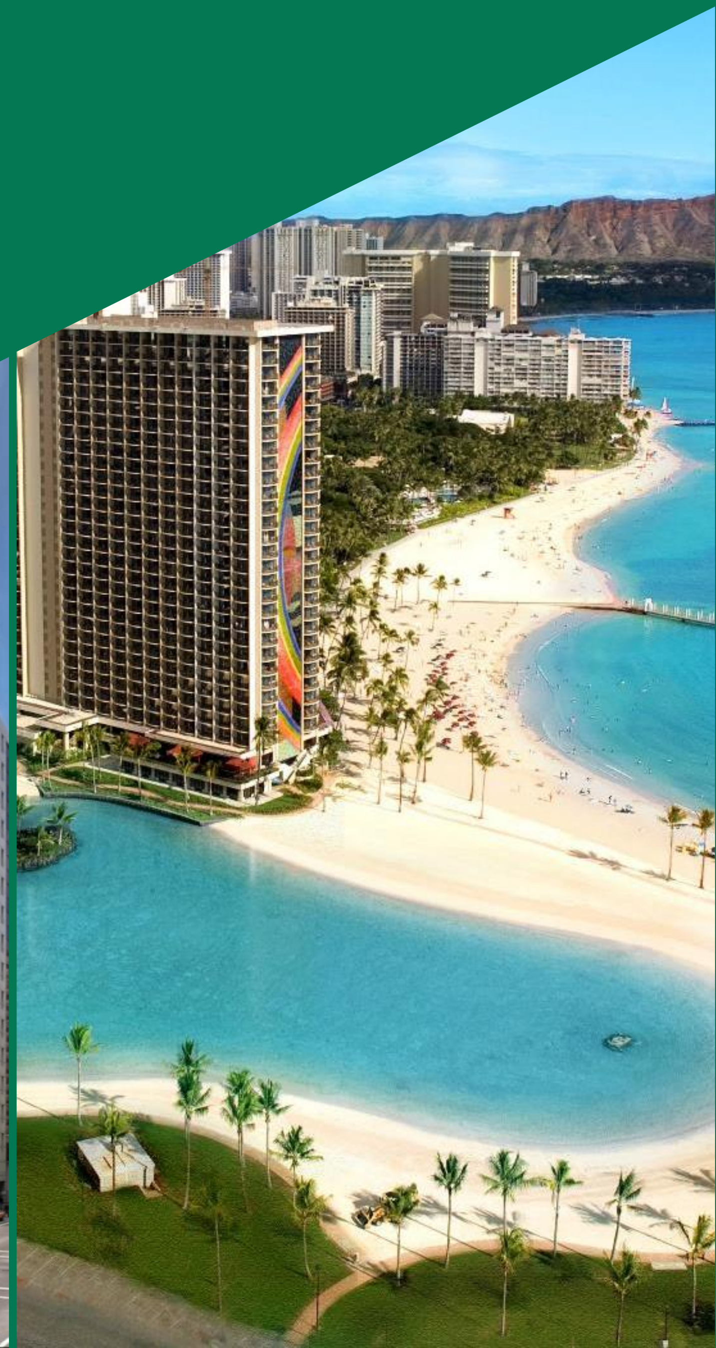
PARK
HOTELS & RESORTS

# Nareit REITworld

NOVEMBER 2020

# Park Hotels & Resorts

## Mission

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

## Investment Strategy

Upper-Upscale & Luxury Full-Service

Premiere Urban and Resort Destinations

Affiliation with Dominant Global Brands

## Guiding Principles

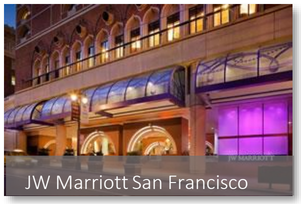
Aggressive Asset Management

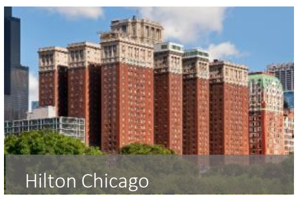
Prudent Capital Allocation

Maintain Low Leverage & Flexible Balance Sheet

# Park at a Glance

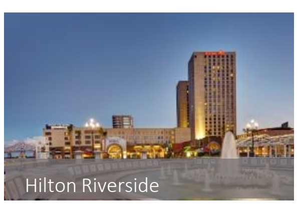

Hyatt Regency Boston


JW Marriott San Francisco


Hilton Chicago


Hotel Adagio, Autograph


Le Meridien San Francisco


Hilton Riverside

## Company Overview

Currently the second largest publicly traded lodging REIT, Park owns a portfolio of 60 premium-branded hotels and resorts with over 33,000 rooms primarily located in prime city center and resort locations. Top markets include Honolulu, San Francisco, Orlando, New Orleans, Boston, Chicago, NYC, Denver, San Diego and Key West.

## Portfolio Quality (Core 30)

- '19 RevPAR: $204 ($20 higher than peers)
- '19 EBITDA/Key: $35,500 (14% above peers)

## Discounted Valuation

- Replacement cost of $19.7B, or $650/key(1)
- Trades at 63% discount to replacement cost(2)

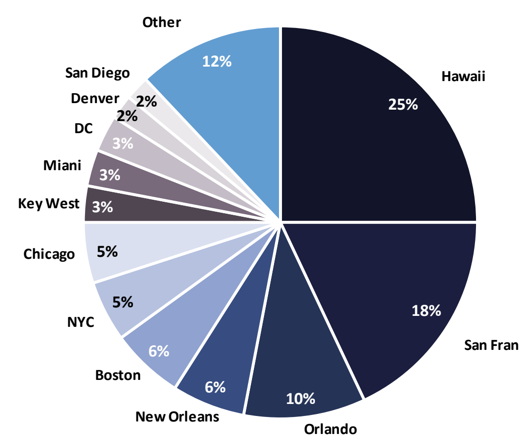
## Balance Sheet & Liquidity

- Net debt was $4.2B as of September 30, 2020
- $1.6B of liquidity; $50M monthly burn rate equating to 32 months of liquidity runway
- Less than 2% of debt maturing through 2022

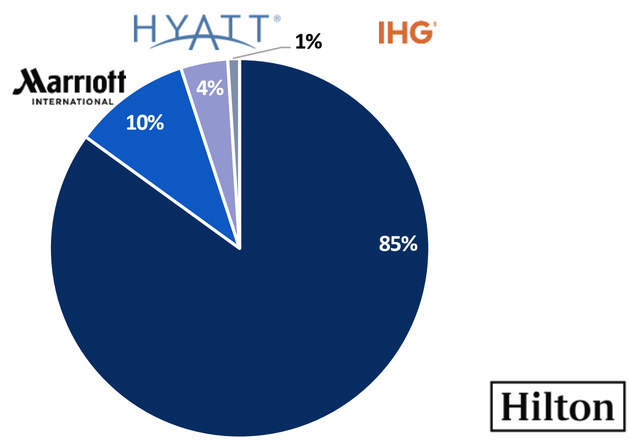
## Operational Update

- 49 of 60 hotels currently open
- October occupancy at 43% (3)
- 12 hotels at Break-even EBITDA in Q3 2020

