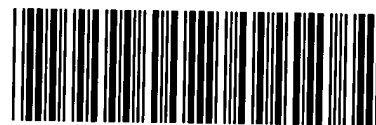


**REGISTERED NUMBER: 05680095 (England and Wales)**

**Hilton HHC Limited**

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

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COMPANIES HOUSE

**Hilton HHC Limited (Registered number: 05680095)**

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for the year ended 31 December 2019**

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**COMPANY INFORMATION**  
**for the year ended 31 December 2019**

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**DIRECTORS:**

Mr B Wilson  
Mr S Beasley  
Mr R Beeston  
Mrs M Momdjian  
Mr G C Ogle  
Ms K J Coari

**SECRETARY:**

HLT Secretary Limited

**REGISTERED OFFICE:**

Maple Court  
Central Park  
Reeds Crescent  
Watford  
Hertfordshire  
WD24 4QQ

**REGISTERED NUMBER:**

05680095 (England and Wales)

**AUDITORS:**

Ernst & Young LLP  
Senior Statutory Auditor  
1 More London Place  
London  
SE1 2AF

**STRATEGIC REPORT  
for the year ended 31 December 2019**

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The directors present their strategic report for the year ended 31 December 2019.

The principal activity of the company in the year under review was that of an investment holding company.

**REVIEW OF BUSINESS**

The company has made a loss after taxation for the period ended 31 December 2019 of £(2,408,300) (2018: profit of £75,256) which was transferred to reserves.

During the prior year, the pension plan was transferred to the company from another subsidiary within the Hilton Worldwide Inc. group.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The company's principal activities are those of an investment holding company. As such the principal risks and uncertainties facing the company relate solely to the recoverability of the value of those investments.

The company monitors the fair value of all underlying assets to determine whether there are indicators that the carrying values of investments are not recoverable.

**Interest rate risk**

This company is subject to interest rate risk on intercompany loans where the interest rate is linked to LIBOR. On 29 March 2017, the United Kingdom (U.K) government formally announced that the UK will leave the European Union (E.U). The outcome of the negotiations between the E.U. and the U.K as regards the framework of the future relationship, in particular, the terms and conditions for the post-Brexit access of the U.K to the European single market, is not clear. If a Withdrawal Agreement is not approved by 31 October 2019, the U.K might leave the E.U and become subject to World Trade Organisation tariffs and rules without a transition period being implemented. This may cause interest rate volatility. There continues to be uncertainty therefore over how it will ultimately impact the company, but the company's treasury department monitors interest rates.

**Impairment Risk**

One of the company's activities is that of an investment holding company. As such a risk and uncertainty facing the company relates to the recoverability of the value of its investments. The company monitors the fair value of all underlying assets to determine whether there are indicators that the carrying values of investments are not recoverable.

**COVID-19**

As part of ongoing monitoring, management have identified the novel coronavirus (referred to as "COVID-19" or the "pandemic") COVID-19 outbreak as a risk that could cause significant disruption to the business operated by the company's subsidiaries. The defined benefit pension plan may also be affected. Whilst it is expected that this unprecedented situation will be temporary, there could be a long period of business interruption during which the revenues, profitability and cash flows of the company's subsidiaries. The fair value of the defined benefit pension plan assets may also be negatively impacted due to the effects of the pandemic on the overall financial markets. The company holds both the defined benefit pension plan and investments, in subsidiary undertakings in countries affected by the pandemic which are currently being impacted both through restrictions on their own operations and the restriction of movement of their customers. While as of the date of this report, certain global regions have begun to see recovery in operations after the pandemic, due to the complexity of the situation and its rapid evolution, it is not practicable as of the date of approval of these financial statements to make a reliable quantified estimate of its potential impact on the company and specifically the impact on the carrying value of both the defined benefit pension plan and the investments held by the company. Any such impact will be reflected in the financial statements for the year ending 31 December 2020.

**STRATEGIC REPORT**  
**for the year ended 31 December 2019**

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**SECTION 172(1) STATEMENT**

Information required under s172(1) of the Companies Act 2006 which is not documented below is shown within the strategic report and under the headings "Review of Business" and "Principal Risks and Uncertainties".

The directors have acted in a way that they consider to be most likely to promote the success of the company for the benefit of all stakeholders, fostering both high standards and the need to act fairly for all members of the company. The directors consider that as a holding company the key stakeholder is its parent company within the Hilton Worldwide Holdings Inc. group. The company does not have any external customers and all supplier arrangements are performed by other companies in the wider Hilton Worldwide Holdings Inc. group and therefore this company does not include customers or suppliers as a stakeholder.

**FUTURE DEVELOPMENTS**

The company will continue to operate as an investment holding company in the future.

**ON BEHALF OF THE BOARD:**



Mr R Beeston - Director

29 September 2020

**REPORT OF THE DIRECTORS**  
**for the year ended 31 December 2019**

---

The directors present their report with the financial statements of the company for the year ended 31 December 2019.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2019.

**EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

Mr B Wilson  
Mr S Beasley  
Mr R Beeston  
Mrs M Momdjian  
Mr G C Ogle

Other changes in directors holding office are as follows:

Ms K J Coari - appointed 19 December 2019

**BUSINESS RELATIONSHIPS**

In accordance with the Companies (Miscellaneous Reporting) Regulations 2018 there is a requirement to disclose how the directors have had regard to the need to foster the company's business relationships with suppliers, customers and others. This disclosure is included within the strategic report under the heading Section 172(1) statement.

**GOING CONCERN**

The company's activities, together with the factors likely to affect its future development, its competitive, economic and interest rate risks are set out in the 'Review of Business' and 'Principal Risks and Uncertainties' section in the Strategic Report. 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 can meet its liabilities as they fall due for a period of at least 12 months from the date on which these financial statements are approved. Notwithstanding this, the company has obtained a letter of support from its ultimate parent company Hilton Worldwide Holdings Inc ("the group") and the directors are satisfied that despite the impact of COVID-19 on the parent company it has sufficient cash and liquidity to provide this support should it be required.

Stress testing has been performed on the group's forecast cash flows which indicate that there is no material risk that the group will be unable to provide financial support within a period of at least 12 months from the date of approval of the financial statements. As disclosed in the Hilton Worldwide Holdings Inc form 10Q as of June 30, 2020, it had total cash and cash equivalents of \$3.6 billion. This cash position will be adequate to meet anticipated requirements for operating and other expenditures, including corporate expenses, payroll and related benefits, taxes and compliance costs and other commitments for an estimated period of at least 24 months, even if current levels of very low occupancy were to persist.

