Intertrust

Hilton Copenhagen ApS

c/o Harbour House, Sundkrogsgade 21, DK-2100 Copenhagen

CVR no. 25 26 90 55

Annual report for 2016

Adopted at the annual general meeting on 31 May 2017

chairman

Contents

Statement by management on the annual report

The executive board has today discussed and approved the annual report of Hilton Copenhagen ApS for the financial year 1 January - 31 December 2016.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2016 and of the results of the company's operations for the financial year 1 January - 31 December 2016.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved at the annual general meeting.

Copenhagen, 31 May 2017

Executive board

Jochem Jan Sleiffer   Johannes Csar

Independent auditor's report

To the shareholder of Hilton Copenhagen ApS

Opinion

We have audited the financial statements of Hilton Copenhagen ApS for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes including accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the company at 31 december 2016 and of the results of the company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as management determines is 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, management is 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 in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's 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 auditor's 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 and the additional requirements applicable in Denmark 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.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management's review

Management is responsible for the management's review.

Our opinion on the financial statements does not cover the management's review, and 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 management's review and, in doing so, consider whether the management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Independent auditor's report

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Copenhagen, 31 May 2017

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Kim Thomsen
State Authorised Public Accountant

Company details

The company	Hilton Copenhagen ApS c/o Harbour House Sundkrogsgade 21 DK-2100 Copenhagen
	CVR no.: 25 26 90 55 Reporting period: 1 January - 31 December Domicile: Copenhagen
Executive board	Jochem Jan Sleiffer Johannes Csar
Auditors	ERNST & YOUNG Godkendt Revisionspartnerselskab c/o Postboks 250, Osvald Helmuths Vej 4 DK-2000 Frederiksberg
Consolidated financial statements	The consolidated financial statements of Hilton Copenhagen ApS are included in the consolidated financial statements of Hilton Worldwide Holdings Inc. and may be obtained at the following address: www.hiltonworldwide.com.

Management's review

Business activities
The company's purpose is to carry out the operation of hotel and catering activities with associated activities for the sake of business owners or others. Københavns Lufthavne A/S and Copenhagen Airport Hotels A/S have entered into a management agreement with Hilton International and Hilton Copenhagen ApS, which includes the operation of Hotel Hilton Copenhagen Airport. Hilton International and Hilton Copenhagen ApS receive a contractual fee for this. The management agreement is interminable until 31 December 2021.

All staff at Hilton Copenhagen Airport are employed by Hilton Copenhagen ApS. According to the management agreement between Københavns Lufthavne A/S and Hilton International and Hilton Copenhagen ApS, all expenses relating to hotel staff are paid incl. salaries, holiday pay and other employee-related expenses of Copenhagen Airport Hotels A/S as part of the hotel's operating expenses. Copenhagen Airport Hotels A/S undertakes all obligations regarding the hotel staff in connection with the operation and termination of the agreement.

Recognition and measurement uncertainties
The recognition and measurement of items in the financial statements is not subject to any uncertainty.

Unusual matters
The Company's financial position at 31 December 2016 and the results of its operations for the financial year ended 31 December 2016 are not affected by any unusual matters.

Business review
The Company's income statement for the year ended 31 December shows a profit of TDKK 1.655, and the balance sheet at 31 December 2016 shows equity of TDKK 24.835.

Significant events occurring after end of reporting period
The management of Hotel Hilton Copenhagen Airport has terminated at 31 March 2017 and a compensation has been received. Apart from this no events have occurred after the balance sheet date which could significantly affect the company's financial position.

