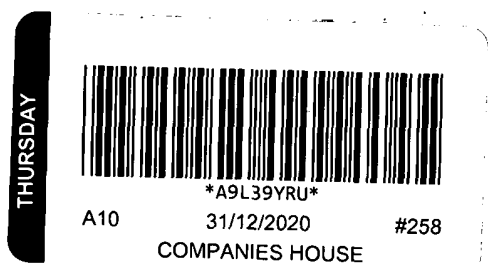


Hilton Grand Vacations Barbados Limited

STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS

REGISTERED NUMBER 11039548

For the year ended 31 December 2019



HILTON GRAND VACATIONS BARBADOS LIMITED

CONTENTS

For the year ended 31 December 2019

	Page
Company Information	1
Strategic Report	2
Directors' Report	5
Independent Auditor's Report to the Members of Hilton Grand Vacations Barbados Limited	7
Profit and Loss Account and Other Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12

HILTON GRAND VACATIONS BARBADOS LIMITED

COMPANY INFORMATION

For the year ended 31 December 2019

Directors: C R Corbin
S R Soroka
M D Wang
T A Goodman
K D Lodde

Secretary: C R Corbin
Corporation Service Company (UK) Limited

Registered office: 25 Canada Square
Level 37
London
E14 5LQ

Registered number: 11039548 (England and Wales)

Auditor: Ernst & Young LLP
Bedford House
16 Bedford Street
Belfast
BT2 7DT

Bankers: CIVC First Caribbean
Warrens
St Michael
BB22026
Barbados

HILTON GRAND VACATIONS BARBADOS LIMITED**STRATEGIC REPORT****For the year ended 31 December 2019**

The Directors present the Strategic Report of Hilton Grand Vacations Barbados Limited (the "Company") for the year ended 31 December 2019 (referred to as "2019" and "year " throughout the financial statements).

PRINCIPAL ACTIVITY

The principal activity of the Company in the year under review was that of a timeshare operator. The Company operates a Branch in Barbados.

BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS

The Company's key financial indicators of performance during the year are considered to be:

	Year ended 31 December 2019	Period from 31 October 2017 to 31 December 2018
	£	£
Turnover	64,675,051	7,905,881
Gross profit	51,874,907	6,239,255

The Company's results for the year are set out on page 9 and the Company's Balance Sheet at the year end is set out on page 10. The Company has net assets of £31,641,380 (2018: £11,959,337).

FUTURE DEVELOPMENTS

The Company will continue to pursue timeshare sales in the future with a goal to optimise returns.

PRINCIPAL RISKS AND UNCERTAINTIES*Coronavirus risk*

The novel coronavirus ("COVID-19") pandemic has significantly impacted the hospitality industry due to travel restrictions and stay-at-home directives that have resulted in cancellations and significantly reduced travel around the world. In response to the impact of COVID-19, Hilton Grand Vacations Inc. (Ultimate Parent of Hilton Grand Vacations Barbados Limited) has taken actions at the consolidated company level to ensure the continuity of our business and operations, including furloughing approximately 67 percent of our employees, implementing salary reductions for the remaining active employees, eliminating all discretionary spending, reducing our planned investment in new inventory by approximately \$200 million, and drawing on the available capacity of our credit facility as a precautionary measure to ensure liquidity for a sustained period. As we are not able to estimate the date that the suspensions of resort and sales operations will be lifted, we may need to take additional actions to ensure the continuity of our business.

Brexit Risk

On 31 January 2020, the UK left the EU and entered into a transition period until the end of 2020. During this period, the UK Government will negotiate the terms of the UK's future relationship with the EU. An option to extend the transition period was contained within the withdrawal agreement between the UK and EU and expired on 1 July 2020. Therefore, the transition period is not expected to be extended beyond the end of 2020. Until the transition period ends, the full impact will not be known and cannot be reasonably estimated. However, Management is continuing to monitor the potential impact of Brexit from an operational and economic perspective including potential risks that could arise related to new or changing regulations subsequent to the transition period and increased costs to customers, current HGV owners and the Company, among other risks.