The letter of support from the ultimate parent company expresses the intention to provide financial support on a non-binding basis and reserves the right to inform the company if circumstances change such that the group may no longer be able or willing to provide such financial support. The directors consider that the reliance on the letter of support with such limitations results in a material uncertainty which may cast significant doubt upon the company's ability to continue as a going concern noting however that the group is well positioned to withstand the impact of COVID-19 as outlined above. Accordingly, the directors have concluded that it is appropriate for the financial statements to be prepared on a going concern basis. The financial statements do not reflect any adjustments that would be required to be made if they were prepared on basis other than going concern.

**REPORT OF THE DIRECTORS**  
**for the year ended 31 December 2019**

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**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 Strategic Report, 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), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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.

**AUDITORS**

In accordance with section 485 of the Companies Act 2006, a resolution is proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the company.

**ON BEHALF OF THE BOARD:**



Mr R Beeston - Director

29 September 2020

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HILTON HHC LIMITED**

---

### **Opinion**

We have audited the financial statements of Hilton HHC Limited (the 'company') for the year ended 31 December 2019 which comprise the Statement of Profit or Loss and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss 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.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material uncertainty relating to going concern**

We draw attention to the note "Fundamental accounting concept" in the financial statements, which describes the intention of the ultimate parent company to provide financial support on a non-binding basis. As stated in the note "Fundamental accounting concept", these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HILTON HHC LIMITED

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### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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.

### Responsibilities of directors

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, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

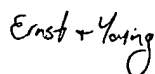
### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

### Use of our report

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 an Auditors' Report 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.



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

29 September 2020

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
for the year ended 31 December 2019

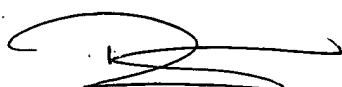
	Notes	2019 £	2018 £
<b>TURNOVER</b>		-	-
Cost of sales		(1,873,249)	-
<b>GROSS LOSS</b>		(1,873,249)	-
<b>OPERATING LOSS</b>		(1,873,249)	-
Interest receivable	5	110,495	75,256
		(1,762,754)	75,256
Interest payable and similar expenses	6	(632,000)	-
<b>(LOSS)/PROFIT BEFORE TAXATION</b>	7	(2,394,754)	75,256
Tax on (loss)/profit	8	(13,546)	-
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		(2,408,300)	75,256
<b>OTHER COMPREHENSIVE LOSS</b>			
<b>Item that will not be reclassified to profit or loss:</b>			
Remeasure defined benefit pension plan		(11,049,000)	-
Income tax relating to item that will not be reclassified to profit or loss		-	-
<b>OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF INCOME TAX</b>		(11,049,000)	-
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR</b>		(13,457,300)	75,256

The notes form part of these financial statements

**BALANCE SHEET**  
**31 December 2019**

	Notes	2019 £	2018 £
<b>FIXED ASSETS</b>			
Investments	9	1,547,873,572	1,547,873,572
<b>CURRENT ASSETS</b>			
Debtors	10	27,573,412	29,668,121
<b>CREDITORS</b>			
Amounts falling due within one year	11	(5,105,591)	-
<b>NET CURRENT ASSETS</b>		<u>22,467,821</u>	<u>29,668,121</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,570,341,393	1,577,541,693
<b>PENSION LIABILITY</b>	15	(31,341,000)	(25,084,000)
<b>NET ASSETS</b>		<u>1,539,000,393</u>	<u>1,552,457,693</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	16,805,002	16,805,002
Share premium	14	46,197	46,197
Retained earnings	14	1,522,149,194	1,535,606,494
<b>SHAREHOLDER FUNDS</b>		<u>1,539,000,393</u>	<u>1,552,457,693</u>

The financial statements were approved by the Board of Directors and authorised for issue on 29 September 2020 and were signed on its behalf by:



Mr R Beeston - Director

**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 December 2019

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
<b>Balance at 1 January 2018</b>	16,805,002	1,535,531,238	46,197	1,552,382,437
<b>Changes in equity</b>				
Total comprehensive income	-	75,256	-	75,256
<b>Balance at 31 December 2018</b>	16,805,002	1,535,606,494	46,197	1,552,457,693
<b>Changes in equity</b>				
Total comprehensive loss	-	(13,457,300)	-	(13,457,300)
<b>Balance at 31 December 2019</b>	16,805,002	1,522,149,194	46,197	1,539,000,393

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2019**

---

**1. FUNDAMENTAL ACCOUNTING CONCEPT**

Hilton HHC Limited is incorporated and domiciled in England and Wales.

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 can meet its liabilities as they fall due for a period of at least 12 months from the date on which these financial statements are approved. Notwithstanding this, the company has obtained a letter of support from its ultimate parent company Hilton Worldwide Holdings Inc ("the group") and the directors are satisfied that despite the impact of COVID-19 on the parent company it has sufficient cash and liquidity to provide this support should it be required.

Stress testing has been performed on the group's forecast cash flows which indicate that there is no material risk that the group will be unable to provide financial support within a period of at least 12 months from the date of approval of the financial statements. As disclosed in the Hilton Worldwide Holdings Inc form 10Q as of June 30, 2020, it had total cash and cash equivalents of \$3.6 billion. This cash position will be adequate to meet anticipated requirements for operating and other expenditures, including corporate expenses, payroll and related benefits, taxes and compliance costs and other commitments for an estimated period of at least 24 months, even if current levels of very low occupancy were to persist.

The letter of support from the ultimate parent company expresses the intention to provide financial support on a non-binding basis and reserves the right to inform the company if circumstances change such that the group may no longer be able or willing to provide such financial support. The directors consider that the reliance on the letter of support with such limitations results in a material uncertainty which may cast significant doubt upon the company's ability to continue as a going concern noting however that the group is well positioned to withstand the impact of COVID-19 as outlined above. Accordingly, the directors have concluded that it is appropriate for the financial statements to be prepared on a going concern basis. The financial statements do not reflect any adjustments that would be required to be made if they were prepared on basis other than going concern.

