UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2018

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 001-37794

Hilton Grand Vacations Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**81-2545345**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
6355 MetroWest Boulevard, Suite 180, Orlando, Florida	**32835**
(Address of Principal Executive Offices)	**(Zip Code)**

Registrant's Telephone Number, Including Area Code (407) 613-3100

(Former Name, Former Address, and Former Fiscal Year, if Changed Since Last Report)

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

(Title of Class)	**(Name of each exchange on which registered)**
Common Stock, $0.01 par value per share	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 requirement 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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 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

As of June 30, 2018, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was $3,336 million (based on the closing sale price of the common stock on that date on the New York Stock Exchange).

There were 94,620,208 shares of the registrant's Common Stock outstanding as of February 22, 2019.

DOCUMENTS INCORPORATED BY REFERENCE

The registrant has incorporated by reference into Part III of this report certain portions of its proxy statement for its 2019 annual meeting of stockholders, which is expected to be filed pursuant to Regulation 14A within 120 days after the end of the registrant's fiscal year ended December 31, 2018.

HILTON GRAND VACATIONS INC.

FORM 10-K TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2018

PART I 1

Item 1 – Business 2
Item 1A – Risk Factors 16
Item 1B – Unresolved Staff Comments 40
Item 2 – Properties 40
Item 3 – Legal Proceedings 42
Item 4 – Mine Safety Disclosures 42

PART II 43

Item 5 – Market For Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities 43
Item 6 – Selected Financial Data 44
Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations 46
Item 7A – Quantitative and Qualitative Disclosures About Market Risk 66
Item 8 – Financial Statements And Supplementary Data 68
Item 9 – Changes in and Disagreements with Accountants on Accounting and Financial Disclosure 125
Item 9A – Controls and Procedures 125
Item 9B – Other Information 125

PART III 126

Item 10 – Directors, Executive Officers and Corporate Governance 126
Item 11 – Executive Compensation 126
Item 12 – Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters 126
Item 13 – Certain Relationships and Related Transactions, and Director Independence 126
Item 14 – Principal Accountant Fees and Services 126

PART IV 126

Item 15 – Exhibits and Financial Statement Schedules 126
Item 16 – Form 10-K Summary 126

EXHIBIT INDEX 127

SIGNATURES 133

PART I

Cautionary Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements convey management's expectations as to the future of HGV, and are based on management's beliefs, expectations, assumptions and such plans, estimates, projections and other information available to management at the time HGV makes such statements. Forward-looking statements include all statements that are not historical facts and may be identified by terminology such as the words "outlook," "believe," "expect," "potential," "goal," "continues," "may," "will," "should," "could," "seeks," "approximately," "projects," predicts," "intends," "plans," "estimates," "anticipates" "future," "guidance," "target," or the negative version of these words or other comparable words. The forward-looking statements contained in this Annual Report on Form 10-K include statements related to HGV's revenues, earnings, taxes, cash flow and related financial and operating measures, and expectations with respect to future operating, financial and business performance, and other anticipated future events and expectations that are not historical facts.

HGV cautions you that its forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of HGV to be materially different from the future results, business performance or achievements expressed or implied by its forward-looking statements. HGV's forward-looking statements are not guarantees of future performance, and you should not place undue reliance on such statements in this Annual Report on Form 10-K. Factors that could cause HGV's a ctual results to differ materially from those contemplated by its forward-looking statements include risks associated with : the inherent business, financial and operating risks of the timeshare industry, including limited underwriting standards due to the real-time nature of industry sales practices, and the intense competition associated with the industry; HGV's ability successfully market and sell VOIs; HGV's development and other activities to source inventory for VOI sales; significant increases in defaults on HGV's vacation ownership mortgage receivables; the ability of managed homeowner associations to collect sufficient maintenance fees; general volatility in the economy and/or the financial and credit markets; adverse economic or market conditions and trends in the tourism and hospitality industry, which may impact the purchasing and vacationing decisions of consumers; actions of HGV or the occurrence of other events that could cause a breach under or termination of the HGV's license agreement with Hilton that could affect or terminate our access to the Hilton brands and programs, or actions of Hilton that affect the reputation of the licensed marks or Hilton's programs; economic and operational uncertainties related to HGV's expanding global operations, including our ability to manage the outcome and timing of such operations and compliance with anti-corruption, data privacy and other applicable laws and regulations affecting our international operations; the effects of foreign currency exchange; changes in tax rates and exposure to additional tax liabilities; the impact of future changes in legislation, regulations or accounting pronouncements; HGV's acquisitions, joint ventures, and strategic alliances that that may not result in expected benefits, including the termination of material fee-for-service agreements; our dependence on third-party development activities to secure just-in-time inventory; HGV's use of social media platforms; cyber-attacks, security vulnerabilities, and information technology system failures resulting in disclosure of personal data, company data loss, system outages or disruptions of online services, which could lead to reduced revenue, increased costs, liability claims, harm to user engagement, and harm to HGV's reputation or competitive position; the impact of claims against HGV that may result in adverse outcomes, including regulatory proceedings or litigation; HGV's credit facilities, indenture and other debt agreements and instruments, including variable interest rates, operating and financial restrictions, our ability to make scheduled payments, and our ability to refinance our debt on acceptable terms; the continued service and availability of key executives and employees; and catastrophic events or geo-political conditions including war, terrorist activity, political strife or natural disasters that may disrupt HGV's operations in key vacation destinations. Any one or more of the foregoing factors could adversely impact HGV's operations, revenue, operating margins, financial condition and/or credit rating.

For additional information regarding factors that could cause HGV's actual results to differ materially from those expressed or implied in the forward-looking statements in this Annual Report on Form 10-K, please see the risk factors discussed in "Part I—Item 1A. Risk Factors" of this Annual Report on Form 10-K and those described from time to time other periodic reports that we file with the SEC. There may be other risks and uncertainties that we are unable to predict at this time or that we currently do not expect to have a material adverse effect on our business. Except for HGV's ongoing obligations to disclose material information under the federal

securities laws, we undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments, changes in management's expectations, or otherwise.

Terms Used in this Annual Report on Form 10-K

Except where the context requires otherwise, references in this Annual Report on Form 10-K to "Hilton Grand Vacations," "HGV," "the Company," "we," "us" and "our" refer to Hilton Grand Vacations Inc., together with its consolidated subsidiaries. Except where the context requires otherwise, references to our "properties" and "units" refer to the timeshare properties managed and owned. Of these resorts and units, a portion is directly owned by us or joint ventures in which we have an interest and the remaining resorts and units are owned by our third-party owners.

Reference to "Adjusted EBITDA" means earnings before interest expense (excluding interest expense on non-recourse debt), taxes and depreciation and amortization or "EBITDA," further adjusted to exclude certain items. Refer to "Part II—Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Business and Financial Metrics Used by Management" for further discussion of these financial metrics.

Non-GAAP Financial Measures

This Annual Report on Form 10-K includes discussion of terms that are not recognized terms under U.S. Generally Accepted Accounting Principles ("U.S. GAAP"), and financial measures that are not calculated in accordance with U.S. GAAP, including contract sales, sales revenue, real estate margin, earnings before interest expense (excluding interest expense relating to our non-recourse debt), taxes and depreciation and amortization ("EBITDA"), Adjusted EBITDA and segment Adjusted EBITDA.

Operational Metrics

This Annual Report on Form 10-K includes discussion of key business operational metrics including tour flow, volume per guest and transient rate.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations-Key Business and Financial Metrics and Terms Used by Management" and "-Results of Operations" for a discussion of the meanings of these terms, the Company's reasons for providing non-GAAP financial measures, and reconciliations of non-GAAP financial measures to measures calculated in accordance with U.S. GAAP as well as further discussion on the key business operational metrics.

ITEM 1. Business

Our History

Our history dates to 1992 with the joint venture between Hilton Worldwide Holdings Inc. ("Hilton") and Grand Vacations, Limited. In 1996, Hilton Grand Vacations became a wholly owned subsidiary of Hilton. During the ensuing years, we expanded our operations and established a track record of innovation in our industry. Unlike the broader timeshare industry, which experienced a contraction in 2008 and 2009 as a result of the overall economic recession, we were able to grow contract sales during the industry downturn and have continued to deliver contract sales growth in each period since, driven by our continued focus on marketing and sales activities, our strong development margins, large-market distribution model, synergies with Hilton, commitment to new owner transactions and lean organizational structure.

On January 3, 2017, Hilton completed a tax-free spin-off of HGV and Park Hotels & Resorts Inc. ("Park"). As a result of the spin-off, HGV became an independent publicly-traded company and our common stock is listed on the New York Stock Exchange under the symbol "HGV." Following the spin-off, Hilton did not retain any ownership in our company. In connection with the spin-off, we entered into agreements with Hilton and other third parties, including licenses to use the Hilton Grand Vacations brand. For more information regarding these agreements, see " *—Key Agreements Related to the Spin-Off* ."

Our Business

We are a rapidly growing timeshare company that markets and sells vacation ownership intervals ("VOIs"), manages resorts in top leisure and urban destinations, and operates a points-based vacation club. As of December 31, 2018, we have 54 properties, representing 8,888 units, that are located in iconic vacation destinations such as the Hawaiian Islands, New York City, Orlando, Washington D.C. and Las Vegas and feature spacious, condominium-style accommodations with superior amenities and quality service. As of December 31, 2018, we have approximately 309,000 Hilton Grand Vacations Club (the "Club") members. Club members have the flexibility to exchange their VOIs for stays at any Hilton Grand Vacations resort or any property in the Hilton system of 14 industry-leading brands across more than 5,000 properties, as well as numerous experiential vacation options, such as cruises and guided tours.

Our compelling VOI product allows customers to advance purchase a lifetime of vacations. Because our VOI owners generally purchase only the vacation time they intend to use each year, they are able to efficiently split the full cost of owning and maintaining a vacation residence with other owners. Our customers also benefit from the high-quality amenities and service at our Hilton-branded resorts. Furthermore, our points-based platform offers members tremendous flexibility, enabling us to more effectively adapt to their changing vacation needs over time. Building on the strength of that platform, we continuously seek new ways to add value to our Club membership, including enhanced product offerings, greater geographic distribution, broader exchange networks and further technological innovation, all of which drive better, more personalized vacation experiences and guest satisfaction.

As innovators in the timeshare business, we continually seek to enhance our inventory strategy by developing an optimal inventory mix focused on developed properties as well as fee-for-service and just-in-time agreements to sell VOIs on behalf of or acquired from third-party developers.

Our Reportable Segments

We operate our business across two segments: (1) real estate sales and financing and (2) resort operations and club management. For more information regarding our segments, see *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* and Note 21: *Business Segments* in our audited consolidated financial statements included in Item 8 of this Annual Report on Form 10-K.

Our real estate sales and financing segment primarily generates revenue from:

- *VOI Sales* —We sell our owned inventory and, through our fee-for-service agreements, we sell VOIs on behalf of third-party developers using the Hilton Grand Vacations brand in exchange for sales, marketing and brand fees. Under these fee-for-service agreements, we earn commission fees based on a percentage of total interval sales. See *"—Inventory and Development Activities"* and *"—Marketing and Sales Activities"* below for further information.
- *Financing* —We provide consumer financing, which includes interest income generated from the origination of consumer loans to members to finance their purchase of VOIs owned by us. We also generate fee revenue from servicing the loans provided by third-party developers to purchasers of their VOIs. See *"—Financing Activities"* below for information regarding our consumer financing activities.

Our resort operations and club management segment primarily generates revenue from:

- *Resort Management* —Our resort management services primarily consist of operating properties under management agreements for the benefit of homeowners' association ("HOA"s) of VOI owners at both our resorts and those developed by third parties. Our management agreements with HOAs provide for a cost-plus management fee, which means we generally earn a fee equal to 10 percent to 15 percent of the costs to operate the applicable resort. See *"—Resort and Club Management Activities"* below for information regarding our resort management activities.
- *Club Management* —We manage the Hilton Grand Vacations Club and the Hilton Club and receive activation fees, annual dues and transaction fees from member exchanges for other vacation products.
- *Rental of Available Inventory* —We generate rental revenue from unit rentals of unsold inventory and inventory made available due to ownership exchanges through our Club programs. This allows us to

utilize otherwise unoccupied inventory to generate additional revenues. We also earn fee revenue from the rental of inventory owned by third parties as well as revenue from retail and spa outlets at our timeshare properties. See *"—Resort and Club Management Activities"* below for further information.

Other than the United States, there were no countries that individually represented more than 10 percent of total revenues for the year ended December 31, 2018.

Our Products

Our primary products are fee-simple VOIs deeded in perpetuity, developed or acquired by us or by third parties. This ownership interest is an interest in real estate equivalent to annual usage rights, generally for one week annually, at the timeshare property where the VOI was purchased. Each Club property provides a distinctive setting, while signature elements remain consistent, such as high-quality guest service, spacious units and extensive on-property amenities. Most resorts feature studio to three-bedroom condominium-style accommodations and amenities such as full kitchens, in-unit washers and dryers, spas and kids' clubs. Our timeshare properties are relatively concentrated in significant tourist markets, including Florida, Hawaii, Nevada, New York, Washington D.C. and South Carolina.

In addition, VOI purchasers are enrolled in our flexible, points-based Hilton Grand Vacations Club exchange program. This gives a member an annual allotment of Club points based on the value of the owned interest. Club points can be used for a priority reservation period at the home resort where a member's VOI is deeded, and exchanged for a variety of vacation options, including stays at any Hilton Grand Vacations resort, conversion to Hilton Honors points for stays at the more than 5,000 Hilton-branded hotels and resorts, reservations for experiential travel such as cruises and guided tours, and stays at more than 4,300 resorts included in the RCI vacation exchange network. Our members also have the flexibility to choose when they will take advantage of their annual usage rights and have the option to split their time over the year. All members pay activation fees, annual dues and certain transaction fees depending on their exchange of Club points.

Inventory and Development Activities

We secure VOI inventory by developing or acquiring resorts in strategic markets, building additional phases at our existing resorts, re-acquiring inventory in the open market and sourcing inventory from third-party developers through fee-for-service and just-in-time transactions.

Our development activities involving the acquisition of real estate are followed by construction or renovation to create individual vacation ownership units. The development and construction of the units require a large upfront investment of capital and can take several years to complete in the case of a ground-up project. This investment cannot be recovered until the individual VOIs are sold to purchasers which can take several years. Traditionally, timeshare operators have funded 100 percent of the investment necessary to acquire land and construct timeshare properties.

We also source VOIs through fee-for-service agreements with third-party developers. These agreements enable us to generate fees from the marketing and sale of Hilton-branded VOIs and Club memberships and from the management of the timeshare properties without requiring us to fund up-front acquisition and construction costs or incur unsold inventory maintenance costs. The capital investment we make in connection with these projects is typically limited to the cost of constructing our on-site sales centers. In just-in-time transactions, we acquire and sell inventory in transactions that are designed to closely correlate the timing of our acquisition of inventory with our sale of that inventory to purchasers. We refer to fee-for-service transactions and just-in-time sales as "capital-efficient transactions." Over time, these capital-efficient transactions have evolved from sourcing inventory from distressed properties to sourcing from new construction projects. For the year ended December 31, 2018, sales from fee-for-service, just-in-time and developed inventory sources were 55 percent, 22 percent and 23 percent, respectively, of contract sales. Based on our 2018 sales pace, we have access to approximately seven years of future inventory, with capital efficient arrangements representing approximately 56 percent of that supply. Our fee-for-service sales generally improve returns on invested capital and liquidity, while sales of owned inventory typically result in a greater contribution to the profitability of our real estate sales and financing segment. To maximize both returns on invested capital and earnings growth, we plan to sell a balanced mix of fee-for-service and owned inventory.

Owners can generally offer their VOIs for resale on the secondary market, which can create pricing pressure on the sale of developer inventory. Given the structure of our products, owners who purchase VOIs on the secondary market will generally become Club members and will be responsible for paying annual Club fees, annual maintenance fees, property taxes and any assessments that are levied by the relevant HOA. While we do not have an obligation to repurchase intervals previously sold, most of our VOIs provide us with a right of first refusal on secondary market sales. We monitor sales that occur in the secondary market and exercise our right of first refusal in certain cases.

Marketing and Sales Activities

Our marketing and sales activities are based on targeted direct marketing and a highly personalized sales approach. We use targeted direct marketing to reach potential members who are identified as having the financial ability to pay for our products and have an affinity with Hilton and are frequent leisure travelers.

We sell our vacation ownership products under the Hilton Grand Vacations brand primarily through our distribution network of both in-market and off-site sales centers. Our products are currently marketed for sale throughout the United States and the Asia-Pacific region. We operate sales distribution centers in major markets and popular leisure destinations with year-round demand and a history of being a friendly environment for vacation ownership. We have sales distribution centers in Las Vegas, Myrtle Beach, Hilton Head, New York, Washington, D.C., Orlando, Park City, Oahu, Waikoloa, Korea and Japan.

Our Hilton Grand Vacations sales tours are designed to provide potential members with an overview of our company and our products, as well as a customized presentation to explain how our products can meet their vacationing needs. Our sales centers use proprietary sales technology to deliver a highly transparent and customized sales approach. Consumers place a great deal of trust in the Hilton brand and we believe that preserving that trust is essential. We hire our sales associates using an assessment-based, candidate screening system, which is a proprietary tool we use to uphold our selection criteria. Once hired, we emphasize training, professionalism and product knowledge, and our sales associates receive significant product and sales training before interacting with potential members. Most U.S.-based sales associates are licensed real estate agents and a real estate broker is involved with each sales center. We manage our sales associates' consistency of presentation and professionalism using a variety of sales tools and technology and through a post-presentation survey of our tour guests that measures many aspects of each guest's interaction with us. We do not tolerate sales activities that are not consistent with our focus on treating members and guests with the highest degree of respect.

Financing Activities

We originate loans for members purchasing our owned inventory who qualify according to our underwriting criteria. We generate interest income from the spread between the revenue generated on loans originated less our costs to fund and service those loans. We also earn fee revenue from servicing our own portfolio and the loans provided by third-party developers of our fee-for-service projects to purchasers of their VOIs.

We offer a wide array of financing options to members purchasing our VOIs. Our loans are collateralized by the underlying VOIs and are generally structured as 10-year, fully-amortizing loans that bear a fixed interest rate typically ranging from nine percent to 18 percent per annum. In 2018, 66 percent of our sales were to customers who financed part of their purchase. The interest rate on our loans is determined by, among other factors, the amount of the down payment, the borrower's credit profile and the loan term. Prepayment is permitted without penalty. As of December 31, 2018, the average loan outstanding was approximately $22 thousand with a weighted average interest rate of 12.28 percent.

As loan payments are made, the nature of these fully amortizing loans establishes an increasing level of owner financial commitment in their purchase which reduces the likelihood of default. When a member defaults, we ultimately return their VOI to inventory for resale, and that member no longer participates in our network.

We have a timeshare warehouse facility and periodically securitize timeshare financing receivables we originate in connection with the sale of VOIs to monetize receivables and achieve an efficient return on capital and manage our working capital needs.

Timeshare Financing Receivables Origination

In underwriting each loan, we obtain a credit application and review the application for completeness. We require a minimum down payment of 10 percent of the purchase price on all sales of VOIs. For U.S. and Canadian purchasers seeking financing, which represented 86 percent of the individuals we provided financing to over the last three years, we apply the credit evaluation score methodology developed by the Fair Isaac Corporation ("FICO") to credit files compiled and maintained by Experian and Equifax. Higher credit scores equate to lower credit risk and lower credit scores equate to higher credit risk. Over the last three years, the weighted average FICO score for new loans to U.S. and Canadian borrowers at the time of origination was 744 (out of a maximum potential score of 850). For non-North American purchasers seeking financing, consisting principally of purchasers in Japan, we generally observe that these borrowers have experienced default rates comparable to U.S. and Canadian borrowers within the 725 to 774 FICO score band.

Our underwriting standards are influenced by the changing economic and financial market conditions. We have the ability to modify our down payment requirements and credit thresholds in the face of stronger or weaker market conditions. Our underwriting standards have resulted in a strong, well-seasoned consumer loan portfolio. As of December 31, 2018, our portfolio had a balance of approximately $1.3 billion with over 58,000 loans and exhibited the following characteristics:

Weighted Average Original Length of Loan: 9.9 years
Weighted Average Remaining Length of Loan: 7.8 years

Liquidity

We finance our working capital needs in part by borrowing against timeshare financing receivables. In general, we seek to use the majority of our financed VOI sales as collateral to borrow against the revolving timeshare receivable credit facility ("Timeshare Facility") and subsequently transfer those loans into a term securitization after the loans have seasoned and an appropriately sized portfolio has been assembled. We target securitizations that range in size from $200 million to $400 million and we expect the timing of future securitizations will depend on our anticipated sales volume and capital needs. The strong performance of our outstanding loan securitizations demonstrates that loans originated by us are well regarded for their performance in the securitization market. In the future, we expect to regularly access the term securitization market, replenishing capacity on our Timeshare Facility in the process.

Loan Portfolio Servicing

We have a skilled, integrated consumer finance team. This team is responsible for payment processing and loan servicing, collections and default recovery and portfolio reporting and analytics. Accounts more than 30 days past due are deemed delinquent. We reserve for all loans based on our static pool method. A loan that is more than 120 days past due is reserved at 100 percent the following month and is delivered to the loss mitigation team that will make arrangements for any remaining outstanding payments or recommend recovery through a deed-in-lieu of foreclosure or foreclosure. In the deed-in-lieu of foreclosure process, the member deeds the VOI back to us. For domestic owners, this process varies from state to state and typically takes approximately 60 to 120 days, after which time we are able to resell the foreclosed VOI.

We monitor numerous metrics including collection rates, defaults and bankruptcies. Our consumer finance team also is responsible for selecting and processing loans pledged or to be pledged in our securitizations and preparing monthly servicing reports.

Resort and Club Management Activities

Resort Management

Prior to the initiation of VOI sales at a timeshare resort developed by us or by a third party with whom we have entered into a fee-for-service agreement, we enter into a management agreement with the relevant HOA. Each of the HOAs is governed by a board of directors comprising owner or developer representatives that are charged with ensuring that the resorts are well-maintained and financially stable. Our services include day-to-day operations of the resorts, maintenance of the resorts, preparation of reports, budgets and projections and employee training and

oversight. Our HOA management agreements provide for a cost-plus management fee, which means we generally earn a fee equal to 10 percent to 15 percent of the costs to operate the applicable resort. As a result, the fees we earn are highly predictable, unlike traditional revenue-based hotel management fees, and our management fees generally are unaffected by changes in rental rate or occupancy. Further, because maintenance fees are paid annually by owners, our management fees are recurring and less volatile than hotel management fees. We also are reimbursed for the costs incurred to perform our services, principally related to personnel providing on-site services. The original term of our management agreements is typically governed by state timeshare laws and ranges from three to five years. The agreements generally are subject to automatic renewal for one- to three-year periods unless either party provides advance notice of termination before the expiration of the term. Since our inception in 1992, none of the management agreements relating to our developed or fee-for-service properties have been terminated or lapsed.

To fund resort operations, owners are assessed an annual maintenance fee, which includes our management fee. In 2018, HOAs collected approximately $380 million in maintenance fees, including our applicable management fees. Because these funds are collected early in the year, we have substantial visibility and reliability of collection. These fees represent each owner's allocable share of the management fee and the costs of operating and maintaining the resorts, which generally includes personnel, property taxes, insurance, a capital asset reserve to fund refurbishment and other related costs. If a VOI owner defaults on payment of its maintenance fees and there is no lien against the mortgage note, the HOA has the right to recover the defaulting owner's VOI. As a service to HOAs at our owned resorts, subject to our inventory needs, we have the ability to reduce the bad debt expense at the HOAs by assuming the defaulted owner's obligations in exchange for an agreed purchase price. We are then able to resell those VOIs through our normal distribution channels.

A portion of the annual maintenance fees collected from owners each year is set aside as a capital asset reserve for property renovations. The renovations funded by these fees enable HOAs to keep properties modern, which helps the properties consistently receive the highest quality assurance scores across the Hilton brands. HOAs engage an independent consulting firm to compile a reserve study. Typically, HOAs budget the reserve study to target property renovations on a six- and 12-year cycle. HOAs generally replace soft goods every six years and hard goods every 12 years. These reserves also benefit our members by limiting the risk of special assessments and steep increases in maintenance fees due to deferred capital expenditures.

Club Management

We also manage and operate the points-based Hilton Grand Vacations Club and Hilton Club exchange programs, which provided exclusive exchange, leisure travel and reservation services to approximately 309,000 members as of December 31, 2018. When an owner purchases a VOI, he or she is enrolled in the Club and allotted a number of points that represent his or her ownership interest and allow the member to exchange his or her annual usage rights for a number of vacation and travel options available through the club. The Hilton Club operates certain locations for its VOI owners, who also enjoy exchange benefits with the Hilton Grand Vacations Club. In addition to an annual membership fee, club members pay incremental fees depending on the type of exchange they choose within the club system.

Rental of Available Inventory

We rent unsold owned and fee-for-service VOI inventory and inventory made available due to ownership exchanges through our Club programs. By using our website, Hilton's websites and other direct booking channels to rent available inventory, we are able to reach potential new members that may already have an affinity for and loyalty to the Hilton brands and introduce them to our products. Inventory rentals allow us to utilize otherwise unoccupied inventory to generate additional revenues and provision of ancillary services. We earn a fee from rentals of third-party inventory.

Competition

The timeshare industry has historically been highly competitive and comprised a number of national and regional companies that develop, finance and operate timeshare properties.

Our timeshare business competes with other timeshare developers for sales of VOIs based principally on location, quality of accommodations, price, service levels and amenities, financing terms, quality of service, terms of

property use, reservation systems, flexibility for members to exchange into time at other timeshare properties or other travel rewards, including access to hotel loyalty programs, as well as brand name recognition and reputation. We also compete for property acquisitions and partnerships with entities that have similar investment objectives as we do. There is also significant competition for talent at all levels within the industry, in particular for sales and management. Our primary competitors in the timeshare space include Marriott Vacations Worldwide, Wyndham Destinations, Vistana Signature Experiences, Disney Vacation Club, Hyatt Residence Club, Holiday Inn Club Vacations, Bluegreen Vacations and Diamond Resorts International.

In addition, our timeshare business competes with other entities engaged in the leisure and vacation industry, including resorts, hotels, cruises and other accommodation alternatives, such as condominium and single-family home rentals. We also compete with home and apartment sharing services that operate websites that market available privately-owned residential properties that can be rented on a nightly, weekly or monthly basis. In certain markets, we compete with established independent timeshare operators, and it is possible that other potential competitors may develop properties near our current resort locations. In addition, we face competition from other timeshare management companies in the management of resorts on behalf of owners on the basis of quality, cost, types of services offered and relationship.

Recent and potential future consolidation in the highly fragmented timeshare industry may increase competition. For example, Interval Leisure Group, Inc. ("ILG"), which operates the Interval International exchange program, acquired Hyatt Residence Club in October 2014 and in May 2016 acquired the timeshare operations of Starwood Hotels & Resorts Worldwide, Inc. (which includes the use of Westin and Sheraton brands for timeshare purposes), known as Vistana Signature Experiences, Inc. Marriott Vacations Worldwide Corporation completed the acquisition of the timeshare business of ILG in April 2018. Diamond Resorts International, Inc. completed the acquisition of the timeshare business of Gold Key Resorts in October 2015 and completed the acquisition of the timeshare business of Intrawest Resort Club Group in January 2016. Consolidation may create competitors that enjoy significant advantages resulting from, among other things, a lower cost of, and greater access to, capital and enhanced operating efficiencies.

We generally do not face competition in our consumer financing business to finance sales of our VOIs. We do face competition from financial institutions providing other forms of consumer credit, which may lead to full or partial prepayment of our timeshare financing receivables.

Seasonality and Cyclicality

We experience modest seasonality in timeshare sales at certain resorts, with stronger revenue generation during traditional vacation periods for those locations. Our business is moderately cyclical as the demand for VOIs is affected by the availability and cost of financing for purchases of VOIs, as well as general economic conditions and the relative health of the travel industry and housing market.

Intellectual Property

In connection with the spin-off, we entered into a license agreement with Hilton which grants us the right to use certain Hilton-branded trademarks, trade names and related intellectual property in our business for the term of the agreement. The license agreement provides us with, among other things, the exclusive license to design, build, manage and maintain existing and future timeshare resorts under the Hilton Grand Vacations brand throughout the world, subject to Hilton's consent in certain circumstances. See " *Key Agreements Related to the Spin-Off—License Agreement* " for more information. In the competitive industry in which we operate, trademarks, service marks, trade names and logos are very important to the marketing and sales of our products. We believe that the licensed marks and related intellectual property have come to represent the highest standards of quality, service and value to our members, guests, employees and those with whom we have business relationships. We have applied and will continue to apply to register our trademarks in markets in which we conduct business. We will enforce our rights against the unauthorized use of our intellectual property by third parties and otherwise protect our intellectual property through strategies and in jurisdictions we deem appropriate.

Government Regulation

Our business is subject to various international, national, federal, state and local laws, regulations and policies in jurisdictions in which we operate. Some laws, regulations and policies impact multiple areas of our business, such as securities, anti-discrimination, anti-fraud, data protection and security and anti-corruption and bribery laws and regulations or government economic sanctions, including applicable regulations under the U.S. Treasury's Office of Foreign Asset Control and the U.S. Foreign Corrupt Practices Act ("FCPA"). The FCPA and similar anti-corruption and bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to government officials for the purpose of obtaining or generating business. Other laws, regulations and policies primarily affect one of our areas of business: real estate development activities; marketing and sales activities; financial services activities; and resort management activities.

Real Estate Development Regulation

Our real estate development activities are regulated under a number of different timeshare, condominium and land sales disclosure statutes in many jurisdictions. We are generally subject to laws and regulations typically applicable to real estate development, subdivision and construction activities, such as laws relating to zoning, land use restrictions, environmental regulation, accessibility, title transfers, title insurance and taxation. In the United States, these include the Fair Housing Act and the Americans with Disabilities Act of 1990 and the Accessibility Guidelines promulgated thereunder, which we refer to collectively as (the "ADA"). In addition, we are subject to laws in some jurisdictions that impose liability on property developers for construction defects discovered or repairs made by future owners of property developed by the developer.

Marketing and Sales Regulation

Our marketing and sales activities are highly regulated. In addition to regulations implementing laws enacted specifically for the timeshare industry, a wide variety of laws and regulations govern our marketing and sales activities, including regulations implementing the USA PATRIOT Act, Foreign Investment In Real Property Tax Act, the Federal Interstate Land Sales Full Disclosure Act and fair housing statutes, U.S. Federal Trade Commission ("FTC") and state "Little FTC Act" and other regulations governing unfair, deceptive or abusive acts or practices including unfair or deceptive trade practices and unfair competition, state attorney general regulations, anti-fraud laws, prize, gift and sweepstakes laws, real estate, title agency or insurance and other licensing or registration laws and regulations, anti-money laundering, consumer information privacy and security, breach notification, information sharing and telemarketing laws, home solicitation sales laws, tour operator laws, lodging certificate and seller of travel laws and other consumer protection laws.

We must obtain the approval of numerous governmental authorities for our marketing and sales activities. Changes in circumstances or applicable law may necessitate the application for or modification of existing approvals. In addition, many jurisdictions, including many jurisdictions in the United States, require that we file detailed registration or offering statements with regulatory authorities disclosing information regarding our VOIs, such as information concerning the intervals being offered, the project, resort or program to which the intervals relate, applicable timeshare plans, evidence of title, details regarding our business, the purchaser's rights and obligations with respect to such intervals, and a description of the manner in which we intend to offer and advertise such intervals.

When we sell VOIs, local law grants the purchaser of a VOI the right to cancel a purchase contract during a specified rescission period following the later of the date the contract was signed or the date the purchaser received the last of the documents required to be provided by us.

In recent years, regulators in many jurisdictions have increased regulations and enforcement actions related to telemarketing operations, including requiring adherence to the federal Telephone Consumer Protection Act and "do not call" legislation. These measures have significantly increased the costs associated with telemarketing, in particular with respect to telemarketing to mobile numbers. While we continue to be subject to telemarketing risks and potential liability, we believe that our exposure to adverse effects from telemarketing legislation and enforcement is mitigated in some instances by the use of permission-based marketing in which we obtain permission to contact prospective purchasers in the future. We have also implemented procedures to comply with federal and

state “do not call” regulations including subscribing to the federal do not call registry and certain state “do not call” registries as well as maintaining an internal “do not call” list.

Lending Regulation

Our lending activities are subject to a number of laws and regulations including those of applicable supervisory agencies such as, in the United States, the Consumer Financial Protection Bureau, the FTC, and the Financial Crimes Enforcement Network. These laws and regulations, some of which contain exceptions applicable to the timeshare industry, may include, among others, the Real Estate Settlement Procedures Act and Regulation X, the Truth In Lending Act and Regulation Z, the Federal Trade Commission Act, the Equal Credit Opportunity Act and Regulation B, the Fair Credit Reporting Act, the Fair Housing Act and implementing regulations, the Fair Debt Collection Practices Act, the Electronic Funds Transfer Act and Regulation E, unfair, deceptive or abusive acts or practices regulations and the Credit Practices rules, the USA PATRIOT Act, the Right to Financial Privacy Act, the Gramm-Leach-Bliley Act, the Servicemember’s Civil Relief Act and the Bank Secrecy Act. Our lending activities are also subject to the laws and regulations of other jurisdictions, including, among others, laws and regulations related to consumer loans, retail installment contracts, mortgage lending, fair debt collection and credit reporting practices, consumer debt collection practices, mortgage disclosure, lender or mortgage loan originator licensing and registration and anti-money laundering.

Resort Management Regulation

Our resort management activities are subject to laws and regulations regarding community association management, public lodging, food and beverage services, liquor licensing, labor, employment, health care, health and safety, accessibility, discrimination, immigration, gaming and the environment (including climate change). In addition, many jurisdictions in which we manage our resorts have statutory provisions that limit the duration of the initial and renewal terms of our management agreements for HOAs.

Environmental Matters

We are subject to certain requirements and potential liabilities under various U.S. federal, state and local and foreign environmental, health and safety laws and regulations and incur costs in complying with such requirements. The costs of complying with these requirements are generally covered by the HOAs that operate the affected resort property and are our responsibility for assets owned by us. These laws and regulations govern actions including air emissions, the use, storage and disposal of hazardous and toxic substances, and wastewater disposal. In addition to investigation and remediation liabilities that could arise under such laws, we may also face personal injury, property damage, fines or other claims by third parties concerning environmental compliance or contamination. We use and store hazardous and toxic substances, such as cleaning materials, pool chemicals, heating oil and fuel for back-up generators at some of our facilities, and we generate certain wastes in connection with our operations. Some of our properties include, and some of our future properties may include, older buildings, and some may have, or may historically have had, dry-cleaning facilities and underground storage tanks for heating oil and back-up generators. We have, from time to time, been responsible for investigating and remediating contamination at some of our facilities, such as contamination that has been discovered when we have removed underground storage tanks, and we could be held responsible for any contamination resulting from the disposal of wastes that we generate, including at locations where such wastes have been sent for disposal. In some cases, we may be entitled to indemnification from the party that caused the contamination pursuant to our management, construction or renovation agreements, but there can be no assurance that we would be able to recover all or any costs we incur in addressing such problems. From time to time, we may also be required to manage, abate, remove or contain mold, lead, asbestos-containing materials, radon gas or other hazardous conditions found in or on our properties. We have implemented an on-going operations and maintenance plan at each of our properties that seeks to identify and remediate these conditions as appropriate. Although we have incurred, and expect that we will continue to incur, costs relating to the investigation, identification and remediation of hazardous materials known or discovered to exist at our properties, those costs have not had, and are not expected to have, a material adverse effect on our financial condition, results of operations or cash flows.

Employees

For more than 25 years, we have created and delivered vacation experiences for guests from around the world. Our people first talent strategy is inclusive of programs and services which are designed to ensure that our

employees feel engaged, appreciated and rewarded for their contributions. We accomplish this through an employee-centered approach using their insights to create their programs: A recognition solution designed to encourage effort, reward results, honor the best and celebrate careers delivered in a variety of categories through WOW cards, Spotlight Awards, Pillar & Vision Awards and seasonal campaigns such as Summer of Appreciation, International Housekeeping Week, and 25th Anniversary Celebration. Cultivating an inclusive work environment, we offer opportunities to become involved with 6 Team Member Resource Groups and HGV Serves volunteer network. We offer training and development opportunities giving all team members access to more than 1000 course offerings delivered in a variety of media to fit unique learning styles, job types and schedules within the nonstop nature of our business. As of December 31, 2018, more than 8,600 people were employed at our timeshare resorts, call centers and corporate locations around the world.

We are proud to be recognized as an employer of choice though numerous awards:

- ARDA ACE Community Service Award, 2016
- Best Place to Work, Perspective Magazine, 2016
- Orlando Sentinel's Top 100 Companies – Best Workplaces in Central Florida, 2018

As of December 31, 2018, less than 10 percent of our employees were covered by various collective bargaining agreements generally addressing pay rates, working hours, other terms and conditions of employment, certain employee benefits and orderly settlement of labor disputes.

Key Agreements Related to the Spin-Off

In connection with the spin-off, we entered into various agreements with Hilton and Park. Certain provisions of the spin-off agreements survive the performance of the principal transactions to which they related. The following is a summary of the terms of certain agreements we entered in connection with the spin-off from Hilton, which continue to govern our ongoing relationships with Hilton and Park after the spin-off.

License Agreement

In connection with the spin-off, we entered into a license agreement with Hilton granting us the exclusive right to use, for an initial term of 100 years, to use certain Hilton marks and intellectual property in our timeshare business. For the years ended December 31, 2018 and 2017, we incurred license fee expense of $98 million and $87 million, respectively.

Subject to the terms and conditions of the license agreement, Hilton has granted us the right to use the trademarks "Hilton Grand Vacations," "HGV" and "Hilton Club" (collectively, the "Hilton Marks") in connection with the current and future operation of a Hilton branded vacation ownership business (the "Licensed Business"). We have also received a license or right to use certain other Hilton-owned intellectual property, including promotional content and access to Hilton's reservation system and property management software (collectively with the Hilton Marks, the "Hilton IP"). We also have the right to use Hilton's loyalty program data and other customer information ("Hilton Data") to promote the Licensed Business and for other internal business purposes, but may not disclose or sell such information to third parties without Hilton's consent.

Subject to the following two sentences, Hilton will not compete or use the Hilton IP or Hilton Data in the vacation ownership business (or license others to do so) for the first 30 years of the term of the license agreement, and we may extend this exclusivity for additional 10-year terms if we achieve certain revenue targets in the last year of the initial 30-year term or any subsequent renewal term, or make a payment to cover any revenue shortfall, for a maximum of five such payments during any 10-year renewal term. If Hilton merges with or acquires a company that owns a vacation ownership business and a hotel business, Hilton shall use commercially reasonable efforts to allow us to acquire or manage the acquired vacation ownership business. If we do not do so, then after such acquisition by Hilton, notwithstanding the foregoing exclusivity, Hilton may use the Hilton IP, Hilton Data and Hilton's loyalty program (but not the Hilton Marks) to allow such acquired vacation ownership business to compete with the Licensed Business for the remainder of the term of the license agreement.

The initial term of the license agreement will expire on December 31, 2116. After the initial term ends, we may continue to use the Hilton IP and Hilton Data on a non-exclusive basis for a "tail period" of 30 years in connection with products and projects that were using the foregoing rights, or were approved by Hilton for development, when the term ended, provided that we continue to comply with the terms of the license agreement, including payment of royalty and other fees.

We pay a royalty fee of five percent of gross revenues to Hilton quarterly in arrears, as well as specified additional fees. Gross revenues include our gross sales for the initial sale or re-sale of interests in the Licensed Business (subject to certain HGV Club exceptions), property operations revenue, transient rental revenue and other certain revenues earned. We also owe Hilton an annual transition fee of $5 million for each of the first five years of the term and certain other fees and reimbursements. The license agreement contains customary requirements with respect to our record-keeping and Hilton's audit rights.

We are required to comply with the Hilton brand standards applicable to the Licensed Business. Hilton has inspection and approval rights to monitor our compliance with these standards. Hilton brand standards include: construction and design brand standards; graphic standards for use of the Hilton IP; sales, service and operating standards; and quality assurance and customer satisfaction requirements.

During the term of the license agreement, we will participate in Hilton's loyalty program, currently known as the Hilton Honors program. We can purchase Hilton Honors points at cost for the first 20 years of the term of the license agreement, and thereafter at the market rate (with a most favored nation provision, pursuant to which such market rate is no higher than the price paid by strategic partners that purchase a comparable volume of points annually on comparable business terms). All members of Hilton's loyalty program have the right to redeem loyalty program points at our properties in the Licensed Business, consistent with the tiers and rules of Hilton's current loyalty program. We can convert points associated with our own point-based reservations and exchange system into Hilton loyalty program points through an exchange program at a conversion rate to be determined by us. We may not participate in a loyalty program of a Hilton competitor in connection with the Licensed Business. Under our Honors program arrangement with Hilton prior to the spin-off, we purchase Hilton Honors points from Hilton based on an estimated cost per point for the costs of future club exchanges. For the years ended December 31, 2018 and 2017, we paid Hilton $56 million and $59 million, respectively, for Hilton Honors points.

We are required to operate the Licensed Business in strict compliance with all of Hilton's standards and guidelines and all applicable laws. We are responsible for obtaining and maintaining all necessary approvals, permits and licenses required and paying all taxes related to the Licensed Business. We may subcontract or delegate property-level, non-management functions, including housekeeping, security and maintenance, as long as we comply with Hilton's standards and guidelines. Hilton has the right to enter our vacation ownership properties at any time without notice and additional permission from us in order to verify that we are complying with the license agreement and Hilton's standards and guidelines.

We are required to comply with Hilton's customer data privacy and security standards and protocols. We are required to notify Hilton immediately after discovering any actual or attempted circumstances that could compromise the security of our information technology systems. We are required to remedy any such breach at our own expense.

We are able to operate vacation ownership properties under other brands (with no royalty due to Hilton) if we do so without using any Hilton IP or Hilton Data and they are otherwise separate operations from the Licensed Business.

We are required to obtain Hilton's consent to develop or operate any additional vacation ownership properties under the Hilton Marks (including on our own undeveloped parcels). Hilton may not unreasonably withhold its approval for these projects as long as they comply with existing law, do not involve a co-investor that is a competitor of Hilton or is of bad moral character, and are not reasonably likely to harm Hilton, the Licensed IP or the Hilton Data. Hilton has a right of first refusal if we want to sell an undeveloped parcel to a Hilton competitor.

We have entered into an agreement with Hilton that governs the transfer of calls from Hilton to us. Under this agreement, Hilton is required to use its reasonable best efforts to transfer calls to us at a level consistent with past practice prior to the spin-off for the first ten years. Hilton is required to provide the call transfer services at cost for

the first 30 years and at market rates thereafter. We have entered into other agreements that govern other services that Hilton is required to provide us.

Under the license agreement, our right to use the Hilton Marks as a trade, corporate, d/b/a or similar name will automatically terminate if (i) the aggregate number of units of accommodation in our Licensed Business falls below two-thirds of the total number of units of accommodation in our entire vacation ownership business; (ii) we merge with or acquire control of the assets of Marriott International, Inc., Marriott Vacations Worldwide Corporation, Hyatt Hotels Corporation, Wyndham Destinations and Interval Leisure Group, Inc. or their respective affiliates and we or they use their brands in any business after such acquisition; or (iii) we become an affiliate of another Hilton competitor.

Hilton has the right to terminate the license agreement as a whole if, among other things: (i) we file for bankruptcy or cease business operations; (ii) 25 percent or more of our Hilton-branded vacation ownership properties fail certain performance thresholds or the overall customer satisfaction score for all our Hilton-branded vacation ownership properties falls below a certain threshold level, and we do not promptly cure such failures; (iii) we operate the Licensed Business in a way that has a material adverse effect on Hilton; (iv) we fail to pay certain amounts due to Hilton (and in certain cases, do not promptly cure such failures); (v) we contest Hilton's ownership of the Hilton IP or the Hilton Data; (vi) we merge with, consolidate with or are acquired by a competitor of Hilton; or (vii) we assign the agreement to a non-affiliate without Hilton's consent.

Hilton also has the right to "deflag" (prevent use of any Hilton IP or Hilton Data at) any property in our Licensed Business in certain circumstances, including if (i) a $10 million or more final judgment is assessed against such property or a foreclosure suit is initiated against such property and not vacated; (ii) an ongoing threat or danger to public health or safety occurs at such property; (iii) such property fails to meet certain quality assurance system performance thresholds; or (iv) such property is not operated in compliance with the license agreement or Hilton's other standards and agreements, and such breaches are not cured in accordance with the license agreement.

If we breach our obligations under the license agreement, Hilton may, in addition to terminating the license agreement, be entitled to (depending on the nature of the breach): seek injunctive relief and/or monetary damages; suspend our access to and terminate our rights to use Licensed IP and/or Hilton Data (other than the Hilton Marks and certain other content); or terminate our rights to use the Licensed IP (including the Hilton Marks) and Hilton Data at specific locations that are not in compliance with performance standards.

If the license agreement terminates due to our fault before the end of the term, we are required to cease use of the Hilton IP and Hilton Data according to a specified schedule. Hilton has the right to demand liquidated damages based upon its uncollected royalties and fees for the remainder of the term.

Hilton has registered certain of the Hilton Marks for vacation ownership services in jurisdictions in which we currently operate vacation ownership resorts and residential projects under the Hilton Marks. However, Hilton does not have affirmative trademark rights in the Hilton Marks in relation to every aspect of our business in every country around the world, and we, therefore, may not be able to use one or more of the Hilton Marks to expand various aspects of our business into one or more new countries. If we want to use a Hilton Mark in a country where it is not registered, we will have to seek Hilton's consent, which may not be withheld if the new trademark would not reasonably be expected to harm or jeopardize the value, validity, reputation or goodwill of the Hilton Marks or subject Hilton to any risk of legal liability.

Unless we obtain Hilton's prior written consent, we may not be able to: (i) merge with or acquire a Hilton competitor or a vacation ownership business that has entered into an operating agreement with a Hilton competitor; (ii) merge with or acquire a vacation ownership business together with a lodging business; or (iii) be acquired or combined with any entity other than an affiliate. We may acquire control of a business that is not a vacation ownership business or a lodging business without Hilton's consent, but we are required to operate such business as a separate operation that does not use the Hilton IP or Hilton Data unless Hilton consents to such use. Without Hilton's prior consent, we may not assign our rights under the license agreement, except to one our affiliates as part of an internal reorganization for tax or administrative purposes.

We are required to indemnify, defend and hold harmless Hilton from and against any claim or liability resulting from (i) third-party claims based on (ii) our breach of the license agreement; (iii) the operation of our vacation ownership properties; (iv) any use of the Hilton IP or Hilton Data in violation of the license agreement; or (v) claims based on any security breach of our systems and/or unauthorized use or disclosure of Hilton Data.

This summary does not purport to be complete and is qualified in its entirety by reference to the full text of the License Agreement, which was filed as Exhibit 10.4 to HGV's Current Report on Form 8-K filed with the SEC on January 4, 2017.

Distribution Agreement

We entered into a Distribution Agreement with Hilton and Park regarding the principal actions taken or to be taken in connection with the spin-off. The Distribution Agreement provided for certain transfers of assets and assumptions of liabilities by each of Hilton, HGV and Park and the settlement or extinguishment of certain liabilities and other obligations among Hilton, HGV and Park. In addition, notwithstanding the allocation described above, HGV, Hilton and Park agreed that losses related to certain contingent liabilities (and related costs and expenses) that generally are not specifically attributable to any of the separated real estate business, the timeshare business or the retained business of Hilton ("Shared Contingent Liabilities") will be apportioned among the parties according to fixed percentages of 65 percent, 26 percent and nine percent for Hilton, Park and HGV, respectively. Examples of Shared Contingent Liabilities may include uninsured losses arising from actions (including derivative actions) against current or former directors or officers of Hilton or its subsidiaries in respect of acts or omissions occurring prior to the completion of the spin-off, or against current or former directors or officers of any of Hilton, HGV or Park, or any of their respective subsidiaries, arising out of, in connection with, or otherwise relating to, the spin-off, subject to certain exceptions described in the Distribution Agreement. In addition, costs and expenses of, and indemnification obligations to, third party professional advisors arising out of the foregoing actions also may be subject to these provisions. Subject to certain limitations and exceptions, Hilton will generally be vested with the exclusive management and control of all matters pertaining to any such Shared Contingent Liabilities, including the prosecution of any claim and the conduct of any defense. The Distribution Agreement also provides for cross-indemnities that, except as otherwise provided in the Distribution Agreement, are principally designed to place financial responsibility for the obligations and liabilities of each business with the appropriate company.

The foregoing summary does not purport to be complete and is qualified in its entirety by reference to the full text of the License Agreement, which was filed as Exhibit 10.4 to HGV's Current Report on Form 8-K filed with the SEC on January 4, 2017.

Tax Matters Agreement

We have entered into a Tax Matters Agreement with Hilton and Park that govern the respective rights, responsibilities and obligations of Hilton, Park and us after the spin-off with respect to tax liabilities and benefits, tax attributes, tax contests and other tax sharing regarding U.S. federal, state, local and foreign income taxes, other tax matters and related tax returns. Although binding between the parties, the Tax Matters Agreement is not binding on the Internal Revenue Service ("IRS"). We and Park each will continue to have several liabilities with Hilton to the IRS for the consolidated U.S. federal income taxes of the Hilton consolidated group relating to the taxable periods in which we and Park were part of that group. The Tax Matters Agreement specifies the portion, if any, of this tax liability for which we and Park will bear responsibility, and each party has agreed to indemnify the other two parties against any amounts for which they are not responsible. The Tax Matters Agreement also provides special rules for allocating tax liabilities in the event that the spin-off is not tax-free. In general, under the Tax Matters Agreement, each party is responsible for any taxes imposed on Hilton that arise from the failure of the spin-off and certain related transactions to qualify as a tax-free transaction for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code, as applicable, and certain other relevant provisions of the Code, to the extent that the failure to qualify is attributable to actions taken by such party (or with respect to such party's stock). The parties share responsibility, in accordance with sharing percentages of 65 percent for Hilton, 26 percent for Park, and nine percent for us, for any such taxes imposed on Hilton that are not attributable to actions taken by a party.

The foregoing summary does not purport to be complete and is qualified in its entirety by reference to the full text of the Tax Matters Agreement, which was filed as Exhibit 10.2 to HGV's Current Report on Form 8-K filed with the SEC on January 4, 2017.

Transition Services Agreement

We entered into a Transition Services Agreement with Hilton and Park under which Hilton or one of its affiliates provided us and Park with certain services for a limited time to help ensure an orderly transition following the spin-off (the "Transition Services Agreement" or "TSA").

The services that Hilton agreed to provide to us and Park under the Transition Services Agreement included certain finance, information technology, human resources and compensation, facilities, legal and compliance and other services. We and Park agreed to pay Hilton for any such services utilized at agreed amounts as set forth in the Transition Services Agreement. The Transition Services Agreement expired as of December 31, 2018.

This summary does not purport to be complete and is qualified in its entirety by reference to the full text of the Transition Services Agreement, which was filed as Exhibit 10.3 to HGV's Current Report on Form 8-K filed with the SEC on January 4, 2017.

Agreements with HNA

Prior to the spin-off, The Blackstone Group L.P ("Blackstone") held 39,758,689 or 40 percent of the shares of our outstanding common stock and subsequently agreed to sell 24,750,000 or 25 percent of the shares of our outstanding common stock to HNA Tourism Group Co., Ltd. ("HNA"). In March 2017, the sale was completed, and we entered into a stockholders agreement with HNA. The HNA stockholders agreement provided HNA with certain rights, including the right to designate two directors to our Board, and a registration rights agreement which provided that Blackstone with customary "demand" and "piggyback" registration rights.

On March 13, 2018, we and certain affiliates of HNA entered into a Master Amendment and Option Agreement (the "Master Amendment and Option Agreement") to make certain amendments to the Stockholders Agreement and the Registration Rights Agreement, including, among other things, (i) to permit the sale of up to all 24,750,000 shares of our common stock owned by HNA prior to the expiration of the two-year restricted period originally contained in the Stockholders Agreement, (ii) grant us a right to repurchase up to 4,340,000 shares of our common stock held by HNA, (iii) provide that HNA has customary "demand" registration rights effective March 13, 2018, (iv) require HNA to pay all expenses incurred under the Registration Rights Agreement for registrations or offerings occurring prior to a certain date and (v) eliminate HNA's right to designate a certain number of directors to our board of directors. In March 2018, HGV and HNA entered into an underwriting agreement with several underwriters, pursuant to which the underwriters agreed to purchase from HNA 22,250,000 shares of common stock, $0.01 par value per share, of the Company at a price of approximately $44.75 per share. The sale was completed on March 19, 2018. In connection with the underwritten offering, we exercised the repurchase option with respect to 2,500,000 shares at a price of approximately $44.75 per share. As a result, HNA no longer owns shares of our common stock, and both the Stockholders Agreement and the Registration Rights Agreement were terminated.

This summary does not purport to be complete and is qualified in its entirety by reference to the full text of the Master Amendment and Option Agreement, which was filed as Exhibit 10.1 to HGV's Current Report on
Form 8-K filed with the SEC on March 13, 2018.

Where You Can Find More Information

Our website address is www.hgv.com. Information on our website is not incorporated by reference herein. We file reports with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and certain amendments to these reports. Copies of these reports are available free of charge on our website as soon as reasonably practicable after we file the reports with the SEC. The SEC also maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

ITEM 1A. Ri sk Factors

We are subject to various risks that could materially and adversely affect our business, financial condition, results of operations, liquidity and stock price. You should carefully consider the risk factors discussed below, in addition to the other information in this Annual Report on Form 10-K. Further, other risks and uncertainties not presently known to management or that management currently deems less significant also may result in material and adverse effects on our business, financial condition, results of operations, liquidity and stock price. The risks below also include forward-looking statements; and actual results and events may differ substantially from those discussed or highlighted in these forward-looking statements. See "Cautionary Note Regarding Forward-Looking Statements."

Risks Related to Our Business and Industry

We are subject to business, financial and operating risks inherent to the timeshare and hospitality industry, any of which could reduce our revenues and limit opportunities for growth.

Our business is subject to a number of business, financial and operating risks inherent to the timeshare industry, including:

- changes in the supply and demand for our products and services;
- our ability to securitize the receivables that we originate in connection with VOI sales;
- delays in or cancellations of planned or future development or refurbishment projects;
- the financial condition of third-party developers with whom we do business;
- relationships with third-party developers, our Club members and HOAs;
- changes in desirability of geographic regions of our resorts and affiliated resorts, geographic concentration of our operations and shortages of desirable locations for development;
- changes in operating costs, including energy, food, employee compensation and benefits and insurance;
- increases in costs due to inflation or otherwise, including increases in our operating costs, that may not be fully offset by price and fee increases in our business;
- changes in taxes and/or governmental regulations that influence or set wages, prices, interest rates or construction and maintenance procedures and costs;
- significant increases in cost of health care coverage for employees, and potential government regulation with respect to health care coverage;
- shortages of labor or labor disruptions;
- the availability and cost of capital necessary for us, and third-party developers with whom we do business, to fund investments, capital expenditures and service debt obligations;
- significant competition from other timeshare businesses and hospitality providers in the markets in which we operate;
- market and/or consumer perception of timeshare companies and the industry in general;
- the economic environment for and trends in the tourism and hospitality industry, which may impact the vacationing and purchasing decisions of consumers;
- the influence of social media on consumers' lodging decisions;
- increases in the use of third-party and competitor internet services to book hotel reservations, secure short-term lodging accommodations and market vacation rental properties;
- legal, business or regulatory issues unique to the geographic locations of our resorts and affiliated resorts, which could increase the cost of or result in delays in entering into or expanding in those locations;
- limited underwriting standards due to the real-time nature of industry sales practices;

- private resales of VOIs and the sale of VOIs in the secondary market; and
- the impact on the industry of unlawful or deceptive third-party VOI resale or vacation package sales schemes.

Any of these factors could increase our costs or limit or reduce the prices we are able to charge for our products and services or otherwise affect our ability to maintain existing properties, develop new properties or source VOI supply from third parties. As a result, any of these factors can reduce our revenues and limit opportunities for growth

Macroeconomic and other factors beyond our control can adversely affect and reduce demand for our products and services.

Macroeconomic and other factors beyond our control can reduce demand for our products and services, including demand for timeshare properties. These factors include, but are not limited to:

- changes in general economic conditions, including low consumer confidence, unemployment levels and depressed real estate prices resulting from the severity and duration of any downturn in the U.S. or global economy;
- war, political conditions or civil unrest, violence or terrorist activities or threats and heightened travel security measures instituted in response to these events;
- the financial and general business condition of the travel industry;
- statements, actions or interventions by governmental officials related to travel and the resulting negative public perception of such travel;
- conditions that negatively shape public perception of travel, including travel-related accidents and outbreaks of pandemic or contagious diseases, such as Ebola, avian flu, severe acute respiratory syndrome (SARS), H1N1 (swine flu) and the Zika virus;
- cyber-attacks;
- climate change or availability of natural resources;
- natural or manmade disasters, such as earthquakes, windstorms, tornadoes, hurricanes, typhoons, tsunamis, volcanic eruptions, floods, drought, fires, oil spills and nuclear incidents; and
- organized labor activities, which could cause a diversion of business from resorts involved in labor negotiations and loss of business generally for the resorts we manage as a result of certain labor tactics.

Any one or more of these factors can adversely affect, and from time to time have adversely affected, individual resorts, particular regions and our business, financial condition and results of operations.

Contraction in the global economy or low levels of economic growth could adversely affect our revenues and profitability as well as limit or slow our future growth.

