

Patriot American UK Limited
(Registered number: 3424232)

Directors' Report and Financial Statements

For the Year Ended 31 December 2001



Patriot American UK Limited

Directors' Report for the Year ended 31 December 2001

The directors present their report on Patriot American UK Limited ("the company"), together with the financial statements and auditors' report, for the year ended 31 December 2001.

Principal activity and review of the business

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 engaged in hotel and other leisure activities, ownership and operations in the UK.

Following the group's reorganisation and withdrawal from activities from mainland Europe in 1999, the company's operations have been significantly restricted and will continue to be so.

Results and dividends

The loss for the year after taxation was £1,284,274 (2000 – £6,690,881). The directors do not recommend the payment of a dividend for the year (2000 - nil).

Directors and their interests

The directors who served during the year were as follows:

E J Blum

J P Bohlmann

R J Tutty

J D Carreker (resigned 1 January 2001)

The directors do not have any beneficial interests in the shares of the company or any group company required to be disclosed under Schedule 7 of the Companies Act 1985.

Patriot American UK Limited

Directors' Report for the Year Ended 31 December 2001 (Continued)

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which 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 those statements, the directors are required to:

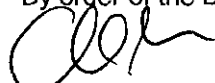
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

Appointment of auditors

A resolution to reappoint PricewaterhouseCoopers as auditors of the company will be proposed at the next Annual General Meeting.

By order of the Board,



E J Blum
Director

25 July 2002

8 Queen Street
London
W1J 5PD

Patriot American UK Limited

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

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

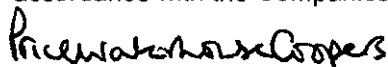
Basis of audit opinion

We conducted our audit in accordance with 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 at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

London

25 July 2002

Patriot American UK Limited

Profit and Loss Account for the Year Ended 31 December 2001

	Notes	Year ended 31 December 2001 £	Year ended 31 December 2000 £
Interest receivable and similar income	2	686,430	820,000
Interest payable and similar charges	3	(1,970,704)	(7,510,881)
Loss on ordinary activities before taxation		(1,284,274)	(6,690,881)
Tax on loss on ordinary activities	4	-	-
Loss for the financial year	10	(1,284,274)	(6,690,881)

All operations are continuing.

There are no recognised gains or losses other than the loss for the year.

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 accompanying notes on pages 6 to 9 are an integral part of these financial statements.

Patriot American UK Limited

Balance Sheet as at 31 December 2001

	Notes	31 December 2001 £	31 December 2000 £
Fixed assets			
Investments	5	61,760,627	61,760,627
Current assets			
Debtors (including amounts due after one year of £19,600,000 (2000: £19,225,000))	6	20,286,430	20,045,000
Creditors: Amounts falling due within one year	7	(69,539,547)	(68,184,547)
Net current liabilities		(49,253,117)	(48,139,547)
Total assets less current liabilities		12,507,510	13,621,080
Creditors: Amounts falling due after one year	8	(80,277,618)	(80,106,914)
Net liabilities		(67,770,108)	(66,485,834)
Capital and reserves			
Called-up equity share capital	9	1	1
Profit and loss account	10	(67,770,109)	(66,485,835)
Equity shareholders' funds	11	(67,770,108)	(66,485,834)

The Financial Statements on pages 4 to 9 were approved by the board of directors on 25 July 2002 and were signed on its behalf by:



E J Blum
Director

25 July 2002

The accompanying notes on pages 6 to 9 are an integral part of these financial statements.

Patriot American UK Limited

Notes to the Financial Statements Year Ended 31 December 2001

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and preceding year, is set out below. Financial Reporting Standard 18 "Accounting Policies", effective for accounting periods ending on or after 22 June 2001, has been adopted in the current year. The directors have reviewed the company's accounting policies and consider that they are consistent with the requirements of this new standard.

a) Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with the provisions of the Companies Act 1985 and with applicable accounting standards in the United Kingdom.

The company is part of the group whose ultimate parent undertaking is Wyndham International, Inc., 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 medium 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 2001 have not been prepared.

b) Fixed asset investments

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

c) Cash flow statement and related party disclosures

The company is part of the group whose ultimate parent undertaking is Wyndham International, Inc. ("Wyndham"), registered in the United States and is included in the consolidated accounts of Wyndham which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a Cash Flow Statement under the terms of Financial Reporting Standard 1 (revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with other companies that are part of the Wyndham group.

Patriot American UK Limited

Notes to the Financial Statements Year Ended 31 December 2001

2 Interest receivable and similar income

	Year ended 31 December 2001 £	Year ended 31 December 2000 £
On amounts due from group undertakings	686,430	820,000

3 Interest payable and similar charges

	Year ended 31 December 2001 £	Year ended 31 December 2000 £
On amounts due to previous parent undertaking	1,970,704	7,510,881

4 Taxation

No corporation tax charge arose during the year due to the availability of tax losses.

5 Fixed asset investments

Subsidiary undertaking

	£
Cost	
As at 1 January 2001	122,768,147
Amounts provided	
As at 1 January 2001	(61,007,520)
Net book value	
As at 31 December 2001	61,760,627
As at 1 January 2001	61,760,627

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 engaged in the ownership of hotels and leisure facilities.

Patriot American UK Limited

Notes to the Financial Statements Year Ended 31 December 2001

6 Debtors

	2001 £	2000 £
Amounts due within one year:		
Prepayments and accrued income	686,430	820,000

The accrued income of £686,430 is due from another group undertaking.

Included in debtors is the following amount which is due after more than one year:

	2001 £	2000 £
Amounts owed by group undertaking	19,600,000	19,225,000

The above is an interest bearing loan to a subsidiary company. Interest is charged at half the Base Rate plus 1% and the loan is repayable in 2007.

7 Creditors: Amounts falling due within one year

	2001 £	2000 £
Amounts owed to parent undertakings	28,073,056	29,204,057
Amounts owed to group undertakings	41,466,491	38,980,490
	69,539,547	68,184,547

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

8 Creditors: Amounts falling due after one year

	2001 £	2000 £
Amounts owed to previous parent company	80,277,618	80,106,914

Of the amount owed to Patriot American Hospitality, Inc. stated above, £16,593,241 is interest bearing at a fixed rate of 12% per annum. The balance of the amount owed is not interest bearing. None of the amount owed is secured.

Patriot American UK Limited

Notes to the Financial Statements Year Ended 31 December 2001

9 Equity share capital

	Authorised	Allotted, called-up and fully-paid
£1 ordinary shares	100	1

10 Reserves

	Profit and loss account £
As at 1 January 2001	(66,485,835)
Retained loss for the year	(1,284,274)
As at 31 December 2001	(67,770,109)

11 Reconciliation of movement in shareholders' funds

	2001 £	2000 £
Loss for the period	(1,284,274)	(6,690,881)
Opening shareholders' funds	(66,485,834)	(59,794,953)
Closing shareholders' funds	(67,770,108)	(66,485,834)

12 Parent undertaking

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

As at 31 December 2001, the ultimate parent undertaking and ultimate controlling party is Wyndham International, Inc., registered in the United States. The financial statements of Wyndham International, Inc. are publicly available and may be obtained on request from The Secretary, 8 Queen Street, London W1J 5PD.

13 Parent company financial support

The company is dependent on the continued financial support of its ultimate parent, Wyndham International, Inc. Wyndham has confirmed its intention of providing continued financial support to the company to enable it to meet its liabilities as they fall due, up to 25 July 2003.