SHG Acquisition (UK) Limited

Report and Financial Statements

52 weeks ended

29 December 2019

Company Number 06395943

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Report and financial statements
for the period ended 29 December 2019

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The directors present their strategic report together with the audited financial statements for the 52 week period ended 29 December 2019.

Principal activities

SHG Acquisition (UK) Limited (the "Group") represents the UK and European business of the global group headed by Soho House Holdings Limited ("Global Group") and its immediate subsidiary, Soho House & Co Limited ("Soho House"). US AcquireCo Inc, a subsidiary of Soho House & Co Limited and a US registered company, includes the results of our US business (the "US Group").

Soho House is a leading global private membership club which, over our 25 year history, has become a coveted lifestyle brand with significant and proven global growth potential. As the pace of life accelerates and the way people live their lives has changed, Soho House provides a "home away from home" for its members with a place to connect, work, workout, socialise and relax with a community of like-minded individuals. Since the opening of our first club ('House') in the Soho district of London in 1995, we have grown to 26 distinctive Houses across North America, the United Kingdom, Europe and Asia. Today, we are a community of c.105,000 diverse, creative and loyal individuals paying an annual membership fee to be part of the Soho House community. As part of a Soho House membership, we offer access to our Houses and host thousands of member events worldwide, spanning film, fashion, art, business and music. In addition to membership fees, we generate revenue from food, beverage and accommodation within our Houses and from other complementary goods and services that we create and provide. We strive to make our Houses a significant part of our members' everyday lives, where they feel at home and are able to relax in familiar and comfortable surroundings. Given the enduring value proposition that we provide our members, we have developed an extremely loyal membership base and a growing wait list currently in excess of 43,000 applicants. We currently operate 26 Houses, 3 townhouses, 20 public restaurants, 16 spas, 2 public cinemas and 931 hotel rooms across the global portfolio. In addition, within our Houses, amongst other amenities, we operate 13 gyms and 16 cinema screens exclusively for our members.

Access to our Houses is reserved exclusively for members and a select number of their guests as well as our hotel guests during their stay. Membership is highly selective and applications are reviewed by a Committee of members each quarter. We offer three primary types of membership: access to an individual local House ("Local House Membership"), access to all of our Houses globally ("Every House Membership") and in 2018 we launched a new membership for people who live and work in cities that don't yet have a House and where they can connect with others in their home city as part of the Soho House community and use the Houses all over the world ("Cities Without Houses Membership"). Our membership model is an integral part of our business and has a significant impact on our profitability and financial performance. Member count is the primary driver of membership revenues and is also a critical factor in other revenues as members utilise the hospitality and service offerings that are provided within the Houses. The extent to which we achieve growth in our membership base, retain existing members and periodically increase our membership fee rates will impact our profitability. We have historically enjoyed strong member loyalty, reflected by very high retention rates, which have averaged greater than 95%, and robust demand for our memberships, as evidenced by considerable wait lists for most of our Houses. The year over-year increase in our total number of members is driven by a combination of increases in membership at existing Houses and members from new Houses. Local House Membership fees range from £520 to £1,360, $1,080 to $2,420 and €770 to €1,550 annually and Every House Membership fees range from £950 to £1,700, $1,650 to $3,300 and €930 to €1,850 annually. As of 29 December 2019, approximately 79% of our adult members had an Every House Membership, and we believe this percentage will continue to grow as we open additional Houses globally. We maintain a stable, supportive and loyal membership base with very low attrition.

How We Generate Turnover

In measuring and monitoring our operating results, management manages "core" operations separate from its "non-core" operations being Soho House Design (our business unit which provides the design and, where applicable, build-out of our Houses and other units). During 2019, Soho House Design ceased to provide build-out services and now focuses on design projects. Management considers that this business has different revenue and margin profiles from our core hospitality business which make up our core operations (together defined as "Core" and "Non-Core").

How We Generate Turnover *(continued)*

Due to rounding, numbers presented in the Strategic Report may not add up precisely to the totals provided and percentages may not precisely reflect the presented figures as the underlying calculations are referenced from absolute values, whereas numbers presented have been rounded to thousands.

The Group currently operates 17 Houses, 4 townhouses, 13 public restaurants, 13 spas, 2 cinemas and 750 hotel rooms across the UK, Europe and Asia.

Our primary source of Core turnover is through the provision of food and beverage in our Houses and restaurants. Our average Core turnover mix for the 52 weeks ended 29 December 2019 was as follows: food and beverage accounted for 49% (30 December 2018 – 47%), membership and registration fee receipts accounted for 20% (30 December 2018 – 20%), accommodations accounted for 15% (30 December 2018 – 15%) and Home, Retail and other sales accounted for 16% (30 December 2018 – 18%).

Turnover

Turnover was £293.0 for the 52 weeks to 29 December 2019, compared to £254.2m for the 52 weeks to 30 December 2018, which represents an increase of £38.7m or 15%.

Our turnover from Core operations was £277.5m for the 52 weeks to 29 December 2019, compared to £213.9m for 52 weeks ended 30 December 2018, which represents an increase of £63.6m or 30%. The increase was driven by a growth in food and beverage revenue of £36.0m, membership and registration fee turnover of £11.6m, accommodation turnover growth of £9.1m and an increase of turnover in Soho Home retail, Cowshed spa, treatments, product sales and other income of £7.0m.

Food and beverage turnover increased primarily due to the acquisition of Scorpios (refer to 'Geographic Business Review- Europe' for further detail), included in the Group's results from April 2019 and the opening of Soho House Hong Kong and Kettners (London) as well as the full year trading impact in relation to 2018 openings - Soho House 40 Greek Street (London) (reopened after refurbishment), White City House (London) and Soho House Amsterdam.

Membership fee turnover increased primarily due to three factors – (i) the openings, described above, (ii) an overall increase in adult members from nearly 53,000 members at 30 December 2018 to c.66,000 adult members at 29 December 2019 and (iii) the full year impact of the 2018 price increase as well as the 2019 price increase.

