

TLLC BRIDGECO2 LIMITED

Company Registration No: 4588943

Report and Financial Statements

Period Ended 31 March 2006



TLLC Bridgeco2 Limited

Report and financial statements for the period ended 31 March 2006

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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

4588943

Auditors

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

TLLC Bridgeco2 Limited

Report of the directors for the period ended 31 March 2006

The directors present their report together with the audited financial statements for the period ended 31 March 2006.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the period.

The directors do not recommend payment of a final dividend (2005: £nil).

The comparative figures relate to the period from 1 January 2004 to 10 March 2005.

Principal activities, business review and future developments

The principal activity of the company is an intermediate holding company within a property investment group operating in the United Kingdom.

For details of a change in ultimate parent company during the period see note 19 to the financial statements.

Directors

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

S L Gumm
N M Leslau

No director had any interest in the share capital of the company during the period.

At 31 March 2006, both currently serving directors were also directors of the ultimate parent company, Prestbury Hotel Holdings Limited, and their interests in the share capital of that company, if any, are shown in its financial statements.

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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.

TLLC Bridgeco2 Limited

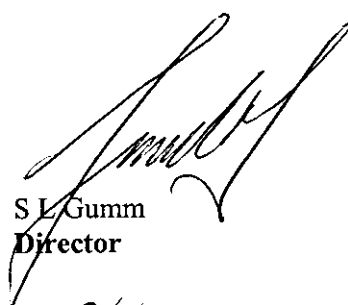
Report of the directors for the period ended 31 March 2006 (*Continued*)

Auditors

BDO Stoy Hayward LLP have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the annual general meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the Board



S L Gumm
Director

Date: 28 November 2006

TLLC Bridgeco2 Limited

Report of the independent auditors to the shareholders of TLLC Bridgeco2 Limited

We have audited the financial statements of TLLC Bridgeco2 Limited for the period ended 31 March 2006 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been 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.

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 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 March 2006 and of its profit for the period then ended; and
- have been properly prepared in accordance with the Companies Act 1985


BDO STOY HAYWARD LLP

Chartered Accountants and Registered Auditors
Epsom

28 November 2006

TLLC Bridgeco2 Limited**Profit and loss account for the period from 11 March 2005 to 31 March 2006**

	Note	Period ended 31 March 2006 £	Period ended 10 March 2005 £
Turnover	2	-	194,150
Administrative expenses		-	(19,375)
		<hr/>	<hr/>
Operating profit	5	-	174,775
Profit on disposal of tangible fixed assets	6	-	424,378
		<hr/>	<hr/>
Profit on ordinary activities before net financing costs		-	599,153
Net financing income / (costs)	7	26,256	(287,395)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		26,256	311,758
Taxation on profit on ordinary activities	8	-	-
		<hr/>	<hr/>
Profit on ordinary activities after taxation and retained profit for the period	14	26,256	311,758
		<hr/>	<hr/>

All amounts relate to continuing activities.

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

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

The notes on pages 7 to 12 form part of these financial statements.

TLLC Bridgeco2 Limited

Balance sheet at 31 March 2006

	Note	31 March 2006 £	31 March 2006 £	10 March 2005 £	10 March 2005 £
Fixed assets					
Investment in subsidiary undertaking	9		1		1
Current assets					
Debtors due in less than one year	10	-		166,056	
Debtors due after more than one year	10	5,385,092		5,330,331	
		<u>5,385,092</u>		<u>5,496,387</u>	
Creditors: amounts falling due within one year	11	-		(156,847)	
		<u>-</u>		<u>(156,847)</u>	
Net current assets			<u>5,385,092</u>		<u>5,339,540</u>
Total assets less current liabilities			<u>5,385,093</u>		<u>5,339,541</u>
Creditors: amounts falling due after more than one year	12		(5,038,828)		(5,019,532)
			<u>(5,038,828)</u>		<u>(5,019,532)</u>
Net assets			<u><u>346,265</u></u>		<u><u>320,009</u></u>
Capital and reserves					
Called up share capital	13		1		1
Profit and loss account	14		346,264		320,008
			<u>346,265</u>		<u>320,009</u>
Shareholders' funds	15		<u><u>346,265</u></u>		<u><u>320,009</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 28 November 2006.


S L Gumm
Director

The notes on pages 7 to 12 form part of these financial statements.

TLLC Bridgeco2 Limited

Notes forming part of the financial statements for the period ended 31 March 2006

1 Accounting policies

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

Basis of non-consolidation

The company is exempt by virtue of s228 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. The consolidated financial statements of Prestbury Hotel Holdings Limited, within which this company is included, can be obtained from the address given in the "Controlling party information" note to these financial statements.

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

Turnover

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

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.

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 (2005: nil).

4 Directors

No director received any emoluments from the company during the period (2005: £nil).