## Geographic Diversification(4)




## Brand Diversity(5)





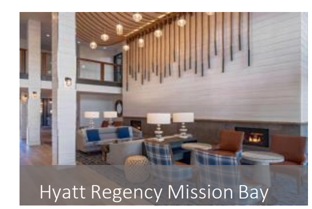
Parc 55


Hilton Denver City Center


Royal Palm South Beach


Hilton Checkers LA


The Reach, Curio Collection


Hyatt Regency Mission Bay

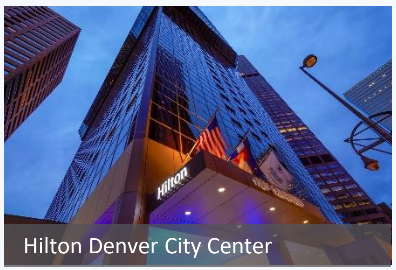
(1) The replacement cost estimates are based on Park internal analysis and recent construction market pricing. Estimated land values are based on market data and recent comparable sales where applicable. This estimate is not intended to be an estimate for the fair market value of the portfolio
(2) Based on market capitalization as of 11/11/20
(3) Reflects Park's consolidated hotels open for the entirety of the month (excludes hotels opened mid-month)
(4) Based on 2019 Proforma Hotel Adjusted EBITDA
(5) Based on 2019 Proforma portfolio rooms

# Iconic Portfolio: Urban and Resort Destinations


Hilton Hawaiian Village Waikiki Beach Resort

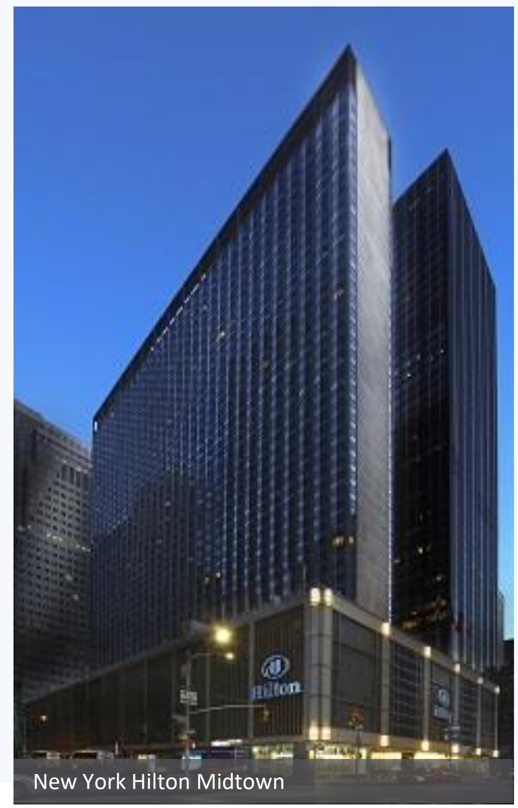

Hilton San Francisco Union Square


Royal Palm South Beach Miami

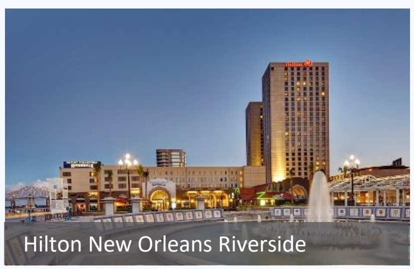

Hilton Denver City Center


Le Meridien San Francisco

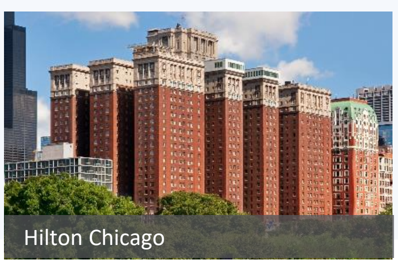

Waldorf Astoria Orlando

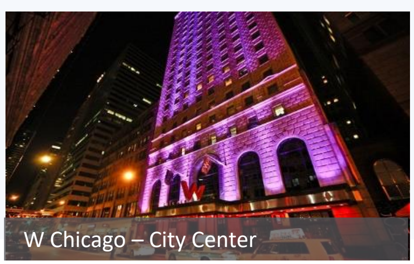

New York Hilton Midtown


JW Marriott SF Union Square


Hilton New Orleans Riverside


Casa Marina, A Waldorf Astoria Resort


Hilton Chicago


W Chicago – City Center



PARK HOTELS & RESORTS

# Park Portfolio Post-Spin Transformation

**Since Park's spin from Hilton in January 2017, Park has made significant progress in improving the quality and profitability of the company over the last 3+ years**

- ✓ Sold or disposed of 24[1] lower quality, non-core legacy assets, including 14 international hotels
- ✓ Outperformed peers in top-line growth and margin expansion
- ✓ Enhanced and diversified portfolio with acquisition of 18-hotel Chesapeake (CHSP) portfolio[2]

| 3-Year Performance | @ Spin (2016)[3] | 2019[4] | Change |
|---|---|---|---|
| **Number of Hotels** | 67 | 60 | **-10%** |
| **# of International Hotels** | 14 | 0 | **-100%** |
| **$ Comp. RevPAR[5]** | $161 | $186 | **+16%** |
| **Comp. Hotel Adj. EBITDA Margins[5]** | 27.7% | 29.5% | **+180bps** |
| **Comp. Hotel Adj. EBITDA per Key[5]** | $25,100 | $30,600 | **+22%** |
| **% Rooms Represented by Hilton** | 100% | 85% | **-15% pts** |

Hilton Orlando Bonnet Creek

(1) Figure excludes one hotel, Hilton Chicago O'Hare Airport, which was subject to a ground lease that expired at the end of 2018
(2) Subsequently sold 2 assets
(3) As reported in Park's Fourth Quarter and Full Year 2016 Earnings Press release on 3/1/17
(4) Figures exclude Hilton Sao Paulo Morumbi and the Embassy Suites – Washington, D.C. Georgetown, which were sold in February 2020
(5) The pro-forma comparable portfolios in 2016 and 2019 represent the comparable portfolio at each specified period as of December 31st



PARK HOTELS & RESORTS

# Near Term Priorities

**Park remains laser-focused on the following priorities as it navigates through the pandemic and the expected eventual lodging industry recovery**

## 1 OPEN HOTELS

- Re-open hotels safely and when market conditions and economics warrant
- 49 of 60 hotels currently open; Hawaiian Village expected to open in December; 10 remaining hotels expected to open Q1 2021