Non-Core turnover decreased by £(24.9)m to £15.5m. Movements in Non-Core turnover are driven by the volume of Soho House Design projects. In 2018 Soho House Design completed two large scale projects being the design and fit and build out work at 40 Greek Street and White City House, both in London, on behalf of the developers. As previously noted, Soho House Design has ceased to provide build out work in 2019 which combined with smaller projects has contributed to the decrease year on year.

Cost of Sales

Cost of sales was £66.6m for the 52 weeks to 29 December 2019, compared to £78.7m for the 52 weeks ended 30 December 2018, which represents a decrease of £(12.1)m or (15)%. The decrease in cost of sales is primarily driven by the decrease in the nature of work undertaken by Soho House Design, as described above. This has beenoffset by increased costs associated with the growth in turnover from Core operations, as described above.

Cost of sales for Core operations (excluding Soho House Design) was £52.5m for the 52 weeks to 29 December 2019, compared to £40.0m for the 52 weeks ended 30 December 2018, which represents an increase of £12.5m or 31%. Cost of sales for Core operations as a percentage of Core turnover increased marginally to 18.9% for the 52 weeks ended 29 December 2019 from 18.7% for the 52 weeks ended 30 December 2018.

Cost of sales of Non-Core operations were £14.1m, which related to costs of the services provided by Soho House Design, which is a lower margin business given the nature of the business model. The decrease in cost of sales was £24.6m and driven by the nature of work changing, as described above. Soho House Design has focused on higher margin design projects including working with private clients as well as the impact from the cessation of build out projects, as previously noted.

How We Generate Turnover *(continued)*

Gross Profit

Gross profit was £226.4m for the 52 weeks to 29 December 2019, compared to £175.5m for the 52 weeks ended 30 December 2018, which represents an increase of £50.9m or 29%.

Gross profit for Core operations was £225.0m for the 52 weeks to 29 December 2019, compared to £173.8m for the 52 weeks ended 30 December 2018, which represents an increase of £51.2m or 29%. As a percent of Core turnover, gross margin was 81.1% for the 52 weeks to 29 December 2019 from 81.3% for the 52 weeks ended 30 December 2018.

Administrative Expenses

Administrative expenses were £266.3m for the 52 weeks to 29 December 2019, compared to £195.6m for the 52 weeks ended 30 December 2018, which represents an increase of £70.7m or 36%. The increase in administrative expenses has been driven primarily by increased wages and salaries costs associated with new sites in the period, including the acquisition of Scorpios in March 2019, since the equivalent period last year and also a corresponding increase in support personnel numbers and costs with related increase in support salary and related costs.

Adjusted EBITDA

We use this financial measure when planning, monitoring and evaluating our performance of the group and joint ventures. We consider this financial measure to be a useful metric for management and investors to facilitate operating performance comparisons from period to period by excluding potential differences caused by variations *in capital structures, tax position, depreciation and amortisation and certain other expenses that we believe are not* representative of our recurring business. We use this financial measure as a key operating metric for business planning purposes and in measuring our performance.

The Group adjusted earnings before interest, taxation, depreciation, amortisation, foreign exchange, new site development costs, profit on disposal of fixed assets and joint venture undertakings, non-cash rent, other exceptional items, and including share of joint venture adjusted EBITDA was £25.5m (30 December 2018 - £18.3m) an increase on prior period of 39%.

The Group's loss for the financial period was £80.8m (30 December 2018 - £54.2m) which reflects the Group's continued investment in its properties and its members. It also includes a debtor recoverability provision in respect of Quentin Limited following an impairment assessment. In 2017, the Group entered into a Management Services Agreement with Quentin Limited, a company related by common shareholders, following the sale of the Group's 50% interest in Quentin Limited.

Food and Beverage Sales

Our Houses pride themselves on offering consistently high quality food and beverage options to our members and other guests. We operate a training program for chefs and bartenders, *House Four*, ensuring that our staff can provide each guest with consistent food and beverage quality across all of our Houses and restaurants at competitive prices. We have found throughout the years that the desire to serve the best food and drinks to our members in our Houses has provided us the platform and access to develop restaurant ideas that have grown into successful independent concepts.

Our restaurants offer a range of cuisine from classic Italian to modern British. Our restaurant concepts (including joint ventures during the period) range from fine dining to fast casual dining include *Café Boheme*, *High Road House Brasserie*, *Cecconi's*, *Hoxton Grill* and *The Allis*. The restaurants are open to the public while also providing our members with convenient dining options.

Our food and beverage sales for the 52 weeks to 29 December 2019 were £135.6m with a food and beverage sales mix of 42% and 58%, respectively. For the 52 weeks to 30 December 2018 food and beverage sales were £99.6m with a food and beverage sales mix of 44% and 56%, respectively. This represents a 32% and 39% increase in food and beverage sales respectively on the comparable period last year driven by new openings in the period.

How We Generate Turnover *(continued)*

Membership Income

As of 29 December 2019, the Group had over 66,000 members with over 27,000 potential members on our waiting list. This excludes members on the United States waiting list. Membership is generally reserved for individuals from the film, media and creative industries and each application must be supported by two existing members. Applications are then generally vetted by a committee of current members on a quarterly basis.

Membership fees provide us with turnover that is unique to our principal business as a private members club. There are minimal direct costs to maintain the membership base and membership fees flow directly to Adjusted EBITDA, which gives us visibility over a stable revenue stream, a high cash conversion rate and the opportunity to generate significant additional cash flows by increasing our membership base. In February 2019, we increased our Every House membership fee by 3%. In addition, we increased our Every House registration fees by £50 and €50. Our membership attrition is less than 5% per annum. We anticipate that the membership base and waiting list will continue to grow as new Houses are opened.