**2. STATUTORY INFORMATION**

Hilton HHC Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

**3. ACCOUNTING POLICIES**

**Basis of preparation**

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The company's financial statements are presented in Sterling, which is the company's functional currency. Amounts have been rounded to the nearest £.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2019**

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**3. ACCOUNTING POLICIES - continued**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
- the requirements of paragraph 58 of IFRS 16;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirements of paragraphs 10(d), 16 and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2019**

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**3. ACCOUNTING POLICIES - continued**

**Critical accounting judgements and key sources of estimation uncertainty**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

**Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

**Taxation**

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are disclosed in the note below "Taxation".

**Post employment benefits**

The cost of the defined benefit pensions plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers a "spot rate" method for calculating the interest cost for the year to be appropriate. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details are given in the note "Retirement Benefits".

**Foreign currency**

An entity's functional currency is determined (not chosen). IAS 21 (The Effects of Changes in Foreign Exchange Rates) provide factors, often referred to as indicators, that are considered when identifying the functional currency. In some cases, the indicators will clearly identify a particular currency as the functional currency. In other cases they will not. When the factors provide a varied result and the functional currency is not obvious, management must use judgement based on the entity's individual facts and circumstances to determine its functional currency in a way that gives a fair presentation (ie faithfully represents the economic effects of transactions, events and conditions). Based on the operations and financing activities of Hilton HHC Limited, management has used their judgement in determining the functional currency to be GBP.

**Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of resulting in a material adjustment to the carrying amounts of assets within the next financial year.

**Impairment of investments**

Determining whether an investment is impaired requires an estimation of the value in use of the investment in its subsidiaries. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the subsidiary and a suitable discount rate in order to calculate present value. Each subsidiary is an individual cash generating unit.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2019**

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**3. ACCOUNTING POLICIES - continued**

**Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**

**Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through the Statement of Profit or Loss and Other Comprehensive Income. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient, the company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through the Statement of Profit or Loss and Other Comprehensive Income, transaction costs.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income when the asset is derecognised, modified or impaired.

**Subsequent measurement**

The company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income when the asset is derecognised, modified or impaired.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e., removed from the company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement? and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2019**

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**3. ACCOUNTING POLICIES - continued**

**Impairment of financial assets**

The company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through the Statement of Profit or Loss and Other Comprehensive Income. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. For trade receivables and some intercompany loans, the company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through the Statement of Profit or Loss and Other Comprehensive Income, loans and borrowings, or payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

**Subsequent measurement - Intercompany loans**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit or Loss and Other Comprehensive Income.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2019**

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**3. ACCOUNTING POLICIES - continued**

**Taxation**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which:
  - (i) is not a business combination; and
  - (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2019**

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**3. ACCOUNTING POLICIES - continued**

**Employee benefit costs**

The company operates two defined benefit pension plans, which were closed to new members in 2013 from which time membership of a defined contribution plan is available. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligation) and is based on actuarial advice. Past service costs are recognised in profit or loss.

The defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is restricted to the present value of any amount the Company expects to recover by way of refunds from the plan or reductions in the future contributions

The funding policy is for the plan to hold assets equal to the present value of the benefits due from the plan, based on the projected salaries and a set of assumptions used for funding the plan, which are agreed between the company and the trustee of the plan.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset taking account of any changes in the net defined liability during the period as a result of contribution and benefits payments. The net interest is recognised in profit or loss.

Remeasurements, comprising actuarial gains and losses and the return on net assets (excluding amounts included in net interest), are recognised immediately in other comprehensive income in the period in which they occur.

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the Statement of Profit or Loss and Other Comprehensive Income in the period to which they relate.

**Fixed asset investments**

Investments in subsidiary undertakings are stated at cost. The carrying value of investments is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

**4. EMPLOYEES AND DIRECTORS**

All operations of the company during the year ended 31 December 2019 have been undertaken by employees of other companies within Hilton Worldwide Holdings Inc.. A charge of £1,873,249 has been included in cost of sales in respect of their services (2018: £ -).

All the directors of the company are also directors of other group companies. The directors received total remuneration for the year of £1.1m (2018: £0.7m) all of which was paid by other companies within the 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 the other group companies.

**5. INTEREST RECEIVABLE**

	2019 £	2018 £
Interest receivable from fellow group undertakings	<u>110,495</u>	<u>75,256</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the year ended 31 December 2019

**6. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2019 £	2018 £
Interest payable on employee benefit obligations	632,000	-
	<u>632,000</u>	<u>-</u>

**7. (LOSS)/PROFIT BEFORE TAXATION**

The remuneration of the auditors of £ 15,180 (2018: £9,937) is borne entirely by Hilton Worldwide Limited.

**8. TAXATION**

**Analysis of tax expense**

	2019 £	2018 £
Deferred tax	13,546	-
Total tax expense in statement of profit or loss and other comprehensive income	<u>13,546</u>	<u>-</u>

**Factors affecting the tax expense**

The tax assessed for the year is higher (2018 - lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £	2018 £
(Loss)/profit before income tax	<u>(2,394,754)</u>	<u>75,256</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	(455,003)	14,299
Effects of:		
Group relief surrendered (from)/to fellow subsidiaries free of charge	-	(14,299)
Utilisation of previously unrecognised deferred tax assets	(910,433)	-
Tax rate reduction	(753)	-
Expenses not deductible for tax purposes	1,379,735	-
Tax expense	<u>13,546</u>	<u>-</u>

**Tax effects relating to effects of other comprehensive income**

	Gross £	2019 Tax £	Net £
Remeasure defined benefit pension plan	<u>(11,049,000)</u>	<u>-</u>	<u>(11,049,000)</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2019**

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**8. TAXATION - continued**

The enacted main rate of corporation tax was reduced from 20% to 19% from 1 April 2017 and 17% from 1 April 2020. In the Finance Act 2020 it was announced that the enacted reduction in the main rate of corporation tax effective 1 April 2017 would not take place however this change was not enacted as at the balance sheet date. These changes do not have a material effect on these financial statements.

The Group's future tax charge could be affected by numerous factors including, but not limited to, any future consequences of the UK leaving the European Union and any tax reforms adopted from the OECD's BEPS actions such as those in relation to the deductibility of interest, anti-avoidance or transfer pricing. No quantification of these changes is currently possible due to uncertainty around when any currently proposed rules will be enacted or effective.