## 2 IMPROVE OCCUPANCY AND REDUCE BURN RATE

- Occupancy has increased from 14% in April to 43% in October[(1)]
- 12 hotels generated positive EBITDA for Q3 2020
- Continue to reduce burn rate by identifying additional cost containment measures and by safely and prudently re-opening hotels

## 3 IMPROVE OPERATING MODEL

- Permanent reduction of full-time, hotel-level staffing resulting in $70M annual savings
- Reduction expected in above-property cost allocations; increased productivity from opt-in stay over cleaning; right-sizing of F&B operations
- Partner with brands to re-assess brand standards to achieve operational efficiencies while maintaining market share premiums

## 4 DELEVER THE BALANCE SHEET

- Repay revolver as portfolio reopens and approaches break-even
- Opportunistically explore asset sales to further right-size balance sheet

## 5 TRANSITION TO OFFENSE

- Identify acquisition opportunities of distressed/discounted assets that align with Park's investment strategy
- Equitize transactions to de-lever the balance sheet over the long term

(1) Reflects Park's consolidated hotels open for the entirety of the month (excludes hotels opened mid-month)

# Investment Highlights

- Decisive Actions to Mitigate Impact of COVID-19
- Iconic Portfolio of Irreplaceable Assets Trading at a Significant Discount
- Opportunity to Right-Size Hotel Operating Model
- Embedded Opportunities to Enhance Value
- Strong and Flexible Balance Sheet with Ample Liquidity
- Seasoned & Experienced Management Team with Demonstrated Track Record
- Strong Corporate Governance and ESG Focus

# COVID-19 Update

## Operations

- ✓ Suspended operations at 38 of 60 hotels, reduced expenses by over 75% and reduced budgeted capex from $200 million to $50 million at outset of crisis
- ✓ Commenced the phased reopening of 27 of our previously suspended hotels, increasing the total number of hotels currently open to 49, or 66% of room count; expect to have 50 hotels open by YE20, accounting for 74% of room count
- ✓ Reduced monthly burn rate to approximately $50 million (as of Sept 2020) through further cost containment strategies and thoughtful re-opening of hotels
- ✓ Contracted alternative sources of revenue related to COVID response efforts from a variety of clientele including health/medical institutions and personnel, universities and professional sports associations

## Balance Sheet and Liquidity

- ✓ Secured financial covenant relief for corporate credit facilities through March 2022 and partially extended Revolver maturity to December 2023
- ✓ In May, issued $650 million of 5-year senior secured notes, followed by $725 million of 8-year senior secured notes in September. Total proceeds were used to paydown over $1 billion of debt, while materially enhancing the company's liquidity and debt maturity profile
- ✓ Total liquidity of $1.6 billion as of September; based on current burn rate, Park has over 32 months of liquidity runway