Membership and registration fee income for the 52 weeks to 29 December 2019 was £55.1m compared to £43.5m for the 52 weeks to 30 December 2018 representing a 27% increase on the comparable period last year.

Accommodations

As of 29 December 2019, we operated 750 rooms across our UK, European and Asian portfolio. Other than Dean Street Townhouse and Kettner's Townhouse, all of our hotels are co-located within our Houses. Our portfolio is comprised of the following: 340 rooms in the U.K, 65 rooms, 20 apartments and 4 "loft" rooms in Berlin, 86 rooms and 1 apartment in Istanbul (management contract), 56 rooms in Barcelona (joint venture), 17 rooms at Little Beach House, Barcelona (joint venture),, 79 rooms in Amsterdam, 38 rooms in Mumbai (management contract) and 44 rooms Soho Roc House Mykonos which was acquired during the year. These bedrooms are open for occupancy to both members and the general public. Non-member guests are issued a temporary local House membership for the duration of their stay in our bedrooms that are co-located with our Houses, providing guests with full access to all of the facilities that are available within the House.

We have a relatively fixed rate pricing structure for our members to create pricing consistency and to build brand loyalty driven by complete transparency over the rates members are paying. While the rates are "fixed", there are some variations in the fixed rates depending on season or by weekday/weekend and this varies across the hotels.

Across our UK and European portfolio, average occupancy was 92% (30 December 2018 – 92%) and the average room rate was £263 (30 December 2018 - £274) during the 52 weeks to 29 December 2019. Total accommodation sales for the 52 weeks to 29 December 2019 were £42.2m compared to £33.1m for the 52 weeks to 30 December 2018 representing a 27% increase on the comparable period last year almost entirely due to new site openings and full year impact of new accommodation in the prior year.

Retail, Beauty and other

Our *Cowshed* brand consists of 13 spas and boutiques, often located in or adjacent to our Houses. *Cowshed* spa products are also sold through luxury retailers in the U.K. (and the U.S) and are available online for global delivery. We also launched Soho Home retail to members and the general public during 2016, which consists of a collection of Homeware items that can be found in our Houses and are sold exclusively online.

Soho House Design

In addition to the above Core operations, we also undertake Non-Core construction and design projects for external third-party contracts. The work is predominantly completed for the landlords on properties where the Group intend to operate sites which allows us to maintain control of the quality and design of the Houses. As previously noted, we ceased to generate turnover from build out activities in 2019 focussing on design projects for the Houses and private clients.

Geographic Business Review

United Kingdom

Opened in 1995, the original Soho House 40 Greek Street, occupies five Georgian townhouses in London's Soho district. The House was refurbished in January 2018, and now has four floors for eating and drinking, with the Circle Bar, Drawing Room, House Kitchen, event spaces and two rooftop terraces. This was the first Soho House opened when Nick Jones was offered the space above his restaurant Café Boheme. Right in the heart of the film and media industries, our global community of like-minded, creative people was born.

Our 4th House in West London occupies part of the former BBC Television Centre in White City, and has a rooftop pool and terrace, The Allis, gym, three screening rooms and 45 bedrooms. White City House not only gave young creatives of West London a place to meet and collaborate in, but also put the whole area back on the map as a major cultural hub in the city – shifting some of the focus from East London.
Existing sites have performed well in the current year with Adjusted EBITDA growth on the prior year, driven largely by the impact of the 2019 membership prices rises and increased new members across existing and recently opened Houses.

The Ned opened to critical acclaim in April 2017, under a management agreement, in the former Midland Bank building in the heart of the City of London. It opened with nine restaurants, 252 bedrooms, a range of men's and women's grooming services, and a private members' club. Ned's Club is available to hotel guests and members and also features a rooftop with a 360 degree view of London, a pool, Canopy Bar and Restaurant and Princes Street and Poultry Domes. The Ned has transformed the bank vault into Ned's Club Downstairs and the Vault Room lounge bar. Ned's Club Gym is a members-only fitness centre with a yoga studio, Pilates, a spin room and boxing gym amongst the training equipment. Members enjoy access to Ned's Club Spa that contains a 20 metre swimming pool, hamam, sauna and steam room.

The first Soho Works co-working space opened in Shoreditch, London in 2015. The 16,000 sq. ft space offers 24/7 co-working facilities for individuals and businesses in a combination of open plan and private offices. In September 2017, the Group entered into a joint venture in respect of Soho Works UK sites. As part of the joint venture agreement, the joint venture entity has £40m of funding available to roll out Soho Works properties across UK locations. As at 29 December 2019, there are two Soho Works sites in operation (Shoreditch and White City). The Soho Works business performed well in the current year but is still in a growth phase compared to our traditional House business. Losses made by the Soho Works, a joint venture, reflect the continued investment in this business, as described in "Future Developments."

Kettner's was converted in 2019 to provide more member space for our Soho London members, as requested by our member community.

Europe

Overlooking a canal in the city centre, Soho House Amsterdam opened in summer 2018 with a floor of club space, rooftop pool, gym, screening room, library, Cowshed spa, plus 79 bedrooms. The basement has space to park nearly 100 bikes and there's a small workshop for repairs.

As with all businesses in Turkey, Soho House Istanbul (management contract) has been impacted by the political and macro-economic challenges currently prevailing in the country. Despite this, we have still managed operational efficiencies by focusing on strict cost control discipline and retaining our membership base.

In April 2019, the Group completed the acquisition of Scorpios, a beach club, and an adjacent hotel, San Giorgio, which has subsequently been relaunched as Soho Roc House in Mykonos, Greece. The beach club is situated on the southern tip of Mykonos and encompasses a beach, a whitewashed stone building and open-air terraces. Soho Roc House has 45 bedrooms, a poolside veranda, restaurant and lounge areas.

Rest of world

Soho House Mumbai (management contract) opened in November 2018 in an 11-storey building in Juhu offering 38 bedrooms, a floor of members' space, gym, rooftop pool, and a 34-seat screening room.

