

TLLC LEVPROPCO9 LIMITED

Company Registration No: 4581994

Report and Financial Statements

Period Ended 10 March 2005



TLLC Levpropco9 Limited

Report and financial statements for the period ended 10 March 2005

Contents

Page:

1	Officers and professional advisers
2	Report of the directors
4	Report of the independent auditors
6	Profit and loss account
7	Balance sheet
8	Notes forming part of the financial statements

Company information

Directors

S L Gumm
N M Leslau

Secretary and registered office

S L Gumm, Cavendish House, 18 Cavendish Square, London, W1G 0PJ

Company number

4581994

Auditors

BDO Stoy Hayward LLP, Emerald House, East Street, Epsom, Surrey, KT17 1HS

TLLC Levpropco9 Limited

Report of the directors for the period ended 10 March 2005

The directors present their report together with the audited financial statements for the period ended 10 March 2005.

Results and dividends

The profit and loss account is set out on page 6 and shows the profit for the period.

The directors do not recommend payment of a final dividend.

The comparative figures relate to the period from 5 November 2002 to 31 December 2003.

Principal activities, business review and future developments

The company was engaged throughout the period (indirectly through its subsidiary undertaking from 9 September 2004) in the ownership and letting of commercial properties to what are now former group undertakings.

The company transferred some of its properties to a newly created direct subsidiary undertaking and its remaining properties to Travelodge Holdings Limited (now a former group undertaking) on 9 September 2004.

Post balance sheet events

Details of post balance sheet events are set out in note 20 to the financial statements.

Directors

The directors of the company who held office during the period were as follows:

G Hearn	(resigned 5 May 2005)
H Turner	(resigned 5 May 2005)
J Mortimore	(resigned 5 May 2005)

S L Gumm and N M Leslau were appointed as directors of the company on 5 May 2005.

No director had any interest in the share capital of the company during the period except as follows:

Director	At 10 March 2005	At 31 December 2003
H Turner	7,500 ordinary shares	7,500 ordinary shares

The 7,500 ordinary shares referred to above are shares of TLLC Group Holdings Limited.

TLLC Levpropco9 Limited

Report of the directors for the period ended 10 March 2005 (*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 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; 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

After the period end, Deloitte & Touche LLP resigned as auditors of the company and BDO Stoy Hayward LLP were appointed in their place. A resolution to re-appoint BDO Stoy Hayward LLP as auditors will be proposed at the next annual general meeting.

On behalf of the Board



S L Gumm
Director

Date: 19th December 2005

TLLC Levpropco9 Limited

Report of the independent auditors

To the shareholders of TLLC Levpropco9 Limited

We have audited the financial statements of TLLC Levpropco9 Limited for the period ended 10 March 2005 on pages 6 to 14 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 United Kingdom 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 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 with the company 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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.

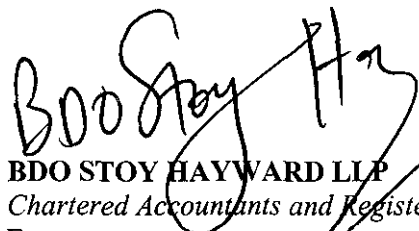
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

TLLC Levpropco9 Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 10 March 2005 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

A large, stylized handwritten signature in black ink, appearing to read 'BDO Stoy Hayward', is written over the printed name of the firm.

BDO STOY HAYWARD LLP
Chartered Accountants and Registered Auditors
Epsom

Date: 19 December 2005

TLLC Levpropco9 Limited

Profit and loss account for the period from 1 January 2004 to 10 March 2005

	Note	Period ended 10 March 2005 £	Period ended 31 December 2003 £
Turnover	2	279,351	404,616
Administrative expenses		(265,046)	(391,322)
Operating profit	5	14,305	13,294
Profit on disposal of tangible fixed assets	6	1,259,279	-
Profit on ordinary activities before interest		1,273,584	13,294
Interest receivable and similar income	7	326,020	-
Profit on ordinary activities before taxation		1,599,604	13,294
Taxation on profit on ordinary activities	8	-	-
Profit on ordinary activities after taxation and retained profit for the period	14	1,599,604	13,294

All amounts relate to continuing activities.

There were no recognised gains or losses for the period other than the profit for the period.

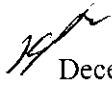
There were no differences between historical cost profit and reported profit on ordinary activities for the period.

The notes on pages 8 to 14 form part of these financial statements.