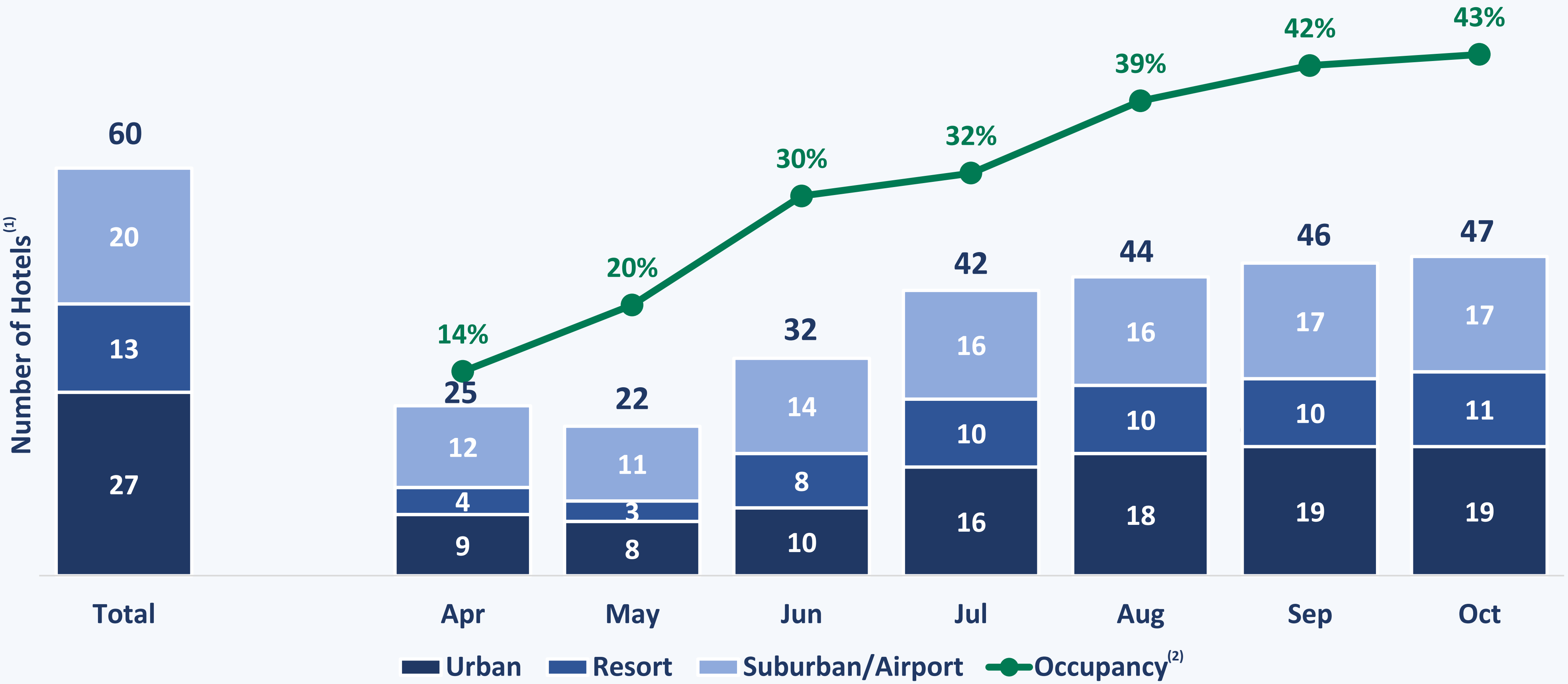

Hilton Orlando Bonnet Creek


Waldorf Astoria Orlando Golf Club

Hilton Checkers Los Angeles

# COVID-19 Update

**By October, Park had 47 of 60 hotels open with average occupancy of 43%**

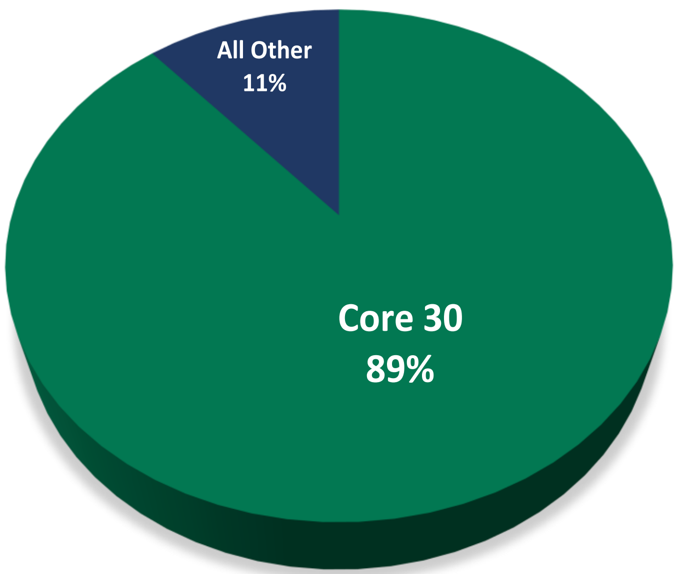



| | Apr | May | Jun | Jul | Aug | Sept | Oct |
|---|---|---|---|---|---|---|---|
| Total Occupancy %[3] | 4% | 5% | 10% | 15% | 20% | 22% | 23% |
| # of Break-Even Hotels[3] | 1 | 2 | 7 | 11 | 11 | 13 | NA |

(1) Includes consolidated and unconsolidated hotels open during each month, including hotels reopened mid-month
(2) Reflects occupancy of Park's consolidated hotels that were open during the entirety of each respective month
(3) Based on Park's consolidated portfolio, including hotels that were suspended

# Iconic Portfolio: Top 30 Assets Best in Class

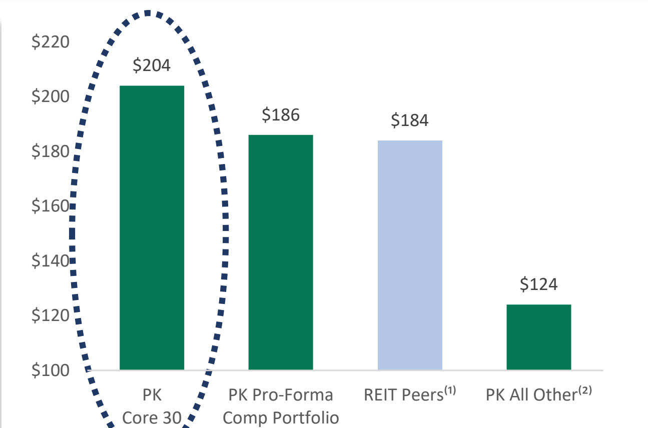
## 2019 Pro-forma Hotel Adj. EBITDA Breakdown



