

Patriot American UK Limited
Directors' Report and Financial Statements
For the Year Ended 31 December 2007

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Patriot American UK Limited
Directors' Report and Financial Statements
Year Ended 31 December 2007

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Patriot American UK Limited

The Directors' Report

Year Ended 31 December 2007

The directors present their report and the financial statements of the company for the year ended 31 December 2007

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, which comprises Wyn International Limited and its subsidiaries, a group formally engaged in hotel and other leisure activities, ownership, and operations in the UK

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

Key Performance Indicators

The business of the company is also reviewed on a central basis and, therefore, further key performance indicators are not appropriate for an understanding of the development, performance and position of the company's business

Results and Dividends

The profit for the year after taxation was £736,007 (2006 loss - £2,379,219) The directors do not recommend the payment of a dividend for the year (2006 - nil)

Principal Risks and Uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately Accordingly, the principal risks and uncertainties of BRE/Wind Holdco I LLC, registered in the United States of America, which include those of the company, are discussed within the group annual report which does not form part of this report

Liquidity and Cash flow risk

The company is financed by way of shares and intercompany loans The directors believe the company and the group have sufficient current and future cash reserves available to meet its creditors and financing obligations Cash flow risk is limited by the pooling of group cash resources

Directors

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

G Alba
P Stoll
M Pegler

Patriot American UK Limited

The Directors' Report *(continued)*

Year Ended 31 December 2007

Directors' Responsibilities

The directors are responsible for preparing the Annual 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 the directors have 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 directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that 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 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

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

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

M Pegler
Director



17 Oct 2008

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 2007

We have audited the financial statements of Patriot American UK Limited for the year ended 31 December 2007 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

The directors' responsibilities for preparing 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 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 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

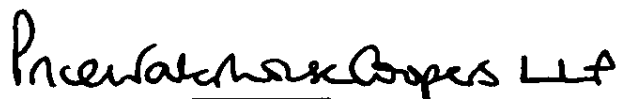
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 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 2007 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.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

 2008

Patriot American UK Limited

Profit and Loss Account

Year Ended 31 December 2007

	Note	2007 £	2006 £
Turnover		–	–
Administrative expenses		–	–
Operating Profit/(Loss)	3	–	–
Interest receivable	2	736,007	650,693
Interest payable	2	–	(3,029,912)
Profit/(Loss) on Ordinary Activities Before Taxation		736,007	(2,379,219)
Tax on profit on ordinary activities	4	–	–
Profit/(Loss) for the Financial Year	10	736,007	(2,379,219)

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

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

Patriot American UK Limited

Balance Sheet

31 December 2007

	Note	2007 £	2006 £
Fixed Assets			
Investments	5	<u>43,671,268</u>	<u>43,671,268</u>
Current Assets			
Debtors	6	<u>3,811,194</u>	<u>22,675,186</u>
Creditors: Amounts Falling due Within One Year	7	<u>(106,872,307)</u>	<u>(126,472,306)</u>
Net Current Liabilities		<u>(103,061,113)</u>	<u>(103,797,120)</u>
Total Assets Less Current Liabilities		<u>(59,389,845)</u>	<u>(60,125,852)</u>
Creditors: Amounts Falling due after More than One Year	8	<u>(35,030,368)</u>	<u>(35,030,368)</u>
		<u>(94,420,213)</u>	<u>(95,156,220)</u>
Capital and Reserves			
Called-up equity share capital	9	1	1
Profit and loss account	10	<u>(94,420,214)</u>	<u>(95,156,221)</u>
Equity Shareholders' deficit	11	<u>(94,420,213)</u>	<u>(95,156,220)</u>

These financial statements were approved by the directors on 17 Oct 08 and signed on their behalf by



M Pegler
Director

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

Patriot American UK Limited

Notes to the Financial Statements

31 December 2007

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 2007 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.

e) Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Patriot American UK Limited

Notes to the Financial Statements (continued)

31 December 2007

2. Net interest payable

	2007 £	2006 £
Interest receivable on amounts due from group undertakings	736,007	650,693
Interest payable on amounts due to parent undertakings	-	(3,029,912)
Net interest receivable / (payable)	<u>736,007</u>	<u>(2,379,219)</u>

