

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011
FOR
HLT Operating Mezz V-J Limited**



HLT Operating Mezz V-J Limited (Registered number 06399152)

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for the year ended 31 December 2011

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HLT Operating Mezz V-J Limited

COMPANY INFORMATION
for the year ended 31 December 2011

DIRECTORS:

Mrs E J Rabin
Mr M J Way
Mr B Wilson
Hilton Corporate Director LLC

SECRETARY:

HLT Secretary Limited

REGISTERED OFFICE

Maple Court
Central Park
Reeds Crescent
Watford
Hertfordshire
WD24 4QQ

REGISTERED NUMBER

06399152

AUDITORS

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

REPORT OF THE DIRECTORS
for the year ended 31 December 2011

The directors present their report with the financial statements of the company for the year ended 31 December 2011

PRINCIPAL ACTIVITY

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 year ended 31 December 2011 of £- (2010 £(2,757,864)) The previous year amount relates to the impairment in the carrying value of investments

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2011

FUTURE DEVELOPMENTS

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

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2011 to the date of this report

Mrs E J Rabin
Mr M J Way
Mr B Wilson
Hilton Corporate Director LLC

EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

No significant post balance sheet events have occurred

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

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During the year Hilton Worldwide, 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

REPORT OF THE DIRECTORS
for the year ended 31 December 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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 group'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



Mrs E J Rabin - Director

28 June 2012

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HLT OPERATING MEZZ V-J LIMITED

We have audited the financial statements of HLT Operating Mezz V-J Limited for the year ended 31 December 2011 on pages six to eleven. 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 set out on pages two and three, 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 Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the 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 2011 and the result 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 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
HLT OPERATING MEZZ V-J 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

Ernst & Young L.L.P.

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

28 June 2012

HLT Operating Mezz V-J Limited (Registered number 06399152)

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2011

	Notes	2011 £	2010 £
TURNOVER		-	-
Impairment of investment		-	(2,757,864)
OPERATING LOSS and LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	-	(2,757,864)
Tax on loss on ordinary activities	4	-	-
LOSS FOR THE FINANCIAL YEAR		-	(2,757,864)

DISCONTINUED OPERATIONS

All of the company's activities were discontinued during the previous year

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the loss for the previous year

The notes form part of these financial statements

HLT Operating Mezz V-J Limited (Registered number. 06399152)

BALANCE SHEET
31 December 2011

	Notes	2011 £	2010 £
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>-</u>	<u>-</u>
CAPITAL AND RESERVES			
Called up share capital	7	100	100
Share premium	8	6,709,945	6,709,945
Profit and loss account	8	<u>(6,710,045)</u>	<u>(6,710,045)</u>
SHAREHOLDERS' FUNDS	10	<u>-</u>	<u>-</u>

The financial statements were approved by the Board of Directors on 28 June 2012 and were signed on its behalf by



Mrs E J Rabin - Director

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2011

1 ACCOUNTING POLICIES

Accounting convention

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

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.

2 STAFF COSTS

All operations of the company during the year ended 31 December 2011 have been undertaken by employees of other companies within Hilton Worldwide, Inc. A charge of £- has been included in the financial statements in respect of their services (2010 - £-)

3 OPERATING LOSS

This is stated after charging

	2011 £	2010 £
Impairment losses on investments	-	2,757,864

The remuneration of the auditors is borne entirely by Hilton Worldwide Limited

4 TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2011 nor for the year ended 31 December 2010

Factors affecting the tax charge

The tax assessed for the year is the same as the standard rate of corporation tax in the UK

	2011 £	2010 £
Loss on ordinary activities before tax	-	(2,757,864)
Loss on ordinary activities		
multiplied by the standard rate of corporation tax		
in the UK of 26.493% (2010 - 28%)	-	(772,202)
Effects of		
Impairment charge not deductible for corporation tax purposes	-	772,202
Current tax charge	-	-

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2011

5 DIRECTORS' REMUNERATION

The directors of the company were also directors of other undertakings within Hilton Worldwide, Inc group. The directors' service contracts are held by Hilton UK Hotels Limited, and their remuneration for the year is disclosed in the accounts of Hilton UK Hotels Limited. The directors do not believe it is practicable to apportion this amount between their qualifying services as directors of the company and their qualifying services as directors of other undertakings within Hilton Worldwide, Inc group.

6 FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2011 and 31 December 2011	6,710,045
PROVISIONS	
At 1 January 2011 and 31 December 2011	6,710,045
NET BOOK VALUE	
At 31 December 2011	-
At 31 December 2010	-

The impairment loss has been measured by reference to the value in use of the investment using a discount rate of 10%.

The investment balance is comprised of

	Country of registration and operation	Principal activity	Holding	Proportion of voting rights and shares held
HLT Operating Mezz V-I Limited	England	Investment holding company	Ordinary shares	100%

The shares owned by the company are pledged as security under the terms of the loan agreements between Hilton Worldwide, Inc and third party providers.

The company has utilised the exemption under Section 410 of the Companies Act 2006 not to disclose all undertakings held by its direct subsidiaries as none of those undertakings principally affect the profit or assets of the company.

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2011

7 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid Number	Class	Nominal value 1	2011 £	2010 £
100	Ordinary shares		<u>100</u>	<u>100</u>

8 RESERVES

	Profit and loss account £	Share premium £	Totals £
At 1 January 2011	(6,710,045)	6,709,945	(100)
Profit for the year	-		-
At 31 December 2011	<u>(6,710,045)</u>	<u>6,709,945</u>	<u>(100)</u>

9 RELATED PARTY DISCLOSURES

The company has taken advantage of provisions in FRS 8 which exempt wholly owned subsidiary undertakings within the Hilton Worldwide, Inc group, from disclosing transactions with other entities within the group. The ultimate parent undertaking at 31 December 2011, Hilton Worldwide, Inc has included the required related party disclosures within its group financial statements.

10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Loss for the financial year	-	(2,757,864)
Issue of ordinary shares		
Net addition/(reduction) to shareholders' funds	<u>-</u>	<u>(2,757,864)</u>
Opening shareholders' funds	-	2,757,864
Closing shareholders' funds	<u>-</u>	<u>-</u>

11 PARENT UNDERTAKING, CONTROLLING PARTY AND CONSOLIDATING ENTITY

The company's immediate parent undertaking is HLT Operating Mezz V-K Limited, an investment holding company registered in England.

The ultimate parent undertaking and controlling party at 31 December 2011 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 2011, was Hilton Worldwide, Inc (formerly known as Hilton Hotels Corporation), a Delaware company incorporated in the United States of America. These group financial statements are available from the company secretary, Hilton Worldwide, Inc, 7930 Jones Branch Drive, McLean, Fairfax County, Virginia VA 22102-3302, United States of America.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2011

12 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 the group, from preparing a cash flow statement as consolidated financial statements in which the company is included are publicly available