**9. INVESTMENTS**

	Shares in group undertakings £
<b>COST</b>	
At 1 January 2019 and 31 December 2019	<u>1,621,227,988</u>
<b>PROVISIONS</b>	
At 1 January 2019 and 31 December 2019	<u>73,354,416</u>
<b>NET BOOK VALUE</b>	
At 31 December 2019	<u>1,547,873,572</u>
At 31 December 2018	<u>1,547,873,572</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2019**
**9. INVESTMENTS - continued**

Details of the principal investments in which the company holds nominal value of any class of share capital are as follows:

Investments in directly held subsidiary undertakings are denoted below with an asterisk; all other investments in subsidiary undertakings are indirectly held. Investments that represent a joint venture are documented with (JV).

	Country of registration and operation	Principal activities	Proportion of voting rights and shares held
Hilton International Master Holding Limited	United Kingdom	Investment holding company	100%
Hilton International Entities Holding Limited	United Kingdom	Investment holding company	100%
Hilton UK Pensions Trustee Limited*	United Kingdom	Pension scheme trustee	100%
HIC Group International Luxembourg SARL*	Luxembourg	Investment holding company	44.9%
HIC Hotels U.S.A. LLC	United States	Investment holding company	38.35%
HIC First LLC	United States	Investment holding company	38.35%
HIC Second LLC	United States	Investment holding company	38.35%
HIC Holdings LLC	United States	Investment holding company	38.35%
HIC Racing (chiswick) Limited	United Kingdom	Dormant Investment holding company	38.35%
Hilton International Holding USA Corporation	United States	Investment holding company	38.35%
Hilton Worldwide International CRA Holding C.V.	Netherlands	Dormant Investment holding company	38.35%
Hilton International Holding LLC	United States	Investment holding company	38.35%
Hilton Worldwide International Holding 1 LLC	United States	Investment holding company	38.35%
Hilton International Hotels (U.K.) Limited	United Kingdom	Hotel operator Investment holding company	38.35%
Hilton Worldwide Holding LLP	United Kingdom	Investment holding company	38.35%
Hilton International IP Holding 2 Limited	United Kingdom	Investment holding company	38.35%
Hilton International IP Holding Limited	United Kingdom	Investment holding company	38.35%
Hilton Worldwide Manage Limited	United Kingdom	Investment holding company	38.35%
Mayaguez Hilton LLC	Puerto Rico	Dormant	38.35%
Hilton International Trinidad Limited	Trinidad and Tobago	Hotel operator	38.35%
Hilton Tobago Unlimited	Trinidad and Tobago	Hotel operator	38.35%
Hilton International Manage (Argentina) SRL	Argentina	Hotel manager	38.35%

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2019**

<b>9. INVESTMENTS - continued</b>			
Hilton International Barbados Limited	Barbados	Hotel manager	38.35%
		Investment holding	
Livingwell Australia Pty Limited	Australia	company	38.35%
Conrad International (Thailand) Limited	Thailand	Hotel manager	38.35%
Conrad International Hotels (HK) Limited	Hong Kong	Hotel manager	38.35%
Conrad International (Egypt) LLC	United States	Hotel manager	38.35%
Hilton Hotel Management Services Private Limited	India	Hotel manager	38.35%
Hilton International GAMMA	France	Dormant	38.35%
Hilton Argentina SRL	Argentina	Dormant	38.35%
HIRO Verwaltungs GmbH	Germany	Dormant	38.35%
HIRO Hotel GmbH & Co KG	Germany	Dormant	38.35%
Hiro Grundstücks GmbH & Co KG	Germany	Dormant	38.35%
Hilton Hotel Management (Shanghai) Co. Ltd.	China	Hotel manager	38.35%
		Investment holding	
HLT German Manage GmbH	Germany	company	38.35%
		Investment holding	
HLT German Services GmbH	Germany	company	38.35%
		Investment holding	
Hilton Service Center GmbH	Germany	company	38.35%
		Investment holding	
Grand Hotel Imperial DD (JV)	Croatia	company	6.73%
	United Kingdom	Investment holding	
Hilton Worldwide Services Limited	Kingdom	company	38.35%
Hilton of Panama Limited	Panama	Hotel operator	38.35%
Hilton International (Thailand) Limited	Thailand	Hotel operator	38.35%
HI Hotel Management (Guam), Inc	Guam	Hotel manager	38.35%
Hilton Hotels of Australia Pty Limited	Australia	Hotel manager	38.35%
Hilton Hotels of Australia (Melbourne) Pty Ltd	Australia	Hotel manager	38.35%
Nagoya Hilton Co Limited (JV)	Japan	Hotel operator	9.20%
Osaka Hilton Co Limited (JV)	Japan	Hotel owner	26.98%
Tokyo Bay Hilton Co Limited (JV)	Japan	Hotel operator	9.20%
Odawara Hilton Co Limited	Japan	Hotel operator	38.35%
Sunrise Resources (Australia) Pty Limited	Australia	Hotel owner	38.35%
259 Pitt Street Pty Limited	Australia	Dormant	38.35%
Addis Ababa Hilton Private Limited Company	Ethiopia	Hotel operator	38.35%
African American Investment Corporation (PTY) Limited	South Africa	Dormant	38.35%
Madagascar Hilton SARL	Madagascar	Hotel operator	38.35%
International Hotels (Kenya) Limited (JV)	Kenya	Hotel owner	22.79%
Hilton Nairobi Limited	Nairobi	Hotel owner	38.35%
Hilton International South Africa (PTY) Limited	South Africa	Hotel operator	38.35%
Societe Tunis Hilton SARL	Tunisia	Dormant	38.35%
Hilton International (Nederland) BV	Netherlands	Hotel operator	38.35%
Hilton (Hellas) Monoprosopi EPE	Greece	Hotel operator	38.35%
Hilton International (Germany) GmbH	Germany	Hotel operator	38.35%
Hilton Cyprus Limited	Cyprus	Hotel manager	38.35%
Hilton Entemasyonel Otelcilik AS	Turkey	Hotel operator	38.35%
Societe d'Exploitation Hoteliere d'Orly EURL	France	Hotel operator	38.35%
		Investment holding	
Hilton International (France) SAS	France	company	38.35%
Hilton Italiana SRL	Italy	Hotel operator	38.35%
Tel Aviv Hilton Limited	Israel	Hotel operator	38.35%
Hilton International (Switzerland) GmbH	Switzerland	Hotel operator	38.35%

