

**REGISTERED NUMBER: 06453954 (England and Wales)**

**HLT Operating Mezz VII-C Limited**  
**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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**HLT Operating Mezz VII-C Limited (Registered number: 06453954)**

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for the year ended 31 December 2015**

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**HLT Operating Mezz VII-C Limited**

**COMPANY INFORMATION**  
**for the year ended 31 December 2015**

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**DIRECTORS:** Hilton Corporate Director LLC  
Mr J Sleiffer  
Mr J Csar

**SECRETARY:** HLT Secretary Limited

**REGISTERED OFFICE:** Maple Court  
Central Park  
Reeds Crescent  
Watford  
Hertfordshire  
WD24 4QQ

**REGISTERED NUMBER:** 06453954 (England and Wales)

**AUDITORS:** Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

**HLT Operating Mezz VII-C Limited (Registered number: 06453954)**

**STRATEGIC REPORT  
for the year ended 31 December 2015**

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The directors present their strategic report for the year ended 31 December 2015

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

During the year the company transitioned from previously extant UK GAAP to FRS 101 - Reduced Disclosure Framework and has taken advantage of the disclosure exemptions allowed under this standard. The company's immediate parent undertaking, Def tax offset against ACT, was notified of and did not object to the use of the EU-adopted IFRS disclosure exemptions. Details of the recognition or measurement differences arising on the adoption of FRS 101 are set out in the note 'First Year Adoption'.

**REVIEW OF BUSINESS**

For the year ended 31 December 2015 the company has made a loss of €(1,439) (2014 €(1,977))

**PRINCIPAL RISKS AND UNCERTAINTIES**

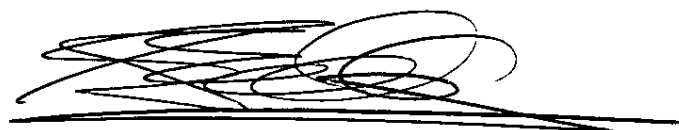
The company's principal activities are those of an investment holding company. As such the principal risks and uncertainties facing the company relate solely to the recoverability of the value of those investments.

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

15 July 2016

**HLT Operating Mezz VII-C Limited (Registered number: 06453954)**

**REPORT OF THE DIRECTORS**  
**for the year ended 31 December 2015**

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The directors present their report with the financial statements of the company for the year ended 31 December 2015

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2015

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2015 to the date of this report

Hilton Corporate Director LLC

Mr J Sleiffer

Mr J Csar

**EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE**

No significant post balance sheet events have occurred

**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, 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, 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.

**HLT Operating Mezz VII-C Limited (Registered number. 06453954)**

**REPORT OF THE DIRECTORS**  
**for the year ended 31 December 2015**

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**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.**

A handwritten signature in black ink, consisting of several overlapping loops and strokes, positioned above the printed name of the director.

Hilton Corporate Director LLC - Director

15 July 2016

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HLT OPERATING MEZZ VII-C LIMITED**

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We have audited the financial statements of HLT Operating Mezz VII-C Limited for the year ended 31 December 2015 which comprise the Statement of Profit or Loss and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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

### **Respective responsibilities of directors and auditors**

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

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework', and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
HLT OPERATING MEZZ VII-C LIMITED**

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**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 LLP*

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

Date

*15<sup>th</sup> July 2016*



HLT Operating Mezz VII-C Limited (Registered number: 06453954)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**for the year ended 31 December 2015**

	Notes	2015 €	2014 €
<b>TURNOVER</b>		-	-
Administrative expenses		<u>(1,439)</u>	<u>(1,977)</u>
<b>OPERATING LOSS and LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	4	(1,439)	(1,977)
Tax on loss on ordinary activities	5	<u>-</u>	<u>-</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>		(1,439)	(1,977)
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>(1,439)</u></u>	<u><u>(1,977)</u></u>

The notes form part of these financial statements

**HLT Operating Mezz VII-C Limited (Registered number: 06453954)**

**BALANCE SHEET**  
**31 December 2015**

	Notes	2015 €	2014 €
<b>FIXED ASSETS</b>			
Investments	6	1	1
<b>CURRENT ASSETS</b>			
Debtors	7	1	1
Cash at bank		2	14
		<u>3</u>	<u>15</u>
<b>CREDITORS</b>			
Amounts falling due within one year	8	(7,324)	(5,897)
<b>NET CURRENT LIABILITIES</b>		<u>(7,321)</u>	<u>(5,882)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(7,320)</u>	<u>(5,881)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	1	1
Retained earnings	10	(7,321)	(5,882)
<b>SHAREHOLDERS' FUNDS</b>		<u>(7,320)</u>	<u>(5,881)</u>

