

REGISTERED NUMBER: 06400411 (England and Wales)

HLT Owned Mezz V-J Limited

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

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for the year ended 31 December 2017**

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HLT Owned Mezz V-J Limited

COMPANY INFORMATION
for the year ended 31 December 2017

DIRECTORS:

Hilton Corporate Director LLC
Mr B Wilson
Mr J O Percival
Mr S R Vincent

SECRETARY:

HLT Secretary Limited

REGISTERED OFFICE:

Maple Court
Central Park
Reeds Crescent
Watford
Hertfordshire
WD24 4QQ

REGISTERED NUMBER:

06400411 (England and Wales)

ACCOUNTANTS:

Hilton Worldwide
Hohenbühlstr.10
8152 Opfikon
Switzerland

**STRATEGIC REPORT
for the year ended 31 December 2017**

The directors present their strategic report for the year ended 31 December 2017.

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 profit for the period ended 31 December 2017 of R439,504,542 (2016: R-) which was transferred to reserves. It is anticipated that the company will continue to operate as an investment holding company in the future.

PRINCIPAL RISKS AND UNCERTAINTIES

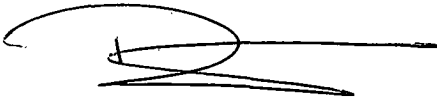
The company's principal activities are those of an investment holding company. As such the principal risks and uncertainties facing the company relate solely to the recoverability of the value of those investments.

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.

FUTURE DEVELOPMENTS

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

ON BEHALF OF THE BOARD:



Hilton Corporate Director LLC - Director

18 September 2018

REPORT OF THE DIRECTORS
for the year ended 31 December 2017

The directors present their report with the financial statements of the company for the year ended 31 December 2017.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2017.

DIRECTORS

Hilton Corporate Director LLC has held office during the whole of the period from 1 January 2017 to the date of this report.

Other changes in directors holding office are as follows:

Mr H Buechel - resigned 25 September 2017
Mr M R Reinhardt - resigned 25 September 2017
Mr R Bartels - resigned 25 September 2017
Mr B Wilson - appointed 25 September 2017
Mr J O Percival - appointed 25 September 2017
Mr S R Vincent - appointed 25 September 2017

EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

No significant post balance sheet events have occurred.

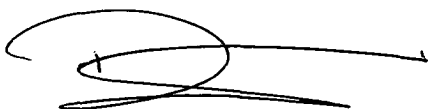
GOING CONCERN

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. Management believe that the company has the ability to meet its liabilities as they fall due.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During the year Hilton Worldwide Holdings Inc. purchased and maintained on behalf of the company liability insurance for its directors and officers.

ON BEHALF OF THE BOARD:



Hilton Corporate Director LLC - Director

18 September 2018

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2017

	Notes	2017 R	2016 R
TURNOVER		-	-
Impairment of investment		<u>439,504,542</u>	<u>-</u>
OPERATING PROFIT and PROFIT BEFORE TAXATION	6	439,504,542	-
Tax on profit	7	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR		439,504,542	-
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>439,504,542</u></u>	<u><u>-</u></u>

The notes form part of these financial statements

BALANCE SHEET

31 December 2017

	Notes	2017 R	2016 R
FIXED ASSETS			
Investments	8	<u>444,518,575</u>	<u>5,014,033</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>444,518,575</u>	<u>5,014,033</u>
CAPITAL AND RESERVES			
Called up share capital	9	1,363	1,363
Share premium	10	444,517,212	444,517,212
Retained earnings	10	-	<u>(439,504,542)</u>
SHAREHOLDER FUNDS		<u>444,518,575</u>	<u>5,014,033</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2017.

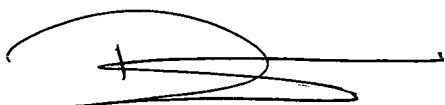
The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2017 in accordance with Section 476 of the Companies Act 2006.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The financial statements were approved by the Board of Directors on 18 September 2018 and were signed on its behalf by:



Hilton Corporate Director LLC - Director

The notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2017

	Called up share capital R	Retained earnings R	Share premium R	Total equity R
Balance at 1 January 2016	1,363	(439,504,542)	444,517,212	5,014,033
Changes in equity				
Balance at 31 December 2016	<u>1,363</u>	<u>(439,504,542)</u>	<u>444,517,212</u>	<u>5,014,033</u>
Changes in equity				
Total comprehensive income	<u>-</u>	<u>439,504,542</u>	<u>-</u>	<u>439,504,542</u>
Balance at 31 December 2017	<u><u>1,363</u></u>	<u><u>-</u></u>	<u><u>444,517,212</u></u>	<u><u>444,518,575</u></u>

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017**

1. FUNDAMENTAL ACCOUNTING CONCEPT

HLT Owned Mezz V-J 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. Management believe that the company has the ability to meet its liabilities as they fall due.