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2019**

<b>9. INVESTMENTS - continued</b>			
Hotelbetriebsgesellschaft Hochstrasse GmbH	Germany	Hotel operator	38.35%
Grundstücksgesellschaft Belvederer Allee Weimar GmbH	Germany	Dormant	38.35%
Hilton Malta Limited	Malta	Hotel operator and manager	38.35%
Hilton International (Bulgaria) EAD	Bulgaria	Hotel operator	38.35%
Societe d'Exploitation Hoteliere La Defense SAS	France	Hotel operator	38.35%
Hilton of Spain SL	Spain	Hotel operator	38.35%
Hilton Israel Limited	Israel	Hotel manager	38.35%
Kayseri Hilton Enternasyonal Otelcilik AS	Turkey	Hotel manager	38.35%
Hilton International Holdings LLC	United States	Investment holding company	38.35%
Comfort Inns BV	Netherlands	Investment holding company	38.35%
HIC Roissy Netherlands BV	Netherlands	Investment holding company	38.35%
World Hotels BV	Netherlands	Investment holding company	38.35%
UK Leasing Leicester Limited	United Kingdom	Hotel operator	38.35%
Hilton Worldwide Franchising LP	United Kingdom	Franchisor entity	38.35%
Comfort Hotels International Limited	United Kingdom	Dormant	38.35%
Adda Properties Limited	United Kingdom	Hotel proprietor	38.35%
Hilton International Australia Holding Pty Limited	Australia	Investment holding company	38.35%
Hilton Worldwide Manage Branchco Limited	United Kingdom	Investment holding company	38.35%
Hilton Worldwide Holding 1 Limited	United Kingdom	Investment holding company	38.35%
Comfort Hotels Limited	United Kingdom	Investment holding company	38.35%
Hotel Maatschappij Schiphol BV	Netherlands	Hotel operator	38.35%
Hilton Worldwide International Myanmar Company Limited	Myanmar	Hotel manager	38.35%
Adda Hotels	United Kingdom	Hotel operator	38.35%
International Brand Hospitality Austria GmbH	Austria	Hotel operator	38.35%
International Brand Hospitality GmbH (Germany)	Germany	Hotel operator	38.35%
Hilton Copenhagen ApS	Denmark	Hotel manager	38.35%
Maple Hotels Management Company Limited	United Kingdom	Hotel manager	38.35%
Puckrup Hall Hotel Limited	United Kingdom	Hotel operator	38.35%
Hilton Worldwide Limited	United Kingdom	Investment holding company	38.35%
HIC Holdings BV	Netherlands	Investment holding company	38.35%
HLT London Manage Limited	United Kingdom	Hotel manager	38.35%



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the year ended 31 December 2019

**9. INVESTMENTS - continued**

HLT Aro Manage Limited	United Kingdom	Hotel manager	38.35%
Hilton UK Manage Limited	United Kingdom	Hotel manager	38.35%
HLT Stakis Operator Limited	United Kingdom	Hotel operator	38.35%
HLT Owned Mezz V-A Limited	United Kingdom	Investment holding company	38.35%
HLT Owned Mezz V-B Limited	United Kingdom	Investment holding company	38.35%
HLT Owned Mezz V-C Limited	United Kingdom	Investment holding company	38.35%
HLT Owned Mezz V-D Limited	United Kingdom	Investment holding company	38.35%
HLT Owned Mezz V-E Limited	United Kingdom	Investment holding company	38.35%
HLT Owned Mezz V-F Limited	United Kingdom	Investment holding company	38.35%
HLT Owned Mezz V-G Limited	United Kingdom	Investment holding company	38.35%
HLT Owned Mezz V-H Limited	United Kingdom	Investment holding company	38.35%
HLT Owned Mezz V-I Limited	United Kingdom	Investment holding company	38.35%
HLT Owned Mezz V-J Limited	United Kingdom	Investment holding company	38.35%
HLT Owned Mezz V-K Limited	United Kingdom	Investment holding company	38.35%
HLT Owned Mezz IX-A Limited	United Kingdom	Investment holding company	38.35%
HLT Owned Mezz IX-B Limited	United Kingdom	Investment holding company	38.35%
HLT Owned Mezz IX-C Limited	United Kingdom	Investment holding company	38.35%
HLT Owned Mezz IX-D Limited	United Kingdom	Investment holding company	38.35%
HLT Owned Mezz IX-E Limited	United Kingdom	Investment holding company	38.35%
HLT Owned Mezz IX-F Limited	United Kingdom	Investment holding company	38.35%
HLT Owned Mezz IX-G Limited	United Kingdom	Investment holding company	38.35%
HLT Owned Mezz IX-H Limited	United Kingdom	Investment holding company	38.35%
HLT Owned Mezz IX-I Limited	United Kingdom	Investment holding company	38.35%
HLT Owned Mezz IX-J Limited	United Kingdom	Investment holding company	38.35%
HLT Owned Mezz IX-K Limited	United Kingdom	Investment holding company	38.35%
HLT Managed Mezz XI-A GmbH	Germany	Investment holding company	38.35%
HLT Managed Mezz XI-B GmbH	Germany	Investment holding company	38.35%

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2019**
**9. INVESTMENTS - continued**

HLT Managed Mezz XI-C GmbH	Germany	Investment holding company	38.35%
HLT Managed Mezz XI-D GmbH	Germany	Investment holding company	38.35%
HLT Managed Mezz XI-E GmbH	Germany	Investment holding company	38.35%
HLT Managed Mezz XI-F GmbH	Germany	Investment holding company	38.35%
HLT Managed Mezz XI-G GmbH	Germany	Investment holding company	38.35%
HLT Managed Mezz XI-H GmbH	Germany	Investment holding company	38.35%
HLT Managed Mezz XI-I GmbH	Germany	Investment holding company	38.35%
HLT Managed Mezz XI-J GmbH	Germany	Investment holding company	38.35%
HLT Managed Mezz XI-K GmbH	Germany	Investment holding company	38.35%
HLT Managed Mezz VI-A LLC	United States	Investment holding company	38.35%
HLT Managed Mezz VI-B LLC	United States	Investment holding company	38.35%
HLT Managed Mezz VI-C LLC	United States	Investment holding company	38.35%
HLT Managed Mezz VI-D LLC	United States	Investment holding company	38.35%
HLT Managed Mezz VI-E LLC	United States	Investment holding company	38.35%
HLT Managed Mezz VI-F LLC	United States	Investment holding company	38.35%
HLT Managed Mezz VI-G LLC	United States	Investment holding company	38.35%
HLT Managed Mezz VI-H LLC	United States	Investment holding company	38.35%
HLT Managed Mezz VI-I LLC	United States	Investment holding company	38.35%
HLT Managed Mezz VI-J LLC	United States	Investment holding company	38.35%
HLT Managed Mezz VI-K LLC	United States	Investment holding company	38.35%
HLT Operating Mezz III-K Limited	United Kingdom	Investment holding company	38.35%
HLT Operating Mezz V-K Limited	United Kingdom	Investment holding company	38.35%
HLT Operating Mezz VII-A Limited	United Kingdom	Investment holding company	38.35%
HLT Operating Mezz VII-B Limited	United Kingdom	Investment holding company	38.35%
HLT Operating Mezz VII-C Limited	United Kingdom	Investment holding company	38.35%
HLT Operating Mezz VII-D Limited	United Kingdom	Investment holding company	38.35%
HLT Operating Mezz VII-E Limited	United Kingdom	Investment holding company	38.35%