HILTON GRAND VACATIONS BARBADOS LIMITED**STRATEGIC REPORT (continued)****For the year ended 31 December 2019***Competitive risk*

The Company operates in the United States of America ("USA"). Risks that arise come from competitors opening new timeshare operations or improving an existing timeshare operation. The Company monitors its competitors' performance and participates in regular benchmarking to understand the Company's position compared to its competitors.

Economic risk

The Company is subject to the cyclical nature of the hospitality and travel industry.

FUTURE DEVELOPMENTS

The Directors do not anticipate any significant changes to the Company's activity in the foreseeable future.

SECTION 172 STATEMENT

The Directors of the Company have a clear framework for determining the matters within its remit and functions under the same role and responsibility guidelines set forth in the Company's Articles of Association. The Directors oversee the management of the business and ensures that he or she acts in the way he or she considers, in good faith, would most likely promote the Company's success for the benefit of the Company as a whole. In this oversight role, the Board serves as the ultimate decision-making body of the Company, except for those matters reserved to or shared with the Company's ultimate parent, Hilton Grand Vacations Inc ("HGVI"). In doing so, the Directors have regard (among other matters) to:

- The likely consequences of any decision in the long term

The Directors understand the business and the evolving environment in which the Company operates, including the demands of being a leader of the timeshare industry. The strategies set by the Directors are intended to strengthen the Company's position as a leading timeshare company by developing and operating upscale vacation ownership properties across the world and maintaining current knowledge on all forms of leisure travel. In 2017, Hilton Grand Vacations Inc. and its subsidiaries celebrated its 25th anniversary, marking a 25-year legacy of providing cherished vacation memories and successful execution of long-term goals.

- The interests of the Company's employees

The Directors recognize that even though the operations of the Company are undertaken by employees of various subsidiaries of HGVI, all employees within the umbrella of Hilton Grand Vacations are fundamental and core to the business and delivery of its strategic ambitions. The success of our business depends on attracting, retaining and motivating employees. The Directors also recognize that these requirements must be fulfilled by remaining a responsible employer, offering competitive pay and benefits, and maintaining a safe and inspiring workplace environment, and consistently considering the implications of decisions on employees.

- The need to foster the Company's business relationships with suppliers, customers and others

Delivering our strategy requires strong, mutually beneficial relationships with suppliers, customers, governments, and other parties that interact with our business. The Directors seek the promotion and application of general principles of business in such relationships. The ability to promote these principles effectively is an important factor in the decision to enter into or remain in such relationships and this, alongside other standards, is described in the Business Ethics section of the HGVI's code of conduct, which is reviewed and approved by HGVI's Board of Directors periodically and acknowledged by all employees annually.

The Directors also continuously assess the priorities related to our customers and those with whom we do business and engage with these parties to ensure mutually beneficial relationships are maintained.

- The need to act fairly as between members of the company

After weighing all relevant factors, the Directors consider which course of action best enables delivery of our strategy through the long-term, taking into consideration the impact on stakeholders. In doing so, our Directors act fairly between the Company's members to the greatest extent possible, while ensuring that the best interest of the Company remains the highest priority.

HILTON GRAND VACATIONS BARBADOS LIMITED**STRATEGIC REPORT (continued)**
For the year ended 31 December 2019

- The impact of the company's operations on the community and the environment

The Directors understand that the Company's presence in the community and impact on the environment are vital to the success and future of the Company. As such, all the Director's strategic decisions consider the impact on the community in which any potential decisions would be executed to ensure that the external perception of the business aligns with the values of HGVI. By doing so, the Company positively integrates itself into the communities and world in which we live and work.

Protecting the environment is a top priority for the Company and its Directors. Responsible environmental activity is a priority for our business and the surrounding communities. The Directors are committed to complying with all applicable environmental laws and regulations and expects its employees to properly handle, store and dispose of hazardous materials and wastes, and to comply with all environmental permits that apply to HGV equipment, operations or facilities.