Income statement 1 January - 31 December

	Note	2016	2015
		TDKK	TDKK
Gross profit		**4.054**	**3.247**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-1.500	-1.500
Profit/loss before financial income and expenses		**2.554**	**1.747**
Financial income	3	0	6
Financial costs		-9	-175
Profit/loss before tax		**2.545**	**1.578**
Tax on profit/loss for the year	4	-890	-732
Net profit/loss for the year		**1.655**	**846**

Distribution of profit

	2016	2015
Retained earnings	1.655	846
	1.655	**846**

Balance sheet 31 December

	Note	2016 TDKK	2015 TDKK
Assets			
Goodwill		6.250	7.750
Intangible assets	5	**6.250**	**7.750**
Fixed assets total		**6.250**	**7.750**
Receivables from group entities		21.450	17.030
Other receivables		84	40
Corporation tax		0	68
Receivables		**21.534**	**17.138**
Cash at bank and in hand		**4.484**	**4.407**
Current assets total		**26.018**	**21.545**
Assets total		**32.268**	**29.295**

Balance sheet 31 December

	Note	2016 TDKK	2015 TDKK
Liabilities and equity			
Share capital		3.125	3.125
Retained earnings		21.710	20.055
Equity	6	**24.835**	**23.180**
Payables to group entities		463	449
Corporation tax		52	0
Other payables		6.918	5.666
Short-term debt		**7.433**	**6.115**
Debt total		**7.433**	**6.115**
Liabilities and equity total		**32.268**	**29.295**

Statement of changes in equity

	Share capital	Retained earnings	Total
Equity at 1 January 2016	3.125	20.055	23.180
Net profit/loss for the year	0	1.655	1.655
Equity at 31 December 2016	**3.125**	**21.710**	**24.835**

Notes

	2016	2015
	TDKK	TDKK
1 Staff costs		
Average number of employees	133	140

All staff at Hilton Copenhagen Airport are employed by Hilton Copenhagen ApS. According to the management agreement between Københavns Lufthavne A/S and Hilton International and Hilton Copenhagen ApS, all expenses relating to hotel staff are paid incl. salaries, holiday pay and other employee-related expenses of Copenhagen Airport Hotels A/S as part of the hotel's operating expenses. Copenhagen Airport Hotels A/S undertakes all obligations regarding the hotel staff in connection with the operation and termination of the agreement.

2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Depreciation intangible assets	1.500	1.500
	1.500	**1.500**

3 Financial income		
Interest received from group entities	0	6
	0	**6**

4 Tax on profit/loss for the year		
Current tax for the year	890	730
Adjustment of tax concerning previous years	0	2
	890	**732**

5 Intangible assets

	Goodwill
Cost at 1 January 2016	30.000
Cost at 31 December 2016	30.000

Notes

5 Intangible assets (continued)

	Goodwill
Impairment losses and amortisation at 1 January 2016	22.250
Amortisation for the year	1.500
Impairment losses and amortisation at 31 December 2016	23.750
Carrying amount at 31 December 2016	**6.250**

6 Equity

The share capital consists of 3.125 shares of a nominal value of TDKK 1. No shares carry any special rights.

Accounting policies

The annual report of Hilton Copenhagen ApS for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B and elective choice of certain provisions applying to reporting class C entities.

Effective 1 January 2016, the company has implemented act no. 738 of 1 June 2015 with amendments to the Danish Financial Statements Act. As the implementation of the amendment act has no impact in terms of value on the income statement or the balance sheet in the financial year, nor on the comparative figures, the financial statements have been prepared based on the same accounting policies as last year. The amendment act has solely implied new or changed presentation and disclosure requirements, which have been incorporated in the financial statements.

The annual report for 2016 is presented in TDKK

Basis of recognition and measurement
Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company's and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company's and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report are presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Accounting policies

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less raw materials and consumables and other external expenses.

Revenue

Revenue from management fee is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties. Revenue is net of all types of discounts granted.

Other external expenses

Other external expenses include expenses related to royalties, administration, etc.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, including changes arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Goodwill

Goodwill is amortised over the expected economic life of the asset, measured by reference to management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 20 years. The amortisation period is based on the lenght of the management agreement.

Impairment of fixed assets

The carrying amount of intangible assets is reviewed for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

Accounting policies

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount). The recoverable amount is the higher of the net selling price af an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.
Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables
Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Cash and cash equivalents
Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Equity
Dividend
Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability at the date of declaration by the annual general meeting.

Income tax and deferred tax
Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss allowed for carry forward are measured at the value to which the asset is expected to be realised, either by elimination in tax on future income or by offsetting against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Accounting policies

Liabilities

Liabilities are measured at amortised cost, which is usually equivalent to nominal value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign-exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.