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2019**
**9. INVESTMENTS - continued**

HLT Operating Mezz VII-F Limited	United Kingdom	Investment holding company	38.35%
HLT Operating Mezz VII-G Limited	United Kingdom	Investment holding company	38.35%
HLT Operating Mezz VII-H Limited	United Kingdom	Investment holding company	38.35%
HLT Operating Mezz VII-I Limited	United Kingdom	Investment holding company	38.35%
HLT Operating Mezz VII-J Limited	United Kingdom	Investment holding company	38.35%
HLT Operating Mezz VII-K Limited	United Kingdom	Investment holding company	38.35%
HLT Operating VII-A Borrower GmbH	Germany	Investment holding company	38.35%
HLT Owned IX Holding Limited	United Kingdom	Investment holding company	38.35%
HLT Owned IX-A Holding Limited	United Kingdom	Investment holding company	38.35%
HLT Stakis IP Limited	United Kingdom	IP owner	38.35%
Hilton UK Corporate Director Limited	United Kingdom	Dormant	38.35%
HLT Managed XI-A Borrower GmbH	Germany	Investment holding company	38.35%
HLT Owned V Holding Limited	United Kingdom	Investment holding company	38.35%
HLT Owned V-A Holding Limited	United Kingdom	Investment holding company	38.35%
HLT Brazil LLC	United States	Investment holding company	38.35%
HLT Secretary Limited	United Kingdom	Investment holding company	38.35%
HLT Managed VI Holding LLC	United States	Investment holding company	38.35%
Hotel Corporation of Europe LLC	United States	Hotel manager	38.35%
Hilton International Canada CRA ULC (HC ULC)	Canada	Dormant	38.35%
Hapeville Investors LLC	United States	Dormant	38.35%
Servicios y Recursos Administrativos Hoteleros S. de R.L. de C.V.	Mexico	Hotel manager	38.35%
Operadora de Hoteles Loreto, S. de R.L. de C.V	Mexico	Hotel manager	38.35%
HLT Mexico LLC	United States	Investment holding company	38.35%
HLT Managed XII-A Holding LLC	United States	Investment holding company	38.35%
Hilton International Manage LLC	United States	Investment holding company	38.35%
HLT Waldorf Astoria International Manage LLC	United States	Investment holding company	38.35%
Hilton Internacional de Venezuela CA	Venezuela	Hotel manager	38.35%
Hilton Russia LLC	United States	Hotel manager	38.35%
HLT International Manage LLC	United States	Hotel manager	38.35%
PT Hilton International Manage Indonesia	Indonesia	Hotel manager	38.35%
Nippon Hilton Co Limited (JV)	Japan	Hotel operator	26.37%
Ankara Enternasyonel Otelcilik AS	Turkey	Hotel operator	3.85%

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2019**

<b>9. INVESTMENTS - continued</b>			
Izmir Hilton Enternasyonal Otelcilik AS	Turkey	Hotel operator	38.35%
Mersin Hilton Enternasyonal Otelcilik AS	Turkey	Hotel operator	38.35%
Adana Hilton Enternasyonal Otelcilik Limited Sirketi	Turkey	Hotel operator	38.35%
Istanbul Park Hilton Enternasyonal Otelcilik Limited Sirketi	Turkey	Hotel operator	38.35%
Hilton Worldwide International Italy SRL	Italy	Hotel manager	38.35%
Hilton International Wien GmbH	Austria	Hotel operator	38.35%
Hilton Hotel Service Co Limited	Japan	Hotel manager	26.85%
Hilton Munich Airport Hotel Manage GmbH	Germany	Catering operator	38.35%
Hilton International Vermögensverwaltung GmbH	Germany	Investment holding company	38.35%
Societe de Developpement Hotel Pointe des Blagueurs B.V. (JV)	Netherlands	Dormant	9.59%
ATM Hotels Pty Limited	Australia	Hotel business nameowner	38.35%
Morning Light Co Limited (JV)	Mauritius	Hotel manager	7.47%
HI Investment (Colombia) EU	Colombia	Hotel manager	38.35%
Vista Real Estate Management Company (JV)	Egypt	Dormant	21.09%
Hilton Egypt Trading Company	Egypt	Alcohol license holder	38.35%
Hilton International Jamaica Limited	Jamaica	Hotel operator	38.35%
Hilton International Holdings LLC	United States	Investment holding company	38.35%
Hilton International Management LLC	United States	Investment holding company	38.35%
Doubletree International Franchise LLC	United States	Franchisor entity	38.35%
HLT Managed VI-A Borrower LLC	United States	Investment holding company	38.35%
HLT Managed VI-A Holding LLC	United States	Investment holding company	38.35%
HLT Owned VI-A Holding LLC	United States	Investment holding company	38.35%
Hilton International LLC	United States	Investment holding company	38.35%
Hilton Worldwide Domestic FS Treasury LLC	United States	Finance company	38.35%
Hilton Brazil Opercoes E Participacoes Ltda	Brazil	Non trading	38.35%
Hilmex Holdings S.de.R.L. de CV	Mexico	Non trading	38.35%
Conrad International Management Services (Singapore) PTE	Singapore	Non trading	38.35%
Hilton International Asia Pacific Pte Ltd	Singapore	Non trading	38.35%
Hilton Worldwide International Puerto Rico LLC	Puerto Rico	Hotel operator	38.35%
Hilton International Manage (Maldives) PVT Ltd	Maldives	Hotel manager	38.35%
Hilton Hotels (Ireland) Ltd	Ireland	Hotel operator	38.35%
Conrad Osaka Godo Kaisha	Japan	Hotel operator	38.35%
Hilton International DEMPE Holding Limited	United Kingdom	Dormant	38.35%
Hilton Worldwide International do Brasil Ltda	Brazil	Hotel manager	38.35%
Hilton Worldwide International Japan Godo-Kaisha	Japan	Hotel operator	38.35%
Hilton Worldwide International Singapore Pte. Ltd	Singapore	Hotel manager	38.35%
HLT English Operator Ltd	England	Hotel operator	38.35%
PT. Conrad Management Indonesia	Indonesia	Hotel manager	38.35%
Hilton International Franchisor LLC	United States	Franchisor entity	38.35%