- The desirability of the company maintaining a reputation for high standards of business conduct

The company aims to meet the world's demands for upscale vacation ownership properties flexible travel opportunity in ways which are economically, environmentally and socially responsible. The Board of Directors of HGVI periodically review and approve HGVI's Code of Conduct and corporate governance guidelines to ensure that its high standards are maintained both within company and with the business relationships we maintain. This, complemented by the ways the Company is informed and monitors compliance with relevant governance standards, helps assure that all decisions are executed in ways that promote high standards of business conduct.

Principal Decisions

For the year ended December 31, 2019, Hilton Grand Vacations Barbados engaged in one principal decision involving the purchase of certain vacation ownership intervals from the current owner of the Crane resort in Barbados. The selling party of the intervals and customers including resort guests and members of HGV's club constitute the primary stakeholders impacted by this decision.

These groups were considered individually to ensure that the outcome aligned with the Company's values and Code of Conduct.

(i) Selling party

As the owner of the Crane resort, the selling party continues to own significant portions of the intervals at the resort, despite selling certain intervals to the Company. Considering this fact, the Company also views the selling party as a stakeholder in the daily operations of the resort. As such, and consistent with discussions above, the Company executed the purchase of the vacation ownership intervals in accordance with the Fair Dealings section of HGVI's Code of Conduct including, but not limited to, ensuring that the Company did not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice. Thus far, the outcome of this decision has indicated mutual benefits as the Crane resort has continued to operate cohesively between both the Company and Seller as owners of vacation ownerships intervals at the resort.

(ii) Customers

As a part of the purchase of the vacation ownership intervals, the Company evaluated the resort's current customers and how the Company purchasing certain intervals would impact those individuals. The Hilton Grand Vacations brand is committed to the highest level of quality at all of its properties and committed to meeting that level of quality in conjunction with deciding to acquire the units. In connection to this commitment, the Company also ensured that the brand's quality standards have remained consistent to make certain that all customers continued to receive a high quality product as a result of this decision.

ON BEHALF OF THE BOARD

DocuSigned by:



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C R Corbin - Director

Approved by the Board and signed on its behalf on 29 December 2020

HILTON GRAND VACATIONS BARBADOS LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2019

The Directors present their report and the audited financial statements for the year ended 31 December 2019.

RESULTS AND DIVIDENDS

The profit for the financial year amounted to £12,388,330 (14 months ended 31 December 2018: £1,204,709). The Directors do not recommend the payment of a dividend (14 months ended 31 December 2018: £nil).

DIRECTORS

The Directors who held office during the year and up to the date of signing this report are as follows:

C R Corbin
S R Soroka
M D Wang
T A Goodman
K D Lodde

GOING CONCERN

The Company's activities, together with the factors likely to affect its future development, its competitive and economic risks are set out in the "Business Review" and "Principal Risks and Uncertainties" section in the Strategic Report. The financial statements have been prepared under the going concern basis because the Company's ultimate parent, Hilton Grand Vacations Inc. has provided a letter of support stating it will provide financial support, should it be needed, to enable the Company to meet its debts as they become due for a period of at least 12 months from the date of approval of the financial statements. In addition to obtaining a letter of support, the Company has determined that it can sufficiently rely on this support as a result of the conclusion reached by Hilton Grand Vacations Inc. related to its own going concern assessment which covered a period up to 31 December 2021. As a part of this assessment, Hilton Grand Vacations Inc. concluded that it can support the obligations of itself and all of its consolidating subsidiaries, including Hilton Grand Vacations Barbados Limited, upon reviewing its consolidated forecasted revenues and expenses for the aforementioned period. The Directors have not identified any conditions or events that's raise substantial doubt about the Company's ability to continue as a going concern.

DIRECTORS' AND OFFICERS' LIABILITY

During the year ended 31 December 2019, Hilton Grand Vacations Inc. purchased and maintained on behalf of the Company, liability insurance for its Directors and officers as permitted by section 236 of the Companies Act 2006.

POLITICAL CONTRIBUTIONS

The Company made no political donations or incurred any political expenditure during the year (14 months ended 31 December 2018: nil).