Geographic Business Review *(continued)*

In September 2019, the Group opened Soho House Hong Kong situated in Sheung Wan, Hong Kong in a 28-storey tower with views over Hong Kong Island, Victoria Harbour and Victoria Peak. The house is our biggest one yet, spanning over 120,000 square feet. The house includes a gym set over three floors featuring a boxing ring, yoga studio and a High Intensity Interval Training ('HIIT') area.

Support Office

The Group central costs have increased year on year as we have continued to invest in our central team to support the growth of the business. This includes investment in people, systems and the building out of our digital engineering, product & design department, to support the rollout of new sites and pipeline of future developments which are described in "Future Developments".

The Group has continued to focus on efficiencies as well as trying to support and drive revenue. Management continues to invest in supporting the growth of the business which shows a strong pipeline of new developments in 2020 and further ahead – see "Future Developments". In light of the COVID-19 situation, there may be delays to these projects but the Group has continued moving ahead with these projects in 2020.

Investment and Financing

The Group has continued to invest in the growth of the business as well as maintaining our properties to the highest standards. The Group has funded the various investments in the current year from its own working capital and available facilities from existing lenders and new equity partners.

The Group has capitalised tangible fixed assets totalling £47.8m in the period funded by a combination of landlord financing and our own working capital. As the Group reached completion on major construction projects through its Soho House Design business unit, this has resulted in incremental construction related receivables, work in progress and accruals for costs with an impact on current assets and current liabilities.

In April 2017, Soho House Bond Limited, the Group's intermediate parent company signed an agreement to refinance the majority of its existing debt to support future growth. The key elements were:

- A £275 million private senior secured loan ("Permira Senior Facility") with a five-year maturity from closing at LIBOR + 7%; £250 million of this loan was drawn in April 2017 with the additional £25 million being drawn in October 2017. The facility is secured on a fixed and floating charge basis over certain assets of the group; and
- A further £100 million of available financing, under the Permira Senior Facility, to drive further global expansion of the business on the same terms.

In February 2018 and June 2018, the Group's intermediate parent company drew an additional £20 million and £25 million, respectively, under the Permira Senior Facility. The Group's intermediate parent company drew an additional €41.2 million in April 2019 under the Permira Senior Facility to finance the Scorpios Acquisition.

In 2019, the Group's ultimate parent company completed a $100m (£78.8m) equity funding round, which was led by Raycliff Capital.

In December 2019, the Company replaced its revolving credit facility of £35 million with a new £55m facility with HSBC. At 29 December 2019, the Group had £15.4m remaining to draw against the new facility. The facility is secured on a fixed and floating charge basis over certain assets of the Global Group.

Taking account of the above, including the letter of support from the Company's ultimate parent, and in assessing the going concern basis of preparation of the consolidated financial statements for the period ended 29 December 2019, the directors have taken into consideration detailed cash flow forecasts for the Global Group, the Global Group's forecast compliance with bank covenants and the continued availability of funding to the Global Group from banks and shareholders. The directors consider that the Global Group has sufficient financial resources together with an established and cash generative business model, and access to borrowing facilities. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully.

Future developments

The Group continues to look for new opportunities to expand the Soho House brand both domestically and internationally.

Future UK house openings in 2020 include 180 House, occupying the top three floors at 180 The Strand, London. The remaining floors will be split between a third London Soho Works site as well as four floors for the UK support office which has now moved. Also anticipated openings in 2020 are the relaunched Soho Roc House in Mykonos, Little House Brixton, and Tel Aviv with Paris, Brighton and Rome to follow in 2021.

In addition, we have projects for sites in Milan and Lisbon. Further Soho Works sites to open in 2020 include three sites in London.

We will also will continue building out the Digital House experience, including our new app, for our members. In 2019 we invested in digital engineering and product & design department.

Going concern and Post balance sheet events

In March 2020, the World Health Organisation declared a global pandemic due to the COVID-19 virus that has spread across the globe, causing different governments and countries to enforce restrictions on people movements, a stop to international travel, and other precautionary measures. This has had a widespread impact economically and a number of industries have been heavily affected

The COVID-19 pandemic has significantly impacted our business and we have had to temporarily close, from the middle of March 2020, all of our Houses, hotels and public restaurants which will have an impact on our revenues. While we do continue to collect membership fees, the closure of our Houses has required us to reduced our variable costs substantially and fixed costs, where possible, to offset this impact. This has also had an impact on our workforce. At the time that these financial statements were authorised for issue, nearly all of our houses have now re-opened except 5 houses which we hope to reopen by the end of the Summer 2020.

Despite these challenges, the directors and management believe that the business is well positioned to be able to navigate through the impact of COVID-19 due to its available cash and working capital position, its ability to manage its costs, and the strength and flexibility of its service proposition.

In light of the evolving COVID-19 situation, we expect there to be an impact to our business and the results for the next financial period given the regions that we operate and the travel restrictions currently in place. At the time the financial statements were authorised for issue, circumstances regarding the situation remain uncertain. The Group is closely monitoring the situation as it evolves. The Global Group has adequate resources and plans in place to ensure that staff can continue to work flexibly, safely and in compliance with government guidelines.

Key performance indicators

In line with our operating objectives we use financial KPIs. Where relevant, KPIs are used as our primary measures of whether we are achieving our objectives, however, the scale and size of our operations means we use many other detailed performance measures in addition to KPIs. We also use KPIs to measure performance against our primary objective of growing our businesses to create value for our shareholders. We use qualitative assessments to judge progress against our objectives in areas where numerical measures are less relevant.

Key performance indicators *(continued)*

The KPIs used to measure performance include gross profit margin and Adjusted EBITDA margin for our Core business. We benchmark these measures against the appropriate industry competitors and make the necessary controls to ensure that we achieve our target ratios. The ratios below relate to the Group's Core activities.

