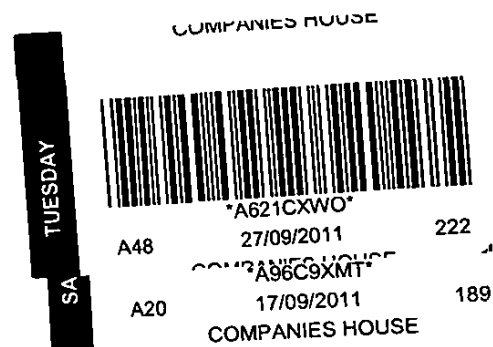


Doyle London Hotels Limited

Directors' report and
financial statements

For the year ended 31 December 2010

Registered number 1280133



Doyle London Hotels Limited

Directors' report and financial statements

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Doyle London Hotels Limited

Directors and other information

Directors

B Gallagher
S Daly
P King
B Walshe

Secretary

S Daly

Bankers

National Westminster Bank
14 Blytheswood Square
Glasgow
G2 4AQ
Scotland

Solicitors

Squire Sanders Hammonds
7 Devonshire Square
Cutlers Gardens
London
EC2M 4YH

Auditor

KPMG
Chartered Accountants
1 Stokes Place
St Stephen's Green
Dublin 2

Registered office

47 Welbeck Street
London
W1G 8DN

Doyle London Hotels Limited

Directors' report

The directors submit their annual report together with the audited financial statements of the Company for the year ended 31 December 2010

Principal activities

The Company is part of a leading hotel group and operates a hotel in the United Kingdom. The hotel caters for a wide market with the business and tourism sectors being the most important sectors of revenue and profit.

The key risk facing the Company is a downturn in the UK travel market. The directors have developed a range of strategies to address this risk.

Results and dividends

The Company's results for the year are set out in the profit and loss account on page 9.

During the year the Company declared and paid dividends of £25.135 million (2009: £Nil).

Business review and future developments

In accordance with the Company's accounting policies, a full revaluation of its hotel property was undertaken at 31 December 2010. This resulted in a gain on revaluation of £43.03 million (2009: £Nil) which was recognised in the statement of total recognised gains and losses in accordance with the Company's accounting policies.

The profit for the financial year amounted to £2.5 million (2009: £3.4 million). The directors expect the level of activity to increase for the following year.

Directors and secretary and their interests

The directors and secretary had no interest in the shares of the Company at 31 December 2010 and 31 December 2009 (or on the date of their appointment). Details of interests are set out in the consolidated financial statements of Pembase Holdings Limited.

Disabled persons

It is the policy of the Company to give fair and full consideration to registered disabled persons applying for employment and to the continuing employment and appropriate training of staff who become disabled, having regard to their particular aptitudes and abilities.

Doyle London Hotels Limited

Directors' report *(continued)*

Employee participation

The Company places particular importance on the involvement of its employees keeping them regularly informed on matters affecting them as employees and on issues affecting the Company's performance. The training and development of employees at all levels continues to be a major priority.

Payment of suppliers

The Company's policy is to agree payment terms with individual suppliers and to abide by such terms.

Post balance sheet events

There have been no significant events since the balance sheet date that would result in adjustment to the financial statements or inclusion of a note thereto.

Charitable contributions

The Company made no donations to UK charities during the year.

Political donations

The Company made no political donations during the year.

Disclosure of information to auditors

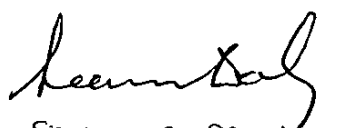
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

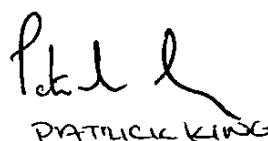
Auditors

In accordance with Section 487 of the Companies Act, 2006 a resolution proposing the re-appointment of KPMG, Chartered Accountants, will be proposed at the Annual General Meeting.