FUTURE DEVELOPMENTS

The Company will continue to operate as a timeshare operator in the future with a goal to optimise returns.

SUBSEQUENT EVENTS

Starting from early 2020, new coronavirus disease (COVID-19) has begun rapidly spreading all over the world resulting in announcement of the pandemic status by the World Health Organisation in March 2020. Responses put in place by many countries to contain spread of COVID-19 are resulting in significant operational disruption for many companies and have significant impact on global financial markets. As the situation is rapidly evolving it may have a significant effect on business of many companies across a wide range of sectors, including but not limited to such impacts as disruption of business operations as a result of interruption of production or closure of facilities, supply chain disruption, quarantines of personnel, reduced demand and difficulties in raising financing. In addition, the Company may face the increasingly broad effects of COVID-19 as a result of its negative impact on the global economy and major financial markets. The significance of the effect of COVID-19 on the Company's business largely depends on the duration and the incidence of the pandemic effects on the world and US economy.

HILTON GRAND VACATIONS BARBADOS LIMITED**DIRECTORS' REPORT *(continued)***
For the year ended 31 December 2019**SUBSEQUENT EVENTS (CONTINUED)**

In response to the impact of COVID-19, Hilton Grand Vacations Inc. (Ultimate Parent of Hilton Grand Vacations Barbados Limited) has taken actions at the consolidated company level to ensure the continuity of our business and operations, including furloughing approximately 67 percent of our employees, implementing salary reductions for the remaining active employees, eliminating all discretionary spending, reducing our planned investment in new inventory by approximately \$200 million, and drawing on the available capacity of our credit facility as a precautionary measure to ensure liquidity for a sustained period. As we are not able to estimate the date that the suspensions of resort and sales operations will be lifted, we may need to take additional actions to ensure the continuity of our business.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, the Directors' Report 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and estimates that are reasonable and prudent; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or cease operations or have no realistic options but to do so.

The Directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. 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.

DISCLOSURE OF INFORMATION TO AUDITOR

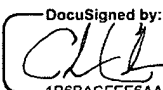
The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

They are responsible for such controls as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error, and have general responsibility for taking such steps as are reasonable open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

AUDITOR

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:

DocuSigned by:

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 C R Corbin - Director

Approved by the Board and signed on its behalf on 29 December 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HILTON GRAND VACATIONS BARBADOS LIMITED

Opinion

We have audited the financial statements of Hilton Grand Vacations Barbados Limited for the year ended 31 December 2019 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 14, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2019 and of its profit 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter– Effects of COVID-19

We draw attention to Note 14 of the financial statements, which describes the economic and social consequences the company is facing as a result of COVID-19 which is impacting consumer demand, financial markets and personnel available for work and or being able to access offices. Our opinion is not modified in respect to this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Strategic Report and Directors' Report and Financial Statements other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMEBERS OF
HILTON GRAND VACATIONS BARBADOS LIMITED (continued)**

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of Directors

As explained more fully in the Statements of Directors' Responsibilities set out on page 6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine 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, the Directors are 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 unless the Directors either intend to liquidate the Company or to cease operations, or have 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 (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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 an auditor's report 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.

Emob+Young LLP

Neil Warnock (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast
Date: 29 December 2020

HILTON GRAND VACATIONS BARBADOS LIMITED**PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME****For the year ended 31 December 2019**

	Note	Year ended 31 December 2019 £	Period from 31 October 2017 to 31 December 2018 £
TURNOVER	4	64,675,051	7,905,881
Cost of sales		(12,800,144)	(1,666,626)
GROSS PROFIT		51,874,907	6,239,255
Administrative expenses		(39,226,705)	(4,751,960)
OPERATING PROFIT		12,648,202	1,487,295
PROFIT BEFORE TAXATION	5	12,648,202	1,487,295
Tax on profit	7	(259,872)	(282,586)
PROFIT FOR THE FINANCIAL YEAR		12,388,330	1,204,709
OTHER COMPREHENSIVE (EXPENSE)/INCOME			
Foreign exchange unrealised (loss)/gain on translation		(182,563)	101,172
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		12,205,767	1,305,881


All the above activity within the Profit and Loss and Other Comprehensive Income relates to continuing activities.