	52 weeks ended 29 December 2019	52 weeks ended 30 December 2018
Gross profit margin – Core	81.1%	81.3%
Adjusted EBITDA margin – Core	9.1%	8.8%

Impact of Brexit

The United Kingdom ('UK') formally left the European Union ('EU') on 30 January 2020. The period of time from when the UK voted to exit the EU on 23 June 2016 and the formal process initiated by the UK government to withdraw from the EU, or Brexit, created volatility in the global financial markets. The UK now enters a transition period, being an intermediary arrangement covering matters like trade and border arrangements, citizens' rights and jurisdiction on matters including dispute resolution, taking account of The EU (Withdrawal Agreement) Act 2020, which ratified the Withdrawal Agreement, as agreed between the UK and the EU. The transition period is currently due to end on 31 December 2020 and ahead of this date, negotiations are ongoing to determine and conclude a formal agreement between the UK and EU on the aforementioned matters.

As the Group operates subsidiaries in many countries, there are several channels available to us to continue business with the same customers, should the need arise, with little to no effect from Brexit changes. As such, the Directors currently deem that the effects of the UK's current transitional period outside the EU and the impact of ongoing discussions with the EU will not have a significant impact on the Group's operations due to the global geographical footprint of the business and the nature of its operations. However, the Directors and Senior Leadership Team are closely monitoring the situation to be in a position to manage the risk of any volatility in global financial markets and impact on global economic performance due to Brexit.

Principal risks and uncertainties

In addition to the opportunities we have to grow and develop our business, the Group faces a range of risks and uncertainties as part of both its day to day operations and its corporate activities.

Changes in consumer discretionary spending and general economic factors may adversely affect our results of operations.

We believe our profitability is correlated to discretionary spending, which is influenced by general economic conditions, and the availability of discretionary income and consumer confidence. International, regional and local economic conditions can adversely affect disposable consumer income and consumer confidence. Economic conditions remain volatile and have worsened as a result of COVID-19, especially in Europe. As a result, our members and other guests may have lower disposable income and reduce the frequency with which they dine out or travel or may choose more inexpensive restaurants, lower cost hotels or otherwise reduce the costs or frequency of their travel and leisure activities in the future. Even an uncertain economic outlook may adversely affect consumer spending in our hospitality operations, as consumers spend less in anticipation of a potential prolonged economic downturn. Unfavourable changes in these factors or in other economic conditions affecting our members and guests could reduce spending in some or all of our properties, impose practical limits on our pricing and increase our costs. Any of these factors could lower our profit margins and have a material adverse effect on our results of operations.

Principal risks and uncertainties *(continued)*

Our continued growth depends on our ability to expand our presence in new and existing markets and develop complementary properties, concepts and product lines.

A substantial amount of our historical growth has been due to successfully establishing Houses in nine major cities across five countries and integrating complementary products and services across our Houses. We intend to replicate our model on an individualised but consistent basis and continue focusing on the cross-selling opportunities created by our comprehensive portfolio of properties. Our continued growth is dependent upon a number of factors, many of which are beyond our control, including our ability to: find quality locations and reach acceptable agreements regarding the lease or purchase of locations; convey the exclusivity of the *Soho House* brand to new markets to attract our target membership; comply with applicable zoning, land use and environmental laws, regulations and requirements; raise or have available an adequate amount of money for construction, development and opening costs; secure acceptable suppliers, particularly in emerging markets; and timely hire, train and retain the skilled management, chefs and other employees necessary to meet staffing needs.

Typically, there has been a "ramp-up" period of time before we expect a new property to achieve our targeted level of performance. We believe pending demand supports our continued growth but there can be no assurance we will successfully attract enough guests to new properties, or that the operating results generated at new properties will meet our expectations or equal the operating results generated at our existing properties or that we will successfully complete development and expansion projects on a timely basis. Our capital and other expenditures may also be higher than expected due to cost overruns, unexpected delays or other unforeseen factors. We may also incur costs for Houses and other concepts which fail to open due to unforeseen circumstances, which could lead to material adverse effects on our business, results of operations and prospects.

We have certain fixed costs which we may be unable to adjust in a timely manner in response to a reduction in turnover.

The costs associated with owning and operating our properties are significant, some of which may not be altered in a timely manner in response to changes in demand for services. Rent expense and property taxes constitute our primary fixed costs and our profitability is dependent on our ability to anticipate and react to increases in food, labour, employee benefits, and similar costs over which we have limited or no control. Food and beverage costs are a significant part of our operating expenses and have increased significantly in recent years and we anticipate those increases may continue. If our turnover declines and we are unable to reduce our expenses in a timely manner, or are unable or unwilling to pass these costs on to our guests, our results of operations could be adversely affected.

If we are unable to compete effectively, our business and operations will be adversely affected.

We compete in numerous segments of the restaurant, hotel and beauty care services and products industries. We face direct competition from other private members' clubs that exist locally to our own Houses, notwithstanding that other local clubs do not possess a comparable geographic reach, portfolio or offering. No assurance can be given that these competing local clubs, or another new entrant in the private club industry, will not expand and compete with our Houses locally or globally. We do face competition from other operators in each of the other industry segments in which we operate, such as restaurants, boutique hotels and beauty care and service providers. We believe that these segments are highly competitive and primary competitive factors include name recognition, demographic considerations, effectiveness of public relations, quality of service, convenience of location, quality of the property, pricing and range and quality of services and amenities offered. We compete with other restaurants, boutique hotels and beauty care and service providers on a local level, as well as on a global level against certain larger chains with properties in the markets in which we operate. If we are unable to compete effectively, we could lose market share, which could adversely affect our business and operations.

Labour shortages or increases in labour costs could slow our growth or harm our business.

Our success depends in part upon our ability to attract, motivate and retain a sufficient number of highly qualified employees necessary to continue our operations and keep pace with our growth. Qualified individuals that we need to fill these positions are in short supply and competition for these employees is intense. If we are unable to recruit and retain sufficient qualified individuals, our business and our growth could be adversely affected.

