

Company Registration No. 2178571

Marriott Hotels (Reading) Limited

Report and Financial Statements

31 December 2006



Marriott Hotels (Reading) Limited

Report and financial statements 2006

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Marriott Hotels (Reading) Limited

Report and financial statements 2006

Officers and professional advisers

Director

J M Healy
J H Giesbert

Secretary

CITCO Management UK Limited
7 Albermarle Street
London
W1S 4HQ

Registered office

7 Albermarle Street
London
W1S 4HQ

Auditors

Deloitte & Touche LLP
Chartered Accountants
London

Marriott Hotels (Reading) Limited

Directors' report

The directors present the annual report and the audited financial statements for the year ended 31 December 2006

Principal activity

The principal activity of the company is to develop hotel sites for sale in the UK from time to time, as opportunities arise. The company did not undertake any significant business activity during the year and does not foresee any significant business activity in the immediate future.

This report is prepared in accordance with the special provisions relating to small companies within s246(4)(a) of the Companies Act 1985.

Results and dividends

Results and dividends are as follows

	2006	2005
	£	£
Accumulated deficit at beginning of the year	(2,680,524)	(2,303,789)
Profit for the financial year	161,966	376,735
Accumulated deficit at end of the year	<u>(2,518,558)</u>	<u>(2,680,524)</u>

The directors do not recommend the payment of a final dividend (2005 – £nil)

Directors and their interests

The directors all of whom have served throughout the year and up to the date of signing of this report, unless otherwise stated, are shown below

H H Hansen (US citizen)	(resigned 17/01/2006)
H H Davies (US citizen)	(resigned 28/02/2007)
J M Healy (US citizen)	
J H Giesbert (US Citizen)	(appointed 02/28/2007)
A J Coughtrie (US citizen)	(resigned 02/06/2006)

There are no directors' interests in the shares of the company or any other group undertaking which are required to be disclosed under Schedule 7 of the Companies Act 1985.

Financial Risk Management

The company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest risk, currency risk, credit risk, liquidity risk, cash flow risk, and price risk. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet, the only financial risk the directors consider relevant to this company is cash flow risk. This risk is mitigated by the nature of the balances owed with these due from other group companies who are able to repay these if required.

Marriott Hotels (Reading) Limited

Directors' report (continued...)

Disclosure of Information to Auditors

The Directors state that, for each person who is a director at the time when the directors' report is approved, the following applies

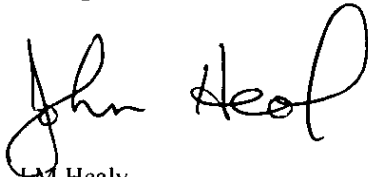
- (a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Auditors

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming 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 'John Healy', written in a cursive style.

J-M Healy
Director

26 September 2007

Marriott Hotels (Reading) Limited

Statement of director's responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

United Kingdom company law require the directors to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The Financial statements are required by law to 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 director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent ,
- state whether applicable UK 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.

Marriott Hotels (Reading) Limited

Independent auditors' report to the members of Marriott Hotels (Reading) Limited

We have audited the financial statements of Marriott Hotels (Reading) Ltd for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company and the group, 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.

Marriott Hotels (Reading) Limited
Independent auditors' report to the members of
Marriott Hotels (Reading) Limited (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
United Kingdom

27 September 2007

Marriott Hotels (Reading) Limited

Profit and loss account Year ended 31 December 2006

	Note	2006 £	2005 £
Administrative expenses		(15,690)	(15,092)
Operating loss		(15,690)	(15,092)
Foreign exchange gain/(loss)	2	316,224	(266,075)
Interest payable and similar charges	3	(138,568)	(95,568)
Profit/(loss) on ordinary activities before taxation	4	161,966	(376,735)
Tax on profit/(loss) on ordinary activities	6	-	-
Profit / (loss) on ordinary activities after taxation and profit/(loss) for the financial year		161,966	(376,735)

The company's results all relate to continuing operations

There are no recognised gains or losses other than the profit for the year of £161,966 (2005 –Loss £376,735), accordingly no separate statement of total recognised gains and losses is presented

The accompanying notes are an integral part of this profit and loss account

Marriott Hotels (Reading) Limited

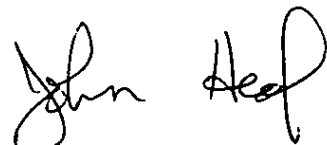
Balance sheet 31 December 2006

	Note	2006 £	2005 £
Current assets			
Debtors			
- due within one year	7	131,228	45,454
- due after more than one year	8	-	131,228
Creditors: amounts falling due within one year	9	<u>(287,975)</u>	<u>(317,739)</u>
Net current liabilities		<u>(156,747)</u>	<u>(141,057)</u>
Total assets less current liabilities		(156,747)	(141,057)
Creditors: amounts falling due after one year	10	<u>(2,361,711)</u>	<u>(2,539,367)</u>
Net liabilities		<u><u>(2,518,458)</u></u>	<u><u>(2,680,424)</u></u>
Capital and reserves			
Called up equity share capital	11	100	100
Profit and loss account		<u>(2,518,558)</u>	<u>(2,680,524)</u>
Shareholders' deficit	12	<u><u>(2,518,458)</u></u>	<u><u>(2,680,424)</u></u>

The accompanying notes are an integral part of this balance sheet

These financial statements were approved by the Board of Directors on *26 September* 2007

Signed on behalf of the Board of Directors


 J M Healy
 Director

Marriott Hotels (Reading) Limited

Notes to the accounts

Year ended 31 December 2006

1. Accounting policies

The financial statements are prepared in accordance with applicable UK Company Law and accounting standards. The particular accounting policies adopted have been applied consistently throughout the current and preceding year, are described below.