The notes form part of these financial statements.

HILTON GRAND VACATIONS BARBADOS LIMITED (Registered number : 11039548)**BALANCE SHEET****As at 31 December 2019**

	Note	2019 £	2018 £
CURRENT ASSETS			
Stocks	8	16,406,175	9,048,171
Debtors	9	17,674,445	7,863,891
Cash at bank and in hand		9,045,534	138,508
		<u>43,126,154</u>	<u>17,050,570</u>
CREDITORS:			
Amounts due in less than one year	10	(11,484,774)	(5,091,233)
NET CURRENT ASSETS		<u>31,641,380</u>	<u>11,959,337</u>
NET ASSETS		<u>31,641,380</u>	<u>11,959,337</u>
CAPITAL AND RESERVES			
Called up share capital	11	1	1
Capital contribution reserve	11	18,129,731	10,653,455
Retained earnings	11	13,593,039	1,204,709
Foreign currency translation reserve	11	(81,391)	101,172
SHAREHOLDERS' FUNDS		<u>31,641,380</u>	<u>11,959,337</u>

These financial statements were approved by the Board of Directors on 29 December 2020 and were signed on its behalf by:

DocuSigned by:

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 C R Corbin - Director

The notes form part of these financial statements.

HILTON GRAND VACATIONS BARBADOS LIMITED**STATEMENT OF CHANGES IN EQUITY****For the year ended 31 December 2019**

	Called up share capital £	Capital contribution reserve £	Retained earnings £	Foreign currency translation reserve £	Total equity £
Balance at 31 October 2017	-	-	-	-	-
Total comprehensive income for the period					
Profit for the financial period	-	-	1,204,709	-	1,204,709
Other comprehensive income	-	-	-	101,172	101,172
Total comprehensive income	-	-	1,204,709	101,172	1,305,881
Transactions with owners, recorded directly in equity					
Issue of shares	1	-	-	-	1
Capital contribution	-	10,653,455	-	-	10,653,455
Balance at 31 December 2018	1	10,653,455	1,204,709	101,172	11,959,337
Total comprehensive income for the year					
Profit for the financial year	-	-	12,388,330	-	12,388,330
Other comprehensive expense	-	-	-	(182,563)	(182,563)
Total comprehensive income	-	-	12,388,330	(182,563)	12,205,767
Transactions with owners, recorded directly in equity					
Capital contribution	-	7,476,276	-	-	7,476,276
Balance at 31 December 2019	1	18,129,731	13,593,039	(81,391)	31,641,380

The notes form part of these financial statements.

HILTON GRAND VACATIONS BARBADOS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2019****1. FUNDAMENTAL ACCOUNTING CONCEPT**

Hilton Grand Vacations Barbados Limited (the "Company") is incorporated and domiciled in England and Wales.

The financial statements have been prepared under the going concern assumption as the Company's ultimate parent company, Hilton Grand Vacations Inc., has provided a letter agreeing to give financial support to enable the Company to meet its liabilities as they fall due.

2. STATUTORY INFORMATION

Hilton Grand Vacations Barbados Limited (the "Company") is a private company, limited by shares, incorporated, domiciled and registered in England and Wales in the United Kingdom. The registered number is 11039548 and the registered address is 25 Canada Square, Level 37, London, E14 5LQ. The Company's immediate parent undertaking is Hilton Grand Vacations UK Limited. The Company's ultimate parent undertaking, Hilton Grand Vacations Inc. includes the Company in its consolidated financial statements. The consolidated financial statements of Hilton Grand Vacations Inc. are available to the public and may be obtained from 6355 MetroWest Boulevard, Suite 180, Orlando, Florida 32835, United States of America.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared in accordance with Financial Reporting Standard ("FRS") 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the European Union ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's functional currency is United States Dollar ("USD") and the Company's presentation currency of these financial statements is pound sterling. All amounts in the financial statements have been rounded to the nearest £1.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- 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;
- with respect to IFRS 15 disclosure exemptions from the second sentence of the paragraph 110, and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129; and
- the requirements of paragraphs 130(f), 134(d to f) and 135(c to e) of IAS 36 Impairments of Assets.