TLLC Levpropco9 Limited

Balance sheet at 10 March 2005

	Note	10 March 2005 £	31 December 2003 £
Fixed assets			
Tangible assets	9	-	13,078,088
Investment in subsidiary undertaking	10	1	-
		<u>1</u>	<u>13,078,088</u>
Current assets			
Debtors due in more than one year	11	13,402,638	-
Creditors: amounts falling due within one year	12	(11,789,740)	(13,064,793)
Net current assets		<u>1,612,898</u>	<u>13,295</u>
Net assets		<u>1,612,899</u>	<u>13,295</u>
Capital and reserves			
Called up share capital	13	1	1
Profit and loss account	14	1,612,898	13,294
Equity shareholders' funds	15	<u>1,612,899</u>	<u>13,295</u>

The financial statements were approved by the Board of Directors on  December 2005.


S.L. Gumm
Director

The notes on pages 8 to 14 form part of these financial statements.

TLLC Levpropco9 Limited

Notes forming part of the financial statements for the period ended 10 March 2005

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

The following significant accounting policies have been applied consistently for all or part of the period:

Basis of non-consolidation

The company is exempt by virtue of s248 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Turnover

Turnover represents rents receivable during the period from the letting of commercial properties at invoiced amounts less value added tax.

Fixed assets

Tangible fixed assets, prior to their disposal, were stated at cost, net of depreciation and any provision for impairment.

Depreciation

Fixed assets are written off on a straight-line basis over their estimated useful lives as follows:

Freehold land is not depreciated.

Freehold buildings are depreciated to their estimated residual values over periods of up to fifty years.

Leasehold land, buildings and improvements are depreciated to their estimated residual values over the shorter of fifty years and their remaining lease periods.

Leased assets

Rental costs under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of any underlying timing differences.

Deferred tax balances are not discounted.

Investment in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost, less any provision for diminution in value, which is written off to the profit and loss account.

TLLC Levpropco9 Limited

Notes forming part of the financial statements for the period ended 10 March 2005 (Continued)

2 Turnover

Turnover is wholly attributable to the previous principal activity of the company and arose solely within the United Kingdom.

3 Employees

The average number of employees, excluding directors, during the period was nil (2003 - nil).

4 Directors

No director received any emoluments from the company during the period (2003: £nil).

5 Operating profit

	Period ended 10 March 2005 £	Period ended 31 December 2003 £
<i>This has been arrived at after charging:</i>		
Depreciation of tangible fixed assets	143,941	215,912
Operating lease rentals	121,105	175,410

The auditors' remuneration is borne by a fellow group company (2003 - borne by a previous fellow group company).

6 Profit on disposal of tangible fixed assets

	Period ended 10 March 2005 £	Period ended 31 December 2003 £
Proceeds on disposal of properties	14,193,426	-
Net book value of properties disposed of	(12,934,147)	-
Profit on disposal of tangible fixed assets	1,259,279	-

Of the above profit on disposal, £74,961 relates to the profits on transfer of properties to a now former group undertaking, with the remainder relating to the profit on disposal of properties to the company's subsidiary.

TLLC Levpropco9 Limited

Notes forming part of the financial statements for the period ended 10 March 2005 (Continued)

7 Interest receivable and similar income

	Period ended 10 March 2005 £	Period ended 31 December 2003 £
Interest receivable on loans to subsidiary undertaking	326,020	-

8 Taxation on profit on ordinary activities

	Period ended 10 March 2005 £	Period ended 31 December 2003 £
<i>UK corporation tax</i>		
Current tax on profits of the period	-	-

The tax assessed for the period varies from the standard rate of corporation tax in the UK. The differences are explained below:

	Period ended 10 March 2005 £	Period ended 31 December 2003 £
Profit on ordinary activities before tax	1,599,604	13,294
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2003 – 30%)	479,881	3,988
Effects of:		
Expenses not deductible for tax purposes	43,182	47,436
Profit on sale of fixed assets	(377,784)	-
Group relief claimed	(145,279)	(51,424)
Current tax charge for period	-	-

No provision for UK corporation tax has been made for the period due to the availability of group relief.

At present it is not envisaged that any tax will become payable in the foreseeable future, due to the availability of losses within the group of which the company is a member.

