

TLLC BRIDGECO2 LIMITED

Company Registration No: 4588943

Report and Financial Statements

Period Ended 10 March 2005



TLLC Bridgeco2 Limited

Report and financial statements for the period ended 10 March 2005

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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 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 13 November 2002 to 31 December 2003

Principal activities, business review and future developments

The company, until 19 October 2004, was engaged (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 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.

The company transferred its properties to a newly created direct subsidiary undertaking on 9 September 2004. On 19 October 2004, the company was acquired by Prestbury Hotels Limited, which from that date became the company's new parent undertaking.

For details of a further change in ultimate parent company since the balance sheet date see note 20 to the financial statements.

Directors

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

| | |
|-------------|-----------------------------|
| S L Gumm | (appointed 19 October 2004) |
| N M Leslau | (appointed 19 October 2004) |
| G Hearn | (resigned 19 October 2004) |
| H Turner | (resigned 19 October 2004) |
| J Mortimore | (resigned 19 October 2004) |

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

At 10 March 2005, both currently serving directors were also directors of the ultimate parent company, which was Prestbury Hotels Limited, and their interests in the share capital of that company, if any, are shown in its financial statements.

TLLC Bridgeco2 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:

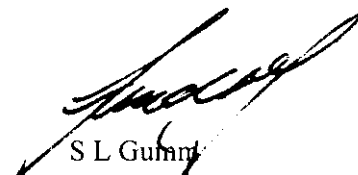
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

During the period, 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 Guhani
Director

Date: 31 October 2005

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 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.

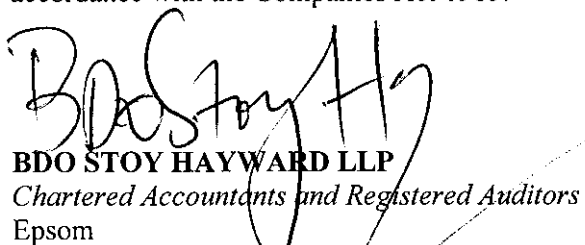
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

TLLC Bridgeco2 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.


BDO STOY HAYWARD LLP
Chartered Accountants and Registered Auditors
Epsom

Date: 31 October 2005

TLLC Bridgeco2 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 | 194,150 | 250,077 |
| Administrative expenses | | (19,375) | (29,062) |
| Operating profit | 5 | 174,775 | 221,015 |
| Profit on disposal of tangible fixed assets | 6 | 424,378 | - |
| Profit on ordinary activities before net financing costs | | 599,153 | 221,015 |
| Net financing costs | 7 | (287,395) | (212,765) |
| Profit on ordinary activities before taxation | | 311,758 | 8,250 |
| Taxation on profit on ordinary activities | 8 | - | - |
| Profit on ordinary activities after taxation and retained profit for the period | 15 | 311,758 | 8,250 |

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.

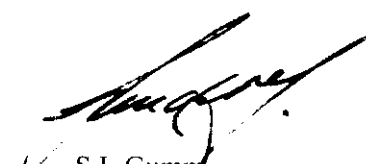
The notes on pages 8 to 14 form part of these financial statements.

TLLC Bridgeco2 Limited

Balance sheet at 10 March 2005

| | Note | 10 March 2005 £ | 31 December 2003 £ |
|--|------|-----------------------|--------------------------|
| Fixed assets | | | |
| Tangible assets | 9 | - | 5,113,938 |
| Investment in subsidiary undertaking | 10 | 1 | - |
| | | <u>1</u> | <u>5,113,938</u> |
| Current assets | | | |
| Debtors due in less than one year | 11 | 166,056 | - |
| Debtors due after more than one year | 11 | 5,330,331 | - |
| | | <u>5,496,387</u> | <u>-</u> |
| Creditors: amounts falling due within one year | 12 | (156,847) | (5,105,687) |
| Net current assets / (liabilities) | | <u>5,339,540</u> | <u>(5,105,687)</u> |
| Total assets less current liabilities | | <u>5,339,541</u> | <u>8,251</u> |
| Creditors: amounts falling due after more than one year | 13 | (5,019,532) | - |
| Net assets | | <u><u>320,009</u></u> | <u><u>8,251</u></u> |
| Capital and reserves | | | |
| Called up share capital | 14 | 1 | 1 |
| Profit and loss account | 15 | 320,008 | 8,250 |
| Equity shareholders' funds | 16 | <u><u>320,009</u></u> | <u><u>8,251</u></u> |

The financial statements were approved by the Board of Directors on 31 October 2005.


S L Gummi
Director

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

TLLC Bridgeco2 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.

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 Hotels 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.

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.

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.