Consumer demand for products and services provided by the timeshare industry is closely linked to the performance of the general economy and is sensitive to business and personal discretionary spending levels. Decreased global or regional demand for products and services provided by the timeshare industry can be especially pronounced during periods of economic contraction or low levels of economic growth, and the recovery period in our industry may lag overall economic improvement. Declines in demand for our products and services due to general economic conditions could negatively affect our business by decreasing the revenues we are able to generate from our VOI sales, financing activities and Club and resort operations. In addition, many of the expenses associated with our business, including personnel costs, interest, rent, property taxes, insurance and utilities, are relatively fixed. During a period of overall economic weakness, if we are unable to meaningfully decrease these costs as demand for our products and services decreases, our business operations and financial performance may be adversely affected.

We do not own the Hilton brands and our business will be materially harmed if we breach our license agreement with Hilton or it is terminated.

Following the spin-off, Hilton retained ownership of the Hilton-branded trademarks, tradenames and certain related intellectual property used in the operation of our business. We entered into a license agreement with Hilton granting us the right to use the Hilton-branded trademarks, trade names and related intellectual property in our business for the term of the agreement. If we breach our obligations under the license agreement, Hilton may be entitled to terminate the license agreement or terminate our rights to use the Hilton brands and other Hilton intellectual property at properties that do not meet applicable standards and policies, or to exercise other remedies.

The termination of the license agreement or exercise of other remedies would materially harm our business and results of operations and impair our ability to market and sell our products and maintain our competitive position. For example, if we are not able to rely on the strength of the Hilton brands to attract prospective members and guests in the marketplace, our revenue and profits would decline and our marketing and sales expenses would increase. If we are not able to use Hilton's marketing databases and corporate-level advertising channels to reach potential members and guests, including Hilton's internet address as a channel through which to market available inventory, our member growth would be adversely affected and our revenue would materially decline, and it is uncertain whether we would be able to replace the revenue associated with those channels.

Even if the license agreement remains in effect, the termination of our rights to use the Hilton-branded trademarks, trade names and related intellectual property at properties that fail to meet applicable standards and policies, or any deterioration of quality or reputation of the Hilton brands (even deterioration not leading to termination of our rights under the license agreement or not caused by us), could also harm our reputation and impair our ability to market and sell our products at the subject properties, which could materially harm our business.

In addition, if license agreement terms relating to the Hilton Honors loyalty program terminate, we would not be able to offer Hilton Honors points to our members and guests. This would adversely affect our ability to sell our products, offer the flexibility associated with our Club membership and sustain our collection performance on our timeshare financing receivables portfolio. See "Item 1. *Business—Key Agreements Related to the Spin-Off—License Agreement.* "

We will rely on Hilton to consent to our use of its trademarks at new properties we manage in the future.

Under the terms of our license agreement with Hilton, we are required to obtain Hilton's consent to use its trademarks in circumstances specified in the license agreement. Hilton may reject a proposed project in certain circumstances. Any requirements to obtain Hilton's consent to our expansion plans, or the need to identify and secure alternative expansion opportunities because Hilton does not allow us to use its trademarks with proposed new projects, may delay implementation of our expansion plans, cause us to incur additional expense or reduce the financial viability of our projects. Further, if Hilton does not permit us to use its trademarks in connection with our expansion plans, our ability to expand our Hilton-branded timeshare business would cease and our ability to remain competitive may be materially adversely affected.

Our business depends on the quality and reputation of the Hilton brands and affiliation with the Hilton Honors loyalty program.

Currently, all of our products and services are offered under the Hilton brand names and affiliated with the Hilton Honors loyalty program, and we intend to continue to develop and offer products and services under the Hilton brands and affiliated with the Hilton Honors loyalty program in the future. In addition, the license agreement contains significant prohibitions on our ability to own or operate properties that are not Hilton brand names. The concentration of our products and services under these brands and program may expose us to risks of brand or program deterioration, or reputational decline, that are greater than if our portfolio were more diverse. Furthermore, as we are not the owner of the Hilton brands or the Hilton Honors loyalty program, changes to these brands and program or our access to them, including our ability to buy points to offer to our members and potential members, could negatively affect our business. Any failure by Hilton to protect the trademarks, tradenames and intellectual property that we license from it could reduce the value of the Hilton brands and also harm our business. If these brands or program deteriorate or materially change in an adverse manner, or the reputation of these brands

or program declines, our market share, reputation, business, financial condition or results of operations could be materially adversely affected.

Our dependence on development activities exposes us to project cost and completion risks.

We secure VOI inventory in part by developing new timeshare properties and new phases of existing timeshare properties. Our ongoing involvement in the development of inventory presents a number of risks, including:

- future weakness in the capital markets limiting our ability to raise capital for completion of projects or for development of future properties;
- construction costs, to the extent they escalate faster than the pace at which we can increase the price of VOIs, adversely affecting our margins;
- construction delays, zoning and other local, state or federal governmental approvals, particularly in new geographic areas with which we are unfamiliar, cost overruns, lender financial defaults, or natural or man-made disasters, such as earthquakes, tsunamis, hurricanes, floods, fires, volcanic eruptions and oil spills, increasing overall project costs, affecting timing of project completion or resulting in project cancellations;
- any liability or alleged liability or resultant delays associated with latent defects in design or construction of projects we have developed or that we construct in the future adversely affecting our business, financial condition and reputation;
- failure by third-party contractors to perform for any reason, exposing us to operational, reputational and financial harm; and
- the existence of any title defects in properties we acquire.

We also source inventory from third-party developers that are exposed to such risks, and the occurrence of any of these risks with respect to those third parties could have a material adverse effect on our access to the inventory sourced from these developers.

A decline in developed or acquired VOI inventory or our failure to enter into and maintain fee-for-service agreements may have an adverse effect on our business or results of operations.

In addition to VOI supply that we develop or acquire, we source VOIs through fee-for-service agreements with third-party developers. If we fail to develop timeshare properties, acquire inventory or are unsuccessful in entering into new agreements with third-party developers, we may experience a decline in VOI supply, which could result in a decrease in our revenues. Approximately 77 percent of our contract sales were from capital-efficient sources for the year ended December 31, 2018. As part of our strategy to optimize our sales mix of capital-efficient inventory, we will continue to acquire inventory and enter into additional fee-for-service agreements to source inventory. These arrangements may expose us to additional risk as we will not control development activities or timing of development completion. If third parties with whom we enter into agreements are not able to fulfill their obligations to us, the inventory we expect to acquire or market and sell on their behalf may not be available on time or at all, or may not otherwise be within agreed-upon specifications, including the specifications that we must meet in order to use Hilton's trademarks at such properties. If our counterparties do not perform as expected and we do not have access to the expected inventory or obtain access to inventory from alternative sources on a timely basis, our ability to achieve sales goals may be adversely affected.

In addition, a decline in VOI supply could result in a decrease of financing revenues that are generated by VOI purchases and fee and rental revenues that are generated by our resort and Club management services.

We operate in a highly competitive industry.

The timeshare industry is highly competitive. The Hilton brands we use compete with the timeshare brands affiliated with major hotel chains in national and international venues, and we compete generally with other vacation options such as cruises and the vacation rental options generally offered by the lodging and travel industry (e.g., hotels, resorts and condominium rentals).

We also compete with other timeshare developers for sales of VOIs based principally on location, quality of accommodations, price, service levels and amenities, financing terms, quality of service, terms of property use, reservation systems, flexibility for VOI owners to exchange into time at other timeshare properties, or other travel rewards, including access to hotel loyalty programs, as well as brand name recognition and reputation. A number of our competitors are significantly larger than we are, and have potentially greater access to capital resources and broader marketing, sales and distribution capabilities. We also compete with numerous other smaller owners and operators of timeshare resorts, as well as home and apartment sharing services that market available privately owned residential properties that can be rented on a nightly, weekly or monthly basis. In addition, we are in competition with national and independent timeshare resale companies and members reselling existing VOIs, which could reduce demand or prices for sales of new VOIs. We also compete with other timeshare management companies in the management of resorts on behalf of owners on the basis of quality, cost, types of services offered and relationship.

We also compete for property acquisitions and partnerships with entities that have similar investment objectives as we do. This competition could limit the number of, or negatively affect the cost of, suitable investment opportunities available to us.

Recent and potential future consolidation in the highly fragmented timeshare industry may increase competition. Consolidation may create competitors that enjoy significant advantages resulting from, among other things, a lower cost of, and greater access to, capital and enhanced operating efficiencies. There is also significant competition for talent at all levels within the industry, in particular for sales and management.

Our ability to remain competitive and to attract and retain members depends on our success in distinguishing the quality and value of our products and services from those offered by others. If we cannot compete successfully in these areas or if our marketing and sales efforts are not successful and we are unable to convert customers to a sufficient number of sales, this could negatively affect our operating margins and our ability to recover the expense of our marketing programs and grow our business, diminish our market share and reduce our earnings.

The sale of VOIs in the secondary market by existing members could cause our sales revenues and profits to decline.

Existing members have offered, and are expected to continue to offer, their VOIs for sale on the secondary market. The sale of VOIs has been made easier by recent development of virtual marketplaces assisting members with the sale of their VOIs. The prices at which these intervals are sold are typically less than the prices at which we would sell the intervals. As a result, these sales create additional pricing pressure on our sale of VOIs, which could cause our sales revenues and profits to decline. In addition, if the secondary market for VOIs becomes more organized or financing for such resales becomes more available, our ability to sell VOIs could be adversely affected and/or the resulting availability of VOIs (particularly where the VOIs are available for sale at lower prices than the prices at which we would sell them) could adversely affect our sales revenues. Further, unlawful or deceptive third-party VOI resale or vacation package sales schemes could damage the reputation of the industry, our reputation and brand value, or affect our ability to collect management fees, which may adversely affect our sales revenues and results of operations.

Development of a strong secondary market may also cause a decline in the volume of VOI inventory that we are able to repurchase, which could adversely affect our development margin, as we utilize this low-cost inventory source to supplement our inventory needs and help manage our cost of vacation ownership products.

Partnership or joint venture investments could be adversely affected by our lack of sole decision-making authority, our reliance on partners' or co-venturers' financial condition, disputes between us and our partners or co-venturers and our obligation to guaranty certain obligations beyond the amount of our investments.

We have co-invested with third parties and we may in the future co-invest with other third parties through partnerships, joint ventures or other entities, acquiring non-controlling interests in, or sharing responsibility for managing the affairs, of a timeshare property, partnership, joint venture or other entity. Consequently, with respect to any such third-party arrangements, we would not be in a position to exercise sole decision-making authority regarding the property, partnership, joint venture or other entity, and may, under certain circumstances, be exposed to risks not present if a third party were not involved, including the possibility that partners or co-venturers might

become bankrupt or fail to fund their share of required capital contributions. In addition, we may be forced to make contributions to maintain the value of the property. Such investments may also have the potential risk of impasses on decisions, such as a sale, because neither we nor the partner or co-venturer may have full control over the partnership or joint venture. We and our respective partners or co-venturers may each have the right to trigger a buy-sell right or forced sale arrangement, which could cause us to sell our interest, or acquire our partners' or co-venturers' interest, or to sell the underlying asset, either on unfavorable terms or at a time when we otherwise would not have initiated such a transaction. In addition, a sale or transfer by us to a third party of our interests in the partnership or joint venture may be subject to consent rights or rights of first refusal in favor of our partners or co-venturers, which would in each case restrict our ability to dispose of our interest in the partnership or joint venture. Any or all of these factors could adversely affect the value of our investment, our ability to exit, sell or dispose of our investment at times that are beneficial to us, or our financial commitment to maintaining our interest in the joint ventures.

Our joint ventures may be subject to debt and the refinancing of such debt, and we may be required to provide certain guarantees or be responsible for the full amount of the debt in certain circumstances in the event of a default beyond the amount of our equity investment. Our joint venture partners may take actions that are inconsistent with the interests of the partnership or joint venture, or in violation of the financing arrangements and trigger our guaranty, which may expose us to substantial financial obligation and commitment that are beyond our ability to fund. In addition, partners or co-venturers may have economic or other business interests or goals that are inconsistent with our business interests or goals and may be in a position to take action or withhold consent contrary to our policies or objectives. In some instances, partners or co-venturers may have competing interests in our markets that could create conflict of interest issues. Disputes between us and partners or co-venturers may result in litigation or arbitration that would increase our expenses and prevent our officers from focusing their time and effort on our business. Consequently, actions by or disputes with partners or co-venturers might result in subjecting assets owned by the partnership or joint venture to additional risk. In addition, we may, in certain circumstances, be liable for the actions of our third-party partners or co-venturers.

Our business is regulated under a wide variety of laws, regulations and policies, and failure to comply with these regulations could adversely affect our business.

Our business is subject to extensive regulation, and any failure to comply with applicable laws and regulations could have a material adverse effect on our business. Our real estate development activities, for example, are subject to laws and regulations typically applicable to real estate development, subdivision and construction activities, such as laws relating to zoning, entitlement, permitting, land use restrictions, environmental regulation, title transfers, title insurance, taxation and eminent domain. Laws in some jurisdictions also impose liability on property developers for construction defects discovered or repairs made by future owners of property developed by the developer. In addition, the sales of VOIs must be registered with governmental authorities in most jurisdictions in which we do business. The preparation of VOI registrations requires time and cost, and in many jurisdictions the exact date of registration approval cannot be accurately predicted. Various laws also govern our lending activities and our resort management activities, including the laws described in " *Business—Government Regulation* ."

A number of laws govern our marketing and sales activities, such as timeshare and land sales acts, fair housing statutes, anti-fraud laws, sweepstakes laws, real estate licensing laws, telemarketing laws, home solicitation sales laws, tour operator laws, seller of travel laws, securities laws, consumer privacy laws and consumer protection laws. In addition, laws in many jurisdictions in which we sell VOIs grant the purchaser of a VOI the right to cancel a purchase contract during a specified rescission period.

In recent years, telemarketing legislation has significantly increased the costs associated with telemarketing. We have implemented procedures that we believe will help reduce the possibility of violating such laws, however, such procedures may not be effective in ensuring regulatory compliance. In addition, because our relationship with Hilton has changed, it may be more difficult for us to utilize customer information we obtain from Hilton in the future for marketing purposes.

Under the Americans with Disabilities Act of 1990 and the Accessibility Guidelines promulgated thereunder, which we refer to collectively as the ADA, all public accommodations must meet various federal requirements

related to access and use by disabled persons. Compliance with ADA's requirements could require removal of access barriers, and non-compliance could result in the U.S. government imposing fines or in private litigants winning damages. Our properties also are subject to various federal, state and local regulatory requirements, such as state and local fire and life safety requirements. Furthermore, various laws govern our resort management activities, including laws and regulations regarding community association management, public lodging, food and beverage services, liquor licensing, labor, employment, health care, health and safety, accessibility, discrimination, immigration, gaming and the environment (including climate change).

Our lending activities are also subject to a number of laws and regulations, including laws and regulations related to consumer loans, retail installment contracts, mortgage lending, fair debt collection and credit reporting practices, consumer collection practices, contacting debtors by telephone, mortgage disclosure, lender licenses and money laundering.

We may not be successful in maintaining compliance with all laws, regulations and policies to which we are currently subject, and such compliance is expensive and time consuming. We do not know whether existing requirements will change or whether compliance with future requirements, including regulatory requirements in new geographic areas into which we expand would require significant unanticipated expenditures that would affect our cash flow and results of operations. Failure to comply with current or future applicable laws, regulations and policies could have a material adverse effect on our business. For example, if we do not comply with applicable laws, regulations and policies, governmental authorities in the jurisdictions where the violations occurred may revoke or refuse to renew licenses or registrations necessary to operate our business. Failure to comply with applicable laws, regulations and policies could also render sales contracts for our products void or voidable, subject us to fines or other sanctions, and increase our exposure to litigation.

We may experience financial and operational risks in connection with acquisitions and other opportunistic business ventures.

We will consider strategic acquisitions to expand our inventory options and distribution capabilities; however, we may be unable to identify attractive acquisition candidates or complete transactions on favorable terms. Future acquisitions could result in potentially dilutive issuances of equity securities and/or the assumption of contingent liabilities. These acquisitions may also be structured in such a way that we will be assuming unknown or undisclosed liabilities or obligations. Moreover, we may be unable to efficiently integrate acquisitions, management attention and other resources may be diverted away from other potentially more profitable areas of our business and in some cases these acquisitions may turn out to be less compatible with our growth and operational strategy than originally anticipated. The occurrence of any of these events could adversely affect our business, financial condition and results of operations.

As part of our business strategy, we also intend to continue collaborating with Hilton on timeshare development opportunities at new and existing hotel properties and explore growth opportunities along the Hilton brand spectrum, as well as expand our marketing partnerships and travel exchange partners. However, we may be unable to successfully enter into these arrangements on favorable terms or launch related products and services, or such products and services may not gain acceptance among our members or be profitable. The failure to develop and execute any such initiatives on a cost-effective basis could have an adverse effect on our business, financial condition and results of operations.

The expiration, termination or renegotiation of our management agreements could adversely affect our cash flows, revenues and profits.

We enter into management agreements with the HOAs for the timeshare resorts developed by us or by third parties with whom we have entered into fee-for-service agreements. Our management agreements generally provide for a cost-plus management fee equal to 10 percent to 15 percent of the costs to operate the applicable resort. We also receive revenues that represent reimbursement for the costs incurred to perform our services, principally related to personnel providing on-site services. The original term of our management agreements is typically governed by state timeshare laws, and ranges from three to five years, and many of these agreements renew automatically for one- to three-year periods, unless either party provides advance notice of termination before the expiration of the term. Although none of the management agreements relating to our developed or fee-for-service properties have been terminated or lapsed since our inception, any of these agreements may expire at the end of its then-current term

(following notice by a party of non-renewal) or be terminated, or the contract terms may be renegotiated in a manner adverse to us. If a management agreement is terminated or not renewed on favorable terms, our cash flows, revenues and profits could be adversely affected.

Disagreements with VOI owners, HOAs and other third parties may result in litigation and/or loss of management contracts.

The nature of our responsibilities in managing timeshare properties may from time to time give rise to disagreements with VOI owners and HOAs. To develop and maintain positive relations with current and potential VOI owners and HOAs, we seek to resolve any disagreements, but may not always be able to do so. Failure to resolve such disagreements may result in litigation. Further, disagreements with HOAs could also result in the loss of management contracts, a significant loss of which could negatively affect our profits or limit our ability to operate our business, and our ongoing ability to generate sales from our existing member base may be adversely affected.

In the normal course of our business, we are involved in various legal proceedings and in the future we could become the subject of claims by current or former members, persons to whom we market our products, third-party developers, guests who use our properties, our employees or contractors, our investors or regulators. The outcome of these proceedings cannot be predicted. If any such litigation results in a significant adverse judgment, settlement or court order, we could suffer significant losses, our profits could be reduced, our reputation could be harmed and our future ability to operate our business could be constrained.

We manage a concentration of properties in particular geographic areas, which exposes our business to the effects of regional events and occurrences.

A significant number, approximately 80 percent, of the resorts we manage are concentrated in significant tourist markets including Florida, Hawaii, Nevada, New York, Washington D.C. and South Carolina and are, therefore, particularly susceptible to adverse economic developments in those areas. These economic developments include regional economic downturns, significant increases in the number of our competitors' products in these markets, and potentially higher labor, real estate, tax or other costs in the geographic markets in which we are concentrated. In addition, the properties we manage are subject to the effects of adverse acts of natural or manmade disasters, including earthquakes, windstorms, tornadoes, hurricanes, typhoons, tsunamis, volcanic eruptions, floods, drought, fires, oil spills and nuclear incidents. Depending on the severity of these disasters, the damage could require closure of all or substantially all of these properties in one or more markets for a period of time while the necessary repairs and renovations, as applicable, are undertaken. In addition, we cannot guarantee that the amount of insurance maintained for these properties from time to time would entirely cover damages caused by any such event.

Fear of exposure to pandemic or contagious diseases, such as Ebola, avian flu, SARs, swine flu and the Zika virus, or natural or manmade disasters, may also deter travelers from scheduling vacations or cause them to cancel vacation plans to the markets in which the properties we manage are concentrated. Actual or threatened war, political conditions or civil unrest, violence or terrorist activities or threats and heightened travel security measures instituted in response to these events, could also interrupt or deter vacation plans to our key markets.

As a result of this geographic concentration of properties, we face a greater risk of a negative effect on our revenues in the event these areas are more severely and more frequently affected by adverse economic and competitive conditions, extreme weather, manmade disasters or pandemic or contagious diseases.

Our current operations and future expansion outside of the United States make us susceptible to the risks of doing business internationally, which could lower our revenues, increase our costs, reduce our profits or disrupt our business.

We currently offer timeshare properties located in the United States, the United Kingdom and Italy. We also market both our international properties and our U.S. properties in Europe and the Asia Pacific region, primarily in Japan and South Korea. In addition, as part of our business strategy, we intend to continue the expansion of our operations in Japan, as well as explore further expansion opportunities in other countries located in the Asia Pacific region, Mexico and the Caribbean. Such activities may not be limited only to marketing efforts for existing international and U.S. properties in other countries, but also include acquiring, developing, managing, marketing, offering and/or financing timeshare properties in such countries. Current and future international operations expose

us to a number of additional challenges and risks that may not be inherent in operating solely in the U.S., including, for example, the following:

- rapid changes in governmental, economic or political policy;
- political or civil unrest, acts of terrorism or the threat of international boycotts or U.S. anti-boycott legislation;
- negative impact on governmental relationships between those countries in which we currently operate or have future expansion plans, on one hand, and the U.S., on the other hand, which may result in undesirable trade, travel or similar regulations, thereby negatively affecting the tourism industry generally, and the timeshare and leisure industry specifically;
- increases in anti-American sentiment and the identification of the Hilton brands as American brands;
- recessionary trends or economic instability in international markets;
- changes in foreign currency exchange rates or currency restructurings and hyperinflation or deflation in the countries in which we operate;
- the effect of disruptions caused by severe weather, natural disasters, outbreaks of disease or other events that make travel to a particular region less attractive or more difficult;
- the presence and acceptance of varying levels of business corruption in international markets and the effect of various anti-corruption and other laws;
- the imposition of restrictions on currency conversion or the transfer of funds;
- the ability to comply with or effect of complying with complex and changing laws, regulations and policies of foreign governments that may affect investments or operations, including foreign ownership restrictions, import and export controls, tariffs, embargoes, increases in taxes paid and other changes in applicable tax laws;
- uncertain, unfamiliar and/or unpredictable regulatory environment that may adversely affect the acquisition, development, management, marketing, sales, financings, and related activities that affect the lodging, real estate, and travel industries, and, more specifically, to the timeshare industry, such as zoning laws, real estate development regulations, and consumer privacy;
- uncertainties as to local laws regarding, and enforcement of, contract and intellectual property rights;
- forced nationalization of resort properties by local, state or national governments;
- different social or cultural norms and practices that are not customary in the U.S.; and
- the difficulties involved in managing an organization doing business in different countries.

These and other factors may materially adversely affect our business generally, future expansion plans, revenues from international operations, and costs and profits, as well as our financial condition, Moreover, our experience operating internationally is limited to certain markets. Expansion of our international operations into other countries and territories may result in greater inefficiencies in navigating the risks of operating internationally and could result in greater effects on our business than would be experienced by a company with greater international experience.

Further, because we market our U.S. properties and our international properties in Europe, instability of the Eurozone, has resulted in concerns regarding the suitability of a shared currency for the region, which could lead to the reintroduction of individual currencies for member states. If this were to occur, certain of our Euro-denominated assets and liabilities would be re-denominated to such individual currencies, which could result in a mismatch in the values of assets and liabilities and expose us and certain of our investments to additional currency risks. Even if the Euro is maintained, continued concerns regarding the stability of the Eurozone, including potential consequences following Brexit, and the potential effects of government intervention intended to address it could materially adversely affect our business.

Similarly, we market our U.S. and international properties in Japan and we intend to continue the expansion of our operations in Japan. The Japanese economy has recently experienced periods of fiscal and economic volatility, and we may be unable to properly predict the effect of such volatility, including the actions that may be taken by the Japanese government, in a way that fully mitigates the impact of such volatility on our marketing activities and businesses in Japan.

We rely on highly skilled personnel and, if we are unable to retain or motivate key personnel, hire qualified personnel, or maintain our corporate culture, we may not be able to grow effectively.

Our performance largely depends on the talents and efforts of highly skilled individuals. Our future success depends on our continuing ability to identify, hire, develop, motivate, and retain highly skilled personnel for all areas of our organization. Competition in our industry for qualified employees is intense, and certain of our competitors have directly targeted our employees. In addition, our compensation arrangements may not always be successful in attracting new employees and retaining and motivating our existing employees. Our continued ability to compete effectively depends on our ability to attract new employees and to retain and motivate our existing employees.

In addition, we believe that our corporate culture fosters innovation, creativity, and teamwork. As our organization grows, and we are required to implement more complex organizational management structures, we may find it increasingly difficult to maintain the beneficial aspects of our corporate culture. This could negatively affect our future success.

Our insurance policies may not cover all potential losses.

We maintain insurance coverage for liability, property, business interruption, cyber liability and other risks with respect to business operations. While we have comprehensive property and liability insurance policies with coverage features and insured limits that we believe are customary, market forces beyond our control may limit the scope of the insurance coverage we can obtain or our ability to obtain coverage at reasonable rates. The cost of our insurance may increase, and our coverage levels may decrease, which may affect our ability to maintain customary insurance coverage and deductibles at acceptable costs. There is a limit as well as various sub-limits on the amount of insurance proceeds we will receive in excess of applicable deductibles. If an insurable event occurs that affects more than one of our properties, the claims from each affected property may be considered together to determine whether the per occurrence limit, annual aggregate limit or sub-limits, depending on the type of claim, have been reached. If the limits or sub-limits are exceeded, each affected property may only receive a proportional share of the amount of insurance proceeds provided for under the policy. Further, certain types of losses, generally of a catastrophic nature, such as earthquakes, hurricanes and floods, war, terrorist acts, such as biological or chemical terrorism, political risks, some environmental hazards and/or natural or manmade disasters, may be outside the general coverage limits of our policy, subject to large deductibles, deemed uninsurable or too cost-prohibitive to justify insuring against. In addition, in the event of a substantial loss, the insurance coverage we carry may not be sufficient to pay the full market value or replacement cost of the affected resort or in some cases may not provide a recovery for any part of a loss. As a result, we could lose some or all the capital we have invested in a property, as well as the anticipated future marketing, sales or revenue opportunities from the property. Further, we could remain obligated under guarantees or other financial obligations related to the property despite the loss of product inventory, and our members could be required to contribute toward deductibles to help cover losses.

Failure of HOA boards to levy sufficient fees, or the failure of members to pay those fees, could lead to inadequate funds to maintain or improve the properties we manage.

Owners of our VOIs and those we sell on behalf of third-party developers must pay maintenance fees levied by HOA boards, which include reserve amounts for capital replacements and refurbishments. These maintenance fees are used to maintain and refurbish the timeshare properties and to keep the properties in compliance with applicable Hilton standards and policies. If HOA boards do not levy sufficient maintenance fees, including capital reserves required by applicable law, or fail to manage their reserves appropriately, or if members do not pay their maintenance fees, the timeshare properties could fall into disrepair and fail to comply with applicable standards and policies, and/or state regulators could impose requirements, obligations and penalties. A decline in the quality or standards of the resorts we manage would negatively affect our ability to attract new members and maintain member satisfaction. In addition, if a resort fails to comply with applicable standards and policies because maintenance fees

are not paid or otherwise, Hilton could terminate our rights under the license agreement to use its trademarks at the non-compliant resort, which could result in the loss of management fees, and could decrease member satisfaction and impair our ability to market and sell our products at the non-compliant locations.

If maintenance fees at our resorts are required to be increased, our product could become less attractive and our business could be harmed.

The maintenance fees that are levied by HOA boards on VOI owners may increase as the costs to maintain and refurbish the timeshare properties and to keep the properties in compliance with Hilton brand standards increase. Increased maintenance fees could make our products less desirable, which could have a negative effect on VOI sales. Further, if our maintenance fees increase substantially year over year or are not competitive with other VOI providers, we may not be able to attract new members or retain existing members.

We have limited underwriting standards due to the real-time nature of industry sales practices, and do not include traditional ability-to-pay factors such as income verification which may affect loan default rates. If purchasers default on the loans that we provide to finance their VOI purchases, our revenues, cash flows and profits could be reduced.

We originate loans for purchasers of our VOIs who qualify according to our credit criteria. Our underwriting standards generally employ FICO® score-based standards, down payment ratios, and borrowing history, but due to the real-time nature of industry sales practices, do not include certain traditional ability-to-pay factors, such as income verification.

Providing secured financing to some purchasers of VOIs subjects us to the risk of purchaser default. As of December 31, 2018, our consumer loan portfolio had a balance of approximately $1.3 billion and experienced default rates of 4.71 percent, 4.12 percent and 3.67 percent for the fiscal years ended December 31, 2018, 2017 and 2016, respectively. If a purchaser defaults under the financing that we provide, we could be forced to write off the loan and reclaim ownership of the VOI. We may be unable to resell the property in a timely manner or at a price sufficient to allow us to recover written-off loan balances, or at all. Also, if a purchaser of a VOI defaults on the related loan during the early part of the amortization period, we may not have recovered the marketing, selling and general and administrative costs associated with the sale of that VOI. If we are unable to recover any of the principal amount of the loan from a defaulting purchaser, or if the allowances for losses from such defaults are inadequate, our revenues and profits could be reduced.

If default rates increase beyond current projections and result in higher than expected foreclosure activity, our results of operations could be adversely affected. In addition, the transactions in which we have securitized timeshare financing receivables in the capital markets contain certain portfolio performance requirements related to default, delinquency and recovery rates, which, if not met, would result in loss or disruption of cash flow until portfolio performance sufficiently improves to satisfy the requirements.

If the default rates or other credit metrics underlying our timeshare financing receivables deteriorate, our timeshare financing receivable securitization program could be adversely affected.

Our timeshare financing receivable securitization program could be adversely affected if any pool of timeshare financing receivables fails to meet certain performance ratios, which could occur if the default rate or other credit metrics of the underlying timeshare financing receivables deteriorate. In addition, if we offer timeshare financings to our customers with terms longer than those generally offered in the industry, we may not be able to securitize those timeshare financing receivables. Our ability to sell securities backed by our timeshare financing receivables depends on the continued ability and willingness of capital market participants to invest in such securities. Asset-backed securities issued in our timeshare financing receivable securitization program could be downgraded by credit agencies in the future. If a downgrade occurs, our ability to complete other securitization transactions on acceptable terms or at all could be jeopardized, and we could be forced to rely on other potentially more expensive and less attractive funding sources, to the extent available. Similarly, if other operators of vacation ownership products were to experience significant financial difficulties, or if the timeshare industry as a whole were to contract, we could experience difficulty in securing funding on acceptable terms. The occurrence of any of the foregoing would decrease our profitability and might require us to adjust our business operations, including by

reducing or suspending our provision of financing to purchasers of VOIs. Sales of VOIs may decline if we reduce or suspend the provision of financing to purchasers, which may adversely affect our cash flows, revenues and profits.

A failure to keep pace with developments in technology could impair our operations, competitive position or reputation.

Our business model and competitive conditions in the timeshare industry demand the use of sophisticated technology and systems, including those used for our marketing, sales, reservation, inventory management and property management systems, and technologies we make available to our members and more generally to support our business. In particular, an increasing number of potential customers select products based on the providers' technology and ease of interfacing with the provider. We must refine, update and/or replace these technologies and systems with more advanced systems on a regular basis. If we cannot do so as quickly as our competitors or within budgeted costs and time frames, our business could suffer. We also may not achieve the benefits that we anticipate from any new technology or system, and a failure to do so could result in higher than anticipated costs or could harm our operating results.

Social media influences how consumers search for vacation information and make decisions to purchase vacation-related products and services. Lack of awareness or understanding of and the failure to effectively manage, and the costs associated with our management of social media content regarding our products and services could have a material adverse effect on VOI sales, revenues and our operating results.

Social media has become an increasingly influential aspect of tourism, changing the way consumers search, evaluate, rank and purchase vacation products and services. In particular, social media plays a role in the pre-vacation phase, when consumers employ social media in the planning, information search, and the decision-making stages. Providers are no longer the primary spokesperson regarding the quality of their brands and products. Online reviews about vacation resorts play an increasing role in helping today's consumers evaluate and make vacation decisions by providing positive and negative reviews and indirect customer-to-customer communication. Consumers may find traveler-generated content more trustworthy than information on provider websites and advertising. Vacation decisions are influenced by both negative customer reviews, and by the lack of positive reviews.

The proliferation and global reach of social media continue to expand rapidly and could cause us to suffer reputational harm. The continuing evolution of social media presents new challenges and requires us to keep pace with new developments, technology and trends. Negative posts or comments about us, sales practices, the properties we manage, the Hilton brands, or the timeshare industry generally, on any social networking or user-generated review website, including travel and/or vacation property websites, could affect consumer opinions of us and our products; and we cannot guarantee that we will timely or adequately redress such instances. The failure to appreciate the importance of content on social media or failing to take action that generates positive content, minimizes negative content, and addresses areas of nonexistent content, could have a material adverse effect on VOI sales, revenues and our operating results. In addition, we may be required to devote significant resources to social media management programs, which could result in increased costs to us.

Our increasing reliance on information technology and other systems subjects us to risks associated with cyber-security. Cyber-attacks or our failure to maintain the integrity of internal or customer data could have a disruptive effect on our business and adversely affect our financial performance.

We rely heavily on computer, Internet-based and mobile information and communications systems operated by us or our service providers to collect, process, transmit and retain large volumes of customer data, including credit card numbers and other personally identifiable information, reservation information and mailing lists, as well as personally identifiable information of our employees. There has been an increase in the number and sophistication of criminal cyber-security attacks against companies where customer and other sensitive information has been compromised. Our information systems and records, including those we maintain with our service providers, may be subject to such cyber-attacks, which include efforts to hack or breach security measures in order to obtain or misuse information, viruses, "ransomware" or other malware. In addition, increasingly complex systems and software are subject to failure, operator error or malfeasance, or inadvertent releases of data that may materially impact our information systems and records. For instance, security breaches could result in the dissemination of member and guest credit card information, which could lead to affected members and guests experiencing fraudulent charges.

The integrity and protection of customer and employee data is critical to us. We could make faulty decisions if that data is inaccurate or incomplete. Customers and employees also have a high expectation that we and our service providers will adequately protect their personal information. A significant theft, loss, loss of access to, or fraudulent use of customer, employee, or company data could adversely impact our reputation, and could result in significant remedial and other expenses, fines, or litigation. Breaches in the security of our information systems or those of our service providers or other disruptions in data services could lead to an interruption in the operation of our systems or require us to consider changes to our customer data or payment systems, resulting in operational inefficiencies, additional expense and a loss of profits.

Our collection and use of customer information are governed by extensive and evolving privacy laws and regulations that are constantly evolving and may differ significantly depending on jurisdiction. Compliance with these laws and regulations involves significant costs, which may increase in the future and which may negatively impact our ability to provide services to our customers, and a failure by us or our service providers to comply with privacy regulations may subject us to significant remedial and other expenses, fines, or litigation, as well as restrictions on our use or transfer of data. Our systems and the systems operated by our service providers may be unable to satisfy changing regulatory requirements and customer and employee expectations or may require significant additional investments or time to do so.

The steps we take to deter and mitigate risks related to cyber-security may not provide the intended level of protection. In particular, it may be difficult to anticipate or immediately detect such incidents and the damage caused thereby. We may be required to expend significant additional resources in the future to modify and enhance our protective measures. Although we carry cyber/privacy liability insurance that is designed to protect us against certain losses related to cyber-security risks, such insurance coverage may be insufficient to cover all losses or all types of claims that may arise in connection with cyber-attacks, security breaches, and other related breaches. In addition, the third party service providers on which we rely face cyber-security risks, some of which may be different than the risks we face, and we do not directly control any of such service providers' information security operations, including the efforts that they may take to mitigate risks or the level of cyber/privacy liability insurance that they may carry.

Changes in privacy law could adversely affect our ability to market our products effectively.

We rely on a variety of direct marketing techniques, including telemarketing, email and social media marketing and postal mailings, and we are subject to various laws and regulations in the United States and internationally that govern marketing and advertising practices. Adoption of new state or federal laws regulating marketing and solicitation, or international data protection laws that govern these activities, or changes to existing laws, such as the Telemarketing Sales Rule, the Telephone Consumer Protection Act, and the CAN-SPAM Act of 2003, could adversely affect current or planned marketing activities and cause us to change our marketing strategy. If this occurs, we may not be able to develop adequate alternative marketing strategies, which could affect the amount and timing of our VOI sales. We also obtain access to potential members and guests from travel service providers or other companies, including Hilton; and we market to some individuals on these lists directly or through other companies' marketing materials. If access to these lists were prohibited or otherwise restricted, including access to Hilton Honors loyalty program member information, our ability to access potential members and guests and introduce them to our products could be significantly impaired. Additionally, because our relationship with Hilton has changed, it may be more difficult for us to utilize customer information we obtain from Hilton in the future.

The growth of our business and the execution of our business strategies depend on the services of our management team and our employees.

We believe that our future growth depends, in part, on the continued services of our management team, and on our ability to attract and retain key officers and other highly qualified personnel. Competition for such personnel is intense. There can be no assurance that we will be successful in retaining and attracting management and other highly qualified personnel. The loss of any members of our management team could adversely affect our strategic, member and guest relationships and impede our ability to execute our business strategies.

In addition, insufficient numbers of talented employees at our properties could constrain our ability to maintain our current levels of business or expand our business. We compete with other companies both within and

outside of our industry for talented personnel across a diverse array of operating disciplines. If we cannot recruit, train, develop or retain sufficient numbers of talented employees, we could experience increased employee turnover, decreased member and guest satisfaction, low morale, inefficiency or internal control failures, which could materially reduce our profits.

Third-party reservation channels may negatively affect our bookings for room rental revenues.

Some stays at the properties we manage are booked through third-party internet travel intermediaries, such as expedia.com, orbitz.com and booking.com, as well as lesser-known and/or newly emerging online travel service providers. As the percentage of internet bookings increases, these intermediaries may be able to obtain higher commissions, reduced room rates or other significant contract concessions from us. Moreover, some of these internet travel intermediaries are attempting to commoditize lodging, by increasing the importance of price and general indicators of quality (such as "three-star property") at the expense of brand identification. These intermediaries also generally employ aggressive marketing strategies, including expending significant resources for online and television advertising campaigns to drive consumers to their websites. Additionally, consumers can book stays at the properties we manage through other distribution channels, including travel agents, travel membership associations and meeting procurement firms. Over time, consumers may develop loyalties to these third-party reservation systems rather than to our booking channels. Although we expect to derive most of our business from traditional channels and our websites (and those of Hilton), our business and profitability could be adversely affected if customer loyalties change significantly, diverting bookings away from our distribution channels.

Our real estate investments subject us to numerous risks.

We are subject to the risks that generally relate to investments in and the development of real property. A variety of factors affect income from properties and real estate values, including laws and regulations, insurance, interest rate levels and the availability of financing. Our license agreement or other agreements with Hilton may require us to incur unexpected costs required to cause our properties to comply with applicable standards and policies. In recent years, our financial results have been positively impacted by a lower interest rate environment. However, when interest rates increase the cost of acquiring, developing, expanding or renovating real property increases, and real property values may decrease as the number of potential buyers decrease. Similarly, as financing becomes less available, it becomes more difficult both to acquire and develop real property. Many costs of real estate investments, such as real estate taxes, insurance premiums, maintenance costs and certain operating costs, are generally more fixed than variable, and as a result are not reduced even when a property is not fully sold or occupied. If any of these risks were realized, they could have a material adverse effect on our results of operations or financial condition.

United States or foreign environmental laws and regulations may cause us to incur substantial costs or subject us to potential liabilities.

We are subject to certain compliance costs and potential liabilities under various U.S. federal, state and local and foreign environmental, health and safety laws and regulations. These laws and regulations govern actions including air emissions, the use, storage and disposal of hazardous and toxic substances, and wastewater disposal. Our failure to comply with such laws, including any required permits or licenses, could result in substantial fines or possible revocation of our authority to conduct some of our operations. We could also be liable under such laws for the costs of investigation, removal or remediation of hazardous or toxic substances at our currently or formerly owned real property or at third-party locations in connection with our waste disposal operations, regardless of whether or not we knew of, or caused, the presence or release of such substances. From time to time, we may be required to remediate such substances or remove, abate or manage asbestos, mold, radon gas, lead or other hazardous conditions at our properties. The presence or release of such toxic or hazardous substances could result in third-party claims for personal injury, property or natural resource damages, business interruption or other losses. Such claims and the need to investigate, remediate or otherwise address hazardous, toxic or unsafe conditions could adversely affect our operations, the value of any affected real property, or our ability to sell, lease or assign our rights in any such property, or could otherwise harm our business or reputation. Environmental, health and safety requirements have also become increasingly stringent, and our costs may increase as a result.

Some U.S. states and various countries are considering or have undertaken actions to regulate and reduce greenhouse gas emissions. New or revised laws and regulations, or new interpretations of existing laws and regulations, such as those related to climate change, could affect the operation of the properties we manage or result in significant additional expense and operating restrictions on us. The cost of such legislation, regulation or new interpretations would depend upon the specific requirements enacted and cannot be determined at this time.

Our ability to source VOI inventory and finance VOI sales may be impaired if we or the third-party developers with whom we do business are unable to access capital when necessary.

The availability of funds for new investments, primarily developing, acquiring or repurchasing VOI inventory, depends in part on liquidity factors and capital markets over which we can exert little, if any, control. Instability in the financial markets and any resulting contraction of available liquidity and leverage could constrain the capital markets for investments in timeshare products. In addition, we intend to access the securitization markets to securitize our timeshare financing receivables. Any future deterioration in the financial markets could preclude, limit, delay or increase the cost to us of future securitizations. We also require the issuance of surety bonds in connection with our real estate development and VOI sales activity. The availability, terms and conditions and pricing of our bonding capacity is dependent on, among other things, continued financial strength and stability of the insurance company affiliates providing the bonding capacity, general availability of such capacity, and our corporate credit rating. If bonding capacity is unavailable, or alternatively, if the terms and conditions and pricing of such bonding capacity are unacceptable to us, our business could be negatively affected. Instability in the financial markets could also affect the timing and volume of any securitizations we undertake, as well as the financial terms of such securitizations. Any indebtedness we incur, including indebtedness under these facilities, may adversely affect our ability to obtain any additional financing necessary to develop or acquire additional VOI inventory, to make other investments in our business, or to repurchase VOIs on the secondary market. Furthermore, volatility in the financial markets, due to tightening of underwriting standards by lenders and credit rating agencies, among other things, could result in less availability of credit and increased costs for what is available. As a result, we may not be able to obtain financing on attractive terms or at all. If our overall cost of borrowing increases, the increased costs would likely reduce future cash flow available for distribution, affecting our growth and development plans.

We have and will continue to enter into fee-for-service agreements with third-party developers to source inventory. These agreements enable us to generate fees from the marketing and sales services we provide, Club memberships and from the management of the timeshare properties without requiring us to fund acquisition and construction costs. If these developers are not able to obtain or maintain financing necessary for their operations, we may not be able to enter into these arrangements, which would limit opportunities for growth and reduce our revenues.

Changes to accounting rules or regulations may adversely affect our reported financial condition and results of operations.

New accounting rules or regulations and varying interpretations of existing accounting rules or regulations have occurred and may occur in the future. A change in accounting rules or regulations may require retrospective application and affect our reporting of transactions completed before the change is effective, and future changes to accounting rules or regulations may adversely affect our reported financial condition and results of operations. See Note 2: *Basis of Presentation* and *Summary of Significant Accounting Policies* in our audited consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for a summary of accounting standards issued but not yet adopted.

Changes to estimates or projections used to assess the fair value of our assets, or operating results that are lower than our current estimates at certain locations, may cause us to incur impairment losses that could adversely affect our results of operations.

Our total assets include intangible assets with finite useful lives and long-lived assets, principally property and equipment and VOI inventory. We evaluate our intangible assets with finite useful lives and long-lived assets for impairment when circumstances indicate that the carrying amount may not be recoverable. Our evaluation of impairment requires us to make certain estimates and assumptions including projections of future results. After performing our evaluation for impairment, including an analysis to determine the recoverability of long-lived assets, we will record an impairment loss when the carrying value of the underlying asset, asset group or reporting unit

exceeds its fair value. We carry our VOI inventory at the lower of cost or estimated fair value, less costs to sell. If the estimates or assumptions used in our evaluation of impairment or fair value change, we may be required to record impairment losses on certain of these assets. If these impairment losses are significant, our results of operations would be adversely affected.

Changes in U.S. federal, state and local or foreign tax law, interpretations of existing tax law, or adverse determinations by tax authorities, could increase our tax burden or otherwise adversely affect our financial condition or results of operations.

We are subject to taxation at the federal, state and local levels in the United States and various other countries and jurisdictions. Our future effective tax rate could be affected by changes in the composition of earnings in jurisdictions with differing tax rates, changes in statutory rates and other legislative changes, changes in the valuation of our deferred tax assets and liabilities, or changes in determinations regarding the jurisdictions in which we are subject to tax. From time to time, the U.S. federal, state and local and foreign governments make substantive changes to tax rules and their application, which could result in materially higher corporate taxes than would be incurred under existing tax law and could adversely affect our financial condition or results of operations. Changes in the non-income tax rates to which we are subject could also have an adverse effect on the maintenance fees charged to our members, which could result in materially lower sales and higher operating costs.

The U.S. tax legislation enacted on December 22, 2017 represented a significant overhaul of the United States federal tax code. This tax legislation significantly reduced the U.S. statutory corporate tax rate and made other changes that could have a favorable impact on our overall U.S. federal tax liability in a given period. However, the tax legislation also included a number of provisions, including, but not limited to, the limitation or elimination of various deductions or credits, the imposition of taxes on certain cross-border payments or transfers, the changing of the timing of the recognition of certain income and deductions or their character, and the limitation of asset basis under certain circumstances, that could significantly and adversely affect our U.S. federal income tax position. There can be no assurance that changes in tax laws or regulations, both within the U.S. and the other jurisdictions in which we operate, will not materially and adversely affect our effective tax rate, tax payments, financial condition and results of operations. Similarly, changes in tax laws and regulations that impact our customers and counterparties, or the economy generally may also impact our financial condition and results of operations.

Tax laws and regulations are complex and subject to varying interpretations and any significant failure to comply with applicable tax laws and regulations in all relevant jurisdictions could give rise to substantial penalties and liabilities. Any changes in enacted tax laws (such as the recent U.S. tax legislation), rules or regulatory or judicial interpretations or any change in the pronouncements relating to accounting for income taxes could materially and adversely impact our effective tax rate, tax payments, financial condition and results of operations.

In addition, we are subject to ongoing and periodic tax audits and disputes in U.S. federal and various state, local and foreign jurisdictions. An unfavorable outcome from any tax audit could result in higher tax costs, penalties and interest, thereby and could materially and adversely affect our financial condition or results of operations.

Failure to comply with laws and regulations applicable to our international operations may increase costs, reduce profits, limit growth or subject us to broader liability.

Our business operations in countries outside the United States are subject to a number of laws and regulations, including restrictions imposed by the Foreign Corrupt Practices Act (“FCPA”), as well as trade sanctions administered by the Office of Foreign Assets Control (“OFAC”). The FCPA is intended to prohibit bribery of foreign officials and requires us to keep books and records that accurately and fairly reflect our transactions. OFAC administers and enforces economic and trade sanctions based on U.S. foreign policy and national security goals against targeted foreign states, organizations and individuals. Although we have policies in place designed to comply with applicable sanctions, rules and regulations, it is possible that the timeshare properties we own or manage in the countries and territories in which we operate may provide services to or receive funds from persons subject to sanctions. In addition, some of our operations may be subject to the laws and regulations of non-U.S. jurisdictions, including the U.K.’s Bribery Act of 2010, which contains significant prohibitions on bribery and other corrupt business activities, and other local anti-corruption laws in the countries and territories in which we conduct operations.

If we fail to comply with these laws and regulations, we could be exposed to claims for damages, financial penalties, reputational harm and incarceration of employees or restrictions on our operation or ownership of timeshare and other properties, including the termination of ownership and management rights. In addition, in certain circumstances, the actions of parties affiliated with us (including Hilton, third-party developers, and our and their respective employees and agents) may expose us to liability under the FCPA, U.S. sanctions or other laws. These restrictions could increase costs of operations, reduce profits or cause us to forgo development opportunities that would otherwise support growth.

In August 2012, Congress enacted the Iran Threat Reduction and Syria Human Rights Act of 2012 ("ITRSHRA"), which expands the scope of U.S. sanctions against Iran and Syria. In particular, Section 219 of the ITRSHRA amended the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), to require SEC-reporting companies to disclose in their periodic reports specified dealings or transactions involving Iran or other individuals and entities targeted by certain OFAC sanctions engaged in by the reporting company or any of its affiliates. These companies are required to separately file with the SEC a notice that such activities have been disclosed in the relevant periodic report, and the SEC is required to post this notice of disclosure on its website and send the report to the U.S. President and certain U.S. Congressional committees. The U.S. President thereafter is required to initiate an investigation and, within 180 days of initiating such an investigation with respect to certain disclosed activities, to determine whether sanctions should be imposed.

Under ITRSHRA, we are required to report whether we or any of our "affiliates" knowingly engaged in certain specified activities during a period covered by one of our Annual Reports on Form 10-K or Quarterly Reports on Form 10-Q. We may engage in activities that would require disclosure pursuant to Section 219 of ITRSHRA. In addition, because the SEC defines the term "affiliate" broadly, it includes any entity controlled by us as well as any person or entity that controls us or is under common control with us. Disclosure of such activities, even if such activities are permissible under applicable law, and any sanctions imposed on us or our affiliates as a result of these activities could harm our reputation and the Hilton brands we use and have a negative effect on our results of operations.

The recently enacted European Union ("EU") General Data Protection Regulation (the "GDPR") imposes significant obligations to businesses that sell products or services to EU customers or otherwise control or process personal data of EU residents. Complying with the GDPR could increase our compliance cost, or adversely impact the marketing of our products and services to customers in the EU and our overall business. In addition, the GDPR imposes fines and penalties for noncompliance, including fines of up to 4 percent of annual worldwide revenue. If we fail to comply with the requirements of the GDPR, we could face significant administrative and monetary sanctions, which could materially adversely impact our results of operations and financial condition.

Risks Related to Our Indebtedness

Our substantial indebtedness and other contractual obligations could adversely affect our financial condition, our ability to raise additional capital to fund our operations, our ability to operate our business, our ability to react to changes in the economy or our industry and our ability to pay our debts, and could divert our cash flow from operations for debt payments.

As of December 31, 2018, our total indebtedness was approximately $1.4 billion. Our substantial debt and other contractual obligations could have important consequences, including:

- requiring a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, thereby reducing our ability to use our cash flow to fund our operations, capital expenditures, dividends to stockholders and to pursue future business opportunities;
- increasing our vulnerability to adverse economic, industry or competitive developments;
- exposing us to increased interest expense, as our degree of leverage may cause the interest rates of any future indebtedness (whether fixed or floating rate interest) to be higher than they would be otherwise;
- exposing us to the risk of increased interest rates because certain of our indebtedness is at variable rates of interest;

- making it more difficult for us to satisfy our obligations with respect to our indebtedness, and any failure to comply with the obligations of any of our debt instruments, including restrictive covenants, could result in an event of default that accelerates our obligation to repay indebtedness ;
- restricting us from making strategic acquisitions or causing us to make non-strategic divestitures;
- limiting our ability to obtain additional financing for working capital, capital expenditures, product development, satisfaction of debt service requirements, acquisitions and general corporate or other purposes; and
- limiting our flexibility in planning for, or reacting to, changes in our business or market conditions and placing us at a competitive disadvantage compared to our competitors who may be better positioned to take advantage of opportunities that our leverage prevents us from exploiting.

For additional discussion on our indebtedness, see "Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Financing Activities* ," and Note 11: *Debt & Non-recourse Debt* in our audited consolidated financial statements included in Item 8 of this Annual Report on Form 10-K.

Certain of our debt agreements and instruments impose significant operating and financial restrictions on us, our restricted subsidiaries and the guarantors of our indebtedness, which may prevent us from capitalizing on business opportunities.

The debt agreements and instruments that govern our outstanding indebtedness impose significant operating and financial restrictions on us, certain of our subsidiaries and guarantors of our indebtedness. These restrictions limit our ability and/or the ability of our restricted subsidiaries to, among other things:

- incur or guarantee additional debt or issue disqualified stock or preferred stock;
- pay dividends (including to us) and make other distributions on, or redeem or repurchase, capital stock;
- make certain investments;
- incur certain liens;
- enter into transactions with affiliates;
- merge or consolidate;
- enter into agreements that restrict the ability of restricted subsidiaries to make dividends or other payments to us;
- designate restricted subsidiaries as unrestricted subsidiaries; and
- transfer or sell assets.

In addition, our credit agreement related to our senior secured credit facilities contains affirmative covenants that will require us to be in compliance with certain leverage and financial ratios.

As a result of these restrictions, we are limited as to how we conduct our business and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities. The terms of any other future indebtedness we may incur could include more restrictive covenants. We may not be able to maintain compliance with these covenants in the future and, if we fail to do so, we may not be able to obtain waivers from the lenders and/or amend the covenants.

Our failure to comply with the restrictive covenants described above, as well as other terms of our other indebtedness and/or the terms of any future indebtedness from time to time, could result in an event of default, which, if not cured or waived, could result in our being required to repay these borrowings before their due date. If we are forced to refinance these borrowings on less favorable terms or are unable to refinance these borrowings, our financial condition and results of operations could be adversely affected.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our indebtedness service obligations to increase significantly.

Interest rates may increase in the future. As a result, interest rates on our revolving credit facility or other variable rate debt offerings could be higher or lower than current levels. As of December 31, 2018, we had approximately $432 million of variable rate debt, representing 31 percent of our total debt. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase, even though the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, would correspondingly decrease.

In July 2017, the head of the United Kingdom Financial Conduct Authority announced the desire to phase out the use of LIBOR by the end of 2021. In addition, the U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, is considering replacing U.S. dollar LIBOR with the Secured Overnight Financing Rate, or SOFR, a new index calculated by short-term repurchase agreements, backed by Treasury securities. Although there have been a few issuances utilizing SOFR or the Sterling Over Night Index Average, an alternative reference rate that is based on transactions, it is unknown whether these alternative reference rates will attain market acceptance as replacements for LIBOR.

If LIBOR ceases to exist, we may need to renegotiate our revolving credit facility, which utilizes LIBOR as a factor in determining the interest rate, to replace LIBOR with the new standard that is established. There is currently no definitive information regarding the future utilization of LIBOR or of any particular replacement rate. As such, the potential effect of any such event on our cost of capital and net investment income cannot yet be determined.

Servicing our indebtedness requires a significant amount of cash. Our ability to generate sufficient cash depends on many factors, some of which are not within our control.

Our ability to make payments on our indebtedness will depend on our ability to generate cash in the future. Our ability to generate cash depends on our financial and operating performance, which is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. In particular, compliance with state and local laws applicable to our business, including those relating to deeds, title transfers and certain other regulations applicable to sales of VOIs, may at times delay or hinder our ability to access cash flows generated by our VOI sales. If we are unable to generate and access sufficient cash flow to service our debt and meet our other commitments, we may need to restructure or refinance all or a portion of our debt, sell material assets or operations or raise additional debt or equity capital. We may not be able to effect any of these actions on a timely basis, on commercially reasonable terms or at all, and these actions may not be sufficient to meet our capital requirements. In addition, the terms of our existing or future debt arrangements may restrict us from effecting any of these alternatives.

Our failure to comply with the agreements relating to our outstanding indebtedness could result in an event of default that could materially and adversely affect our results of operations and our financial condition.

If there were an event of default under any of the agreements relating to our outstanding indebtedness, the holders of the defaulted debt could cause all amounts outstanding with respect to that debt to be due and payable immediately. We cannot assure you that our assets or cash flows would be sufficient to fully repay borrowings under our outstanding debt instruments if accelerated upon an event of default. Further, if we are unable to repay, refinance or restructure our indebtedness under our secured debt, the holders of such debt could proceed against the collateral securing that indebtedness. In addition, any event of default or declaration of acceleration under one debt instrument could also result in an event of default under one or more of our other debt instruments.

Repayment of our debt is dependent on cash flow generated by our subsidiaries, which may be subject to limitations beyond our control.

Our subsidiaries own a substantial portion of our assets and conduct a substantial portion of our operations. Accordingly, repayment of our indebtedness is dependent, to a significant extent, on the generation of cash flow by our subsidiaries and their ability to make such cash available to us, by dividend, debt repayment or otherwise.

Our subsidiaries generally do not have any obligation to pay amounts due on our indebtedness or to make funds available to us for that purpose. Our subsidiaries may not be able to, or may not be permitted to, make

distributions to enable us to make payments in respect of our indebtedness. Each subsidiary is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries. While limitations on our subsidiaries restrict their ability to pay dividends or make other intercompany payments to us, these limitations are subject to certain qualifications and exceptions. In addition, certain of our subsidiaries are party to debt agreements that contain restrictions on their ability to pay dividends or make other intercompany payments to us and may in the future enter into agreements that include additional contractual restrictions on their ability to make any such payments to us.

In the event that we are unable to receive distributions from subsidiaries, we may be unable to make required principal and interest payments on our indebtedness.

Despite our current level of indebtedness, we may be able to incur substantially more debt and enter into other transactions, which could further exacerbate the risks to our financial condition described above.