Principal risks and uncertainties *(continued)*

Competition for qualified employees could require us to pay higher wages, which could result in higher labour costs. If our labour costs increase, our results of operations will be negatively affected.

We have debt, and we may incur additional indebtedness, which may negatively affect our business and financial results.

Our debt could negatively affect our business and operations in several ways, including:

- requiring us to use a substantial portion of our funds from operations to make required payments on principal and interest, which would reduce funds available for operations and capital expenditures, working capital, acquisitions, joint ventures, future business opportunities and other purposes; and
- making us more vulnerable to, and decreasing our flexibility to respond to, economic and industry downturns.

If we increase our leverage, the resulting increase in debt service could adversely affect our ability to make payments on our indebtedness and harm our business and operations.

We are exposed to currency fluctuation risks in several different countries that could adversely affect our profitability.

Our results of operations may be affected by transaction effects and translation effects of foreign currency exchange rate fluctuations. We are exposed to transaction effects when one of our subsidiaries incurs costs or generates sales in a currency different from its functional currency. Fluctuations in exchange rates may also affect the relative competitive position of our production facilities, as well as our ability to market our products successfully in other markets. We are exposed to currency fluctuations when we convert currencies that we may receive for our products, services and membership fees, into currencies required to pay our debt, or into currencies in which we purchase raw materials, meet our fixed costs or pay for services, which could result in a gain or loss depending on fluctuations in exchange rates. Certain of our sales are invoiced in currencies other than Pounds sterling, namely Euros, U.S. Dollars, Turkish Lira Hong Kong Dollars and Canadian Dollars, among others, while our consolidated sales are reported in Pounds sterling. If the value of the Pound sterling declines against currencies in which our obligations are denominated or increases against currencies in which our sales are denominated, our results of operations and financial condition could be adversely affected.

Property could be disproportionately harmed by natural disasters, such as a hurricane and earthquakes.

Certain of our locations such as Mumbai and Hong Kong mean they are more susceptible to natural disasters than others, which could adversely affect the properties. While we maintain property and business interruption insurance, we carry large deductibles, and there can be no assurance that if a, hurricane or other natural or man-made disaster or catastrophe should affect our operations, we would be able to maintain our current level of operations or profitability, or that property and business interruption insurance would adequately reimburse us for our losses.

Our global operations involve additional risks, and our exposure to these risks will increase as our business continues to expand

We operate a global business and are hence exposed to geopolitical risk in the jurisdictions that we operate. We operate in a number of jurisdictions and intend to continue to expand our global presence (see future developments), including in emerging markets. We face complex, dynamic and varied risk landscapes in the markets in which we operate. As we enter countries and markets that are new to us, we must tailor our services and business model to the unique circumstances of such countries and markets, which can be complex, difficult, costly and divert management and personnel resources. Specifically, during 2019 the current political situation in Hong Kong has been closely monitored by the Group and could adversely affect our operations in the Hong Kong area in the future.

Our results of operations may be negatively impacted by the COVID-19 outbreak

In December 2019, COVID-19 surfaced in Wuhan, China. The World Health Organization declared a global emergency on 30 January 2020. The impacts of the outbreak are unknown and rapidly evolving.

The widespread health crisis could adversely affect the global economy, resulting in an economic downturn that could impact demand in our House, public restaurants and hotels. There may also be an impact on our development pipeline which could result in delays to planned openings as well as cancelations.

The future impact of the outbreak is highly uncertain and cannot be predicted and there is no assurance that the outbreak will not have a material adverse impact on the future results of the Group. The extent of the impact, if any, will depend on future developments, including actions taken to contain COVID-19.

Financial risk management objectives and policies

The Group uses various financial instruments which include cash, trade debtors, trade creditors, loans and other financing and amounts due to group undertakings that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below. The main risks arising from the Group's financial instruments are foreign exchange risk, interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous periods.

i. Foreign exchange risk

As a result of the significant investment in operations in Europe and Asia, the Group's balance sheet and profit and loss can be significantly affected by movements in the Euro/sterling and HKD/sterling exchange rates. The Group minimises its exposure to investments in foreign currencies where possible by aligning the currencies of liabilities and assets.

ii. Liquidity risk

The Group manages its liquidity needs by monitoring scheduled capital expenditure commitments, interest and debt servicing payments as well as forecast cash inflows and outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day and 90 day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified at regular periodic intervals. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the relevant period.

The Group's objective is to maintain cash to meet its liquidity requirements for 30-day periods at a minimum. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

***iii.* Interest rate risk**

The Group is exposed to cash flow interest rate risk on floating rate deposits, bank loans and overdrafts. The Group's principal source of financing is its Revolving Credit Facility, which has a minimum LIBOR rate.

Financial risk management objectives and policies *(continued)*

iv. Credit risk

Credit risk is the risk of loss from amounts owed by customers and financial counterparties. Credit risk can occur at multiple levels; as a result of broad economic conditions, challenges within specific sectors of the economy, or from issues affecting individual companies. Financial instruments that potentially subject the Group to credit risk consist of cash and cash equivalents and accounts receivable in relation to its non-Core business. While the Group has a concentration of credit risk in relation to certain customers, this risk is mitigated by monthly payments on account and credit checks on customers.

The Group maintains cash and cash equivalents with major financial institutions. The Group's cash and cash equivalents consist of bank deposits held with banks that, at times, exceed government insured limits. The Group limits its credit risk by dealing with counterparties that are considered to be of high credit quality.

Supplier payment policy

The Group's policy in relation to suppliers is to pay them within the credit terms specified, provided that the supplier is also complying with all relevant terms and conditions.

Employee involvement

The flow of information to staff is maintained via our internal intranet. Members of staff are able to communicate with the management team on a regular basis to discuss matters of current interest and concern to the business.

