

REGISTERED NUMBER: 01647393

HIC Treasury Limited
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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HIC Treasury Limited (Registered number: 01647393)

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for the year ended 31 December 2014**

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HIC Treasury Limited

COMPANY INFORMATION
for the year ended 31 December 2014

DIRECTORS:

Hilton Corporate Director LLC
J Percival
S Beasley

SECRETARY:

HLT Secretary Limited

REGISTERED OFFICE:

Maple Court
Central Park
Reeds Crescent
Watford
Hertfordshire
WD24 4QQ

REGISTERED NUMBER:

01647393

AUDITORS:

Ernst & Young LLP
1 More London Place
London
SE1 2AF

STRATEGIC REPORT
for the year ended 31 December 2014

The directors present their strategic report for the year ended 31 December 2014.

The principal activity of the company in the year under review was of undertaking borrowings from and entering into loans to other members of Hilton Worldwide Holdings Inc and engaging in associated finance related activities.

REVIEW OF BUSINESS

The company has made a profit for the year ended 31 December 2014 of £13,458,286 (2013: £21,742,540) which was transferred to reserves. The primary driver behind the movement in operating loss is changes in foreign exchange rates.

PRINCIPAL RISKS AND UNCERTAINTIES

Economic risk

The company is subject to the cyclical nature of the hospitality and travel industry not just in its own market but those of its customers. Budgeting and forecasting processes enable the company to identify risks in market trends early to enable mitigation of such risks.

Interest rate risk

This company is subject to interest rate risk on intercompany loans where the interest rate is linked to LIBOR. The company's treasury department monitors interest rates.

Exchange rate risk

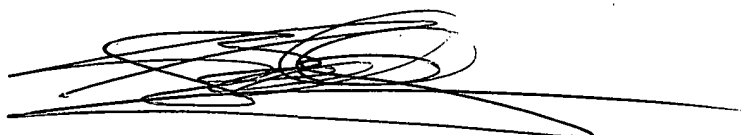
This company is subject to exchange rate risk on inter company loans held in foreign currency. The company's treasury department monitors exchange rates.

Management does not believe the company is any more exposed to financial statement risk factors than others in the industry and has a system of internal controls and procedures that attempt to mitigate such risk.

FUTURE DEVELOPMENTS

The company is one entity involved in the wider group's treasury operation and will continue to be used as deemed necessary as part of the Group's Treasury strategy.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'S Beasley', with a long horizontal line extending to the right.

S Beasley - Director

13 August 2015

**REPORT OF THE DIRECTORS
for the year ended 31 December 2014**

The directors present their report with the financial statements of the company for the year ended 31 December 2014.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2014.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2014 to the date of this report.

Hilton Corporate Director LLC
J Percival

Other changes in directors holding office are as follows:

M J Way - resigned 29 August 2014
E J Rabin - resigned 13 June 2014
S Beasley - appointed 16 June 2014

EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

No significant post balance sheet events have occurred.

DIRECTORS' AND OFFICERS' LIABILITY

During the year Hilton Worldwide Holdings Inc purchased and maintained on behalf of the company liability insurance for its directors and officers, in respect of proceedings brought by third parties, as permitted by section 236 of the Companies Act 2006.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

HIC Treasury Limited (Registered number: 01647393)

REPORT OF THE DIRECTORS
for the year ended 31 December 2014

AUDITORS

Ernst & Young LLP will be re-appointed as the company's auditor in accordance with the elective resolution passed by the company under section 385 of the Companies Act 2006.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the bottom.

S Beasley - Director

13 August 2015

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HIC TREASURY LIMITED

We have audited the financial statements of HIC Treasury Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

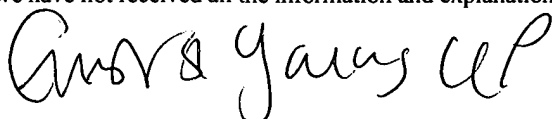
In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
HIC TREASURY LIMITED**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Rebecca Turner (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
1 More London Place
London
SE1 2AF

13 August 2015

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2014

	Notes	2014 £	2013 £
TURNOVER		-	-
Cost of sales		(8,004)	(18,669)
GROSS LOSS		(8,004)	(18,669)
Profit/(loss) on foreign currency transactions		7,241,085	17,214,405
OPERATING PROFIT	4	7,233,081	17,195,736
Interest receivable	5	10,043,115	8,540,278
		17,276,196	25,736,014
Interest payable	6	(3,789,323)	(3,973,755)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		13,486,873	21,762,259
Tax on profit on ordinary activities	7	(28,587)	(19,719)
PROFIT FOR THE FINANCIAL YEAR		13,458,286	21,742,540

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year.