We may be able to incur significant additional indebtedness, including secured debt, in the future. Although the agreements that govern substantially all of our indebtedness contain restrictions on the incurrence of additional indebtedness and entering into certain types of other transactions, these restrictions are subject to a number of qualifications and exceptions. Additional indebtedness incurred in compliance with these restrictions could be substantial. These restrictions also do not prevent us from incurring obligations, such as trade payables, that do not constitute indebtedness as defined under our debt instruments. To the extent new debt is added to our current debt levels, the substantial leverage risks described in the preceding six risk factors would increase.

Risks Related to the 2017 Spin-Off From Hilton

We may be responsible for U.S. federal income tax liabilities that relate to the distribution.

The completion of the spin-off was conditioned upon the absence of any withdrawal, invalidation or modification of the ruling ("IRS Ruling") Hilton received from the IRS regarding certain U.S. federal income tax aspects of the spin-off in an adverse manner prior to the effective time of the spin-off. Although the IRS Ruling generally is binding on the IRS, the continued validity of the IRS Ruling is based upon and subject to the accuracy of factual statements and representations made to the IRS by Hilton.

In addition, the spin-off was conditioned on the receipt of an opinion of Simpson Thacher & Bartlett LLP, Hilton's tax counsel ("spin-off Tax Counsel") to the effect that the distributions of our and Park common stock would qualify as tax-free distributions under Section 355 of the Code. An opinion of spin-off Tax Counsel is not binding on the IRS. Accordingly, the IRS may reach conclusions with respect to the spin-off that are different from the conclusions reached in the opinion. The opinion was based on certain factual statements and representations, which, if incomplete or untrue in any material respect, could alter spin-off Tax Counsel's conclusions.

We are not aware of any facts or circumstances that would cause any such factual statements or representations in the IRS Ruling or the opinion of spin-off Tax Counsel to be incomplete or untrue or cause the facts on which the IRS Ruling and legal opinion are based to be materially different from the facts at the time of the spin-off.

If all or a portion of the spin-off does not qualify as a tax-free transaction for any reason, including because any of the factual statements or representations in the IRS Ruling or the legal opinion are incomplete or untrue, because the facts upon which the IRS Ruling is based are materially different from the facts at the time of the spin-off or because one or more sales of our common stock, Hilton common stock or Park common stock by our respective stockholders after the spin-off cause the spin-off not to qualify as a tax-free transaction, Hilton may recognize a substantial gain attributable to the timeshare business for U.S. federal income tax purposes. In such case, under U.S. Treasury regulations, each member of the Hilton consolidated group at the time of the spin-off (including us and our subsidiaries) would be jointly and severally liable for the resulting entire amount of any U.S. federal income tax liability. Additionally, if the distribution of our common stock and/or the distribution of Park common stock do not qualify as tax-free under Section 355 of the Code, Hilton stockholders will be treated as having received a taxable dividend to the extent of Hilton's current and accumulated earnings and profits, would have a tax-free basis recovery up to the amount of their tax basis in their shares, and would have taxable gain from the sale or exchange of the shares to the extent of any excess.

Even if the spin-off otherwise qualifies as a tax-free transaction for U.S. federal income tax purposes, the distribution will be taxable to Park and/or Hilton (but not to Hilton stockholders) pursuant to Section 355(e) of the Code if there are (or have been) one or more acquisitions (including issuances) of our stock, the stock of Park or the stock of Hilton, representing 50 percent or more, measured by vote or value, of the stock of any such corporation and the acquisition or acquisitions are deemed to be part of a plan or series of related transactions that include the distribution. Any acquisition of our common stock within two years before or after the distribution (with exceptions, including public trading by less-than-5 percent stockholders and certain compensatory stock issuances) generally will be presumed to be part of such a plan unless that presumption is rebutted. The resulting tax liability would be substantial, and under U.S. Treasury regulations, each member of the Hilton consolidated group at the time of the spin-off (including us and our subsidiaries) would be jointly and severally liable for the resulting U.S. federal income tax liability.

We have agreed not to enter into certain transactions that could cause any portion of the spin-off to be taxable to Hilton, including under Section 355(e) of the Code. Pursuant to the Tax Matters Agreement (as defined herein), we have also agreed to indemnify Hilton and Park for any tax liabilities resulting from such transactions or other actions we take, and Hilton and Park have agreed to indemnify us for any tax liabilities resulting from transactions entered into by Hilton or Park. These obligations may discourage, delay or prevent a change of control of our company.

We may be unable to take certain actions because such actions could jeopardize the tax-free status of the spin-off, and such restrictions could be significant.

To preserve the tax-free treatment of the spin-off, for the initial two-year period following the spin-off, we are prohibited, except in limited circumstances, from taking or failing to take certain actions that would prevent the spin-off and related transactions from being tax-free, including: (1) entering into any transaction pursuant to which our stock would be acquired, whether by merger or otherwise; (2) issuing any equity securities or securities that could possibly be converted into our equity securities; or (3) repurchasing our equity securities.

These restrictions may limit our ability to issue equity and to pursue strategic transactions or engage in new business or other transactions that may maximize the value of our business. In addition, if we take, or fail to take, actions that prevent the spin-off and related transactions from being tax-free, we could be liable for the adverse tax consequences resulting from such actions. For a more detailed description, see "Item 1. *Business—Key Agreements Related to the Spin-Off—Tax Matters Agreement* " and " *Business—Agreements with HNA.* "

The spin-off and related transactions may expose us to potential liabilities arising out of state and federal fraudulent conveyance laws and legal distribution requirements.

The spin-off could be challenged under various state and federal fraudulent conveyance laws. An unpaid creditor or an entity vested with the power of such creditor (such as a trustee or debtor-in-possession in a bankruptcy) could claim that Hilton did not receive fair consideration or reasonably equivalent value in the spin-off, and that the spin-off left Hilton insolvent or with unreasonably small capital or that Hilton intended or believed it would incur debts beyond its ability to pay such debts as they mature. If a court were to agree with such a plaintiff, then such court could void the spin-off as a fraudulent transfer and could impose a number of different remedies, including without limitation, returning our assets or your shares in our company to Hilton or providing Hilton with a claim for money damages against us in an amount equal to the difference between the consideration received by Hilton and the fair market value of our company at the time of the spin-off.

The measure of insolvency for purposes of the fraudulent conveyance laws may vary depending on which jurisdiction's law is applied. Generally, however, an entity would be considered insolvent if the fair saleable value of its assets is less than the amount of its liabilities (including the probable amount of contingent liabilities), and such entity would be considered to have unreasonably small capital if it lacked adequate capital to conduct its business in the ordinary course and pay its liabilities as they become due. No assurance can be given as to what standard a court would apply to determine insolvency or that a court would determine that Hilton were solvent at the time of or after giving effect to the spin-off, including the distribution of our common stock.

We have a limited operating history as an independent company and our historical financial information does not predict our future results.

The historical financial information we have included in this Annual Report on Form 10-K for periods prior to the spin-off has been derived in part from the consolidated financial statements of Hilton and does not necessarily reflect what our financial position, results of operations and cash flows would have been as a separate, stand-alone entity during the periods presented. Hilton did not account for us, and we were not operated, as a single stand-alone entity for periods prior to the spin-off. The costs and expenses reflected in our historical financial statements for periods prior to the spin-off include an allocation for certain corporate functions historically provided by Hilton. These allocations were based on what we and Hilton considered to be reasonable reflections of the historical utilization levels of these services required in support of our business. The historical information does not necessarily indicate what our results of operations, financial position, cash flows or costs and expenses will be in the future. For additional information, see " *Management's Discussion and Analysis of Financial Condition and Results of Operations* ," " *Selected Financial Data* ," and our audited consolidated financial statements and notes thereto included in Item 8 of this Annual Report on Form 10-K.

We may incur greater costs as an independent company than we did when we were part of Hilton.

As part of Hilton, we were able to advantage of its size and purchasing power in procuring certain goods and services such as insurance and health care benefits, and technology such as computer software licenses. We were also able to rely on Hilton to provide various corporate functions. As a separate, independent entity as a result of the spin-off, we may be unable to obtain these goods, services and technologies at prices or on terms as favorable to us as those we obtained prior to the distribution. We may also incur costs for functions previously performed by Hilton that are higher than the amounts reflected in our historical financial statements, which could cause our profitability to decrease.

Our accounting and other management systems and resources may not be adequately prepared to meet the financial reporting and other requirements to which we are subject as an independent company, and failure to achieve and maintain effective internal controls could have a material adverse effect on our business and the price of our common stock.

Our financial results for periods prior to the spin-off were included within the consolidated results of Hilton, and we believe that our financial reporting and internal controls were appropriate for a subsidiary of a public company. However, we were not directly subject to the reporting and other requirements of the Exchange Act. As a result of the distribution, we are directly subject to reporting and other obligations under the Exchange Act. We are required to comply with Section 404 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") which requires annual management assessments of the effectiveness of our internal controls over financial reporting and a report by our independent registered public accounting firm as to whether we maintained, in all material respects, effective internal controls over financial reporting as of the last day of the year. These reporting and other obligations may place significant demands on our management, administrative and operational resources, including accounting systems and resources.

The Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition. Under the Sarbanes-Oxley Act, we are required to maintain effective disclosure controls and procedures and internal controls over financial reporting. To continue to comply with these requirements, which can change over time, we may need to upgrade our systems; implement additional financial and management controls, reporting systems and procedures; and hire additional accounting and finance staff. We expect to continue to incur additional annual expenses for the purpose of addressing these requirements, and those expenses may be significant. If we are unable to upgrade our financial and management controls, reporting systems, information technology systems and procedures in a timely and effective fashion, our ability to comply with our financial reporting requirements and other rules that apply to reporting companies under the Exchange Act could be impaired.

If we are unable to conclude that we have effective internal controls over financial reporting or our independent public accounting firm is unwilling or unable to provide us with an unqualified report on the effectiveness of our internal controls as required by Section 404 of the Sarbanes-Oxley Act, we may be unable to report our financial information on a timely basis, investors may lose confidence in our operating results, the price of our common stock could decline and we may be subject to litigation or regulatory enforcement actions, which

would require additional financial and management resources. This could have a material adverse effect on our business and lead to a decline in the price of our common stock.

We could be required to assume responsibility for obligations allocated to Hilton or Park under the Distribution Agreement.

We entered into a Distribution Agreement with Hilton and Park (the "Distribution Agreement") prior to the distribution of our shares of common stock to Hilton stockholders. Under the Distribution Agreement and related ancillary agreements, each of us, Hilton and Park are generally responsible for the debts, liabilities and other obligations related to the business or businesses that they own and operate following the spin-off. Although we do not expect to be liable for any obligations that were not allocated to us under the Distribution Agreement, a court could disregard the allocation agreed to among the parties, and require that we assume responsibility for obligations allocated to Hilton or Park (for example, tax and/or environmental liabilities), particularly if Hilton or Park were to refuse or were unable to pay or perform the allocated obligations.

In addition, losses in respect of certain shared contingent liabilities, which generally are not specifically attributable to any of the timeshare business, the Park business or the retained business of Hilton, were determined on or prior to the date on which the Distribution Agreement was entered ("Shared Contingent Liabilities"). The percentage of Shared Contingent Liabilities for which we are responsible has been fixed in a manner that is intended to approximate our estimated enterprise value on the distribution date relative to the estimated enterprise values of Park and Hilton. Subject to certain limitations and exceptions, Hilton is generally vested with the exclusive management and control of all matters pertaining to any such Shared Contingent Liabilities, including the prosecution of any claim and the conduct of any defense.

In connection with the spin-offs, each of Hilton and Park indemnified us for certain liabilities. These indemnities may not be sufficient to insure us against the full amount of the liabilities assumed by Hilton and Park, and Hilton and Park may be unable to satisfy their indemnification obligations to us in the future.

In connection with the spin-offs, each of Hilton and Park indemnified us with respect to such parties' assumed or retained liabilities pursuant to the Distribution Agreement and breaches of the Distribution Agreement or other agreements related to the spin-offs. There can be no assurance that the indemnities from each of Hilton and Park will be sufficient to protect us against the full amount of these and other liabilities. Third parties also could seek to hold us responsible for any of the liabilities that Hilton and Park have agreed to assume. Even if we ultimately succeed in recovering from Hilton or Park any amounts for which we are held liable, we may be temporarily required to bear those losses ourselves. Each of these risks could negatively affect our business, financial condition, results of operations and cash flows.

If we are required to indemnify Hilton or Park in connection with the spin-offs, we may need to divert cash to meet those obligations, which could negatively affect our financial results.

Pursuant to the Distribution Agreement entered into in connection with the spin-offs and certain other agreements among Hilton and Park and us, we agreed to indemnify each of Hilton and Park from certain liabilities. Indemnities that we may be required to provide Hilton and/or Park may be significant and could negatively affect our business.

Risks Related to Ownership of Our Common Stock

Our board of directors may change significant corporate policies without stockholder approval.

Our financing, borrowing and dividend policies and our policies with respect to all other activities, including growth, debt, capitalization and operations, will be determined by our board of directors. These policies may be amended or revised at any time and from time to time at the discretion of our board of directors without a vote of our stockholders. In addition, our board of directors may change our policies with respect to conflicts of interest provided that such changes are consistent with applicable legal requirements. A change in these policies could have an adverse effect on our financial condition, our results of operations, our cash flow, the per share trading price of our common stock and our ability to satisfy our debt service obligations and to pay dividends to our stockholders.

Anti-takeover provisions in our organizational documents and Delaware law might discourage or delay acquisition attempts for us that you might consider favorable .

Our amended and restated certificate of incorporation and bylaws contain provisions that may make the merger or acquisition of our company more difficult without the approval of our board of directors. Among other things:

- although we do not have a stockholder rights plan, and would either submit any such plan to stockholders for ratification or cause such plan to expire within a year, these provisions would allow us to authorize the issuance of undesignated preferred stock in connection with a stockholder rights plan or otherwise, the terms of which may be established and the shares of which may be issued without stockholder approval, and which may include super voting, special approval, dividend, or other rights or preferences superior to the rights of the holders of common stock;
- these provisions prohibit stockholder action by written consent unless such action is recommended by all directors then in office;
- these provisions provide that our board of directors is expressly authorized to make, alter or repeal our bylaws and that our stockholders may only amend our bylaws with the approval of 80 percent or more of all the outstanding shares of our capital stock entitled to vote; and
- these provisions establish advance notice requirements for nominations for elections to our board or for proposing matters that can be acted upon by stockholders at stockholder meetings.

Further, as a Delaware corporation, we are also subject to provisions of Delaware law, which may impair a takeover attempt that our stockholders may find beneficial. These anti-takeover provisions and other provisions under Delaware law could discourage, delay or prevent a transaction involving a change in control of our company, including actions that our stockholders may deem advantageous, or negatively affect the trading price of our common stock. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire.

The market price and trading volume of our common stock may fluctuate widely.

For many reasons, including the risks identified in this Annual Report on Form 10-K, the market price of our common stock may be more volatile than the market price of Hilton common stock before the spin-off. These factors may result in short-term or long-term negative pressure on the value of our common stock.

The market price of our common stock may fluctuate significantly, depending upon many factors, some of which may be beyond our control, including, but not limited to:

- shifts in our investor base;
- our quarterly and annual earnings, or those of comparable companies;
- actual or anticipated fluctuations in our operating results;
- our ability to obtain financing as needed;
- changes in laws and regulations affecting our business;
- changes in accounting standards, policies, guidance, interpretations or principles;
- announcements by us or our competitors of significant investments, acquisitions or dispositions;
- the failure of securities analysts to cover our common stock;
- changes in earnings estimates by securities analysts or our ability to meet those estimates;
- the operating performance and stock price of comparable companies;
- overall market fluctuations;
- a decline in the real estate markets; and
- general economic conditions and other external factors.

Future issuances of common stock by us may cause the market price of our common stock to decline.

None of the shares outstanding upon consummation of the spin-off were "restricted securities" within the meaning of Rule 144 under the Securities Act, and substantially all of the outstanding shares of our common stock are freely tradable and available for resale in the public market, subject to certain restrictions in the case of control shares held by persons deemed to be our affiliates. Accordingly, the market price of our common stock could drop significantly if holders of a substantial number of shares of our common stock sell them in the public market, or if the market perceives that such sales could occur.

We adopted an Omnibus Incentive Plan under which an aggregate of 10,000,000 shares of HGV common stock are issuable. As of December 31, 2018, an aggregate of 864,964 shares have been issued, and an additional 1,913,097 shares were underlying outstanding awards pursuant to the Omnibus Incentive Plan. We also adopted a Non-Employee Director Stock Plan under which 325,000 shares of our common stock are issuable, and an Employee Stock Purchase Plan under which 2,500,000 shares of our common stock are available for issuance. Under the Non-Employee Director Stock Plan, 30,000 shares had been issued, and there were an additional 18,810 shares underlying outstanding awards granted as of December 31, 2018. Under the Employee Stock Purchase Plan, a total of 110,536 shares were issued as of December 31, 2018.

We have no current plans to pay cash dividends on our common stock, and our indebtedness could limit our ability to pay dividends in the future.

Although we expect to return capital to stockholders through dividends or otherwise in the future, we have no current plans to pay any cash dividends. The declaration, amount and payment of any future dividends on shares of common stock will be at the sole discretion of our board of directors. Our board of directors may take into account general and economic conditions, our financial condition and results of operations, our available cash, current and anticipated cash needs, capital requirements, contractual, legal, tax and regulatory restrictions on the payment of dividends by us to our stockholders or by our subsidiaries to us, and such other factors as our board of directors may deem relevant. In addition, our ability to pay dividends is limited by our credit agreement related to our senior secured credit facilities. Our ability to pay dividends may also be limited by covenants of other indebtedness that we or our subsidiaries incur in the future.

ITEM 1B. Unresolved Staff Comments

None.

ITEM 2. Properties

Timeshare Properties

As of December 31, 2018, we have 54 properties, representing 8,888 units. These units are at properties we developed or constructed by third-party developers. We owned 66 percent of all unsold units, representing 2,069 of the 3,131 unsold units, at these properties. We also own, manage or lease fitness, spa and sports facilities, undeveloped and partially developed land and other common area assets at some of our resorts, including resort lobbies and food and beverage outlets.

As of December 31, 2018, our resorts included the following locations and units:

Property Name	Ownership [1]	Location	Units
Hilton Grand Vacations (U.S.)			
HGVClub at SeaWorld Orlando	Developed	Orlando, FL	516
HGVClub at Tuscany Village	Developed	Orlando, FL	440
Parc Soleil by HGVClub	Developed	Orlando, FL	312
Las Palmeras, a Hilton Grand Vacations Club	Fee-for-service [2]	Orlando, FL	226
HGVClub at McAlpin—Ocean Plaza	Developed	Miami Beach, FL	52
HGVClub at the Flamingo	Developed	Las Vegas, NV	200
HGVClub on Paradise	Developed	Las Vegas, NV	232
HGVClub on the Boulevard	Developed	Las Vegas, NV	714
HGVClub at Trump International Hotel Las Vegas [3]	Developed	Las Vegas, NV	205
Elara, a Hilton Grand Vacations Club	Fee-for-service	Las Vegas, NV	1,201
The Grand Islander by HGVClub	Fee-for-service	Honolulu, HI	418
HGVClub at Hilton Hawaiian Village—The Lagoon Tower	Developed	Honolulu, HI	236
HGVClub at Hilton Hawaiian Village—The Kalia Tower	Developed	Honolulu, HI	72
Grand Waikikian by HGVClub	Developed	Honolulu, HI	331
Hokulani Waikiki by HGVClub [3]	Developed	Honolulu, HI	143
Kohala Suites by HGVClub	Developed	Waikoloa, HI	120
Kings' Land by HGVClub	Developed	Waikoloa, HI	435
Ocean Tower by Hilton Grand Vacations	Developed	Waikoloa, HI	72
The Bay Club at Waikoloa Beach Resort	Collection	Waikoloa, HI	172
The Hilton Club—New York	Developed	New York, NY	127
West 57th Street by Hilton Club	Developed	New York, NY	166
The Residences by Hilton Club	Developed	New York, NY	47
The Quin Central Park by Hilton Club	Developed	New York, NY	208
The District by Hilton Club	Developed	Washington, DC	108
HGVClub at Anderson Ocean Club	Fee-for-service	Myrtle Beach, SC	172
Ocean 22 by Hilton Grand Vacations Club	Fee-for-service	Myrtle Beach, SC	230
Ocean Enclave by Hilton Grand Vacations Club [4]	Fee-for-service	Myrtle Beach, SC	330
Ocean Oak Resort by Hilton Grand Vacation Club [4]	Fee-for-service	Hilton Head, SC	125
Sunrise Lodge, a Hilton Grand Vacations Club	Developed	Park City, UT	83
Valdoro Mountain Lodge	Collection	Breckenridge, CO	70
HGVClub at MarBrisa [3][4]	Fee-for-service	Carlsbad, CA	232
The Cottages at South Seas Island Resort	Collection	Captiva, FL	14
Harbourview Villas at South Seas Island Resort	Collection	Captiva, FL	10
Plantation Bay Villas at South Seas Island Resort	Collection	Captiva, FL	4
Plantation Beach Club at South Seas Island Resort	Collection	Captiva, FL	56
Plantation House at South Seas Island Resort	Collection	Captiva, FL	12
South Seas Club at South Seas Island Resort	Collection	Captiva, FL	24
Casa Ybel Resort	Collection	Sanibel, FL	74
Hurricane House Resort	Collection	Sanibel, FL	15
Sanibel Cottages Resort	Collection	Sanibel, FL	28
Tortuga Beach Club Resort	Collection	Sanibel, FL	54
Seawatch On-the-Beach Resort	Collection	Ft. Myers Beach, FL	42
The Charter Club of Marco Beach	Collection	Marco Island, FL	80
Eagle's Nest Beach Resort	Collection	Marco Island, FL	96
Club Regency of Marco Island	Collection	Marco Island, FL	32
The Surf Club of Marco	Collection	Marco Island, FL	44
Plantation Beach Club at Indian River Plantation Resort	Collection	Hutchinson Island, FL	30

Hilton International Grand Vacations (non-U.S.)			
HGVClub at Coylumbridge	Developed	Scotland	61
HGVClub at Craigendarroch Suites	Developed	Scotland	32
HGVClub at Craigendarroch Lodge	Developed	Scotland	99
HGVClub at Dunkeld	Developed	Scotland	22
HGVClub at Borgo alle Vigne	Fee-for-service	Italy	31
The Bay Forest Odawara by Hilton Club	Developed	Japan	10
The Crane [4]	Developed	Barbados	23

(1) Fee-for-service and collection properties are properties that were funded and constructed by a third-party developer. Collection properties are properties that were contributed by a third party during Hilton's joint venture with Grand Vacations or prior to the spin-off. A developed property is a property that was funded and constructed by Hilton Grand Vacations or acquired through a just-in-time arrangement. Hilton Grand Vacations also manages the operation of the developed properties.

(2) As of December 31, 2018, we acquired 20 units as part of a just-in-time arrangement.

(3) Property sub-managed by a third party.

(4) During the year ended December 31, 2018, we pre-sold certain units to be occupied beginning in 2019.

Corporate Headquarters and Sales Distribution Centers

Our corporate headquarters are located at 6355 MetroWest Boulevard, Suite 180, Orlando, Florida 32835, and consist of approximately 102,000 square feet of leased space. The lease for this property initially expires on November 30, 2021 with options to renew for two additional five-year periods. In November 2017, the initial lease was amended extending the lease term through November 30, 2026 with no changes to renewal options. Our sales distribution centers are located in Las Vegas, Myrtle Beach, Hilton Head, New York, Washington, D.C., Orlando, Park City, Honolulu, Waikoloa and Tokyo. We also have other corporate offices and call centers located in Orlando, Las Vegas, Honolulu and Tokyo.

We believe that our existing office properties are in good condition and are sufficient and suitable for the conduct of our business. In the event we need to expand our operations, we believe that suitable space will be available on commercially reasonable terms.

ITEM 3. 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, consumer protection claims and privacy 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 or our ability to run our business as currently conducted.

ITEM 4. Mine Safety Disclosures

Not applicable.

PART II

ITEM 5. Market For Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock is traded on the New York Stock Exchange ("NYSE") under the symbol "HGV." Our common stock began trading on a "when-issued" basis on December 15, 2016 but did not commence regular-way trading on the NYSE until January 4, 2017, the day after the completion of our spin-off. We have not made any unregistered sales of our equity securities.

Performance Graph

The following graph compares the cumulative share price performance since December 15, 2016 with the Russell 2500 (R2500) Index and the Dow Jones US Travel & Leisure Index GICS Level 3 (DJUSTLE). The graph assumes that the value of the investment in our common stock and each index was $100 on December 15, 2016, which was the first day our common stock began trading on a "when-issued" basis.

Holders of Record

The number of stockholders of record of our common stock as of February 22, 2019 was 310.

Dividends

Although we expect to return capital to stockholders through dividends or otherwise in the future, we have no current plans to pay dividends on our common stock. Any decision to declare and pay dividends in the future will be made at the sole discretion of our board of directors and will depend on, among other things, our results of operations, cash requirements, financial condition, contractual restrictions and other factors that our board of directors may deem relevant. In addition, our senior secured credit facilities and certain of our non-recourse debt includes a provision limiting our ability to make restricted payments, including dividends.

Issuer Purchases of Equity Securities

On November 28, 2018, the Company announced that our Board of Directors approved a share repurchase program authorizing the Company to repurchase up to an aggregate of $200 million of its outstanding shares of common stock. The timing and actual number of shares repurchased will depend on a variety of factors, including the stock price, corporate and regulatory requirements and other market and economic conditions. The stock repurchase program may be suspended or discontinued at any time and will automatically expire on November 26, 2019. The following table presents details regarding our repurchase of securities during the quarter ended December 31, 2018.

Period	Total Number of Shares Purchased	Average Price per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under Plan
October 1, 2018 - October 31, 2018	—	$ —	—	$ —
November 1, 2018 - November 30, 2018	—	$ —	—	$ —
December 1, 2018 - December 31, 2018	2,487,263	$ 28.62	2,487,263	$ 128,807,462

ITEM 6. Selected Financial Data

The following selected consolidated statement of operations data for the years ended December 31, 2018, 2017 and 2016 and the selected consolidated balance sheet data as of December 31, 2018 and 2017 are derived from our audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K. The selected historical consolidated statement of operations data for the years ended December 31, 2015 and 2014 and the selected consolidated balance sheet data as of December 31, 2016 and 2015 are derived from our audited consolidated financial statements not included in this Annual Report on Form 10-K but was included in our previously filed Annual Report on Form 10-K. The selected historical consolidated balance sheet data as of December 31, 2014 is derived from our unaudited consolidated financial statements that are not included in this Annual Report on Form 10-K but included in our Registration Statement on Form 10. Our historical results are not necessarily indicative of the results expected for any future period.

The selected consolidated financial data below should be read together with the audited consolidated financial statements, including the notes thereto, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Annual Report on Form 10-K.

	Year Ended December 31,				
($ in millions, except per share amounts)	2018	2017	2016	2015	2014
Statement of Operations Data:					
Total revenues	$ 1,999	$ 1,711	$ 1,583	$ 1,475	$ 1,317
Total operating expenses	1,565	1,374	1,260	1,154	1,004
Net income	298	327	168	174	167
Earnings per share (1)					
Basic	$ 3.07	$ 3.30	$ 1.70	$ 1.76	$ 1.69
Diluted	$ 3.05	$ 3.28	$ 1.70	$ 1.76	$ 1.69

	December 31,				
($ in millions)	2018	2017	2016	2015	2014
Balance Sheet Data:					
Securitized timeshare financing receivables, net	$ 617	$ 444	$ 244	$ 350	$ 468
Unsecuritized timeshare financing receivables, net	503	627	781	626	460
Total assets	2,753	2,384	2,180	1,724	1,621
Debt, net	604	482	490	—	—
Non-recourse debt, net (2)	759	583	694	502	625
Total liabilities (3)	2,137	1,866	2,013	1,830	1,994

(1) For periods ending prior to the spin-off on January 3, 2017, basic and diluted earnings per share was calculated based on shares distributed our shareholders on January 3, 2017. See Note 19: *Earnings Per Share* in our audited consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for further discussion.

(2) Amounts are net of deferred financing costs.

(3) Includes allocated Parent debt of $634 million and $719 million as of December 31, 2015 and 2014, respectively. In November 2016, we were released from the unconditional obligation to guarantee certain debt balances and related deferred loan costs were allocated to us by Hilton.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes that appear elsewhere in this Annual Report on Form 10-K.

Forward-Looking Statements

This disclosure includes forward-looking statements; and actual results and events may differ substantially from those discussed or highlighted in these forward-looking statements. See " *Cautionary Note Regarding Forward-Looking Statements* ."

Overview

Our Business

We market and sell VOIs, manage vacation resorts in top leisure and urban destinations and operate a point-based vacation club. As of December 31, 2018, we had 54 properties, representing 8,888 units, and approximately 309,000 Hilton Grand Vacations Club (the "Club") members. Club members have the flexibility to exchange their VOIs for stays at any Hilton Grand Vacations resort or any property in the Hilton system of 14 industry-leading brands across more than 5,000 properties, as well as numerous experiential vacation options, such as cruises and guided tours.

On January 3, 2017, Hilton completed a tax-free spin-off of HGV and Park. As a result of the spin-off, HGV became an independent publicly-traded company and our common stock is listed on the New York Stock Exchange under the symbol "HGV." Following the spin-off, Hilton did not retain any ownership in our company. In connection with the spin-off, we entered into agreements with Hilton and other third parties, including licenses to use the Hilton Grand Vacations brand. For more information regarding these agreements, see " *—Key Agreements Related to the Spin-Off* " in this Annual Report on Form 10-K for additional information.

We operate our business across two segments: (1) real estate sales and financing; and (2) resort operations and club management.

Real Estate Sales and Financing

Our primary product is the marketing and selling of fee-simple VOIs deeded in perpetuity, developed either by us or by third parties. This ownership interest is an interest in real estate generally equivalent to one week annually, at the timeshare resort where the VOI was purchased. Traditionally, timeshare operators have funded 100 percent of the investment necessary to acquire land and construct timeshare properties. In 2010, we began sourcing VOIs through fee-for-service and just-in-time agreements with third-party developers and have successfully transformed from a capital-intensive business to one that is highly capital-efficient. The fee-for-service agreements enable us to generate fees from the sales and marketing of the VOIs and Club memberships and from the management of the timeshare properties without requiring us to fund acquisition and construction costs. The just-in-time agreements enable us to source VOI inventory in a manner that allows us to correlate the timing of acquisition of the inventory with the sale to purchasers. Sales of owned, including just-in-time inventory, generally result in greater Adjusted EBITDA contributions, while fee-for-service sales require less initial investment and allow us to accelerate our sales growth. Both sales of owned inventory and fee-for-service sales generate long-term, predictable fee streams, by adding to the Club membership base and properties under management, that generate strong returns on invested capital.

For the year ended December 31, 2018, sales from fee-for-service, just-in-time and developed inventory sources were 55 percent, 22 percent and 23 percent, respectively, of contract sales. See "—Real Estate Sales Metrics" for additional discussion of contract sales. Based on our 2018 sales pace, we have access to approximately seven years of future inventory, with capital efficient arrangements representing approximately 56 percent of that supply. We believe that the visibility into our long-term supply allows us to efficiently manage inventory to meet predicted sales, reduce capital investments, minimize our exposure to the cyclicality of the real estate market and mitigate the risks of entering into new markets.

We originate loans for members purchasing our developed and acquired inventory and generate interest income. Our loans are collateralized by the underlying VOIs and are generally structured as 10-year, fully-amortizing loans that bear a fixed interest rate typically ranging from nine percent to 18 percent per annum.

The interest rate on our loans is determined by, among other factors, the amount of the down payment, the borrower's credit profile and the loan term. The weighted average FICO score for new loans to U.S. and Canadian borrowers at the time of origination were as follows:

	Year Ended December 31,		
	2018	2017	2016
Weighted average FICO score	749	743	741

Prepayment is permitted without penalty. When a member defaults, we ultimately return their VOI to inventory for resale and that member no longer participates in our Club. Historical default rates, which represent annual defaults as a percentage of each year's beginning gross timeshare financing receivables balance, were as follows:

	Year Ended December 31,		
	2018	2017	2016
Historical default rates (1)	4.71%	4.12%	3.67%

(1) A loan is considered to be in default if it is equal to or greater than 121 days past due as of the prior month end.

Some of our loans have been pledged as collateral in our securitization transactions, which have in the past and may in the future provide funding for our business activities. In these securitization transactions, special purpose entities are established to issue various classes of debt securities which are generally collateralized by a single pool of assets, consisting of timeshare financing receivables that we service and related cash deposits. For additional information see Note 5: *Timeshare Financing Receivables* in our audited consolidated financial statements included in Item 8 of this Annual Report on form 10-K.

In addition, we earn fees from servicing our securitized loan portfolio and the loans provided by third-party developers of our fee-for-service projects to purchasers of their VOIs.

Resort Operations and Club Management

We enter into management agreements with the HOAs of the VOI owners for timeshare resorts developed by us or a third party. Each of the HOAs is governed by a board of directors comprising owner and developer representatives that are charged with ensuring the resorts are well-maintained and financially stable. Our management services include day-to-day operations of the resorts, maintenance of the resorts, preparation of reports, budgets and projections and employee training and oversight. Our HOA management agreements provide for a cost-plus management fee, which means we generally earn a fee equal to 10 percent to 15 percent of the costs to operate the applicable resort. The fees we earn are highly predictable due to the relatively fixed nature of resort operating expenses and our management fees are unaffected by changes in rental rate or occupancy. We are reimbursed for the costs incurred to perform our services, principally related to personnel providing on-site services. The initial term of our management agreements typically ranges from three to five years and the agreements are subject to periodic renewal for one to three year periods. Many of these agreements renew automatically unless either party provides advance notice of termination before the expiration of the term.

We also manage and operate the points-based Hilton Grand Vacations Club and Hilton Club exchange programs, which provide exclusive exchange, leisure travel and reservation services to our Club members. When owners purchase a VOI, they are generally enrolled in the Club and given an annual allotment of points that allow the member to exchange their annual usage rights in the VOI that they own for a number of vacation and travel options. In addition to an annual membership fee, Club members pay incremental fees depending on exchanges they choose within the Club system.

We rent unsold VOI inventory, third-party inventory and inventory made available due to ownership exchanges through our club programs. We earn a fee from rentals of third-party inventory. Additionally, we provide ancillary offerings including food and beverage, retail and spa offerings at these timeshare properties.

Principal Components and Factors Affecting Our Results of Operations

Principal Components of Revenues

- *Sales of VOIs, net* represents revenue recognized from the sale of owned VOIs.
- *Sales, marketing, brand and other fees* represents sales commissions, brand fees and other fees earned on the sales of VOIs through fee-for-service agreements with third-party developers. The sales commissions and brand fees are based on the total sales price of the VOIs. Also included in *Sales, marketing, brand and other fees* are revenues from marketing and incentive programs, including redemption of Club Bonus Points and prepaid vacation packages, excluding stays at Hilton Grand Vacations properties, which are included in *Rental and ancillary services* .
- *Financing* represents revenue from the financing of sales of our owned intervals, which includes interest income and fees from servicing loans. We also earn fees from servicing the loans provided by third-party developers to purchasers of their VOIs.
- *Resort and club management* represents revenues from Club activation fees, annual dues and transaction fees from member exchanges. *Resort and club management* also includes recurring management fees under our agreements with HOAs for day-to-day-management services, including housekeeping services, maintenance, and certain accounting and administrative services for HOAs, generally based on a percentage of costs to operate the resorts.
- *Rental and ancillary services* represents revenues from transient rentals of unoccupied vacation ownership units and revenues recognized from the utilization of Club points and vacation packages when points and packages are redeemed for rental stays at one of our resorts. We also earn fees from the rental of inventory owned by third parties. Ancillary revenues include food and beverage, retail, spa offerings and other guest services provided to resort guests.
- *Cost reimbursements* include costs that HOAs and developers reimburse to us. These costs primarily consist of payroll and payroll-related costs for management of the HOAs and other services we provide where we are the employer. The corresponding expenses are presented as *Cost reimbursements* expense in our consolidated statements of operations resulting in no effect on net income.

Factors Affecting Revenues

- *Relationships with developers* . In recent years, we have entered into fee-for-service and just-in-time agreements to sell VOIs on behalf of or acquired from third-party developers. The success and sustainability of our capital-efficient business model depends on our ability to maintain good relationships with third-party developers. Our relationships with these third parties also generate new relationships with developers and opportunities for property development that can support our growth. We believe that we have strong relationships with our third-party developers and are committed to the continued growth and development of these relationships. These relationships exist with a diverse group of developers and are not significantly concentrated with any particular third party.
- *Relationship with Hilton.* Following the spin-off, Hilton retained ownership of the Hilton-branded trademarks, tradenames and certain related intellectual property used in the operation of our business. We entered into a license agreement with Hilton granting us the right to use the Hilton-branded trademarks, trade names and related intellectual property in our business for the term of the agreement. The termination of the license agreement or exercise of other remedies would materially harm our business and results of operations and impair our ability to market and sell our products and maintain our competitive position. For example, if we are not able to rely on the strength of the Hilton brands to attract prospective members and guest tours in the marketplace, our revenue would decline and our marketing and sales expenses would increase.

- *Consumer demand and global economic conditions* . Consumer demand for our products and services may be affected by the performance of the general economy and is sensitive to business and personal discretionary spending levels. Declines in consumer demand due to adverse general economic conditions, risks affecting or reducing travel patterns, lower consumer confidence and adverse political conditions can subject and have subjected our revenues to significant volatility.
- *Interest rates* . We generate interest income from consumer loans we originate and declines in interest rates may cause us to lower our interest rates on our originated loans, which would adversely affect our income generated on future loans.
- *Competition.* We compete with other hotel and resort timeshare operators for sales of VOIs based principally on location, quality of accommodations, price, service levels and amenities, financing terms, quality of service, terms of property use, reservation systems and flexibility for VOI owners to exchange into time at other timeshare properties or other travel rewards. In addition, we compete based on brand name recognition and reputation. Our primary branded competitors in the timeshare space include Marriott Vacations Worldwide, Wyndham Destinations, Vistana Signature Experiences, Disney Vacation Club, Hyatt Residence Club, Holiday Inn Club Vacations, Bluegreen Vacations and Diamond Resorts International.

Principal Components of Expenses

- *Cost of VOI sales* represents the costs attributable to the sales of owned VOIs recognized, as well as charges incurred related to granting credit to customers for their existing ownership when upgrading into fee-for-service projects.
- *Sales and marketing* represents costs incurred to sell and market VOIs, including costs incurred relating to marketing and incentive programs, costs for tours, rental expense and wages and sales commissions.
- *Financing represents* consumer financing interest expense related to our debt securitized by gross timeshare financing receivables (‘‘Securitized Debt”) and Timeshare Facility, amortization of the related deferred loan costs and other expenses incurred in providing consumer financing and servicing loans.
- *Resort and club management* represents costs incurred to manage resorts and the Club, including payroll and related costs and other administrative costs.
- *Rental and ancillary services* include payroll and related costs, costs incurred from participating in the Hilton Honors loyalty program, retail, food and beverage costs and maintenance fees on unsold inventory.
- *General and administrative* consists primarily of compensation expense for our corporate staff and personnel supporting our business segments, professional fees (including consulting, audit and legal fees), administrative and related expenses. *General and administrative* also includes costs for services provided to us by Hilton.
- *Depreciation and amortization* are non-cash expenses that primarily consist of depreciation of fixed assets such as buildings and leasehold improvements and furniture and equipment at our sales centers, corporate offices, and assets purchased for future conversion to inventory, as well as amortization of our management agreement intangible and capitalized software.
- *License fee expense* represents the royalty fee paid to Hilton under a license agreement for the exclusive right to use the Hilton Grand Vacations mark, which is generally based on a percentage of gross sales volume, of certain revenue streams.
- *Cost reimbursements* include costs that HOAs and developers reimburse to us. These costs primarily consist of payroll and payroll-related costs for management of the HOAs and other services we provide where we are the employer. The corresponding revenues are presented as *Cost reimbursements* revenue in our consolidated statements of operations resulting in no effect on net income.

Factors Affecting Expenses

- *Costs of VOI sales*. In periods where there is increased demand for VOIs, we may incur increased costs to acquire inventory in the short-term, which can have an adverse effect on our cash flows, margins and profits. Additionally, as we encourage owners to upgrade into other products, we incur expenses when owners upgrade from an interval in a project we developed into fee-for-service projects, on which we earn fees. In periods where more upgrades are occurring and we are not generating increased sales volume on unsold supply, we could see an adverse effect on our cash flows, margins and profits.
- *Sales and marketing expense* . A significant portion of our costs relates to selling and marketing of our VOIs. In periods of decreased demand for VOIs, we may be unable to reduce our sales and marketing expenses quickly enough to prevent a deterioration of our profit margins on our real estate operations.
- *Rental and ancillary services expense* . These expenses include personnel costs, rent, property taxes, insurance and utilities. We pay a portion of these costs through maintenance fees of unsold intervals and by subsidizing the costs of HOAs not covered by maintenance fees collected. If we are unable to decrease these costs significantly or rapidly when demand for our unit rentals decreases, the resulting decline in our revenues could have an adverse effect on our net cash flow, margins and profits.
- *General and administrative.* Increases in general and administrative expenses as a result of becoming an independent publicly traded company such as costs of separation, regulatory filings and professional fees may affect our net cash flows, margins and profits.
- *Interest rates* . Increases in interest rates would increase the consumer financing interest expense we pay on the Timeshare Facility and could adversely affect our financing operations in future securitization or other debt transactions, affecting net cash flow, margins and profits.

Other Items

- *Seasonality.* We experience modest seasonality in VOI sales at certain resorts, with increased revenue during traditional vacation periods for those locations.
- *Regulation.* Our business activities are highly regulated. We are subject to a wide variety of complex international, national, federal, state and local laws, regulations and policies in jurisdictions in which we operate. These laws, regulations and policies primarily affect four areas of our business: real estate development activities; marketing and sales activities; lending activities; and resort management activities. We seek to actively participate in the determination of new laws or other regulations affecting the timeshare industry. For further detail of these regulations see " *Risk Factors"* and *"Business–Government Regulation* " included elsewhere in this Annual Report on Form 10-K.

Key Business and Financial Metrics and Terms Used by Management

Real Estate Sales Metrics

- *Contract sales* represents the total amount of VOI products (fee-for-service and developed) under purchase agreements signed during the period where we have received a down payment of at least 10 percent of the contract price. Contract sales is not a recognized term under U.S. GAAP and should not be considered in isolation or as an alternative to *Sales of VOIs, net* or any other comparable operating measure derived in accordance with U.S. GAAP. Contract sales differ from revenues from the *Sales of VOIs, net* that we report in our consolidated statements of operations due to the requirements for revenue recognition as described in Note 2: *Basis of Presentation and Summary of Significant Accounting Policies* in our audited consolidated financial statements included in Item 8 of this Annual Report on form 10-K, as well as adjustments for incentives and other administrative fee revenues. We consider contract sales to be an important operating measure because it reflects the pace of sales in our business.
- *Sales revenue* represents *Sale of VOIs, net* and commissions and brand fees earned from the sale of fee-for-service intervals.

- *Real estate margin* represents sales revenue less the cost of VOI sales and sales and marketing costs, net of marketing revenue. Real estate margin percentage is calculated by dividing real estate margin by sales revenue. We consider this to be an important operating measure because it measures the efficiency of our sales and marketing spending and management of inventory costs.
- *Tour flow* represents the number of sales presentations given at our sales centers during the period.
- *Volume per guest ("VPG")* represents the sales attributable to tours at our sales locations and is calculated by dividing Contract sales, excluding telesales, by tour flow. We consider VPG to be an important operating measure because it measures the effectiveness of our sales process, combining the average transaction price with the closing rate.

Resort and Club Management and Rental Metrics

- *Transient rate* represents the total rental room revenue for transient guests divided by total number of transient room nights sold in a given period and excludes room rentals associated with marketing programs, owner usage and the redemption of Club Bonus Points. See Note 2: *Basis of Presentation and Summary of Significant Accounting Policies* in our audited consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for further discussion on Club Bonus Points.

EBITDA and Adjusted EBITDA

EBITDA, presented herein, is a financial measure that is not recognized under U.S. GAAP that reflects net income (loss), before interest expense (excluding non-recourse debt), a provision for income taxes and depreciation and amortization. Adjusted EBITDA, presented herein, is calculated as EBITDA, as previously defined, further adjusted to exclude certain items, including, but not limited to, gains, losses and expenses in connection with: (i) asset dispositions; (ii) foreign currency transactions; (iii) debt restructurings/retirements; (iv) non-cash impairment losses; (v) reorganization costs, including severance and relocation costs; (vi) share-based and certain other compensation expenses; (vii) costs related to the spin-off; and (viii) other items.

EBITDA and 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 and Adjusted EBITDA may not be comparable to similarly titled measures of other companies.

We believe that EBITDA and Adjusted EBITDA provide useful information to investors about us and our financial condition and results of operations for the following reasons: (i) EBITDA and Adjusted EBITDA are among the measures used by our management team to evaluate our operating performance and make day-to-day operating decisions; and (ii) EBITDA and 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 and Adjusted EBITDA have limitations as analytical tools and should not be considered either in isolation or as a substitute for net income (loss), cash flow or other methods of analyzing our results as reported under U.S. GAAP. Some of these limitations are:

- EBITDA and Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs;
- EBITDA and Adjusted EBITDA do not reflect our interest expense (excluding interest expense on non-recourse debt), or the cash requirements necessary to service interest or principal payments on our indebtedness;
- EBITDA and Adjusted EBITDA do not reflect our tax expense or the cash requirements to pay our taxes;
- EBITDA and Adjusted EBITDA do not reflect historical cash expenditures or future requirements for capital expenditures or contractual commitments;

- EBITDA and 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;
- EBITDA and Adjusted EBITDA do not reflect any cash requirements for future replacements of assets that are being depreciated and amortized; and
- EBITDA and Adjusted EBITDA may be calculated differently from other companies in our industry limiting their usefulness as comparative measures.

Because of these limitations, EBITDA and 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.

Recent Events

In November 2018, our Board of Directors approved a share repurchase program authorizing the Company to purchase up to $200 million of its issued and outstanding common stock. The timing and amounts of any repurchases under the program will depend on certain factors, including, but not limited to, market conditions and stock prices, available funds, corporate and regulatory requirements and alternative uses of capital. The stock repurchase program may be carried out through open-market purchases, block trades or other transactions. HGV expects to fund the repurchase program through a combination of cash on hand, operating cash flow, receivables funding and bank facilities. In December 2018, we repurchased 2.5 million shares for $71 million.

In November 2018, we entered into an amendment to the credit agreement originally, dated as of December 28, 2016, which amended certain terms of the credit facilities. Pursuant to the amendment, the senior secured credit facilities consist of (i) a five-year $200 million term loan facility and (ii) a five-year revolving credit facility in an aggregate borrowing capacity of up to $800 million. We drew down the entire $200 million on the term loan facility and $55 million of the revolving credit facility to refinance the existing term loan and revolving credit facility balances. See Note 14: *Debt and Non-recourse debt* in our audited consolidated financial statements included in Item 8 of this Annual Report on form 10-K for additional information.

Results of Operations

Year Ended December 31, 2018 Compared with Year Ended December 31, 2017 and Year Ended December 31, 2017 Compared with Year Ended December 31, 2016

Segment Results

We evaluate our business segment operating performance using segment Adjusted EBITDA, as described in Note 21: *Business Segments* in our audited consolidated financial statements included in Item 8 of this Annual Report on Form 10-K. We do not include equity in earnings (losses) from unconsolidated affiliate in our measures of segment revenues. For a discussion of our definition of EBITDA and Adjusted EBITDA, how management uses them to manage our business and material limitations on their usefulness, refer to "—Key Business and Financial Metrics and Terms Used by Management—EBITDA and Adjusted EBITDA." The following tables set forth revenues and Adjusted EBITDA by segment:

	Year Ended December 31,			2018 vs 2017 Variance		2017 vs 2016 Variance	
($ in millions)	2018	2017	2016	$	%	$	%
Revenues:							
Real estate sales and financing	$ 1,462	$ 1,239	$ 1,143	$ 223	18.0%	$ 96	8.4%
Resort operations and club management	422	367	339	55	15.0	28	8.3
Segment revenues	1,884	1,606	1,482	278	17.3	124	8.4
Cost reimbursements	147	135	126	12	8.9	9	7.1
Intersegment eliminations (1)	(32)	(30)	(25)	(2)	6.7	(5)	20.0
Total revenues	$ 1,999	$ 1,711	$ 1,583	$ 288	16.8	$ 128	8.1

(1) Refer to Note 21: *Business Segments* in our audited consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for details on the intersegment eliminations.

The following table reconciles net income, our most comparable U.S. GAAP financial measure, to EBITDA and Adjusted EBITDA:

	Year Ended December 31,			2018 vs 2017 Variance		2017 vs 2016 Variance	
($ in millions)	2018	2017	2016	$	%	$	%
Net Income	$ 298	$ 327	$ 168	$ (29)	(8.9)%	$ 159	94.6%
Interest expense	30	27	3	3	11.1	24	NM (1)
Allocated Parent interest expense (2)	—	—	26	—	NM (1)	(26)	(100.0)
Income tax (benefit) expense	105	(16)	125	121	NM (1)	(141)	NM (1)
Depreciation and amortization	36	29	24	7	24.1	5	20.8
Interest expense, depreciation and amortization included in equity in earnings from unconsolidated affiliates	4	3	—	1	33.3	3	NM (1)
EBITDA	473	370	346	103	27.8	24	6.9
Other loss, net	1	—	1	1	NM (1)	(1)	(100.0)
Share-based compensation expense	16	15	8	1	6.7	7	87.5
Other adjustment items (3)	13	10	35	3	30.0	(25)	(71.4)
Adjusted EBITDA	$ 503	$ 395	$ 390	$ 108	27.3	$ 5	1.3

(1) Fluctuation in terms of percentage change is not meaningful.

(2) This amount represents interest expense on an unconditional obligation to guarantee certain Hilton allocated debt balances which were released in November 2016.

(3) Includes costs associated with the spin-off transaction of $11 million, $8 million and $30 million for the years ended December 31, 2018, 2017 and 2016, respectively.

The following table reconciles our segment Adjusted EBITDA to Adjusted EBITDA.

($ in millions)	Year Ended December 31, 2018	2017	2016	2018 vs 2017 Variance $	%	2017 vs 2016 Variance $	%
Adjusted EBITDA:							
Real estate sales and financing (2)	$ 447	$ 359	$ 336	$ 88	24.5%	$ 23	6.8%
Resort operations and club management (2)	245	204	189	41	20.1	15	7.9
Segment Adjusted EBITDA	692	563	525	129	22.9	38	7.2
Adjustments:							
Adjusted EBITDA from unconsolidated affiliates	4	4	—	—	—	4	NM (1)
License fee expense	(98)	(87)	(80)	(11)	12.6	(7)	8.8
General and administrative (3)	(95)	(85)	(55)	(10)	11.8	(30)	54.5
Adjusted EBITDA	$ 503	$ 395	$ 390	$ 108	27.3	$ 5	1.3

(1) Fluctuation in terms of percentage change is not meaningful.
(2) Includes intersegment eliminations, share-based compensation attributable to the segment and other adjustments.
(3) Excludes segment related share-based compensation and other adjustment items.

Real Estate Sales and Financing

Real estate sales and financing segment revenues increased by $223 million for the year ended December 31, 2018, compared to 2017, primarily due to (i) a $234 million increase in sales revenue and (ii) a $11 million increase in financing revenue, partially offset by a decrease of $22 million in marketing revenue and other fees. The increase in sales revenue of $234 million was primarily due to (i) an increase related to revenue recognized from the completion of construction of two timeshare resorts and (ii) a $48 million increase in commission and brand fees due to higher fee-for-service sales primarily related to a new resort in South Carolina. The decrease in marketing revenue was primarily due to (i) a $10 million one-time benefit recognized in the second quarter of 2017 related to a reduction of expected redemptions of expired discounted vacation packages and (ii) recognition of certain sales incentives on a net versus gross basis as a result of Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* ("ASC 606"). The increase in financing revenue was primarily due to an increase in interest income and loan servicing fees from higher outstanding timeshare financing receivable balances. Real estate sales and financing segment Adjusted EBITDA increased by $88 million for the year ended December 31, 2018, compared to 2017, primarily due to an increase in revenues associated with the segment discussed above, partially offset by (i) a $71 million increase in sales and marketing and financing expenses and (ii) a $62 million increase in cost of VOI sales.

Real estate sales and financing segment revenues increased for the year ended December 31, 2017, compared to 2016, primarily due to a $62 million increase in sales revenue, a $23 million increase in marketing revenue and a $13 million increase in financing revenue. The increase in sales revenue was primarily due to a $40 million increase in *Sales of VOIs, net* , due to sales at our newly developed projects beginning the second half of 2016, in Washington, DC and New York, NY as well as a $22 million increase in commission and brand fees. The $23 million increase in marketing revenue was primarily due to a $10 million reduction of our expected redemptions of expired discounted vacation packages and an $11 million increase in other marketing revenue. The increase in financing revenue was primarily due to an increase in interest income from higher outstanding timeshare financing receivable balances. Real estate sales and financing segment Adjusted EBTIDA increased by $23 million for the year ended December 31, 2017, compared to 2016, primarily due to an increase in revenues associated with the segment, partially offset by a $69 million increase in sales and marketing and financing expenses.

Refer to "—Real Estate" and "—Financing" for further discussion on the revenues and expenses of the real estate sales and financing segment.

Resort Operations and Club Management

R esort operations and club management segment revenues increased by $55 million for the year ended December 31, 2018, compared to 2017, primarily due to (i) an increase of $14 million in resort and club management revenues primarily due to an increase in Club members and higher rates and (ii) an increase of $39 million in rental and ancillary services revenues as a result of higher rental room revenue from transient guests primarily due to the acquisition of an operating hotel in New York City, New York in June 2018 and higher club inventory rentals at our developed and fee-for-service properties. Resort operations and club management segment Adjusted EBITDA increased by $41 million for the year ended December 31, 2018, compared to the same period in 2017 , primarily due to the increases in revenues associated with the segment, partially offset by a $15 million increase in segment expenses.

Resort operations and club management segment revenues increased for the year ended December 31, 2017, compared to 2016, primarily due to (i) a $15 million increase in resort and club management revenues from the launch of new properties during and subsequent to the second quarter of 2016 and (ii) an increase of $6 million in rental and ancillary services revenues as a result of higher transient room and club inventory rentals at our developed and fee-for-service properties. Resort operations and club management segment Adjusted EBITDA increased from the year ended December 31, 2017, compared to 2016, primarily due to increases in revenues associated with the segment, partially offset by a $16 million increase in segment expenses.

Refer to "—Resort and Club Management" and "—Rental and Ancillary Services" for further discussion on the revenues and expenses of the resort operations and club management segment.

Real Estate Sales and Financing Segment

Real Estate

	Year Ended December 31,			2018 vs 2017 Variance		2017 vs 2016 Variance	
($ in millions, except Tour flow and VPG)	**2018**	**2017**	**2016**	**$**	**%**	**$**	**%**
Sales of VOIs, net	$ 734	$ 548	$ 508	$ 186	33.9%	$ 40	7.9%
Adjustments:							
Fee-for-service sales (2)	776	694	657	82	11.8	37	5.6
Loan loss provision	69	58	49	11	19.0	9	18.4
Reportability and other:							
Deferral of sales of VOIs under construction (3)	(133)	5	5	(138)	NM (1)	—	—
Fee-for-service sale upgrades, net	(63)	(52)	(74)	(11)	21.2	22	(29.7)
Other (4)	27	22	27	5	22.7	(5)	(18.5)
Contract sales	$ 1,410	$ 1,275	$ 1,172	$ 135	10.6	$ 103	8.8
Tour flow	357,861	330,775	306,141	27,086	8.2	24,634	8.0
VPG	$ 3,743	$ 3,657	$ 3,596	$ 86	2.4	$ 61	1.7

(1) Fluctuation in terms of percentage change is not meaningful.
(2) Represents contract sales from fee-for-service properties on which we earn commissions and brand fees.
(3) Includes $112 million cumulative effect of applying Accounting Standards Codification ("ASC") Topic 606.
(4) Includes adjustments for revenue recognition, including amounts in rescission and sales incentives.

Contract sales increased for the year ended December 31, 2018 compared to 2017, primarily due to an increase in tour flow and VPG. VPG increased due to a 1.1 percent increase in average transaction price and a 0.2 percentage point increase in the close rate.

Contract sales increased for the year ended December 31, 2017, compared to 2016, primarily due to an increase in tour flow, telesales and VPG. VPG increased due to a 1.9 percentage point increase in average transaction price, partially offset by a 0.2 percentage point decrease in the close rate.

($ in millions)	Year Ended December 31,			2018 vs 2017 Variance		2017 vs 2016 Variance	
	2018	2017	2016	$	%	$	%
Sales of VOIs, net	$ 734	$ 548	$ 508	$ 186	33.9%	$ 40	7.9%
Sales, marketing, brand and other fees	570	544	499	26	4.8	45	9.0
Less:							
Marketing revenue and other fees	123	145	122	(22)	(15.2)	23	18.9
Sales revenue	1,181	947	885	234	24.7	62	7.0
Less:							
Cost of VOI sales	210	148	152	62	41.9	(4)	(2.6)
Sales and marketing expense, net (1)	575	492	447	83	16.9	45	10.1
Real estate margin	$ 396	$ 307	$ 286	$ 89	29.0	$ 21	7.3
Real estate margin percentage	33.5%	32.4%	32.3%				

(1) Includes revenue recognized through our marketing programs for existing owners and prospective first-time buyers and revenue associated with sales incentives, title service and document compliance.