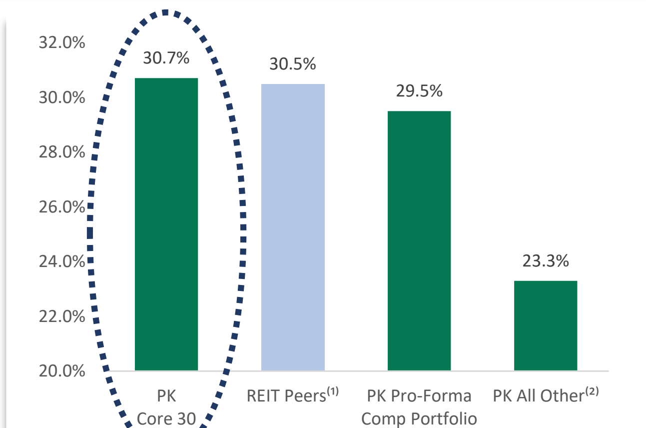

## PK Owns One of the Highest Quality Portfolios

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

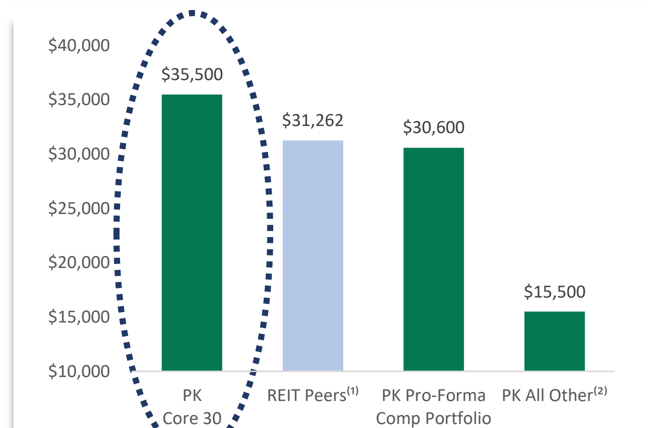
### 2019 Pro-forma RevPAR




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



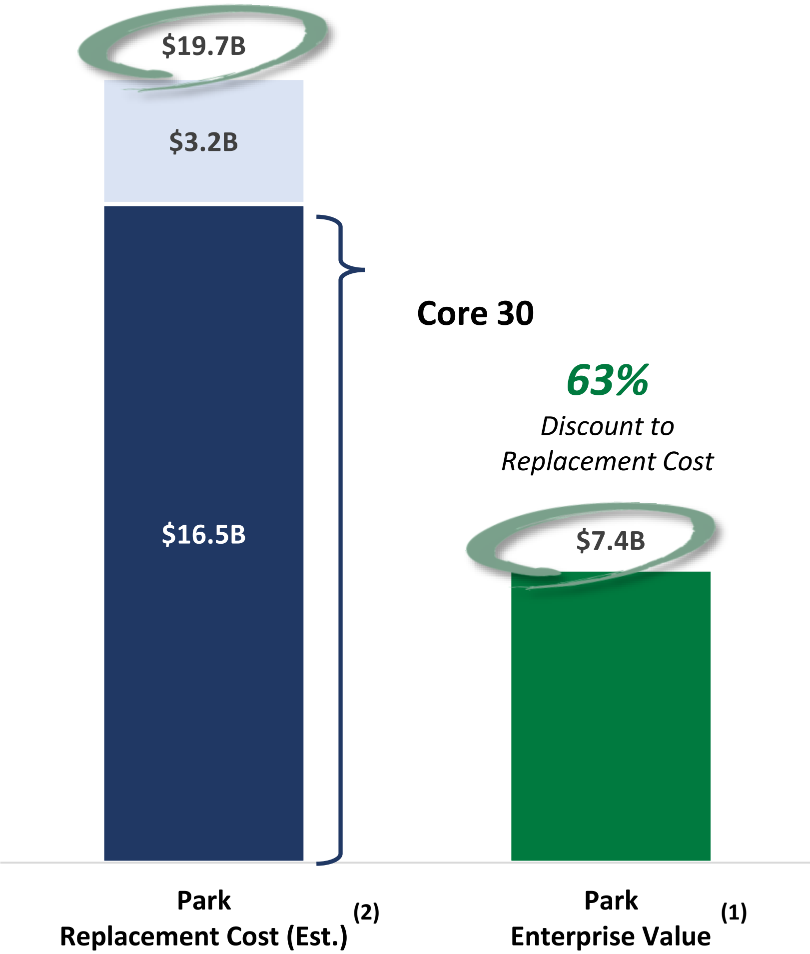

### 2019 Pro-forma Hotel Adj. EBITDA/Key



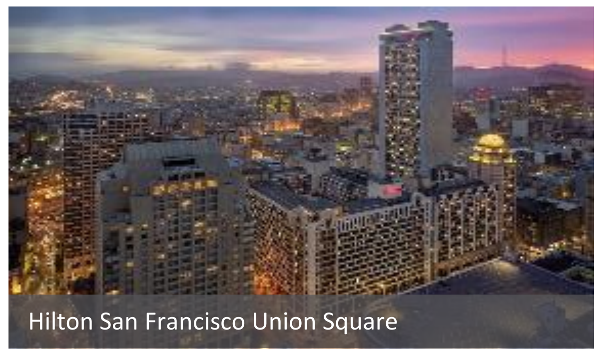

(1) REIT peers are HST, PEB, SHO, DRH, RHP and XHR (full-service lodging REITs with a market cap over $1 billion)
(2) PK All Other portfolio includes Park's 23 remaining hotels, but excludes unconsolidated joint ventures

# Iconic Portfolio: Steep Discount to Replacement Cost

**Park currently trades[1] at a 63% discount to replacement cost[2] vs. a 49% discount as of 12/31/19**




| | Rooms | Meeting Space (sq. ft.) | Replacement Cost ($/key) |
|---|---|---|---|
| Core 30 | 21,495 | 1.8M | $16.5B *($769k/Key)* |
| Total Portfolio[3] | 30,119 | 2.3M | $19.7B *($654k/Key)* |


Hilton San Francisco Union Square


Casa Marina, A Waldorf Astoria Resort


Hilton Waikoloa Village


New York Hilton Midtown

(1) Based on Park's stock price as of 11/11/20
(2) The replacement cost estimates are based on Park internal analysis and recent construction market pricing. Estimated land values are based on market data and recent comparable sales where applicable. This estimate is not intended to be an estimate for the fair market value of the portfolio
(3) Includes Park's pro rata share of unconsolidated joint ventures, as of 9/30/20

# Right-Sizing Hotel Operating Model

**Unique opportunity to enhance the hotel operating model which should lead to improved operating margins**

- ✓ Permanent reduction of full-time, hotel-level staffing resulting in $70M annual savings
- ✓ Reductions in above-property cost allocations; increased productivity from opt-in stay over cleaning; right-sizing of F&B operations
- ✓ Partner with brands to re-assess brand standards to achieve operational efficiencies while maintaining market share premiums
- ✓ Technological advances to avoid unnecessary costs at low occupancy levels

| Expense Savings Opportunities | Revenue Opportunities |
|---|---|
| • Right-size staffing through permanent reductions and complexing hotel operations yielding $70M of expected annual savings | • Ensure segmentation mix correctly aligns to leisure vs. group vs. business transient demand trends |
| • Adjust operations to address changing consumer preferences: 1) contactless check-in/room service; and 2) limit housekeeping | • Explore additional revenue opportunities – including opportunities within former Chesapeake portfolio |
| • Partner with brands to re-assess brand standards and technological solutions to drive additional profitability | • Explore alternative uses for space as trends develop and brand standards are altered |
| • Eliminate or re-purpose unprofitable F&B operations (e.g, buffets) and outlets; accelerate Grab N' Go and leasing opportunities | • Use of technology to drive ancillary business and more share of wallet |

Hilton Waikoloa Village

# Embedded Opportunities to Potentially Enhance Value

**Nearly half of Park's Core 30 portfolio possesses potential value enhancement opportunities which further promote the portfolio's inherent real estate value**

**Rebrand / Reposition**
- Position hotels to better cater to market demand

**Expand**
- Activate underutilized real estate

**Alternative Uses**
- Convert portions of hotels to other uses (e.g., timeshare)

| | Rebrand/Reposition | Expand | Alt. Use |
|---|---|---|---|
| Hilton Hawaiian Village | | ✓ | ✓ |
| Hilton Waikoloa Village | | | ✓ |
| Hilton New Orleans Riverside | | ✓ | ✓ |
| Hilton Orlando Bonnet Creek | ✓ | ✓ | |
| Waldorf Orlando | | ✓ | |
| New York Hilton Midtown | | | ✓ |
| Hilton Chicago | | | ✓ |
| W Chicago Lakeshore | ✓ | | ✓ |
| Waldorf Casa Marina | ✓ | ✓ | |
| Hilton Denver City Center | | ✓ | |
| DoubleTree San Jose | ✓ | | |
| DoubleTree Crystal City | ✓ | | |
| Hilton Santa Barbara | Completed | | |
| Reach Resort, Curio Collection | Completed | | |

# Value Enhancement Case Studies

## Rebrand / Reposition

### Hilton Santa Barbara: Re-branded to Hilton from DoubleTree

- Transient revenues increased 19% from 2017 to 2019 on strength of more upscale brand and transformational renovation
- Improved EBITDA from $16.6M in 2017 to $22.2M in 2019, a 15.4% CAGR
- Strong drive-to leisure appeal: highest RevPAR ($209) during Q3 2020 among Park's portfolio


Hilton Santa Barbara Beachfront Resort

### The Reach Resort: Re-branded to Curio Collection by Hilton from Waldorf Astoria

- New affiliation allows resort to cater to lifestyle-focused travelers and serve as a complementary alternative to Casa Marina
- Strong results upon reopening (pre-Covid), posting 14.7% improvement in rate from Dec 2019 to Feb 2020 versus prior period
- Honored with the Stella Award for Best Renovation in the Southeast


The Reach Resort, Curio Collection

## Expand

### Waldorf/Hilton Bonnet Creek Complex: Meeting space expansion

- Increase meeting space from 107k sq ft to 157k sq ft
- Expected IRR of 18% on $90M investment
- Project likely to resume 2H 2021
- Upon completion, Hilton to be upbranded to the group-oriented Signia Hilton brand