Basis of accounting

The accounts have been prepared under the historical cost convention, and in accordance with applicable United Kingdom accounting standards.

The directors consider that the company will continue in operational existence for the foreseeable future. The accounts have been prepared on the going concern basis.

Cash flow statement

The company is exempt from the requirement of FRS1 (revised) to include a cash flow statement as part of its accounts because it is a wholly owned subsidiary of Marriott International Inc. in whose accounts the company is consolidated.

Taxation

UK corporation tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are not discounted.

Foreign currency

Trading activities denominated in foreign currencies are recorded in sterling at the exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported as an exchange gain or loss in the profit and loss account.

2 Foreign exchange gain

The foreign exchange gain of £316,224 (2005 – loss £266,075) resulted from a loan denominated in US\$ payable to another group undertaking.

Marriott Hotels (Reading) Limited

Notes to the accounts Year ended 31 December 2006

3. Interest payable and similar charges

	2006 £	2005 £
On loans from group undertakings	<u>(138,568)</u>	<u>(95,568)</u>

4. Profit/(Loss) on ordinary activities before taxation

Profit/(Loss) on ordinary activities before taxation is stated after charging

	2006 £	2005 £
Auditors remuneration		
- Audit	5,200	4,950
- other services relating to tax	<u>4,265</u>	<u>4,391</u>

5. Staff costs

Except for the directors the company did not employ any staff in the year or in the previous year

The directors did not receive any remuneration in respect of services to the company in the year or in the previous year

6. Tax on profit/(loss) on ordinary activities

The tax charge for the year comprises

	2006 £	2005 £
UK corporation tax at 30%	-	-
(Over)/under provision in respect of prior periods	<u>-</u>	<u>-</u>
Total current taxes	-	-
Deferred tax		
Origination and reversal of timing differences	<u>-</u>	<u>-</u>
Total tax charge	<u>-</u>	<u>-</u>

Marriott Hotels (Reading) Limited

Notes to the accounts

Year ended 31 December 2006

6 Tax on profit(loss) on ordinary activities (continued)

The difference between the total current tax shown and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	2006 £	2005 £
Profit/(Loss) on ordinary activities before tax	<u>161,966</u>	<u>(376,735)</u>
Tax at 30%	48,590	(113,021)
Effects of Group relief claimed	<u>(48,590)</u>	<u>113,021</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

There are no provided or unprovided deferred tax liabilities or assets as at 31 December 2006 (2005 £nil)

7 Debtors: amounts due within one year

	2006 £	2005 £
Amounts owed by group undertakings	<u>131,228</u>	<u>45,454</u>

8 Debtors: amounts due after more than one year

	2006 £	2005 £
Amounts owed by group undertakings	<u>-</u>	<u>131,228</u>

9 Creditors: amounts falling due within one year

	2006 £	2005 £
Amounts owed to group undertakings	275,951	302,016
Accruals and deferred income	<u>12,024</u>	<u>15,723</u>
	<u>287,975</u>	<u>317,739</u>

Marriott Hotels (Reading) Limited

Notes to the accounts

Year ended 31 December 2006

10 Creditors, amounts falling due after more than one year

	2006 £	2005 £
Amounts owed to group undertakings	<u>2,361,711</u>	<u>2,539,367</u>

The amounts due to group undertakings outstanding at the year end were interest bearing during the year at LIBOR plus 1% The loans have no fixed repayment date

11 Called up share capital

	2006 £	2005 £
Authorised:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

12 Reconciliation of movement in shareholder's deficit

	Share capital £	Profit and loss account £	Total £
Opening shareholders' deficit at 1 January 2005	100	(2,680,524)	(2,680,424)
Profit for the year	-	161,966	161,966
Closing shareholders' deficit at 31 December 2006	<u>100</u>	<u>(2,518,558)</u>	<u>(2,518,458)</u>

13 Ultimate holding company

The company is a direct subsidiary undertaking of Marriott Hotels and Catering (Holdings) Limited, registered in England and Wales, which is considered to be the immediate controlling party

The ultimate holding company and controlling party is Marriott International Inc , incorporated in the State of Delaware, U S A

The largest and smallest group in which the results of Marriott Hotels (Reading) Limited are consolidated is that headed by Marriott International Inc

The consolidated accounts of Marriott International Inc are available to the public and may be obtained from Marriott International Inc , 1 Marriott Drive, Washington D C 20058, U S A

14 Related party transactions

As a subsidiary of Marriott International Inc , the company has taken advantage of the exemption in FRS8 'Related Party Transactions' not to disclose transactions with other greater than 90% owned members of the group headed by Marriott International Inc