

THE WORCESTER BUILDING COMPANY LIMITED

Report and Financial Statements

For the year ended 31 December 2000



Deloitte & Touche
Hill House
1 Little New Street
London
EC4A 3TR

THE WORCESTER BUILDING COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS 2000

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THE WORCESTER BUILDING COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS 2000

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

T J Gates
G McKenna

SECRETARY

M R France

REGISTERED OFFICE

1 Savoy Hill
London
WC2R 0BP

AUDITORS

Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London
EC4A 3TR

THE WORCESTER BUILDING COMPANY LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2000.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company did not trade during the year.

The directors do not recommend payment of a dividend (1999 £nil).

FUTURE PROSPECTS

The company is not expected to trade in the foreseeable future.

DIRECTORS

The directors who served throughout the year were as follows:

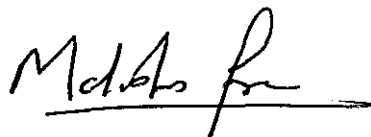
T J Gates
G McKenna (Irish)

Neither of the directors hold any interests in the shares of the company or any other group company.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'M R France', written over a horizontal line.

M R France
Secretary

27 June 2001

THE WORCESTER BUILDING COMPANY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

AUDITORS' REPORT TO THE MEMBERS OF THE WORCESTER BUILDING COMPANY LIMITED

We have audited the financial statements on pages 5 to 8 which have been prepared under the accounting policy set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

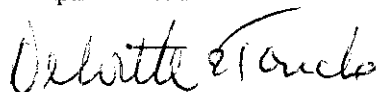
Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2000 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche

Chartered Accountants and
Registered Auditors

Hill House
1 Little New Street
London EC4A 3TR

6/7/ 2001

THE WORCESTER BUILDING COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2000

| | Note | 2000 £ | 1999 £ |
|---|------|-----------|-------------|
| Equity dividends paid | 4 | - | (2,051,853) |
| Retained loss for the year | | - | (2,051,853) |
| Profit and loss account brought forward | | - | 2,051,853 |
| Profit and loss account carried forward | | - | - |

There are no recognised gains or losses other than the result disclosed in the above profit and loss account, for this or the preceding year.

There have been no movements in shareholders funds in the current and prior period other than those shown in the profit and loss account.

Accordingly no statement of total recognised gains and losses or reconciliation of movements in the shareholders' funds is given.

THE WORCESTER BUILDING COMPANY LIMITED

BALANCE SHEET

31 December 2000

| | Note | 2000 £ | 1999 £ |
|-----------------------------------|------|----------------|----------------|
| CURRENT ASSETS | | | |
| Debtors | 5 | 620,000 | 620,000 |
| NET ASSETS | | <u>620,000</u> | <u>620,000</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 6 | 620,000 | 620,000 |
| Profit and loss account | | - | - |
| Equity shareholders' funds | | <u>620,000</u> | <u>620,000</u> |

These financial statements were approved by the Board of Directors on 27 June 2001.

Signed on behalf of the Board of Directors



T J Gates

Director

THE WORCESTER BUILDING COMPANY LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2000

1. ACCOUNTING POLICY

The financial statements are prepared on the historical cost basis of accounting.

2. TRADING

The company did not trade during the year. Auditors' remuneration of £500 (1999: £500) was borne by another group company.

3. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

No remuneration was paid to any director or employee for services to the company during the year (1999: £nil).

4. EQUITY DIVIDEND PAID

| | 2000 £ | 1999 £ |
|-----------------|-----------|-----------|
| Ordinary shares | - | 2,051,853 |

5. DEBTORS

| | 2000 £ | 1999 £ |
|------------------------------------|-----------|-----------|
| Amounts owed by parent undertaking | 620,000 | 620,000 |

6. CALLED UP SHARE CAPITAL

| | 2000 £ | 1999 £ |
|---|-----------|-----------|
| Authorised: 350,000 6% non-cumulative preference shares of £1 each | 350,000 | 350,000 |
| 300,000 Ordinary shares of £1 each | 300,000 | 300,000 |
| | 650,000 | 650,000 |
| Allotted, called up and fully paid: 350,000 6% non-cumulative preference shares of £1 each | 350,000 | 350,000 |
| 270,000 Ordinary shares of £1 each | 270,000 | 270,000 |
| | 620,000 | 620,000 |

The preference shares rank above the ordinary shares in respect of their rights to capital payment on redemption or winding up. The preference shares do not confer any right of participation in the profits or assets of the company. The preference shareholders have waived their rights to any dividends until further notice. Shares rank equally in all other respects.

THE WORCESTER BUILDING COMPANY LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2000

7. ULTIMATE PARENT COMPANY

As at 31 December 2000, the company's ultimate parent company and controlling party is BRE/Savoy Acquisition Company (an unlimited company) registered in England and Wales. This is the largest group in which the company is a member and for which Group accounts are prepared. Copies of its statutory accounts are available from its registered office 1 Savoy Hill, London WC2R 0BP.

Blackstone Hotel Acquisitions Company is the smallest member of the Group in which the company is a member and for which Group accounts are prepared. Copies of its statutory accounts are also available from its registered office 1 Savoy Hill, London WC2R 0BP.

8. RELATED PARTY DISCLOSURE

The company is exempt under the provisions of paragraph 3, Financial Reporting Standard 8 "Related Party Disclosures" from disclosing details of transactions with Group related parties.