

**WHITBREAD HOTEL
(LEICESTER) LIMITED**

REPORT & ACCOUNTS

2 March 2006

Registered number 5374151



WHITBREAD HOTEL (LEICESTER) LIMITED

DIRECTORS: D L M Taljaard (appointed 23/2/05)
G R L Windle (appointed 23/2/05)
E A Miller (appointed 23/2/05; resigned 23/2/05)

SECRETARY: R W Fairhurst (appointed 23/2/05)
O I Bingley Miller (appointed 23/2/05; resigned 23/2/05)
D C Lowry (appointed 5/4/06)

AUDITORS: Ernst & Young LLP
1 More London Place
London
SE1 2AF

REGISTERED OFFICE: Whitbread House
Park Street West
Luton
Bedfordshire
LU1 3BG

REGISTERED NUMBER: 5374151

DIRECTORS' REPORT

WHITBREAD HOTEL (LEICESTER) LIMITED

Accounts

The Directors submit to the shareholders their report and accounts for the period ended 2 March 2006.

Principal activity and review of business development

The company was incorporated on 23rd February 2005, the principal activity of the company during the year was the operation of one hotel, the Leicester Marriott. This hotel is under construction and is due to open in May 2006 under the Marriott brand as part of a franchise agreement with Marriott International.

The directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future and have therefore used the going concern basis for preparing the financial statements.

Results and dividends

The loss for the period after tax amounted to £31,795. The directors do not recommend the payment of a dividend.

Directors

The directors of the company during the year and up to the date of this report are listed on page 1.

Post balance sheet event

On 21 April 2006, Whitbread PLC, the ultimate parent of the company, agreed to sell the Leicester Marriott hotel development to Royal Bank of Scotland for £30m, this is subject to satisfaction of conditions concerning the opening of the hotel due at the end of May 2006. Completion of this sale is expected in June 2006.

Directors' interests

According to the register maintained as required under the Companies Act 1985, the beneficial interests of the directors in shares and options over the ordinary shares in the holding company, Whitbread PLC including shares under the Whitbread PLC Share Ownership Scheme are as follows:

Interests in Whitbread PLC shares for dates prior to 16 May 2005 related to Ordinary Shares of 50p each. On 16 May 2005 there was a share consolidation in which shareholders received six new shares for every seven shares held. Consequently all interests in shares for dates from 16 May 2005 onwards relate to Ordinary Shares of 58 1/3p each. Although options were not restated as a result of the share consolidation, options over Ordinary Shares of 50p each prior to 16 May 2005 were replaced with options over Ordinary Shares of 58 1/3p each on 16 May 2005.

Ordinary shares		2 March 2006	23 February 2005
G R L Windle		17,197	15,276
D L M Taljaard		11,000	2,100
Deferred Shares	23 February 2005	Awarded During the Year	2 March 2006
G R L Windle	2,843	-	2,843
D L M Taljaard	2,370	-	2,370

Options over ordinary shares

During the period the following movements in options over the ordinary share capital of the holding company, Whitbread PLC, took place:-

	Options held at 23.02.05	Options granted		Options exercised/ (Options lapsed)		Options held at 2.03.06
		Number	Price, p	Number	Price, p	
G R L Windle	a 83,100	-	-	20,000	661.4	62,300
	b 4,012	1,703	756.0	800	778.5	
				3,268	413.0	2,447
						64,747
D L M Taljaard	a 0	-	-	0	0	0
	b 0	-	-	-	0	0

- (a) the Executive Share Option Scheme
(b) the Savings Related Share Option Scheme

None of the directors hold any shares in the company itself.

Auditors

Ernst & Young LLP were appointed as auditors during the year and have expressed their willingness to continue in office as auditors of the company.

On behalf of the board

DIRECTOR

2006

WHITBREAD HOTEL (LEICESTER) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the auditors' statement of their responsibilities set out on page 4, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the accounts.

The directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that in preparing the accounts on pages 5 to 9 the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable Accounting Standards have been followed. The accounts have been prepared on a going concern basis.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the accounts comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

WHITBREAD HOTEL (LEICESTER) LIMITED

INDEPENDENT AUDITORS' REPORT to the members of Whitbread Hotel (Leicester) Limited

We have audited the company's financial statements for the period ended 2 March 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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 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

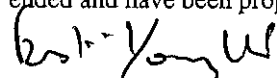
Basis of audit opinion

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.

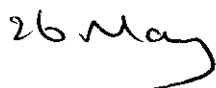
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 2 March 2006 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
London
Date



2006

WHITBREAD HOTEL (LEICESTER) LIMITED

PROFIT AND LOSS ACCOUNT

	<u>Notes</u>	<u>Period ended</u> <u>2 March 2006</u>
		<u>£</u>
Administrative expenses		<u>(31,795)</u>
OPERATING LOSS		(31,795)
Interest payable and similar charges	1	<u>-</u>
LOSS BEFORE TAXATION		(31,795)
Taxation	2	<u>-</u>
LOSS FOR THE YEAR	9	<u>(31,795)</u>

There were no recognised gains and losses other than those recognised in the profit and loss account.

All activities of the company are continuing during the year.