TLLC Bridgeco2 Limited

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

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 £ |
|--|---------------------------------------|--|
|--|---------------------------------------|--|

This has been arrived at after charging:

| | | |
|---------------------------------------|--------|--------|
| Depreciation of tangible fixed assets | 19,375 | 29,062 |
|---------------------------------------|--------|--------|

The auditors' remuneration is borne by a current 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 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 | - |

7 Net financing costs

| | Period ended 10 March 2005 £ | Period ended 31 December 2003 £ |
|---|---------------------------------------|--|
| Interest paid on loans from former group undertakings | 323,516 | 212,765 |
| Interest payable on loans from current group undertakings | 156,847 | - |
| | 480,363 | 212,765 |
| Interest receivable on loans to subsidiary undertaking | (192,968) | - |
| Net financing costs | 287,395 | 212,765 |

TLLC Bridgeco2 Limited

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

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 | 311,758 | 8,250 |
| Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2003 – 30%) | 93,527 | 2,475 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 5,813 | 2,886 |
| Profit on sale of fixed assets | (127,313) | - |
| Group relief claimed and other timing differences | (2,898) | (5,361) |
| 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 hotel building allowances and 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.

Deferred tax is as follows:

| | 10 March 2005 Unprovided £ | 31 December 2003 Unprovided £ |
|--|-------------------------------------|--|
| Deferred capital allowances – deferred tax asset | - | 5,833 |

TLLC Bridgeco2 Limited

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

9 Tangible fixed assets

| | Freehold land & buildings £ |
|--|-----------------------------------|
| <i>Cost</i> | |
| At 1 January 2004 | 5,143,000 |
| Transfer to subsidiary undertaking | (5,143,000) |
| | <hr/> |
| At 10 March 2005 | - |
| | <hr/> |
| <i>Depreciation</i> | |
| At 1 January 2004 | 29,062 |
| Provided for the period | 19,375 |
| Eliminated on transfer to subsidiary undertaking | (48,437) |
| | <hr/> |
| At 10 March 2005 | - |
| | <hr/> |
| <i>Net book value</i> | |
| At 10 March 2005 | - |
| | <hr/> |
| At 31 December 2003 | 5,113,938 |
| | <hr/> |

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

10 Investment in subsidiary undertaking

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

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.

TLLC Bridgeco2 Limited

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

11 Debtors

| | 10 March 2005 £ | 31 December 2003 £ |
|-------------------------------------|-----------------------|--------------------------|
| Amounts due from group undertakings | 5,496,387 | - |

All amounts shown under debtors fall due for payment after one year, except £166,056 (2003: £nil) of the above balance

12 Creditors: amounts falling due within one year

| | 10 March 2005 £ | 31 December 2003 £ |
|--|-----------------------|--------------------------|
| Amounts due to current (2003: former) group undertakings | 156,847 | 5,105,687 |

13 Creditors: amounts falling due after more than one year

| | 10 March 2005 £ | 31 December 2003 £ |
|-----------------------------------|-----------------------|--------------------------|
| Amounts due to group undertakings | 5,019,532 | - |

14 Share capital

| | 10 March 2005 Number | 31 December 2003 Number | 10 March 2005 £ | 31 December 2003 £ |
|--|----------------------------|-------------------------------|-----------------------|--------------------------|
| <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 |

TLLC Bridgeco2 Limited

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

15 Reserves

| | Profit and loss account £ |
|--------------------------------|---------------------------------|
| At 1 January 2004 | 8,250 |
| Retained profit for the period | 311,758 |
| | <hr/> |
| At 10 March 2005 | 320,008 |
| | <hr/> |

16 Reconciliation of movement in shareholders' funds

| | Period ended 10 March 2005 £ | Period ended 31 December 2003 £ |
|--------------------------------------|---------------------------------------|--|
| Profit for the period | 311,758 | 8,250 |
| Share capital issued | - | 1 |
| | <hr/> | <hr/> |
| Net additions to shareholders' funds | 311,758 | 8,251 |
| Opening shareholders' funds | 8,251 | - |
| | <hr/> | <hr/> |
| Closing shareholders' funds | 320,009 | 8,251 |
| | <hr/> | <hr/> |

17 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 Hotels Limited.

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

TLLC Bridgeco2 Limited

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

19 Commitments and contingencies

The company, along with its current fellow group undertakings, entered into an agreement in the period with the bankers of the immediate parent company to cross-guarantee the bank loans made to that company. At 10 March 2005 these bank loans amounted to £344,577,977.

20 Controlling party information

At 10 March 2005, the company's immediate and ultimate parent company is Prestbury Hotels Limited, which is incorporated in England and Wales. The consolidated accounts of this company are available to the public and may be obtained from the company secretary, Cavendish House, 18 Cavendish Square, London W1G 0PJ.

For the period to 10 March 2005, Prestbury Hotels Limited was not controlled by any one individual or entity.

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.

The company was previously a member of the group headed by TLLC Group Holdings Limited, until its acquisition by Prestbury Hotels Limited on 19 October 2004.