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2019**
**9. INVESTMENTS - continued**

HLT International Existing Franchise Holding LLC	United States	Franchisor entity	38.35%
HIC Racing Corporation	United States	Dormant	38.35%
HIC Gaming California Inc	United States	Dormant	38.35%
HIC San Pablo Limited Inc	United States	Dormant	38.35%
HIC San Pablo L.P.	United States	Dormant	38.35%
Splendid Property Company Limited	United Kingdom	Hotel operator	38.35%
Izmir Enternasyonel Otelcilik Anonim Sirketi	Turkey	Hotel operator	38.35%
Hilton Worldwide FS Treasury Limited	United Kingdom	Finance company	38.35%
Hilton International Trocadero	France	Hotel operator	38.35%
Hilton Worldwide International Luxembourg Holding S.A.R.L	Luxembourg	Non trading	38.35%
Admiral Investments Pty Limited	Australia	Investment holding company	38.35%
HLT Owned VII Holding LLC	United States	Investment holding company	38.35%
HLT Owned Mezz VII-A-K LLC	United States	Investment holding company	38.35%
HLT Owned VII-A Holding LLC	United States	Investment holding company	38.35%
Admiral I PTY Limited	Australia	Hotel operator	38.35%
Admiral II PTY Limited	Australia	Hotel operator	38.35%
Admiral III PTY Limited	Australia	Hotel operator	38.35%
Hilton Worldwide Holding 2 Limited	United Kingdom	Investment holding company	38.35%
Hilton UK Hotels Limited	United Kingdom	Investment holding company	38.35%
Hilton Finance (UK) Limited	United Kingdom	Finance company	38.35%
HIC Treasury Limited	United Kingdom	Finance company	38.35%
MC Treasury Limited	United Kingdom	Finance company	38.35%
Hilton International Co (Belgium) SPRL/BVBA	Belgium	Hotel manager	38.35%
HIC Dormant Holding LLC	United Kingdom	Dormant	38.35%
CHW Holdings LLC	United States	Non trading	38.35%
Hilton International Ecuador LLC	United States	Non trading	38.35%
Chancel Service Corporation	United States	Non trading	38.35%
Inhil Co. Inc.	United States	Dormant	38.35%
Hilstock Hotel Holding Corporation	United States	Non trading	38.35%
Hotel Management (Middle East) LLC	United States	Hotel manager	38.35%
Milbuck Holdings Inc	United States	Non trading	38.35%
H Alliance Inc	United States	Investment holding company	38.35%
HLT Franchise V Borrower LLC	United States	Investment holding company	38.35%
Hilton Reservation Worldwide LLC	United States	Administration of Hiltons reservation system	19.175%
Hilton Honors Worldwide LLC	United States	Administration of Hiltons guest loyalty programme	19.271%
HI US Finance LLC	United States	Finance company	38.35%

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the year ended 31 December 2019

**9. INVESTMENTS - continued**

Hilton International (Moscow) LLC	United States	Investment holding company	38.35%
Hilton International New Zealand Limited	New Zealand	Non trading	38.35%
Hilton Hotels Management India Private Limited	India	Hotel manager	38.35%
Hilton International (Gaborone) (Proprietary) Limited	Botswana	Hotel Manager	38.35%
Hilton Worldwide Manage Ghana Limited	Ghana	Hotel operator	38.35%
Hilton International Australia Pty Limited	Australia	Investment holding company	38.35%

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 and joint venture undertakings is not less than the amounts at which they are stated in these financial statements.

**10. DEBTORS**

	2019 £	2018 £
Amounts falling due within one year:		
Amounts owed by group undertakings	27,492,563	29,580,875
Amounts falling due after more than one year:		
Deferred tax asset	80,849	87,246
Aggregate amounts	27,573,412	29,668,121

Amounts owed by group undertakings are included in amounts due within one year where there are no specified repayment terms. Amounts owed by group undertakings are technically repayable on demand and hence are included in amounts due within one year. The loans bear interest at a rate linked to LIBOR plus a margin.

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019 £	2018 £
Amounts owed to group undertakings	5,098,442	-
Social security and other taxes	7,149	-
	5,105,591	-

Amounts owed to group undertakings are included in amounts due within one year where there are no specified repayment terms and there is no fixed repayment schedule in place. 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 (as a result of their group role in relation to the group undertakings amounts are owed to) that in the ordinary course of business, repayment within such a timescale would not be required. The loans bear interest at LIBOR plus a margin.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the year ended 31 December 2019

**12. DEFERRED TAX**

	£
Balance at 1 January 2019	(87,246)
Charge to Statement of Profit or Loss and Other Comprehensive Income during year	<u>6,397</u>
Balance at 31 December 2019	<u><u>(80,849)</u></u>

Deferred tax assets and liabilities have been offset where they relate to income taxes payable to the same taxation authority.

The deferred tax asset of £80,849 (2018: £87,246) is expected to be recovered after more than one year and relates mainly to management expenses.

At 31 December 2019, the company had temporary differences amounting to £31,341,000 (2018: £25,084,000) in respect of which no deferred tax assets were recognised.

**13. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019 £	2018 £
1,680,500,001	Ordinary Shares	£0.01	<u>16,805,002</u>	<u>16,805,002</u>

**14. RESERVES**

	Retained earnings £	Share premium £	Totals £
At 1 January 2019	1,535,606,494	46,197	1,535,652,691
Deficit for the year	(2,408,300)	-	(2,408,300)
Remeasurement of defined benefit pension plan	<u>(11,049,000)</u>	<u>-</u>	<u>(11,049,000)</u>
At 31 December 2019	<u><u>1,522,149,194</u></u>	<u><u>46,197</u></u>	<u><u>1,522,195,391</u></u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the year ended 31 December 2019

**15. EMPLOYEE BENEFIT OBLIGATIONS**

During the prior year, the pension plan was transferred to the company from another subsidiary within the Hilton Worldwide Inc. group.