On behalf of the board

Director


SEAMUS DALY
DIRECTOR & CO SEC


PATRICK KING
DIRECTOR

23 March 2011

Doyle London Hotels Limited

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

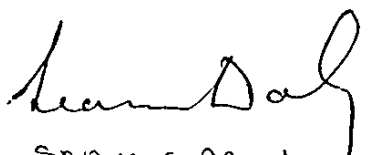
Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

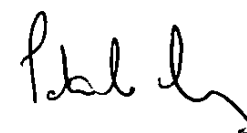
- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

On behalf of the board

Director


SEAMUS DALY
DIRECTOR & CO. SEC


PATRICK KING
DIRECTOR

23 March 2011



KPMG
Chartered Accountants
1 Stokes Place
St. Stephens Green
Dublin 2
Ireland

Independent auditors' report to the members of Doyle London Hotels Limited

We have audited the financial statements of Doyle London Hotels Limited for the year ended 31 December 2010 which comprise the profit and loss account, statement of total recognised gains and losses, balance sheet and related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Doyle London Hotels Limited
(continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Laura Gallagher (Senior Statutory Auditor)
For and on behalf of KPMG, Statutory Auditor
Chartered Accountants
Stokes Place
St Stephens Green
Dublin 2
Ireland

24 March 2011

Doyle London Hotels Limited

Statement of accounting policies

For the year ended 31 December 2010

Basis of preparation

The financial statements are prepared in Sterling in accordance with generally accepted accounting principles under the historical cost convention, modified by the revaluation of certain assets, and comply with financial reporting standards of the Accounting Standards Board

Tangible fixed assets

The Company's hotel properties, excluding hotel properties under construction or held under short term leases, are valued on an existing use value basis by professional valuers at least every five years with an interim valuation at least every three years in accordance with FRS 15 Tangible Fixed Assets. In the intervening years the Company's hotel properties and other assets are held at director's valuation. These revaluations are incorporated in the financial statements and the gains arising thereon are recognised in the statement of total recognised gains and losses. Revaluation losses that are caused by a consumption of economic benefits are recognised in the profit and loss account. Other revaluation losses are recognised in the statement of total recognised gains and losses until the carrying amount of the asset reaches its depreciated historical cost and thereafter losses are recognised in the profit and loss account.

On an annual basis the directors review the carrying amount of the hotel properties and other assets to determine whether there is any indication of impairment. In completing the impairment review the Company estimates the recoverable amount of its hotel properties based on the higher of their net realisable values or the present values of future cash flows expected to result from their use. Where the recoverable amount is less than the carrying amount of the hotel properties the Company recognises an impairment loss in the financial statements on a basis consistent with the recognition of revaluation gains and losses as set out above. Other fixed assets are stated at cost or revalued amount less accumulated depreciation.

Depreciation of tangible fixed assets

Depreciation is calculated to write off the original cost or valuation of tangible fixed assets less their estimated residual value over their expected useful lives on a straight-line basis. The estimated useful lives applied in determining the charge to depreciation are as follows:

Land	Nil
Buildings Core	50 to 125 years
Buildings Non-Core	30 years
Plant	20 years
Fixtures, fittings and equipment	5 to 10 years

Doyle London Hotels Limited

Statement of accounting policies *(continued)*

Stocks

Stocks are valued at the lower of cost and net realisable value on a first-in, first-out basis. Cost comprises invoice price including delivery costs.

Foreign currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or, if hedged, at the contracted rate. Foreign currency assets and liabilities are translated at the rate ruling at the balance sheet date. All gains and losses arising are reflected in the profit and loss account.

Taxation

Corporation tax in respect of the Company is provided on the Company's taxable profits at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised in respect of all differences that have originated but not reversed at the balance sheet date. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between the Company's taxable profits and its reliefs as granted in the financial statements that arise from the inclusion of gains and losses in taxable profits in period's difference from those in which they are recognised in the financial statements. As permitted by FRS 19 deferred tax is not recognised on the gains arising from the revaluation of hotel properties.

Pension

The Company operates a defined contribution scheme for new employees.

The Company is a participating employer in group defined benefit schemes operated by Doyle Hotels (Holdings) Limited, providing benefits based on final pensionable salary. The Company is unable to identify its share of the underlying assets and liabilities of the schemes on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the schemes as if they were defined contribution schemes. As a result the amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the accounting year.

