

CLARIDGE'S HOTEL HOLDINGS LIMITED

Report and Financial Statements

For the year ended 31 December 2001



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

REPORT AND FINANCIAL STATEMENTS 2001

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REPORT AND FINANCIAL STATEMENTS 2001

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

JZ Kukral
JD Gray
JV Cerialle
T Barrack Jr

SECRETARY

MR France

REGISTERED OFFICE

1 Savoy Hill
London
WC2R OBP

AUDITORS

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

BANKERS

Barclays Bank PLC
Retail and leisure Team
4th Floor
50 Pall Mall
London
SW1Y 5AX

SOLICITORS

Dipp Lupton Allsop
3 Noble Street
London
EC2V 7EE

DIRECTORS' REPORT

ACTIVITIES

The principal activity of the company is the ownership of Claridge's Hotel Limited.

REVIEW OF DEVELOPMENTS

The profit for the year before interest, tax and depreciation is £12,000,000 (2000: £17,402,044). The profit and loss account is shown on page 5.

The directors expect that the present activity level will at least be sustained for the foreseeable future in the absence of unforeseen circumstances.

DIVIDENDS

In the year a dividend amounting to £12,000,000 (2000: £17,402,044) was paid.

DIRECTORS AND THEIR INTERESTS

The directors of the company at 31 December 2001, who have been directors for the whole year, are listed below. The directors do not hold any material interests in the shares of the company or its subsidiary.

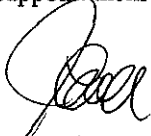
JZ Kukral	(United States)
JD Gray	(United States)
JV Cerialle	(United States)
T Barrack Jr	(United States)

EMPLOYEES

The company's policy is to give full and fair consideration to the recruitment of disabled persons having regard to their particular aptitudes and abilities. Appropriate training will be arranged for disabled persons. The company's personnel policies ensure that all its employees are made aware, on a regular basis, of the company's policies, programmes and progress.

AUDITORS

Deloitte & Touche 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.



J V Cerialle

On behalf of the Board

Date: 31 July 2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 and 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 taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLARIDGE'S HOTEL LIMITED

We have audited the financial statements of Claridges's Hotel Holding Ltd for the year ended 31 December 2001 which comprise the profit and loss account, the balance sheet and the related notes 1 to 9. 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 United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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 transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit 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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte Touche

DELOITTE & TOUCHE
Chartered Accountants and
Registered Auditors

Date *5 April 2002*

Hill House
1 Little New Street
London EC4A 3TR

CLARIDGE'S HOTEL HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2001

	Note	2001 £'000	2000 £'000
Income from shares in group undertakings		12,000	17,402
Profit on ordinary activities before taxation		<u>12,000</u>	<u>17,402</u>
Taxation on profit on ordinary activities	3	-	-
Profit on ordinary activities after taxation for the year		<u>12,000</u>	<u>17,402</u>
Equity dividends paid		(12,000)	(17,402)
Retained profit for the year		<u><u>-</u></u>	<u><u>-</u></u>

All activities derive from continuing operations.

All recognised gains and losses are included in the profit and loss account. Accordingly, no statement of total recognised gains and losses is presented.

CLARIDGE'S HOTEL HOLDINGS LIMITED

BALANCE SHEET
31 December 2001

	Note	2001 £'000	2000 £'000
FIXED ASSETS			
Investments in subsidiaries	4	182,000	182,000
Net Assets		<u>182,000</u>	<u>182,000</u>
CAPITAL AND RESERVES			
Called up share capital	5	150	150
Share premium account	6	181,850	181,850
Profit and loss account	6	-	-
Equity shareholders' funds	7	<u>182,000</u>	<u>182,000</u>

These financial statements were approved by the Board of Directors on 31 July 2002.

Signed on behalf of the Board of Directors



J V Ceriale
Director

NOTES TO THE ACCOUNTS
Year ended 31 December 2001

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted by the directors are described below.

Basis of accounting

These accounts have been prepared on the historical cost basis of accounting and in accordance with the Companies Act 1985 and applicable accounting standards in the UK.

Investment in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment in value.

Group accounts

As permitted by section 228 of the Companies Act 1985, group accounts have not been prepared. These financial statements present financial information about the company as an individual undertaking and not about its group.

CLARIDGE'S HOTEL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2001

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The company has no employees. The directors are remunerated by a company with a financial interest in the ultimate parent company. The directors receive no remuneration for their services to this company.

3. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

There is no tax charge for the year as the income received by the company is exempt from taxation.

4. INVESTMENTS IN SUBSIDIARIES

	£'000
Cost and net book value	
At 1 January 2001 and at 31 December 2001	<u>182,000</u>

The sole subsidiary is Claridge's Hotel Limited, which is 100% owned by Claridge's Hotel Holdings Limited. Claridge's Hotel Limited is incorporated in Great Britain and owns and manages Claridge's Hotel, London.

5. CALLED UP SHARE CAPITAL

	2001 £'000	2000 £'000
Authorised, called up, allotted and fully paid:		
1,000,000 "A" ordinary shares of 10p each	100	100
500,000 "B" ordinary shares of 10p each	50	50
	<u>150</u>	<u>150</u>

Shares rank equally, except for a dividend and return on capital, where A shares are worth 10,000 times more than B shares.

6. SHARE PREMIUM ACCOUNT AND RESERVES

	Share premium £'000	Profit and loss account £'000
At 31 December 2000	181,850	-
Profit for the year	-	12,000
Dividends	-	(12,000)
At 31 December 2001	<u>181,850</u>	<u>-</u>

CLARIDGE'S HOTEL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2001

7. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	£'000
Profit for the financial year	12,000
Dividend	(12,000)
Net addition to shareholders' funds	<hr/> -
At 31 December 2000	182,000
At 31 December 2001	<hr/> <hr/> 182,000

8. RELATED PARTY DISCLOSURES

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.

9. ULTIMATE PARENT COMPANY

At 31 December 2001, the company's immediate parent company was Blackstone Hotel Acquisitions Company, an unlimited company incorporated in Great Britain and registered in England and Wales. This is the smallest group in which the results of the company are consolidated. Copies of those statutory accounts will be available from its registered office, 1 Savoy Hill, London, WC2R 0BP.

The company's ultimate parent company was BRE/Savoy Acquisition Company, an unlimited company incorporated in Great Britain and registered in England and Wales. This is the largest group in which the results of the company are consolidated. Copies of those statutory accounts will be available from its registered office, 1 Savoy Hill, London, WC2R 0BP.

The company's ultimate controlling party is BRE Satellite L.P.