The company operates a funded pension plan which was closed to new entrants on 1 March 2012 and closed to future accrual on 30 November 2013. The plan provides benefits based on the members' completed pensionable service up to closure and their final pensionable pay. The assets of the plan are held separately to the company in a trustee-administered fund.

The funding policy is for the plan to hold assets equal to the present value of the benefits due from the plan, based on projected salaries and a set of assumptions used for funding the plan, which are agreed between the company and the trustee of the plan. The funding assumptions differ from the assumptions used to calculate the figures for these accounts, and therefore produce different results. If there is a shortfall against this funding policy, then the company and trustee agree deficit contributions to meet this deficit over an agreed period. The 31 December 2015 valuation is ongoing, which may result in additional contributions being agreed. The next actuarial valuation of the plan is due with an effective date of 31 December 2018. In addition, the company pays an allowance for expenses to the plan.

The preliminary results of the formal actuarial valuation of the plan as at 31 December 2015 were updated to the accounting date by an independent qualified actuary in accordance with IAS19, allowing for contributions, benefit payments made, and changes in market conditions.

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2019	2018
	£	£
Present value of funded obligations	(339,924,000)	(25,084,000)
Fair value of plan assets	308,583,000	-
	<u>(31,341,000)</u>	<u>(25,084,000)</u>
Present value of unfunded obligations	-	-
Deficit	<u>(31,341,000)</u>	<u>(25,084,000)</u>
Net liability	<u><u>(31,341,000)</u></u>	<u><u>(25,084,000)</u></u>

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	2019	2018
	£	£
Current service cost	1,873,000	-
Net interest from net defined benefit asset/liability	632,000	-
Past service cost	-	-
	<u>2,505,000</u>	<u>-</u>
Actual return on plan assets	<u><u>7,118,000</u></u>	<u><u>-</u></u>



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the year ended 31 December 2019

**15. EMPLOYEE BENEFIT OBLIGATIONS - continued**

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2019	2018
	£	£
Opening defined benefit obligation	293,134,000	-
Current service cost	1,873,000	-
Interest cost	7,750,000	-
Benefits paid	(11,227,000)	-
Transfer to/from another entity	-	25,084,000
Remeasurements:		
Actuarial (gains)/losses from changes in demographic assumptions	10,062,000	-
Actuarial (gains)/losses from changes in financial assumptions	46,015,000	-
Actuarial (gains)/losses from experience on benefit obligation	(7,683,000)	-
	<u>339,924,000</u>	<u>25,084,000</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2019	2018
	£	£
Opening fair value of scheme assets	268,050,000	-
Contributions by employer	7,297,000	-
Assets actual return	7,118,000	-
Benefits paid	(11,227,000)	-
Return on plan assets (excluding interest income)	37,345,000	-
	<u>308,583,000</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the year ended 31 December 2019

**15. EMPLOYEE BENEFIT OBLIGATIONS - continued**

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	2019 £	2018 £
Actuarial (gains)/losses from changes in demographic assumptions	(10,062,000)	-
Actuarial (gains)/losses from changes in financial assumptions	(46,015,000)	-
Actuarial (gains)/losses from experience on benefit obligation	7,683,000	-
Return on plan assets (excluding interest income)	37,345,000	-
	<u>(11,049,000)</u>	<u>-</u>

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	2019	2018
Diversified growth funds	28%	20%
Bonds	27%	40%
Cash	3%	2%
Direct lending	13%	13%
Equities	15%	10%
Property	14%	15%
	<u>100%</u>	<u>100%</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2019	2018
Discount rate (for DBO)	2.10%	3.10%
Future salary increases	1.60%	1.80%
Future pension increases	2.80%	3.00%
Discount rate (for interest)	1.80%	2.70%
Consumer price inflation	1.60%	1.80%
Retail price inflation	2.90%	3.10%

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the year ended 31 December 2019

**15. EMPLOYEE BENEFIT OBLIGATIONS - continued**

Principal actuarial assumptions at the balance sheet date (expressed as years):

	2019	2018
Life expectancy of male/female aged 65 at accounting date	21.9/23.8	20.8/23.0
Life expectancy of male/female aged 65 in 20 years after the accounting date	22.9/24.9	21.9/24.3
Weighted average duration	17.2	18.4

Sensitivity of obligations to alternative assumptions:

	Increase 2019 £	Decrease 2019 £	Increase 2018 £	Decrease 2018 £
Discount rate:				
Effect on defined benefit obligation of a 0.5% change	(27,262,000)	29,803,000	(24,846,000)	27,298,000
Inflation:				
Effect on defined benefit obligation of a 0.5% change	13,546,000	(13,086,000)	13,034,000	(12,536,000)
Life expectancy				
Effect on defined benefit obligation of a 1 year change	13,531,000	(13,531,000)	8,752,000	(8,752,000)

**16. EVENTS AFTER THE REPORTING PERIOD**

On 11 March 2020, the World Health Organization raised the public health emergency situation caused by the outbreak of the coronavirus (COVID-19) to an international pandemic. The rapid evolution of events, nationally and internationally, represents an unprecedented health crisis, which will impact the macroeconomic environment and the operation of business. The company holds both a defined benefit pension plan and investments in subsidiary undertakings that operate in countries affected by the pandemic which are currently being impacted both through restrictions on their own operations and the restriction of movement of their customers. Whilst as of the date of this report, certain global regions have begun to see recovery in operations after the pandemic, COVID-19 will have a detrimental impact on the company's revenues, profits and the net assets of the business. Given the complexity of the pandemic and its rapid evolution, it is not practicable as of the date of approval of these financial statements to make a reliable quantified estimate of its potential impact on the company and specifically the impact on the carrying value of the pension plan assets and the investments held by the company. Any such impact will be reflected in the financial statements for the year ending 31 December 2020 and is considered to be a non-adjusting post balance sheet event.

**17. PARENT UNDERTAKING, CONTROLLING PARTY AND CONSOLIDATING ENTITY**

The company's immediate parent undertaking is Hilton HHC Limited, an investment holding company registered in England.

The ultimate parent the only undertaking for which group financial statements were prepared and into which the company is consolidated for 31 December 2019, was Hilton Worldwide Holdings 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. COMMITMENTS**

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

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2019**

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**19. 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 £6.1m (2018: £7.9m) at 31 December 2019.