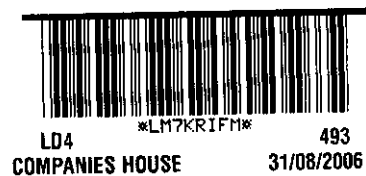


**COMPANY REGISTRATION NUMBER 3819615**

**Wy Hotels Limited**

**Financial Statements**

**For the Year Ended 31 December 2005**



# **Wy Hotels Limited**

## **Financial Statements**

**Year Ended 31 December 2005**

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# Wy Hotels Limited

## The Directors' Report

Year Ended 31 December 2005

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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 Patriot American UK Limited and its subsidiaries, a group formally engaged in hotel ownership and operations in the UK and mainland Europe.

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 10 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 result for the period after taxation was £nil (2004 - £nil). The directors do not recommend the payment of a dividend for the period.

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

### 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, as described on page 6, and then apply them on a consistent basis,
- make judgements and estimates that are prudent and reasonable
- 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.

# Wy Hotels Limited

## The Directors' Report *(continued)*

### Year Ended 31 December 2005

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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

# Wy Hotels Limited

## Independent Auditors' Report to the Members of Wy Hotels Limited

Year Ended 31 December 2005

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We have audited the financial statements of Wy Hotels 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
- have been properly prepared in accordance with the Companies Act 1985.

  
PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London

24 AUGUST 2006

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# Wy Hotels Limited

## Profit and Loss Account

Year Ended 31 December 2005

|  | Note     | 2005<br>£    | 2004<br>£    |
|--|----------|--------------|--------------|
| Turnover   |          | -            | -            |
| Administrative expenses                            |          | -            | -            |
| <b>Loss on ordinary activities before taxation</b> | <b>2</b> | -            | -            |
| Tax on loss on ordinary activities                 | <b>3</b> | -            | -            |
| <b>Loss for the financial year</b>                 |          | -            | -            |
| Balance brought forward                            |          | (18,199,363) | (18,199,363) |
| Balance carried forward                            |          | (18,199,363) | (18,199,363) |

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 operating activities before taxation and the loss for the financial year as stated above and their historical cost equivalents.

The notes on pages 6 to 8 form part of these financial statements.

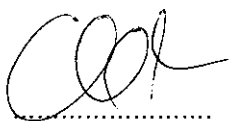
# Wy Hotels Limited

## Balance Sheet

31 December 2005

|   | Note | 2005<br>£           | 2004<br>£           |
|---|------|---------------------|---------------------|
| <b>Fixed assets</b>                                   |      |                     |                     |
| Investments   | 4    | <u>21,800,637</u>   | <u>21,800,637</u>   |
| <b>Current assets</b>                                 |      |                     |                     |
| Debtors   | 5    | 531,600             | 531,600             |
| <b>Creditors: Amounts Falling due Within One Year</b> | 6    | <u>(40,000,000)</u> | <u>(40,000,000)</u> |
| <b>Net current liabilities</b>                        |      | <u>(39,468,400)</u> | <u>(39,468,400)</u> |
| <b>Total assets less current liabilities</b>          |      | <u>(17,667,763)</u> | <u>(17,667,763)</u> |
| <b>Capital and reserves</b>                           |      |                     |                     |
| Called-up equity share capital                        | 7    | 531,600             | 531,600             |
| Profit and loss account                               |      | <u>(18,199,363)</u> | <u>(18,199,363)</u> |
| <b>Equity Shareholders' Deficit</b>                   | 8    | <u>(17,667,763)</u> | <u>(17,667,763)</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 8 form part of these financial statements.

# **Wy Hotels Limited**

## **Notes to the Financial Statements**

**Year Ended 31 December 2005**

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### **1. Accounting policies**

#### **a) Basis of preparation**

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 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.

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 11).

#### **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 cost or 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.



# Wy Hotels Limited

## Notes to the Financial Statements

### Year Ended 31 December 2005

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#### 2. Operating loss

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

#### 3. Taxation

There is no difference between the tax for the year and the expected tax charge at the UK corporation tax rate of 30%.

#### 4. Fixed Asset Investments

|  | Subsidiary undertaking<br>£ |
|--|-----------------------------|
| <b>Cost</b>                            |                             |
| At 1 January 2005 and 31 December 2005 | <u>40,000,000</u>           |
| <b>Amounts written off</b>             |                             |
| At 1 January 2005 and 31 December 2005 | <u>18,199,363</u>           |
| <b>Net book value</b>                  |                             |
| <b>At 31 December 2005</b>             | <u>21,800,637</u>           |
| At 31 December 2004                    | <u>21,800,637</u>           |

In 2002, the directors revalued their investment in Patriot American UK Limited based on the net realisable value of the underlying net assets. This resulted in an impairment of £18,199,363.

#### 5. Debtors

|                                    | 2005<br>£      | 2004<br>£      |
|------------------------------------|----------------|----------------|
| Amounts owed by group undertakings | <u>531,600</u> | <u>531,600</u> |

#### 6. Creditors: Amounts Falling due Within One Year

|                                    | 2005<br>£         | 2004<br>£         |
|------------------------------------|-------------------|-------------------|
| Amounts owed to group undertakings | <u>40,000,000</u> | <u>40,000,000</u> |

The amount owed to the parent undertaking is unsecured, interest free and repayable on or before 31 December 2006.

# Wy Hotels Limited

## Notes to the Financial Statements

Year Ended 31 December 2005

### 7. Share capital

#### Authorised share capital:

|                                    | 2005           | 2004           |
|------------------------------------|----------------|----------------|
|                                    | £              | £              |
| 531,600 Ordinary shares of £1 each | <u>531,600</u> | <u>531,600</u> |

#### Allotted, called up and fully paid:

|                            | 2005           |                | 2004           |                |
|----------------------------|----------------|----------------|----------------|----------------|
|                            | No             | £              | No             | £              |
| Ordinary shares of £1 each | <u>531,600</u> | <u>531,600</u> | <u>531,600</u> | <u>531,600</u> |

### 8. Reconciliation of movements in shareholders' funds

|                                      | 2005                | 2004                |
|--------------------------------------|---------------------|---------------------|
|                                      | £                   | £                   |
| Loss for the financial year          | -                   | -                   |
| Opening equity shareholders' deficit | <u>(17,667,763)</u> | <u>(17,667,763)</u> |
| Closing equity shareholders' deficit | <u>(17,667,763)</u> | <u>(17,667,763)</u> |

### 9. Related party transactions

As at the 31 December 2005 the balance due to Patriot American Hospitality Inc, the immediate parent undertaking was £40,000,000 (2004: £40,000,000), and the balance due from Patriot America Hospitality Inc amounted to £531,600 (2004: £531,600).

### 10. Parent undertaking and controlling party

The immediate parent undertaking of the company is Patriot American Hospitality, Inc., registered in the United States of America.

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.

### 11. 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.