

Patriot American UK Limited
Financial Statements
For the Year Ended 31 December 2005



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Patriot American UK Limited

Financial Statements

Year Ended 31 December 2005

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Patriot American UK Limited

Directors' Report

Year Ended 31 December 2005

The directors present their report and the financial statements of the company for the year ended 31 December 2005.

Principal Activities and Business Review

The principal activity of the company is to act as a holding company for the European interests of Wyndham International, Inc. ("Wyndham"), which comprise Wyn International Limited and its subsidiaries, a group formally engaged in hotel and other leisure activities, ownership, and operations in the UK.

On 16 August 2005, an affiliate of The Blackstone Group acquired the entire issued share capital of the ultimate parent company, Wyndham International, Inc. The ultimate parent of this company changed as a result of this transaction and further details are provided in note 13 to the accounts.

The directors consider that the company's year end financial position is satisfactory and expect the current position to be maintained for the foreseeable future.

Results and Dividends

The loss for the year after taxation was £2,053,848 (2004 loss - £1,788,361). The directors do not recommend the payment of a dividend for the year (2004 - nil).

Directors and their interests

The directors who served the company during the year and up to the date of this report were as follows:

E J Blum	
R J Tutty	(Resigned 24 April 2006)
M A Solls	(Resigned 24 April 2006)
G Alba	(Appointed 24 April 2006)
B Blount	(Appointed 24 April 2006 & Resigned 26 April 2006)
P Stoll	(Appointed 26 April 2006)
M Pegler	(Appointed 26 April 2006)

The company is a wholly owned subsidiary of Wy Hotels Limited and the interests of the group directors are disclosed in the financial statements of the parent company.

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 at the end of the year and of the profit or loss 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, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Patriot American UK Limited

Directors' Report (*continued*)

Year Ended 31 December 2005

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. The directors 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

The company has adopted an elective resolution dispensing with annual general meetings and the appointment of auditors annually. PricewaterhouseCoopers LLP will therefore continue as auditors to the company.

Signed on behalf of the directors



E J Blum
Director

24 August 2006

Registered office:
Wyndham International
65 Duke Street
London
W1K 5AJ

Patriot American UK Limited

Independent auditors' report to the Members of Patriot American UK Limited

Year Ended 31 December 2005

We have audited the financial statements of Patriot American UK Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

24.12.2005

Patriot American UK Limited

Profit and Loss Account

Year Ended 31 December 2005

	Note	2005 £	2004 £
Turnover		—	—
Administrative expenses		—	—
Operating Loss	3	—	—
Interest receivable	2	651,431	627,066
Interest payable	2	(2,705,279)	(2,415,427)
Loss on Ordinary Activities Before Taxation		(2,053,848)	(1,788,361)
Tax on loss on ordinary activities	4	—	—
Loss for the Financial Year		(2,053,848)	(1,788,361)

All of the activities of the company are continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

There is no difference between the loss on ordinary activities before taxation and the loss for the financial year as stated above and their historical cost equivalents.

The notes on pages 6 to 10 form part of these financial statements.


Patriot American UK Limited

Balance Sheet

31 December 2005

	Note	2005 £	2004 £
Fixed Assets			
Investments	5	<u>43,671,268</u>	<u>43,671,268</u>
Current Assets			
Debtors	6	<u>22,024,493</u>	<u>21,373,062</u>
Creditors: Amounts Falling due Within One Year	7	<u>(79,339,546)</u>	<u>(69,539,546)</u>
Net Current Liabilities		<u>(57,315,053)</u>	<u>(48,166,484)</u>
Total Assets Less Current Liabilities		<u>(13,643,785)</u>	<u>(4,495,216)</u>
Creditors: Amounts Falling due after More than One Year	8	<u>(79,133,216)</u>	<u>(86,227,937)</u>
		<u>(92,777,001)</u>	<u>(90,723,153)</u>
Capital and Reserves			
Called-up equity share capital	9	1	1
Profit and loss account	10	<u>(92,777,002)</u>	<u>(90,723,154)</u>
Equity Shareholders' deficit	11	<u>(92,777,001)</u>	<u>(90,723,153)</u>

These financial statements were approved by the directors on 24 Aug 2006 and signed on their behalf by:



E J Blum
Director

The notes on pages 6 to 10 form part of these financial statements.