WHITBREAD HOTEL (LEICESTER) LIMITED

BALANCE SHEET

2 March 2006

	Notes	2006
		£
FIXED ASSETS		
Tangible assets	5	<u>27,681,289</u>
CURRENT ASSETS		
Debtors		<u>-</u>
		-
CREDITORS - amounts falling due within one year	6	<u>(27,713,083)</u>
NET CURRENT LIABILITIES		<u>(27,713,083)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(31,794)
TOTAL ASSETS LESS LIABILITIES		<u><u>(31,794)</u></u>
CAPITAL AND RESERVES		
Called up share capital	7	1
Profit and loss account	8	<u>(31,795)</u>
EQUITY SHAREHOLDERS' FUNDS	9	<u><u>(31,794)</u></u>

Director

26/05/06

2006

WHITBREAD HOTEL (LEICESTER) LIMITED

ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

The company incurred a loss in the period to 2 March 2006 and at that date its liabilities exceeded its assets. The company is dependant, in the absence of other funding, on the continued support of its parent company, Whitbread Hotel Company Limited. The parent company has confirmed that it will continue to support the company for the period until the disposal, described in the post balance sheet event note, occurs. On this basis, the directors consider it appropriate to prepare the accounts on a going concern basis. The accounts do not include any adjustments that might be necessary if the parent company was not to provide further support.

Tangible fixed assets

Depreciable 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 up to 50 years.
- Retail furniture, fixtures and equipment are depreciated over 4 to 25 years.
- Assets under construction are not depreciated.

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment in the value of the fixed assets below depreciated historical cost is charged to the profit and loss account. Profits and losses on disposal of fixed assets reflect the difference between net selling price and net book value at the date of disposal. Gross interest incurred on the financing of major projects is capitalised until the time that they are available for use.

Related party transactions

The company is a wholly owned subsidiary of Whitbread PLC and has taken advantage of the exemption given in Financial Reporting Standard No.8 not to disclose transactions with other group companies. There are no related party transactions outside of the group.

Taxation

Current tax is recognised at the amounts estimated to be payable or recoverable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not been reversed by the balance sheet date. Deferred taxation is not recognised when an asset is sold if it is more likely than not that the taxable gain will be rolled over. Deferred taxation assets are recognised to the extent that they are regarded as recoverable. Provisions for deferred taxation are not discounted. Deferred tax assets and liabilities are calculated using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Cash flow

As permitted by Financial Reporting Standard No.1 (revised) a cashflow has not been prepared as the company is a wholly-owned subsidiary of a European Community parent undertaking.

WHITBREAD HOTEL (LEICESTER) LIMITED

NOTES TO THE ACCOUNTS

1. INTEREST

	2006
	£
Capitalised Interest	879,754
Interest payable to parent	(879,754)
	-

2. TAX

	2006
	£
Current tax on profits for the year	
U.K. Corporation Tax	-
Total current tax	-
Total tax charge	-
Factors affecting the tax charge for the year	
Profit before tax	(31,795)
Tax at current UK Corporation tax rate of 30%	(9,539)
Effect of:	
Other	9,539
	-

3. DIRECTORS EMOLUMENTS

No directors received any remuneration from the company during the year.

4. PROFIT AND LOSS ACCOUNT

Audit fees have been borne by another group company

5. TANGIBLE FIXED ASSETS

	<u>Land & buildings</u>	<u>Furniture, fixtures & equipment</u>	<u>Total</u>
	£	£	£
Gross amounts at incorporation	-	-	-
Additions	21,040,758	5,760,777	26,801,535
Capitalised interest	879,754	-	879,754
Gross amounts 2 March 2006	<u>21,920,512</u>	<u>5,760,777</u>	<u>27,681,289</u>
Net book amounts 2 March 2006	<u>21,920,512</u>	<u>5,760,777</u>	<u>27,681,289</u>
Net book amounts 23 February 2005	<u>-</u>	<u>-</u>	<u>-</u>

The hotel is under construction and therefore no depreciation has been charged during the period

6. CREDITORS - amounts falling due within one year

	2006
	£
Trade Creditors	195,329
Amounts owed to Whitbread group undertakings	27,516,255
Other creditors	1,405
Accruals and deferred income	94
	<u>27,713,083</u>

Amounts due to group and parent undertakings have no fixed repayment date.

WHITBREAD HOTEL (LEICESTER) LIMITED

NOTES TO THE ACCOUNTS

7. SHARE CAPITAL

	Authorised 2006	Allotted and fully paid 2006
Ordinary shares	1,000	£ 1
	<u>1,000</u>	<u>1</u>

8 RESERVES

	Profit & loss account
At incorporation	£ -
Retained loss	<u>(31,795)</u>
2 March 2006	<u>(31,795)</u>

9. MOVEMENT IN SHAREHOLDERS' FUNDS

	2006
Shareholders' funds at incorporation	£ 1
Retained loss	<u>(31,795)</u>
Shareholders' funds at 2 March 2006	<u>(31,794)</u>

10. PARENT UNDERTAKING

The parent undertaking of the smallest group of undertakings for which group accounts are drawn up and of which the company is a member is Whitbread Hotel Company Limited, registered in England and Wales. Copies of their accounts can be obtained from Whitbread House, Park Street West, Luton, LU1 3BG.

The parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the company is a member is Whitbread PLC, registered in England and Wales. Copies of their accounts can be obtained from Whitbread House, Park Street West, Luton LU1 3BG.

11. POST BALANCE SHEET EVENT

On 21 April 2006, Whitbread PLC, the ultimate parent of the company, agreed to sell the Leicester Marriott hotel development to Royal Bank of Scotland for £30m, this is subject to satisfaction of conditions concerning the opening of the hotel due at the end of May 2006. Completion of this sale is expected in June 2006.