3. Operating profit / (loss)

Auditors' remuneration has been borne by another company in the group. Directors' emoluments during the year were £nil (2006: £nil) and the company has no employees (2006: 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 2007 £	Year ended 31 December 2006 £
Profit/(Loss) on ordinary activities before tax	736,007	(2,379,219)
Profit/(Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006: 30%)	220,802	(713,766)
Effects of		
Permanent differences		
Expenses not deductible for tax purposes	-	908,977
Transfer Pricing Adjustment	(2,232,894)	(1,770,870)
Utilisation of tax losses	-	-
Group relief surrendered for no consideration	2,012,092	1,575,662
Total current tax	<u>-</u>	<u>-</u>

b) Factors that may affect future tax charges

The company has no provided or unprovided deferred tax balances at 31 December 2007 (2006: nil).

Patriot American UK Limited

Notes to the Financial Statements (continued)

31 December 2007

5. Investments

	Subsidiary undertaking £
Cost	
At 1 January 2007 and 31 December 2007	<u>122,768,147</u>
Amounts Written Off	
At 1 January 2007 and 31 December 2007	<u>(79,096,879)</u>
Net Book Value	
At 31 December 2007	<u>43,671,268</u>
At 31 December 2006	<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

	2007 £	2006 £
Amounts due within one year		
Prepayments and accrued income	3,811,194	3,075,186
Amounts owed by group undertaking	-	19,600,000
Total	<u>3,811,194</u>	<u>22,675,186</u>

The accrued income of £3,811,194 (2006 £3,075,186) is due from another group undertaking.

7. Creditors: Amounts Falling due Within One Year

	2007 £	2006 £
Amounts owed to parent undertakings	30,298,213	30,298,213
Amounts owed to group undertakings	76,574,094	96,174,093
	<u>106,872,307</u>	<u>126,472,306</u>

Amounts owed to group undertakings are unsecured and interest free and have no fixed date of repayment.

Patriot American UK Limited

Notes to the Financial Statements (continued)

31 December 2007

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

	2007	2006
	£	£
Amounts owed to Patriot American Hospitality Inc	<u>35,030,368</u>	<u>35,030,368</u>

The balance of the amount owed is non-interest bearing, unsecured and is repayable on demand but not within the next twelve months

9. Share capital

Authorised share capital:

	2007	2006
	£	£
100 Ordinary share of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2007		2006	
	No	£	No	£
Ordinary share of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

10 Reserves

	Profit and loss account £
Balance brought forward	(95,156,221)
Profit for the year	736,007
Balance carried forward	<u>(94,420,214)</u>

11. Reconciliation of movements in shareholder's funds

	2007	2006
	£	£
Profit/(Loss) for the financial year	736,007	(2,379,219)
Opening equity shareholders' deficit	<u>(95,156,220)</u>	<u>(92,777,001)</u>
Closing equity shareholders' deficit	<u>(94,420,213)</u>	<u>(95,156,220)</u>

Patriot American UK Limited

Notes to the Financial Statements (continued)

31 December 2007

12 Related party transactions

As at 31 December 2007 the balance due to Patriot America Hospitality Inc, was £65,328,581 (2006 £65,328,581), and the balance due to Wyn International Limited, amounted to £76,574,094 (2006 £96,174,094)

Included within the amount owed to Wyn International Limited is an amount of £19,600,000 that Wyn International Limited owes to the company. The directors of both companies have agreed that the £19,600,000 can be netted against the larger payable

Related Party significant movements

Patriot America Hospitality Inc	2007	2006
	£	£
Brought forward balance	65,328,581	109,333,056
Repayment	-	(47,132,760)
Interest charges	-	3,029,912
Funding	-	-
Expenses	-	98,373
Carried forward balance	65,328,581	65,328,581

Wyn International Limited	2007	2006
	£	£
Brought forward balance	96,174,094	49,139,706
Funding	-	-
Repaying non-interest bearing loans	-	47,132,760
Recharging group services	-	-
Expenses	-	(98,372)
Netting of inter-company amounts	(19,600,000)	-
Carried forward balance	76,574,094	96,174,094

13. Parent undertaking and ultimate controlling party

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

The company's ultimate parent undertaking and ultimate controlling party is BRE/Wind Holdco I L L C , registered in the United States of America. Ultimate control of BRE/Wind Holdco I L L C 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, L L C , 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