Patriot American UK Limited

Notes to the Financial Statements

Year Ended 31 December 2005

1. Accounting policies

a) Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the provisions of the Companies Act 1985 and applicable UK accounting standards. The directors have reviewed the company's existing accounting policies and consider that they are consistent with the requirements of Financial Reporting Standard 18 "Accounting Policies" and are consistent with those applied last year.

The financial statements have been prepared on a going concern basis, which assumes that the company will continue to operate in the foreseeable future (see note 14).

The company is part of the group whose ultimate parent undertaking is BRE/Wind Holdco I, LLC, registered in the United States. Within the group there is a group of companies incorporated in the United Kingdom whose parent undertaking is Wy Hotels Limited. The companies within the UK group form a small sized group as defined by Section 249 of the Companies Act and as a result the directors have relied on the exemption under Section 248 of the Companies Act. Accordingly, group accounts for the year ended 31 December 2005 have not been prepared.

b) Cash flow statement

The company has taken advantage of the exemptions in Financial Reporting Standard No.1 from the requirement to produce a cash flow statement on the grounds that it is a member of a small group.

c) Fixed asset investments

Investments are recorded at directors' valuation. Provision is made for any impairment in value.

d) Deferred taxation

Full provision is made for deferred taxation on all timing differences that have arisen but not reversed at the balance sheet date, except that deferred tax assets are only recognised to the extent that it is more likely than not that they will be recovered. Deferred tax is recognised on an undiscounted basis.

Patriot American UK Limited

Notes to the Financial Statements

Year Ended 31 December 2005

2. Net interest payable

	2005 £	2004 £
Interest receivable on amounts due from group undertakings	651,431	627,066
Interest payable on amounts due to parent undertakings	(2,705,279)	(2,415,427)
Net interest payable	<u>(2,053,848)</u>	<u>(1,788,361)</u>

3. Operating loss

Auditors' remuneration has been borne by another company in the group. Directors' emoluments were nil (2004: nil) and the company has no employees (2004: nil).

4. Taxation

a) Factors affecting tax charge for the period

The current tax charge for the period is nil and is explained below:

	Year ended 31 December 2005 £	Year ended 31 December 2004 £
Loss on ordinary activities before tax	<u>(2,053,848)</u>	<u>(1,788,361)</u>
Tax credit thereon @ 30%	(616,154)	(536,508)
Effects of:		
Permanent differences		
Expenses not deductible for tax purposes	811,584	301,612
Transfer Pricing Adjustment	(881,686)	-
Utilisation of tax losses	686,256	-
Group relief surrendered for no consideration	-	557
Tax losses carried forward	-	234,339
Total current tax	<u>-</u>	<u>-</u>

b) Factors that may affect future tax charges

The company has not provided deferred tax balances at 31 December 2005 (2004 – nil). The company has an unprovided deferred tax asset at 31 December 2005 in respect of carried forward tax losses of £2,945,707 (2004 £2,892,599). The asset has not been recognised due to the uncertainty over the amount and timing of future taxable profits against which to utilise the losses.

Patriot American UK Limited

Notes to the Financial Statements

Year Ended 31 December 2005

5. Investments

	Subsidiary undertaking £
Cost	
At 1 January 2004 and 31 December 2005	<u>122,768,147</u>
Amounts Written Off	
At 1 January 2004 and 31 December 2005	<u>(79,096,879)</u>
Net Book Value	
At 31 December 2005	<u>43,671,268</u>
At 31 December 2004	<u>43,671,268</u>

The company owns 100% of the ordinary share capital and 100% of the voting rights of Wyn International Limited. The subsidiary is incorporated in the United Kingdom and its principal activity is as a holding company for companies previously engaged in the ownership of hotels and leisure facilities

6. Debtors

	2005 £	2004 £
Amounts due within one year:		
Prepayments and accrued income	2,424,493	1,773,062
Amounts owed by group undertaking	19,600,000	19,600,000
Total	<u>22,024,493</u>	<u>21,373,062</u>

The accrued income of £2,424,493 (2004 - £1,773,062) is due from another group undertaking.