The financial statements were approved by the Board of Directors on 15 July 2016 and were signed on its behalf by



Hilton Corporate Director LLC - Director

The notes form part of these financial statements

**HLT Operating Mezz VII-C Limited (Registered number: 06453954)**

**STATEMENT OF CHANGES IN EQUITY  
for the year ended 31 December 2015**

	Called up share capital €	Retained earnings €	Total equity €
<b>Balance at 1 January 2014</b>	1	(3,905)	(3,904)
<b>Changes in equity</b>			
Total comprehensive income	-	(1,977)	(1,977)
<b>Balance at 31 December 2014</b>	1	(5,882)	(5,881)
<b>Changes in equity</b>			
Total comprehensive income	-	(1,439)	(1,439)
<b>Balance at 31 December 2015</b>	1	(7,321)	(7,320)

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2015**

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**1 FUNDAMENTAL ACCOUNTING CONCEPT**

HLT Operating Mezz VII-C Limited is incorporated and domiciled in England and Wales

The financial statements have been prepared under the going concern basis because the company's intermediate parent, Hilton Worldwide Holdings Inc, has indicated its willingness to provide adequate financial support to enable the company to meet its debts as they fall due

**2 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 Euro, which is the company's functional currency. Amounts have been rounded to the nearest €. Upon transition to FRS101 the directors concluded that the functional and presentation currency of the company changed from GBP to EUR, see note 'First Year Adoption'.

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 2015**

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**2 ACCOUNTING POLICIES - continued**

**Financial instruments**

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the instruments

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than those financial assets and liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition.

**Financial assets**

Financial assets within the scope of IAS 39 (Financial Instruments: Recognition and Measurement) are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial assets at initial recognition.

The company's financial assets are all 'loans and receivables' including trade debtors and intercompany loans, and cash.

The subsequent measurement of financial assets depends on their classification as follows:

- Intercompany loans are initially recognised at fair value and subsequently measured at amortised cost using the effective interest (EIR) method, less impairment. 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 in interest in profit or loss. Losses arising from impairment are recognised in profit or loss in cost of sales.
- Debtors are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision for impairment is made through profit or loss when there is objective evidence that the company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.
- Cash in the balance sheet comprises cash in hand.

**Financial liabilities**

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial liabilities at initial recognition.

The only financial liabilities are intercompany loans and creditors.

The measurement of financial liabilities depends on their classification as follows:

- After initial recognition, intercompany loans are subsequently measured at amortised cost using the effective interest method.
- Creditors are recognised and carried at their original invoiced value. Trade creditors are non-interest bearing and are normally settled on 60 day terms.

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

**Fair values**

All the company's financial instruments (except for cash) are not traded in an active market, at initial recognition the fair value is determined using appropriate valuation techniques. Due to the nature of the financial instruments as short term and market rate instruments, transaction price is considered to be the fair value.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2015**

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**2 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

**Foreign currencies**

Day to day transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transaction. Monetary assets and liabilities at the balance sheet date are translated at year end rates of exchange. Exchange gains or losses arising on translation are reported as part of the operating profit for the year

**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

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2015**

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**2 ACCOUNTING POLICIES - continued**

**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 Operating Mezz VII-C Limited's cash flows are denominated in Euro and the immediate parent reporting currency is Euro, management has used their judgement and determined a change in the functional currency of the company from GBP to EUR, this change has been applied fully retrospectively to the underlying records which are in Euro, 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 the 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.

**3 EMPLOYEES AND DIRECTORS**

All operations of the company during the year ended 31 December 2015 have been undertaken by employees of other companies within Hilton Worldwide Holdings Inc. A charge of €- has been included in the financial statements in respect of their services (2014 - €-).

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

**4 LOSS BEFORE TAXATION**

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

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the year ended 31 December 2015

**5 TAXATION**

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 Germany, which country has the taxing right by virtue of the UK and Germany Double Taxation Convention. There is therefore no UK corporation tax charge or credit to be recognised.