On behalf of the board

P McPhee

Director

22 July 2020

The directors present their report together with the audited financial statements for the period ended 29 December 2019.

Results and dividends

The consolidated statement of comprehensive income is set out on page 19 and shows the loss for the period. The directors do not recommend any dividend be paid (30 December 2018 - £Nil).

Directors

The directors of the company during the period were:

R A Caring
N K A Jones
P McPhee

Directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements 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 adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors have included information in relation to financial risk management objectives and policies, information on exposure to certain risks, post balance sheet events, future developments in the business, policies regarding the employment of disabled persons and descriptions of employee involvement policies in the strategic report.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on pages 2 to 13 and the financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the notes to the financial statements, in particular in note 17 (financial instruments).

These financial statements have been prepared on the going concern basis. The Directors and management have plans and forecasts that show the Company and its subsidiaries, together with receipt of a letter of support from its ultimate parent company, Soho House Holdings Limited ("the Global Group"), will be able to continue as a going concern for at least a period of twelve months from the date of balance sheet approval. However, given the relationship between the company and its ultimate parent, it is reliant not only on its ultimate parent's support, but on the ultimate parent and the Global Group of which this Group is a subsidiary of, maintaining sufficient working capital to support its activities.

In considering the global coronavirus (COVID-19) pandemic, the resultant global economic uncertainties and impact on the group, the Global Group, of which the company is a part of, have undertaken an assessment of the cashflow forecasts covering a period of at least 12 months from the date of approval of the financial statements. The Global Group cashflow forecasts have been prepared based on a range of scenarios including, but not limited to, no further debt or equity funding, the timing of opening of our houses staggered and/or deferred to the end of the calendar year, cost reductions, both limited and extensive, and a combination of these different scenarios. We have assessed the sensitivity analysis on cashflows, and in order to finance these cashflow forecasts, we have completed a series of positive working capital events since the year end, including access to an additional £20m through extending an existing revolving credit facility and raising $100m (c.£81m) of new equity.

The directors and management believe that these actions place the Global Group with sufficient working capital (including cash and cash equivalents) to achieve its plans to recover from the impact of the pandemic. The key factors in relation to these plans are:

- the timing of re-opening of Houses in a manner that is compliant with local laws and regulations as well as anticipated demand
- the level of in-house sales activity (primarily sales of food and beverage) that, even after opening, may be subject to reduced capacity a result of on-going restrictions; and
- the implementation of extensive cost reduction measures that continue to support the timing of house re-openings and anticipated levels of capacity, together with deferral of uncommitted and /or discretionary capital expenditure.

Based on the available cash as a result of the completed financing events discussed above, and the plans that have been put in place to re-open houses in a cost controlled manner, the directors believe that the Global Group will be able to operate within its existing facilities.

Furthermore, in assessing the going concern basis of preparation of the consolidated financial statements for the period ended 29 December 2019, the directors of this company have taken into consideration detailed cash flow forecasts for the Global Group, the Global Group's forecast compliance with bank covenants and the continued availability of funding to the Global Group from banks and shareholders.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

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

On behalf of the board

P McPhee
Director
22 July 2020

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF SHG ACQUISITION (UK) LIMITED

Opinion

We have audited the consolidated financial statements of SHG Acquisition (UK) Limited ("the Parent Company") and its subsidiaries ("the Group") for the 52 week period ended 29 December 2019 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 29 December 2019 and of the Group's loss for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Other information *(continued)*

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Iain Henderson (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
Date 22 July 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

SHG Acquisition (UK) Limited

Consolidated statement of comprehensive income

	Note	52 weeks ended 29 December 2019 £'000	52 weeks ended 30 December 2018 £'000
Turnover	3	**292,966**	254,231
Cost of sales		**(66,584)**	(78,703)
Gross profit		**226,382**	175,528
Administrative expenses		**(266,281)**	(195,592)
Profit on disposal of fixed assets		**510**	90
Adjusted EBITDA*		**25,513**	18,316
Depreciation and amortisation	4	**(28,475)**	(21,161)
New site development costs	2	**(4,879)**	(7,691)
Non cash rent	2	**(12,666)**	(2,716)
Share of joint venture Adjusted EBITDA	2	**(4,426)**	(3,514)
Foreign exchange	4	**(1,587)**	(667)
Other exceptional items	2	**(13,379)**	(2,631)
Profit on disposal of fixed assets		**510**	90
Group operating loss	4	**(39,389)**	(19,974)
Share of loss on joint venture	11	**(4,767)**	(2,441)
Loss on ordinary activities before interest		**(44,156)**	(22,415)
Other interest receivable		**1,070**	1,156
Interest payable	7	**(34,105)**	(31,035)
Loss on ordinary activities before taxation		**(77,191)**	(52,294)
Taxation charge on loss on ordinary activities	8	**(3,601)**	(1,929)
Loss for the financial period		**(80,792)**	(54,223)

Notes 1 to 26 form part of these financial statements.

SHG Acquisition (UK) Limited

Consolidated statement of comprehensive income

	52 weeks ended 29 December 2019 £'000	52 weeks ended 30 December 2018 £'000
Loss for the financial period	**(80,792)**	(54,223)
Exchange differences on foreign currency net investments	**(569)**	(78)
Other comprehensive loss for the period	**(569)**	(78)
Total comprehensive loss for period	**(81,361)**	(54,301)
Loss for the financial period attributable to:		
Non-controlling interest	**1,486**	-
Owners of the parent company	**(82,278)**	(54,223)
	(80,792)	(54,223)
Total comprehensive loss attributable to:		
Non-controlling interest	**1,427**	-
Owners of the parent company	**(82,788)**	(54,301)
	(81,361)	(54,301)

All amounts relate to continuing activities.
* Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, foreign exchange, new site development costs, non-cash rent, profit or loss on disposal of fixed assets, and other exceptional items and including share of joint venture Adjusted EBITDA.

Notes 1 to 26 form part of these financial statements.