The accounting policies set out below have, unless otherwise stated, been applied consistently to the period presented in these financial statements.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

HILTON GRAND VACATIONS BARBADOS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****For the year ended 31 December 2019****3. SIGNIFICANT ACCOUNTING POLICIES (continued)****Measurement convention**

The financial statements are prepared on the historical cost basis.

Turnover

Turnover is derived from timeshare operations, and arose wholly in the United States of America. Timeshare turnover represents income (excluding taxes) from sales of timeshare contracts in the normal course of business. Timeshare related turnover is recognised when the timeshare sales contract is executed by both the Company and the customer, and the statutory period that allows the customer to cancel the timeshare sale has elapsed.

Going concern

The Company's activities, together with the factors likely to affect its future development, its competitive and economic risks are set out in the "Business Review" and "Principal Risks and Uncertainties" section in the Strategic Report. The financial statements have been prepared under the going concern basis because the Company's ultimate parent, Hilton Grand Vacations Inc. has provided a letter of support stating it will provide financial support, should it be needed, to enable the Company to meet its debts as they become due for at least 12 months from approval of financial statements. In addition to obtaining a letter of support, the Company has determined that it can sufficiently rely on this support as a result of the conclusion reached by Hilton Grand Vacations Inc. related to its own going concern assessment which covered a period of at least 12 months from the approval of the Company's financial statements. As a part of this assessment, Hilton Grand Vacations Inc. concluded that it can support the obligations of itself and all of its consolidating subsidiaries, including Hilton Grand Vacations Barbados Limited, upon reviewing its consolidated forecasted revenues and expenses for the aforementioned period. As of 31 December 2019, the Directors have not identified any conditions or events that raise substantial doubt about the Company's ability to continue as a going concern.

Foreign currency

The results and financial position are translated from the Company's functional currency to presentation currency as follows (i) assets and liabilities are translated at the closing rate at the date of that Balance Sheet; (ii) income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions) and (iii) all resulting exchange differences are recognised in other comprehensive income foreign currency translation reserve.

Financial instruments**(i) Recognition and initial measurement**

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement*Financial assets***(a) Classification**

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

HILTON GRAND VACATIONS BARBADOS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****For the year ended 31 December 2019****3. SIGNIFICANT ACCOUNTING POLICIES (continued)****Financial instruments (continued)****(ii) Classification and subsequent measurement (continued)**

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

The Company's financial assets include trade debtors, intercompany loans and cash and are classified as measured at amortised cost.

(b) Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

HILTON GRAND VACATIONS BARBADOS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****For the year ended 31 December 2019****3. SIGNIFICANT ACCOUNTING POLICIES (continued)****Financial instruments (continued)****(ii) Classification and subsequent measurement (continued)***Financial liabilities and equity (continued)*

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Impairment

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

HILTON GRAND VACATIONS BARBADOS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****For the year ended 31 December 2019****3. SIGNIFICANT ACCOUNTING POLICIES (continued)****Stocks**

Stocks comprise of unsold timeshare intervals. Stocks are valued at the lower of cost or net realisable value, after making due allowance for obsolete and slow moving items. Cost includes all costs incurred in bringing each product to its present location and condition. Therefore the stocks as a whole are accounted for using a first-in, first-out basis.

Capital expenditures associated with timeshare products are reflected as inventory until the timeshare intervals are sold. Consistent with industry practice, timeshare inventory is classified as a current asset despite an operating cycle that may exceed 12 months.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the Balance Sheet date, and any adjustment to tax payable in respect of previous periods.

Accounting estimates and judgements

The following is 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 certain amounts within the next financial year.