Sales revenue increased by $234 million for the year ended December 31, 2018, compared to 2017, primarily due to (i) an increase related to revenue recognized from the completion of construction of two timeshare resorts in Hawaii and New York and (ii) a $48 million increase in commission and brand fees due to higher fee-for-service sales primarily related to a new resort in South Carolina. *Cost of VOI sales* and *Sales and marketing expense, net* , increased for the year ended December 31, 2018, compared to 2017, primarily as a result of (i) recognition of direct expenses as a result of the completion of the two resorts, (ii) a $10 million reduction of marketing revenue due to a one-time benefit recognized in the second quarter of 2017 related to a reduction of expected redemptions of expired discounted vacation packages, (iii) recognition of certain sales incentives on a net versus gross basis as a result of ASC 606 and (iv) higher sales and marketing expense driven by higher contract sales.

Real estate margin and margin percentage increased for the year ended December 31, 2018, compared to 2017, primarily due to the aforementioned increase in revenue and a reduction in operating expenses relative to revenue.

Sales revenue increased for the year ended December 31, 2017, compared to 2016, primarily due to (i) a $40 million increase in Sales of VOIs, net, beginning the second half of 2016, as we started sales at our newly developed projects in Washington, DC and New York, NY and (ii) a $22 million increase in commission and brand fees due to the launch of one new fee-for-service property in the second quarter of 2016. Real estate margin increased for the year ended December 31, 2017, compared to 2016, primarily as a result of the aforementioned increase in sales revenue, partially offset by higher sales and marketing expense due to an increase in contract sales volume and research and development costs to evaluation new markets. The increase in *Sales and marketing expense, net* , was partially offset by a $10 million reduction of our expected redemptions of expired discounted vacation packages and a $11 million increase in other marketing revenue. Real estate margin percentage was flat for the year ended December 31, 2017, compared to 2016.

Financing

($ in millions)	Year Ended December 31, 2018	2017	2016	2018 vs. 2017 Variance $	%	2017 vs. 2016 Variance $	%
Interest income	$ 140	$ 132	$ 122	$ 8	6.1%	$ 10	8.2%
Other financing revenue	18	15	12	3	20.0	3	25.0
Financing revenue	158	147	134	11	7.5	13	9.7
Consumer financing interest expense	24	20	12	4	20.0	8	66.7
Other financing expense	25	23	20	2	8.7	3	15.0
Financing expense	49	43	32	6	14.0	11	34.4
Financing margin	$ 109	$ 104	$ 102	$ 5	4.8	$ 2	2.0
Financing margin percentage	69.0%	70.7%	76.1%				

Financing revenue increased by $11 million for the year ended December 31, 2018, compared to 2017, primarily due to an increase of $8 million in interest income resulting from a higher average outstanding timeshare financing receivables balance during the year ended December 31, 2018.

Financing margin increased for the year ended December 31, 2018, compared to 2017, primarily due to an increase in interest income resulting from a higher outstanding timeshare financing receivables balance. Financing margin percentage decreased for the year ended December 31, 2018, compared to 2017, primarily due to an increase in interest expense related to our 2018 securitization and an increase in the interest rate on our Timeshare Facility. See Note 14: *Debt & Non-recourse Debt* in our audited consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for additional information.

Financing revenue increased for the year ended December 31, 2017, compared to 2016, due to an increase of $10 million in interest income resulting from a higher outstanding timeshare financing receivables balance and an increase of $3 million in fees generated from servicing the loans provided by third-party developers to purchasers of their VOIs.

Financing margin increased for the year ended December 31, 2017, compared to 2016, primarily due to an increase in the loan portfolio. Financing margin percentage decreased for the year ended December 31, 2017, compared to 2016, primarily due to higher non-recourse debt balance associated with the additional drawdown on our Timeshare Facility in December 2016 and our 2017 securitization. See Note 14: *Debt & Non-recourse Debt* in our audited consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for additional information.

Resort and Club Management

($ in millions)	Year Ended December 31, 2018	2017	2016	2018 vs 2017 Variance $	%	2017 vs 2016 Variance $	%
Club management revenue	$ 112	$ 99	$ 92	$ 13	13.1%	$ 7	7.6%
Resort management revenue	60	59	51	1	1.7	8	15.7
Resort and club management revenues	172	158	143	14	8.9	15	10.5
Club management expense	29	25	23	4	16.0	2	8.7
Resort management expense	18	18	13	—	—	5	38.5
Resort and club management expenses	47	43	36	4	9.3	7	19.4
Resort and club management margin	125	$ 115	$ 107	$ 10	8.7	$ 8	7.5
Resort and club management margin percentage	72.7%	72.8%	74.8%				

Resort and club management revenues increased by $14 million for the year ended December 31, 2018, compared to 2017, primarily due to an increase of approximately 20,200 in Club members and higher rates pertaining to annual dues and transaction fees.

Resort and club management margin increased for the year ended December 31, 2018, compared to 2017, primarily due to the aforementioned increases in revenues. Resort and club management margin percentage remained relatively flat for the year ended December 31, 2018, compared to 2017.

Resort and club management revenues increased for the year ended December 31, 2017 compared to 2016, primarily due to (i) an increase in resort management revenue from the launch of new properties during the second half of 2016 and (ii) an increase of approximately 19,300 in Club members and higher rates pertaining to annual dues and transaction fees. These increases were partially offset by higher resort and club management expenses due to an increase in costs for servicing additional Club members and properties and a one-time fee earned in 2016 on a prepaid contract.

Resort and club management margin increased for the year ended December 31, 2017, compared to 2016, primarily due to the aforementioned increases in segment revenues, partially offset by a one-time fee earned in 2016 on a prepaid contract as well as a $7 million increase in segment expenses as a result of customer and company related initiatives. Rental and club management margin percentage decreased for the year ended December 31, 2017, compared to 2016, primarily due to an increase in segment expenses as a result of customer and company related initiatives, partially offset by the aforementioned increases in segment revenues.

Rental and Ancillary Services

	Year Ended December 31,			2018 vs 2017 Variance		2017 vs 2016 Variance	
($ in millions)	**2018**	**2017**	**2016**	**$**	**%**	**$**	**%**
Rental revenues	$ 191	$ 156	$ 149	$ 35	22.4%	$ 7	4.7%
Ancillary services revenues	27	23	24	4	17.4	(1)	(4.2)
Rental and ancillary services revenues	218	179	173	39	21.8	6	3.5
Rental expenses	110	103	90	7	6.8	13	14.4
Ancillary services expense	23	19	23	4	21.1	(4)	(17.4)
Rental and ancillary services expenses	133	122	113	11	9.0	9	8.0
Rental and ancillary services margin	85	$ 57	$ 60	$ 28	49.1	$ (3)	(5.0)
Rental and ancillary services margin percentage	39.0%	31.8%	34.7%				

Rental and ancillary services revenues increased by $39 million for the year ended December 31, 2018, compared to 2017, primarily due to an increase of $35 million in rental revenues as a result of higher rental room revenue from transient guests due to the acquisition of an operating hotel in New York City, New York in June 2018. Additionally, we had higher club inventory rentals at our developed and fee-for-service properties. Rental and ancillary services margin and margin percentage increased for year ended December 31, 2018 compared to 2017, primary due to the aforementioned increases in revenues and related expenses.

Rental and ancillary services margin decreased for the year ended December 31, 2017, compared to 2016, primarily due to a net increase of $9 million in rental and ancillary expenses due to (i) additional owners and new properties resulting in higher travel exchange program expenses including Hilton Honors and partners perks as well as higher maintenance expense from new and existing properties with unsold inventory, (ii) a one-time insurance claim payment of $2 million received in 2016, and (iii) a reduction in access fees received due to higher quantity of access fees sold in 2016. The increase in expenses was partially offset by higher transient room and club inventory rentals at our developed and fee-for-service properties. Rental and ancillary services margin percentage decreased for the year ended December 31, 2017, compared to 2016, due to aforementioned increases in segment expenses.

Other Operating Expenses

($ in millions)	Year Ended December 31, 2018	2017	2016	2018 vs 2017 Variance $	%	2017 vs 2016 Variance $	%
Unallocated general and administrative	$ 117	$ 104	$ 65	$ 13	12.5%	$ 39	60.0%
Allocated general and administrative	—	—	27	—	NM (1)	(27)	(100.0)
General and administrative	$ 117	$ 104	$ 92	$ 13	12.5	$ 12	13.0

(1) Fluctuation in terms of percentage change is not meaningful.

Unallocated general and administrative expenses increased by $13 million for the year ended December 31, 2018, compared to 2017, primarily due to higher one-time consulting and software license fees relating to the Oracle cloud-based information system implemented during 2018. Additionally, the substantial completion of the spin-off from Hilton during 2018 resulted in additional costs related to the establishment of stand-alone corporate functions.

Unallocated general and administrative expenses increased for the year ended December 31, 2017, compared to 2016, primarily due to an increase in expenses relating to regulatory filings, professional fees and other costs as a result of becoming an independent publicly-traded company. Allocated general and administrative were expenses allocated to us from Hilton relating to the spin-off which was completed on January 3, 2017.

($ in millions)	Year Ended December 31, 2018	2017	2016	2018 vs 2017 Variance $	%	2017 vs 2016 Variance $	%
Depreciation and amortization	$ 36	$ 29	$ 24	$ 7	24.1%	$ 5	20.8%
License fee expense	98	87	80	11	12.6	7	8.8

Depreciation and amortization expense increased for the year ended December 31, 2018, compared to 2017, primarily due to additional leasehold improvements and software placed into service in 2018.

Depreciation and amortization expense increased for the year ended December 31, 2017, compared to 2016, primarily due to asset transfers from Hilton during the fourth quarter of 2016, some of which we hold as property and equipment for future conversion into inventory.

License fee expense increased for the years ended December 31, 2018, compared to the respective prior periods, as a result of increases in revenues subject to license fees during those periods.

Non-Operating Expenses

($ in millions)	Year Ended December 31, 2018	2017	2016	2018 vs 2017 Variance $	%	2017 vs 2016 Variance $	%
Interest expense	$ 30	$ 27	3	$ 3	11.1%	$ 24	NM (1)
Allocated Parent interest expense	—	—	26	—	NM (1)	(26)	(100.0)%
Equity in earnings from unconsolidated affiliates	—	(1)	—	1	(100.0)	(1)	NM (1)
Other loss, net	1	—	1	1	NM (1)	(1)	(100.0)
Income tax expense (benefit)	105	(16)	125	121	NM (1)	(141)	NM (1)

(1) Fluctuation in terms of percentage change is not meaningful.

The change in non-operating expenses for the year ended December 31, 2018, compared to 2017, is primarily due to (i) an increase in interest expense due to a higher average outstanding balance on our senior secured credit facilities in 2018 and (ii) the change in our income tax expense (benefit) due to a one-time re-measurement benefit of our deferred tax balance in 2017 as a result of the Tax Cut and Jobs Act.

The change in non-operating expenses for the year ended December 31, 2017, compared to 2016, is primarily due to (i) an increase in interest expense which directly relates to the financing transactions closed during and subsequent to the fourth quarter of 2016, (ii) a decrease in allocated parent interest expense primarily due to us being released from the unconditional obligation to guarantee certain Hilton allocated debt in November 2016, (iii) equity in earnings from unconsolidated affiliated relates to our 25 percent interest in BRE Ace LLC (see Note 9: *Investment in Unconsolidated Affiliate* in our audited consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for additional information) and (iv) a decrease in our net deferred income tax liabilities primarily as a result of the Tax Cut and Jobs Act enacted on December 22, 2017.

2019 Outlook

We announced the following full year guidance, which assumes no impact from construction-related revenue and expenses deferrals.

($ in millions, except share data)	2019 Low Case	2019 High Case
Contract Sales	9.0%	11.0%
Fee-for-service as % of contract sales	48%	54%
Net Income	$ 260	$ 275
Income tax expense	97	103
Pre-tax income	357	378
Interest expense	30	27
Depreciation and amortization	42	39
Interest expense and depreciation and amortization included in equity in earnings from unconsolidated affiliates	1	2
EBITDA	430	446
Share-based compensation expense	18	20
Other adjustment items	2	4
Adjusted EBITDA	$ 450	$ 470
Diluted shares	95	95
Earnings per share - diluted	$ 2.74	$ 2.89
Cash flow from operating activities	$ 75	$ 115
Non-inventory capex	(60)	(50)
Free Cash Flow	15	65
Net proceeds from securitization activity	45	55
Adjusted Free Cash Flow	$ 60	$ 120

Liquidity and Capital Resources

Overview

Our cash management objectives are to maintain the availability of liquidity, minimize operational costs, make debt payments and fund future acquisitions and development projects. Our known short-term liquidity requirements primarily consist of funds necessary to pay for operating expenses and other expenditures, including payroll and related benefits, legal costs, operating costs associated with the operation of our resorts and sales centers, interest and scheduled principal payments on our outstanding indebtedness, inventory related purchase commitments, and capital expenditures for renovations and maintenance at our offices and sales centers. Our long-term liquidity requirements primarily consist of funds necessary to pay for scheduled debt maturities, inventory related purchase commitments and costs associated with potential acquisitions and development projects.

We finance our short- and long-term liquidity needs primarily by cash and cash equivalents, cash generated from our operations, draws on our senior secured credit facility and Timeshare Facility, and through periodic securitizations of our timeshare financing receivables.

- As of December 31, 2018, we had total cash and cash equivalents of $180 million, including $72 million of restricted cash. The restricted cash balance relates to escrowed cash from our sales of our VOIs and reserves related to our non-recourse debt.

- In November 2018, we amended certain terms of our existing senior secured credit facilities, whereby, the borrowing capacity under the revolving facility was increased from $200 million to $800 million and the existing term loan was increased to $200 million. The new facility includes incrementally better pricing than the previous facility and provides HGV greater flexibility to pursue its capital deployment strategies. As of December 31, 2018, we have $684 million remaining borrowing capacity under the revolver facility which includes $29 million of undrawn borrowing capacity available for letters of credit and $10 million available under short-term borrowings. See Note 14: *Debt and Non-Recourse Debt* included in Item 8 of this Annual Report on Form 10-K for additional information.

- In September 2018, we completed a securitization of approximately $350 million. We have additional borrowing capacity of $330 million under our Timeshare Facility as of December 31, 2018.

We believe these sources of capital will be adequate to meet our short-term and long-term liquidity requirements for operating expenses and other expenditures, including payroll and related benefits, legal costs, and to finance our long-term growth plan and capital expenditures for the foreseeable future.

We believe that our capital allocation strategy provides adequate funding for our operations, is flexible enough to fund our development pipeline, securitizes the optimal level of receivables at metrics setting the benchmark for the industry, and provides the ability to be strategically opportunistic in the marketplace, while providing returns to our shareholders. We have made commitments with developers to purchase vacation ownership units at a future date to be marketed and sold under our Hilton Grand Vacations brand. As of December 31, 2018, our inventory related purchase commitment was $607 million over six years of which we expect to purchase $237 million in 2019.

Prior to the first quarter of 2017, any net cash generated by our business was transferred to Hilton, where it was centrally managed. Transfers of cash to and from Hilton for prior periods were reflected as a component of *Net transfers (to) from Parent* in our consolidated statements of cash flows.

Sources and Uses of Our Cash

The following table summarizes our net cash flows and key metrics related to our liquidity:

	Year Ended December 31,			2018 vs 2017 Variance		2017 vs 2016 Variance	
($ in millions)	2018	2017	2016	$	%	$	%
Net cash provided by (used in):							
Operating activities	$ (159)	$ 356	$ 182	$ (515)	NM (1)	$ 174	95.6%
Investing activities	(62)	(87)	(34)	25	(28.7)	(53)	NM (1)
Financing activities	104	(123)	(76)	227	NM (1)	(47)	61.8

(1) Fluctuation in terms of percentage change is not meaningful.

Operating Activities

Cash flow (used in) provided by operating activities is primarily generated from (i) sales and financing of VOIs and (ii) net cash generated from managing our resorts, Club operations and providing related ancillary services. Cash flows used in operating activities primarily include spending for the acquisition of inventory, development of new phases of existing resorts and funding our working capital needs. Our cash flows provided by operations generally vary due to the following factors related to the sale of our VOIs; the degree to which our

owners finance their purchase and our owners' repayment of timeshare financing receivables; the timing of management and sales and marketing services provided; and cash outlays for real estate to be converted to inventory in the future. Additionally, cash flow provided by operations will also vary depending upon our sales mix of VOIs; over time, we generally receive more cash from the sale of an owned VOI as compared to that from a fee-for-service sale.

The change in net cash flows (used in) provided by operating activities for the year ended December 31, 2018 compared to 2017 was primarily due to increased uses of cash for working capital requirements such as (i) purchases of $299 million of real estate for future conversion to inventory; and (ii) deposits of $46 million related to inventory purchase commitments. Additionally, operating activities were impacted by the following timing items: (i) a federal tax payment of $63 million made in January 2018 that was deferred from 2017 pursuant to a tax relief program for regions impacted by Hurricane Irma; (ii) timing of license fee payments; and (iii) an increase in inventory spending in 2018 due to a deferral of certain VOI inventory expenditure in 2017.

Net cash flows provided by operating activities increased by $174 million during the year ended December 31, 2017, compared to 2016, primarily as a result of improved operating results in both segments as well as increased sources of cash for working capital requirements along with the timing of following items: (i) a one-time $63 million deferral of estimated federal tax payments until January 2018 for regions impacted by Hurricane Irma and (ii) a reduction of inventory spending due to a deferral of certain VOI inventory expenditures until the first half of 2018.

The following table exhibits our VOI inventory spending for the years ended December 31, 2018, 2017 and 2016.

	Year Ended December 31,		
($ in millions)	**2018**	**2017**	**2016**
VOI spending - owned properties	$ 135	$ 45	$ 73
VOI spending - fee-for-service upgrades (1)	51	53	74
Real estate for future conversion into inventory	299	—	—
Inventory deposits	46	—	—
Total VOI inventory spending	$ 531	$ 98	$ 147

(1) Includes expense related to granting credit to customers for their existing ownership when upgrading into fee-for-service projects of $34 million, $36 million and $49 million recorded in Costs of VOI sales for the years ended December 31, 2018, 2017 and 2016, respectively.

Investing Activities

The following table summarizes our net cash used in investing activities:

	Year Ended December 31,			2018 vs 2017 Variance		2017 vs 2016 Variance	
($ in millions)	**2018**	**2017**	**2016**	**$**	**%**	**$**	**%**
Capital expenditures for property and equipment	$ (44)	$ (35)	$ (26)	$ (9)	25.7%	$ (9)	34.6%
Software capitalization costs	(19)	(12)	(8)	(7)	58.3	(4)	50.0%
Return of investment from unconsolidated affiliates	11	—	—	11	NM (1)	—	NM (1)
Investment in unconsolidated affiliates	(10)	(40)	—	30	(75.0)	(40)	NM (1)
Net cash used in investing activities	$ (62)	$ (87)	$ (34)	$ 25	(28.7)	$ (53)	NM (1)

(1) Fluctuation in terms of percentage change is not meaningful.

Net cash used in investing activities decreased by $25 million during the year ended December 31, 2018 compared to 2017, primarily due to (i) a reduction in investment in unconsolidated affiliates (ii) an $11 million return of investment from our 25 percent interest in BRE Ace LLC, partially offset by (iii) higher capital expenditures for property and equipment and higher software capitalization costs related to the Oracle cloud based information system implemented during the second quarter of 2018.

Our capital expenditures include spending related to technology and buildings and leasehold improvements used to support sales and marketing locations, resort operations and corporate activities. We believe the renovations of our existing assets are necessary to stay competitive in the markets in which we operate.

Net cash used in investing activities increased by $53 million during the year ended December 31, 2017, compared to 2016, primarily due to our 25 percent investment interest in BRE Ace LLC (see Note 9 *: Investment in Unconsolidated Affiliates* in our audited consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for further discussion) and higher capital expenditures for property and equipment.

Financing Activities

The following table summarizes our net cash provided by (used in) financing activities:

	Year Ended December 31,			2018 vs 2017 Variance		2017 vs 2016 Variance	
($ in millions)	**2018**	**2017**	**2016**	**$**	**%**	**$**	**%**
Issuance of debt	$ 530	$ —	$ 200	$ 530	NM (1)	$ (200)	(100.0)%
Issuance of non-recourse debt	663	350	300	313	89.4	50	16.7
Repurchase and retirement of common stock	(183)	—	—	(183)	NM (1)	—	NM (1)
Repayment of debt	(408)	(10)	—	(398)	NM (1)	(10)	NM (1)
Repayment of non-recourse debt	(485)	(459)	(110)	(26)	5.7	(349)	NM (1)
Debt issuance costs	(12)	(5)	(10)	(7)	NM (1)	5	(50.0)
Allocated debt activity	—	—	111	—	NM (1)	(111)	(100.0)
Net transfers to Parent	—	—	(567)	—	NM (1)	567	(100.0)
Proceeds from stock option exercises	—	1	—	(1)	(100.0)	1	NM (1)
Payment of withholding taxes on vesting of restricted stock units	(4)	—	—	(4)	NM (1)	—	NM (1)
Capital contribution	3	—	—	3	NM (1)	—	NM (1)
Net cash provided by (used in) financing activities	$ 104	$ (123)	$ (76)	$ 227	NM (1)	$ (47)	61.8

(1) Fluctuation in terms of percentage change is not meaningful.

The change in net cash provided by (used in) financing activities for the year ended December 31, 2018, compared to 2017, was primarily due to additional borrowings of $530 million and $313 million, respectively, under our senior secured credit facilities and Timeshare Facility, partially offset by (i) additional repayments related to the borrowings on our senior secured credit facilities and securitized debt, (ii) higher debt issuance costs as a result of amending our Credit Agreement for our senior secured credit facilities in November 2018, and (iii) the repurchase of 4,987,263 shares of our common stock. See *Recent Events* and Note 14: *Debt & Non-recourse Debt* in our consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for further discussion.

The change in net cash used in financing activities for the year ended December 31, 2017, compared to 2016, was primarily due to our financing transactions that occurred during the first quarter of 2017. During the year ended December 31, 2017, we issued $350 million in non-recourse securitized debt and paid $5 million in debt issuance costs. The proceeds received from the non-recourse securitized debt were used to pay down a portion of our Timeshare Facility. We also paid $10 million of the principal amount of the senior secured term loan. See Note 14: *Debt & Non-recourse Debt* in our audited consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for further discussion. Additionally, following the spin-off date we no longer transfer cash to or from Hilton.

In 2016, subsequent to our guarantor obligation release of Hilton's Allocated Parent Debt, we entered into several financing transactions including the issuance of our senior secured credit facilities, consisting of a $200 million variable-rate term loan facility (the "Term Loans") and a revolving credit facility in an aggregate principal amount of up to $200 million, each with a five-year maturity, and incurred $4 million of debt issuance c osts.

The Timeshare Facility is a non-recourse obligation and is payable solely from the pool of timeshare financing receivables pledged as collateral to the debt and related assets. In August and December 2016, we amended the terms of the Timeshare Facility to, among other things, increase the borrowing capacity from $300 million to $450 million, allowing us to borrow up to the maximum amount until August 2018 and requiring all amounts borrowed to be repaid in August 2019. In connection with the amendments, we recognized $3 million of debt issuance costs. In December 2016, we borrowed $300 million under the Timeshare Facility.

Contractual Obligations

The following table summarizes our significant contractual obligations as of December 31, 2018:

	Payments Due by Period				
($ in millions)	**Total**	**Less Than 1 Year**	**1-3 Years**	**3-5 Years**	**More Than 5 Years**
Debt (1)	$ 783	$ 42	$ 82	$ 342	$ 317
Non-recourse debt (1)	825	215	397	149	64
Operating leases	94	16	29	20	29
Purchase commitments	607	237	238	98	34
Total contractual obligations	$ 2,309	$ 510	$ 746	$ 609	$ 444

(1) Includes principal, as well as estimated interest payments. For our variable-rate debt, we have assumed a constant 30-day LIBOR rate of 2.50 percent as of December 31, 2018.

Off-Balance Sheet Arrangements

Our off-balance sheet arrangements as of December 31, 2018, consisted of $607 million of certain commitments with developers whereby we have committed to purchase vacation ownership units at a future date to be marketed and sold under our Hilton Grand Vacations brand. The ultimate amount and timing of the acquisitions is subject to change pursuant to the terms of the respective arrangements, which could also allow for cancellation in certain circumstances, see Note 22: *Commitments and Contingencies* in our audited consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for additional information.

Subsequent Events

In January 2019, we acquired land in Maui, Hawaii for future development into timeshare inventory. The purchase was comprised of a $60 million cash payment and a $23 million promissory note, which will bear contractual interest of $27 million. The combined principal and interest of the promissory note will be paid in four equal annual installments beginning in January 2028.

In January 2019, we purchased timeshare inventory in Barbados for $9 million.

Critical Accounting Policies and Estimates

The preparation of our consolidated 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 the consolidated financial statements, the reported amounts of revenues and expenses during the reporting periods and the related disclosures in the consolidated financial statements and accompanying footnotes. We believe that of our significant accounting policies, which are described in Note 2: *Basis of Presentation and Summary of Significant Accounting Policies* in our audited consolidated financial statements included in Item 8 of this Annual Report on Form 10-K, the following accounting policies are critical because they involve a higher degree of judgment, and the estimates required to be made are based on assumptions that are inherently uncertain. As a result, these accounting policies could materially affect our financial position, results of operations and related disclosures. On an ongoing basis, we

evaluate these estimates and judgments based on historical experiences and various other factors that are believed to reflect the current circumstances. While we believe our estimates, assumptions and judgments are reasonable, they are based on information presently available. Actual results may differ significantly from these estimates due to changes in judgments, assumptions and conditions as a result of unforeseen events or otherwise, which could have a material effect on our financial position or results of operations.

Revenue Recognition

In accordance with ASC 606, revenue is recognized upon the transfer of control of promised goods or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. To achieve the core principle of the guidance, we take the following steps: (i) identify the contract with the customer; (ii) determine whether the promised goods or services are separate performance obligations in the contract; (iii) determine the transaction price, including considering the constraint on variable consideration; (iv) allocate the transaction price to the performance obligations in the contract based on the standalone selling price or estimated standalone selling price of the good or service; and (v) recognize revenue when (or as) we satisfy each performance obligation.

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in ASC 606. For arrangements that contain multiple goods or services, we determine whether such goods or services are distinct performance obligations that should be accounted for separately in the arrangement. When allocating the transaction price in the arrangement, we may not have observable standalone sales for all the performance obligations in these contracts; therefore, we exercise significant judgement when determining the standalone selling price of certain performance obligations. In order to estimate the standalone selling prices, we primarily rely on the expected cost plus margin and adjusted market assessment approaches. We then recognize the revenue allocated to each performance obligation as the related performance obligation is satisfied. See Note 2: *Basis of Presentation and Summary of Significant Accounting Policies* in our audited consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for further discussion.

Inventory and Cost of Sales

We use the relative sales value method of costing our VOI sales and relieving inventory, which requires us to make estimates subject to significant uncertainty. The estimates include future sales prices, timing and volume, provisions for loan losses on financed sales of VOIs, sales incentives, projected future cost and volume of recoveries, including inventory reacquired from our upgrade programs. We aggregate these factors to calculate total net cost of sales of VOIs as a percentage of net sales of VOIs and apply this ratio to allocate the cost of sales to recognized sales of VOIs. The effect of changes in these estimates over the life of a project are recognized on a retrospective basis through corresponding adjustments to inventory and cost of sales in the period in which the estimates are revised.

Due to the application of the retrospective adjustments, small changes in any of our estimates, including changes in our development and sales strategies could have a material effect on the carrying value of certain projects and inventory. We monitor our projects and inventory on an ongoing basis and complete an evaluation each reporting period to ensure that the inventory is stated at the lower of cost or fair value less cost to sell. In addition, we continually assess our VOI inventory and, if necessary, impose pricing adjustments to modify sales pace.

Allowance for Loan Losses

The allowance for loan losses is related to the receivables generated by our financing of VOI sales, which are secured by the underlying timeshare properties. We determine our timeshare financing receivables to be past due based on the contractual terms of the individual mortgage loans. We use a technique referred to as static pool analysis as the basis for determining our general reserve requirements on our timeshare financing receivables. The adequacy of the related allowance is determined by management through analysis of several factors requiring judgment, such as current economic conditions and industry trends, as well as the specific risk characteristics of the portfolio, including historic and assumed default rates.

Changes in the estimates used in developing our default rates could result in a material change to our allowance. A 0.5 percentage point increase to our projected default rates used in the allowance calculation would increase our allowance for loan losses by approximately $8 million.

Income Taxes

We recognize deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax basis of assets and liabilities using currently enacted tax rates. We regularly review our

deferred tax assets to assess their potential realization and establish a valuation allowance for portions of such assets that we believe will not be ultimately realized. In performing this review, we make estimates and assumptions regarding projected future taxable income, the expected timing of reversals of existing temporary differences and the implementation of tax planning strategies. A change in these assumptions may increase or decrease our valuation allowance resulting in an increase or decrease in our effective tax rate, which could materially affect our consolidated financial statements.

We use a prescribed more-likely-than-not recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return if there is uncertainty in income taxes recognized in the financial statements. Assumptions and estimates are used to determine the more-likely-than-not designation. Changes to these assumptions and estimates can lead to an additional income tax benefit (expense), which can materially change our consolidated financial statements.

Legal Contingencies

We are subject to various legal proceedings and claims, the outcomes of which are subject to significant uncertainty. An estimated loss from a loss contingency should be accrued by a charge to income if it is probable and the amount of the loss can be reasonably estimated. Significant judgment is required when we evaluate, among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of loss. Changes in these factors could materially affect our consolidated financial statements.

ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risk from changes in interest rates, currency exchange rates and debt prices. We manage our exposure to these risks by monitoring available financing alternatives, through pricing policies that may take into account currency exchange rates and prior to the spin-off, through Hilton entering into derivative arrangements on our behalf. We do not foresee any significant changes in either our exposure to fluctuations in interest rates or how we manage interest rates or currency rates or how we manage such exposure in the future.

Interest Rate Risk

We are exposed to interest rate risk on our variable-rate debt, comprised of the term loans and our timeshare facility, of which the timeshare facility is without recourse to us. The interest rate is based on one-month LIBOR and we are most vulnerable to changes in this rate.

We intend to securitize timeshare financing receivables in the asset-backed financing market periodically. We expect to secure fixed-rate funding to match our fixed-rate timeshare financing receivables. However, if we have floating-rate debt in the future, we will monitor the interest rate risk and evaluate opportunities to mitigate such risk through the use of derivative instruments.

To the extent we utilize variable-rate indebtedness in the future, any increase in interest rates beyond amounts covered under any corresponding derivative financial instruments, particularly if sustained, could have an adverse effect on our net income, cash flows and financial position. Hedging transactions we enter into may not adequately mitigate the adverse effects of interest rate increases or that counterparties in those transactions will honor their obligations.

The following table sets forth the contractual maturities, weighted average interest rates and the total fair values as of December 31, 2018, for our financial instruments that are materially affected by interest rate risk:

		Maturities by Period							
($ in millions)	Weighted Average Interest Rate [1]	2019	2020	2021	2022	2023	There-after	Total [2]	Fair Value
Assets:									
Fixed-rate securitized timeshare financing receivables	11.916%	$ 86	$ 87	$ 86	$ 83	$ 80	$ 238	$ 660	$ 679
Fixed-rate unsecuritized timeshare financing receivables	12.678%	64	54	58	63	67	326	632	660
Liabilities: [3]									
Fixed-rate debt [4]	4.022%	193	165	87	63	76	362	946	935
Variable-rate debt [4]	4.421%	10	10	130	10	272	—	432	429

(1) Weighted average interest rate as of December 31, 2018.

(2) Amount excludes unamortized deferred financing costs.

(3) Includes debt and non-recourse debt.

(4) Fixed-rate debt includes principal outstanding debt of $300 million and non-recourse debt of $646 million as of December 31, 2018. Variable-rate debt includes principal outstanding debt of $312 million and non-recourse debt of $120 million as of December 31, 2018. See Note 14: *Debt & Non-recourse Debt* in our audited consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for additional information.

Foreign Currency Exchange Rate Risk

Though the majority of our operations are conducted in United States dollar ("U.S. dollar"), we are exposed to earnings and cash flow volatility associated with changes in foreign currency exchange rates. Our principal exposure results from our timeshare financing receivables denominated in Japanese yen, the value of which could change materially in reference to our reporting currency, the U.S. dollar. A 10 percent increase in the foreign exchange rate of Japanese yen to U.S. dollar would increase our gross timeshare financing receivables by less than $1 million.

ITEM 8. Financial Stateme nts And Supplementary Data

HILTON GRAND VACATIONS INC.
INDEX TO FINANCIAL STATEMENTS

Audited Consolidated Financial Statements of Hilton Grand Vacations Inc.

Management's Report on Internal Control Over Financial Reporting	69
Report of Independent Registered Public Accounting Firm	70
Report of Independent Registered Public Accounting Firm	71
Consolidated Balance Sheets as of December 31, 2018 and 2017	73
Consolidated Statements of Operations for the years ended December 31, 2018, 2017 and 2016	74
Consolidated Statements of Cash Flows for the years ended December 31, 2018, 2017 and 2016	75
Consolidated Statements of Stockholders' Equity (Deficit) for the years ended December 31, 2018, 2017 and 2016	76
Notes to Consolidated Financial Statements	77

Management's Report on Internal Control Over Financial Reporting

Management of Hilton Grand Vacations Inc. (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Company's management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets of the Company that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2018. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework (2013). Based on this assessment, management determined that the Company maintained effective internal control over financial reporting as of December 31, 2018.

Ernst & Young LLP, the independent registered public accounting firm that has audited the consolidated financial statements included in this Annual Report on Form 10-K, has issued an attestation report on the Company's internal control over financial reporting as of December 31, 2018. The report is included herein.

Report of Independent Regist ered Public Accounting Firm

To the Shareholders and the Board of Directors of Hilton Grand Vacations Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Hilton Grand Vacations Inc. (the Company) as of December 31, 2018 and 2017, the related consolidated statements of operations, stockholders' equity (deficit) and cash flows for each of the three years in the period ended December 31, 2018, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 28, 2019 expressed an unqualified opinion thereon.

Adoption of New Accounting Standard

As discussed in Note 2 to the consolidated financial statements, the Company changed its method of accounting for revenue in 2018 due to the adoption of Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), and the related amendments.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2016.
Orlando, Florida
February 28, 2019

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Hilton Grand Vacations Inc.

Opinion on Internal Control over Financial Reporting

We have audited Hilton Grand Vacations Inc.'s internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Hilton Grand Vacations Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2018 and 2017, the related consolidated statements of operations, stockholders' equity (deficit) and cash flows for each of the three years in the period ended December 31, 2018, and the related notes and our report dated February 28, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Orlando, Florida
February 28, 2019

HILTON GRAND VACATIONS INC.
CONSOLIDATED BALANCE SHEETS
(in millions, except share data)

	December 31,	
	2018	**2017**
ASSETS		
Cash and cash equivalents	$ 108	$ 246
Restricted cash	72	51
Accounts receivable, net of allowance for doubtful accounts of $14 and $9	153	112
Timeshare financing receivables, net	1,120	1,071
Inventory	527	509
Property and equipment, net	559	238
Investments in unconsolidated affiliates	38	41
Intangible assets, net	81	72
Other assets	95	44
TOTAL ASSETS (variable interest entities - $647 and $471)	$ 2,753	$ 2,384
LIABILITIES AND EQUITY		
Accounts payable, accrued expenses and other	$ 324	$ 339
Advanced deposits	101	104
Debt, net	604	482
Non-recourse debt, net	759	583
Deferred revenues	95	109
Deferred income tax liabilities	254	249
Total liabilities (variable interest entities - $640 and $455)	2,137	1,866
Commitments and contingencies - see Note 22		
Equity:		
Preferred stock, $0.01 par value; 300,000,000 authorized shares, none issued or outstanding as of December 31, 2018 and 2017	—	—
Common stock, $0.01 par value; 3,000,000,000 authorized shares, 94,558,086 and 99,136,304 issued and outstanding as of December 31, 2018 and 2017, respectively	1	1
Additional paid-in capital	174	162
Accumulated retained earnings	441	355
Total equity	616	518
TOTAL LIABILITIES AND EQUITY	$ 2,753	$ 2,384

See notes to consolidated financial statements.

HILTON GRAND VACATIONS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share amounts)

	Year Ended December 31,		
	2018	**2017**	**2016**
Revenues			
Sales of VOIs, net	$ 734	$ 548	$ 508
Sales, marketing, brand and other fees	570	544	499
Financing	158	147	134
Resort and club management	172	158	143
Rental and ancillary services	218	179	173
Cost reimbursements	147	135	126
Total revenues	1,999	1,711	1,583
Expenses			
Cost of VOI sales	210	148	152
Sales and marketing	728	663	605
Financing	49	43	32
Resort and club management	47	43	36
Rental and ancillary services	133	122	113
General and administrative	117	104	92
Depreciation and amortization	36	29	24
License fee expense	98	87	80
Cost reimbursements	147	135	126
Total operating expenses	1,565	1,374	1,260
Interest expense	(30)	(27)	(3)
Allocated Parent interest expense	—	—	(26)
Equity in earnings from unconsolidated affiliates	—	1	—
Other loss, net	(1)	—	(1)
Income before income taxes	403	311	293
Income tax (expense) benefit	(105)	16	(125)
Net income	$ 298	$ 327	$ 168
Earnings per share: (1)			
Basic	$ 3.07	$ 3.30	$ 1.70
Diluted	$ 3.05	$ 3.28	$ 1.70

(1) For the year ended December 31, 2016, basic and diluted earnings per share was calculated based on shares distributed to Hilton Grand Vacations Inc.'s shareholders on January 3, 2017. See Note 19: *Earnings Per Share* for further discussion.

See notes to consolidated financial statements.

HILTON GRAND VACATIONS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Year Ended December 31,		
	2018	**2017**	**2016**
Operating Activities			
Net income	$ 298	$ 327	$ 168
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	36	29	24
Amortization of costs to obtain a contract	2	—	—
Amortization of deferred financing costs and other	5	5	5
Provision for loan losses	69	58	49
Other loss, net	1	—	1
Share-based compensation	16	15	—
Deferred income tax expense (benefit)	20	(129)	23
Equity in earnings from unconsolidated affiliates	—	(1)	—
Distributions received from unconsolidated affiliates	2	—	—
Net changes in assets and liabilities:			
Accounts receivables, net	(41)	12	(30)
Timeshare financing receivables, net	(118)	(103)	(98)
Inventory	16	47	7
Purchase of real estate for future conversion to inventory	(299)	—	—
Other assets	(31)	(4)	(4)
Accounts payable, accrued expenses and other	(24)	95	28
Advanced deposits	14	1	7
Deferred revenues	(126)	3	3
Other	1	1	(1)
Net cash (used in) provided by operating activities	(159)	356	182
Investing Activities			
Capital expenditures for property and equipment	(44)	(35)	(26)
Software capitalization costs	(19)	(12)	(8)
Return of investment from unconsolidated affiliates	11	—	—
Investment in unconsolidated affiliates	(10)	(40)	—
Net cash used in investing activities	(62)	(87)	(34)
Financing Activities			
Issuance of debt	530	—	200
Issuance of non-recourse debt	663	350	300
Repurchase and retirement of common stock	(183)	—	—
Repayment of debt	(408)	(10)	—
Repayment of non-recourse debt	(485)	(459)	(110)
Debt issuance costs	(12)	(5)	(10)
Allocated debt activity	—	—	111
Net transfers to Parent	—	—	(567)
Proceeds from stock option exercises	—	1	—
Payment of withholding taxes on vesting of restricted stock units	(4)	—	—
Capital contribution	3	—	—
Net cash provided by (used in) financing activities	104	(123)	(76)
Net (decrease) increase in cash, cash equivalents and restricted cash	(117)	146	72
Cash, cash equivalents and restricted cash, beginning of period	297	151	79
Cash, cash equivalents and restricted cash, end of period	$ 180	$ 297	$ 151
Supplemental Disclosures (1)			

(1) For supplemental disclosures, see Note 23: *Supplemental Disclosures of Cash Flow Information.*

See notes to consolidated financial statements.

HILTON GRAND VACATIONS INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS ' EQUITY (DEFICIT)
(in millions)

	Common Stock		Parent	Additional Paid-in	Accumulated Retained	Total Equity
	Shares	Amount	Deficit	Capital	Earnings	(Deficit)
Balance as of December 31, 2015	—	$ —	$ (106)	$ —	$ —	$ (106)
Net income (1)	—	—	140	—	28	168
Net transfers from Parent	—	—	(567)	—	—	(567)
Capital contribution from Parent	—	—	672	—	—	672
Issuance of common stock (2)	99	1	(1)	—	—	—
Reclassification of Parent equity to additional paid-in capital (2)	—	—	(138)	138	—	—
Balance as of December 31, 2016	99	1	—	138	28	167
Net income	—	—	—	—	327	327
Deferred intercompany transaction (3)	—	—	—	9	—	9
Activity related to share-based compensation	—	—	—	12	—	12
Other (3)	—	—	—	3	—	3
Balance as of December 31, 2017	99	1	—	162	355	518
Net income	—	—	—	—	298	298
Activity related to share-based compensation	—	—	—	13	—	13
Repurchase and retirement of common stock	(5)	—	—	(7)	(176)	(183)
Revenue recognition cumulative-effect adjustment	—	—	—	—	(38)	(38)
Capital contribution	—	—	—	3	—	3
Other	—	—	—	3	2	5
Balance as of December 31, 2018	94	$ 1	$ —	$ 174	$ 441	$ 616

(1) Net income earned prior to October 24, 2016, is included in *Additional paid-in-* capital instead of *Accumulated retained earnings* since the accumulated of retained earnings began as of the date of issuance of the Company's common stock to Park Hotels & Resorts Inc. See Note 1: *Organization* for further discussion.

(2) Parent deficit was reclassified and allocated between common stock and additional paid-in capital based on the number of shares issued and outstanding as of the stock split that occurred on January 3, 2017. See Note 1: *Organization* for further information.

(3) Includes pre-spin tax adjustment.

See notes to consolidated financial statements.

Note 1: Organization

Our Business

Hilton Grand Vacations Inc. ("Hilton Grand Vacations," "we," "us," "our," "HGV" or the "Company") is a global timeshare company engaged in developing, marketing, selling and managing timeshare resorts primarily under the Hilton Grand Vacations brand. Our operations primarily consist of: selling vacation ownership intervals ("VOIs") for us and third parties; operating resorts; financing and servicing loans provided to consumers for their timeshare purchases; and managing our points-based Hilton Grand Vacations Club exchange program (the "Club"). As of December 31, 2018, we had 54 properties, comprised of 8,888 units, located in the United States ("U.S."), Japan and Europe.

Our Spin-off from Hilton Worldwide Holdings Inc.

During 2016, Hilton Worldwide Holdings Inc. ("Hilton") completed an internal reorganization and contributed to the Company the US. and non- U.S. timeshare subsidiaries, including Hilton Resorts Corporation in preparation of the tax-free spin-offs of Park Hotels & Resorts Inc. ("Park") and HGV. We are a Delaware corporation formed on May 2, 2016. On May 4, 2016, the Company issued 100 shares of its common stock, par value $0.01 per share, to Park for $1.00 in cash. On October 24, 2016, the Company issued one share of its common stock, par value $0.01 per share, to Park in connection with the contribution by Park of all shares of common stock of Hilton Resorts Corporation owned by Park to HGV. Net income earned prior to October 24, 2016, is included in *Additional paid-in capital* instead of *Accumulated retained earnings* since the accumulation of retained earnings began as of the date of issuance of the Company's common stock to Park. The issuance of such share of common stock was not registered under the Securities Act, because the share was issued in a transaction by the issuer not involving any public offering exempt from registration under Section 4(a)(2) of the Securities Act. We filed a Registration Statement on Form 10 describing the transaction with the U.S. Securities and Exchange Commission (the "SEC"), which was declared effective on December 2, 2016.

On December 30, 2016, we filed an Amended & Restated Charter with an effective date of 4:59 p.m., Eastern time, on January 3, 2017, whereby our shares were split into 98,802,597 shares using a formula by reference to the number of Hilton shares outstanding.

On January 3, 2017, the previously announced spin-off of Hilton Grand Vacations from Hilton was completed. As a result of the spin-off, we became an independent public company, and our common stock is listed on the New York Stock Exchange under the symbol "HGV." Following the spin-off, Hilton did not retain any ownership interest in our company. In connection with the completion of the spin-off, we entered into agreements with Hilton (who at the time was a related party) and other third parties, including licenses to use the Hilton Grand Vacations brand. The audited consolidated financial statements reflect the effect of these agreements. For each of the years ended December 31, 2018 and 2017, we incurred $178 million in costs relating to the agreements entered with Hilton. See *Key Agreements Related to the Spin-Off* section in Part I - Item 1. *Business* for further information.

Note 2: Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

Principles of Consolidation

The consolidated financial statements include 100 percent of our assets, liabilities, revenues, expenses and cash flows and all entities in which we have a controlling financial interest. Through the date of the spin-off, the consolidated financial statements presented herein were prepared on a stand-alone basis and were derived from the consolidated financial statements and accounting records of Hilton.

The determination of a controlling financial interest is based upon the terms of the governing agreements of the respective entities, including the evaluation of rights held by other interests. If the entity is considered to be a variable interest entity ("VIE"), we determine whether we are the primary beneficiary, and then consolidate those VIEs for which we have determined we are the primary beneficiary. If the entity in which we hold an interest does not meet the definition of a VIE, we evaluate whether we have a controlling financial interest through our voting interests in the entity. We consolidate entities when we own more than 50 percent of the voting shares of a company or otherwise have a controlling financial interest. All material intercompany transactions and balances have been eliminated in consolidation. The consolidated financial statements reflect our financial position, results of operations and cash flows as prepared in conformity with U.S. generally accepted accounting principles ("GAAP").

All of our significant transactions with Hilton had been included in these consolidated financial statements. The net effect of the settlement of any intercompany transactions prior to the spin-off has been included in the consolidated statements of cash flows as a financing activity within *Net transfers (to) from Parent* .

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported and, accordingly, ultimate results could differ from those estimates.

Allocations

Prior to the spin-off, our consolidated financial statements included certain indirect general and administrative costs allocated to us by Hilton for certain functions and services including, but not limited to, executive office, finance and other administrative support primarily on the basis of financial and operating metrics that Hilton had historically used to allocate resources and evaluate performance against its strategic objectives. Both we and Hilton considered the basis on which expenses had been allocated to be a reasonable reflection of the utilization of services provided to or the benefit received by us during the periods presented. These costs were included in *General and administrative* in our consolidated statements of operations, for the year ended December 31, 2016.

Summary of Significant Accounting Policies

Revenue Recognition

On January 1, 2018, we adopted Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* (commonly referred to as Accounting Standards Codification ("ASC") Topic 606 ("ASC 606"). We adopted ASC 606 using the modified retrospective method in which the cumulative effect of applying the new standard has been recognized at the date of initial application with an adjustment to our opening balance of retained earnings. This approach applies to all contracts as of January 1, 2018. The new standard, as amended, replaces all current U.S. GAAP guidance on this topic and eliminates all industry-specific guidance.

The reported results as of and for the year ended December 31, 2018, reflects the application of ASC 606 while the reported financial position as of December 31, 2017 and results for years ended December 31, 2017 and 2016 were prepared under the guidance of ASC 605, *Revenue Recognition* ("ASC 605") and ASC 978-605, *Real Estate – Time-Sharing Activities, Revenue Recognition* , which is also referred to herein as the "previous accounting guidance."

In accordance with ASC 606, revenue is recognized upon the transfer of control of promised goods or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. To achieve the core principle of the new guidance, we take the following steps: (i) identify the contract with the customer; (ii) determine whether the promised goods or services are separate performance obligations in the contract; (iii) determine the transaction price, including considering the constraint on variable consideration; (iv) allocate the transaction price to the performance obligations in the contract based on the standalone selling price or estimated standalone selling price of the good or service; and (v) recognize revenue when (or as) we satisfy each performance obligation.

Contracts with Multiple Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in ASC 606. For arrangements that contain multiple goods or services, we determine whether such goods or services are distinct performance obligations that should be accounted for separately in the arrangement. When allocating the transaction price in the arrangement, we may not have observable standalone sales for all of the performance obligations in these contracts; therefore, we exercise significant judgement when determining the standalone selling price of certain performance obligations. In order to estimate the standalone selling prices, we primarily rely on the expected cost plus margin and adjusted market assessment approaches. We then recognize the revenue allocated to each performance obligation as the related performance obligation is satisfied as discussed below.

- *Sales of VOIs, net* — Customers who purchase vacation ownership products, whether paid in cash or financed, enter into multiple contracts, which we combine and account for as a single contract. Revenue from VOI sales is recognized at the point in time when control of the VOI is transferred to the customer which is when the customer has executed a binding sales contract, collectability is reasonably assured, the purchaser's period to cancel for a refund has expired and the customer has the right to use the VOI. Revenue from sales of VOIs under construction is deferred until the point in time when construction activities are deemed to be completed, occupancy of the development is permissible, and the above criteria has been met. For financed sales, we estimate the variable consideration to be received under such contracts and recognize revenue net of amounts deemed uncollectible as the VOI is returned to inventory upon customer default. Variable consideration which has not been included within the transaction price is presented as a reserve on the financing receivable. See Note 5: *Timeshare Financing Receivables* for more information regarding our estimate of variable consideration.

  We award Club Bonus Points ("Bonus Points") to our customers. These points are valid for a maximum of two years and may be used toward reservations at Club resorts, hotel reservations within Hilton's system and VOI interval exchanges with other third-party vacation ownership exchanges. At the time of the VOI sale, we estimate the fair value of the incentives to be redeemed, including an adjustment for breakage, to determine the standalone selling price of the first day incentive ("FDI"). We defer a portion of the total transaction price for the combined VOI contract as a liability for the FDI and recognize the corresponding revenue at the point in time when the customer receives the benefits of the FDI, which is upon the customer's redemption of the Bonus Points. At that time, we also determine whether we are principal or agent for the redeemed good or service and recognize revenue on a gross or net basis accordingly.

- *Sales, marketing, brand and other fees*— We enter into contracts with third-party developers to sell VOIs on their behalf through fee-for-service agreements for which we earn sales commissions and other fees. These commissions are variable as they are based on the sales and marketing results, which are subject to the constraint on variable consideration and resolved on a monthly basis over the contract term. We estimate such commissions to the extent that it is probable that a significant reversal of such revenue will not occur and recognize the commissions as the developer receives and consumes the benefits of the services. Any changes in these estimates would affect revenue and earnings in the period such variances are realized.

  Additionally, we enter into contracts to sell prepaid vacation packages. Our obligation in such contracts is satisfied when customers stay at our property; therefore, we recognize revenue for these packages when they are redeemed. On a portfolio basis, we exercise judgement to estimate the amount of expected breakage related to unused prepaid vacation packages and recognize such breakage in proportion to the pattern of packages utilized by our portfolio of customers.

- *Financing*— We offer financing to qualifying customers purchasing our VOI. Revenue from the financing of timeshare sales is recognized on the accrual method as earned based on the outstanding principal, interest rate and terms stated in each individual financing agreement. We also recognize revenue from servicing the loans provided by third-party developers to purchasers of their VOIs over the period services are rendered.

- *Resort and club management*— As part of our VOI sales, our customers enter into a Club arrangement which gives the customer an annual allotment of Club points that allow the customer to exchange the Club points for a number of vacation options. We manage the Club, receiving Club activation fees, annual dues and transaction fees from member exchanges. Club activation fees and the member's first year of annual dues are paid at the time of the VOI sale. The Club activation fee relates to activities we are required to undertake at or near contract inception to fulfill the contract, and does not result in the transfer of a promised good or service. Since our customers are granted the opportunity to renew their membership on an annual basis for no additional activation fee, we defer and amortize the activation fee on a straight-line basis over the seven year average inventory holding period. Annual dues for membership renewals are billed each year, and we recognize revenue from these annual dues over the period services are rendered. A member may elect to enter into an optional exchange transaction with their allotted Club points at which point the member pays their required transaction fee. This option does not represent a material right as the transactions are priced at their standalone selling price. Revenue related to the transaction is recognized when the services are rendered.

  As part of our resort operations, we contract with homeowner's associations ("HOAs") to provide day-to-day-management services, including housekeeping services, operation of a reservation system, maintenance, and certain accounting and administrative services. We receive compensation for such management services, which is generally based on a percentage of costs to operate the resorts, on a monthly basis. These fees represent a form of variable consideration and are estimated and recognized over time as the HOAs receive and consume the benefits of the management services. Management fees received related to the portion of unsold VOIs at each resort which we own are recognized on a net basis given we retain these VOIs in our inventory.

- *Rental and ancillary services*— Our rental and ancillary services consist primarily of rental revenues on unoccupied vacation ownership units and ancillary revenues. Rental revenue is recognized when occupancy has occurred. Advance deposits on the rental unit and the corresponding revenue is deferred and recognized upon the customer's vacation stay. Ancillary revenues consist of food and beverage, retail, spa offerings and other guest services. We recognize ancillary revenue when goods have been provided and/or services have been rendered.

  We account for rental operations of unsold VOIs, including accommodations provided through the use of our vacation sampler programs, as incidental operations. Incremental carrying costs in excess of incremental revenues are recognized in the period incurred. In all periods presented, incremental carrying costs exceeded incremental revenues and all revenues and expenses are recognized in the period earned or incurred. customer's vacation stay. Ancillary revenues include food and beverage, retail, spa offerings and other guest services.

- *Cost reimbursements*— As part of our management agreements with HOAs and fee-for-service developers, we receive cost reimbursements for performing the day to day management services, including direct and indirect costs that HOAs and developers reimburse to us. These costs primarily consist of payroll and payroll related costs for management of the HOAs and other services we provide where we are the employer. Cost reimbursements are based upon actual expenses with no added margin, and are billed to the HOA on a monthly basis. We recognize cost reimbursements when we incur the related reimbursable costs as the HOA receives and consumes the benefits of the management services.

We capitalize all incremental costs incurred to obtain a contract when such costs would not have been incurred if the contract had not been obtained. We elect to expense costs incurred to obtain a contract when the deferral period would be one year or less. Commissions for VOI sales for resorts under construction are expensed when the associated VOI revenue is recognized which is upon completion of the resort. These commissions are classified as *Sales and marketing expense* in our audited consolidated statements of operations.

As of December 31, 2018, the ending asset balance for costs to obtain a contract was $2 million relating to deferred commission costs for certain vacation package sales. For the year ended December 31, 2018, we recognized $17 million of expense relating to certain vacation packages and VOI sales.

Other than the United States, there were no countries that individually represented more than 10 percent of total revenues for the years ended December 31, 2018, 2017 and 2016.

We earn commission and other fees related to fee-for-service agreements to sell VOIs. For the year ended December 31, 2018, we did not earn more than 10 percent of our total revenue from one customer. For the years ended December 31, 2017 and 2016, approximately 15 percent and 11 percent, respectively, of our total revenue was earned from one customer.

We are required to collect certain taxes and fees from customers on behalf of government agencies and remit these back to the applicable governmental agencies on a periodic basis. We have a legal obligation to act as a collection agent with respect to these taxes and fees. We do not retain these taxes and fees and, therefore, they are not included in revenues. We record a liability when the amounts are collected and relieve the liability when payments are made to the applicable taxing authority or other appropriate governmental agency.

Investments in Unconsolidated Affiliates

We account for investments in unconsolidated affiliates under the equity method of accounting when we exercise significant influence, but do not maintain a controlling financial interest over the affiliates. We evaluate our investments in affiliates for impairment when there are indicators that the fair value of our investment may be less than our carrying value.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with original maturities of three months or less.

Restricted Cash

Restricted cash includes advance deposits received on VOI sales that are held in escrow until the contract is closed and cash reserves required by our non-recourse debt agreements.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable primarily consists of trade receivables and is reported at the customers' outstanding balances, less any allowance for doubtful accounts. An allowance for doubtful accounts is provided on accounts receivable when losses are probable based on historical collection activity and current business conditions.

Timeshare Financing Receivables and Allowance for Loan Loss

Our timeshare financing receivables consist of loans related to our financing of VOI sales that are secured by the underlying timeshare properties. We determine our timeshare financing receivables to be past due based on the contractual terms of the individual mortgage loans. We recognize interest income on our timeshare financing receivables as earned. The interest rate charged on the notes correlates to the risk profile of the borrower at the time of purchase and the percentage of the purchase that is financed, among other factors. We record an estimate of uncollectibility as a reduction of revenue from VOI sales at the time revenue is recognized on a VOI sale.

We evaluate this portfolio collectively, since we hold a large group of homogeneous timeshare financing receivables, which are individually immaterial. We monitor the credit quality of our receivables on an ongoing basis. There are no significant concentrations of credit risk with any individual counterparty or groups of counterparties. We use a technique referred to as static pool analysis as the basis for determining our loan loss reserve requirements on our timeshare financing receivables. For static pool analysis, we stratify our portfolio using certain key dimensions including: FICO scores and equity percentage at the time of sale. The adequacy of the related allowance is determined by management through analysis of several factors, such as current economic conditions and industry trends, as well as the specific risk characteristics of the portfolio including assumed default rates, aging and historical write-offs of these receivables. The allowance is maintained at a level deemed adequate by management based on a periodic analysis of the mortgage portfolio.

We apply payments we receive for loans, including those in non-accrual status, to amounts due in the following order: servicing fees; interest; principal; and late charges. Once a note is 91 days past due we cease accruing interest and reverse the accrued interest recognized up to that point. We resume interest accrual for loans for which we had previously ceased accruing interest once the loan is less than 91 days past due. We fully reserve for a timeshare financing receivable in the month following the date that the loan is 121 days past due and, subsequently, we write off the uncollectible note against the reserve once the foreclosure process is complete and we receive the deed for the foreclosed unit.

