

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010
FOR
HLT Managed Mezz IV-D Limited**

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• **HLT Managed Mezz IV-D Limited (Registered number 6399338)**

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for the year ended 31 December 2010

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COMPANY INFORMATION
for the year ended 31 December 2010

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

6399338

AUDITORS:

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

REPORT OF THE DIRECTORS
for the year ended 31 December 2010

The directors present their report with the financial statements of the company for the year ended 31 December 2010

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 neither a profit nor a loss (2009 £-) in the year ended 31 December 2010

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2010

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 2010 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

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

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

REPORT OF THE DIRECTORS
for the year ended 31 December 2010

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

14 July 2011

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF HLT MANAGED MEZZ IV-D LIMITED

We have audited the financial statements of HLT Managed Mezz IV-D Limited for the year ended 31 December 2010 on pages five to nine. 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 page two, 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.

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 2010 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.

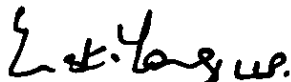
Opinion on other matter prescribed by the Companies Act 2006

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.

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.



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

14 July 2011

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2010

| | Notes | 2010 £ | 2009 £ |
|--|-------|-----------|-----------|
| TURNOVER | | - | - |
| OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 3 | - | - |
| Tax on profit on ordinary activities | 4 | - | - |
| PROFIT FOR THE FINANCIAL YEAR | | <u>-</u> | <u>-</u> |

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses for the current year or previous year

The notes form part of these financial statements

BALANCE SHEET
31 December 2010

| | Notes | 2010 £ | 2009 £ |
|--|-------|--------------------|--------------------|
| FIXED ASSETS | | | |
| Investments | 6 | 110,094,501 | 110,094,501 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>110,094,501</u> | <u>110,094,501</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 7 | 100 | 100 |
| Share premium | 8 | 110,094,401 | 110,094,401 |
| SHAREHOLDERS' FUNDS | 10 | <u>110,094,501</u> | <u>110,094,501</u> |

The financial statements were approved by the Board of Directors on 14 July 2011 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 2010

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. Impairment reviews are carried out as and when required by FRS 11

2 STAFF COSTS

All operations of the company during the year ended 31 December 2010 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 (2009 £-)

3 OPERATING PROFIT

The remuneration of the auditors is borne entirely by Hilton International Co

4 TAXATION

The company made neither a profit nor a loss during the period and as such there is no tax charge for the period or any tax balances to report

5 DIRECTORS' REMUNERATION

The directors of the company were also directors of other undertakings within Hilton Worldwide, Inc. The directors' remuneration for the year was paid by the other undertakings. 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 fellow subsidiary undertakings

6 FIXED ASSET INVESTMENTS

| | Shares in group undertakings £ |
|---|---|
| COST | |
| At 1 January 2010 and 31 December 2010 | 110,094,501 |
| NET BOOK VALUE | |
| At 31 December 2010 | 110,094,501 |
| At 31 December 2009 | 110,094,501 |

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2010

6 FIXED ASSET INVESTMENTS - continued

The investment balance is comprised of

| | Country of registration and operation | Principal activity | Holding | Proportion of voting rights and shares held |
|-------------------------------|---|-------------------------------|--------------------|--|
| HLT Managed Mezz IV-C 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

7 CALLED UP SHARE CAPITAL

| Allotted, issued and fully paid Number | Class | Nominal value i | 2010 £ | 2009 £ |
|---|-----------------|-----------------------|------------|------------|
| 100 | Ordinary shares | | <u>100</u> | <u>100</u> |

8 RESERVES

| | Profit and loss account £ | Share premium £ | Totals £ |
|---------------------|------------------------------------|-----------------------|--------------------|
| At 1 January 2010 | - | 110,094,401 | 110,094,401 |
| Profit for the year | - | | - |
| At 31 December 2010 | <u>-</u> | <u>110,094,401</u> | <u>110,094,401</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 2010, Hilton Worldwide, Inc has included the required related party disclosures within its group financial statements

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2010

10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2010 £ | 2009 £ |
|------------------------------------|--------------------|--------------------|
| Profit for the financial year | - | - |
| Issue of ordinary shares | - | - |
| Opening shareholders' funds | <u>110,094,501</u> | <u>110,094,501</u> |
| Closing shareholders' funds | <u>110,094,501</u> | <u>110,094,501</u> |

11 PARENT UNDERTAKING, CONTROLLING PARTY AND CONSOLIDATING ENTITY

The company's immediate parent undertaking is HLT Managed Mezz IV-E Limited, an investment holding company registered in England

The ultimate parent undertaking and controlling party at 31 December 2010 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 2010, 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

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