Waldorf Astoria Orlando


Signia Hilton Bonnet Creek

## Alternative Use

### Hilton Waikoloa: HGV timeshare transfer

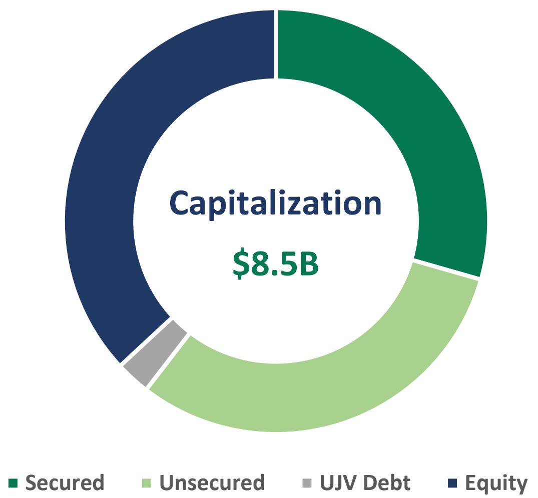
- Transferred 600-room Ocean Tower to Hilton Grand Vacations to reduce footprint
- Resulting smaller resort is more efficient, providing ability to yield ADR and improve profit margin


Hilton Waikoloa Village

# Strong and Flexible Balance Sheet

**Park has raised $1.4B of corporate debt since May with proceeds used to paydown near-term maturities, boost liquidity and enhance debt metrics**

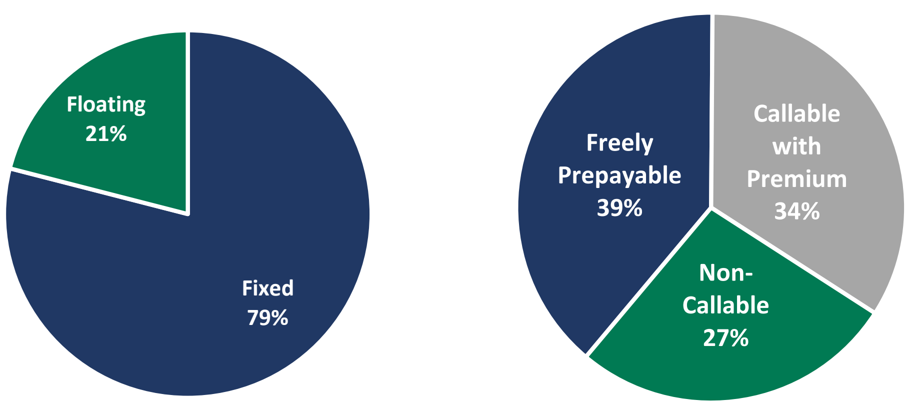
## Park Total Capitalization



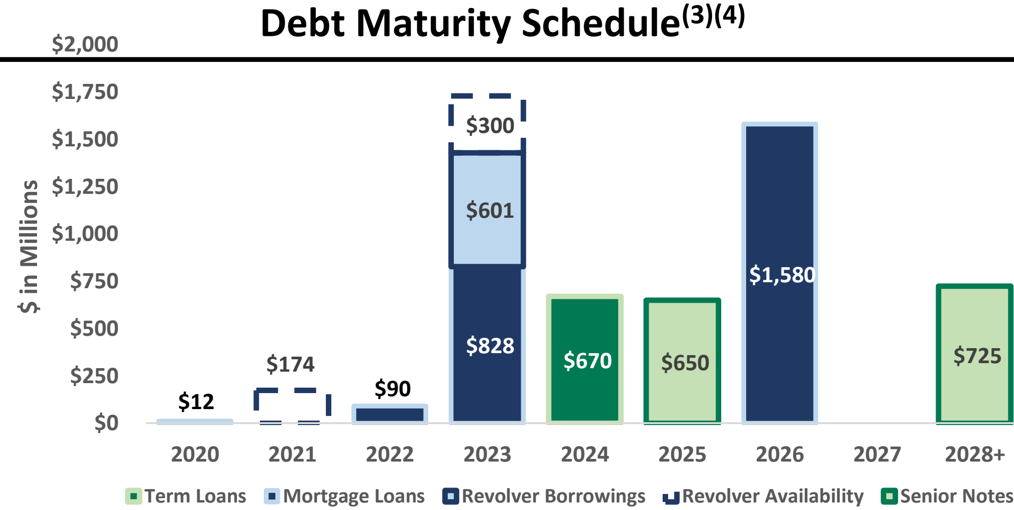

## Debt Metrics: 2Q20 vs. 3Q20

| | 2Q20 | 3Q20 |
|---|---|---|
| % of Debt Maturing through '22[1] | 28% | 2% |
| % of Fixed Rate Debt | 65% | 79% |
| % of Bank Debt | 39% | 25% |
| Liquidity Available | $1.6B | $1.6B |
| Wtd Avg Maturity of Consol. Debt | 4.1 years | 5.0 years |
| Monthly Cash Burn | $59M | $50M |

## Debt Mix[2]




## Debt Maturity Schedule[3][4]

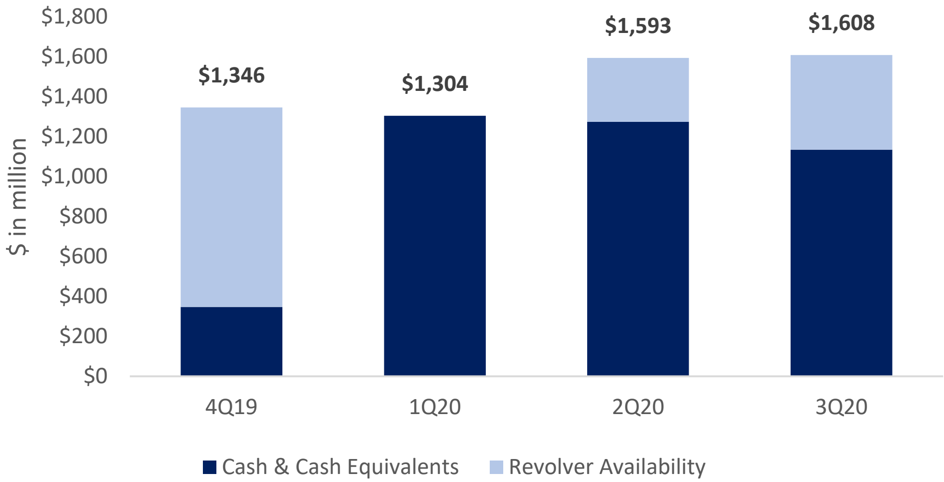



(1) Does not include the amount maturing under the Revolver in 2021, which will be repaid from existing lenders
(2) Reflects consolidated debt only and excludes scheduled amortizing principal payments as of 9/30/20
(3) Reflects fully extended maturities for outstanding loans as stated in each of the respective loan agreements except Hilton Denver, which matures in August 2042 but is callable by the lender beginning in August 2022
(4) Net effect from the Credit Facility Amendment results in a partial two-year extension of the Revolver total commitment amount of $901 million

# Balance Sheet: Ample Liquidity

**Over $1.6B of liquidity available, or 32 months of liquidity runway**

## Current Liquidity: $1.6B




## Burn Rate and Liquidity Runway: 32 months

| | Q2 2020 | Q3 2020 |
|---|---|---|
| Effective Burn Rate | $59 million | $50 million |
| ***Liquidity Runway*** | ***27 months*** | ***32 months*** |