2. STATUTORY INFORMATION

HLT Owned Mezz V-J 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 ZAR, which is the company's functional currency. Amounts have been rounded to the nearest R.

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 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;
- the requirements of paragraphs 130(f), 134(d to f) and 135(c to e) of IAS 36 Impairments of Assets.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2017

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:

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). As HLT Owned Mezz V-J Limited's cash flows are denominated in ZAR and the immediate parent reporting currency is ZAR, management has used their judgement and determined a change in the functional currency of the company from GBP to ZAR, this change has been applied fully retrospectively to the underlying records which are in ZAR, in accordance with the required Accounting Standards.

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 a subsidiary is impaired requires an estimation of the value in use of its subsidiary. 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 investment in subsidiary is an individual CGU.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

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 2017 have been undertaken by employees of other companies within Hilton Worldwide Holdings Inc.. A charge of R- has been included in cost of sales in respect of their services (2016:R-).

The directors received no remuneration in respect of their qualifying services as directors of the company.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2017

5. EXCEPTIONAL ITEMS

	2017 R	2016 R
Impairment provision written back	<u>439,504,542</u>	<u>-</u>

6. PROFIT BEFORE TAXATION

This company does not incur audit fees.

7. TAXATION

Analysis of the tax charge

Although the company is registered in the UK, it is not resident in the UK for tax purposes as it is managed and controlled in Switzerland, which country has the taxing right by virtue of the UK and the Switzerland Double Taxation Convention. There is therefore no UK corporation tax charge or credit to be recognised.

Current Tax

The taxation expense in the profit or loss account for the year differs from the amount computed by applying the Switzerland corporate income tax rate to the loss before taxation as a result of the following factors:

	2017 R	2016 R
Profit/(loss) on ordinary activities before tax	<u>439,504,542</u>	<u>-</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in Switzerland of 14.6% (2016 - 14.6%)	64,167,663	-
Effects of: Non deductible impairment	<u>(64,167,663)</u>	<u>-</u>
Current tax charge	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2017

8. INVESTMENTS

	Shares in group undertakings R
COST	
At 1 January 2017	
and 31 December 2017	<u>444,518,575</u>
PROVISIONS	
At 1 January 2017	439,504,542
Provision written back	<u>(439,504,542)</u>
At 31 December 2017	-
NET BOOK VALUE	
At 31 December 2017	<u>444,518,575</u>
At 31 December 2016	<u>5,014,033</u>

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

	Country of registration and operation	Principal activity	Proportion of voting rights and shares held
HLT Owned Mezz V-I Limited	England	Investment holding company	100%
HLT Owned Mezz V-H Limited	England	Investment holding company	100%
HLT Owned Mezz V-G Limited	England	Investment holding company	100%
HLT Owned Mezz V-F Limited	England	Investment holding company	100%
HLT Owned Mezz V-E Limited	England	Investment holding company	100%
HLT Owned Mezz V-D Limited	England	Investment holding company	100%
HLT Owned Mezz V-C Limited	England	Investment holding company	100%
HLT Owned Mezz V-B Limited	England	Investment holding company	100%
HLT Owned Mezz V-A Limited	England	Investment holding company	100%
HLT Owned V-A Holding Limited	England	Investment holding company	100%

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

A previous impairment was reversed as an underlying subsidiary was sold. 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.

9. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2017 R	2016 R
100	Ordinary shares	1	<u>1,363</u>	<u>1,363</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2017**

10. RESERVES

	Retained earnings R	Share premium R	Totals R
At 1 January 2017	(439,504,542)	444,517,212	5,012,670
Profit for the year	<u>439,504,542</u>	<u>-</u>	<u>439,504,542</u>
At 31 December 2017	<u>-</u>	<u>444,517,212</u>	<u>444,517,212</u>

11. PARENT UNDERTAKING, CONTROLLING PARTY AND CONSOLIDATING ENTITY

The company's immediate parent undertaking is HLT Owned Mezz V-K 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 2017, 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.