Inventory and Cost of Sales

Inventory includes unsold, completed VOIs; VOIs under construction; and land and infrastructure held for future VOI product development at our current resorts. We carry our completed VOI inventory at the lower of cost or estimated fair value, less costs to sell, which can result in impairment losses and/or recoveries of previous impairments. Projects under development, along with land and infrastructure for future development are under a held and use impairment model and are reviewed for indicators of impairment quarterly.

We capitalize costs directly associated with the acquisition, development and construction of a real estate project when it is probable that the project will move forward. We capitalize salary and related costs only to the extent they directly relate to the project. We capitalize interest expense, taxes and insurance costs when activities that are necessary to get the property ready for its intended use are underway. We cease capitalization of costs during prolonged gaps in development when substantially all activities are suspended or when projects are considered substantially complete.

We account for our VOI inventory and cost of VOI sales using the relative sales value method. Also, we do not reduce inventory for the cost of VOI sales related to anticipated credit losses, and accordingly, no adjustment is made when inventory is reacquired upon default of the related receivable. This results in changes in estimates within the relative sales value calculations to be accounted for as real estate inventory true-ups, which we refer to as cost of sales true-ups, and are included in *Cost of VOI sales* in our consolidated statements of operations to retrospectively adjust the margin previously recognized subject to those estimates.

Property and Equipment

Property and equipment includes land, building and leasehold improvements and furniture and equipment at our corporate offices, sales centers and management offices. Additionally, certain property and equipment is held for future conversion into inventory. Construction-in-progress primarily relates to leasehold improvements not yet placed in service. Property and equipment are recorded at cost. Costs of improvements that extend the economic life or improve service potential are also capitalized. Capitalized costs are depreciated over their estimated useful lives. Costs for normal repairs and maintenance are expensed as incurred. Other than the United States, there were no countries that individually represented over 10 percent of total property and equipment, net as of December 31, 2018 and 2017.

Depreciation is recorded using the straight-line method over the assets' estimated useful lives, which are generally as follows: buildings and improvements (eight to 40 years); furniture and equipment (three to eight years); and computer equipment and acquired software (three years). Leasehold improvements are depreciated over the shorter of the estimated useful life, based on the estimates above, or the lease term.

We evaluate the carrying value of our property and equipment if there are indicators of potential impairment. We perform an analysis to determine the recoverability of the asset's carrying value by comparing the expected undiscounted future cash flows to the net book value of the asset. If it is determined that the expected undiscounted future cash flows are less than the net book value of the asset, to the extent the net book value is in excess of fair value we recognize an impairment loss. Fair value is generally estimated using valuation techniques that consider the discounted cash flows of the asset using discount and capitalization rates deemed reasonable for the type of asset, as well as prevailing market conditions, appraisals, recent similar transactions in the market and, if appropriate and available, current estimated net sales proceeds from pending offers.

If sufficient information exists to reasonably estimate the fair value of a conditional asset retirement obligation, including environmental remediation liabilities, we recognize the fair value of the obligation when the obligation is incurred.

Intangible Assets

Our intangible assets consist of management agreements and certain proprietary technologies with finite lives. We have management agreements that were recorded at their fair value at the time of the completion of a merger on October 24, 2007 where Hilton became a wholly-owned subsidiary of an affiliate of The Blackstone Group L.P. ("Blackstone"). Additionally, we capitalize costs incurred to develop internal-use computer software, including costs incurred in connection with development of upgrades or enhancements that result in additional functionality. These capitalized costs are included in *Intangible assets, net* in our consolidated balance sheets. Intangible assets with finite useful lives are amortized using the straight-line method over their respective useful lives, which for management agreements is the contract term. In our consolidated statements of operations, the amortization of these intangible assets is included in depreciation and amortization expense and the amortization of costs to obtain a contract is recognized as a reduction to the related revenues.

We review all finite life intangible assets for impairment when circumstances indicate that their carrying amounts may not be recoverable. If the carrying value of an asset group is not recoverable, we recognize an impairment loss for the excess of carrying value over the fair value in our consolidated statements of operations.

Deferred Financing Costs

Deferred financing costs, including legal fees and upfront lenders fees, related to the Company's debt and non-recourse debt are deferred and amortized over the life of the respective debt using the effective interest method. These capitalized costs are included in *Other assets* or *Debt, net* in our consolidated balance sheets (see Note 14: *Debt & Non-recourse debt* for additional information. The amortization of deferred financing costs is included in interest expense in our consolidated statements of operations.

Costs Incurred to Sell VOIs

We expense indirect sales and marketing costs we incur to sell VOIs when incurred. Deferred selling and marketing expenses, which are direct selling and marketing costs related either to an unclosed contract or a contract for which revenue has not yet been recognized, were $4 million and $8 million as of December 31, 2018 and 2017, respectively, and were included in *Other assets* in our consolidated balance sheets.

Fair Value Measurements—Valuation Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date (an exit price). We use the three-level valuation hierarchy for classification of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. Inputs refer broadly to the assumptions that market participants would use in pricing an asset or liability. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources. Unobservable inputs are inputs that reflect our own assumptions about the data market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The three-level hierarchy of inputs is summarized below:

- Level 1—Valuation is based upon quoted prices (unadjusted) for identical assets or liabilities in active markets;
- Level 2—Valuation is based upon quoted prices for similar assets and liabilities in active markets, or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the instrument; and
- Level 3—Valuation is based upon unobservable inputs that are significant to the fair value measurement.

The classification of assets and liabilities within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement in its entirety.

Currency Translation and Remeasurement

The United States dollar ("USD") is our reporting currency and is the functional currency of the majority of our operations. For operations whose functional currency is not the USD, assets and liabilities measured in foreign currencies are translated into USD at the prevailing exchange rates in effect as of the financial statement date and the related gains and losses are reflected with *Total Equity* in our consolidated balance sheets. Related income and expense accounts are translated at the average exchange rate for the period. Gains and losses from foreign exchange rate changes related to other transactions denominated in a currency other than an entity's functional currency or intercompany receivables and payables denominated in a currency other than an entity's functional currency that are not of a long-term investment nature are recognized as gain or loss on foreign currency transactions included in *Other loss, net* in our consolidated statements of operations.

Share-Based Compensation Costs

Certain of our employees participate in our 2017 Omnibus Incentive Plan (the "Stock Plan") which compensates eligible employees and directors with restricted stock units ("RSUs"), time and performance-vesting restricted stock units ("PSUs") and nonqualified stock options ("options"). We record compensation expense based on the share-based awards granted to our employees.

Share-based compensation awards issued prior to the spin-off have been converted to reflect the separation from Hilton. Upon the separation on January 3, 2017, holders of Hilton share-based awards received an adjusted award based on our shares. The adjustments were designed to generally preserve the fair value of each award before and after the separation.

- RSUs vest in annual installments over three years from the date of grant, subject to the individual's continued employment through the applicable vesting date. Vested RSUs generally will be settled for Hilton Grand Vacation's common stock. The grant date fair value is equal to Hilton Grand Vacation's closing stock price on the date of grant.
- PSUs are settled at the end of a three-year performance period, with 70 percent of the PSUs subject to achievement based on the Company's adjusted earnings before interest expense, taxes and depreciation and amortization. This metric is further adjusted by sales of VOIs under construction. The remaining 30 percent of the PSUs are subject to the achievement of certain VOI sales targets.
- Options vest over three years in annual installments from the date of grant, subject to the individual's continued employment through the applicable vesting date and will terminate 10 years from the date of grant or earlier on the unvested portion of an individual whose service was terminated. The exercise price is equal to the closing price of the Hilton Grand Vacation's common stock on the date of grant. The grant date fair value is estimated using the Black-Scholes-Merton Model.

We recognize the cost of services received in share-based payment transactions with employees as services are received and recognize a corresponding change in *Total Equity* in our consolidated balance sheets. The measurement objective for these equity awards is the estimated fair value at the grant date of the equity instruments that we are obligated to issue when employees have rendered the requisite service and satisfied any other conditions necessary to earn the right to benefit from the instruments. Compensation expense is recognized ratably over the requisite service period. The requisite service period is the period during which an employee is required to provide service in exchange for an award.

Income Taxes

We account for income taxes using the asset and liability method. The objectives of accounting for income taxes are to recognize the amount of taxes payable or refundable for the current year, to recognize the deferred tax assets and liabilities that relate to tax consequences in future years, which result from differences between the respective tax basis of assets and liabilities and their financial reporting amounts, and tax loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which

the respective temporary differences or operating loss or tax credit carryforwards are expected to be recovered or settled. The realization of deferred tax assets and tax loss and tax credit carryforwards is contingent upon the generation of future taxable income and other restrictions that may exist under the tax laws of the jurisdiction in which a deferred tax asset exists. Valuation allowances are provided to reduce such deferred tax assets to amounts more likely than not to be ultimately realized.

We use a prescribed recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken in a tax return. For all income tax positions, we first determine whether it is "more-likely-than-not" that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. If it is determined that a position meets the more-likely-than-not recognition threshold, the benefit recognized in the financial statements is measured as the largest amount of benefit that is greater than 50 percent likely of being realized upon settlement.

Earnings Per Share

Basic earnings per share ("EPS") is calculated by dividing the earnings available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted earnings per common share is calculated to give effect to all potentially dilutive common shares that were outstanding during the reporting period.

Defined Contribution Plan

We administer and maintain a defined contribution plan for the benefit of all employees meeting certain eligibility requirements who elect to participate in the plan. Contributions are determined based on a specified percentage of salary deferrals by participating employees. We recognized compensation expense for our participating employees totaling $10 million for the year ended December 31, 2018. Prior to the year ended December 31, 2018, Hilton administrated the plan on our behalf.

Reclassifications

Certain prior period amounts in the consolidated financial statements have been reclassified to conform to the current period presentation with no effect on previously reported total assets and total liabilities, net income or stockholders' equity.

Recently Issued Accounting Pronouncements Other Than ASC 606

Adopted Accounting Standards

In August 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-15, Classification of Certain Cash Receipts and Cash Payments, which in part requires entities to assess whether distributions of cash from unconsolidated entities represent a return on the investment or a return of the investment to appropriately classify the distributions in the statement of cash flows. We have made an accounting policy election to use the cumulative earnings approach. Under the cumulative earnings approach, distributions up to the amount of cumulative equity in earnings recognized will be treated as returns on investment as operating cash flows and those in excess of that amount will be treated as returns of investment as investing cash flows. On January 1, 2018, we adopted ASU 2016-15 which had no impact on our historical consolidated financial statements.

Accounting Standards Not Yet Adopted

In February 2016, the FASB issued ASU No. 2016-02 ("ASU 2016-02"), Leases (Topic 842), which supersedes existing guidance on accounting for leases. Under the new provisions of ASU 2016-02 (as subsequently amended), all lessees will report a right-of-use asset and a liability for the obligation to make payments for all leases with the exception of those leases with a term of 12 months or less. Subsequent to ASU 2016-02, the FASB has issued ASU No. 2018-01 Leases (Topic 842): Land Easement Practical Expedient for Transition, which clarifies the application of lease easements and eases adoption efforts for some land easements. In addition, ASU No. 2018-11 Leases (Topic 842): Targeted Improvements provides for an additional (and optional) transition method by which entities may elect to initially apply the transition requirements in Topic 842 at that entity's adoption date with the

effects of initially applying Topic 842 recognized as a cumulative effect adjustment to the opening balance of retained earnings in the period of adoption and without retrospective application to any comparative prior periods presented. Also, ASU No. 2018-20 Leases (Topic 842): Narrow-Scope Improvements for Lessors provides certain narrow-scope improvements to Topic 842 as it relates to lessors. The provisions of ASU 2016-02 as clarified are effective for reporting periods beginning after December 15, 2018; early adoption is permitted. The provisions of this ASU are to be applied using a modified retrospective approach. We expect to elect the initial application on January 1, 2019 without retrospective application to any comparative periods presented in accordance with ASU 2018-11. We will choose to elect the package of practical expedients available to us upon adoption and have selected a lease software solution. We continue to evaluate the effect that this ASU will have on our consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, ("ASU 2016-13"), *Financial Instruments-Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments* , which replaces the incurred loss impairment methodology in current U.S. GAAP, with a methodology that reflects expected credit losses. The update is intended to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The update is effective for annual periods beginning after December 15, 2021, with early adoption permitted for annual periods beginning after December 15, 2020. We are currently evaluating the effect that this ASU will have on our consolidated financial statements.

In January 2017, the FASB issued ASU 2017-03 ("ASU 2017-03"), *Accounting Changes and Error Corrections (Topic 250) and Investments - Equity Method and Joint Ventures (Topic 323)* . ASU 2017-03 requires registrants to disclose the effect that recently issued accounting standards will have on their financial statements when adopted in a future period. The SEC staff expects the additional qualitative disclosures to include a description of the effect of the accounting policies that the registrant expects to apply, if determined, and a comparison to the registrant's current accounting policies. In addition, a registrant should describe the status of its process to implement the new standards and the significant implementation matters yet to be addressed. ASU 2017-03 is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years with early adoption permitted for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. We are currently evaluating the effect that this ASU will have on our consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-07 ("ASU 2018-07") *, Compensation – Stock Compensation (Topic 718)*. Under the new guidance, the existing employee guidance will apply to nonemployee share-based transactions, with the exception of specific guidance related to attribution of compensation cost. The cost of nonemployee awards will continue to be recorded as if the grantor had paid cash for the goods or services. In addition, the contractual term will be able to be used in lieu of an expected term in the option-pricing model for nonemployee awards. T he provisions of this ASU are effective for reporting periods beginning after December 15, 2018; early adoption is permitted. We are currently evaluating the effect that this ASU will have on our consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13 ("ASU 2018-13"), *Fair Value Measurement (Topic 8420): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement."* ASU 2018-13 modifies the requirements associated with the hierarchy associated with Level 1, Level 2 and Level 3 fair value measurements. The provisions of this ASU are effective for reporting periods after December 15, 2019; early adoption is permitted. We are currently evaluating the effect that this ASU will have on our consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15 ("ASU 2018-15"), *Customer's Accounting Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract* , which requires a customer in a cloud computing arrangement that is a service contract to follow the internal-use software guidance in Accounting Standards Codification 350-40 to determine which implementation costs to defer and recognize as an asset. ASU 2018-15 generally aligns the guidance on recognizing implementation costs incurred in a cloud computing arrangement that is a service contract with that for implementation costs incurred to develop or obtain internal-use software, including hosting arrangements that include an internal-use software license. The provisions of this ASU are effective for reporting periods after December 15, 2019; early adoption is permitted. We are currently evaluating the effect that this ASU will have on our consolidated financial statements.

Note 3: Revenue from Contracts with Customers

Financial Statement Impact of Adopting ASC 606

The cumulative effect of applying the new guidance to all contracts with customers as of January 1, 2018 was recorded as an adjustment to retained earnings as of the adoption date. The following cumulative adjustments were made to the consolidated balance sheet as of January 1, 2018:

- *Sales of VOIs, net* — Under the previous accounting guidance, we recognized revenue for sales of VOIs under construction in accordance with the percentage of completion method. Under ASC 606, the timing of revenue recognition for *Sales of VOIs* under construction and all related direct costs have been deferred until construction is complete.
- *Sales, marketing, brand and other fees* — Under the previous accounting guidance, we recognized breakage revenue from prepaid vacation packages when the likelihood of redemption was remote post expiration. Under ASC 606, using a portfolio approach, we have recognized the expected breakage revenue on packages not expected to be redeemed as *Sales, marketing, brand and other fees* proportionately when our other customers redeem their packages.

The table below shows the adjustments that were made to the consolidated balance sheet as of January 1, 2018:

($ in millions)	December 31, 2017	Adjustments	January 1, 2018
ASSETS			
Cash and cash equivalents	$ 246	$ —	$ 246
Restricted cash	51	—	51
Accounts receivable, net of allowance for doubtful accounts	112	—	112
Timeshare financing receivables, net	1,071	—	1,071
Inventory	509	30	539
Property and equipment, net	238	—	238
Investment in unconsolidated affiliate	41	—	41
Intangible assets, net	72	—	72
Other assets	44	16	60
TOTAL ASSETS	$ 2,384	$ 46	$ 2,430
LIABILITIES AND EQUITY			
Liabilities:			
Accounts payable, accrued expenses and other	$ 339	$ 2	$ 341
Advanced deposits	104	(17)	87
Debt, net	482	—	482
Non-recourse debt, net	583	—	583
Deferred revenues	109	112	221
Deferred income tax liabilities	249	(13)	236
Total liabilities	1,866	84	1,950
Commitments and contingencies			
Equity:			
Preferred stock, $0.01 par value; 300,000,000 authorized shares, none issued or outstanding as of December 31, 2017	—	—	—
Common stock, $0.01 par value; 3,000,000,000 authorized shares, 99,136,304 issued and outstanding as of December 31, 2017	1	—	1
Additional paid-in capital	162	—	162
Accumulated retained earnings	355	(38)	317
Total equity	518	(38)	480
TOTAL LIABILITIES AND EQUITY	$ 2,384	$ 46	$ 2,430

Disaggregation of Revenue

The following tables show our disaggregated revenues by segment from contracts with customers. We operate our business in the following two segments: (i) *Real estate sales and financing* and (ii) *Resort operations and club management* . Please refer to Note 21: *Business Segments* below for more details related to our segments.

($ in millions)	Year Ended December 31, 2018
Real Estate and Financing Segment	
Sales of VOIs, net	$ 734
Sales, marketing, brand and other fees	570
Interest income	140
Other financing revenue	18
Real estate and financing segment revenues	$ 1,462

($ in millions)	Year Ended December 31, 2018
Resort Operations and Club Management Segment	
Club management	$ 112
Resort management	60
Rental (1)	191
Ancillary services	27
Resort operations and club management segment revenues	$ 390

(1) Includes intersegment eliminations.

Contract Balances

The following table provides information on our accounts receivable with customers which are included in *Accounts Receivable, net* on our consolidated balance sheets:

($ in millions)	January 1, 2018	December 31, 2018
Receivables (1)	$ 97	$ 122

(1) Does not include financing receivables from sales of VOIs. See Note 5: *Timeshare Financing Receivables* for additional information.

The following table presents changes in our contract liabilities for the year ended December 31, 2018.

($ in millions)	January 1, 2018	Additions	Subtractions	December 31, 2018
Contract liabilities:				
Advanced deposits	$ 87	$ 167	$ (153)	$ 101
Deferred revenue (1)	197	264	(389)	72
Club Bonus Point incentive liability (2)	52	54	(50)	56

(1) The deferred revenue balance is primarily comprised of (i) sales of VOI under construction, (ii) Club activation fees that are paid at the closing of a VOI purchase, which grants access to our points-based Club and (iii) annual dues for Club membership renewals. As of December 31, 2018, we have no deferred revenues relating to sales of VOIs under construction.

(2) Amounts related to the Club Bonus Point incentive liability are included in *Accounts payable, accrued expenses and other* on our consolidated balance sheets.

Revenue earned for the year ended December 31, 2018 that was included in the contract liabilities balance at January 1, 2018 was approximately $214 million.

Accounts receivable for the year ended December 31, 2018 include amounts associated with our contractual right to consideration for completed performance obligations related primarily to our fee-for-service arrangements and are realized when the related cash is received. Accounts receivable are recorded when the right to consideration becomes unconditional and is only contingent on the passage of time. For the year ended December 31, 2018, there were no associated impairment losses. Refer to Note 5: *Timeshare Financing Receivables* for information on balances and changes in balances during the period related to our Timeshare financing receivables.

Contract liabilities include payments received or due in advance of satisfying our performance obligations, offset by revenues recognized. Such contract liabilities include advance deposits received on prepaid vacation packages for future stays at our resorts, deferred revenues and the liability for Club Bonus Points awarded to our customers for purchase of VOIs at our properties or properties under our fee-for-service arrangements that may be redeemed in the future.

Transaction Price Allocated to Remaining Performance Obligations

Transaction price allocated to remaining performance obligations represents contract revenue that has not yet been recognized. Our contracts with remaining performance obligations primarily include (i) Club activation fees paid at closing of a VOI purchase, (ii) customers' advanced deposits on prepaid vacation packages and (iii) Club Bonus Points that may be redeemed in the future. As of December 31, 2018, we had no remaining performance obligations on sales of VOIs under construction.

The following table includes the remaining transaction price related to Advanced deposits, Club activation fees and Club Bonus Points as of December 31, 2018:

($ in millions)	Remaining Transaction Price	Recognition Period	Recognition Method
Advanced deposits	$ 101	18 months	Upon customer stays
Club activation fees	63	7 years	Straight-line basis over average inventory holding period
Club Bonus Points	56	24 months	Upon redemption

ASC 606 provides certain practical expedients that facilitate the disclosure around performance obligations. We have elected the following practical expedients options:

- to not disclose the variable consideration allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer a distinct good or service that forms part of a single performance obligation for which revenue recognition criteria have been met; and
- to not disclose the transaction price allocated to remaining performance obligations that are part of a contract that has an original expected duration of one year or less.

Our performance obligations under the management service arrangements and fee-for-service arrangements are satisfied over time and the related fees represent variable consideration that meets the first practical expedient option. Fees for management services are variable consideration as these fees are based off of costs to operate the resorts in a given annual period, which is resolved on a monthly basis over the contract term.

Impact of New Revenue Guidance on Financial Statement Line Items

The following tables compare the reported consolidated balance sheet and statement of operations as of and for the year ended December 31, 2018, as well as the cash flows for the year ended December 31, 2018, to the previous accounting guidance:

	December 31, 2018		
(in millions)	**As Reported**	**Effects of ASC 606**	**Previous Accounting Guidance**
ASSETS			
Cash and cash equivalents	$ 108	$ —	$ 108
Restricted cash	72	—	72
Accounts receivable, net of allowance for doubtful accounts	153	—	153
Timeshare financing receivables, net	1,120	—	1,120
Inventory	527	—	527
Property and equipment, net	559	—	559
Investments in unconsolidated affiliates	38	—	38
Intangible assets, net	81	—	81
Other assets	95	—	95
TOTAL ASSETS	$ 2,753	$ —	$ 2,753
LIABILITIES AND EQUITY			
Liabilities:			
Accounts payable, accrued expenses and other	$ 324	$ (2)	$ 322
Advanced deposits	101	16	117
Debt, net	604	—	604
Non-recourse debt, net	759	—	759
Deferred revenues	95	—	95
Deferred income tax liabilities	254	—	254
Total liabilities	2,137	14	2,151
Commitments and contingencies			
Equity:			
Preferred stock, $0.01 par value; 300,000,000 authorized shares, none issued or outstanding as of December 31, 2018	—	—	—
Common stock, $0.01 par value; 3,000,000,000 authorized shares, 94,558,086 issued and outstanding as of December 31, 2018	1	—	1
Additional paid-in capital	174	—	174
Accumulated retained earnings	441	(14)	427
Total equity	616	(14)	602
TOTAL LIABILITIES AND EQUITY	$ 2,753	$ —	$ 2,753

Total reported liabilities were $ 14 million less than the balance if the previous accounting guidance were in effect as of December 31, 2018. This was primarily due to releasing the advanced deposits liability to recognize expected breakage revenue on prepaid vacation packages proportionally as our customers redeem their packages.

	Year Ended December 31, 2018		
($ in millions)	As Reported	Effects of ASC 606	Previous Accounting Guidance
Revenues			
Sales of VOIs, net	$ 734	$ (112)	$ 622
Sales, marketing, brand and other fees	570	16	586
Financing	158	—	158
Resort and club management	172	1	173
Rental and ancillary services	218	—	218
Cost reimbursements	147	—	147
Total revenues	1,999	(95)	1,904
Expenses			
Cost of VOI sales	210	(30)	180
Sales and marketing	728	1	729
Financing	49	—	49
Resort and club management	47	—	47
Rental and ancillary services	133	—	133
General and administrative	117	—	117
Depreciation and amortization	36	2	38
License fee expense	98	—	98
Cost reimbursements	147	—	147
Total operating expenses	1,565	(27)	1,538
Interest expense	(30)	—	(30)
Other loss, net	(1)	—	(1)
Income before income taxes	403	(68)	335
Income tax (expense) benefit	(105)	17	(88)
Net income	$ 298	$ (51)	$ 247
Earnings per share:			
Basic	$ 3.07	$ (0.53)	$ 2.54
Diluted	$ 3.05	$ (0.53)	$ 2.52

The following summarizes the significant changes to our consolidated statement of operations for the year ended December 31, 2018 as a result of the adoption of ASC 606 on January 1, 2018 compared to if we had continued to recognize revenues under the previous accounting guidance:

- Under ASC 606, the timing of revenue recognition for sales of VOIs under construction and all related direct costs have been deferred until construction is complete. Under the previous accounting guidance, we recognized revenue for sales of VOIs under construction in accordance with the percentage of completion method. This resulted in a lower *Sales of VOIs, net, Cost of VOI sales* and *Total operating expenses* ;
- Under ASC 606, using a portfolio approach, we have recognized the expected breakage revenue on packages not expected to be redeemed as *Sales, marketing, brand and other fees* proportionately when our other customers redeem their packages. Under the previous accounting guidance, we recognized breakage revenue from prepaid vacation packages when the likelihood of redemption was remote post expiration ; and

Under ASC 606, certain sales incentives where we are acting as the agent are recognized on a net basis, therefore, resulted in a lower *Sales, marketing, brand and other fees* and *Total operating expenses* . Under the previous accounting guidance, we recognized certain sales incentives on a gross basis which resulted in higher *Sales, marketing, brand and other fees* and *Total operating expenses* .

The adoption of ASC 606 had no impact on our total cash flows provided by operating activities or used by investing and financing activities. ASC 606 resulted in offsetting shifts in cash flows throughout net income and various changes in working capital balances.

	Year Ended December 31, 2018	
($ in millions)	As Reported	Previous Accounting Guidance
Net income	$ 298	$ 247
Adjustments to reconcile net income to net cash used in by operating activities	151	138
Changes in operating assets and liabilities		
Accounts receivable, net	(41)	(41)
Timeshare financing receivables, net	(118)	(118)
Inventory	16	(14)
Purchases of real estate for future conversion to inventory	(299)	(299)
Other assets	(31)	(48)
Accounts payable, accrued expenses and other	(24)	(24)
Advanced deposits	14	13
Deferred revenues	(126)	(14)
Other	1	1
Net cash used in operating activities	$ (159)	$ (159)

Note 4: Restricted Cash

Restricted cash was as follows:

	December 31,	
($ in millions)	2018	2017
Escrow deposits on VOI sales	$ 45	$ 29
Reserves related to non-recourse debt (1)	27	22
	$ 72	$ 51

(1) See Note 14: *Debt & Non-recourse Debt* for further discussion.

Note 5: Timeshare Financing Receivables

Timeshare financing receivables were as follows:

	December 31, 2018		
($ in millions)	Securitized and Pledged	Unsecuritized (1)	Total
Timeshare financing receivables	$ 660	$ 632	$ 1,292
Less: allowance for loan loss	(43)	(129)	(172)
	$ 617	$ 503	$ 1,120

($ in millions)	December 31, 2017		
	Securitized and Pledged	Unsecuritized [1]	Total
Timeshare financing receivables	$ 471	$ 741	$ 1,212
Less: allowance for loan loss	(27)	(114)	(141)
	$ 444	$ 627	$ 1,071

(1) Includes amounts used as collateral to secure a non-recourse revolving timeshare receivable credit facility ("Timeshare Facility") as well as amounts held as future collateral for upcoming securitizations.

In September 2018, we completed a securitization of approximately $350 million of gross timeshare financing receivables and issued approximately $268 million of 3.54 percent notes, $54 million of 3.70 percent notes and $28 million of 4.0 percent notes, which have a stated maturity date of February 25, 2032. The securitization transaction did not qualify as sales and, accordingly, no gain or loss was recognized. The transaction is considered a secured borrowing; therefore, the proceeds from the transaction are presented as non-recourse debt (collectively, the "Securitized Debt"). The proceeds were primarily used to pay down a portion of our Timeshare Facility. As of December 31, 2018 and 2017, we had $190 million and $143 million, respectively, of gross timeshare financing receivables securing the Timeshare Facility. See Note 14: *Debt and Non-Recourse Debt* for additional information on our Timeshare Facility.

Our timeshare financing receivables as of December 31, 2018 mature as follows:

($ in millions)	Securitized and Pledged	Unsecuritized	Total
Year			
2019	$ 86	$ 64	$ 150
2020	87	54	141
2021	86	58	144
2022	83	63	146
2023	80	67	147
Thereafter	238	326	564
	660	632	1,292
Less: allowance for loan loss	(43)	(129)	(172)
	$ 617	$ 503	$ 1,120

We evaluate this portfolio collectively for purposes of estimating variable consideration, since we hold a large group of homogeneous timeshare financing receivables which are individually immaterial. We monitor the credit quality of our receivables on an ongoing basis. There are no significant concentrations of credit risk with any individual counterparty or groups of counterparties. We use a technique referred to as static pool analysis as the basis for determining our allowance for loan loss on our timeshare financing receivables. For static pool analysis, we use certain key dimensions to stratify our portfolio, including FICO scores, equity percentage at the time of sale and certain other factors. The adequacy of the related allowance is determined by management through analysis of several factors, such as current economic conditions and industry trends, as well as the specific risk characteristics of the portfolio including assumed default rates, aging and historical write-offs of these receivables. The allowance is maintained at a level deemed adequate by management based on a periodic analysis of the mortgage portfolio

Our gross timeshare financing receivables balances by FICO score were as follows:

($ in millions)	December 31, 2018	December 31, 2017
FICO score		
700+	$ 843	$ 770
600-699	237	225
<600	27	28
No score (1)	185	189
	$ 1,292	$ 1,212

(1) Timeshare financing receivables without a FICO score are primarily related to foreign borrowers.

We recognize interest income on our timeshare financing receivables as earned. The interest rate charged on the notes correlates to the risk profile of the borrower at the time of purchase and the percentage of the purchase that is financed, among other factors. As of December 31, 2018, our timeshare financing receivables had interest rates ranging from 5.25 percent to 20.50 percent, a weighted average interest rate of 12.28 percent, a weighted average remaining term of 7.8 years and maturities through 2030.

We apply payments we receive for loans, including those in non-accrual status, to amounts due in the following order: servicing fees; interest; principal; and late charges. Once a loan is 91 days past due, we cease accruing interest and reverse the accrued interest recognized up to that point. We resume interest accrual for loans for which we had previously ceased accruing interest once the loan is less than 91 days past due. We fully reserve for a timeshare financing receivable in the month following the date that the loan is 121 days past due and, subsequently, we write off the uncollectible note against the reserve once the foreclosure process is complete and we receive the deed for the foreclosed unit.

As of December 31, 2018 and 2017, we had ceased accruing interest on timeshare financing receivables with an aggregate principal balance of $69 million and $49 million, respectively. The following tables detail an aged analysis of our gross timeshare financing receivables balance:

($ in millions)	December 31, 2018		
	Securitized and Pledged	Unsecuritized	Total
Current	$ 648	$ 556	$ 1,204
31 - 90 days past due	8	11	19
91 - 120 days past due	3	3	6
121 days and greater past due	1	62	63
	$ 660	$ 632	$ 1,292

($ in millions)	December 31, 2017		
	Securitized and Pledged	Unsecuritized	Total
Current	$ 462	$ 685	$ 1,147
31 - 90 days past due	6	10	16
91 - 120 days past due	1	4	5
121 days and greater past due	2	42	44
	$ 471	$ 741	$ 1,212

The changes in our allowance for loan loss were as follows:

($ in millions)	Securitized and Pledged	Unsecuritized	Total
December 31, 2015	$ 17	$ 89	$ 106
Write-offs	—	(35)	(35)
Provision for loan loss (1)	(8)	57	49
December 31, 2016	9	111	120
Write-offs	—	(37)	(37)
Securitizations	28	(28)	—
Provision for loan loss (1)	(10)	68	58
December 31, 2017	27	114	141
Write-offs	—	(38)	(38)
Securitizations	28	(28)	—
Provision for loan loss (1)	(12)	81	69
December 31, 2018	$ 43	$ 129	$ 172

(1) Includes incremental provision for loan loss, net of activity related to the repurchase of defaulted and upgraded securitized timeshare financing receivables.

Note 6: Inventory

Our Inventory was comprised of the following:

	December 31,	
($ in millions)	2018	2017
Completed unsold VOIs	$ 243	$ 191
Construction in process	9	60
Land, infrastructure and other	275	258
	$ 527	$ 509

We benefited from $10 million and $4 million in cost of sales true-ups relating to VOI products for the years ended December 31, 2018 and 2017, respectively, which resulted in a $10 million and $4 million increase to the carrying value of inventory as of December 31, 2018 and 2017, respectively. The incurred expenses below, recorded in *Cost of VOI sales* , relate to granting credit to customers for their existing ownership when upgrading into fee-for-service projects.

	December 31,		
($ in millions)	2018	2017	2016
Cost of VOI sales related to fee-for-service upgrades	$ 34	$ 36	$ 49

In 2018 and 2017, we recorded non-cash transfers from property and equipment into inventory. See Note 23: *Supplemental Disclosure of Cash Flow Information* for additional information.

Note 7: Property and Equipment

Property and equipment and related accumulated depreciation were as follows:

($ in millions)	December 31, 2018	December 31, 2017
Land	$ 268	$ 53
Buildings and leasehold improvements	295	182
Furniture and equipment	54	48
Construction-in-progress	25	20
	642	303
Accumulated depreciation	(83)	(65)
	$ 559	$ 238

In June 2018, we acquired an operating hotel in New York City, New York for $176 million for future conversion to timeshare inventory. In September 2018, we acquired land in Honolulu, Hawaii for $123 million which will be used to construct a timeshare resort. Each transaction was accounted for as asset acquisition with the purchase prices being allocated primarily to land, building and leasehold improvements and furniture and equipment.

In 2018 and 2017, we recorded non-cash transfers from property and equipment to inventory. See Note 23: *Supplemental Disclosure of Cash Flow Information* for additional information.

Depreciation expense on property and equipment was $23 million, $17 million, and $12 million for the years ended December 31, 2018, 2017 and 2016 respectively.

Note 8: Consolidated Variable Interest Entities

As of December 31, 2018 and 2017, we consolidated four and three variable interest entities ("VIEs"), respectively, that issued Securitized Debt, secured by pledged assets primarily consisting of a pool of timeshare financing receivables, which is without recourse to us. We are the primary beneficiaries of these VIEs as we have the power to direct the activities that most significantly affect their economic performance. We are also the servicer of these timeshare financing receivables and we are required to replace or repurchase timeshare financing receivables that are in default at their outstanding principal amounts. Additionally, we have the obligation to absorb their losses and the right to receive benefits that could be significant to them. Only the assets of the VIEs are available to settle the obligations of the respective entities.

Our consolidated balance sheets included the assets and liabilities of these entities, which primarily consisted of the following:

($ in millions)	December 31, 2018	December 31, 2017
Restricted cash	$ 23	$ 18
Timeshare financing receivables, net	617	445
Non-recourse debt (1)	639	454

(1) Net of deferred financing costs.

During the years ended December 31, 2018, 2017 and 2016, we did not provide any financial or other support to any VIEs that we were not previously contractually required to provide, nor do we intend to provide such support in the future.

Note 9: Investments in Unconsolidated Affiliates

In March 2018, we entered into an agreement with SCG 1776, LLC, an affiliate of Strand Capital Group, LLC and formed 1776 Holding, LLC, a VIE. Pursuant to the agreement, during the year ended December 31, 2018, we contributed a total of $10 million in cash for a 50 percent interest in 1776 Holding, LLC, which will construct an approximately 99-unit timeshare resort in Charleston, South Carolina.

In July 2017, we entered into an agreement with BRE Ace Holdings LLC, an affiliate of The Blackstone Group L.P. ("Blackstone") and formed BRE Ace LLC, a VIE. Pursuant to the agreement, we contributed $40 million in cash for a 25 percent interest in BRE Ace LLC, which owns a 1,201-key timeshare resort property and related operations, commonly known as "Elara, by Hilton Grand Vacations," located in Las Vegas, Nevada.

We do not consolidate 1776 Holdings LLC and BRE Ace LLC because we are not the primary beneficiaries. Our investment interests in and equity earned from both VIEs are included in the consolidated balance sheets as *Investments in unconsolidated affiliates* and in the consolidated statements of operations as *Equity in earnings from unconsolidated affiliates,* respectively.

During the year ended December 31, 2018, we received cash distributions of $13 million from our investment in BRE Ace LLC, of which $11 million was considered a return of investment.

We held investments in our two unconsolidated affiliates with aggregated debt balances of $490 million and $488 million as of December 31, 2018 and 2017, respectively. The debt is secured by their assets and is without recourse to us. Our maximum exposure to loss as a result of our investment interests in the two unconsolidated affiliates is primarily limited to (i) the carrying amount of the investments which totals $38 million and $41 million as of December 31, 2018 and 2017, respectively and (ii) receivables for commission and other fees earned under a fee-for-service arrangement. See Note 20: *Related Party Transactions* for additional information.

Note 10: Intangible Assets

Intangible assets and related amortization expense were as follows:

	December 31, 2018		
($ in millions)	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Amount**
Management agreements	$ 88	$ (41)	$ 47
Capitalized software	71	(37)	34
	$ 159	$ (78)	$ 81

	December 31, 2017		
($ in millions)	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Amount**
Management agreements	$ 88	$ (37)	$ 51
Capitalized software	51	(30)	21
	$ 139	$ (67)	$ 72

Amortization expense on intangible assets was $13 million for the year ended December 31, 2018 and $12 million for each of the years ended December 31, 2017 and 2016. As of December 31, 2018, the weighted average amortization period on management agreements was 13.3 years and capitalized software was 2.6 years.

As of December 31, 2018, we estimated our future amortization expense for our amortizing intangible assets to be as follows:

($ in millions)	Future Amortization Expense
Year	
2019	$ 18
2020	16
2021	12
2022	4
2023	3
Thereafter	28
	$ 81

Note 11: Other Assets

Other assets were as follows:

	December 31,	
($ in millions)	**2018**	**2017**
Inventory deposits	$ 46	$ —
Prepaid expenses	18	18
Other	31	26
	$ 95	$ 44

During the year ended December 31, 2018, we made $46 million of deposits on real estate for future conversion to timeshare inventory.

Note 12: Accounts Payable, Accrued Expenses and Other

Accounts payable, accrued expenses and other were as follows:

	December 31,	
($ in millions)	**2018**	**2017**
Accrued employee compensation and benefits	$ 86	$ 70
Accounts payable	51	45
Bonus point incentive liability	56	52
Due to Hilton	20	23
Income taxes payable	7	64
Other accrued expenses	104	85
	$ 324	$ 339

Note 13: Deferred Revenues

Deferred revenues were as follows:

($ in millions)	December 31, 2018	December 31, 2017
Deferred VOI sales (1)	$ 19	$ 45
Club activation fees	63	54
Other	13	10
	$ 95	$ 109

(1) As of December 31, 2018, we do not have deferred revenues associated with Sales of VOIs under construction.

Deferred VOI sales include the deferred revenues associated with: the sales associated with incomplete phases or buildings; the sales of unacquired inventory; and deferred sales associated with our long-term lease product with a reversionary interest. Club activation fees are paid at closing of a VOI purchase, which grants access to our points-based Club. The revenue from these fees are deferred and amortized on a straight-line basis over the average inventory holding period. Deferred revenues do not include prepaid vacation packages or other prepayments for future stays at our resorts, which are included in *Advanced deposits* in our consolidated balance sheets.

Note 14: Debt & Non-recourse Debt

Debt

The following table details our outstanding debt balance and its associated interest rates:

($ in millions)	December 31 2018	December 31 2017
Debt (1)		
Senior secured credit facilities:		
Term loans with an average rate of 4.253%, due 2023	$ 197	$ 190
Revolver with an average rate of 4.253%, due 2023	115	—
Senior notes with a rate of 6.125%, due 2024	300	300
	612	490
Less: unamortized deferred financing costs and discount (2)(3)	(8)	(8)
	$ 604	$ 482

(1) For the years ended December 31, 2018 and 2017, weighted average interest rates were 5.170 percent and 5.229 percent, respectively.

(2) Amount includes deferred financing costs of $2 million and $6 million as of December 31, 2018 and $1 million and $7 million as of December 31, 2017, relating to our term loan and senior notes, respectively.

(3) Amount does not include deferred financing costs of $6 and $2 million as of December 31, 2018 and 2017, relating to our revolving facility included in *Other Assets* in our consolidated balance sheets.

Senior Secured Credit Facilities

In November 2018, we amended certain terms of our existing credit facilities (the "Amendment") such as, but not limited to, (i) the existing term loan was increased to $200 million, (ii) the amount of borrowing capacity under the revolving facility was increased from $200 million to $800 million and (iii) the maturity date was extended to November 28, 2023. The revolving facility has $30 million of borrowing capacity available for letters of credit and $10 million available for short-term borrowings. As of December 31, 2018, we had $1 million of outstanding letter of credit under the revolving facility.

In addition, we are required to pay a commitment fee to the lenders under the Revolving Facility in respect of the unutilized commitments thereunder. The commitment fee will be determined based on a first lien net leverage ratio and will range from 0.25% to 0.35% per annum. We are also required to pay customary letter of credit fees.

As a result of the Amendment, we incurred $6 million in debt issuance costs of which $5 million is recorded in *Other assets* . During the year ended December 31, 2018, we borrowed $ 530 million and repaid $ 408 million, in aggregate, under the original and amended s enior s ecured c redit f acilities.

The obligations under the senior secured credit facility are unconditionally and irrevocably guaranteed by us and certain of our subsidiaries. We are in compliance with all applicable financial covenants as of December 31, 2018.

Senior Notes

In November 2016, we issued $300 million aggregate principal amount of 6.125 percent senior unsecured notes due 2024 (the "Senior Unsecured Notes") and incurred $8 million of debt issuance costs. Interest on the Senior Unsecured Notes is payable semi-annually in arrears on June 1 and December 1 of each year, beginning on June 1, 2017.

We may, at our sole option, redeem the Senior Unsecured Notes, in whole or in part, at any time prior to December 1, 2021, at a price equal to 100 percent of the principal amount, plus an applicable make-whole premium and accrued and unpaid interest. On and after, December 1, 2021, we may, at our sole option, redeem the Senior Unsecured Notes at 103.25 percent, 101.625 percent or 100 percent of the principal amount in 2021, 2022 or 2023, respectively, without any make-whole premium.

The Senior Unsecured Notes are guaranteed on a senior unsecured basis by certain of our subsidiaries. We are in compliance with all applicable financial covenants as of December 31, 2018.

Non-recourse Debt

The following table details our outstanding non-recourse debt balance and its associated interest rates:

($ in millions)	December 31 2018	2017
Non-recourse debt (1)		
Timeshare Facility with an average rate of 3.559%, due 2021	$ 120	$ 129
Securitized Debt with a rate of 2.280%, due 2026	33	54
Securitized Debt with an average rate of 1.810%, due 2026	74	112
Securitized Debt with an average rate of 2.711%, due 2028	206	293
Securitized Debt with an average rate of 3.602%, due 2032	333	—
	766	588
Less: unamortized deferred financing costs (2)	(7)	(5)
	$ 759	$ 583

(1) For the years ended December 31, 2018 and 2017, weighted average interest rates were 3.126 percent and 2.492 percent, respectively.

(2) Amount relates to Securitized Debt only and does not include deferred financing costs of $3 million and $2 million as of December 31, 2018 and 2017, respectively, relating to our Timeshare Facility included in *Other Assets* in our consolidated balance sheets.

In September 2018, we completed a securitization of approximately $350 million of gross timeshare financing receivables and issued approximately $268 million of 3.54 percent notes, $54 million of 3.70 percent notes and $28 million of 4.0 percent notes, which have a stated maturity date of February 25, 2032. The securitization transaction did not qualify as a sale and, accordingly, no gain or loss was recognized. The transaction is considered a secured borrowing; therefore, the proceeds from the transaction are presented as non-recourse debt (collectively, the "Securitized Debt"). The proceeds were used to pay down a portion of our Timeshare Facility.

The Timeshare Facility is a non-recourse obligation with a borrowing capacity of $450 million and is payable solely from the pool of timeshare financing receivables pledged as collateral and related assets. In March 2018, we extended the commitment termination date to March 2020. The maturity date was extended 12 months from the commitment date to March 2021. As a result of this extension, we incurred $2 million in debt issuance costs recorded in *Other assets* . During the year ended December 31, 2018, we borrowed $313 million and repaid $322 million under the Timeshare Facility.

We are required to deposit payments received from customers on the timeshare financing receivables securing the Timeshare Facility and Securitized Debt into depository accounts maintained by third parties. On a monthly basis, the depository accounts are utilized to make required principal, interest and other payments due under the respective loan agreements. The balances in the depository accounts were $27 and $22 million as of December 31, 2018 and 2017, respectively, and were included in *Restricted cash* in our consolidated balance sheets.

Debt Maturities

The contractual maturities of our debt and non-recourse debt as of December 31, 2018 were as follows:

($ in millions)	Debt	Non-recourse Debt	Total
Year			
2019	$ 10	$ 193	$ 203
2020	10	165	175
2021	10	207	217
2022	10	63	73
2023	272	76	348
Thereafter	300	62	362
	$ 612	$ 766	$ 1,378

Note 15: Fair Value Measurements

The carrying amounts and estimated fair values of our financial assets and liabilities were as follows:

	December 31, 2018		
		Hierarchy Level	
($ in millions)	Carrying Amount	Level 1	Level 3
Assets:			
Timeshare financing receivables (1)	$ 1,120	$ —	$ 1,339
Liabilities:			
Debt (2)	604	302	309
Non-recourse debt (2)	759	—	753

	December 31, 2017		
		Hierarchy Level	
($ in millions)	Carrying Amount	Level 1	Level 3
Assets:			
Timeshare financing receivables (1)	$ 1,071	$ —	$ 1,292
Liabilities:			
Debt (2)	482	329	194
Non-recourse debt (2)	583	—	577

(1) Carrying amount net of allowance for loan loss.

(2) Carrying amount net of unamortized deferred financing costs and discount.

Our estimates of the fair values were determined using available market information and appropriate valuation methods. Considerable judgment is necessary to interpret market data and develop the estimated fair values. The table above excludes cash and cash equivalents, restricted cash, accounts receivable, accounts payable, advance deposits and accrued liabilities, all of which had fair values approximating their carrying amounts due to the short maturities and liquidity of these instruments.

The estimated fair values of our timeshare financing receivables were determined using a discounted cash flow model. Our model incorporates default rates, coupon rates, credit quality and loan terms respective to the portfolio based on current market assumptions for similar types of arrangements.

The estimated fair values of our Level 1 debt was based on prices in active debt markets. The estimated fair value of our Level 3 debt and non-recourse debt were as follows:

- Debt – based on indicative quotes obtained for similar issuances and projected future cash flows discounted at risk-adjusted rates
- Non-recourse debt – based on projected future cash flows discounted at risk-adjusted rates.

We do not have any assets or liabilities measured at fair value on a recurring basis as of December 31, 2018 or 2017.

Note 16: Leases

We lease sales centers, office space and equipment under operating leases. Our operating leases may require minimum rent payments, contingent rent payments based on a percentage of revenue or income or rent payments equal to the greater of a minimum rent or contingent rent. Our leases expire at various dates from 2019 through 2030, with varying renewal options.

The future minimum rent payments under non-cancelable leases, due in each of the next five years and thereafter as of December 31, 2018, were as follows:

($ in millions)	Operating Leases
Year	
2019	$ 16
2020	15
2021	14
2022	10
2023	10
Thereafter	29
Total minimum rent payments	$ 94

Rent expense for all operating leases was as follows:

	Year Ended December 31,		
($ in millions)	2018	2017	2016
Minimum rentals	$ 21	$ 17	$ 16
Contingent rentals	3	3	1
	$ 24	$ 20	$ 17

Note 17: Income Taxes

On December 22, 2017, the United States enacted tax reform legislation commonly known as the Tax Cuts and Jobs Act (the "Act"), resulting in significant modifications to existing law. We followed the guidance in SEC Staff Accounting Bulletin 118 ("SAB 118"), which provided additional clarification regarding the application of ASC Topic 740 in situations where we did not have the necessary information available, prepared, or analyzed in reasonable detail to complete the accounting for certain income tax effects of the Act for the reporting period in which the Act was enacted. SAB 118 provided for a measurement period which began in the reporting period that included the Act's enactment date and ended when we obtained, prepared, and analyzed the information needed to complete the accounting requirements, but in no circumstances could the measurement period extend beyond one year from the enactment date. As of December 22, 2018, we have completed our accounting for the tax effects of

the following elements of the Act, considering all guidance from the U.S. Treasury Department ("U.S. Treasury") released since the enactment date.

One-Time Repatriation Tax: The one-time deemed repatriation transition tax ("Transition Tax") is a tax on certain previously untaxed accumulated and current earnings and profits (E&P) of our foreign subsidiaries. We were able to reasonably estimate the Transition Tax and recorded a provisional Transition Tax obligation of $1 million, with a corresponding adjustment of $1 million to income tax expense for the year ended December 31, 2017. Based on revised E&P computations that were completed during the reporting period, we recognized an additional measurement-period adjustment to reduce the Transition Tax obligation by $1 million, with a corresponding adjustment to reduce income tax expense by $1 million during the period. The effect of the measurement-period adjustment on the 2018 effective tax rate was approximately (0.2) percent. The Transition Tax, which has now been determined to be complete, resulted in recording an immaterial total Transition Tax obligation, with a corresponding immaterial adjustment to income tax expense. The Act provided for the Transition Tax obligation to be paid in installments over eight years, but we chose to pay the Transition Tax obligation in full since the amount due was immaterial.

Deferred Tax Assets and Liabilities: The Act reduced the U.S. federal corporate income tax rate from 35 percent to 21 percent. This required certain deferred tax assets and liabilities to be re-measured as a result of the lower U.S. federal tax rate when the deferred tax assets and liabilities are expected to reverse. The Act also expanded the scope and repealed certain exceptions to the deduction limitation for executive compensation under Internal Revenue Code ("IRC") section 162(m), resulting in a write-off of the share-based compensation deferred tax asset related to certain executives' subject to the IRC section 162(m) limitation. We were able to reasonably estimate the impact to our deferred tax assets and liabilities and recorded a provisional adjustment of $132 million to reduce our net deferred tax liability balance, with a corresponding adjustment to reduce income tax expense by $132 million for the year ended December 31, 2017. Based on revised computations that were completed during the reporting period, we recognized an additional measurement-period adjustment of $3 million to reduce our net deferred tax liability balance, with a corresponding adjustment to reduce income tax expense by $3 million during the period. The effect of the measurement-period adjustment on the 2018 effective tax rate was approximately (0.8) percent. The impact to our deferred tax assets and liabilities, which has now been determined to be complete, resulted in recording a total reduction to our net deferred tax liability balance of $135 million, with a corresponding adjustment to reduce income tax expense by $135 million.

The Act also subjects a U.S. shareholder to current tax on Global Intangible Low-Taxed Income ("GILTI"). The FASB staff Q&A, Topic 740 No. 5, *Accounting for Global Intangible Low-Taxed Income* , states that an entity can make an accounting policy election to either recognize deferred taxes for temporary differences expected to reverse as GILTI in future years or provide for the tax expense related to GILTI resulting from those items in the year the tax is incurred. As of December 31, 2017, we had not yet elected an accounting policy to account for the impact of the GILTI tax as a period expense in the future period the tax arises or as part of deferred tax related to the investment or subsidiary. As of December 31, 2018, we have elected to recognize the resulting tax on GILTI as a period expense in the period the tax is incurred. For the year ended December 31, 2018, our estimated GILTI tax, net of related foreign tax credit is immaterial. We will continue to refine this calculation as additional information becomes available and further guidance is provided by the U.S. Treasury.

Tax loss and credit carryforwards as of December 31, 2018 have expiration dates ranging between nine years and no expiration in certain instances. The amount of foreign tax loss carryforwards as of December 31, 2018 were $1 million. The amount of federal tax credit carryforwards as of December 31, 2018 were $2 million. The valuation allowance increased $2 million from none as of December 31, 2017 to $2 million as of December 31, 2018. The valuation allowance has been established for financial reporting purposes to offset certain federal deferred tax assets due to uncertainty regarding our ability to realize them in the future.

Our tax provision includes federal, state and foreign income taxes payable. The domestic and foreign components of income before taxes were as follows:

	Year Ended December 31,		
($ in millions)	**2018**	**2017**	**2016**
U.S. income before tax	$ 380	$ 283	$ 270
Foreign income before tax	23	28	23
Income before taxes	$ 403	$ 311	$ 293

The components of our provision for income taxes were as follows:

	Year Ended December 31,		
($ in millions)	**2018**	**2017**	**2016**
Current:			
Federal	$ 62	$ 94	$ 87
State	15	11	8
Foreign	8	8	7
Total current	85	113	102
Deferred:			
Federal	17	(137)	21
State	4	8	2
Foreign	(1)	—	—
Total deferred	20	(129)	23
Total provision for income taxes	$ 105	$ (16)	$ 125

Reconciliations of our tax provision at the U.S. statutory rate to the provision for income taxes were as follows:

	Year Ended December 31,		
($ in millions)	**2018**	**2017**	**2016**
Statutory U.S. federal income tax provision	$ 85	$ 109	$ 102
State and local income taxes, net of U.S. federal tax benefit	19	12	10
Foreign income tax expense	6	7	7
U.S. benefit of foreign taxes	(6)	(7)	(7)
Valuation allowance changes	2	—	—
Non-deductible transactions costs	—	—	5
Interest on installment sales, net of U.S. federal tax benefit	3	3	7
Interest on installment sales adjustment	—	(5)	—
U.S. tax reform: one-time repatriation tax	(1)	1	—
U.S. tax reform: remeasurement of deferred tax	(3)	(132)	—
U.S. tax reform: remeasurement of long-term interest liability on installment sales, net of federal tax benefit at 21%	—	(2)	—
Other	—	(2)	1
Provision for income taxes	$ 105	$ (16)	$ 125

Deferred income taxes represent the tax effect of the differences between the book and tax bases of assets and liabilities plus carryforward items.

The compositions of net deferred tax balances were as follows:

($ in millions)	December 31, 2018	December 31, 2017
Deferred income tax assets	$ 1	$ 1
Deferred income tax liabilities	(255)	(250)
Net deferred taxes	$ (254)	$ (249)

The tax effects of the temporary differences and carryforwards that give rise to our net deferred tax liability were as follows:

($ in millions)	December 31, 2018	December 31, 2017
Deferred tax assets:		
Compensation	$ 11	$ 9
Domestic tax credit carryforwards	2	—
Other reserves	57	42
	70	51
Valuation allowance	(2)	—
Deferred tax assets	68	51
Deferred tax liabilities:		
Property and equipment	(46)	(54)
Amortizable intangible assets	(10)	(10)
Deferred income	(266)	(236)
Deferred tax liabilities	(322)	(300)
Net deferred taxes	$ (254)	$ (249)

Note 18: Share-Based Compensation

Stock Plan

The share-based compensation award amounts presented below have been converted to reflect the separation from Hilton. Upon the separation on January 3, 2017, holders of Hilton stock options, RSUs and performance shares received an adjusted award based on our shares.

We issue time-vesting restricted stock units ("RSUs"), time and performance-vesting restricted stock units ("PSUs") and nonqualified stock options ("options") to certain employees and directors. We recognized share-based compensation expense of $16 million, $15 million and $8 million during the years ended December 31, 2018, 2017 and 2016 respectively. The total tax benefit recognized related to this compensation was $4 million, $4 million and $3 million for the years ended December 31, 2018, 2017 and 2016 respectively.

As of December 31, 2018, unrecognized compensation costs for unvested awards were approximately $20 million, which is expected to be recognized over a weighted average period of 2.0 years. As of December 31, 2018, there were 7,509,691 shares of common stock available for future issuance.

RSUs

The following table provides information about our RSU grants for the last three fiscal years:

	Year Ended December 31,		
	2018	2017	2016
Number of shares granted	378,069	534,329	331,227
Weighted average grant date fair value per share	$ 42.63	$ 29.23	$ 18.68
Fair value of shares vested (in millions)	$ 13	$ 11	$ 4

The following table summarizes the activity of our RSUs during the year ended December 31, 2018:

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding, beginning of period	839,800	$ 25.29
Granted	378,069	42.63
Vested	(413,440)	23.80
Forfeited	(61,047)	32.91
Outstanding, end of period	743,382	34.31

Options

The following table provides information about our option grants for the last three fiscal years:

	Year Ended December 31,		
	2018	2017	2016
Number of options granted	312,141	669,658	148,929
Weighted average exercise price per share	$ 46.48	$ 28.30	$ 18.69
Weighted average grant date fair value per share	$ 14.78	$ 8.66	$ 5.21

The grant date fair value of each of these option grants was determined using the Black-Scholes-Merton option-pricing model with the following assumptions:

	Year Ended December 31,		
	2018	2017	2016
Expected volatility (1)	26.6%	26.3%	32.0%
Dividend yield (2)	—%	—%	1.4%
Risk-free rate (3)	2.7%	2.3%	1.4%
Expected term (in years) (4)	6.0	6.0	6.0

(1) Due to limited trading history for our common stock, we did not have sufficient information available on which to base a reasonable and supportable estimate of the expected volatility of its share price. As a result, we used an average historical volatility of our peer group over a time period consistent with its expected term assumption. Our peer group was determined based upon companies in our industry with similar business models and is consistent with those used to benchmark our executive compensation.

(2) At the date of grant we had no plans to pay dividends during the expected term of these options.

(3) Based on the yields of U.S. Department of Treasury instruments with similar expected lives.

(4) Estimated using the average of the vesting periods and the contractual term of the options.