- Note that in an extreme situation, whereby operations at all of Park's 60 hotels are suspended, the estimated monthly burn rate is $65M


Curio Cupertino


Casa Marina, A Waldorf Astoria Resort


Hilton Chicago

 (1) Assumes all hotels have suspended operations

# Experienced Management Team with Track Record of Success

**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*

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

## Senior Management

**SVP, Investments**
*Jonathan Fuisz*

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

**SVP, CAO**
*Darren Robb*

**SVP, Strategy**
*Ian Weissman*

**SVP, Tax**
*Scott Winer*

## Key Accomplishments: 2017-2019

### Asset Management

- ✓ Improved RevPAR by $8 to $186
- ✓ Improved Hotel Adjusted EBITDA margin 25bps
- ✓ Increased Group mix by 247bps to 31%

### Capital Allocation

- ✓ Sold or disposed of 25 hotels for total proceeds of $1.2B
- ✓ Acquired Chesapeake Lodging Trust for $2.5B, improving the overall quality of the portfolio

### Balance Sheet/Dividend

- ✓ Returned over $2.3B of capital to shareholders
- ✓ Ended 2019 with pro-forma Net Debt to Adjusted EBITDA at 4.3x

# Strong Corporate Governance and ESG Focus

## Moving Forward

**2019**

- Park issued its first Annual Corporate Responsibility Report in Jan ’19 and simultaneously launched its Responsibility page on Park’s website


- Signed the CEO Action for Diversity and Inclusion™
- Added GRI Index to second Annual Corporate Responsibility Report for enhanced ESG reporting and disclosure

**2020**

- Branded its internal cross-departmental sustainability committee as the Park Green Committee
- Formed Park’s Diversity & Inclusion cross-departmental committee
- Participated in the 2020 GRESB Assessment

## Accomplishments & Recognitions

- Named to *Newsweek*’s Most Responsible Companies 2020 list
- Favorable ISS Disclosure Scores indicating higher quality disclosure and transparency practices relative to all real estate companies(1):
  - Environmental: 4/10
  - Social: 2/10
  - Governance: 1/10
- Achieved first time GRESB Real Estate Assessment score of 72, including 28/30 for Management(2)

GREEN PARK

(1) ISS disclosure scores based on a scale of 1 to 10, with 1 representing higher quality disclosure and transparency practices. Scores as of 11/1/20
(2) 2020 GRESB Assessment score released 11/16/20

# Appendix

The Reach Key West, Curio Collection by Hilton

# Amendment Overview and Covenant Relief

## Park Successfully Amended its Credit and Term Loan Facilities

### Amendment Overview

**Upsized and Extended Revolver**

- $901 million of Revolver commitments extended two years to December 2023

**Covenant Waiver**

- Suspend compliance with all existing financial covenants tested through and including 12/31/21, with the test period beginning 3/31/22
- Pledge equity in certain subsidiaries to secure the facilities (eight high quality hotels—mix of urban, resort and suburban) until revolver and 2019 term loan are repaid
- Adjust levels of particular financial covenants after waiver period(1)
- Minimum liquidity covenant of $200M plus 50% of the non-extending Revolver commitments that mature in December 2021

**Additional Covenants Limit:**

- Dividend and distribution payments (except to the extent required to maintain REIT status); permitted to make additional Restricted Payments as quarterly dividends not to exceed $0.01/share
- Stock repurchases
- Prepayments of other indebtedness
- Capital expenditures
- Asset dispositions and transfers
- Investments, including acquisitions or mergers (apply up to $1 billion of equity proceeds to investments prior to paying down debt)
- Incurrence of other indebtedness

| Covenant | Metric | Modification |
|---|---|---|
| Net Leverage Ratio | < 7.25x | 8.50x for Q1/Q2 2022<br>8.00x for Q3/Q4 2022<br>7.50x for Q1 2023 |
| EBITDA / Fixed Charges | >1.50x | No Change |
| Secured Indebtedness (%) | < 45.0% | No Change |
| Unsecured Indebtedness (%) | < 60.0% | No Change |
| Unsecured Interest Coverage | > 2.0x | 1.75x through Q4 2022 |
| Distributions - % of AFFO | < 95.0% | No Change |

*Hyatt Centric Fisherman's Wharf*

(1) Next test period is 3/31/22 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 3/31/22 will be 1.75x for two quarters and 2.0x thereafter; Annualization methodology will be applied during the first three quarters after the suspension period for all the covenant tests

# Non-GAAP Reconciliations

## Pro-forma Core 30 and Pro-forma Comparable Hotel Revenues

| *(unaudited, in millions)* | Full Year December 31, 2016 | Full Year December 31, 2019 |
|---|---|---|
| **Total Revenues** | $ 2,727 | $ 2,844 |
| Less: Other revenue | (13) | (77) |
| Add: Revenues from hotels acquired[1] | — | 406 |
| Less: Revenues from hotels disposed of | (9) | (143) |
| **Pro-forma Hotel Revenues[1]** | 2,705 | 3,030 |
| Less: Revenue from non-comparable hotels | — | (54) |
| **Pro-forma Comparable Hotel Revenues[1]** | $ 2,705 | 2,976 |
| Less: Revenues from non-core 30 hotels | | (440) |
| **Core 30 Pro-forma Hotel Revenues[1]** | | $ 2,536 |



(1) Assumes hotels were acquired on 1/1/19

# Non-GAAP Reconciliations (Cont'd)

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

| *(unaudited, in millions)* | Full Year December 31, 2016 | Full Year December 31, 2019 |
|---|---|---|
| **Net income** | $ 139 | $ 316 |
| Depreciation and amortization expense | 300 | 264 |
| Interest income | (2) | (6) |
| Interest expense | 181 | 140 |
| Income tax expense | 82 | 35 |
| Interest expense, income tax and depreciation and amortization included in equity in earnings from investments in affiliates | 24 | 23 |
| **EBITDA** | 724 | 772 |
| Gain on sales of assets, net | (1) | (19) |
| Gain on sale of investments in affiliates[(1)] | — | (44) |
| Acquisition costs | — | 70 |
| Severance expense | — | 2 |
| Share-based compensation expense | — | 16 |
| Impairment loss and casualty (gain), net | 15 | (18) |
| Impairment loss included in equity in earnigns from investments in affiliates | 17 | — |
| Other loss, net | 25 | — |
| Other items | 34 | 7 |
| **Adjusted EBITDA** | 814 | 786 |
| Add: Adjusted EBITDA from hotels acquired[(2)] | — | 129 |
| Less: Adjusted EBITDA from hotels disposed of | (1) | (37) |
| Less: Adjusted EBITDA from investments in affiliates disposed of | — | (2) |
| Less: Spin-off Adjustments[(3)] | (57) | — |
| **Pro-forma Adjusted EBITDA[(2)]** | 756 | 876 |
| Less: Adjusted EBITDA from investments in affiliates | (44) | (35) |
| Add: All other[(4)] | 38 | 53 |
| **Pro-forma Hotel Adjusted EBITDA[(2)]** | 750 | 894 |
| Less: Adjusted EBITDA from other non-comparable hotels | — | (15) |
| **Pro-forma Comparable Hotel Adjusted EBITDA[(2)]** | $ 750 | 879 |
| Less: Adjusted EBITDA from non-core 30 hotels | | (100) |
| **Core 30 Pro-forma Hotel Adjusted EBITDA[(2)]** | | $ 779 |

