and 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, as previously defined, further adjusted to exclude:

- Gains or losses on sales of assets for both consolidated and unconsolidated investments;
- Gains or losses on foreign currency transactions;
- Transaction costs associated with hotel acquisitions or dispositions expensed during the period;
- Severance expense;
- Share-based compensation expense;
- Casualty and impairment losses; and
- Other items that management believes are not representative of the Company’s current or future operating performance.

Hotel Adjusted EBITDA measures hotel-level results before debt service, depreciation and corporate expenses of the Company’s consolidated hotels, including both comparable and non-comparable hotels but excluding hotels owned by unconsolidated affiliates, and is a key measure of the Company’s profitability. The Company presents Hotel Adjusted EBITDA to help the Company and its investors evaluate the ongoing operating performance of the Company’s consolidated hotels.

Hotel Adjusted EBITDA margin is calculated as Hotel Adjusted EBITDA divided by total hotel revenue.

EBITDA, Adjusted EBITDA, Hotel Adjusted EBITDA and Hotel Adjusted EBITDA margin are not recognized terms under United States (“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, the Company’s definitions of EBITDA, Adjusted EBITDA, Hotel Adjusted EBITDA and Hotel Adjusted EBITDA margin may not be comparable to similarly titled measures of other companies.

The Company believes that EBITDA, Adjusted EBITDA, Hotel Adjusted EBITDA and Hotel Adjusted EBITDA margin provide useful information to investors about the Company and its financial condition and results of operations for the following reasons: (i) EBITDA, Adjusted EBITDA, Hotel Adjusted EBITDA and Hotel Adjusted EBITDA margin are among the measures used by the Company’s management team to make day-to-day operating decisions and to evaluate its operating performance between periods and between REITs by removing the effect of its capital structure (primarily interest expense) and asset base (primarily depreciation and amortization) from its operating results; and (ii) EBITDA, Adjusted EBITDA, Hotel Adjusted EBITDA and Hotel Adjusted EBITDA margin 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 the industry.

EBITDA, Adjusted EBITDA, Pro-forma Adjusted EBITDA, Hotel Adjusted EBITDA and Hotel Adjusted EBITDA margin 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 results as reported under U.S. GAAP.

## **Core 30**

Core 30, presented herein, refers to Park’s portfolio of its highest quality, upper-upscale and luxury branded hotels located in top 25 Metropolitan Statistical Areas by population and premier resort destinations.

## **Pro-forma**

Pro-forma metrics, presented herein, represent, on a pro-forma basis, the operating results from the 16 hotels acquired in the Chesapeake merger in September 2019 that remain in the portfolio as of March 31, 2020 as if they were owned as of the beginning of each of the periods presented. Additionally Park’s pro-forma operating results also exclude hotels that were no longer owned as of March 31, 2020.

# Definitions (Cont'd)

## **Pro-forma Comparable Hotels**

The Company presents certain data for its consolidated hotels on a pro-forma comparable hotel basis as supplemental information for investors: Pro-forma Comparable RevPAR, Pro-forma Comparable Occupancy, Pro-forma Comparable ADR, Pro-forma Comparable Total RevPAR, Pro-forma Comparable Hotel Adjusted EBITDA and Pro-forma Comparable Hotel Adjusted EBITDA Margin. The Company presents pro-forma comparable hotel results to help the Company and its investors evaluate the ongoing operating performance of its comparable hotels. The Company includes in pro-forma comparable hotels the operating results from the 16 hotels acquired in the Chesapeake merger in September 2019 that remain in the portfolio as of December 31, 2019 as if they were owned as of the beginning of each of the periods presented. Pro-forma comparable hotels also include the operating results for Park legacy hotels that: (i) were active and operating since January 1st of the previous year, and (ii) have not sustained substantial property damage or business interruption, have not undergone large-scale capital projects and for which comparable results are not available. Due to the effects of business interruption from Hurricane Maria at the Caribe Hilton in Puerto Rico during the first half of 2019, the results from this property were excluded from pro-forma comparable hotels in 2019. Additionally, Park's pro-forma comparable hotels also exclude the 12 consolidated hotels that were sold in January and February 2018, one consolidated hotel that was returned to the lessor after the expiration of the ground lease in December 2018, one hotel returned to the lessor upon early termination of the ground lease in December 2019, and seven consolidated hotels that were sold in 2019. Of the 55 hotels that are consolidated as of December 31, 2019, 54 hotels have been classified as pro-forma comparable hotels.