The following table summarizes the activity of our options during the year ended December 31, 2018:

	Number of Shares	Weighted Average Exercise Price Per Share
Outstanding, beginning of period	874,574	$ 25.96
Granted	312,141	46.48
Exercised	(3,792)	28.30
Forfeited, canceled or expired	(76,251)	34.60
Outstanding, end of period	1,106,672	31.14
Exercisable, end of period	378,137	24.14

Performance Shares

During the year ended December 31, 2018 we issued 92,578 PSUs with a weighted average grant date fair value of $42.94. The PSUs are settled at the end of a three-year performance period, with 70 percent of the PSUs subject to achievement based on the Company's adjusted earnings before interest expense, taxes and depreciation and amortization. This metric is further adjusted by sales of VOIs under construction. The remaining 30 percent of the PSUs are subject to the achievement of certain VOI sales targets. We determined that the performance conditions for these awards are probable of achievement and, as of December 31, 2018, we recognized compensation expense based on the number of PSUs we expect to vest.

The following table provides information about our PSU grants, which is based on our Adjusted EBITDA metric described in Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations* of this Annual Report on Form 10-K, further adjusted by sales of VOIs under construction, for the year ended December 31, 2018. We had no PSU grants for the years ended December 31, 2017 and 2016:

Number of shares granted		64,809
Weighted average grant date fair value per share	$	42.94
Fair value of shares vested (in millions)		N/A

The following table provides information about our PSU grants, which is based on contract sales as defined in Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations* of this Annual Report on Form 10-K for the year ended December 31, 2018. We had no PSU grants for the years ended December 31, 2017 and 2016:

Number of shares granted		27,769
Weighted average grant date fair value per share	$	42.94
Fair value of shares vested (in millions)		N/A

The following table summarizes the activity of our PSUs during the year ended December 31, 2018:

	Adjusted EBITDA [1]		Contract Sales	
	Number of Shares	Weighted Average Grant Date Fair Value per Share	Number of Shares	Weighted Average Grant Date Fair Value per Share
Outstanding, beginning of period	—	$ —	—	$ —
Granted	64,809	42.94	27,769	42.94
Vested	—	—	—	—
Forfeited, canceled or expired	(7,508)	46.62	(3,217)	46.62
Outstanding, end of period	57,301	42.46	24,552	42.46

(1) Represents our Adjusted EBITDA metric described in Part 1 of this Form 10-K, further adjusted by net recognition and deferral activity from sales of VOIs under construction.

Note 19: Earnings Per Share

The following table presents the calculation of our basic and diluted earnings per share ("EPS"). The weighted average shares outstanding used to compute basic and diluted EPS for the year ended December 31, 2018 is 97,209,889 and 97,898,242, respectively. The weighted average shares outstanding used to compute basic and diluted EPS for the year ended December 31, 2017 is 98,934,352 and 99,621,199, respectively. The weighted average shares outstanding for the year ended December 31, 2016 reflect 98,802,597 shares distributed on January 3, 2017, our spin-off date, to our stockholders.

	Year Ended December 31,		
($ in millions, except per share amounts)	**2018**	**2017**	**2016**
Basic EPS			
Numerator:			
Net Income (1)	$ 298	$ 327	$ 168
Denominator:			
Weighted average shares outstanding	97	99	99
Basic EPS	$ 3.07	$ 3.30	$ 1.70
Diluted EPS			
Numerator:			
Net Income (1)	$ 298	$ 327	$ 168
Denominator:			
Weighted average shares outstanding	98	100	99
Diluted EPS	$ 3.05	$ 3.28	$ 1.70

(1) Net income for years ended December 31, 2018, 2017, and 2016 was $298,124,983; $326,777,744 and $167,618,659, respectively.

The dilutive effect of outstanding share-based compensation awards is reflected in diluted earnings per common share by application of the treasury stock method using average market prices during the period.

For the years ended December 31, 2018 and 2017, we excluded 384,860 and 229,621 share-based compensation awards because their effect would have been anti-dilutive under the treasury stock method.

Note 20: Related Party Transactions

BRE Ace LLC

In July 2017, we entered into an agreement with BRE Ace Holdings LLC and formed BRE Ace LLC, a VIE. BRE Ace LLC owns the Elara, by Hilton Grand Vacations located in Las Vegas, Nevada. For the year ended December 31, 2017, we recorded $1 million in *Equity in earnings from unconsolidated affiliates* , included in our consolidated statements of operations. We did not have any *Equity in earnings from unconsolidated affiliates* for the year ended December 31, 2018. See Note 9: *Investment in Unconsolidated Affiliates* for additional information. Additionally, we earn commissions and other fees related to a fee-for-service agreement with the investee to sell VOIs at Elara, by Hilton Grand Vacations. These amounts are summarized in the following table and included in our consolidated statements of operations as of the date they became a related party.

	December 31,		
($ in millions)	**2018**	**2017**	**2016**
Commission and other fees	$ 132	$ 79	$ —

Also related to the fee-for-service agreement, as of both December 31, 2018 and 2017, we have outstanding receivables of $29 million.

1776 Holding, LLC

In March 2018, we entered into an agreement with SCG 1776, LLC to form 1776 Holding, LLC. In conjunction with this agreement we contributed $5 million in cash for a 50 percent ownership interest in 1776 Holding LLC. In December 2018, we contributed an additional $5 million in cash. For the year ended December 31, 2018, we recorded less than $1 million loss included in the consolidated statements of operations as *Equity in equity (losses) from unconsolidated affiliates*. See Note 9: *Investment in Unconsolidated Affiliates* for additional information.

HNA Tourism Group Co., Ltd

On March 13, 2018, we and HNA Tourism Group Co., Ltd. ("HNA") and HNA HLT Holdco I LLC (the "Selling Stockholder"), an affiliate of HNA, entered into a Master Amendment and Option Agreement (the "Master Amendment and Option Agreement") to make certain amendments to the Stockholders Agreement, dated October 24, 2016, between us and HNA (the "Stockholders Agreement") and the Registration Rights Agreement, dated October 24, 2016, between us and HNA (the "Registration Rights Agreement"), among other things, (i) to permit the sale of up to all 24,750,000 shares of our common stock owned by the Selling Stockholder prior to the expiration of the two-year restricted period originally contained in the Stockholders Agreement, (ii) grant us a right to repurchase up to 4,340,000 shares of our common stock held by the Selling Stockholder, (iii) provide that HNA has customary "demand" registration rights effective March 13, 2018, (iv) require HNA to pay all expenses incurred under the Registration Rights Agreement for registrations or offerings occurring prior to a certain date and (v) eliminate HNA's right to designate a certain number of directors to our board of directors. We exercised the repurchase option from the Selling Stockholder with respect to 2,500,000 shares at a price of approximately $44.75 per share.

On March 14, 2018, HGV and HNA entered into an underwriting agreement with several underwriters, pursuant to which the underwriters agreed to purchase from the Selling Stockholder 22,250,000 shares of common stock, $0.01 par value per share, of the Company at a price of approximately $44.75 per share. The sale was completed on March 19, 2018; consequently, HNA ceased to be a related party. We did not receive any proceeds from the sale.

On March 19, 2018, the repurchase was completed and the shares were retired.

The Blackstone Group

In September 2017, Blackstone completed a sale of substantially all of our common stock held by them to several institutional investors and ceased to be a related party to HGV.

The following table summarizes amounts included in our consolidated statements of operations related to a fee-for-service arrangement with Blackstone affiliates to sell VOIs on their behalf through September 30, 2017:

($ in millions)	**September 30, 2017**	**December 31, 2016**
Commission and other fees	$ 135	$ 177

Also related to the fee-for-service agreement, as of September 30, 2017, we had outstanding receivables of $8 million.

Relationship between HGV and Hilton Before and After Spin-Off

On January 3, 2017, when the spin-off was completed, Hilton and Park Hotels & Resorts Inc. ceased to be related parties of HGV. In connection with the spin-off, we entered into certain agreements with Hilton (who at the time was a related party) and other third parties. See *Key Agreements Related to Spin-Off* section in Part I - Item 1. *Business* for additional information.

Prior to the spin-off, we had a number of existing arrangements whereby Hilton and others provided services to us. The following tables summarize amounts included in our consolidated financial statements related to the arrangements with Hilton:

($ in millions)	Year Ended December 31, 2016
Consolidated Statements of Operations	
Expenses:	
General and administrative	
Allocated general and administrative	$ 27
Shared services	12
Defined contribution plan	7
Insurance	2
License fee expense	80
Interest expense	
Related party interest expense	2

Shared Services and Corporate allocations

Our consolidated financial statements include costs for services provided to us by Hilton including, but not limited to, information technology support, financial services, human resources and other shared services. Historically, these costs were charged to us on a basis determined by Hilton to reflect a reasonable allocation of actual costs incurred to perform the services. Additionally, Hilton allocated indirect general and administrative costs to us for certain functions and services provided to us, including, but not limited to, executive office, finance and other administrative support.

Insurance

Hilton provided us with insurance coverage for general liability, group health insurance, property, business interruption and other risks with respect to business operations and charges us a fee based on estimates of claims.

Hilton Grand Vacations Brand

We licensed the Hilton Grand Vacations brand from Hilton and paid them an annual fee based on a percentage of revenue for rights to operate under this brand.

Defined Contribution Plan

Hilton administered and maintained a defined contribution plan for the benefit of Hilton employees meeting certain eligibility requirements who elect to participate in the plan. Contributions are determined based on a specified percentage of salary deferrals by participating employees.

Hilton Honors Program

We participate in Hilton's guest loyalty program, Hilton Honors. Club members can exchange Club points for Hilton Honors points, which we purchase from Hilton. Hilton maintains and administers the program. We pay Hilton in advance based on an estimated cost per point for the costs of future club exchanges. The associated expense is included in respective operating expenses line item based on the revenue stream in our consolidated statement of operations. For the year ended December 31, 2016, we paid Hilton $58 million for Hilton Honors points. Our prepaid expenses, included in *Other assets* in our consolidated balance sheets, include the amount of Hilton Honors points purchased from Hilton for future redemptions. The prepaid expense is amortized into earnings evenly through the year.

Net Parent Transfers

The components of *Net transfers to Parent* in the consolidated statements of stockholders' equity (deficit) were as follows:

($ in millions)	December 31, 2016
Cash pooling and general financing activities	$ (715)
Corporate allocations	53
Income taxes	95
Net transfers to Parent	$ (567)

We paid rental fees and fees for other amenities to certain Hilton wholly-owned hotels. During the year ended December 31, 2016 we paid fees of $27 million, included in our consolidated statements of operations.

Note 21: Business Segments

We operate our business through the following two segments:

- *Real estate sales and financing* – We market and sell VOIs that we own. We also source VOIs through fee-for-service agreements with third-party developers. Related to the sales of the VOIs that we own, we provide consumer financing, which includes interest income generated from the origination of consumer loans to customers to finance their purchase of VOIs and revenue from servicing the loans. We also generate fee revenue from servicing the loans provided by third-party developers to purchasers of their VOIs.
- *Resort operations and club management* – We manage the Club, earn activation fees, annual dues and transaction fees from member exchanges for other vacation products. We earn fees for managing the timeshare properties. We generate rental revenue from unit rentals of unsold inventory and inventory made available due to ownership exchanges under our Club program. We also earn revenue from food and beverage, retail and spa outlets at our timeshare properties.

The performance of our operating segments is evaluated primarily based on adjusted earnings before interest expense (excluding non-recourse debt), taxes, depreciation and amortization ("EBITDA"). We define Adjusted EBITDA as EBITDA which has been further adjusted to exclude certain items, including, but not limited to, gains, losses and expenses in connection with: (i) asset dispositions; (ii) foreign currency transactions; (iii) debt restructurings/retirements; (iv) non-cash impairment losses; (v) reorganization costs, including severance and relocation costs; (vi) share-based and other compensation expenses; (vii) costs related to the spin-off; and (viii) other items.

We do not include equity in earnings (losses) from unconsolidated affiliate in our measures of segment revenues. The following table presents revenues for our reportable segments reconciled to consolidated amounts:

($ in millions)	Year Ended December 31, 2018	2017	2016
Revenues:			
Real estate sales and financing (1)	$ 1,462	$ 1,239	$ 1,143
Resort operations and club management (2)	422	367	339
Total segment revenues	1,884	1,606	1,482
Cost reimbursements	147	135	126
Intersegment eliminations (1)(2)(3)	(32)	(30)	(25)
Total revenues	$ 1,999	$ 1,711	$ 1,583

(1) Includes charges to the resort operations and club management segment for billing and collection services provided by the real estate sales and financing segment. These charges totaled $2 million for the year ended December 31, 2016. There were no charges for the years ended December 31, 2018 and 2017.

(2) Includes charges to the real estate sales and financing segment from the resort operations and club management segment for discounted stays at properties resulting from marketing packages. These charges totaled $31 million , $29 million and $23 million for the years ended December 31, 2018, 2017 and 2016, respectively.

(3) Includes charges to the real estate sales and financing segment from the resort operations and club management segment for the rental of model units to show prospective buyers. These charges totaled $1 million for the years ended December 31, 2018 and 2017. There were no charges for the year ended December 31, 2016.

The following table presents Adjusted EBITDA for our reportable segments reconciled to net income:

	Year Ended December 31,		
($ in millions)	**2018**	**2017**	**2016**
Adjusted EBITDA:			
Real estate sales and financing (1)	$ 447	$ 359	$ 336
Resort operations and club management (1)	245	204	189
Segment Adjusted EBITDA	692	563	525
General and administrative	(117)	(104)	(92)
Depreciation and amortization	(36)	(29)	(24)
License fee expense	(98)	(87)	(80)
Interest expense	(30)	(27)	(3)
Allocated Parent interest expense (2)	—	—	(26)
Other loss, net	(1)	—	(1)
Equity in earnings from unconsolidated affiliates (4)	—	1	—
Income tax benefit (expense) (3)	(105)	16	(125)
Other adjustment items	(7)	(6)	(6)
Net income	$ 298	$ 327	$ 168

(1) Includes intersegment eliminations. Refer to our table presenting revenues by reportable segment above for additional discussion.

(2) This amount represents interest expense on an unconditional obligation to guarantee certain Hilton allocated debt balances which were released in November 2016.

(3) On December 22, 2017, the United States enacted tax reform legislation, the Act, resulting in significant modifications to existing law which resulted in a reduction in income tax expense for the year ended December 31, 2017. See Note 17: *Income Taxes* for additional information.

(4) This amount primarily represents our 25 percent interest in BRE Ace LLC and our 50 percent interest in 1776 Holdings, LLC. See Note 9: *Investment in Unconsolidated Affiliates* for additional information.

The following table presents total assets for our reportable segments, reconciled to consolidated amounts:

	December 31,	
($ in millions)	**2018**	**2017**
Real estate sales and financing	$ 2,501	$ 2,255
Resort operations and club management	172	78
Total segment assets	2,673	2,333
Corporate	80	51
Total assets	$ 2,753	$ 2,384

The following table presents capital expenditures for property and equipment for our reportable segments, reconciled to consolidated amounts:

	December 31,		
($ in millions)	**2018**	**2017**	**2016**
Real estate sales and financing	$ 36	$ 28	$ 19
Resort operations and club management	—	2	1
Total segment capital expenditures for property and equipment	36	30	20
Corporate	8	5	6
Total capital expenditures for property and equipment	$ 44	$ 35	$ 26

Note 22: Commitments and Contingencies

We have entered into certain arrangements with developers whereby we have committed to purchase vacation ownership units or other real estate at a future date to be marketed and sold under our Hilton Grand Vacations brand. As of December 31, 2018, we were committed to purchase approximately $607 million of inventory and land over a period of six years. The ultimate amount and timing of the acquisitions is subject to change pursuant to the terms of the respective arrangements, which could also allow for cancellation in certain circumstances. During the years ended December 31, 2018 and 2017, we purchased $18 million and $12 million, respectively, of VOI inventory as required under our commitments. As of December 31, 2018, our remaining obligation pursuant to these arrangements was expected to be incurred as follows:

($ in millions)	Purchase Obligations
Year	
2019	$ 237
2020	160
2021	78
2022	51
2023	47
Thereafter	34
Total	$ 607

We are involved in litigation arising from the normal course of business, some of which include claims for substantial sums. Management has also identified certain other legal matters where we believe an unfavorable outcome is reasonably possible and/or for which no estimate of possible losses can be made. While the ultimate results of claims and litigation cannot be predicted with certainty, we expect that the ultimate resolution of all pending or threatened claims and litigation as of December 31, 2018 will not have a material effect on our consolidated results of operations, financial position or cash flows.

Note 23: Supplemental Disclosures of Cash Flow Information

Cash paid for interest during the years ended December 31, 2018, 2017 and 2016, was $49 million, $42 million and $37 million, respectively. Cash paid for income taxes during the year ended December 31, 2018 and 2017 was $153 million and $57 million, respectively. Prior to 2017, we were part of Hilton's consolidated income tax return.

The following non-cash activities were excluded from the consolidated statements of cash flows:

- In 2018, we recorded a cumulative non-cash adjustment of $38 million related to the adoption of ASC 606. See *Note 3: Revenue from Contracts with Customers* for more information.
- In 2018, we recorded a $3 million non-cash operating activity transfer from *Property and Equipment, net* to *Inventory* .
- In 2018, we recorded a $3 million non-cash financing activity adjustment to equity related to the write-off of expenses due to Hilton prior to the spin-off
- In 2017, we recorded a $40 million non-cash operating activity transfer from *Property and Equipment* , *net* to *Inventory* .
- In 2016, Hilton transferred to us $72 million of net inventory and $138 million of net P *roperty and Equipment, net* for conversion into timeshare units.
- In 2016, we had $300 million of a non-cash financing activity related to the issuance of our Senior Unsecured Notes and $8 million of related non-cash deferred financing costs.

Note 24: Condensed Consolidating Guarantor Financial Information

During 2016, Hilton completed an internal reorganization to contribute to HGV its U.S. and non-U.S. timeshare subsidiaries including HRC. HGV is a Delaware corporation formed on May 2, 2016. HRC is considered our predecessor entity for periods prior to the formation of HGV. However, for the condensed consolidating information below, HRC is included in the Guarantors column to more faithfully represent the historical combined financial position and results of operations and cash flows of the subsidiaries currently serving as the guarantors of the debt. See Note 1: *Organization* for additional information. In November 2016, Hilton Grand Vacations Borrower LLC and Hilton Grand Vacations Borrower Inc. (the "Subsidiary Issuers"), entities formed in October 2016 which are 100 percent owned by HGV (the "Parent"), issued the Senior Unsecured Notes. The obligations of the Subsidiary Issuers are fully and unconditionally guaranteed jointly and severally on a senior unsecured basis by the Parent, and certain of the Parent's 100 percent owned domestic subsidiaries (the "Guarantors"). The indenture that governs the Senior Unsecured Notes provides that any subsidiary of the Company that provides a guarantee of the senior secured credit facilities will guarantee the Senior Unsecured Notes. Neither of our foreign subsidiaries nor certain of our special purpose subsidiaries formed in connection with our Timeshare Facility and Securitized Timeshare Debt guarantee the Senior Unsecured Notes (collectively, the "Non-Guarantors").

The following schedules present the condensed consolidating financial information as of December 31, 2018 and 2017 and for the years ended December 31, 2018, 2017 and 2016, for the Parent, Subsidiary Issuers, Guarantors and Non-Guarantors.

	December 31, 2018					
($ in millions)	**Parent**	**Issuers**	**Guarantors**	**Non-Guarantors**	**Eliminations**	**Total**
ASSETS						
Cash and cash equivalents	$ 4	$ —	$ 89	$ 15	$ —	$ 108
Restricted cash	—	—	45	27	—	72
Accounts receivable, net	—	—	157	17	(21)	153
Timeshare financing receivables, net	—	—	209	911	—	1,120
Inventory	—	—	502	25	—	527
Property and equipment, net	—	—	553	6	—	559
Investments in unconsolidated affiliates	—	—	38	—	—	38
Intangible assets, net	—	—	81	—	—	81
Other assets	—	6	41	48	—	95
Investments in subsidiaries	612	1,210	277	—	(2,099)	—
TOTAL ASSETS	$ 616	$ 1,216	$ 1,992	$ 1,049	$ (2,120)	$ 2,753
LIABILITIES AND EQUITY						
Accounts payable, accrued expenses and other	$ —	$ —	$ 332	$ 13	$ (21)	$ 324
Advance deposits	—	—	101	—	—	101
Debt, net	—	604	—	—	—	604
Non-recourse debt, net	—	—	—	759	—	759
Deferred revenues	—	—	95	—	—	95
Deferred income tax liabilities	—	—	254	—	—	254
Total equity	616	612	1,210	277	(2,099)	616
TOTAL LIABILITIES AND EQUITY	$ 616	$ 1,216	$ 1,992	$ 1,049	$ (2,120)	$ 2,753

($ in millions)	December 31, 2017					
	Parent	Issuers	Guarantors	Non-Guarantors	Eliminations	Total
ASSETS						
Cash and cash equivalents	$ —	$ —	$ 230	$ 16	$ —	$ 246
Restricted cash	—	—	29	22	—	51
Accounts receivable, net	—	—	113	5	(6)	112
Timeshare financing receivables, net	—	—	457	614	—	1,071
Inventory	—	—	509	—	—	509
Property and equipment, net	—	—	232	6	—	238
Investment in unconsolidated affiliate	—	—	41	—	—	41
Intangible assets, net	—	—	72	—	—	72
Other assets	—	2	36	7	(1)	44
Investments in subsidiaries	518	999	81	—	(1,598)	—
TOTAL ASSETS	$ 518	$ 1,001	$ 1,800	$ 670	$ (1,605)	$ 2,384
LIABILITIES AND EQUITY						
Accounts payable, accrued expenses and other	$ —	$ 1	$ 338	$ 7	$ (7)	$ 339
Advance deposits	—	—	104	—	—	104
Debt, net	—	482	—	—	—	482
Non-recourse debt, net	—	—	—	583	—	583
Deferred revenues	—	—	109	—	—	109
Deferred income tax liabilities	—	—	250	(1)	—	249
Total equity	518	518	999	81	(1,598)	518
TOTAL LIABILITIES AND EQUITY	$ 518	$ 1,001	$ 1,800	$ 670	$ (1,605)	$ 2,384

($ in millions)	For the Year Ended December 31, 2018					
	Parent	**Issuers**	**Guarantors**	**Non-Guarantors**	**Eliminations**	**Total**
Revenues						
Sales of VOI's, net	$ —	$ —	$ 716	$ 18	$ —	$ 734
Sales, marketing, license and other fees	—	—	578	4	(12)	570
Financing	—	—	70	95	(7)	158
Resort and club management	—	—	172	—	—	172
Rental and ancillary service	—	—	216	2	—	218
Cost reimbursements	—	—	143	4	—	147
Total revenues	—	—	1,895	123	(19)	1,999
Expenses						
Cost of VOI sales	—	—	208	2	—	210
Sales and marketing	—	—	725	15	(12)	728
Financing	—	—	19	37	(7)	49
Resort and club management	—	—	47	—	—	47
Rental and ancillary service	—	—	130	3	—	133
General and administrative	—	—	116	1	—	117
Depreciation and amortization	—	—	36	—	—	36
License fee expense	—	—	98	—	—	98
Cost reimbursements	—	—	143	4	—	147
Total operating expenses	—	—	1,522	62	(19)	1,565
Interest expense	—	(30)	—	—	—	(30)
Other loss, net	—	—	(1)	—	—	(1)
Income (loss) before income taxes	—	(30)	372	61	—	403
Income tax expense	—	—	(105)	—	—	(105)
Income (loss) before equity in earnings (loss) from subsidiaries	—	(30)	267	61	—	298
Equity in earnings from subsidiaries	298	328	61	—	(687)	—
Net income	$ 298	$ 298	$ 328	$ 61	$ (687)	$ 298

($ in millions)	Parent	Issuers	Guarantors	Non-Guarantors	Eliminations	Total
	For the Year Ended December 31, 2017					
Revenues						
Sales of VOI's, net	$ —	$ —	$ 518	$ 30	$ —	$ 548
Sales, marketing, license and other fees	—	—	545	3	(4)	544
Financing	—	—	71	83	(7)	147
Resort and club management	—	—	156	2	—	158
Rental and ancillary service	—	—	177	2	—	179
Cost reimbursements	—	—	131	4	—	135
Total revenues	—	—	1,598	124	(11)	1,711
Expenses						
Cost of VOI sales	—	—	145	3	—	148
Sales and marketing	—	—	650	17	(4)	663
Financing	—	—	19	31	(7)	43
Resort and club management	—	—	41	2	—	43
Rental and ancillary service	—	—	120	2	—	122
General and administrative	—	—	101	3	—	104
Depreciation and amortization	—	—	29	—	—	29
License fee expense	—	—	87	—	—	87
Cost reimbursements	—	—	131	4	—	135
Total operating expenses	—	—	1,323	62	(11)	1,374
Interest expense	—	(27)	—	—	—	(27)
Equity in earnings from unconsolidated affiliate	—	—	1	—	—	1
Income (loss) before income taxes	—	(27)	276	62	—	311
Income tax benefit (expense)	—	—	18	(2)	—	16
Income (loss) before equity in earnings (loss) from subsidiaries	—	(27)	294	60	—	327
Equity in earnings from subsidiaries	327	354	60	—	(741)	—
Net income	$ 327	$ 327	$ 354	$ 60	$ (741)	$ 327

($ in millions)	Parent	Issuers	Guarantors	Non-Guarantors	Eliminations	Total
	For the Year Ended December 31, 2016					
Revenues						
Sales of VOI's, net	$ —	$ —	$ 495	$ 13	$ —	$ 508
Sales, marketing, license and other fees	—	—	501	2	(4)	499
Financing	—	—	73	66	(5)	134
Resort and club management	—	—	143	—	—	143
Rental and ancillary service	—	—	171	2	—	173
Cost reimbursements	—	—	123	3	—	126
Total revenues	—	—	1,506	86	(9)	1,583
Expenses						
Cost of VOI sales	—	—	150	2	—	152
Sales and marketing	—	—	605	4	(4)	605
Financing	—	—	18	19	(5)	32
Resort and club management	—	—	36	—	—	36
Rental and ancillary service	—	—	108	5	—	113
General and administrative	—	1	91	—	—	92
Depreciation and amortization	—	—	24	—	—	24
License fee expense	—	—	80	—	—	80
Cost reimbursements	—	—	123	3	—	126
Total operating expenses	—	1	1,235	33	(9)	1,260
Interest expense	—	(3)	—	—	—	(3)
Allocated Parent interest expense	(17)	—	(9)	—	—	(26)
Other loss, net	—	—	(1)	—	—	(1)
Income (loss) before income taxes	(17)	(4)	261	53	—	293
Income tax expense	—	—	(125)	—	—	(125)
Income (loss) before equity in earnings (loss) from subsidiaries	(17)	(4)	136	53	—	168
Equity in earnings from subsidiaries	185	189	53	—	(427)	—
Net income	$ 168	$ 185	$ 189	$ 53	$ (427)	$ 168

($ in millions)	Parent	Issuers	Guarantors	Non-Guarantors	Eliminations	Total
	For the Year Ended December 31, 2018					
Operating Activities						
Net cash provided by (used in) operating activities	$ —	$ (28)	$ 163	$ (291)	$ (3)	$ (159)
Investing Activities						
Capital expenditures for property and equipment	—	—	(37)	(7)	—	(44)
Software capitalization costs	—	—	(19)	—	—	(19)
Return of investment from unconsolidated affiliates	—	—	11	—	—	11
Investment in unconsolidated affiliates	—	—	(10)	—	—	(10)
Net cash used in investing activities	—	—	(55)	(7)	—	(62)
Financing Activities						
Issuance of debt	—	530	—	—	—	530
Issuance of non-recourse debt	—	—	—	663	—	663
Repurchase and retirement of common stock	—	(183)	—	—	—	(183)
Repayment of debt	—	(408)	—	—	—	(408)
Repayment of non-recourse debt	—	—	—	(485)	—	(485)
Debt issuance costs	—	(7)	—	(5)	—	(12)
Payment of withholding taxes on vesting of restricted stock units	—	(4)	—	—	—	(4)
Capital contributions	—	3	—	—	—	3
Intercompany transfers	4	97	(233)	129	3	—
Net cash provided by (used in) financing activities	4	28	(233)	302	3	104
Net increase in cash, cash equivalents and restricted cash	4	—	(125)	4	—	(117)
Cash, cash equivalents and restricted cash, beginning of period	—	—	259	38	—	297
Cash, cash equivalents and restricted cash, end of period	$ 4	$ —	$ 134	$ 42	$ —	$ 180

($ in millions)	For the Year Ended December 31, 2017					
	Parent	**Issuers**	**Guarantors**	**Non-Guarantors**	**Eliminations**	**Total**
Operating Activities						
Net cash provided by (used in) operating activities	$ —	$ (27)	$ 156	$ 235	$ (8)	$ 356
Investing Activities						
Capital expenditures for property and equipment	—	—	(33)	(2)	—	(35)
Software capitalization costs	—	—	(12)	—	—	(12)
Investment in unconsolidated affiliate	—	—	(40)	—	—	(40)
Net cash used in investing activities	—	—	(85)	(2)	—	(87)
Financing Activities						
Issuance of non-recourse debt	—	—	—	350	—	350
Repayment of debt	—	(10)	—	—	—	(10)
Repayment of non-recourse debt	—	—	—	(459)	—	(459)
Debt issuance costs	—	—	—	(5)	—	(5)
Proceeds from stock option exercises	—	—	1	—	—	1
Intercompany transfers	—	37	59	(104)	8	—
Net cash provided by (used in) financing activities	—	27	60	(218)	8	(123)
Net increase in cash, cash equivalents and restricted cash	—	—	131	15	—	146
Cash, cash equivalents and restricted cash, beginning of period	—	—	128	23	—	151
Cash, cash equivalents and restricted cash, end of period	$ —	$ —	$ 259	$ 38	$ —	$ 297

($ in millions)	For the Year Ended December 31, 2016					
	Parent	Issuers	Guarantors	Non-Guarantors	Eliminations	Total
Operating Activities						
Net cash provided by operating activities	$ —	$ 4	$ 432	$ (187)	$ (67)	$ 182
Investing Activities						
Capital expenditures for property and equipment	—	—	(26)	—	—	(26)
Software capitalization costs	—	—	(8)	—	—	(8)
Net cash used in investing activities	—	—	(34)	—	—	(34)
Financing Activities						
Issuance of debt	—	200	—	—	—	200
Issuance of non-recourse debt	—	—	—	300	—	300
Repayment of non-recourse debt	—	—	—	(110)	—	(110)
Debt issuance costs	—	(4)	(3)	(3)	—	(10)
Allocated debt activity (1)	111	—	—	—	—	111
Net transfers to Parent (1)	(567)	—	—	—	—	(567)
Intercompany transfers	456	(200)	(329)	6	67	—
Net cash provided by (used in) financing activities	—	(4)	(332)	193	67	(76)
Net increase in cash, cash equivalents and restricted cash	—	—	66	6	—	72
Cash, cash equivalents and restricted cash, beginning of period	—	—	62	17	—	79
Cash, cash equivalents and restricted cash, end of period	$ —	$ —	$ 128	$ 23	$ —	$ 151

(1) Amounts represent activities with Hilton.

Note 25: Selected Quarterly Financial Information (unaudited)

The following table sets forth the historical unaudited quarterly financial data for the periods indicated. The information for each of these periods has been prepared on the same basis as the audited consolidated financial statements and, in our opinion, reflects all adjustments necessary to present fairly our financial results. Operating results for previous periods do not necessarily indicate results that may be achieved in any future period.

($ in millions, except per share data)	2018				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
Total revenues	$ 367	$ 563	$ 427	$ 642	$ 1,999
Total operating expenses	320	408	364	473	1,565
Income before income taxes	40	146	56	161	403
Net income	30	107	41	120	298
Basic earnings per share	$ 0.31	$ 1.10	$ 0.42	$ 1.25	$ 3.07
Diluted earnings per share	$ 0.30	$ 1.10	$ 0.42	$ 1.24	$ 3.05

($ in millions, except per share data)	2017				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
Total revenues	$ 399	$ 439	$ 426	$ 447	$ 1,711
Total operating expenses	316	348	350	360	1,374
Income before income taxes	76	84	71	80	311
Net income	50	51	43	183	327
Basic earnings per share	$ 0.51	$ 0.51	$ 0.43	$ 1.85	$ 3.30
Diluted earnings per share	$ 0.51	$ 0.51	$ 0.43	$ 1.83	$ 3.28

Note 26: Subsequent Events

In January 2019, we acquired land in Maui, Hawaii for future development into timeshare inventory. The purchase was comprised of a $60 million cash payment and a $23 million promissory note, which will bear contractual interest of $27 million. The combined principal and interest of the promissory note will be paid in four equal annual installments beginning in January 2028.

In January 2019, we purchased timeshare inventory in Barbados for $9 million.

ITEM 9. Changes In and Disagreements with Accou ntants on Accounting and Financial Disclosure

There were no changes in or disagreements with our accountants on accounting and financial disclosure matters.

ITEM 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, including our chief executive officer and chief financial officer, does not expect that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act) or our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act) will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of the controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error and mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. Also projections of any evaluation of effectiveness of controls and procedures to future periods are subject to the risk that the controls and procedures may become inadequate because of changes in conditions, or that the degree of compliance with the controls and procedures may have deteriorated.

In accordance with Rule 13a-15(b) of the Exchange Act, as of the end of the period covered by this annual report, an evaluation was carried out under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures, as of the end of the period covered by this annual report, were effective to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

We have set forth management's report on internal control over financial reporting and the attestation report of our independent registered public accounting firm on the effectiveness of our internal control over financial reporting in Item 8 of this Annual Report on Form 10-K. Management's report on internal control over financial reporting is incorporated in this Item 9A by reference.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the fourth quarter of 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. Other Information

None.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

The information required by this item is incorporated by reference to our definitive proxy statement for the 2019 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2018 (the "Proxy Statement") under the following captions: "Proposal No. 1: Election of Directors —Nominees for Election to the Board of Directors in 2019," "Executive Officers of the Company," "Ownership of Securities—Section 16(a) Beneficial Ownership Reporting Compliance," "Corporate Governance and Board Matters—Code of Conduct," "—Director Nomination Process," "—Communications with the Board," and "—Board Committees."

ITEM 11. Executive Compensation

The information required by this item is incorporated by reference to the Proxy Statement under the following captions: "Executive Compensation," "Compensation Discussion and Analysis ("CD&A")," "Compensation of Directors," "Compensation Committee Interlocks and Insider Participation" and "Report of the Compensation Committee."

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item is incorporated by reference to the Proxy Statement under the following captions: "Executive Compensation—Securities Authorized for Issuance Under Equity Compensation Plans" and "Ownership of Securities."

ITEM 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item is incorporated by reference to the Proxy Statement under the following captions: "Transactions with Related Persons" and "Corporate Governance and Board Matters."

ITEM 14. Principal Accountant Fees and Services

The information required by this item is incorporated by reference to the Proxy Statement under the following captions: "Proposal No. 2: Ratification of the Appointment of Ernst & Young LLP as Independent Auditors of the Company for the 2019 Fiscal Year—Audit and Non-Audit Fees."

PART IV

ITEM 15. Exhibits and Financial Statement Schedules

The following documents are filed as part of this Form 10-K:

1. All financial statements. See Index to Consolidated Financial Statements on page 67 of this Form 10-K.
2. Financial Statement Schedules. The financial statement schedule entitled "Schedule II – Valuation and Qualifying Accounts" has been omitted since the information required is included in the consolidated financial statements and notes thereto. Other schedules are omitted because they are not required.
3. Exhibits. See Exhibit Index.

ITEM 16. Form 10-K Summary

None.

EXHIBIT INDEX

Exhibit No.	Description
2.1	Distribution Agreement among Hilton Worldwide Holdings Inc., Park Hotels & Resorts Inc. and Hilton Grand Vacations Inc. (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K (File No. 001-37794) filed on January 4, 2017).
3.1	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K (File No. 001-37794) filed on March 17, 2017).
3.2	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K (File No. 001-37794) filed on March 17, 2017).
4.1(a)	Indenture, dated as of October 24, 2016, among Hilton Grand Vacations Borrower LLC, as the issuer, Hilton Grand Vacations Borrower Inc., as the co-issuer, the guarantors from time to time party thereto, and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 10.21 of the Registrant's Registration Statement on Form 10-12B/A (File No. 001-27794) filed on November 23, 2016.
4.1(b)	Form of First Supplemental Indenture, dated as of November 29, 2016, among the subsidiary guarantors party thereto and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 10.23 to the Registrant's Registration Statement on Form 10-12B/A (File No. 001-37794) filed on November 23, 2016).
4.2	Form of 6.125% Senior Note due 2024 (included in Exhibit 4.1(a)).
4.3	Registration Rights Agreement dated as of November 29, 2016, among Hilton Grand Vacations Borrower LLC, Hilton Grand Vacations Borrower Inc., Hilton Grand Vacations Inc., the Subsidiary Guarantors, as defined therein, and Goldman, Sachs & Co. as representative of the several initial purchasers (incorporated by reference to Exhibit 4.5 to the Registrant's Registration Statement on Form S-4 (File No. 333-221194-02) filed on October 27, 2017).
10.1	Employee Matters Agreement among Hilton Worldwide Holdings Inc., Park Hotels & Resorts Inc. and Hilton Grand Vacations Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-37794) filed on January 4, 2017).
10.2	Tax Matters Agreement among Hilton Worldwide Holdings Inc., Park Hotels & Resorts Inc. and Hilton Grand Vacations Inc. (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (File No. 001-37794) filed on January 4, 2017).
10.3	Master Transition Services Agreement between Hilton Worldwide Holdings Inc. and Hilton Grand Vacations Inc. (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K (File No. 001-37794) filed on January 4, 2017).
10.4	License Agreement, by and among Hilton Worldwide Holdings Inc. and Hilton Grand Vacations Inc. (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K (File No. 001-37794) filed on January 4, 2017).
10.5	Registration Rights Agreement, dated as of October 24, 2016, among Hilton Grand Vacations Inc. and HNA Tourism Group Co., Ltd. (incorporated by reference to Exhibit 10.17 to the Registrant's Registration Statement on Form 10-12B/A (File No. 001-37794) filed on November 14, 2016).
10.6	Stockholders Agreement, dated as of October 24, 2016, by and among Hilton Grand Vacations, Inc., HNA Tourism Group Co., Ltd. and HNA Group Co., Ltd. (incorporated by reference to Exhibit 10.18 to the Registrant's Registration Statement on Form 10-12B/A (File No. 001-37794) filed on November 14, 2016).

Exhibit No.	Description
10.7	Stockholders Agreement, dated as of January 2, 2017 by and among Hilton Worldwide Holdings Inc., Hilton Grand Vacations Inc., and the Blackstone Holders (as defined therein) (incorporated by reference to Exhibit 10.7 of the Registrant's Current Report on Form 8-K (File No. 001-37794) filed on January 4, 2017).
10.8	Master Amendment and Option Agreement, by and among the Company, HNA Tourism Group Co., Ltd. and HNA HLT Holdco I, LLC, dated as of March 13, 2018 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-37794) filed on March 13, 2018).
10.9(a)	Receivables Loan Agreement, dated as of May 9, 2013, among Hilton Grand Vacations Trust I LLC, as borrower, Wells Fargo Bank, National Association, as paying agent and securities intermediary, the persons from time to time party thereto as conduit lenders, the financial institutions from time to time party thereto as committed lenders, the financial institutions from time to time party thereto as managing agents, and Deutsche Bank Securities, Inc., as administrative agent and structuring agent (incorporated by reference to Exhibit 10.7 to Hilton Worldwide Holdings Inc.'s Registration Statement on Form S-1 (No. 333-191110) filed on September 11, 2014).
10.9(b)	Amendment No. 1 to Receivables Loan Agreement, effective as of July 25, 2013, among Hilton Grand Vacations Trust I LLC, as borrower, Wells Fargo Bank, National Association, as paying agent and securities intermediary, Deutsche Bank AG, New York Branch, as a committed lender and a managing agent, Montage Funding, LLC, as a conduit lender, Deutsche Bank Securities, Inc., as administrative agent, and Bank of America, N.A., as assignee (incorporated by reference to Exhibit 10.8 to Hilton Worldwide Holdings Inc.'s Registration Statement on Form S-1 (No. 333-191110) filed on September 11, 2014).
10.9(c)	Omnibus Amendment No. 2 to Receivables Loan Agreement, Amendment No. 1 to Sale and Contribution Agreement and Consent to Custody Agreement, effective as of October 25, 2013, among Hilton Grand Vacations Trust I LLC, as borrower, Grand Vacations Services LLC, as servicer, Hilton Resorts Corporation, as seller, Wells Fargo Bank, National Association, as custodian, the financial institutions signatory thereto, as managing agents, and Deutsche Bank Securities, Inc., as administrative agent (incorporated by reference to Exhibit 10.9 to Hilton Worldwide Holdings Inc.'s Registration Statement on Form S-1 (No. 333-191110) filed on September 11, 2014).
10.9(d)	Amendment No. 3 to Receivables Loan Agreement, effective as of December 5, 2014, among Hilton Grand Vacations Trust I LLC, as borrower, Wells Fargo Bank, National Association, as paying agent and securities intermediary, Deutsche Bank AG, New York Branch, as a committed lender and a managing agent, Bank of America, N.A., as a committed lender and a managing agent, and Deutsche Bank Securities, Inc., as administrative agent (incorporated by reference to Exhibit 10.1 to Hilton Worldwide Holdings Inc.'s Current Report on Form 8-K (File No. 001-36243) filed on December 8, 2014).
10.9(e)	Omnibus Amendment No. 4 to Receivables Loan Agreement and Amendment No. 2 to Sale and Contribution Agreement, effective as of August 18, 2016, among Hilton Grand Vacations Trust I LLC, as borrower, Wells Fargo Bank, National Association, as paying agent and securities intermediary, the financial institutions signatory thereto, as managing agents, the financial institutions signatory thereto as committed lenders and Deutsche Bank Securities, Inc., as administrative agent (incorporated by reference to Exhibit 10.11 to the Registrant's Registration Statement on Form 10-12B/A (File No. 001-37794) filed on September 16, 2016).
10. 9(f)	Amendment No. 5 to Receivables Loan Agreement, effective as of October 4, 2016, among Hilton Grand Vacations Trust I LLC, as borrower, Wells Fargo Bank, National Association, as paying agent and securities intermediary, Deutsche Bank AG, New York Branch, as a committed lender and a managing agent, Bank of America, N.A., as a committed lender and a managing agent, and Deutsche Bank Securities, Inc., as administrative agent (incorporated by reference to Exhibit 10.16 to the Registrant's Registration Statement on Form 10-12B/A (File No. 001-37794) filed on October 25, 2016).

Exhibit No.	Description
10. 9(g)	Amendment No. 6 to Receivables Loan Agreement and Assignment and Acceptance, dated as of December 14, 2016, among Hilton Grand Vacations Trust I LLC, as borrower, Wells Fargo Bank, National Association, as paying agent and securities intermediary, the financial institutions signatory thereto, as managing agents, the financial institutions signatory thereto as committed lenders and Deutsche Bank Securities, Inc., as administrative agent (incorporated by reference to Exhibit 10.37 to the Registrant's amended Annual Report on Form 10-K/A (File No. 001-37794) filed on March 13, 2018).
10. 9(h)	Amendment No. 7 to Receivables Loan Agreement, dated as of April 19, 2017, among Hilton Grand Vacations Trust I LLC, as borrower, Wells Fargo Bank, National Association, as paying agent and securities intermediary, the financial institutions signatory thereto, as managing agents, the financial institutions signatory thereto as committed lenders and Deutsche Bank Securities, Inc., as administrative agent (incorporated by reference to Exhibit 10.38 to the Registrant's amended Annual Report on Form 10-K/A (File No. 001-37794) filed on March 13, 2018).
10. 9(i)	Omnibus Amendment No. 8 to Receivables Loan Agreement and Amendment No. 3 to Sale and Contribution Agreement Receivables Loan Agreement, effective as of March 9, 2018, by and among Hilton Grand Vacations Trust I LLC, as borrower, Hilton Resorts Corporation, as seller, Wells Fargo Bank, National Association, as paying agent and securities intermediary, the financial institutions signatory hereto as managing agents, the financial institutions signatory hereto as managing agents, the financial institutions signatory hereto as conduit lenders, the financial institution signatory hereto as committed lenders, and Deutsche Bank Securities, Inc., as administrative agent (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-37794) filed on March 13, 2018).
10. 9(j)	Omnibus Amendment No. 9 to Receivables Loan Agreement, Amendment No. 4 to Sale And Contribution Agreement effective as of May 14, 2018 by and among Hilton Grand Vacations Trust I LLC, as borrower, Hilton Resorts Corporation, as seller, Wells Fargo Bank, National Association, as paying agent and securities intermediary, the financial institutions signatory thereto as managing agents, the financial institutions signatory thereto as conduit lenders, the financial institutions signatory thereto as committed lenders, and Deutsche Bank Securities, Inc., as administrative agent (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q (File No. 001-37794) filed on August 2, 2018).
10.9(k)*	Amendment No. 10 to Receivables Loan Agreement effective as of February 14, 2019 by and among Hilton Grand Vacations Trust I LLC, as borrower, the financial institutions signatory thereto as managing agents, the financial institutions signatory thereto as conduit lenders, the financial institutions signatory thereto as committed lenders and Deutsche Bank Securities, Inc., as administrative agent.
10.10(a)†	Hilton Grand Vacations Inc. 2017 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.8 to the Registrant's Current Report on Form 8-K (File No. 001-37794) filed on January 4, 2017).
10.10(b)†	2017 Declaration of Amendment to Hilton Grand Vacations Inc. 2017 Omnibus Incentive Plan (incorporated by reference to Appendix A of the Registrant's Definitive Proxy Statement on Schedule 14A (File No. 001-37794) filed on March 24, 2017).
10.11†	Hilton Grand Vacations Inc. 2017 Stock Plan for Non-Employee Directors (incorporated by reference to Exhibit 10.9 to the Registrant's Current Report on Form 8-K (File No. 001-37794) filed on January 4, 2017).
10.12(a)†	Hilton Resorts Corporation 2017 Executive Deferred Compensation Plan (incorporated by reference to Exhibit 10.10 to the Registrant's Current Report on Form 8-K (File No. 001-37794) filed on January 4, 2017).
10.12(b)†	Hilton Resorts Corporation 2017 Executive Deferred Compensation Plan, as amended and restated effective as of September 1, 2018 (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q (File No. 001-37794) filed on November 1, 2018).

Exhibit No.	Description
10.13(a)†	Offer Letter, dated July 6, 2016, with James E. Mikolaichik (incorporated by reference to Exhibit 10.15 to the Registrant's Registration Statement on Form 10-12B/A (File No. 001-37794) filed on September 16, 2016).
10.13(b)†*	Offer Letter, dated November 16, 2018, with Gordon S. Gurnik.
10.13(c)†*	Offer Letter, dated November 23, 2018, with Daniel J. Mathewes.
10.14†	Employment Letter Agreement, dated April 17, 2017, between Mark D. Wang and Hilton Grand Vacations Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-37794) filed on April 17, 2017).
10.15(a)†	Severance Agreement, dated April 17, 2017, between Mark D. Wang and Hilton Grand Vacations Inc. (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (File No. 001-37794) filed on April 17, 2017).
10. 15(b)†	Severance Agreement, dated April 17, 2017, between James E. Mikolaichik and Hilton Grand Vacations Inc. (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K (File No. 001-37794) filed on April 17, 2017).
10. 15(c)†	Severance Agreement, dated April 17, 2017, between Stan R. Soroka and Hilton Grand Vacations Inc. (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K (File No. 001-37794) filed on April 17, 2017).
10. 15(d)†	Severance Agreement, dated April 17, 2017, between Barbara L. Hollkamp and Hilton Grand Vacations Inc. (incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K (File No. 001-37794) filed on April 17, 2017).
10.15(e)†	Severance Agreement, dated April 17, 2017, between Charles R. Corbin and Hilton Grand Vacations, Inc. (incorporated by reference to Exhibit 10.7 to the Registrant's Quarterly Report on Form 10-Q (File No. 001-37794) filed on August 3, 2017).
10.15(f)†	Severance Agreement, dated November 30, 2017, between Dennis A. DeLorenzo and Hilton Grand Vacations Inc. (incorporated by reference to Exhibit 10.23 to the Registrant's Annual Report on Form 10-K (File No. 001-37794) filed on March 1, 2018).
10.15(g)†	Severance Agreement, dated November 30, 2017, between Sherri A. Silver and Hilton Grand Vacations Inc. (incorporated by reference to Exhibit 10.24 to the Registrant's Annual Report on Form 10-K (File No. 001-37794) filed on March 1, 2018).
10.15(h)†*	Severance Agreement, dated effective as of November 28, 2018, between Daniel J. Mathewes and Hilton Grand Vacations Inc.
10.15(i)†*	Severance Agreement, dated effective as of December 3, 2018, between Gordon S. Gurnik and Hilton Grand Vacations Inc.
10.16†	Form of Indemnification Agreement entered into between Hilton Grand Vacations Inc. and each of its directors and executive officers (incorporated by reference to Exhibit 10.5 to the Registrant's Registration Statement on Form 10-12B/A (File No. 001-37794) filed on November 14, 2016).
10.17(a)	Credit Agreement, dated as of December 28, 2016 among Hilton Grand Vacations Parent LLC, as parent, Hilton Grand Vacations Borrower LLC, as the borrower, the other guarantors party thereto from time to time, Deutsche Bank AG New York Branch, as administrative agent, collateral agent, swing line lender and l/c issuer and the other lenders party thereto from time to time (incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K (File No. 001-37794) filed on January 4, 2017) .

Exhibit No.	Description
10.17(b)	Amendment No. 1 to the Credit Agreement, dated as of November 28, 2018, by and among Hilton Grand Vacations Borrower LLC, Hilton Grand Vacations Parent LLC, the other lender parties thereto, the other guarantors thereto, and Bank of America, N.A., as successor administrative agent, collateral agent, L/C issuer and swing line lender (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-37794) filed on November 29, 2018).
10.18	Hilton Grand Vacations Inc. Employee Stock Purchase Plan (incorporated by reference to Exhibit 99.1 to the Registrant's Registration Statement on Form S-8 (File No. 333-218056) filed on May 17, 2017).
10.19(a)†	Form of Restricted Stock Unit Agreement under Hilton Grand Vacations Inc. 2017 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-37794) filed on March 15, 2017).
10.19(b)†	Form of Restricted Stock Unit Agreement (Converted Award – 2015 Grant) (Performance-Based) under Hilton Grand Vacations Inc. 2017 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.13(d) to the Registrant's Quarterly Report on Form 10-Q (File No. 001-37794) filed on May 4, 2017).
10.19(c)†	Form of Restricted Stock Unit Agreement (Converted Award – 2015 Grant) (Time-Based) under Hilton Grand Vacations Inc. 2017 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.13(e) to the Registrant's Quarterly Report on Form 10-Q (File No. 001-37794) filed on May 4, 2017).
10.19(d)†	Form of Restricted Stock Unit Agreement (Converted Award – 2016 Grant) (Performance-Based) under Hilton Grand Vacations Inc. 2017 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.13(f) to the Registrant's Quarterly Report on Form 10-Q (File No. 001-37794) filed on May 4, 2017).
10.19(e)†	Form of Restricted Stock Unit Agreement (Converted Award – 2016 Grant) (Time-Based) under Hilton Grand Vacations Inc. 2017 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.13(g) to the Registrant's Quarterly Report on Form 10-Q (File No. 001-37794) filed on May 4, 2017).
10.19 (f)†	Form of Restricted Stock Unit Agreement for Mr. Mark Wang (incorporated by reference to Exhibit 10.3 to the Registrant's amended Current Report on Form 8-K/A (File No. 001-37794) filed on May 16, 2018).
10.20(a)†	Form of Nonqualified Stock Option Agreement under Hilton Grand Vacations Inc. 2017 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (File No. 001-37794) filed on March 15, 2017).
10.20(b)†	Form of Nonqualified Stock Option Agreement (Converted Award – 2014 Grant) under Hilton Grand Vacations Inc. 2017 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.14(b) to the Registrant's Quarterly Report on Form 10-Q (File No. 001-37794) filed on May 4, 2017).
10.20(c)†	Form of Nonqualified Stock Option Agreement (Converted Award – 2015 Grant) under Hilton Grand Vacations Inc. 2017 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.14(c) to the Registrant's Quarterly Report on Form 10-Q (File No. 001-37794) filed on May 4, 2017).
10.20(d)†	Form of Nonqualified Stock Option Agreement (Converted Award – 2016 Grant) under Hilton Grand Vacations Inc. 2017 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.14(d) to the Registrant's Quarterly Report on Form 10-Q (File No. 001-37794) filed on May 4, 2017).
10.20(e)†	Form of Nonqualified Stock Option Agreement for Mr. Mark Wang (incorporated by reference to Exhibit 10.2 to the Registrant's amended Current Report on Form 8-K/A (File No. 001-37794) filed on May 16, 2018).
10.21(a)†	Form of Restricted Stock Agreement (Converted Award – 2015 Grant) under Hilton Grand Vacations Inc. 2017 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.15(a) to the Registrant's Quarterly Report on Form 10-Q (File No. 001-37794) filed on May 4, 2017).

Exhibit No.	Description
10.21(b)†	Form of Restricted Stock Agreement (Converted Award – 2016 Grant) under Hilton Grand Vacations Inc. 2017 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.15(b) to the Registrant's Quarterly Report on Form 10-Q (File No. 001-37794) filed on May 4, 2017).
10.22(a)†	Form of Performance and Service Based Restricted Stock Unit Agreement (for use for all named executive officers other than Mr. Mark Wang) (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-37794) filed March 8, 2018).
10.22(b)†	Form of Amended and Restated Performance and Service Based Restricted Stock Unit Agreement (for use for all named executive officers other than Mr. Mark Wang) (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-37794) filed on August 9, 2018).
10.22(c)†	Form of Performance and Service Based Restricted Stock Unit Agreement (for Mr. Mark Wang) (incorporated by reference to Exhibit 10.4 to the Registrant's amended Current Report on Form 8-K/A (File No. 001-37794) filed on May 16, 2018).
10.22(d)†	Form of Amended and Restated Performance and Service Based Restricted Stock Unit Agreement (for Mr. Mark Wang) (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (File No. 001-37794) filed on August 9, 2018).
10.23†	Form of Stock Award Agreement for Non-Employee Directors under Hilton Grand Vacations Inc. 2017 Stock Plan for Non-Employee Directors Plan (incorporated by reference to Exhibit 10.16 to the Registrant's Quarterly Report on Form 10-Q (File No. 001-37794) filed on May 4, 2017).
10.24	Amended and Restated Limited Liability Company Agreement of BRE Ace LLC, a Delaware limited liability company, dated as of July 18, 2017 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-37794) filed on July 21, 2017).
21.1*	Subsidiaries of the Registrant.
23.1*	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS***	XBRL Instance Document
101.SCH***	XBRL Taxonomy Extension Schema Document.
101.CAL***	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF***	XBRL Taxonomy Extension Definitions Linkbase Document.
101.LAB***	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE***	XBRL Taxonomy Extension Presentation Linkbase Document.

* Filed herewith.
** Furnished not filed.
*** These interactive data files shall not be deemed filed for purposes of Section 11 or 12 of the Securities Act of 1933, as amended, or Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under those sections.
† Denotes management contract or compensatory plan or arrangement.

SIGNAT URES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on this 28 th day of February 2019.

HILTON GRAND VACATIONS INC.

By: /s/ Mark D. Wang
Name: Mark D. Wang
Title: President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on this 28 th day of February 2019.

Signature	Title
/s/ Mark D. Wang Mark D. Wang	President and Chief Executive Officer and Director (principal executive officer)
/s/ Daniel J. Mathewes Daniel J. Mathewes	Executive Vice President and Chief Financial Officer (principal financial officer)
/s/ Allen J. Klingsick Allen J. Klingsick	Senior Vice President and Chief Accounting Officer (principal accounting officer)
/s/ Leonard A. Potter Leonard A. Potter	Chairman of the Board of Directors
/s/ Brenda J. Bacon Brenda J. Bacon	Director
/s/ David W. Johnson David W. Johnson	Director
/s/ Mark H. Lazarus Mark H. Lazarus	Director
/s/ Pamela H. Patsley Pamela H. Patsley	Director
/s/ Paul W. Whetsell Paul W. Whetsell	Director

AMENDMENT NO. 10 TO
RECEIVABLES LOAN AGREEMENT

This AMENDMENT NO. 10 TO RECEIVABLES LOAN AGREEMENT (this " Amendment ") , effective as of February 14, 2019 (the " Effective Date "), is executed by and among HILTON GRAND VACATIONS TRUST I LLC, a Delaware limited liability company (together with its successors and assigns, the " Borrower "), the financial institutions signatory hereto as Managing Agents, the financial institutions signatory hereto as Conduit Lenders, the financial institutions signatory hereto as Committed Lenders and DEUTSCHE BANK SECURITIES, INC., as Administrative Agent. Capitalized terms used, but not otherwise defined herein, shall have the meanings ascribed thereto in the "Receivables Loan Agreement" (defined below).