(1) Included in other gain (loss), net in the consolidated statement of operations
(2) For the year ended 12/31/19, assumes hotels were acquired on 1/1/19
(3) Spin-off Adjustments include adjustments for incremental fees based on the terms of the post spin-off management agreements and estimated non-income taxes on certain REIT leases.
(4) 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)

## Net Debt and Net Debt to Pro-forma Adjusted EBITDA Ratio

*(unaudited, in millions)*

| | September 30, 2020 | December 31, 2019 |
|---|---|---|
| Debt | $ 5,121 | $ 3,871 |
| Add: unamortized deferred financing costs and discount | 40 | 18 |
| Less: unamortized premium | (4) | (3) |
| Long-term debt, including current maturities and excluding unamortized deferred financing cost, premiums and discounts | 5,157 | 3,886 |
| Add: Park's share of unconsolidated affiliates debt, excluding unamortized deferred financing costs | 225 | 225 |
| Less: cash and cash equivalents | (1,134) | (346) |
| Less: restricted cash | (35) | (40) |
| **Net debt** | $ 4,213 | $ 3,725 |
| Pro-forma Adjusted EBITDA[1] | | $ 876 |
| **Net debt to Pro-forma Adjusted EBITDA ratio** | | 4.3x |

(1) Excludes results from disposed hotels

# Definitions

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

Earnings (loss) before interest expense, taxes and depreciation and amortization ("EBITDA"), presented herein, reflects net income (loss) excluding depreciation and amortization, interest income, interest expense, income taxes and interest expense, income tax and depreciation and amortization included in equity in earnings (losses) from investments in affiliates.

Adjusted EBITDA, presented herein, is calculated as EBITDA, as previously defined, further adjusted to exclude:

- Gains or losses on sales of assets for both consolidated and unconsolidated investments;
- Costs associated with hotel acquisitions or dispositions expensed during the period;
- Severance expense;
- Share-based compensation expense;
- Casualty gains or losses;
- 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.

# Definitions (Cont'd)

**Net Debt**

Net debt, presented herein, is a non-GAAP financial measure that the Company uses to evaluate its financial leverage. Net debt is calculated as (i) long-term debt, including current maturities and excluding unamortized deferred financing costs; and (ii) the Company's share of investments in affiliate debt, excluding unamortized deferred financing costs; reduced by (a) cash and cash equivalents; and (b) restricted cash and cash equivalents.

The Company believes Net debt provides useful information about its indebtedness to investors as it is frequently used by securities analysts, investors and other interested parties to compare the indebtedness of companies. Net debt should not be considered as a substitute to debt presented in accordance with U.S. GAAP. Net debt may not be comparable to a similarly titled measure of other companies.

**Net Debt to Adjusted EBITDA Ratio**

Net debt to Pro-forma Adjusted EBITDA ratio, presented herein, is a non-GAAP financial measure and is included as it is frequently used by securities analysts, investors and other interested parties to compare the financial condition of companies. Pro-forma Net debt to Pro-forma Adjusted EBITDA ratio should not be considered as an alternative to measures of financial condition derived in accordance with U.S. GAAP and it may not be comparable to a similarly titled measure of other companies.

**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**

The Company presents certain data for its consolidated hotels on a pro-forma hotel basis as supplemental information for investors: Pro-forma Hotel Revenues, Pro-forma RevPAR, Pro-forma Total RevPAR, Pro-forma Occupancy, Pro-forma ADR, Pro-forma Adjusted EBITDA, Pro-forma Hotel Adjusted EBITDA and Proforma Hotel Adjusted EBITDA Margin and Net debt to Pro-forma Adjusted EBITDA ratio. The Company presents pro-forma hotel results to help the Company and its investors evaluate the ongoing operating performance of its hotels. The Company's pro-forma metrics exclude results from property dispositions and include results from property acquisitions as though such acquisitions occurred on the earliest period presented.

**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 nine consolidated hotels that were sold in 2019 and 2020. Of the 55 hotels that are consolidated as of December 31, 2019, 54 hotels have been classified as pro-forma comparable hotels.

# Definitions (Cont'd)

**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. Rooms nights available to guests have not been adjusted for suspended or reduced operations at certain hotels as a result of COVID-19. 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. Rooms nights available to guests have not been adjusted for suspended or reduced operations at certain hotels as a result of COVID-19. 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.

# 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. Visit www.pkhotelsandresorts.com for more information.

**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 effects of competition and the effects of future legislation or regulations, the expected completion of anticipated dispositions, the declaration and payment of future dividends, and other non-historical statements. Forward-looking statements include all statements that are not historical facts, and in some cases, can be identified by the use of forward-looking terminology such as the words "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "could," "seeks," "projects," "predicts," "intends," "plans," "estimates," "anticipates" 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 the Company's control and which could materially affect its results of operations, financial condition, cash flows, performance or future achievements or events. Currently, one of the most significant factors is the potential adverse effect of COVID-19, including possible resurgences, on the Company's financial condition, results of operations, cash flows and performance, its hotel management companies and its hotels' tenants, and the global economy and financial markets. The extent to which COVID-19 impacts the Company, its hotel managers, tenants and guests at the Company's 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 effect, additional closures that may be mandated or advisable even after the reopening of certain of the Company's hotels on a limited basis, whether due to an increased number of COVID-19 cases or otherwise, and the direct and indirect economic effects of the pandemic and containment measures, among others.

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 in Item 1A: "Risk Factors" in Park's Annual Report on Form 10-K for the year ended December 31, 2019 and Quarterly Reports on Form 10-Q for the quarters ended September 30, 2020, 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. 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 (loss) before interest expense, taxes and depreciation and amortization ("EBITDA"), Adjusted EBITDA, Hotel Adjusted EBITDA, Comparable Hotel Adjusted EBITDA margin, Comparable Hotel Adjusted EBITDA per Key, Core 30 Hotel Adjusted EBITDA, Core 30 Hotel Adjusted EBITDA Margin, Net debt to Adjusted EBITDA, and Net debt to Adjusted EBITDA ratio. 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.