BALANCE SHEET
31 December 2014

	Notes	2014 £	2013 £
FIXED ASSETS			
Investments	9	486,228,275	486,228,275
CURRENT ASSETS			
Debtors	10	902,758,893	634,228,277
Cash at bank		20,135	12,967,460
		<u>902,779,028</u>	<u>647,195,737</u>
CREDITORS			
Amounts falling due within one year	11	(313,539,563)	(3,891,169)
NET CURRENT ASSETS		<u>589,239,465</u>	<u>643,304,568</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,075,467,740	1,129,532,843
CREDITORS			
Amounts falling due after more than one year	12	(592,780,057)	(660,303,446)
NET ASSETS		<u>482,687,683</u>	<u>469,229,397</u>
CAPITAL AND RESERVES			
Called up share capital	14	414,771,540	414,771,540
Profit and loss account	15	67,916,143	54,457,857
SHAREHOLDERS' FUNDS	16	<u>482,687,683</u>	<u>469,229,397</u>

The financial statements were approved by the Board of Directors on 13 August 2015 and were signed on its behalf by:



S Beasley - Director

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2014

1. FUNDAMENTAL ACCOUNTING CONCEPT

The financial statements have been prepared under the going concern basis because the company has net assets and net current assets. Management believe that the company has the ability to meet its liabilities as they fall due.

2. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The company contributes to the Hilton Worldwide, Inc group defined benefit pension scheme. The company accounts for its participation in the scheme on a defined contribution basis as per 'FRS 17: Pensions and Retirement Benefits', on the basis that it is unable to identify on a consistent and reasonable basis its share of the underlying assets and liabilities of the defined benefit schemes within the Hilton Worldwide Group.

3. STAFF COSTS

All operations of the company during the year ended 31 December 2014 have been undertaken by employees of other companies within Hilton Worldwide Holdings Inc. A charge of £- has been included in the financial statements in respect of their services (2013: £-).

4. OPERATING PROFIT

This is stated after charging/(crediting):

	2014	2013
	£	£
Foreign exchange on currency loans	(7,241,085)	(17,214,405)

The remuneration of the auditors is borne entirely by Hilton Worldwide Ltd.

5. INTEREST RECEIVABLE

	2014	2013
	£	£
Interest receivable from fellow group undertakings	10,031,657	8,493,968
Interest receivable from third parties	11,458	46,310
	<u>10,043,115</u>	<u>8,540,278</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2014

6. INTEREST PAYABLE

	2014	2013
	£	£
Interest payable to fellow group undertakings	3,789,323	3,973,677
Interest payable to third parties	-	78
	<u>3,789,323</u>	<u>3,973,755</u>

7. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2014	2013
	£	£
Current tax:		
Foreign tax - current tax on income for the year	-	19,719
Foreign tax - prior period adjustment	<u>28,587</u>	<u>-</u>
Tax on profit on ordinary activities	<u>28,587</u>	<u>19,719</u>

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2014	2013
	£	£
Profit on ordinary activities before tax	<u>13,486,873</u>	<u>21,762,259</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.493% (2013 - 23.247%)	2,898,734	5,059,072
Effects of:		
Foreign tax - current year	-	15,147
Foreign tax - prior year	28,587	4,572
Group relief surrendered(from)/ to fellow subsidiaries free of charge	<u>(2,898,734)</u>	<u>(5,059,072)</u>
Current tax charge	<u>28,587</u>	<u>19,719</u>

8. DIRECTORS' REMUNERATION

The directors of the company are also directors of Hilton UK Hotels Ltd ("the group") and other group companies. The directors received total remuneration for the year of £0.9m (2013: £0.8m) all of which was paid by other companies within the Hilton UK Hotels Ltd group. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of Hilton UK Hotels Ltd and other group companies.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2014

9. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2014 and 31 December 2014	486,228,275
NET BOOK VALUE	
At 31 December 2014	486,228,275
At 31 December 2013	486,228,275

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

	Country of registration and operation	Principal activity	Holding	Proportion of voting rights and shares held
MC Treasury Ltd.	England	Investment holding company	Ordinary shares	100%

Consolidated financial statements have not been prepared as the company is consolidated into the financial statements of a larger group, for which the consolidated financial statements are publicly available, as disclosed in the below note "Parent undertaking, controlling party and consolidating entity".