Inventory

The value of the timeshare stock is calculated using the relative sales value method which involves a level of judgement by management in estimating the total expected revenue and costs over the life of the business. These are validated against actual revenues and costs on a regular basis with any adjustments made to the carrying value of the inventory as required.

Adopted Accounting Standards

The Company has adopted the following IFRSs in these financial statements:

IFRS 16: Leases

On 13 January 2016, IASB issued IFRS 16 Leases ("IFRS 16"). Under this standard, the lessee is required to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying assets have a low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. This standard can be adopted using the modified retrospective approach or the full retrospective approach and is effective for an entity's first annual reporting periods beginning on or after 1 January 2019.

IFRIC 23: Uncertainty over Income Tax Treatments

When there is uncertainty over income tax treatments, an entity shall determine whether to disclose:

- (a) judgements made in determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates applying paragraph 122 of IAS 1 Presentation of Financial Statements; and
- (b) information about the assumptions and estimates made in determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates applying paragraphs 125–129 of IAS 1.

The Company has no uncertainties over income tax treatments and consequently the adoption of IFRIC 23 has had no impact on the financial statements.

HILTON GRAND VACATIONS BARBADOS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****For the year ended 31 December 2019****4. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the Company and relate wholly to the USA.

5. PROFIT BEFORE TAXATION

The remuneration of the auditors of £44,250 (14 months ended 31 December 2018: £35,000) is borne entirely by Hilton Grand Vacations Inc.

6. EMPLOYEES AND DIRECTORS

All operations of the Company during the current and prior year have been undertaken by employees of other companies within Hilton Grand Vacations Inc.. The below relates to cost from the sale of timeshares and have been recognised in the Profit and Loss Account.

	Year ended 31 December 2019 £	Period 31 October 2017 to 31 December 2018 £
Salaries, wages and other	-	4,725

No recharge of staff costs have been made in the current or prior periods.

The Directors are employed and remunerated by other entities in the Hilton Grand Vacations Inc. Group. Their qualifying services as Director of Hilton Grand Vacations Barbados Limited are incidental to their main roles and they do not receive additional remuneration for these qualifying services. The Directors therefore believe it is not possible to apportion/identify any element of their remuneration to their qualifying services as Directors of this Company and consequently no recharge has been made in the current or prior periods.

HILTON GRAND VACATIONS BARBADOS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****For the year ended 31 December 2019****7. TAX ON PROFIT***Recognised in the profit and loss account*

	Year ended 31 December 2019 £	Period from 31 October 2017 to 31 December 2018 £
<i>UK corporation tax</i>		
Current tax on income for the year	-	282,586
<i>Barbados corporation tax</i>	259,872	-
Total tax expense	<u>259,872</u>	<u>282,586</u>

Reconciliation of effective tax rate

The tax assessed for the year is lower than (14 months ended 31 December 2018: equal to £282,586) the standard rate of corporation tax in the UK. The difference is explained below:

	Year ended 31 December 2019 £	Period from 31 October 2017 to 31 December 2018 £
Profit for the year	12,388,330	1,204,709
Total tax expense	<u>259,872</u>	<u>282,586</u>
Profit before tax expense	12,648,202	1,487,295
Tax using the UK corporation tax rate of 19% (2018: 19%)	2,403,158	282,586
Difference in overseas tax rates	<u>(2,143,286)</u>	
Tax expense	<u>259,872</u>	<u>282,586</u>

Tax rate change

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. There is no impact of this change on the tax charge as there are no instances of deferred taxation recognised in the statement of comprehensive income or directly in equity in either the current or prior year.

HILTON GRAND VACATIONS BARBADOS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****For the year ended 31 December 2019****8. STOCKS**

	2019 £	2018 £
Timeshare stock	16,406,175	9,048,171
	<u>16,406,175</u>	<u>9,048,171</u>

The Directors estimate that the replacement cost of stocks is not materially different from their book value. During the year ended 31 December 2019, £13,144,826 (period ended 31 December 2018: £1,666,626) of Timeshare stock has been recognised as an expense.