Turnover

Turnover represents the invoiced fair value of goods and services exclusive of Value Added Tax and other sales taxes delivered to third party customers during the year.

Doyle London Hotels Limited

Profit and loss account for the year ended 31 December 2010

		Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
	Notes		
Turnover - continuing activities	<i>1</i>	12,929	12,120
Cost of sales		(9,804)	(9,080)
		<hr/>	<hr/>
Gross profit		3,125	3,040
Administrative expenses – recurring		(280)	(330)
– non recurring	<i>3</i>	-	(7)
		<hr/>	<hr/>
Operating profit before interest and tax		2,845	2,703
Interest payable and similar charges	<i>4</i>	(271)	(28)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	<i>5</i>	2,574	2,675
Tax (charge)/credit on profit on ordinary activities	<i>6</i>	(31)	735
		<hr/>	<hr/>
Profit for the financial year	<i>12</i>	2,543	3,410
		<hr/>	<hr/>

Doyle London Hotels Limited

Statement of total recognised gains and losses *for the year ended 31 December 2010*

		Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
	<i>Notes</i>		
Profit for the financial year	12	2,543	3,410
Unrealised surplus on revaluation of hotel property	7	43,030	-
Total recognised gains and losses for the year	13	45,573	3,410

Doyle London Hotels Limited

Note of historical cost profits and losses for the year ended 31 December 2010

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Profit on ordinary activities before taxation	2,574	2,675
Difference between the historical cost depreciation charge and the actual depreciation charge for the year arising from the revaluation of tangible fixed assets	532	495
Historical cost profit on ordinary activities before taxation	3,106	3,170
Historical cost (loss)/profit for the year after taxation and dividends	(22,060)	3,905

Doyle London Hotels Limited

Balance sheet

at 31 December 2010

	Notes	31 December 2010 £'000	31 December 2009 £'000
Fixed assets			
Tangible assets	7	97,000	54,965
Current assets			
Stocks		70	64
Debtors	8	809	677
Cash at bank and in hand		31	60
		<u>910</u>	<u>801</u>
Creditors Amounts falling due within one year	9	(30,004)	(8,329)
Net current liabilities		<u>(29,094)</u>	<u>(7,528)</u>
Total assets less current liabilities		<u>67,906</u>	<u>47,437</u>
Provision for liabilities and charges			
Deferred tax	10	(673)	(642)
Net assets		<u>67,233</u>	<u>46,795</u>
Capital and reserves			
Called up share capital	11	300	300
Revaluation reserve	12	64,390	21,360
Profit and loss account	12	2,543	25,135
Shareholders' funds	13	<u>67,233</u>	<u>46,795</u>

On behalf of the board

Director

Patrick King
PATRICK KING
DIRECTOR

23 March 2011

Seamus Daly
SEAMUS DALY
DIRECTOR & CO SEC

Doyle London Hotels Limited

Notes

forming part of the financial statements

1 Turnover

The Company's turnover arises from hotel activities in the United Kingdom

2 Staff numbers and costs

The average number of persons, employed by the Company during the year was 117 (*year ended 31 December 2009 117*)

The aggregate payroll costs of these persons were as follows

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Wages and salaries	2,645	2,322
Social security costs	161	143
Pension costs	83	61
	<u>2,889</u>	<u>2,526</u>

3 Administrative expenses – non recurring

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Restructure – labor model	-	7
	<u>-</u>	<u>7</u>

4 Interest payable and similar charges

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Interest payable on group borrowings	272	30
Foreign exchange gains	(1)	(2)
	<u>271</u>	<u>28</u>

Doyle London Hotels Limited

Notes (continued)

5 Statutory information

The profit has been arrived at after charging the following items

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Depreciation	1,343	1,273
Auditors' remuneration	10	10
Directors' remuneration	-	-

6 Tax on profit on ordinary activities

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Corporation tax charge	-	-
Overprovision in respect of prior periods	-	(48)
Current tax credit	-	(48)
<i>Deferred tax</i>		
Deferred taxation charge/(credit) for year	31	(687)
Tax charge/(credit) on profit on ordinary activities	31	(735)

No provision has been made for deferred tax on gains recognised on revaluing hotel properties to their market value, in accordance with FRS 19. This tax would only be payable if the hotel properties were sold at their book values and if rollover relief could not be claimed. The total amount not provided for is £12.51 million (2009 £12.41 million). It is not envisaged that any such tax will be payable in the foreseeable future.