In the opinion of the directors the aggregate value of the investment in subsidiary undertakings is not less than the amounts at which they are stated in these financial statements.

10. DEBTORS

	2014 £	2013 £
Amounts falling due within one year:		
Amounts owed by group undertakings	41,173,478	-
Other debtors	317	303
	<u>41,173,795</u>	<u>303</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	861,585,098	634,227,974
	<u>861,585,098</u>	<u>634,227,974</u>
Aggregate amounts	<u>902,758,893</u>	<u>634,228,277</u>

Intercompany loans are interest bearing at a rate linked to the LIBOR + 1% or equivalent.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2014

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£	£
Bank loans and overdrafts (see note 13)	-	215,697
Amounts owed to group undertakings	313,462,047	3,577,562
Other creditors	77,516	97,910
	<u>313,539,563</u>	<u>3,891,169</u>

Amounts owed to group undertakings are included in amounts due within one year where there are no specified repayment terms. While amounts owed to group undertakings are technically repayable on demand, and hence are included in amounts due within one year, the directors are of the opinion that in the ordinary course of business, repayment within such a timescale would not be required.

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014	2013
	£	£
Amounts owed to group undertakings	<u>592,780,057</u>	<u>660,303,446</u>

Intercompany loans are interest bearing at a rate linked to the LIBOR + 1% or equivalent.

13. LOANS

An analysis of the maturity of loans is given below:

	2014	2013
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>-</u>	<u>215,697</u>

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2014	2013
			£	£
414,771,540	Ordinary shares	£1	<u>414,771,540</u>	<u>414,771,540</u>

15. RESERVES

	Profit and loss account
	£
At 1 January 2014	54,457,857
Profit for the year	<u>13,458,286</u>
At 31 December 2014	<u>67,916,143</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2014

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014	2013
	£	£
Profit for the financial year	13,458,286	21,742,540
Net addition to shareholders' funds	13,458,286	21,742,540
Opening shareholders' funds	469,229,397	447,486,857
Closing shareholders' funds	482,687,683	469,229,397

17. PARENT UNDERTAKING, CONTROLLING PARTY AND CONSOLIDATING ENTITY

The company's immediate parent undertaking is HLT Treasury Mezz I-A Limited, an investment holding company registered in England.

The ultimate parent undertaking and controlling party at 31 December 2014 is BH Hotels Holdco LLC, a company controlled by certain investment funds affiliated with the Blackstone Group L.P., a publicly owned entity registered in the United States of America.

The only undertaking for which group financial statements were prepared and into which the company is consolidated for 31 December 2014, was Hilton Worldwide Holdings Inc (previously Hilton Worldwide, Inc), a Delaware company incorporated in the United States of America. These group financial statements are available from the company secretary, Hilton Worldwide Holdings Inc, 7930 Jones Branch Drive, McLean, Fairfax County, Virginia VA 22102-3302, United States of America .

18. CASH FLOW STATEMENT

The company has taken advantage of the provision within FRS 1 which exempts subsidiary undertakings, 90% or more of whose voting rights are controlled within Hilton Worldwide Holdings Inc, from preparing a cash flow statement as consolidated financial statements in which the company is included are publicly available.

19. PENSIONS

The company contributed to the Hilton Worldwide Holdings Inc group defined benefit pension scheme in 2013. During March 2012, the scheme was closed on a deferred basis from November 2013 such that no further contributions were made either by any company or by any employees and no further benefits will accrue after that date.

The company is unable to identify on a consistent and reasonable basis its share of the underlying assets and liabilities of the defined benefit schemes in relation to the Hilton Worldwide Holdings Inc UK Pension Plan. As a result, the company accounts for its participation in such schemes on a defined contribution basis as per 'FRS 17: Pensions and Retirement Benefits' and contributions are charged to the profit and loss account. As at 31 December 2014 the defined benefit schemes within the Hilton Worldwide Holdings Inc UK Pension Plan in which the company participated had a closing Benefit Obligation of £267m (2013: £231m) and Fund Assets of £251m (2013: £234m).

From November 2013 the company operated a defined contribution pension scheme.

During the year, the company made contributions of £- to the defined contribution scheme.

20. COMMITMENTS

The company has not entered into any capital commitments contracted for but not provided in the financial statements at period end.

21. CONTINGENT LIABILITIES

The company had jointly and severally guaranteed the value added tax liability of other companies within the same UK VAT group, which amounted to approximately £9.4m (2013: £1.8m) at 31 December 2014.