WITNESSETH:

WHEREAS, the Borrower, the Managing Agents party thereto, the Administrative Agent, Wells Fargo Bank National Association, as Securities Intermediary and Paying Agent, the Conduit Lenders party thereto, and the Committed Lenders party thereto are parties to that certain Receivables Loan Agreement dated as of May 9, 2013 (as amended, restated, supplemented or otherwise modified from time to time, the " Receivables Loan Agreement "); and

WHEREAS, as provided herein, the parties hereto have agreed to amend certain provisions of the Receivables Loan Agreement and provide certain waivers under the Receivables Loan Agreement and the other Facility Documents, each as further described below;

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. Amendment to the Receivables Loan Agreement . Effective as of the Effective Date, and subject to the satisfaction of the conditions precedent set forth in Section 3 hereof, the Receivables Loan Agreement is hereby amended by amending and restating the definition of "Default Ratio" set forth in Section 1.01 of the Receivables Loan Agreement as follows:

> "" Default Ratio " means, for any Collection Period, the ratio, expressed as a percentage, computed by dividing (i) the aggregate Timeshare Loan Balances of all Pledged Timeshare Loans that became Defaulted Timeshare Loans during such Collection Period and were not substituted for or repurchased prior to the related Distribution Date (with the outstanding principal balance of each such Pledged Timeshare Loan determined as of the last day of the Collection Period on which such Pledged Timeshare Loan became a Defaulted Timeshare Loan) by (ii) the aggregate Timeshare Loan Balances of all Pledged Timeshare Loans on the last day of such Collection Period. "

SECTION 2. Waiver . Prior to the Effective Date, clause (ii) of the definition Delinquency Ratio was calculated giving effect to substitutions and repurchases of Defaulted Timeshare Loans and the acquisition by the Borrower of Additional Timeshare Loans, in each case on or prior to the related Determination Date. Effective as of the Effective Date, and subject to the satisfaction of the conditions precedent set forth in Section 3 hereof, the Administrative Agent and the Managing Agents waive any Default, Event of Default, Unmatured Servicer Termination Event or Servicer Termination Event directly related to the Default Ratio being calculated prior to the date hereof in the manner contemplated by such definition after giving effect to this Amendment and to the Delinquency Ratio being calculated in accordance with the prior sentence. The foregoing waivers do not and shall not apply to any other Default, Event of Default, Unmatured Servicer Termination Event or Servicer Termination that may currently be outstanding, and shall not apply to any future Default, Event of Default, Unmatured Servicer Termination Event or Servicer Termination . Without limiting the generality of the foregoing, the Borrower agrees that the foregoing waivers and the execution, delivery and effectiveness of this Amendment shall not entitle the Borrower to any future or additional consent, amendment, waiver or modification of any provision of the Receivables Loan Agreement or any other Facility Document, nor shall the execution and delivery of this Amendment establish a course of dealing among the Borrower, the Administrative Agent and the Managing Agents or in any other way obligate the Administrative Agent or the Managing Agents to hereafter provide any consent, amendment, waiver or modification of any provision of the Receivables Loan Agreement or any other Facility Document.

SECTION 3. Conditions Precedent . This Amendment shall become effective on the Effective Date upon the satisfaction of the Administrative Agent having received counterparts of this Amendment executed by each of the parties hereto.

SECTION 4. Representations, Warranties and Confirmations . The Borrower hereby represents and warrants that:

4.1 It has the power and is duly authorized, including by all limited liability company action on its part, to execute and deliver this Amendment.

4.2 This Amendment has been duly and validly executed and delivered by it.

4.3 This Amendment and Receivables Loan Agreement as amended hereby, constitute legal, valid and binding obligations of the Borrower and are enforceable against the Borrower in accordance with their terms.

4.4 Immediately prior, and after giving all effect, to this Amendment, the covenants, representations and warranties of the Borrower set forth in the Receivables Loan Agreement are true and correct in all material respects as of the date hereof (except to the extent such representations or warranties relate solely to an earlier date and then as of such date).

4.5 Immediately prior, and after giving all effect, to this Amendment, and other than any Servicer Termination Event, Unmatured Servicer Termination Event, Default or Event of Default directly related to the Default Ratio being calculated prior to the date hereof in the manner contemplated by such definition after giving effect to this Amendment and to the Delinquency Ratio being calculated in accordance with the first sentence of Section 3 of this Amendment, no event, condition or circumstance has occurred and is continuing which constitutes a Servicer Termination Event, Unmatured Servicer Termination Event, Default or Event of Default.

SECTION 5. Delivery of Executed Amendment . The Borrower covenants and agrees that it will deliver an executed copy of this Amendment to the Paying Agent and the Custodian promptly following the effectiveness hereof.

SECTION 6. Entire Agreement . The parties hereto hereby agree that this Amendment constitutes the entire agreement concerning the subject matter hereof and supersedes any and all written and/or oral prior agreements, negotiations, correspondence, understandings and communications.

SECTION 7. Effectiveness of Amendment . Except as expressly amended by the terms of this Amendment, all terms and conditions of the Receivables Loan Agreement and the other Facility Documents, as applicable, shall remain in full force and effect and are hereby ratified and confirmed. This Amendment shall not operate as a consent, waiver, amendment or other modification of any other term or condition set forth in the Receivables Loan Agreement and the other Facility Documents or any right, power or remedy of the Administrative Agent or any Managing Agent or Lender under the Receivables Loan Agreement and the other Facility Documents, except as expressly modified hereby. Upon the effectiveness of this Amendment, each reference in the Receivables Loan Agreement to "this Agreement" or "this Receivables Loan Agreement" or words of like import shall mean and be references to the Receivables Loan Agreement, as applicable, as amended hereby, and each reference in any other Facility Document to the Receivables Loan Agreement or to any terms defined in the Receivables Loan Agreement which are modified hereby shall mean and be references to the Receivables Loan Agreement, or to such terms as modified hereby.

SECTION 8. GOVERNING LAW . **THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK** .

SECTION 9. Binding Effect . This Amendment shall be binding upon and shall be enforceable by parties hereto and their respective successors and permitted assigns.

SECTION 10. Headings . The Section headings herein are for convenience only and will not affect the construction hereof.

SECTION 11. Novation . This Amendment does not constitute a novation or termination of the Receivables Loan Agreement or any Facility Document and all obligations thereunder are in all respects continuing with only the terms thereof being modified as provided herein.

SECTION 12. Counterparts . This Amendment may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by facsimile or by electronic mail in a ".pdf" file shall be effective as delivery of a manually executed counterpart of this Amendment.

SECTION 13. Fees, Costs and Expenses . The Borrower agrees to pay on demand all reasonable fees and out-of-pocket expenses of Morgan, Lewis & Bockius LLP, counsel for the Administrative Agent, incurred in connection with the preparation, execution and delivery of this Amendment and the other instruments and documents to be delivered in connection herewith.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their respective authorized officers as of the date first above written.

HILTON GRAND VACATIONS TRUST I LLC,
as Borrower

By: /s/ Mark Laurent
Name: Mark Laurent
Title: VP Treasury

[Signature Page to Amendment No. 10 to Receivables Loan Agreement]

DEUTSCHE BANK SECURITIES, INC. ,
as Administrative Agent

By: /s/ Robert Sannicandro
Name: Robert Sannicandro
Title: Managing Director

By: /s/ Alex Nixon
Name: Alex Nixon
Title: Vice President

DEUTSCHE BANK AG, NEW YORK BRANCH
as a Committed Lender and a Managing Agent

By: /s/ Robert Sannicandro
Name: Robert Sannicandro
Title: Managing Director

By: /s/ Alex Nixon
Name: Alex Nixon
Title: Vice President

BANK OF AMERICA, N.A.,
as a Committed Lender and a Managing Agent

By: /s/ Carl W. Anderson
Name: Carl W. Anderson
Title: Managing Director

BARCLAYS BANK PLC,
as a Committed Lender and a Managing Agent

By: /s/ Chin-Yong Choe
Name: Chin-Yong Choe
Title: Director

SHEFFIELD RECEIVABLES COMPANY LLC,
as a Conduit Lender

By: Barclays Bank PLC,
as attorney-in-fact

By: /s/ Chin-Yong Choe
Name: Chin-Yong Choe
Title: Director

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as a Committed Lender and a Managing Agent

By: /s/ Leigh Poltrack
Name: Leigh Poltrack
Title: Vice President

SUNTRUSTBANK,
as a Committed Lender and a Managing Agent

By: /s/ Emily Shields
Name: Emily Shields
Title: First Vice President

Acknowledged and agreed:

HILTON RESORTS CORPORATION,
as Seller

By: /s/ Mark Laurent
Name: Mark Laurent
Title: VP, Portfolio

GRAND VACATIONS SERVICES LLC,
as Servicer

By: /s/ Mark Laurent
Name: Mark Laurent
Title: VP, Portfolio

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Backup Servicer

By: /s/ Jennifer C. Westberg
Name: Jennifer C. Westberg
Title: Vice President

Exhibit 10.13(b)

Mark Wang Hilton Grand Vacations
President and CEO 5323 Millenia Lakes Boulevard, Suite 120
Orlando, FL 32839

November 16, 2018

Mr. Gordon Gurnik
8 Leddell Road
Mendham, NJ 07945
(ggurnik@gmail.com)

Dear Gordon:

As the Chief Executive Officer of Hilton Grand Vacations Inc. (“HGV” or “Hilton Grand Vacations”) , I am very pleased to offer you the position of **Chief Operating Officer of HGV,** subject to the terms and conditions contained in this offer letter . In this role, you will be reporting directly to me . This is a full-time position and you will be expected to devote your full business time and attention to the performance of your duties in this role.

Employment Start Date. Your first day of work in the role of Chief Operating Officer will be considered your "Employment Start Date" for purposes of determining future seniority and benefits eligibility. We have planned for your Employment Start Date to be on December 3, 2018 . Your employment will be for no set duration. Your legal employer will be Hi l ton Resorts Corporation , HGV's employer entity ("HRC"), and based in Orlando, Florida.

Base Salary. Your starting annual base salary in your role as Chief Operating Officer will be $500,000, paid Biweekly ($19,230.77 for each pay period worked), less applicable taxes and withholdings . You will continue to be paid this annual base salary in your role as Chief Operating Officer of HGV for periods after the effective date until changed pursuant to a review . Your salary will be subject to annual review.

Sign-On LTI Award. In addition , as an initial sign-on incentive, HGV’s management team will grant you a Long-Term Incentive award with an aggregate grant date value equal to $1,500,000, which will be based on the closing price of HGV ’s common stock as of the grant date (determined in accordance with HGV 's Stock Granting Policy then in effect). The aggregate grant date value will be awarded in the form of restricted stock units ("RSUs"). The RSUs will be subject to the terms and co nditions of the HGV Omnibus Stock Incentive Plan ("LTI Plan ") and the applicable RSU award agreement. One-third of the RSUs will vest and become non-forfeitable on each of the first three anniversaries of your Employment Start Date , provided in each case that you remain continuously employed by HGV through each appli ca ble vesting date . Following the vesting of the RSUs, you will receive one share of HGV common stock for each v ested RSU (subject to tax withholding) .

Annual Cash Incentive Plan. Subject to the terms of the current Hilton Grand Vacations Annual Incentive Plan (the "HGV Plan "), for 2018 you will be entitled to receive a performance incentive bonus (the "2018 Incentive Bonus") equal to 1 00% of your annual base salary, less applicable withholding, provided you remain employed with HGV through December 31, 2018. This represents the target bonus amount for someone in your role under the terms of the current HGV Plan. This 2018 Incent i ve Bonus payment will be paid to you no later than March 15, 2019, provided you remain employed through and including the payment date (except as expressly provided for below) .

For 2019 and subsequent years, you will be eligible to participate in HGV's Incentive plan(s) (each , an "HGV Bonus Plan") at a level commensurate with your position as an executive with HGV . Your participation in the HGV Bonus Plan does not constitute a promise of payment. Your actual incentive payout will depend on HGV's financial performance, management’s assessment of your individual performance, and will be subject to the terms and conditions of the HGV Bonus Plan(s). Eligibility for participation in the HGV Bonus Plan(s) will be subject to annual review .

Long-Term Incentive Program. S ubject to approval by the Compensation Committee of the Board of Directors of HGV, you will eligible to participate in an executive Lon g - T erm Incentive (LTI) Program in accordance with terms and conditions established by HGV's Board of Directors, including any applicable vesting period . HGV's management team will recommend that , for 2019, the Compensation Committee of the Board of Director s of HGV grant you a Long -Te rm Incentive award with an aggregate grant date value equal to $1,000,000 which will be based on th e closing price of HGV's common stock as of the g rant date (determined in accordance wit h the HGV Stock Granting Policy then in effect). All annual grants will be s ubject to any applicable taxes a nd withholding.

Severance Benefits. Beginning on your Employment Start Date, you will be eligible for se veran ce benefits under the Hilton Grand Vacations Executive Severance Plan (the " Severance Plan ") at the l evel applicable to c urrent Executive Vice Presidents of HGV , upon an eligible termination of emp loyment in accordance with the terms of th e Severance Plan.

Health & Welfare Benefits . Hilton Grand Vacations provides a comprehensive pa c kage of benefit s, including medical and prescription drug coverage, dental coverage, vision coverage, life insurance, short and long-term disability insurance and other offerings. If you are a full-time team member as defined by HGV's health and welfare benefits plan, you will be eligible to participate in the plans once you have completed 90 days of employment with HGV . Enrollment must take place within the first 90 days of your emp loyment with HGV for you to be eligible. Late enrollment (outside the initial 90-day period of your employment) will not be accepted. If you have questions related to your enrollment, please contact HGV's HR @ Your Service Center at 1-888-234-6872.

Hilton Grand Vacations 40l (k) Savings Plan. You may participate in a Hilton Grand Vacations -sponsored 401(k) savings plan, normally after your first 90 days of employment. HGV may match a portion of your co ntributions in accordance with the applicable plan provisions. Eligibility requirements and conditions of enrollment and coverage are subject to change and are set forth in the applicable plan documents. You may contact a Total Rewards Representative or HR @ Your Service for more information .

Deferred Compensation . Yo u will be eligible to participate in an executive deferred compensat io n plan sponsored by HGV , subject to the applicab le plan's term s and conditions.

Executive Benefits and Perquisites.

Executive Vacations. HGV provides Executives on personal travel with complimentary rooms, food and beverage and other on-site services available at all HGV-branded Clubs and Resorts. This travel benefit encourages Executives to visit and evaluate our properties. The Executive Vacation benefit also covers the Executive's family members and friends traveling with the Executive.

Automobile Allowance. An Automobile Allowance of $10,000 is provided each year. An Executive may use this benefit toward the automobile of his or her choice. The allowance will be provided to the Executive in twelve equal monthly payments.

Executive Physical Examination. Executives are encouraged to participate in our Executive Physical Examination program. The Executive Physical Examination is offered annually through our health care partner, TBD. The health care partner provides a suite of preventive care and screening examinations geared toward the executive population. The health care partner bills HGV directly for any of the services provided to the Executive as part of this benefit.

Relocation. Relocation benefits to your permanent location will be offered in accordance w i th the Plan A of the Hilton Grand Vacations Relocation Plan, which includes home sale and marketing assistance, home finding assistance, temporary living , home purchase assistance, reimbursement of relocation expenses , and moving of your household goods , provided that , notwithstanding the terms of Plan A of the HGV Relocation Plan , HGV has agreed to reimburse you for eligible home sale expenses for a home valued at up to $1,000,000 . You will also receive Weichert Mobility's VIP services , which will provide you and your family with heightened personal assistance during the process of relocating and adjusting to the new location. The amounts reimbursed are not subject to a right to liquidation or exchange for another benefit. All reimbursements will be paid by HGV, as applicable no later than December 31st of the year following the year the expense was incurred.

Paid Time Off . HGV provides a generous program of paid time away from work, including paid time off (PTO) and paid holiday s. You will receive unlimited PTO. HGV also offers ten (10) paid holiday s .

Business Travel and Employee Travel Program. You will travel in connect io n with your employment. HGV will reimburse you for reasonable business expenses incurred in connection with your employment , upon presentation of documentation in accordance with HGV 's applicable expense reimbur s ement policies for senior management.

While employed, you will be eligible for comp lim entary and discounted room rates while traveling on personal travel, based on availability and in accordance with the Go Hilton discount travel program terms .

Contingent Offer. Your employment offer is co nting e nt on presenting appropriate documentation verifying authorization to work in the Un ited States.

HGV's benefit offerings and other terms and condit i ons of employment are subject to c hange or termination , with or without notice. In the event of differences between any documents relatin g to compensation and benefits , the terms of the applicable plan document will contro l.

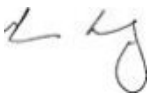
Thi s offer l etter s up e rs edes any previous ve rb a l or written offer that you may have received . This offer letter do es not constitute an emp loyment con tra ct. If you accept this offer and join the HGV team , you will be an at-will employee, which means th at either HGV or you may terminate the employment relationship at any time , for any reason , with or without cause. As a condition of your employment , you w i ll be required to sign a Mutual Agreement to Arbitrate Claims as well as an Indemnification Agreement.

We ask that , as you consider this offer, you take specia l note that HGV e x pects its e mployees to hold themselves to the high est ethica l s tandards . This expectat i on is exemp lified by our corporate va lue of Integrity and our corporate Code of Condu c t, to whic h you will be i ntrodu ced in orientation and onboarding . In that context, p l ease observe that HGV does not hir e people for the purpo s e of acquiring their former employer's trade secrets , confidential or proprietary information . By accepting thi s offer , you acknowledge that you have returned or will r et urn all property, including document s, memoranda , s oftware or other material , containing information b e l onging to your c urrent or former empl o yer before starting your em ployment with HGV . You further agree you will not bring such materials to our premises or otherwise use any such material in performing work for HGV. In addition, you must advise us about any restrictive covenants that might apply to you during your agreement(s) to which you are or may be bound.

Please call Barbara Hollkamp, Chief Human Resources Officer, at 407 - 613-3248 with any questions you might have upon reviewing the terms of our offer. You may keep a copy of this document for your records.

We have confidence that you can make a great contribution for our team during these exciting times at Hilton Grand Vacations.

Sincerely,



Mark Wang,
President and CEO, Hilton Grand Vacations

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I acknowledge receipt and acceptance of the offer of employment in this letter. By my signature below , I accept all terms and conditions set forth above. In addition, I acknowledge and agree that, subject to the successful outcome of HGV's background investigation process and confirmation of my eligibility to work in the United States, I will be employed on an at-will basis and that any change to that status may only be made through an agreement in writing signed by HGV. In addition, my employment is contingent on the condition that I execute a Mutual Agreement to Arbitrate Claims and Indemnification Agreement, which should be executed in conjunction with acceptance of this employment offer. And finally, by signing below, I am representing that I am not subject to any agreement, written or otherwise, that restricts me from accepting this offer, including without limitation, any non-compete or similar restriction.

Accepted: /s/ Gordon Gurnik
Gordon Gurnik

Date: 11/19/2018

Exhibit 10.13(c)

Mark Wang Hilton Grand Vacations
President and CEO 5323 Millenia Lakes Boulevard, Suite 120
Orlando, FL 32839

November 23, 2018

Mr. Daniel J. Mathewes
4160 El Prado Blvd.
Miami, FL 33133

Dear Dan:

As the Chief Executive Officer of Hilton Grand Vacations Inc. (“HGV” or “Hilton Grand Vacations”) , I am very pleased to offer you the position of **Chief Financial Officer of HGV,** subject to the terms and conditions contained in this offer letter . In this role, you will be reporting directly to me . This is a full-time position and you will be expected to devote your full business time and attention to the performance of your duties in this role.

Employment Start Date. Your first day of work in the role of Chief Financial Officer will be considered your "Employment Start Date" for purposes of determining future seniority and benefits eligibility. We have planned for your Employment Start Date to be on November 28, 2018 . Your employment will be for no set duration. Your legal employer will be Hi l ton Resorts Corporation , HGV's employer entity ("HRC"), and based in Orlando, Florida.

Base Salary. Your starting annual base salary in your role as Chief Financial Officer will be $425,000.00, paid Biweekly ($16,346.15 for each pay period worked), less applicable taxes and withholdings . You will continue to be paid this annual base salary in your role as Chief Financial Officer of HGV for periods after the effective date until changed pursuant to a review . Your salary will be subject to annual review.

Annual Bonus Award. Subject to plan terms and conditions, you will be eligible to participate in HGV's Incentive plan(s) (an "HGV Bonus Plan") at a level commensurate with your position as an executive with HGV. Currently, the target for the Chief Financial Officer of HGV is 125% of annual salary, with the potential to earn up to a maximum of 250% of annual salary. Your eligibility in the HGV Bonus Plan(s) will begin with the 2019 bonus period. Your participation in the HGV Bonus Plan does not constitute a promise of payment. Your actual incentive payout will depend on HGV's financial performance, management’s assessment of your individual performance, and will be subject to the terms and conditions of the HGV Bonus Plan(s). Eligibility for participation in the HGV Bonus Plan(s) will be subject to annual review.

Sign-On LTI Award. In addition , as an initial sign-on incentive, HGV’s management team will grant you a Long-Term Incentive award with an aggregate grant date value equal to $400,000.00, which will be based on the closing price of HGV ’s common stock as of the grant date (determined in accordance with HGV 's Stock Granting Policy then in effect). The aggregate grant date value will be awarded in the form of restricted stock units ("RSUs"). The RSUs will be subject to the terms and co nditions of the HGV Omnibus Stock Incentive Plan ("LTI Plan ") and the applicable RSU award agreement. One-third of the RSUs will vest and become non-forfeitable on each of the first three anniversaries of your award grant date , provided in each case that you remain continuously employed by HGV through each appli ca ble vesting date . Following the vesting of the RSUs, you will receive one share of HGV common stock for each v ested RSU (subject to tax withholding) . To be issued during the 2019 March grant cycle.

Long-Term Incentive Program. S ubject to approval by the Compensation Committee of the Board of Directors of HGV, you will eligible to participate in an executive Lon g - T erm Incentive (LTI) Program in accordance with terms and conditions established by HGV's Board of Directors, including any applicable vesting period . All annual grants will be s ubject to any applicable taxes a nd withholding. Based on the current plan, you will be eligible for a grant of 225% of your base pay during the March 2019 grant cycle.

Sign On Bonus. You will be given a one-time special payment of $200,000.00 (less applicable taxes) paid on the first pay period issued in 2019. Subject to recoupment of estimated after-tax value upon a voluntary resignation or termination for cause prior to April 1, 2020.

Severance Benefits. Beginning on your Employment Start Date, you will be eligible for se veran ce benefits under the Hilton Grand Vacations Executive Severance Plan (the " Severance Plan ") at the l evel applicable to c urrent Executive Vice Presidents of HGV , upon an eligible termination of emp loyment in accordance with the terms of th e Severance Plan.

Health & Welfare Benefits . Hilton Grand Vacations provides a comprehensive pa c kage of benefit s, including medical and prescription drug coverage, dental coverage, vision coverage, life insurance, short and long-term disability insurance and other offerings. If you are a full-time team member as defined by HGV's health and welfare benefits plan, you will be eligible to participate in the plans once you have completed 90 days of employment with HGV . Enrollment must take place within the first 90 days of your emp loyment with HGV for you to be eligible. Late enrollment (outside the initial 90-day period of your employment) will not be accepted. If you have questions related to your enrollment, please contact HGV's HR @ Your Service Center at 1-888-234-6872.

Hilton Grand Vacations 401 (k) Savings Plan. You may participate in a Hilton Grand Vacations -sponsored 401(k) savings plan, normally after your first 90 days of employment. HGV may match a portion of your co ntributions in accordance with the applicable plan provisions. Eligibility requirements and conditions of enrollment and coverage are subject to change and are set forth in the applicable plan documents. You may contact a Total Rewards Representative or HR @ Your Service for more information .

Deferred Compensation . Yo u will be eligible to participate in an executive deferred compensat io n plan sponsored by HGV , subject to the applicab le plan's term s and conditions.

Employee Stock Purchase Program. You will be eligible to participate in Hilton Grand Vacations employee stock purchase program. In this program, you will be eligible to purchase HGV stock at a discount through convenient payroll deductions subject to applicable plan terms and conditions.

Executive Benefits and Perquisites.

Executive Vacations. HGV provides Executives on personal travel with complimentary rooms, food and beverage and other on-site services available at all HGV-branded Clubs and Resorts. This travel benefit encourages Executives to visit and evaluate our properties. The Executive Vacation benefit also covers the Executive's family members and friends traveling with the Executive.

Automobile Allowance. An Automobile Allowance of $10,000 is provided each year. An Executive may use this benefit toward the automobile of his or her choice. The allowance will be provided to the Executive in twelve equal monthly payments.

Executive Physical Examination. Executives are encouraged to participate in our Executive Physical Examination program. The Executive Physical Examination is offered annually through our health care partner. The health care partner provides a suite of preventive care and screening examinations geared toward the executive population. The health care partner bills HGV directly for any of the services provided to the Executive as part of this benefit up to a maximum of $5,000.

Relocation. As a condition of your employment, the Company expects that you will relocate to the Company's office/property located in Orlando, FL. Relocation benefits to your permanent location will be offered in accordance w i th Plan A of the Hilton Grand Vacations Relocation Plan, which includes home sale and marketing assistance, home finding assistance, temporary living , home purchase assistance, reimbursement of relocation expenses , and moving of your household goods , provided that , notwithstanding the terms of Plan A of the HGV Relocation Plan , HGV has agreed to reimburse you for eligible home sale expenses for a home valued at up to $2,000,000 . You will also receive Weichert Mobility's VIP services , which will provide you and your family with heightened personal assistance during the process

of relocating and adjusting to the new location. The amounts reimbursed are not subject to a right to liquidation or exchange for another benefit. All reimbursements will be paid by HGV, as applicable no later than December 31st of the year following the year the expense was incurred.

Paid Time Off . As an executive at Hilton Grand Vacations, you don't track or record your vacation time in a system. Further, there is no set limit of vacation days for executives. You take time as you need, when you need it. Just work with your Leader and your team to make sure business runs smoothly in your absence. In addition, at Hilton Grand Vacations, we currently recognize nine official holidays and provide one floating holiday as well.

Business Travel and Employee Travel Program. You will travel in connect io n with your employment. HGV will reimburse you for reasonable business expenses incurred in connection with your employment , upon presentation of documentation in accordance with HGV 's applicable expense reimbur s ement policies for senior management.

While employed, you will be eligible for comp lim entary and discounted room rates while traveling on personal travel, based on availability and in accordance with the Go Hilton discount travel program terms. As an HGV executive, you will also be granted Diamond Status in Hilton Worldwide's Honors program.

Contingent Offer. Your employment offer is co nting e nt on presenting appropriate documentation verifying authorization to work in the Un ited States.

HGV's benefit offerings and other terms and condit i ons of employment are subject to c hange or termination , with or without notice. In the event of differences between any documents relatin g to compensation and benefits , the terms of the applicable plan document will contro l.

Thi s offer l etter s up e rs edes any previous ve rb a l or written offer that you may have received . This offer letter do es not constitute an emp loyment con tra ct. If you accept this offer and join the HGV team , you will be an at-will employee, which means th at either HGV or you may terminate the employment relationship at any time , for any reason , with or without cause. As a condition of your employment , you w i ll be required to sign a Mutual Agreement to Arbitrate Claims as well as an Indemnification Agreement.

We ask that , as you consider this offer, you take specia l note that HGV e x pects its e mployees to hold themselves to the high est ethica l s tandards . This expectat i on is exemp lified by our corporate va lue of Integrity and our corporate Code of Condu c t, to whic h you will be i ntrodu ced in orientation and onboarding . In that context, p l ease observe that HGV does not hir e people for the purpo s e of acquiring their former employer's trade secrets , confidential or proprietary information . By accepting thi s offer , you acknowledge that you have returned or will r et urn all property, including document s, memoranda , s oftware or other material , containing information b e l onging to your c urrent or former empl o yer before starting your em ployment with HGV . You further agree you will not bring such materials to our premises or otherwise use any such material in performing work for HGV. In addition, you must advise us about any restrictive covenants that might apply to you during your agreement(s) to which you are or may be bound.

Please call Barbara Hollkamp, Chief Human Resources Officer, at 407 - 613-3248 with any questions you might have upon reviewing the terms of our offer. You may keep a copy of this document for your records.

We have confidence that you can make a great contribution for our team during these exciting times at Hilton Grand Vacations.

Sincerely,

Mark Wang
President and CEO, Hilton Grand Vacations

****

I acknowledge receipt and acceptance of the offer of employment in this letter. By my signature below , I accept all terms and conditions set forth above. In addition, I acknowledge and agree that, subject to the successful outcome of HGV's background investigation process and confirmation of my eligibility to work in the United States, I will be employed on

an at-will basis and that any change to that status may only be made through an agreement in writing signed by HGV. In addition , my employment is contingent on the condition that I execute a Mutual Agreement to Arbitrate Claims and Indemnification Agreement, which should be executed in conjunction with acceptance of this employment offer.

Accepted: /s/ Daniel Mathewes
Daniel J. Mathewes

Date: November 26, 2018

HILTON GRAND VACATIONS INC.
SEVERANCE AGREEMENT

THIS SEVERANCE AGREEMENT (the " Agreement ") is entered into effective as of November 28, 2018 (the " Effective Date "), by and between HILTON GRAND VACATIONS INC., a Delaware corporation (the " Company "), and Daniel J. Mathewes (the " Executive ").

WHEREAS, the Executive is currently employed by the Company; and

WHEREAS, the Company considers the establishment and maintenance of a sound and vital management group to be essential to protecting and enhancing the best interests of the Company and its stockholders; and

WHEREAS, the Company has determined that the best interests of the Company and its stockholders will be served by reinforcing and encouraging the continued dedication of the Executive to his or her assigned duties without distractions, including but not limited to distractions arising from a potential change in control of the Company; and

WHEREAS, this Agreement is intended to remove such distractions and to reinforce the continued attention and dedication of the Executive to his or her assigned duties;

NOW, THEREFORE, in consideration of the mutual promises and agreements contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Executive and the Company hereby agree as follows:

1. **Certain Defined Terms** . In addition to other terms defined herein, for purposes of the Agreement, the following terms shall have the meanings indicated below:

1.1 " Accrued Amounts " means (a) accrued but unpaid base salary through the Termination Date; (b) a cash payment in lieu of any accrued but unused vacation through the Termination Date; (c) any unreimbursed business expenses incurred through the Termination Date and payable to Executive, in accordance with any Company business expense policies (as applicable); (d) if the Executive's termination occurs after the end of the annual bonus performance period but before the annual bonus for the preceding year is paid, the annual bonus for the preceding year, to the extent earned; and (e) any payments and benefits to which Executive is entitled pursuant to the terms of any employee benefit or compensation plan or program in which Executive participates (or participated). The Company shall pay Executive the items in (a) through (c) within 30 days following the Termination Date; the item in (d) on or before March 15 of the year following the performance year; and the item in (e) in accordance with the terms of such plans or programs or agreements.

1.2 " Affiliate " means a Subsidiary and any other corporation or other entity or Person controlling, controlled by or under common control with the Company.

1.3 " Annual Base Salary " means the Executive's annual base salary at the rate in effect immediately prior to a Qualifying Termination.

1.4 " Applicable Law " means any applicable laws, rules and regulations (or similar guidance), including but not limited to the General Corporation Law of the State of Delaware, the Securities Act of 1933, the Securities Exchange Act of 1934 and the Code, in each case as amended. References to any applicable laws, rules and regulations shall also refer to any successor or amended provisions thereto and shall be deemed to include any regulations or other interpretive guidance, unless the Committee determines otherwise.

1.5 " Board " means the Board of Directors of the Company.

1.6 " Business " means the business of owning, financing, developing, redeveloping, managing, marketing, operating, licensing, leasing and/or franchising vacation, timeshare or lodging properties, and natural ancillary business products and services related to such business, including, without limitation, membership services, exchange programs, rental programs and provision of amenities.

1.7 " Cause " means any of the following: (a) the Executive's refusal substantially to perform the Executive's material duties or carry out the lawful instructions of the Company (other than as a result of total or partial incapacity due to physical or mental illness); (b) the conclusive finding of the Executive's fraud or embezzlement of Company property; (c) the Executive's material dishonesty in the performance of his or her duties resulting in significant harm to the Company; (d) Executive's conviction of a felony under the laws of the United States or any state thereof or, where applicable, any equivalent offence (including a crime subject to a custodial sentence of one year or more) under the laws of the applicable jurisdiction; (e) the Executive's gross misconduct in connection with the Executive's duties to the Company which could reasonably be expected to be materially injurious to the Company; or (f) the Executive's material breach of this Agreement, in each as determined in good faith by the Board or the Committee.

1.8 A " Change in Control " shall have the meaning given such term in the Company's 2017 Omnibus Incentive Plan or any successor Company stock incentive plan, in each case as amended (such plan(s) being collectively referred to herein as the " Stock Plan "); provided, however, that the term "Change in Control" shall be construed in accordance with Code Section 409A if and to the extent required under Code Section 409A.

1.9 " Code " means the Internal Revenue Code of 1986.

1.10 " Committee " means the Compensation Committee of the Board.

1.11 " Company " means Hilton Grand Vacations Inc., a Delaware corporation, and any successors thereto. References to the "Company" also include references to the Company's Subsidiaries and its other Affiliates (and their successors), unless the Committee or the Board determines otherwise.

1.12 " Competitor " means any Person engaged in the Business, including but not limited to any vacation, timeshare or lodging companies that are comparable in size to the Company, including, without limitation, Marriott Vacations Worldwide, Wyndham Vacation Ownership, Interval Leisure Group, Disney Vacation Club, Hyatt Vacation

Ownership, Holiday Inn Club Vacations, Bluegreen Vacations, Diamond Resorts International and Westgate Resorts.

1.13 " Disability " means the inability of the Executive to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death, or which has lasted or can be expected to last for a continuous period of not less than 12 months.

1.14 " Effective Date " means the effective date of the Agreement, as specified on page one of the Agreement.

1.15 " Employment Term " means the entire time period of the Executive's employment with or service to the Company.

1.16 " Good Reason " means the occurrence of any of the following, without the Executive's written consent:

(a) Any material diminution in the Executive's base salary or annual bonus opportunity, other than a material diminution in base salary and/or annual bonus opportunity that applies to senior executive officers of the Company generally or that, with respect to annual bonus opportunities, is due to the failure to attain performance or other business objectives;

(b) A material diminution in the Executive's titles, authority, duties, responsibilities or position;

(c) A permanent reassignment by the Company of the Executive's primary office to a location that is more than 50 miles from the Executive's assigned primary office as of the Effective Date;

(d) Any failure by the Company or any Affiliate to pay Executive any amounts due and payable under, and in accordance with the terms of, this Agreement, the indemnification agreement substantially similar to the form of attached to this Agreement as Exhibit A (the " Indemnification Agreement "), or any equity award agreement under the Stock Plan or any successor equity plan of the Company; or

(e) Any other action or inaction that constitutes a material breach by the Company of the Agreement;

provided, however, that a termination by the Executive for any of the reasons listed in (a) through (e) above shall not constitute termination for Good Reason unless the Executive shall first have delivered to the Company written notice setting forth with specificity the occurrence deemed to give rise to a right to terminate for Good Reason (which notice must be given no later than 90 days after the initial occurrence of such event), and the Company fails to cure such event within 30 days after receipt of this written notice. The Executive's employment must be terminated for Good Reason within 150 days following the initial

occurrence of the event of Good Reason. Good Reason shall not include the Executive 's death or D isability.

1.17 " Person " means any person, firm, partnership, joint venture, association, corporation or other business organization, entity or enterprise whatsoever.

1.18 " Qualifying Termination " means the Executive's termination of employment with the Company (a) by the Company without Cause, (b) by the Executive for Good Reason, or (c) in the case of a termination after the occurrence of a Change in Control, by the Company without Cause or by the Executive for Good Reason which, in each case, occurs within 24 months after the occurrence of such Change in Control. For the avoidance of doubt, in no event shall the Executive be deemed to have experienced a Qualifying Termination as a result of the Executive's death, Disability or voluntary termination without Good Reason.

1.19 " Restricted Period " means a period of 24 months following the Termination Date.

1.20 " Severance Benefits " has the meaning provided in Section 2 hereof.

1.21 " Subsidiary " means a corporation, company or other entity (a) more than 50% of whose outstanding shares or securities (representing the right to vote for the election of directors or other managing authority) are, or (b) which does not have outstanding shares or securities (as may be the case in a partnership, joint venture, limited liability company, or unincorporated association), but more than 50% of whose ownership interest representing the right generally to make decisions for such other entity is, now or hereafter, owned or controlled, directly or indirectly, by the Company.

1.22 " Target Bonus " means the Executive's target annual bonus for the year in which the Qualifying Termination occurs.

1.23 " Termination Date " means the date that the Executive's employment with the Company terminates for all purposes, as reflected in the writing documenting the termination from the party terminating the employment relationship to the other party, in accordance with Section 5 hereof.

2. **Qualifying Termination; Severance Benefits** .

2.1 Severance Benefits . Subject to the terms and conditions herein, upon the Executive's Qualifying Termination, the Executive shall receive the following benefits (the benefits provided in Section 2.1(a) and Section 2.1(b) being collectively referred to as the " Severance Benefits "):

(a) A cash payment equal to the sum of (A) 2.0 times the Executive's Annual Base Salary, and (B) 2.0 times the Executive's Target Bonus. In the event that the Executive terminates employment due to a Qualifying Termination and a Change in Control has occurred, such payment shall be made within 60 days following the Termination Date. In the event that the Executive terminates

employment due to a Qualifying Termination and a Change in Control has not occurred, the following shall apply: That portion of the Severance Benefits payable to the Executive pursuant to this Section 2.1(a) that exceeds the "separation pay limit," if any, shall be paid to the Executive in a lump sum payment within 60 days following the Termination Date (or such earlier date, if any, as may be required under applicable wage payment laws). The "separation pay limit" shall mean two times the lesser of: (i) the sum of the Executive's annualized compensation based upon the annual rate of pay for services provided to the Company for the calendar year immediately preceding the calendar year in which the Executive's Termination Date occurs (adjusted for any increase during that calendar year that was expected to continue indefinitely if the Executive had not terminated employment); and (ii) the maximum dollar amount of compensation that may be taken into account under a tax-qualified retirement plan under Code Section 401(a)(17) for the year in which his or her Termination Date occurs. The lump sum payment to be made to the Executive pursuant to this Section 2.1(a) is a separate payment intended to be exempt from Code Section 409A under the exemption found in Regulation Section 1.409A-(b)(4) for short-term deferrals. The remaining portion of the Severance Benefits payable to the Executive pursuant to this Section 2.1(a) shall be paid in periodic installments (each installment to be treated as a separate payment) over the 24-month period commencing on the Termination Date (as defined herein) in accordance with the normal payroll practices of the Company. Notwithstanding the foregoing, in no event shall such remaining portion of the Severance Benefit be paid to the Executive later than December 31 of the second calendar year following the calendar year in which Executive's Termination Date occurs. The payments to be made to the Executive pursuant to the immediately preceding sentence of this Section 2.1(a) are intended to be exempt from Code Section 409A under the exemption found in Regulation Section 1.409A-(b)(9)(iii) for separation pay plans (i.e., the so-ca lled "two times" pay exemption).

(b) For 18 months following the Termination Date (the " COBRA Reimbursement Period "), monthly payments of an amount equal to the excess of (i) the COBRA cost of such coverage over (ii) the amount that the Executive would have had to pay for such coverage if he had remained employed during the COBRA Reimbursement Period and paid the active employee rate for such coverage, less withholding for taxes and other similar items; provided , however , that (A) if the Executive becomes eligible to receive group health benefits under a program of a subsequent employer or otherwise (including coverage available to the Executive's spouse), the Company's obligation to pay any portion of the cost of health coverage as described herein shall cease, except as otherwise provided by law; (B) the COBRA Reimbursement Period shall only run for the period during which the Executive is eligible to elect health coverage under COBRA and timely elects such coverage; (C) nothing herein shall prevent the Company from amending, changing, or canceling any group medical, dental, vision and/or prescription drug plans during the COBRA Reimbursement Period; (D) during the COBRA Reimbursement Period, the benefits provided in any one calendar year shall not affect the amount of benefits provided in any other calendar year (other than the effect of any overall coverage benefits under the applicable plans); (E) the reimbursement of an eligible

taxable expense shall be made as soon as practicable but not later than December 31 of the year following the year in which the expense was incurred; (F) the Executive's rights pursuant to this Section 2.1(b) shall not be subject to liquidation or exchange for another benefit; and (G) the monthly payments de scribed in this subparagraph (b) shall be taxable to the Executive and any applicable withholdings shall apply or such amounts shall be treated as imputed income to the Executive ;

(c) Notwithstanding the foregoing, subject to Section 7 below, the Company shall be obligated to provide the Severance Benefits and the pro rata bonus described in Section 2.2(b) only if within 60 days after the Termination Date the Executive shall have executed a separation and release of claims and covenant not to sue agreement substantially similar to the form of waiver and release attached to this Agreement as Exhibit B (the " Release Agreement ") and such Release Agreement shall not have been revoked within the revocation period specified in the Release Agreement. For the avoidance of doubt, the Company shall have no obligation to provide the Severance Benefits, and the Executive shall not be entitled to any of the Severance Benefits, if the Executive has failed to comply with the obligations set forth in Section 4 and such failure is sufficient to constitute a material breach of this Agreement, the Company may suspend, terminate and/or recover from the Executive the Severance Benefits.

For the avoidance of doubt, inclusion of Target Bonus in the calculation of Severance Benefits does not affect and is not in lieu of the Executive's annual bonus opportunity, if any, for the year in which the Termination Date occurs, which shall be determined in accordance with Section 2.2 herein.

2.2 Other Compensation and Benefits . In addition, upon a Qualifying Termination, the Executive shall be entitled to the following benefits:

(a) Accrued Amounts . The Accrued Amounts, payable as described above;

(b) Pro Rata Bonus . Subject to execution of the Release Agreement in accordance with Section 2.1(c) and Section 7 herein, a pro rata portion of the Executive's annual bonus for the year in which the Termination Date occurs, to the extent earned based on actual performance (such amount to be calculated by determining the amount of the annual bonus earned as of the end of the year in which the Termination Date occurs and pro-rating such amount by the portion of such year Executive was employed by the Company, said pro rata bonus amount to be paid on or before March 15 of the year following the performance year);

(c) Life Insurance . To the extent the Company provides the Executive's life insurance coverage immediately prior to the Qualifying Termination and this coverage is eligible for post-termination continuation or conversion to an individual policy, a cash payment equal to the amount required to continue such coverage as an individual policy for a period of 12 months following the Termination Date (and, if the Company deems necessary or advisable, to convert such coverage to an

individual policy), payable in a single lump sum within 60 days following the Termination Date ; and

(d) Equity Awards . The Executive's rights, if any, with respect to any equity awards granted to him or her under the Stock Plan shall be as determined under the Stock Plan and applicable award agreement(s). For the avoidance of doubt, the Executive shall be entitled to accelerated vesting or other benefits upon a Qualifying Termination only if and to the extent provided under the terms of the Stock Plan and applicable award agreement(s).

(e) Other Employee Benefits . The Executive's rights and obligations, if any, upon a Qualifying Termination under other compensation or employee benefit plans, policies, agreements or arrangements of the Company shall be as determined under such plans, policies, agreements or arrangements.

3. **Non-Qualifying Termination** . Except as provided below, if the Executive's status as an employee is terminated for any reason other than due to a Qualifying Termination, the Executive shall not be entitled to receive the Severance Benefits, and the Company shall not have any obligation to the Executive under this Agreement. In the event that Executive's employment with the Company is terminated for any reason, the Company shall pay Executive (or his or her estate or legal guardian, as applicable) the Accrued Amounts; provided, however, that if the Executive's employment terminates due to Cause, the Executive shall forfeit the right to the annual bonus described in Section 1.1(d). Additionally, Executive shall remain entitled to his or her indemnification rights as provided in this Agreement and the Indemnification Agreement and/or pursuant to the Company's certificate of incorporation, charter, by-laws, and/or other corporate documents and policies.

4. **Covenants** .

4.1 Non-Competition; Non-Solicitation .

(a) The Executive acknowledges and recognizes the highly competitive nature of the Businesses of the Company and accordingly agrees as follows:

(i) During the Employment Term and subsequent Restricted Period, the Executive will not, whether on the Executive's own behalf or on behalf of or in conjunction with any Person, directly or indirectly solicit or assist in soliciting away from the Company the business of any then current or prospective client or customer with whom the Executive (or his or her direct reports) had personal contact or dealings on behalf of the Company during the one-year period preceding the Termination Date.

(ii) During the Restricted Period, the Executive will not directly or indirectly anywhere in the United States:

(A) Engage in the Business directly or indirectly, or enter the employ of, or render any services to, a Competitor, provided that this restriction shall not prevent the Executive from working for or

performing services on behalf of a Competitor if such Competitor is also engaged in other lines of business and if the Executive's employment or services are restricted to such other lines of business, and will not be providing support, advice, instruction, direction or other guidance to lines of business that constitute the Competitor;

(B) Acquire a financial interest in, or otherwise become actively involved with, a Competitor, directly or indirectly, as an individual, partner, shareholder, officer, director, principal, agent, trustee or consultant; or

(C) Intentionally and adversely interfere with, or attempt to adversely interfere with, business relationships between the Company and any of its clients, customers, suppliers, partners, members or investors.

(iii) Notwithstanding anything to the contrary in this Section 4, the Executive may, directly or indirectly, own, solely as an investment, securities of any Person engaged in a Business (including, without limitation, a Competitor) which are publicly traded on a national or regional stock exchange or on the over-the-counter market if the Executive (A) is not a controlling person of, or a member of a group which controls, such person and (B) does not, directly or indirectly, own 5% or more of any class of securities of such Person.

(iv) During the Restricted Period, the Executive will not, whether on the Executive's own behalf or on behalf of or in conjunction with any Person or entity, directly or indirectly:

(A) Solicit or encourage any employee of the Company to leave the employment of the Company or encourage any independent contractor to cease providing services to the Company; or

(B) Hire or engage any employee or independent contractor who was employed or engaged by the Company as of the Termination Date or who left the employment of or engagement with the Company coincident with, or within one year prior to or after, the Termination Date, provided that this prohibition does not apply to (X) administrative personnel employed by the Company or (Y) any Company employee or independent contractor who is hired or engaged away from the Company as a result of responding to a generic job posting on a website or in a newspaper or periodical of general circulation, without any involvement or encouragement by the Executive.

(v) During the Restricted Period, the Executive will not, whether on the Executive's own behalf or on behalf of or in conjunction with any Person , directly and intentionally encourage any material consultant of the Company to cease working with the Company.

(b) The period of time during which the provisions of this Section 4 shall be in effect shall be extended by the length of time during which the Executive is in breach of the terms hereof as determined by any court of competent jurisdiction on the Company's application for injunctive relief.

(c) The Company reserves the right to waive the enforcement of or limit the scope of the non-competition or non-solicitation provisions of this Agreement as to the Executive if and as it deems appropriate in its sole discretion on a case-by-case basis.

4.2 Confidentiality .

(a) The Executive will not at any time (whether during or after the Employment Term and whether during or after the Restricted Period) (i) retain or use for the benefit, purposes or account of the Executive or any other Person; or (ii) disclose, divulge, reveal, communicate, share, transfer or provide access to any Person outside the Company (other than its professional advisers who are bound by confidentiality obligations or otherwise, in performance of the Executive's duties under the Executive's employment and pursuant to customary industry practice, or as may be required by law or in response to a court order or a request by a regulatory or administrative body), any nonpublic, proprietary or confidential information, including without limitation trade secrets, knowhow, research and development, software, databases, inventions, processes, formulae, technology, designs and other intellectual property, information concerning finances, investments, profits, pricing, costs, products, services, vendors, customers, clients, partners, investors, personnel, compensation, recruiting, training, advertising, sales, marketing, promotions, government and regulatory activities and approvals concerning the past, current or future business, activities and operations of the Company and/or any third party that has disclosed or provided any of same to the Company on a confidential basis (" Confidential Information ") without the prior written authorization of the Board or the Committee.

(b) "Confidential Information" shall not include any information that is (i) generally known to the industry or the public other than as a result of the Executive's breach of this covenant; (ii) made legitimately available to the Executive by a third party without breach of any confidentiality obligation of which the Executive has knowledge; or (iii) required by law to be disclosed, provided that with respect to subsection (iii) the Executive shall, except as otherwise provided in Section 4.2(d) herein, give prompt written notice to the Company of such requirement, disclose no more information than is so required, and reasonably cooperate with any attempts by the Company to obtain a protective order or similar treatment.

(c) Upon termination of the Executive's employment with the Company for any reason, the Executive shall (i) cease and not thereafter commence use of any Confidential Information or intellectual property (including without limitation, any patent, invention, copyright, trade secret, trademark, trade name, logo, domain name or other source indicator) owned or used by the Company; and (ii) immediately destroy, delete, or return to the Company, at the Company's option, all originals and copies in any form or medium (including memoranda, books, papers, plan s, computer files, letters and other data) in the Executive's possession or control (including any of the foregoing stored or located in the Executive's office, home, laptop or other computer, whether or not Company property) that contain Confidential Information, except that the Executive may retain only those portions of any person al notes, notebooks and diaries that do not contain any Confidential Information. Notwithstanding the above, nothing herein shall require Executive to return to the Company any computers or telecommunication equipment or tangible property which he owns, including, but not limited to, personal computers, phones and tablet devices; provided, however, that he shall remove from all such devices any Confidential Information stored thereon.

(d) Notwithstanding the foregoing provisions of Section 4.2, (i) nothing in this Agreement or other agreement prohibits the Executive from reporting possible violations of law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress and any agency Inspector General (the " Government Agencies "), or communicating with Government Agencies or otherwise participating in any investigation or proceeding that may be conducted by Government Agencies, including providing documents or other information, (ii) the Executive does not need the prior authorization of the Company to take any action described in (i), and the Executive is not required to notify the Company that he has taken any action described in (i); and (iii) the Agreement does not limit the Executive's right to receive an award for providing information relating to a possible securities law violation to the Securities and Exchange Commission. Further, notwithstanding the foregoing, the Executive will not be held criminally or civilly liable under any federal, state or local trade secret law for the disclosure of a trade secret that (i) is made (A) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney, and (B) solely for the purpose of reporting or investigating a suspected violation or law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Additionally, an individual suing an employer for retaliation based on the reporting of a suspected violation of law may disclose a trade secret to his or her attorney and use the trade secret information in the court proceeding, so long as any document containing the trade secret is filed under seal and the individual does not disclose the trade secret except pursuant to court order.

4.3 Non-Disparagement . As a condition to the receipt of the Qualifying Termination Severance Benefits, the Executive agrees that he or she will not directly, or through any other Person, at any time (whether during or after his or her Employment Term and during or after the Restricted Period) make any public or private statements that are

disparaging of the Company, or its respective businesses or employees, officers, directors, or stockholders. The Company agrees that it will not , and it will exercise its reasonable best efforts to cause its Affiliates (and the officers and directors of the Company and/or its Affiliates) to not, directly, or through any other Person , at any time make any public or private statements that are disparaging of the Executive .

4.4 Reasonableness of Restrictions . It is expressly understood and agreed that, although the Executive and the Company consider the restrictions contained in this Section 4 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this Agreement is an unenforceable restriction against the Executive, the provisions of this Section 4 shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable. Alternatively, if any court of competent jurisdiction finds that any restriction contained in this Section 4 is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

4.5 Breach of Restrictive Covenants . The Executive acknowledges that this Agreement is designed and intended only to protect the legitimate business interests of the Company and that the restrictions imposed by this Agreement are necessary, fair and reasonably designed to protect those interests. The Executive further acknowledges that the Company has given him or her access to certain Confidential Information, and that the use of such Confidential Information by him or her on behalf of some other entity (including himself or herself) would cause irreparable harm to the Company. The Executive also acknowledges that the Company has invested considerable time and resources in developing its relationships with its customers and in training Company employees, the loss of which similarly would cause irreparable harm to the Company. Without limitation, the Executive agrees that if he or she should breach or threaten to breach any of the restrictive covenants contained in Section 4 of this Agreement, the Company may, in addition to seeking other available remedies (including but in no way limited to the Company's rights under this Agreement), apply, consistent with Section 10.6 below, for the immediate entry of an injunction restraining any actual or threatened breaches or violations of said provisions or terms by the Executive. Further, if, for any reason, any of the restrictive covenants or related provisions contained in Section 4 of this Agreement should be held invalid or otherwise unenforceable, it is agreed the court shall construe the pertinent section(s) or provision(s) so as to allow its enforcement to the maximum extent permitted by Applicable Law. The Executive further agrees that any claimed Company breach of this Agreement shall not prevent, or otherwise be a defense against, the enforcement of any restrictive covenant or other Executive obligation herein.

4.6 Executive Representations . The Executive represents that the restrictions on his or her business provided in this Agreement are fair to protect the legitimate business interests of the Company. The Executive represents further that the consideration for this Agreement is fair and adequate, and that even if the restrictions in this Agreement are applied to him or her, he or she shall still be able to earn a good and reasonable living from those activities, areas and opportunities not restricted by this Agreement. In addition, the

Executive represents that he or she has had an opportunity to consult with independent counsel concerning this Agreement and is not relying on the Company or its counsel for any related legal, tax or other advice.

5. **Termination Procedures** . Any purported termination of the Executive's employment shall be documented in a writing appropriate to the nature of the termination from the party terminating the employment relationship to the other party:

(a) In the case of termination by the Company with Cause, the Company shall provide Executive with a written notice identifying (i) in reasonable detail the facts and circumstances giving rise to the determination that Cause exists, and (ii) the effective date of the termination of employment;

(b) In the case of a termination by the Executive for Good Reason, the Executive shall provide the Company with a written notice (the " Notice of Good Reason ") stating (i) in reasonable detail the facts and circumstances giving rise to the determination that Good Reason exists, and (ii) the effective date of the termination of employment absent cure, as provided below, in compliance with the time period set forth in Section 1.16 herein;

(c) In the case of all other terminations of employment, a document establishing the effective date of the termination of employment, in each case, subject to any other contractual obligations that may exist between the Company and the Executive. Under circumstances where the Executive will be eligible for payment and benefits under the terms of the Agreement (i.e., a termination by the Company without Cause), the document will confirm the Executive's eligibility for these payments and benefits and summarize the Executive's entitlements posttermination.

Notwithstanding the foregoing, in the case of a termination by the Executive with Good Reason, the Company shall have an opportunity to cure the circumstances giving rise to Good Reason within 30 days after receipt of the Notice of Good Reason. If the Company fails to cure such circumstances, the effective date of termination shall be the date specified in the Notice of Good Reason, notwithstanding such 30-day cure period.

6. **Code Section 280G.**

6.1 Notwithstanding anything in this Agreement to the contrary, in the event it shall be determined that any benefit, payment or distribution by the Company to or for the benefit of the Executive (whether payable or distributable pursuant to the terms of this Agreement or otherwise) (such benefits, payments or distributions are hereinafter referred to as " Payments ") would, if paid, be subject to the excise tax (the " Excise Tax ") imposed by Code Section 4999, then prior to the making of any of the Payments to the Executive, a calculation shall be made comparing (i) the net benefit to the Executive, of the Payments after payment of the Excise Tax, to (ii) the net benefit to the Executive, if the Payments had been limited to the extent necessary to avoid being subject to the Excise Tax. If the amount calculated under (i) above is less than the amount calculated under (ii) above, then

the Payments shall be limited to the extent necessary to avoid being subject to the Excise Tax (the " Reduced Amount "). The reduction of the Payments due hereunder, if applicable, shall be made by first reducing cash Payments and then, to the extent necessary, reducing those Payments having the next highest ratio of Parachute Value to actual present value of such Payments as of the date of the change of control, as determined by the Determination Firm (as defined in subsection (b) below). For purposes of this Section 6 , present value shall be determined in accordance with Code Section 280G(d)(4). For purposes of this Section 6 , the " Parachute Value " of a Payment means the present value as of the date of the change of control of the portion of such Payment that constitutes a "parachute payment" under Code Section 280G(b)(2), as determined by the Determination Firm for purposes of determining whether and to what extent the Excise Tax will apply to such Payment.

6.2 All determinations required to be made under this Section 6, including whether an Excise Tax would otherwise be imposed, whether the Payments shall be reduced, the amount of the Reduced Amount, and the assumptions to be utilized in arriving at such determinations, shall be made by an independent, nationally recognized accounting firm or compensation consulting firm mutually acceptable to the Company and the Executive (the " Determination Firm ") which shall provide detailed supporting calculations both to the Company and the Executive within 15 days of the receipt of notice from the Executive that a Payment is due to be made, or such earlier time as is requested by the Company. All fees and expenses of the Determination Firm shall be borne solely by the Company. Any determination by the Determination Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Code Section 4999 at the time of the initial determination by the Determination Firm hereunder, it is possible that Payments hereunder will have been unnecessarily limited by this Section 6 (" Underpayment "), consistent with the calculations required to be made hereunder. The Determination Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive together with interest at the applicable Federal rate provided for in Code Section 7872(f)(2), but no later than March 15 of the year after the year in which the Underpayment is determined to exist, which is when the legally binding right to such Underpayment arises.

6.3 In the event that the provisions of Code Section 280G and 4999 or any successor provisions are repealed without succession, this Section 6 shall be of no further force or effect.

7. **Code Section 409A.**

7.1 General . The Company intends that the payments and benefits provided under the Agreement shall either be exempt from the application of, or comply with, the requirements of Code Section 409A. The Agreement shall be construed in a manner that affects the Company's intent to be exempt from or comply with Code Section 409A. Notwithstanding anything in the Agreement to the contrary, the Committee may amend the Agreement, to take effect retroactively or otherwise, as deemed necessary or advisable for the purpose of remaining exempt from or complying with the requirements of Code Section 409A. Whenever payments under the Agreement are to be made in installments,

each such installment shall be deemed to be a separate payment for purposes of Code Section 409A. Further, (a) in the event that Code Section 409A requires that any special terms, provisions or conditions be included in this Agreement, then such terms, provisions and conditions shall, to the extent practicable, be deemed to be made a part of this Agreement, and (b) terms used in this Agreement shall be construed in accordance with Code Section 409A if and to the extent required. Further, in the event that this Agreement or any benefit thereunder shall be deemed not to comply with Code Section 409A, then neither the Company, the Board, the Committee nor its or their designees or agents shall be liable to the Executive or other P erson for actions, decisions or determinations made in good faith.