Doyle London Hotels Limited

Notes (continued)

6 Tax on profit on ordinary activities (continued)

The current tax credit for the year is lower than the standard rate of tax in the United Kingdom. The differences are set out in the tax reconciliation below.

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Profit on ordinary activities before taxation	2,574	2,675
Profit on ordinary activities at standard corporation tax rate in the UK of 28% (Year ended 2009 28%)	721	749
Effects of:		
Capital allowances for year in excess of depreciation	(39)	118
Permanent differences	(30)	104
Group relief claimed	(652)	(854)
Other timing differences	-	(13)
Transfer pricing adjustment	-	(104)
Overprovision in respect of prior periods	-	(48)
Current tax credit	-	(48)

A phased reduction in the main rate of UK Corporation Tax from 28% to 24% was announced in the emergency budget on 22 June 2010. It is expected that this change will result in a reduction of the Company's deferred tax liability and future current tax charge.

Doyle London Hotels Limited

Notes (continued)

7 Tangible assets

	Freehold and leasehold land and buildings £'000	Plant, fixtures fittings and equipment £'000	Total £'000
Cost or valuation:			
At 1 January 2010			
Valuation	41,681	-	41,681
Cost	4,984	11,949	16,933
	<hr/>	<hr/>	<hr/>
	46,665	11,949	58,614
Revaluation of hotel property	43,030	-	43,030
Additions	-	348	348
Elimination of depreciation on revaluation	(3,355)	-	(3,355)
	<hr/>	<hr/>	<hr/>
At 31 December 2010			
Valuation	86,340	-	86,340
Cost	-	12,297	12,297
	<hr/>	<hr/>	<hr/>
	86,340	12,297	98,637
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 2010	(2,547)	(1,102)	(3,649)
Charge for year	(808)	(535)	(1,343)
Elimination of depreciation on revaluation	3,355	-	3,355
	<hr/>	<hr/>	<hr/>
At 31 December 2010	-	(1,637)	(1,637)
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2010	86,340	10,660	97,000
	<hr/>	<hr/>	<hr/>
31 December 2009	44,118	10,847	54,965
	<hr/>	<hr/>	<hr/>

Doyle London Hotels Limited

Notes (continued)

7 Tangible assets (continued)

In accordance with the Company's accounting policies, a full valuation was performed on all freehold and long leasehold hotel property assets during 2010. The valuation was performed by Savills Commercial Limited. Calculations were carried out in accordance with the Royal Institution of Chartered Surveyors' ("RICS") appraisal and valuation standards (6th Edition) and valuations were prepared on the basis of Market Value as defined in the standards. Revaluation gains of £43.03 million were recognised in the statement of total recognised gains and losses.

Included in land and buildings is land with a book value of £55.8 million (2009: £28.8 million).

8 Debtors: Amounts falling due within one year

	31 December 2010 £'000	31 December 2009 £'000
Trade debtors	486	387
Prepayments	323	290
	<u>809</u>	<u>677</u>

9 Creditors: Amounts falling due within one year

	31 December 2010 £'000	31 December 2009 £'000
Trade creditors	183	315
Amounts owed to group undertakings	27,910	5,958
VAT	460	390
Accruals	527	542
Capital accruals	348	548
Corporation tax	576	576
	<u>30,004</u>	<u>8,329</u>

Doyle London Hotels Limited

Notes (continued)

10 Provision for liabilities and charges *Deferred taxation*

	31 December 2010 £'000	31 December 2009 £'000
At beginning of year	642	1,329
Charge/(credit) for year (Note 6)	31	(687)
At end of year	673	642