9. DEBTORS

	2019 £	2018 £
Trade debtors	306,323	366,498
Amounts owed by Group undertakings	17,368,122	7,497,393
	<u>17,674,445</u>	<u>7,863,891</u>

Amounts owed by 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 by 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 by) that in the ordinary course of business, repayment within such a timescale would not be required.

10. CREDITORS: AMOUNTS DUE IN LESS THAN ONE YEAR

	2019 £	2018 £
Trade creditors	-	58,973
Amounts owed to Group undertakings	11,058,262	4,737,944
Social and other taxes	188,972	284,980
Accruals and deferred income	237,540	9,336
	<u>11,484,774</u>	<u>5,091,233</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 less than 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 timescale would not be required.

HILTON GRAND VACATIONS BARBADOS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****For the year ended 31 December 2019****11. CALLED UP SHARE CAPITAL**

Allotted, called up and fully paid:

	2019	2018
	£	£
1 Ordinary share of £1 each	1	1

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Reserves*Called up shared capital:*

Represents the nominal value of shares issued.

Capital contribution reserve:

Represents the amounts introduced by the shareholders.

Retained earnings:

Represents the reserves for net gains and losses recognised in the Profit and Loss Account.

Foreign currency translation reserve:

The foreign currency translation reserve represents the foreign exchange gain generated on the translation of the Company's financial figures from its functional currency USD to the presentation currency of these financial statements in pounds sterling.

12. PARENT UNDERTAKING, CONTROLLING PARTY AND CONSOLIDATED ENTITY

The Company's immediate parent undertaking is Hilton Grand Vacations UK Limited, a private company incorporated and domiciled in England and Wales, and a subsidiary of Hilton Grand Vacations Inc., is the ultimate parent company and is registered in the United States of America.

The ultimate parent, the only undertaking for which Group financial statements were prepared and into which the Company is consolidated for 31 December 2019, was Hilton Grand Vacations Inc. a Delaware company incorporated in the United States of America. These Group financial statements are available from the Company secretary, Hilton Grand Vacations Inc., 6355 MetroWest Boulevard, Suite 180, Orlando, Florida 32835, United States of America.

13. CAPITAL COMMITMENTS

The Company has entered into certain arrangements with developers whereby it has committed to purchase vacation ownership units at a future date to be marketed and sold under the Hilton Grand Vacations brand.

As of 31 December 2018, the Company committed to purchase approximately £30.2 million of inventory over a span of one year.

As of 31 December 2019, the Company committed to purchase approximately \$13 million (£10m) of remaining purchase commitments of inventory, \$5.65m in 2020 and \$7.35m in 2021.

HILTON GRAND VACATIONS BARBADOS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

14. SUBSEQUENT EVENTS

Starting from early 2020 a new coronavirus disease (COVID-19) has begun rapidly spreading all over the world resulting in announcement of the pandemic status by the World Health Organisation in March 2020. Responses put in place by many countries to contain spread of COVID-19 are resulting in significant operational disruption for many companies and have significant impact on global financial markets. As the situation is rapidly evolving it may have a significant effect on business of many companies across a wide range of sectors, including but not limited to such impacts as disruption of business operations as a result of interruption of production or closure of facilities, supply chain disruption, quarantines of personnel, reduced demand and difficulties in raising financing. In addition, the Company may face the increasingly broad effects of COVID-19 as a result of its negative impact on the global economy and major financial markets. The significance of the effect of COVID-19 on the Company's business largely depends on the duration and the incidence of the pandemic effects on the world and US economy.

In response to the impact of COVID-19, Hilton Grand Vacations Inc. (Ultimate Parent of Hilton Grand Vacations Barbados Limited) has taken actions at the consolidated company level to ensure the continuity of our business and operations, including furloughing approximately 67 percent of our employees, implementing salary reductions for the remaining active employees, eliminating all discretionary spending, reducing our planned investment in new inventory by approximately \$200 million, and drawing on the available capacity of our credit facility as a precautionary measure to ensure liquidity for a sustained period. As we are not able to estimate the date that the suspensions of resort and sales operations will be lifted, we may need to take additional actions to ensure the continuity of our business.