TLLC Levpropco9 Limited

Notes forming part of the financial statements for the period ended 10 March 2005 (Continued)

8 Taxation on profit on ordinary activities (continued)

Deferred tax is as follows:

	10 March 2005 Unprovided £	31 December 2003 Unprovided £
Deferred capital allowances – deferred tax asset	-	17,338

9 Tangible fixed assets

	Short leasehold improvements £	Long leasehold properties £	Freehold land & buildings £	Total £
<i>Cost</i>				
At 1 January 2004	564,294	7,506,378	5,223,328	13,294,000
Transfer to subsidiary undertaking	-	(7,506,378)	(4,670,816)	(12,177,194)
Disposal to group company	(564,294)	-	(552,512)	(1,116,806)
At 10 March 2005	-	-	-	-
<i>Depreciation</i>				
At 1 January 2004	42,322	150,128	23,462	215,912
Provided for the period	28,215	100,085	15,641	143,941
Eliminated on transfer to subsidiary undertaking	-	(250,213)	(34,679)	(284,892)
Eliminated on disposal to group company	(70,537)	-	(4,424)	(74,961)
At 10 March 2005	-	-	-	-
<i>Net book value</i>				
At 10 March 2005	-	-	-	-
At 31 December 2003	521,972	7,356,250	5,199,866	13,078,088

During the period all of the company's properties were used by a fellow group company as operating assets.

TLLC Levpropco9 Limited

Notes forming part of the financial statements for the period ended 10 March 2005 (Continued)

10 Investment in subsidiary undertaking

	Investment in subsidiary undertaking £
<i>Cost and net book value:</i>	
Additions and at 10 March 2005	1

The company owns the entire issued share capital of TLLC Levsubpropco9 Limited, a company incorporated in England and Wales that undertakes property investment activities. At 10 March 2005, the subsidiary had net liabilities of £234,713 and made a loss for the period ended on that date of £234,714.

Since the period end, a charge over the company's assets, including the above investment, has been granted to the group's lenders as part of the security for bank borrowings provided to Prestbury Hotels Limited, the new immediate parent company.

11 Debtors

	10 March 2005 £	31 December 2003 £
Amounts due from group undertakings	13,402,638	-

All amounts shown under debtors fall due for payment in more than one year.

12 Creditors: amounts falling due within one year

	10 March 2005 £	31 December 2003 £
Amounts due to group undertakings	11,789,740	13,064,793

13 Share capital

	10 March 2005 Number	31 December 2003 Number	10 March 2005 £	31 December 2003 £
<i>Authorised</i>				
<i>Equity shares:</i>				
Ordinary shares of £1 each	100	100	100	100
<i>Allotted, called up and fully paid</i>				
<i>Equity shares:</i>				
Ordinary shares of £1 each	1	1	1	1

TLLC Levpropco9 Limited

Notes forming part of the financial statements for the period ended 10 March 2005 (Continued)

14 Reserves

	Profit and loss account £
At 1 January 2004	13,294
Retained profit for the period	1,599,604
	<hr/>
At 10 March 2005	1,612,898
	<hr/>

15 Reconciliation of movement in shareholders' funds

	Period ended 10 March 2005 £	Period ended 31 December 2003 £
Profit for the period	1,599,604	13,294
Share capital issued	-	1
	<hr/>	<hr/>
Net movement in shareholders' funds	1,599,604	13,295
Opening shareholders' funds	13,295	-
	<hr/>	<hr/>
Closing shareholders' funds	1,612,899	13,295
	<hr/>	<hr/>

16 Operating lease commitments

	Land & buildings Period ended 10 March 2005 £	Period ended 31 December 2003 £
Annual commitments under non- cancellable leases are as follows:		
Expiry date		
Within 1 year	-	-
Between 2 and 5 years	-	-
After 5 years	-	124,350
	<hr/>	<hr/>
	-	124,350
	<hr/>	<hr/>

TLLC Levpropco9 Limited

Notes forming part of the financial statements for the period ended 10 March 2005 (*Continued*)

17 Related party transactions

There were no significant related party transactions in the period other than any referred to in the other notes to the financial statements.

18 Cash flow statement

The company has used the exemption under Financial Reporting Standard 1, "Cash Flow Statements", not to prepare a cash flow statement as the company qualifies as a small company under the Companies Act 1985.

19 Controlling party information

At 10 March 2005, the company's immediate parent company was Travelodge Hotels Limited, which is incorporated in England and Wales. The ultimate parent company was TLLC Group Holdings Limited also incorporated in England and Wales.

On 5 May 2005, the company was acquired by Prestbury Hotels Limited, which from that date became the company's new parent undertaking. Prestbury Hotel Holdings Limited is the owner of 100% of the issued share capital of Prestbury Hotels Limited. Prestbury Hotel Holdings Limited is a joint venture company and is not controlled by any one individual or entity.

20 Post balance sheet events

On 5 May 2005, the company was acquired by Prestbury Hotels Limited, which from that date became the company's new parent undertaking. The principal activity of the company since that date has been that of being an intermediate holding company within a property investment group operating in the United Kingdom.

Also on 5 May 2005, the company acquired a further 1,625,000 ordinary shares of £1 each in TLLC Levsubpropco9 Limited, at par, for cash.