## **PK Legacy Portfolio**

The PK Legacy Portfolio, presented herein, represents the hotels that we owned immediately after our spin-off from Hilton Parent.

## **Comparable Legacy Portfolio**

The Comparable legacy portfolio, presented herein, represents the legacy portfolio, adjusted to remove the effects of hotels disposed of and the Caribe Hilton, which sustained significant property damage from Hurricane Maria in 2017, for the periods presented.

## **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 the Company's hotels' available capacity. Management uses occupancy to gauge demand at a specific hotel or group of hotels in a given period. Occupancy levels also help management determine achievable Average Daily Rate ("ADR") levels as demand for hotel 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 management uses ADR to assess pricing levels that the Company is 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 total number of room nights available to guests for a given period. Management considers RevPAR to be a meaningful indicator of the Company's performance as it provides a metric correlated to two primary and key factors of operations at a hotel or group of hotels: occupancy and ADR. RevPAR is also a useful indicator in measuring performance over comparable periods for comparable hotels.

References to RevPAR and ADR are presented on a comparable basis and references to RevPAR and ADR are presented on a currency neutral basis (prior periods are reflected using the current period exchange rates), unless otherwise noted.

## **Total RevPAR**

Total RevPAR represents rooms, food and beverage and other hotel revenues divided by the total number of room nights available to guests for a given period. Management considers Total RevPAR to be a meaningful indicator of the Company's performance as approximately one-third of revenues are earned from food and beverage and other hotel revenues. Total RevPAR is also a useful indicator in measuring performance over comparable periods for comparable hotels.

References to RevPAR, Total RevPAR and ADR are presented on a currency neutral basis (prior periods are reflected using current period exchange rates), unless otherwise noted.

# About Park and Safe Harbor Disclosure

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

Park Hotels & Resorts Inc. (NYSE: PK) is the second largest publicly traded lodging real estate investment trust with a diverse portfolio of market-leading hotels and resorts with significant underlying real estate value. Park's portfolio currently consists of 60 premium-branded hotels and resorts with over 33,000 rooms located in prime U.S. markets with high barriers to entry.

## **Forward-Looking Statements**

This supplement contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include, but are not limited to, statements related to Park's current expectations regarding the performance of its business, financial results, liquidity and capital resources, the impact to its business and financial condition and that of its hotel management companies, and measures (including through potential alternative sources of revenue) being taken in response to, COVID-19, the effects of competition and the effects of future legislation or regulations, and other non-historical statements. Currently, one of the most significant factors is the potential adverse effect of COVID-19, on our financial condition, results of operations, cash flows and performance, our hotel management companies and its tenants, and the global economy and financial markets. The extent to which COVID-19 impacts us, our hotel managers, tenants and guests at our hotels will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic, the actions taken to contain the pandemic or mitigate its impact, and the direct and indirect economic effects of the pandemic and containment measures, among others. 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" or the negative version of these words or other comparable words.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements. You should not put undue reliance on any forward-looking statements and Park urges investors to carefully review the disclosures Park makes concerning risk and uncertainties under "Risk Factors" and in Item 1A: "Risk Factors" in Park's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 and Park's Annual Report on Form 10-K for the year ended December 31, 2019, as such factors may be updated from time to time in Park's filings with the SEC, which are accessible on the SEC's website at [www.sec.gov](http://www.sec.gov). Except as required by law, Park undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

## **Supplemental Financial Information**

Park refers to certain non-generally accepted accounting principles ("GAAP") financial measures in this presentation, including Earnings before interest expense, taxes and depreciation and amortization ("EBITDA"), Adjusted EBITDA, Hotel Adjusted EBITDA, Comparable Hotel Adjusted EBITDA margin and Core 30 Pro-forma Hotel Adjusted EBITDA. These non-GAAP financial measures should be considered along with, but not as alternatives to, net income (loss) as a measure of its operating performance. Please see the schedules included in this presentation including the "Definitions" section for additional information.