7.2 Definitional Restrictions . Notwithstanding anything in the Agreement to the contrary, to the extent that any amount or benefit that would constitute non-exempt "deferred compensation" for purposes of Code Section 409A (" Non-Exempt Deferred Compensation ") would otherwise be payable or distributable under the Agreement by reason of the occurrence of the Executive's separation from service, such NonExempt Deferred Compensation will not be payable or distributable to the Executive by reason of such circumstance unless the circumstances giving rise to such separation from service meet any description or definition of "separation from service" in Code Section 409A (without giving effect to any elective provisions that may be available under such definition). This provision does not prohibit the vesting of any amount upon a separation from service, however defined. If this provision prevents the payment or distribution of any Non-Exempt Deferred Compensation, such payment or distribution shall be made on the date, if any, on which an event occurs that constitutes a Code Section 409A-compliant "separation from service," or such later date as may be required by subsection 7.3 below.

7.3 Six-Month Delay in Certain Circumstances . In the event that, notwithstanding the clear language of the Agreement and the intent of the Company, any amount or benefit under this Agreement constitutes Non-Exempt Deferred Compensation and is payable or distributable by reason of the Executive's separation from service during a period in which the Executive qualifies as a "Specified Employee" under Code Section 409A, then, subject to any permissible acceleration of payment under Code Section 409A:

(a) The amount of such Non-Exempt Deferred Compensation that would otherwise be payable during the six-month period immediately following the Executive's separation from service under the terms of this Agreement will be accumulated through and paid or provided on the first day of the seventh month following the Executive's separation from service (or, if the Executive dies during such period, within 30 days after the Executive's death) (in either case, the " Required Delay Period "); and

(b) The normal payment or distribution schedule for any remaining payments or distributions will resume at the end of the Required Delay Period.

For purposes of this Agreement, the term " Specified Employee " has the meaning given such term in Code Section 409A.

7.4 Timing of Release . Whenever in this Agreement a payment or benefit is conditioned on the Executive's execution of a release of claims and covenant not to sue, the Company shall provide such release to the Executive promptly following the Termination Date , and such release and covenant not to sue must be executed and all revocation periods shall have expired in accordance with terms set forth in the release, but in no case later than 60 days after the Termination Date ; failing which such payment or benefit shall be forfeited. If such payment or benefit constitutes Non-Exempt Deferred Compensation, then, subject to subsection 7 .3 above, such payment or benefit (including any installment payments) that would have otherwise been payable during such 60-day period shall be accumulated and paid on the 60th day after the Termination Date provided such release shall have been executed and such revocation periods shall have expired. If such payment or benefit is exempt from Code Section 409A, the Company may elect to make or commence payment at any time during such 60-day period.

7.5 Expense Reimbursement . All expenses eligible for reimbursements in connection with the Executive's employment with the Company must be incurred by the Executive during the term of employment or service to the Company and must be in accordance with the Company's expense reimbursement policies. The amount of reimbursable expenses incurred in one taxable year shall not affect the expenses eligible for reimbursement in any other taxable year. Each category of reimbursement shall be paid as soon as administratively practicable, but in no event shall any such reimbursement be paid after the last day of the Executive's taxable year following the taxable year in which the expense was incurred. No right to reimbursement is subject to liquidation or exchange for other benefits.

8. **No Mitigation** . The Executive shall not be required to seek other employment or to attempt in any way to reduce or mitigate any benefits payable under this Agreement, and the amount of any such benefits shall not (except as otherwise provided in Section 2.1(b) herein) be reduced by any other compensation paid or provided to the Executive following the Executive's termination of service.

9. **Successors** .

9.1 Company Successors . The Agreement shall inure to the benefit of and shall be binding upon the Company and its successors and assigns.

9.2 Executive Successors . The Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, legatees or other beneficiaries. If the Executive shall die while any amount remains payable to the Executive hereunder, all such amounts shall be paid in accordance with the terms of the Agreement to the executors, personal representatives or administrators of the Executive's estate.

10. **Miscellaneous** .

10.1 Notices . All communications relating to matters arising under the Agreement shall be in writing and shall be deemed to have been duly given when hand delivered, faxed, emailed or mailed by reputable overnight carrier or United States certified mail, return receipt requested, addressed, to the Company or the Executive, as applicable, to the address set forth below, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon actual receipt:

If to the Company:

Hilton Grand Vacations Inc.
6355 Metro West Boulevard, Suite 180
Orlando, Florida 32835
Attention: Chief Human Resources Officer

with a copy to:

Hilton Grand Vacations Inc.
6355 Metro West Boulevard, Suite 180
Orlando, Florida 32835
Attention: General Counsel

If to the Executive:

Daniel J. Mathewes
4160 El Prado Boulevard
Miami, Florida 33133

10.2 No Right to Continued Employment or Service . Nothing contained in the Agreement shall (a) confer upon the Executive any right to continue as an employee or service provider of the Company, (b) constitute any contract of employment or service or agreement to continue employment or service for any particular period or (c) interfere in any way with the right of the Company to terminate a service relationship with the Executive, for any reason or for no reason. The Executive understands that he or she is an employee at will.

10.3 Amendment; Waiver of Agreement . Except as otherwise provided herein, the provisions of this Agreement may be amended or waived only by a written agreement executed and delivered by the Company and the Executive. Notwithstanding the foregoing, the Company shall have unilateral authority to amend this Agreement (without Executive consent) to the extent necessary to comply with Applicable Law (including but not limited to Code Section 409A) or changes to Applicable Law. No failure or delay by any party in exercising any right, power or privilege hereunder will operate as a waiver thereof nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided will be cumulative and not exclusive of any rights or remedies provided by Applicable Law.

10.4 Withholding . The Company shall have the authority and the right to deduct and withhold an amount sufficient to satisfy federal, state, local and foreign taxes required by law to be withheld with respect to any benefits payable under the Agreement.

10.5 Benefits Not Assignable . Except as otherwise provided herein or by Applicable Law, no right or interest of the Executive under the Agreement shall be assignable or transferable, in whole or in part, either directly or by operation of law or otherwise, including without limitation by execution, levy, garnishment, attachment, pledge or in any manner; no attempted assignment or transfer thereof shall be effective; and no right or interest of any Executive shall be liable for, or subject to, any obligation or liability of the Executive. When a payment is due under the Agreement to the Executive and he or she is unable to care for his or her affairs, payment may be made directly to his or her legal guardian or personal representative.

10.6 Governing Law; Forum Selection; Jury Waiver . The Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware, without regard to the conflict of laws provisions of any state, to the extent not preempted by federal law, which shall otherwise control. The parties knowingly and voluntarily agree that any controversy or dispute arising out of or otherwise related to this Agreement, including any statutory or other claim relating to the Executive's employment with the Company, the termination thereof, or his or her work for the Company, shall be tried exclusively, without jury, and consent to personal jurisdiction, in the state courts of Orlando, Florida, or the United States District Court for the Middle District of Florida, Orlando division. [Notwithstanding the foregoing, as a condition to the effectiveness of this Agreement, the Executive will be required to sign a Mutual Agreement to Arbitrate Claims substantially similar to the form attached hereto as Exhibit C .]

10.7 Headings . The headings contained in the Agreement are for convenience of reference only and will not control or affect the meaning, construction or interpretation of the Agreement's provisions.

10.8 No Trust Fund; Unfunded Obligations . The obligation of the Company to make payments hereunder shall constitute an unsecured liability of the Company to the Executive. The Company shall not be required to establish or maintain any special or separate fund, or otherwise to segregate assets to assure that such payments shall be made, and the Executive shall not have any interest in any particular assets of the Company by reason of its obligations hereunder. Nothing contained in this Agreement shall create or be construed as creating a trust of any kind or any other fiduciary relationship between or among the Company, the Executive, or any other person. To the extent that any person acquires a right to receive payment from the Company, such right shall be no greater than the right of an unsecured creditor of the Company.

10.9 No Third Party Beneficiaries . Except as otherwise expressly provided for herein, this Agreement is for the sole benefit of the parties hereto and their permitted assigns and nothing herein expressed or implied will give or be construed to give to any Person, other than the parties hereto and such permitted assigns, any legal or equitable rights hereunder.

10.10 Controlling Document . Except with respect to the Stock Plan or annual bonus p lan , if any provision of any agreement, plan , program, policy, arrangement or other written document between or relating to the Company and Executive conflicts with any provision of this Agreement, the provision of this Agreement shall control and prevail.

10.11 No Limitation of Rights . Nothing in this Agreement shall limit or prejudice any rights of the Company under any other laws.

10.12 Counterparts . This Agreement may be signed in any number of counterparts, including via facsimile transmission, each of which will be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

10.13 Severability . If any provision of this Agreement or the application of any such provision to any Person or circumstance is held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision hereof. If any provision of this Agreement is finally judicially determined to be invalid, ineffective or unenforceable, the determination will apply only in the jurisdiction in which such final adjudication is made, and such provision will be deemed severed from this Agreement for purposes of such jurisdiction only, but every other provision of this Agreement will remain in full force and effect, and there will be substituted for any such provision held invalid, ineffective or unenforceable, a provision of similar import reflecting the original intent of the parties to the extent permitted under Applicable Law.

10.14 Certain Interpretive Matters .

(a) Unless the context otherwise requires, (i) all references to sections are to sections of this Agreement, (ii) each term defined in this Agreement has the meaning assigned to it, (iii) words in the singular include the plural and vice versa and (iv) the terms “herein,” “hereof,” “hereby,” “hereunder” and words of similar import shall mean references to this Agreement as a whole and not to any individual section or portion hereof. All references to $ or dollar amounts will be to lawful currency of the United States.

(b) No provision of this Agreement will be interpreted in favor of, or against, any of the parties hereto by reason of the extent to which any such party or his, her or its counsel participated in the drafting thereof or by reason of the extent to which any such provision is inconsistent with any prior draft hereof or thereof.

10.15 Entire Agreement; Superseding Effect; No Duplicative Benefits . This Agreement constitutes the entire agreement among the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, both oral and written, including but not limited to any term sheet or other similar summary of proposed terms, between the parties with respect to the subject matter of this Agreement. The Executive acknowledges and agrees that his or her receipt of severance benefits under this Agreement is in lieu of any similar benefits under any other Company severance plan, policy or

arrangement and that he or she shall not be entitled to duplicative benefits under both this Agreement and any other Company severance plan, policy or arrangement.

10.16 Full Understanding . The Executive represents and agrees that he or she has carefully read and fully understands all of the provisions of this Agreement and that the Executive freely and voluntarily enters into the Agreement. The Executive also agrees and acknowledges that the obligations owed to the Executive under this Agreement are solely the obligations of the Company and that none of the Company's stockholders, directors or lenders will have any obligation or liabilities in respect of this Agreement and the subject matter hereof.

10.17 Compliance with Recoupment, Ownership and Other Policies or Agreements . As a condition to entering into this Agreement, the Executive agrees that he or she shall abide by all provisions of any equity retention policy, compensation recovery policy, stock ownership guidelines and/or other similar policies maintained by the Company, each as in effect from time to time and to the extent applicable to the Executive from time to time. In addition, the Executive shall be subject to such compensation recovery, recoupment, forfeiture or other similar provisions as may apply at any time to the Executive under Applicable Law.

10.18 Tax Matters . The Company has made no warranties or representations to the Executive with respect to the tax consequences (including but not limited to income tax consequences) contemplated by this Agreement and/or any benefits to be provided pursuant thereto. The Executive acknowledges that there may be adverse tax consequences related to the transactions contemplated hereby and that the Executive should consult with his or her own attorney, accountant and/or tax advisor regarding the decision to enter into this Agreement and the consequences thereof. The Executive also acknowledges that the Company has no responsibility to take or refrain from taking any actions in order to achieve a certain tax result for the Executive.

10.19 Entity . As used in this Agreement, the term the "Company" shall include, as applicable, Hilton Resorts Corporation, the Company's employer entity that is wholly owned by the Company.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties have executed this Agreement effective as o f the date and year first above written.

HILTON GRAND VACATIONS INC.

By: /s/ Charles R. Corbin
Name: Charles R. Corbin
Title: Executive Vice President & General Counsel
Date: January 25, 2019

EXECUTIVE

By: /s/ Daniel J. Mathewes
Name: Daniel J. Mathewes
Title: Executive Vice President & Chief Financial Officer
Date: January 24, 2019

EXHIBIT A

FORM OF INDEMNIFICATION AGREEMENT

EXHIBIT B

FORM OF WAIVER AND RELEASE

EXHIBIT C

FORM OF MUTUAL AGREEMENT TO ARBITRATE CLAIMS

Exhibit 10.15(i)

HILTON GRAND VACATIONS INC.
SEVERANCE AGREEMENT

THIS SEVERANCE AGREEMENT (the " Agreement ") is entered into effective as of December 3, 2018 (the " Effective Date "), by and between HILTON GRAND VACATIONS INC., a Delaware corporation (the " Company "), and Gordon Gurnik (the " Executive ").

WHEREAS, the Executive is currently employed by the Company; and

WHEREAS, the Company considers the establishment and maintenance of a sound and vital management group to be essential to protecting and enhancing the best interests of the Company and its stockholders; and

WHEREAS, the Company has determined that the best interests of the Company and its stockholders will be served by reinforcing and encouraging the continued dedication of the Executive to his or her assigned duties without distractions, including but not limited to distractions arising from a potential change in control of the Company; and

WHEREAS, this Agreement is intended to remove such distractions and to reinforce the continued attention and dedication of the Executive to his or her assigned duties;

NOW, THEREFORE, in consideration of the mutual promises and agreements contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Executive and the Company hereby agree as follows:

1. **Certain Defined Terms** . In addition to other terms defined herein, for purposes of the Agreement, the following terms shall have the meanings indicated below:

1.1 " Accrued Amounts " means (a) accrued but unpaid base salary through the Termination Date; (b) a cash payment in lieu of any accrued but unused vacation through the Termination Date; (c) any unreimbursed business expenses incurred through the Termination Date and payable to Executive, in accordance with any Company business expense policies (as applicable); (d) if the Executive's termination occurs after the end of the annual bonus performance period but before the annual bonus for the preceding year is paid, the annual bonus for the preceding year, to the extent earned; and (e) any payments and benefits to which Executive is entitled pursuant to the terms of any employee benefit or compensation plan or program in which Executive participates (or participated). The Company shall pay Executive the items in (a) through (c) within 30 days following the Termination Date; the item in (d) on or before March 15 of the year following the performance year; and the item in (e) in accordance with the terms of such plans or programs or agreements.

1.2 " Affiliate " means a Subsidiary and any other corporation or other entity or Person controlling, controlled by or under common control with the Company.

1.3 " Annual Base Salary " means the Executive's annual base salary at the rate in effect immediately prior to a Qualifying Termination.

1.4 " Applicable Law " means any applicable laws, rules and regulations (or similar guidance), including but not limited to the General Corporation Law of the State of Delaware, the Securities Act of 1933, the Securities Exchange Act of 1934 and the Code, in each case as amended. References to any applicable laws, rules and regulations shall also refer to any successor or amended provisions thereto and shall be deemed to include any regulations or other interpretive guidance, unless the Committee determines otherwise.

1.5 " Board " means the Board of Directors of the Company.

1.6 " Business " means the business of owning, financing, developing, redeveloping, managing, marketing, operating, licensing, leasing and/or franchising vacation, timeshare or lodging properties, and natural ancillary business products and services related to such business, including, without limitation, membership services, exchange programs, rental programs and provision of amenities.

1.7 " Cause " means any of the following: (a) the Executive's refusal substantially to perform the Executive's material duties or carry out the lawful instructions of the Company (other than as a result of total or partial incapacity due to physical or mental illness); (b) the conclusive finding of the Executive's fraud or embezzlement of Company property; (c) the Executive's material dishonesty in the performance of his or her duties resulting in significant harm to the Company; (d) Executive's conviction of a felony under the laws of the United States or any state thereof or, where applicable, any equivalent offence (including a crime subject to a custodial sentence of one year or more) under the laws of the applicable jurisdiction; (e) the Executive's gross misconduct in connection with the Executive's duties to the Company which could reasonably be expected to be materially injurious to the Company; or (f) the Executive's material breach of this Agreement, in each as determined in good faith by the Board or the Committee.

1.8 A " Change in Control " shall have the meaning given such term in the Company's 2017 Omnibus Incentive Plan or any successor Company stock incentive plan, in each case as amended (such plan(s) being collectively referred to herein as the " Stock Plan "); provided, however, that the term "Change in Control" shall be construed in accordance with Code Section 409A if and to the extent required under Code Section 409A.

1.9 " Code " means the Internal Revenue Code of 1986.

1.10 " Committee " means the Compensation Committee of the Board.

1.11 " Company " means Hilton Grand Vacations Inc., a Delaware corporation, and any successors thereto. References to the "Company" also include references to the Company's Subsidiaries and its other Affiliates (and their successors), unless the Committee or the Board determines otherwise.

1.12 " Competitor " means any Person engaged in the Business, including but not limited to any vacation, timeshare or lodging companies that are comparable in size to the Company, including, without limitation, Marriott Vacations Worldwide, Wyndham Vacation Ownership, Interval Leisure Group, Disney Vacation Club, Hyatt Vacation

Ownership, Holiday Inn Club Vacations, Bluegreen Vacations, Diamond Resorts International and Westgate Resorts.

1.13 " Disability " means the inability of the Executive to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death, or which has lasted or can be expected to last for a continuous period of not less than 12 months.

1.14 " Effective Date " means the effective date of the Agreement, as specified on page one of the Agreement.

1.15 " Employment Term " means the entire time period of the Executive's employment with or service to the Company.

1.16 " Good Reason " means the occurrence of any of the following, without the Executive's written consent:

(a) Any material diminution in the Executive's base salary or annual bonus opportunity, other than a material diminution in base salary and/or annual bonus opportunity that applies to senior executive officers of the Company generally or that, with respect to annual bonus opportunities, is due to the failure to attain performance or other business objectives;

(b) A material diminution in the Executive's titles, authority, duties, responsibilities or position;

(c) A permanent reassignment by the Company of the Executive's primary office to a location that is more than 50 miles from the Executive's assigned primary office as of the Effective Date;

(d) Any failure by the Company or any Affiliate to pay Executive any amounts due and payable under, and in accordance with the terms of, this Agreement, the indemnification agreement substantially similar to the form of attached to this Agreement as Exhibit A (the " Indemnification Agreement "), or any equity award agreement under the Stock Plan or any successor equity plan of the Company; or

(e) Any other action or inaction that constitutes a material breach by the Company of the Agreement;

provided, however, that a termination by the Executive for any of the reasons listed in (a) through (e) above shall not constitute termination for Good Reason unless the Executive shall first have delivered to the Company written notice setting forth with specificity the occurrence deemed to give rise to a right to terminate for Good Reason (which notice must be given no later than 90 days after the initial occurrence of such event), and the Company fails to cure such event within 30 days after receipt of this written notice. The Executive's employment must be terminated for Good Reason within 150 days following the initial

occurrence of the event of Good Reason. Good Reason shall not include the Executive 's death or D isability.

1.17 " Person " means any person, firm, partnership, joint venture, association, corporation or other business organization, entity or enterprise whatsoever.

1.18 " Qualifying Termination " means the Executive's termination of employment with the Company (a) by the Company without Cause, (b) by the Executive for Good Reason, or (c) in the case of a termination after the occurrence of a Change in Control, by the Company without Cause or by the Executive for Good Reason which, in each case, occurs within 24 months after the occurrence of such Change in Control. For the avoidance of doubt, in no event shall the Executive be deemed to have experienced a Qualifying Termination as a result of the Executive's death, Disability or voluntary termination without Good Reason.

1.19 " Restricted Period " means a period of 24 months following the Termination Date.

1.20 " Severance Benefits " has the meaning provided in Section 2 hereof.

1.21 " Subsidiary " means a corporation, company or other entity (a) more than 50% of whose outstanding shares or securities (representing the right to vote for the election of directors or other managing authority) are, or (b) which does not have outstanding shares or securities (as may be the case in a partnership, joint venture, limited liability company, or unincorporated association), but more than 50% of whose ownership interest representing the right generally to make decisions for such other entity is, now or hereafter, owned or controlled, directly or indirectly, by the Company.

1.22 " Target Bonus " means the Executive's target annual bonus for the year in which the Qualifying Termination occurs.

1.23 " Termination Date " means the date that the Executive's employment with the Company terminates for all purposes, as reflected in the writing documenting the termination from the party terminating the employment relationship to the other party, in accordance with Section 5 hereof.

2. **Qualifying Termination; Severance Benefits** .

2.1 Severance Benefits . Subject to the terms and conditions herein, upon the Executive's Qualifying Termination, the Executive shall receive the following benefits (the benefits provided in Section 2.1(a) and Section 2.1(b) being collectively referred to as the " Severance Benefits "):

(a) A cash payment equal to the sum of (A) 2.0 times the Executive's Annual Base Salary, and (B) 2.0 times the Executive's Target Bonus. In the event that the Executive terminates employment due to a Qualifying Termination and a Change in Control has occurred, such payment shall be made within 60 days following the Termination Date. In the event that the Executive terminates

employment due to a Qualifying Termination and a Change in Control has not occurred, the following shall apply: That portion of the Severance Benefits payable to the Executive pursuant to this Section 2.1(a) that exceeds the "separation pay limit," if any, shall be paid to the Executive in a lump sum payment within 60 days following the Termination Date (or such earlier date, if any, as may be required under applicable wage payment laws). The "separation pay limit" shall mean two times the lesser of: (i) the sum of the Executive's annualized compensation based upon the annual rate of pay for services provided to the Company for the calendar year immediately preceding the calendar year in which the Executive's Termination Date occurs (adjusted for any increase during that calendar year that was expected to continue indefinitely if the Executive had not terminated employment); and (ii) the maximum dollar amount of compensation that may be taken into account under a tax-qualified retirement plan under Code Section 401(a)(17) for the year in which his or her Termination Date occurs. The lump sum payment to be made to the Executive pursuant to this Section 2.1(a) is a separate payment intended to be exempt from Code Section 409A under the exemption found in Regulation Section 1.409A-(b)(4) for short-term deferrals. The remaining portion of the Severance Benefits payable to the Executive pursuant to this Section 2.1(a) shall be paid in periodic installments (each installment to be treated as a separate payment) over the 24-month period commencing on the Termination Date (as defined herein) in accordance with the normal payroll practices of the Company. Notwithstanding the foregoing, in no event shall such remaining portion of the Severance Benefit be paid to the Executive later than December 31 of the second calendar year following the calendar year in which Executive's Termination Date occurs. The payments to be made to the Executive pursuant to the immediately preceding sentence of this Section 2.1(a) are intended to be exempt from Code Section 409A under the exemption found in Regulation Section 1.409A-(b)(9)(iii) for separation pay plans (i.e., the so-ca lled "two times" pay exemption).

(b) For 18 months following the Termination Date (the " COBRA Reimbursement Period "), monthly payments of an amount equal to the excess of (i) the COBRA cost of such coverage over (ii) the amount that the Executive would have had to pay for such coverage if he had remained employed during the COBRA Reimbursement Period and paid the active employee rate for such coverage, less withholding for taxes and other similar items; provided , however , that (A) if the Executive becomes eligible to receive group health benefits under a program of a subsequent employer or otherwise (including coverage available to the Executive's spouse), the Company's obligation to pay any portion of the cost of health coverage as described herein shall cease, except as otherwise provided by law; (B) the COBRA Reimbursement Period shall only run for the period during which the Executive is eligible to elect health coverage under COBRA and timely elects such coverage; (C) nothing herein shall prevent the Company from amending, changing, or canceling any group medical, dental, vision and/or prescription drug plans during the COBRA Reimbursement Period; (D) during the COBRA Reimbursement Period, the benefits provided in any one calendar year shall not affect the amount of benefits provided in any other calendar year (other than the effect of any overall coverage benefits under the applicable plans); (E) the reimbursement of an eligible

taxable expense shall be made as soon as practicable but not later than December 31 of the year following the year in which the expense was incurred; (F) the Executive's rights pursuant to this Section 2.1(b) shall not be subject to liquidation or exchange for another benefit; and (G) the monthly payments de scribed in this subparagraph (b) shall be taxable to the Executive and any applicable withholdings shall apply or such amounts shall be treated as imputed income to the Executive ;

(c) Notwithstanding the foregoing, subject to Section 7 below, the Company shall be obligated to provide the Severance Benefits and the pro rata bonus described in Section 2.2(b) only if within 60 days after the Termination Date the Executive shall have executed a separation and release of claims and covenant not to sue agreement substantially similar to the form of waiver and release attached to this Agreement as Exhibit B (the " Release Agreement ") and such Release Agreement shall not have been revoked within the revocation period specified in the Release Agreement. For the avoidance of doubt, the Company shall have no obligation to provide the Severance Benefits, and the Executive shall not be entitled to any of the Severance Benefits, if the Executive has failed to comply with the obligations set forth in Section 4 and such failure is sufficient to constitute a material breach of this Agreement, the Company may suspend, terminate and/or recover from the Executive the Severance Benefits.

For the avoidance of doubt, inclusion of Target Bonus in the calculation of Severance Benefits does not affect and is not in lieu of the Executive's annual bonus opportunity, if any, for the year in which the Termination Date occurs, which shall be determined in accordance with Section 2.2 herein.

2.2 Other Compensation and Benefits . In addition, upon a Qualifying Termination, the Executive shall be entitled to the following benefits:

(a) Accrued Amounts . The Accrued Amounts, payable as described above;

(b) Pro Rata Bonus . Subject to execution of the Release Agreement in accordance with Section 2.1(c) and Section 7 herein, a pro rata portion of the Executive's annual bonus for the year in which the Termination Date occurs, to the extent earned based on actual performance (such amount to be calculated by determining the amount of the annual bonus earned as of the end of the year in which the Termination Date occurs and pro-rating such amount by the portion of such year Executive was employed by the Company, said pro rata bonus amount to be paid on or before March 15 of the year following the performance year);

(c) Life Insurance . To the extent the Company provides the Executive's life insurance coverage immediately prior to the Qualifying Termination and this coverage is eligible for post-termination continuation or conversion to an individual policy, a cash payment equal to the amount required to continue such coverage as an individual policy for a period of 12 months following the Termination Date (and, if the Company deems necessary or advisable, to convert such coverage to an

individual policy), payable in a single lump sum within 60 days following the Termination Date ; and

(d) Equity Awards . The Executive's rights, if any, with respect to any equity awards granted to him or her under the Stock Plan shall be as determined under the Stock Plan and applicable award agreement(s). For the avoidance of doubt, the Executive shall be entitled to accelerated vesting or other benefits upon a Qualifying Termination only if and to the extent provided under the terms of the Stock Plan and applicable award agreement(s).

(e) Other Employee Benefits . The Executive's rights and obligations, if any, upon a Qualifying Termination under other compensation or employee benefit plans, policies, agreements or arrangements of the Company shall be as determined under such plans, policies, agreements or arrangements.

3. **Non-Qualifying Termination** . Except as provided below, if the Executive's status as an employee is terminated for any reason other than due to a Qualifying Termination, the Executive shall not be entitled to receive the Severance Benefits, and the Company shall not have any obligation to the Executive under this Agreement. In the event that Executive's employment with the Company is terminated for any reason, the Company shall pay Executive (or his or her estate or legal guardian, as applicable) the Accrued Amounts; provided, however, that if the Executive's employment terminates due to Cause, the Executive shall forfeit the right to the annual bonus described in Section 1.1(d). Additionally, Executive shall remain entitled to his or her indemnification rights as provided in this Agreement and the Indemnification Agreement and/or pursuant to the Company's certificate of incorporation, charter, by-laws, and/or other corporate documents and policies.

4. **Covenants** .

4.1 Non-Competition; Non-Solicitation .

(a) The Executive acknowledges and recognizes the highly competitive nature of the Businesses of the Company and accordingly agrees as follows:

(i) During the Employment Term and subsequent Restricted Period, the Executive will not, whether on the Executive's own behalf or on behalf of or in conjunction with any Person, directly or indirectly solicit or assist in soliciting away from the Company the business of any then current or prospective client or customer with whom the Executive (or his or her direct reports) had personal contact or dealings on behalf of the Company during the one-year period preceding the Termination Date.

(ii) During the Restricted Period, the Executive will not directly or indirectly anywhere in the United States:

(A) Engage in the Business directly or indirectly, or enter the employ of, or render any services to, a Competitor, provided that this restriction shall not prevent the Executive from working for or

performing services on behalf of a Competitor if such Competitor is also engaged in other lines of business and if the Executive's employment or services are restricted to such other lines of business, and will not be providing support, advice, instruction, direction or other guidance to lines of business that constitute the Competitor;

(B) Acquire a financial interest in, or otherwise become actively involved with, a Competitor, directly or indirectly, as an individual, partner, shareholder, officer, director, principal, agent, trustee or consultant; or

(C) Intentionally and adversely interfere with, or attempt to adversely interfere with, business relationships between the Company and any of its clients, customers, suppliers, partners, members or investors.

(iii) Notwithstanding anything to the contrary in this Section 4, the Executive may, directly or indirectly, own, solely as an investment, securities of any Person engaged in a Business (including, without limitation, a Competitor) which are publicly traded on a national or regional stock exchange or on the over-the-counter market if the Executive (A) is not a controlling person of, or a member of a group which controls, such person and (B) does not, directly or indirectly, own 5% or more of any class of securities of such Person.

(iv) During the Restricted Period, the Executive will not, whether on the Executive's own behalf or on behalf of or in conjunction with any Person or entity, directly or indirectly:

(A) Solicit or encourage any employee of the Company to leave the employment of the Company or encourage any independent contractor to cease providing services to the Company; or

(B) Hire or engage any employee or independent contractor who was employed or engaged by the Company as of the Termination Date or who left the employment of or engagement with the Company coincident with, or within one year prior to or after, the Termination Date, provided that this prohibition does not apply to (X) administrative personnel employed by the Company or (Y) any Company employee or independent contractor who is hired or engaged away from the Company as a result of responding to a generic job posting on a website or in a newspaper or periodical of general circulation, without any involvement or encouragement by the Executive.

(v) During the Restricted Period, the Executive will not, whether on the Executive's own behalf or on behalf of or in conjunction with any Person , directly and intentionally encourage any material consultant of the Company to cease working with the Company.

(b) The period of time during which the provisions of this Section 4 shall be in effect shall be extended by the length of time during which the Executive is in breach of the terms hereof as determined by any court of competent jurisdiction on the Company's application for injunctive relief.

(c) The Company reserves the right to waive the enforcement of or limit the scope of the non-competition or non-solicitation provisions of this Agreement as to the Executive if and as it deems appropriate in its sole discretion on a case-by-case basis.

4.2 Confidentiality .

(a) The Executive will not at any time (whether during or after the Employment Term and whether during or after the Restricted Period) (i) retain or use for the benefit, purposes or account of the Executive or any other Person; or (ii) disclose, divulge, reveal, communicate, share, transfer or provide access to any Person outside the Company (other than its professional advisers who are bound by confidentiality obligations or otherwise, in performance of the Executive's duties under the Executive's employment and pursuant to customary industry practice, or as may be required by law or in response to a court order or a request by a regulatory or administrative body), any nonpublic, proprietary or confidential information, including without limitation trade secrets, knowhow, research and development, software, databases, inventions, processes, formulae, technology, designs and other intellectual property, information concerning finances, investments, profits, pricing, costs, products, services, vendors, customers, clients, partners, investors, personnel, compensation, recruiting, training, advertising, sales, marketing, promotions, government and regulatory activities and approvals concerning the past, current or future business, activities and operations of the Company and/or any third party that has disclosed or provided any of same to the Company on a confidential basis (" Confidential Information ") without the prior written authorization of the Board or the Committee.

(b) "Confidential Information" shall not include any information that is (i) generally known to the industry or the public other than as a result of the Executive's breach of this covenant; (ii) made legitimately available to the Executive by a third party without breach of any confidentiality obligation of which the Executive has knowledge; or (iii) required by law to be disclosed, provided that with respect to subsection (iii) the Executive shall, except as otherwise provided in Section 4.2(d) herein, give prompt written notice to the Company of such requirement, disclose no more information than is so required, and reasonably cooperate with any attempts by the Company to obtain a protective order or similar treatment.

(c) Upon termination of the Executive's employment with the Company for any reason, the Executive shall (i) cease and not thereafter commence use of any Confidential Information or intellectual property (including without limitation, any patent, invention, copyright, trade secret, trademark, trade name, logo, domain name or other source indicator) owned or used by the Company; and (ii) immediately destroy, delete, or return to the Company, at the Company's option, all originals and copies in any form or medium (including memoranda, books, papers, plan s, computer files, letters and other data) in the Executive's possession or control (including any of the foregoing stored or located in the Executive's office, home, laptop or other computer, whether or not Company property) that contain Confidential Information, except that the Executive may retain only those portions of any person al notes, notebooks and diaries that do not contain any Confidential Information. Notwithstanding the above, nothing herein shall require Executive to return to the Company any computers or telecommunication equipment or tangible property which he owns, including, but not limited to, personal computers, phones and tablet devices; provided, however, that he shall remove from all such devices any Confidential Information stored thereon.

(d) Notwithstanding the foregoing provisions of Section 4.2, (i) nothing in this Agreement or other agreement prohibits the Executive from reporting possible violations of law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress and any agency Inspector General (the " Government Agencies "), or communicating with Government Agencies or otherwise participating in any investigation or proceeding that may be conducted by Government Agencies, including providing documents or other information, (ii) the Executive does not need the prior authorization of the Company to take any action described in (i), and the Executive is not required to notify the Company that he has taken any action described in (i); and (iii) the Agreement does not limit the Executive's right to receive an award for providing information relating to a possible securities law violation to the Securities and Exchange Commission. Further, notwithstanding the foregoing, the Executive will not be held criminally or civilly liable under any federal, state or local trade secret law for the disclosure of a trade secret that (i) is made (A) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney, and (B) solely for the purpose of reporting or investigating a suspected violation or law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Additionally, an individual suing an employer for retaliation based on the reporting of a suspected violation of law may disclose a trade secret to his or her attorney and use the trade secret information in the court proceeding, so long as any document containing the trade secret is filed under seal and the individual does not disclose the trade secret except pursuant to court order.

4.3 Non-Disparagement . As a condition to the receipt of the Qualifying Termination Severance Benefits, the Executive agrees that he or she will not directly, or through any other Person, at any time (whether during or after his or her Employment Term and during or after the Restricted Period) make any public or private statements that are

disparaging of the Company, or its respective businesses or employees, officers, directors, or stockholders. The Company agrees that it will not , and it will exercise its reasonable best efforts to cause its Affiliates (and the officers and directors of the Company and/or its Affiliates) to not, directly, or through any other Person , at any time make any public or private statements that are disparaging of the Executive .

4.4 Reasonableness of Restrictions . It is expressly understood and agreed that, although the Executive and the Company consider the restrictions contained in this Section 4 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this Agreement is an unenforceable restriction against the Executive, the provisions of this Section 4 shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable. Alternatively, if any court of competent jurisdiction finds that any restriction contained in this Section 4 is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

4.5 Breach of Restrictive Covenants . The Executive acknowledges that this Agreement is designed and intended only to protect the legitimate business interests of the Company and that the restrictions imposed by this Agreement are necessary, fair and reasonably designed to protect those interests. The Executive further acknowledges that the Company has given him or her access to certain Confidential Information, and that the use of such Confidential Information by him or her on behalf of some other entity (including himself or herself) would cause irreparable harm to the Company. The Executive also acknowledges that the Company has invested considerable time and resources in developing its relationships with its customers and in training Company employees, the loss of which similarly would cause irreparable harm to the Company. Without limitation, the Executive agrees that if he or she should breach or threaten to breach any of the restrictive covenants contained in Section 4 of this Agreement, the Company may, in addition to seeking other available remedies (including but in no way limited to the Company's rights under this Agreement), apply, consistent with Section 10.6 below, for the immediate entry of an injunction restraining any actual or threatened breaches or violations of said provisions or terms by the Executive. Further, if, for any reason, any of the restrictive covenants or related provisions contained in Section 4 of this Agreement should be held invalid or otherwise unenforceable, it is agreed the court shall construe the pertinent section(s) or provision(s) so as to allow its enforcement to the maximum extent permitted by Applicable Law. The Executive further agrees that any claimed Company breach of this Agreement shall not prevent, or otherwise be a defense against, the enforcement of any restrictive covenant or other Executive obligation herein.

4.6 Executive Representations . The Executive represents that the restrictions on his or her business provided in this Agreement are fair to protect the legitimate business interests of the Company. The Executive represents further that the consideration for this Agreement is fair and adequate, and that even if the restrictions in this Agreement are applied to him or her, he or she shall still be able to earn a good and reasonable living from those activities, areas and opportunities not restricted by this Agreement. In addition, the

Executive represents that he or she has had an opportunity to consult with independent counsel concerning this Agreement and is not relying on the Company or its counsel for any related legal, tax or other advice.

5. **Termination Procedures** . Any purported termination of the Executive's employment shall be documented in a writing appropriate to the nature of the termination from the party terminating the employment relationship to the other party:

(a) In the case of termination by the Company with Cause, the Company shall provide Executive with a written notice identifying (i) in reasonable detail the facts and circumstances giving rise to the determination that Cause exists, and (ii) the effective date of the termination of employment;

(b) In the case of a termination by the Executive for Good Reason, the Executive shall provide the Company with a written notice (the " Notice of Good Reason ") stating (i) in reasonable detail the facts and circumstances giving rise to the determination that Good Reason exists, and (ii) the effective date of the termination of employment absent cure, as provided below, in compliance with the time period set forth in Section 1.16 herein;

(c) In the case of all other terminations of employment, a document establishing the effective date of the termination of employment, in each case, subject to any other contractual obligations that may exist between the Company and the Executive. Under circumstances where the Executive will be eligible for payment and benefits under the terms of the Agreement (i.e., a termination by the Company without Cause), the document will confirm the Executive's eligibility for these payments and benefits and summarize the Executive's entitlements posttermination.

Notwithstanding the foregoing, in the case of a termination by the Executive with Good Reason, the Company shall have an opportunity to cure the circumstances giving rise to Good Reason within 30 days after receipt of the Notice of Good Reason. If the Company fails to cure such circumstances, the effective date of termination shall be the date specified in the Notice of Good Reason, notwithstanding such 30-day cure period.

6. **Code Section 280G.**

6.1 Notwithstanding anything in this Agreement to the contrary, in the event it shall be determined that any benefit, payment or distribution by the Company to or for the benefit of the Executive (whether payable or distributable pursuant to the terms of this Agreement or otherwise) (such benefits, payments or distributions are hereinafter referred to as " Payments ") would, if paid, be subject to the excise tax (the " Excise Tax ") imposed by Code Section 4999, then prior to the making of any of the Payments to the Executive, a calculation shall be made comparing (i) the net benefit to the Executive, of the Payments after payment of the Excise Tax, to (ii) the net benefit to the Executive, if the Payments had been limited to the extent necessary to avoid being subject to the Excise Tax. If the amount calculated under (i) above is less than the amount calculated under (ii) above, then

the Payments shall be limited to the extent necessary to avoid being subject to the Excise Tax (the " Reduced Amount "). The reduction of the Payments due hereunder, if applicable, shall be made by first reducing cash Payments and then, to the extent necessary, reducing those Payments having the next highest ratio of Parachute Value to actual present value of such Payments as of the date of the change of control, as determined by the Determination Firm (as defined in subsection (b) below). For purposes of this Section 6 , present value shall be determined in accordance with Code Section 280G(d)(4). For purposes of this Section 6 , the " Parachute Value " of a Payment means the present value as of the date of the change of control of the portion of such Payment that constitutes a "parachute payment" under Code Section 280G(b)(2), as determined by the Determination Firm for purposes of determining whether and to what extent the Excise Tax will apply to such Payment.

6.2 All determinations required to be made under this Section 6, including whether an Excise Tax would otherwise be imposed, whether the Payments shall be reduced, the amount of the Reduced Amount, and the assumptions to be utilized in arriving at such determinations, shall be made by an independent, nationally recognized accounting firm or compensation consulting firm mutually acceptable to the Company and the Executive (the " Determination Firm ") which shall provide detailed supporting calculations both to the Company and the Executive within 15 days of the receipt of notice from the Executive that a Payment is due to be made, or such earlier time as is requested by the Company. All fees and expenses of the Determination Firm shall be borne solely by the Company. Any determination by the Determination Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Code Section 4999 at the time of the initial determination by the Determination Firm hereunder, it is possible that Payments hereunder will have been unnecessarily limited by this Section 6 (" Underpayment "), consistent with the calculations required to be made hereunder. The Determination Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive together with interest at the applicable Federal rate provided for in Code Section 7872(f)(2), but no later than March 15 of the year after the year in which the Underpayment is determined to exist, which is when the legally binding right to such Underpayment arises.

6.3 In the event that the provisions of Code Section 280G and 4999 or any successor provisions are repealed without succession, this Section 6 shall be of no further force or effect.

7. **Code Section 409A.**

7.1 General . The Company intends that the payments and benefits provided under the Agreement shall either be exempt from the application of, or comply with, the requirements of Code Section 409A. The Agreement shall be construed in a manner that affects the Company's intent to be exempt from or comply with Code Section 409A. Notwithstanding anything in the Agreement to the contrary, the Committee may amend the Agreement, to take effect retroactively or otherwise, as deemed necessary or advisable for the purpose of remaining exempt from or complying with the requirements of Code Section 409A. Whenever payments under the Agreement are to be made in installments,

each such installment shall be deemed to be a separate payment for purposes of Code Section 409A. Further, (a) in the event that Code Section 409A requires that any special terms, provisions or conditions be included in this Agreement, then such terms, provisions and conditions shall, to the extent practicable, be deemed to be made a part of this Agreement, and (b) terms used in this Agreement shall be construed in accordance with Code Section 409A if and to the extent required. Further, in the event that this Agreement or any benefit thereunder shall be deemed not to comply with Code Section 409A, then neither the Company, the Board, the Committee nor its or their designees or agents shall be liable to the Executive or other P erson for actions, decisions or determinations made in good faith.

7.2 Definitional Restrictions . Notwithstanding anything in the Agreement to the contrary, to the extent that any amount or benefit that would constitute non-exempt "deferred compensation" for purposes of Code Section 409A (" Non-Exempt Deferred Compensation ") would otherwise be payable or distributable under the Agreement by reason of the occurrence of the Executive's separation from service, such NonExempt Deferred Compensation will not be payable or distributable to the Executive by reason of such circumstance unless the circumstances giving rise to such separation from service meet any description or definition of "separation from service" in Code Section 409A (without giving effect to any elective provisions that may be available under such definition). This provision does not prohibit the vesting of any amount upon a separation from service, however defined. If this provision prevents the payment or distribution of any Non-Exempt Deferred Compensation, such payment or distribution shall be made on the date, if any, on which an event occurs that constitutes a Code Section 409A-compliant "separation from service," or such later date as may be required by subsection 7.3 below.

7.3 Six-Month Delay in Certain Circumstances . In the event that, notwithstanding the clear language of the Agreement and the intent of the Company, any amount or benefit under this Agreement constitutes Non-Exempt Deferred Compensation and is payable or distributable by reason of the Executive's separation from service during a period in which the Executive qualifies as a "Specified Employee" under Code Section 409A, then, subject to any permissible acceleration of payment under Code Section 409A:

(a) The amount of such Non-Exempt Deferred Compensation that would otherwise be payable during the six-month period immediately following the Executive's separation from service under the terms of this Agreement will be accumulated through and paid or provided on the first day of the seventh month following the Executive's separation from service (or, if the Executive dies during such period, within 30 days after the Executive's death) (in either case, the " Required Delay Period "); and

(b) The normal payment or distribution schedule for any remaining payments or distributions will resume at the end of the Required Delay Period.

For purposes of this Agreement, the term " Specified Employee " has the meaning given such term in Code Section 409A.

7.4 Timing of Release . Whenever in this Agreement a payment or benefit is conditioned on the Executive's execution of a release of claims and covenant not to sue, the Company shall provide such release to the Executive promptly following the Termination Date , and such release and covenant not to sue must be executed and all revocation periods shall have expired in accordance with terms set forth in the release, but in no case later than 60 days after the Termination Date ; failing which such payment or benefit shall be forfeited. If such payment or benefit constitutes Non-Exempt Deferred Compensation, then, subject to subsection 7 .3 above, such payment or benefit (including any installment payments) that would have otherwise been payable during such 60-day period shall be accumulated and paid on the 60th day after the Termination Date provided such release shall have been executed and such revocation periods shall have expired. If such payment or benefit is exempt from Code Section 409A, the Company may elect to make or commence payment at any time during such 60-day period.

7.5 Expense Reimbursement . All expenses eligible for reimbursements in connection with the Executive's employment with the Company must be incurred by the Executive during the term of employment or service to the Company and must be in accordance with the Company's expense reimbursement policies. The amount of reimbursable expenses incurred in one taxable year shall not affect the expenses eligible for reimbursement in any other taxable year. Each category of reimbursement shall be paid as soon as administratively practicable, but in no event shall any such reimbursement be paid after the last day of the Executive's taxable year following the taxable year in which the expense was incurred. No right to reimbursement is subject to liquidation or exchange for other benefits.

8. **No Mitigation** . The Executive shall not be required to seek other employment or to attempt in any way to reduce or mitigate any benefits payable under this Agreement, and the amount of any such benefits shall not (except as otherwise provided in Section 2.1(b) herein) be reduced by any other compensation paid or provided to the Executive following the Executive's termination of service.

9. **Successors** .

9.1 Company Successors . The Agreement shall inure to the benefit of and shall be binding upon the Company and its successors and assigns.

9.2 Executive Successors . The Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, legatees or other beneficiaries. If the Executive shall die while any amount remains payable to the Executive hereunder, all such amounts shall be paid in accordance with the terms of the Agreement to the executors, personal representatives or administrators of the Executive's estate.

10. **Miscellaneous** .

10.1 Notices . All communications relating to matters arising under the Agreement shall be in writing and shall be deemed to have been duly given when hand delivered, faxed, emailed or mailed by reputable overnight carrier or United States certified mail, return receipt requested, addressed, to the Company or the Executive, as applicable, to the address set forth below, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon actual receipt:

If to the Company:

Hilton Grand Vacations Inc.
6355 Metro West Boulevard, Suite 180
Orlando, Florida 32835
Attention: Chief Human Resources Officer

with a copy to:

Hilton Grand Vacations Inc.
6355 Metro West Boulevard, Suite 180
Orlando, Florida 32835
Attention: General Counsel

If to the Executive:

Gordon Gurnik
8 Leddell Road, Mendham, NJ 07945

10.2 No Right to Continued Employment or Service . Nothing contained in the Agreement shall (a) confer upon the Executive any right to continue as an employee or service provider of the Company, (b) constitute any contract of employment or service or agreement to continue employment or service for any particular period or (c) interfere in any way with the right of the Company to terminate a service relationship with the Executive, for any reason or for no reason. The Executive understands that he or she is an employee at will.

10.3 Amendment; Waiver of Agreement . Except as otherwise provided herein, the provisions of this Agreement may be amended or waived only by a written agreement executed and delivered by the Company and the Executive. Notwithstanding the foregoing, the Company shall have unilateral authority to amend this Agreement (without Executive consent) to the extent necessary to comply with Applicable Law (including but not limited to Code Section 409A) or changes to Applicable Law. No failure or delay by any party in exercising any right, power or privilege hereunder will operate as a waiver thereof nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided will be cumulative and not exclusive of any rights or remedies provided by Applicable Law.

10.4 Withholding . The Company shall have the authority and the right to deduct and withhold an amount sufficient to satisfy federal, state, local and foreign taxes required by law to be withheld with respect to any benefits payable under the Agreement.

10.5 Benefits Not Assignable . Except as otherwise provided herein or by Applicable Law, no right or interest of the Executive under the Agreement shall be assignable or transferable, in whole or in part, either directly or by operation of law or otherwise, including without limitation by execution, levy, garnishment, attachment, pledge or in any manner; no attempted assignment or transfer thereof shall be effective; and no right or interest of any Executive shall be liable for, or subject to, any obligation or liability of the Executive. When a payment is due under the Agreement to the Executive and he or she is unable to care for his or her affairs, payment may be made directly to his or her legal guardian or personal representative.

10.6 Governing Law; Forum Selection; Jury Waiver . The Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware, without regard to the conflict of laws provisions of any state, to the extent not preempted by federal law, which shall otherwise control. The parties knowingly and voluntarily agree that any controversy or dispute arising out of or otherwise related to this Agreement, including any statutory or other claim relating to the Executive's employment with the Company, the termination thereof, or his or her work for the Company, shall be tried exclusively, without jury, and consent to personal jurisdiction, in the state courts of Orlando, Florida, or the United States District Court for the Middle District of Florida, Orlando division. [Notwithstanding the foregoing, as a condition to the effectiveness of this Agreement, the Executive will be required to sign a Mutual Agreement to Arbitrate Claims substantially similar to the form attached hereto as Exhibit C .]

10.7 Headings . The headings contained in the Agreement are for convenience of reference only and will not control or affect the meaning, construction or interpretation of the Agreement's provisions.

10.8 No Trust Fund; Unfunded Obligations . The obligation of the Company to make payments hereunder shall constitute an unsecured liability of the Company to the Executive. The Company shall not be required to establish or maintain any special or separate fund, or otherwise to segregate assets to assure that such payments shall be made, and the Executive shall not have any interest in any particular assets of the Company by reason of its obligations hereunder. Nothing contained in this Agreement shall create or be construed as creating a trust of any kind or any other fiduciary relationship between or among the Company, the Executive, or any other person. To the extent that any person acquires a right to receive payment from the Company, such right shall be no greater than the right of an unsecured creditor of the Company.

10.9 No Third Party Beneficiaries . Except as otherwise expressly provided for herein, this Agreement is for the sole benefit of the parties hereto and their permitted assigns and nothing herein expressed or implied will give or be construed to give to any Person, other than the parties hereto and such permitted assigns, any legal or equitable rights hereunder.

10.10 Controlling Document . Except with respect to the Stock Plan or annual bonus p lan , if any provision of any agreement, plan , program, policy, arrangement or other written document between or relating to the Company and Executive conflicts with any provision of this Agreement, the provision of this Agreement shall control and prevail.

10.11 No Limitation of Rights . Nothing in this Agreement shall limit or prejudice any rights of the Company under any other laws.

10.12 Counterparts . This Agreement may be signed in any number of counterparts, including via facsimile transmission, each of which will be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

10.13 Severability . If any provision of this Agreement or the application of any such provision to any Person or circumstance is held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision hereof. If any provision of this Agreement is finally judicially determined to be invalid, ineffective or unenforceable, the determination will apply only in the jurisdiction in which such final adjudication is made, and such provision will be deemed severed from this Agreement for purposes of such jurisdiction only, but every other provision of this Agreement will remain in full force and effect, and there will be substituted for any such provision held invalid, ineffective or unenforceable, a provision of similar import reflecting the original intent of the parties to the extent permitted under Applicable Law.

10.14 Certain Interpretive Matters .

(a) Unless the context otherwise requires, (i) all references to sections are to sections of this Agreement, (ii) each term defined in this Agreement has the meaning assigned to it, (iii) words in the singular include the plural and vice versa and (iv) the terms “herein,” “hereof,” “hereby,” “hereunder” and words of similar import shall mean references to this Agreement as a whole and not to any individual section or portion hereof. All references to $ or dollar amounts will be to lawful currency of the United States.

(b) No provision of this Agreement will be interpreted in favor of, or against, any of the parties hereto by reason of the extent to which any such party or his, her or its counsel participated in the drafting thereof or by reason of the extent to which any such provision is inconsistent with any prior draft hereof or thereof.

10.15 Entire Agreement; Superseding Effect; No Duplicative Benefits . This Agreement constitutes the entire agreement among the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, both oral and written, including but not limited to any term sheet or other similar summary of proposed terms, between the parties with respect to the subject matter of this Agreement. The Executive acknowledges and agrees that his or her receipt of severance benefits under this Agreement is in lieu of any similar benefits under any other Company severance plan, policy or

arrangement and that he or she shall not be entitled to duplicative benefits under both this Agreement and any other Company severance plan, policy or arrangement.

10.16 Full Understanding . The Executive represents and agrees that he or she has carefully read and fully understands all of the provisions of this Agreement and that the Executive freely and voluntarily enters into the Agreement. The Executive also agrees and acknowledges that the obligations owed to the Executive under this Agreement are solely the obligations of the Company and that none of the Company's stockholders, directors or lenders will have any obligation or liabilities in respect of this Agreement and the subject matter hereof.

10.17 Compliance with Recoupment, Ownership and Other Policies or Agreements . As a condition to entering into this Agreement, the Executive agrees that he or she shall abide by all provisions of any equity retention policy, compensation recovery policy, stock ownership guidelines and/or other similar policies maintained by the Company, each as in effect from time to time and to the extent applicable to the Executive from time to time. In addition, the Executive shall be subject to such compensation recovery, recoupment, forfeiture or other similar provisions as may apply at any time to the Executive under Applicable Law.

10.18 Tax Matters . The Company has made no warranties or representations to the Executive with respect to the tax consequences (including but not limited to income tax consequences) contemplated by this Agreement and/or any benefits to be provided pursuant thereto. The Executive acknowledges that there may be adverse tax consequences related to the transactions contemplated hereby and that the Executive should consult with his or her own attorney, accountant and/or tax advisor regarding the decision to enter into this Agreement and the consequences thereof. The Executive also acknowledges that the Company has no responsibility to take or refrain from taking any actions in order to achieve a certain tax result for the Executive.

10.19 Entity . As used in this Agreement, the term the "Company" shall include, as applicable, Hilton Resorts Corporation, the Company's employer entity that is wholly owned by the Company.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties have executed this Agreement effective as o f the date and year first above written.

HILTON GRAND VACATIONS INC.

By: /s/ Charles R. Corbin
Name: Charles R. Corbin
Title: Executive Vice President & General Counsel
Date: 12/20/2018

EXECUTIVE

By: /s/ Gordon Gurnik
Name: Gordon Gurnik
Title: Executive Vice President & Chief Operating Officer
Date: 12/20/2018

EXHIBIT A

FORM OF INDEMNIFICATION AGREEMENT

EXHIBIT B

FORM OF WAIVER AND RELEASE

EXHIBIT C

FORM OF MUTUAL AGREEMENT TO ARBITRATE CLAIMS

Exhibit 21.1

List of Subsidiaries

Entity Name	Jurisdiction of Incorporation or Organization
Hilton Grand Vacations Inc.	Delaware
Hilton Grand Vacations Parent LLC	Delaware
Hilton Grand Vacations Borrower LLC	Delaware
Hilton Grand Vacations Borrower Inc.	Delaware
Hilton Resorts Corporation	Delaware
48th Street Holding, LLC	Delaware
Grand Vacations Realty, LLC	Delaware
Grand Vacations Services LLC	Delaware
Grand Vacations Title, LLC	Delaware
HGV Depositor, LLC	Delaware
Hilton Grand Vacations Company, LLC	Delaware
Hilton Grand Vacations Club, LLC	Delaware
Hilton Grand Vacations Financing, LLC	Delaware
Hilton Grand Vacations Trust I, LLC	Delaware
Hilton Grand Vacations Trust 2013-A	Delaware
Hilton Grand Vacations Trust 2014-A	Delaware
Hilton Grand Vacations Trust 2017-A	Delaware
Hilton Grand Vacations Trust 2018-A	Delaware
Hilton Kingsland I, LLC	Delaware
Hilton Resorts Marketing Corp.	Delaware
Hilton Travel, LLC	Delaware
HRC Islander, LLC	Delaware
Hilton Grand Vacations Management, LLC	Nevada
Kupono Partners LLC	Hawaii
WBW CHP, LLC	Hawaii
Hilton Grand Vacations Japan, LLC	Japan
Hilton Grand Vacations Japan Management, LLC	Japan
Hilton Resorts Marketing Korea, LLC	Korea
Hilton Grand Vacations UK Holding Limited	United Kingdom
Hilton Grand Vacations UK Limited	United Kingdom
Hilton Grand Vacations Barbados Limited	United Kingdom
Hilton Grand Vacations Italy S.r.L	Italy
Hilton Grand Vacations Mexico S. de R.L. de C.V.	Mexico
Hilton Grand Vacations Singapore PTE. LTD.	Singapore

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8 No. 333-215265) pertaining to the Hilton Grand Vacations Inc. 2017 Omnibus Incentive Plan and the Hilton Grand Vacations Inc. 2017 Stock Plan for Non-Employee Directors;
(2) Registration Statement (Form S-8 No. 333-218056) pertaining to the Hilton Grand Vacations Inc. Employee Stock Purchase Plan;

of our reports dated February 28, 2019, with respect to the consolidated financial statements of Hilton Grand Vacations Inc. and the effectiveness of internal control over financial reporting of Hilton Grand Vacations Inc. included in this Annual Report (Form 10-K) of Hilton Grand Vacations Inc. for the year ended December 31, 2018.

/s/ Ernst & Young LLP

Orlando, Florida
February 28, 2019

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Mark D. Wang, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 2018 of Hilton Grand Vacations 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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act 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 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.

By: /s/ Mark D. Wang

Mark D. Wang
President and Chief Executive Officer
(Principal Executive Officer)
February 28, 2019

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Daniel J. Mathewes, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 2018 of Hilton Grand Vacations 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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act 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 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.

By: /s/ Daniel J. Mathewes

Daniel J. Mathewes
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)
February 28, 2019

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 Annual Report on Form 10-K of Hilton Grand Vacations Inc. (the "Company") for the fiscal year ended December 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark D. Wang, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 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 results of operations of the Company.

By: /s/ Mark D. Wang

Mark D. Wang
President and Chief Executive Officer
(Principal Executive Officer)

February 28, 2019

A signed original of this certification required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request. The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

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 Annual Report on Form 10-K of Hilton Grand Vacations Inc. (the "Company") for the fiscal year ended December 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Daniel J. Mathewes, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 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 results of operations of the Company.

By: /s/ Daniel J. Mathewes
Daniel J. Mathewes
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

February 28, 2019

A signed original of this certification required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request. The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.