Amounts owed by group undertaking represents an interest bearing loan to a subsidiary company. Interest is charged at half the Bank of England Base Rate plus 1% and the loan is repayable in 2007.

7. Creditors: Amounts Falling due Within One Year

	2005 £	2004 £
Amounts owed to parent undertakings	30,199,840	29,639,620
Amounts owed to group undertakings	49,139,706	39,899,926
	<u>79,339,546</u>	<u>69,539,546</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Patriot American UK Limited

Notes to the Financial Statements

Year Ended 31 December 2005

8. Creditors: Amounts Falling due after More than One Year

	2005	2004
	£	£
Amounts owed to parent company (3 - 5 years)	<u>79,133,216</u>	<u>86,227,937</u>

Of the amount owed to Patriot American Hospitality, Inc. stated above, £25,249,268 (2004: £22,543,989) is interest bearing at a fixed rate of 12% per annum. The balance of the amount owed is non interest bearing, unsecured and is repayable on 30 June 2007.

9. Share capital

Authorised share capital:

	2005	2004
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2005		2004	
	No	£	No	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

10. Reserves

	Profit and loss account £
Balance brought forward	(90,723,154)
Loss for the year	<u>(2,053,848)</u>
Balance carried forward	<u>(92,777,002)</u>

11. Reconciliation of movements in shareholder's funds

	2005	2004
	£	£
Loss for the financial year	(2,053,848)	(1,788,361)
Opening equity shareholders' deficit	<u>(90,723,153)</u>	<u>(88,934,792)</u>
Closing equity shareholders' deficit	<u>(92,777,001)</u>	<u>(90,723,153)</u>

Patriot American UK Limited

Notes to the Financial Statements

Year Ended 31 December 2005

12. Related party transactions

As at the 31 December 2005 the balance due from Wyn International Limited, a fellow subsidiary undertaking was £19,600,000 (2004: £19,600,000).

As at the 31 December 2005 the balance due to Patriot America Hospitality Inc, the immediate parent undertaking was £109,333,056 (2004: £115,867,557), and the balance due to Wyn International Limited amounted to £49,139,706 (2004: £39,899,926)

Related Party significant movements:

Patriot America Hospitality Inc	2005	2004
	£	£
Brought forward balance	115,867,557	111,958,893
Repayment	(9,800,000)	-
Interest charges	2,705,279	2,415,427
Funding	500,000	1,350,000
Expenses	60,220	143,237
	<hr/>	<hr/>
Carried forward balance	109,333,056	115,867,557

Wyn International Limited	2005	2004
	£	£
Brought forward balance	39,899,926	41,393,163
Funding	(500,000)	(1,350,000)
Repaying non-interest bearing loans	9,800,000	-
Recharging group services	(3,627)	(63,795)
Expenses	(56,593)	(79,442)
	<hr/>	<hr/>
Carried forward balance	49,139,706	39,899,926

13. Parent undertaking and ultimate controlling party

The immediate parent undertaking of the company is Wy Hotels Limited, registered in England and Wales.

On 16 August 2005, following the acquisition of Wyndham International, Inc. by an affiliate of The Blackstone Group, the company's ultimate parent undertaking and ultimate controlling party changed from Wyndham International, Inc. to BRE/Wind Holdco I, LLC, registered in the United States of America. Ultimate control of BRE/Wind Holdco I LLC lies with a number of Blackstone partnership entities.

14. Parent company financial support

The company is dependent on the continued financial support of its ultimate parent, BRE/Wind Holdco I, LLC, which has confirmed its intention of providing support to the company to enable it to meet its liabilities as they fall due for a period of not less than one year.