Analysis of deferred tax balance

	31 December 2010 £'000	31 December 2009 £'000
Capital allowances in excess of depreciation	689	658
Other timing differences	(16)	(16)
Provision for deferred tax	673	642

11 Share capital

	31 December 2010 £'000	31 December 2009 £'000
Authorised		
1,000,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
300,000 ordinary shares of £1 each	300	300

Doyle London Hotels Limited

Notes (continued)

12 Reserves

	Revaluation reserve £'000	Profit and loss account £'000
At beginning of year	21,360	25,135
Profit for the financial year	-	2,543
Dividend paid	-	(25,135)
Revaluation of hotel asset	43,030	-
	<hr/>	<hr/>
At end of year	64,390	2,543
	<hr/>	<hr/>

During the year, the Company declared and paid an interim dividend of £83 78 per ordinary share issued totaling £25 135 million

13 Reconciliation of movement in shareholders' funds

	31 December 2010 £'000	31 December 2009 £'000
Shareholders' funds at beginning of year	46,795	43,385
Total recognised gains and losses for the year	45,573	3,410
Dividend paid	(25,135)	-
	<hr/>	<hr/>
Closing shareholders' funds	67,233	46,795
	<hr/>	<hr/>

14 Pensions

The Company operates a defined contribution scheme for new qualifying employees. The Company participates in group defined benefit schemes operated by Doyle Hotels (Holdings) Limited, which closed to new members with effect from 5 April 2010. The schemes' assets are held in trustee administered funds, which are separate from the Company. The pension costs are assessed in accordance with the advice of independent qualified actuaries using the projected unit and attained age methods. The effective dates of the last actuarial valuations were 5 April 2009 for the UK schemes.

Doyle London Hotels Limited

Notes (continued)

14 Pensions (continued)

The directors are unable to identify the Company's share of the scheme's assets and liabilities as

- most scheme members have worked for more than one Company within the Group. The Group structure has also changed materially over time due to restructurings, acquisitions and disposals. It is therefore not appropriate to allocate assets and liabilities between the participating companies.
- For funding purposes, the employers within the Group share actuarial risks. The determination of cash contributions does not separately identify assets and liabilities for individual participating companies and all employers pay the same contribution rate in respect of accruing benefits. Contributions in respect of the past service deficit are paid separately by another group company.

As a result it is accounted for as a defined contribution scheme.

Overall, the schemes are currently in deficit. At 31 December 2010 this deficit, calculated in accordance with FRS 17, amounted to €17 million (2009 €18.0 million). Full details of the schemes are disclosed in the financial statements of Pembase Holdings Limited, which are available publicly.

The pension charge for the year in respect of defined benefit schemes amounted to £83,000 (2009 £61,000).

15 Contingent liabilities

The Company has extended a composite guarantee and indemnity incorporating cross guarantees and indemnities and a composite debenture incorporating first floating charges over all assets as security against group borrowings. It has also issued a negative pledge in respect of other bank borrowings of group undertakings.

16 Capital commitments

At 31 December 2010 the Company had authorised capital commitments of £1.319 million of which £0.35 million was contracted for.

17 Group relationships and controlling parties

The Company was controlled throughout the year by Doyle Hotels (UK) Limited. The ultimate controlling party was Pembase Holdings Limited, a company incorporated in Ireland which prepares consolidated financial statements which include the results of this Company and are available from 156 Pembroke Road, Dublin 4, Ireland.

Doyle London Hotels Limited

Notes (continued)

18 Related party transactions

The Company has availed of the exemption available in Financial Reporting Standard No 8 - *Related Party Disclosures* from disclosing transactions with Group undertakings. Details on the availability of Group consolidated financial statements are given in Note 17.

19 Cash flow statement

The company has availed of the exemption under Financial Reporting Standard No. 1 (Revised) *Cash Flow Statements* not to prepare a cash flow statement as a consolidated cash flow statement has been prepared by its ultimate parent company, Pembase Holdings Limited.

20 Post balance sheet events

There have been no significant events since the balance sheet date.

21 Approval of financial statements

The financial statements were approved by the directors on 23 March 2011.