TLLC Bridgeco2 Limited

Notes forming part of the financial statements for the period ended 31 March 2006 (*Continued*)

5 Operating profit

Period ended 31 March 2006 £	Period ended 10 March 2005 £
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This has been arrived at after charging:

Depreciation of tangible fixed assets	-	19,375
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The auditors' remuneration is borne by a fellow group company.

6 Profit on disposal of tangible fixed assets

Period ended 31 March 2006 £	Period ended 10 March 2005 £
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Proceeds from subsidiary on transfer of properties	-	5,518,941
Net book value of properties disposed of	-	(5,094,563)

Profit on disposal of tangible fixed assets	-	424,378
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7 Net financing income / (costs)

Period ended 31 March 2006 £	Period ended 10 March 2005 £
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Interest paid on loans from former group undertakings	-	(323,516)
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Interest payable on loans from current group undertakings	(400,265)	(156,847)
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(400,265)	(480,363)
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Interest receivable on loans to subsidiary undertaking	426,521	192,968
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Net financing income / (costs)	26,256	(287,395)
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TLLC Bridgeco2 Limited

Notes forming part of the financial statements for the period ended 31 March 2006 (*Continued*)

8 Taxation on profit on ordinary activities

	Period ended 31 March 2006 £	Period ended 10 March 2005 £
<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 31 March 2006 £	Period ended 10 March 2005 £
Profit on ordinary activities before tax	26,256	311,758
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2005 – 30%)	7,877	93,527
Effects of:		
Expenses not deductible for tax purposes	-	5,813
Profit on sale of fixed assets	-	(127,313)
Group relief claimed and other timing differences	(7,877)	(2,898)
Other amounts available for group relief	-	30,871
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.

There is no provided or unprovided deferred taxation.

TLLC Bridgeco2 Limited

Notes forming part of the financial statements for the period ended 31 March 2006 (Continued)

9 Investment in subsidiary undertaking

	Investment in subsidiary undertaking £
<i>Cost and net book value:</i>	
At 11 March 2005 and 31 March 2006	1

The company owns the entire issued share capital of TLLC Bridgesubco2 Limited, a company incorporated in England and Wales that undertakes property investment activities.

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 immediate parent company.

10 Debtors

	31 March 2006 £	10 March 2005 £
Amounts due from group undertakings	5,385,092	5,496,387

The amounts due from group undertakings are unsecured, bear interest at 8% and have no fixed repayment date. The above amounts include interest accrued of £593,027 (2005: £166,506).

11 Creditors: amounts falling due within one year

	31 March 2006 £	10 March 2005 £
Amounts due to group undertakings	-	156,847

12 Creditors: amounts falling due after more than one year

	31 March 2006 £	10 March 2005 £
Amounts due to group undertakings	5,038,828	5,019,532

The amounts due to group undertakings are unsecured, bear interest at 8% and have no fixed repayment date. The above amounts include interest accrued of £557,112 (2005: £156,847 included as an amount falling due within one year).

TLLC Bridgeco2 Limited

Notes forming part of the financial statements for the period ended 31 March 2006 (Continued)

13 Share capital

	31 March 2006 Number	10 March 2005 Number	31 March 2006 £	10 March 2005 £
<i>Authorised:</i>				
Ordinary shares of £1 each	100	100	100	100
<i>Allotted, called up and fully paid:</i>				
Ordinary shares of £1 each	1	1	1	1

14 Reserves

	Profit and loss account £
At 11 March 2005	320,008
Retained profit for the period	26,256
At 31 March 2006	346,264

15 Reconciliation of movement in shareholders' funds

	Period ended 31 March 2006 £	Period ended 10 March 2005 £
Profit for the period and net additions to shareholders' funds	26,256	311,758
Opening shareholders' funds	320,009	8,251
Closing shareholders' funds	346,265	320,009

16 Related party transactions

The company has taken advantage of the exemption available to wholly owned subsidiary undertakings under Financial Reporting Standard 8, "Related Party Transactions", not to disclose details of any transactions with entities that are included in the consolidated financial statements of Prestbury Hotel Holdings Limited.

TLLC Bridgeco2 Limited

Notes forming part of the financial statements for the period ended 31 March 2006 (*Continued*)

17 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 a consolidated cash flow statement is included in the financial statements of its ultimate parent company.

18 Commitments and contingencies

The company, along with its current fellow group undertakings, has entered into an agreement with the bankers of the immediate parent company to cross-guarantee the bank loans made to that company. At 31 March 2006 these bank loans amounted to £360,716,781 (2005: £344,577,977).

19 Controlling party information

On 14 March 2005, Prestbury Hotel Holdings Limited became 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.

At 31 March 2006, the company's immediate parent company is Prestbury Hotels Limited. The ultimate parent company is Prestbury Hotel Holdings Limited. Both of these companies are incorporated in England and Wales. The consolidated accounts of the ultimate parent company are available to the public and may be obtained from the company secretary, Cavendish House, 18 Cavendish Square, London W1G 0PJ.