**Factors affecting the current tax charge**

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

	2015 €	2014 €
Profit/(Loss) on ordinary activities before tax	<u>(1,439)</u>	<u>(1,977)</u>
Profit/(Loss) on ordinary activities multiplied by the standard rate of corporation tax in Germany of 15% (2014: 15%)	(216)	(297)
Unutilised loss	<u>216</u>	<u>297</u>
Current tax charge/(credit)	<u>-</u>	<u>-</u>

The tax loss of €1,439 for the period ended 31 December 2015 (2014: €1,977), together with the loss of €5,882 brought forward, can be carried forward without time limit. However, no deferred tax asset, estimated at €1,098 at 31 December 2015 (2014: €882), has been recognised in these accounts as it is not probable that these losses will be utilised in the foreseeable future.

**6 INVESTMENTS**

	Shares in group undertakings €
<b>COST</b>	
At 1 January 2015 and 31 December 2015	<u>1</u>
<b>NET BOOK VALUE</b>	
At 31 December 2015	<u>1</u>
At 31 December 2014	<u>1</u>



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the year ended 31 December 2015

**6 INVESTMENTS - continued**

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

Investments in directly held subsidiary undertakings are denoted below with an asterisk, all other investments in subsidiary undertakings are indirectly held

	Country of registration and operation	Principal activity	Holding	Proportion of voting rights and shares held
HLT Operating Mezz VII-B Ltd*	England	Investment holding company	Ordinary shares	100%
HLT Operating Mezz VII-A Ltd	England	Investment holding company	Ordinary shares	100%
HLT Operating VII-A Borrower GmbH	Germany	Investment holding company	Ordinary shares	100%
Hotelbetriebsgesellschaft Hochstrasse GmbH	Germany	Hotel operator	Ordinary shares	100%

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

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

**7 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2015 €	2014 €
Amounts owed by group undertakings	<u>1</u>	<u>1</u>

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.

**8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2015 €	2014 €
Amounts owed to group undertakings	<u>7,324</u>	<u>5,897</u>

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.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
for the year ended 31 December 2015

**9 CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid Number	Class	Nominal value	2015 €	2014 €
1	Ordinary shares	1	<u>1</u>	<u>1</u>

**10 RESERVES**

	Retained earnings €
At 1 January 2015	(5,882)
Deficit for the year	<u>(1,439)</u>
At 31 December 2015	<u>(7,321)</u>

**11 PARENT UNDERTAKING, CONTROLLING PARTY AND CONSOLIDATING ENTITY**

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

The ultimate parent undertaking and controlling party at 31 December 2015 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 2015, was Hilton Worldwide Holdings Inc (previously Hilton Worldwide, Inc), a Delaware company incorporated in the United States of America. These group financial statements are available from the company secretary, Hilton Worldwide Holdings Inc, 7930 Jones Branch Drive, McLean, Fairfax County, Virginia VA 22102-3302, United States of America

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2015**

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**12 FIRST YEAR ADOPTION**

For all periods up to and including the year ended 31 December 2014, the company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 31 December 2015, are the first the company has prepared in accordance with FRS 101. Accordingly, the company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 January 2014 and the significant accounting policies meeting those requirements are described in the relevant notes. In preparing these financial statements, the company has started from an opening balance sheet as at 1 January 2014, the company's date of transition to FRS 101, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101. As such, this note explains the principal adjustments made by the company in restating its balance sheet as at 1 January 2014 prepared under previously extant UK GAAP and its previously published UK GAAP financial statements for the year ended 31 December 2014.

**A Change in Functional Currency**

Functional currency is defined as the currency of the primary economic environment in which the entity operates. IAS 21 sets out a number of factors or indicators that any entity should or may need to consider in determining its functional currency.

HLT Operating Mezz VII-C Limited cash flows are denominated in Euro and the immediate parent reporting currency is Euro. Consequently, the directors concluded that the functional currency of the company changed from British Pound Sterling (GBP) to Euro (EUR). The change in the functional currency has been applied fully retrospectively in accordance with the required Accounting Standards.

Following the change in functional currency, HLT Operating Mezz VII-C Limited elected to change its presentation currency from GBP to EUR. The directors believe that changing the presentation currency to EUR will result in the financial statements providing more reliable and more relevant information given the functional currency is now EUR. The change in presentation currency represents a change in accounting policy, which has been applied fully retrospectively. Comparative information has been restated in EUR in accordance with the required Accounting Standards.