SHG Acquisition (UK) Limited

Consolidated statement of financial position

Company number 06395943	Note	29 December 2019 £'000	29 December 2019 £'000	30 December 2018 £'000	30 December 2018 £'000
Fixed assets					
Intangible assets	9		**83,324**		38,981
Tangible assets	10		**208,914**		178,150
Investments in joint ventures	11		**4,770**		2,893
Loans to joint ventures	11		**14,234**		13,588
			311,242		233,612
Current assets					
Stocks	12	**18,948**		11,961	
Debtors:					
- due within one year	13	**97,763**		70,900	
- due after more than one year	13	**2,964**		3,039	
Total debtors		**100,727**		73,939	
Cash at bank and in hand	14	**20,444**		30,919	
		140,119		116,819	
Creditors: amounts falling due within one year	15	**(195,221)**		(181,348)	
Net current liabilities			**(55,102)**		(64,529)
Total assets less current liabilities			**256,140**		169,083
Provisions for liabilities	16		**2,642**		-
Creditors: amounts falling due after more than one year	17		**500,849**		337,513
Capital and reserves					
Called up share capital	20	-		-	
Share premium account		**40,619**		40,619	
Capital contributions		**4,684**		4,684	
Profit and loss account		**(296,521)**		(213,733)	
Deficit attributable to owners of the parent company			**(251,218)**		(168,430)
Non-controlling interests			**3,867**		-
			256,140		169,083

The financial statements were approved by the board of directors and authorised for issue on 22 July 2020.

P McPhee
Director

Notes 1 to 26 form part of these financial statements.

SHG Acquisition (UK) Limited

Company statement of financial position

Company number 06395943	Note	29 December 2019 £'000	29 December 2019 £'000	30 December 2018 £'000	30 December 2018 £'000
Fixed assets					
Fixed asset investment	11		**101,321**		101,321
Current assets					
Debtors:					
- due within one year	13	**204,042**		140,152	
- due after more than one year	13	-		56	
Total debtors		**204,042**		140,208	
Cash at bank and in hand		**10,608**		15,242	
		214,650		155,450	
Creditors: amounts falling due within one year	15	**(75,569)**		(64,129)	
Net current assets			**139,081**		91,321
Total assets less current liabilities			**240,402**		192,642
Creditors: amounts falling due after more than one year	17		**348,617**		272,480
Capital and reserves					
Called up share capital	20	-		-	
Share premium account		**40,619**		40,619	
Capital contributions		**4,684**		4,684	
Profit and loss account		**(153,518)**		(125,141)	
Deficit attributable to owners of the parent company			**(108,215)**		(79,838)
			240,402		192,642

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss of the Company for the period was £28,377 (30 December 2018 – loss of £24,340).

The financial statements were approved by the board of directors and authorised for issue on 22 July 2020.

P McPhee
Director

Notes 1 to 26 form part of these financial statements.

SHG Acquisition (UK) Limited
Consolidated statement of changes in equity

	Share capital	*Share premium*	*Capital* contributions	*Profit and loss* account	*Deficit* attributable to owners of the parent company	*Non-controlling* interests	*Total deficit*
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2018	-	**40,619**	**4,684**	**(159,432)**	**(114,129)**	-	**(114,129)**
Comprehensive loss for the period:							
Loss for the period	-	-	-	(54,223)	(54,223)	-	(54,223)
Other comprehensive loss for the period:							
Exchange differences on foreign currency net investments	-	-	-	(78)	(78)	-	(78)
Total comprehensive loss for the period	-	-	-	**(54,301)**	**(54,301)**	-	**(54,301)**
At 30 December 2018	-	**40,619**	**4,684**	**(213,733)**	**(168,430)**	-	**(168,430)**
At 31 December 2018	-	**40,619**	**4,684**	**(213,733)**	**(168,430)**	-	**(168,430)**
Acquisition of non-controlling interests (Note 24)	-	-	-	-	-	**2,440**	**2,440**
Comprehensive loss for the period:							
Loss for the period	-	-	-	(82,878)	(82,878)	1,486	(80,792)
Other comprehensive loss for the period:							
Exchange differences on foreign currency net investments	-	-	-	(510)	(510)	(59)	(569)
Total comprehensive loss for the period	-	-	-	**(82,788)**	**(82,788)**	**1,427**	**(81,361)**
At 29 December 2019	-	**40,619**	**4,684**	**(296,521)**	**(251,218)**	**3,687**	**(247,351)**

Notes 1 to 26 form part of these financial statements.

SHG Acquisition (UK) Limited

Company statement of changes in equity

	Share capital £'000	Share premium £'000	Capital contributions £'000	Profit and loss account £'000	Total deficit £'000
At 1 January 2018	-	40,619	4,684	(100,801)	(55,498)
Comprehensive loss for the period:					
Loss for the period	-	-	-	(24,340)	(24,340)
Total comprehensive loss for the period	-	-	-	(24,340)	(24,340)
At 30 December 2018	-	40,619	4,684	(125,141)	(79,838)
At 31 December 2018	-	40,619	4,684	(125,141)	(79,838)
Comprehensive loss for the period:					
Loss for the period	-	-	-	(28,377)	(28,377)
Total comprehensive loss for the period	-	-	-	(28,377)	(28,377)
At 29 December 2019	-	40,619	4,684	(153,518)	(108,215)

Notes 1 to 26 form part of these financial statements.

1 Accounting policies

General information

SHG Acquisition (UK) Limited is a private company incorporated in England and Wales under the Companies Act 2006. The Registered Office is 180 The Strand, London, WC2R 1EA.

SHG Acquisition (UK) Limited and its subsidiaries (the "Group") operates exclusive, private members clubs ("Houses") as well as hotels, restaurants and spas across major metropolitan cities including London, Toronto, Berlin, Barcelona, Amsterdam, Mumbai, Mykonos, Hong Kong and Istanbul. The principal activity of the company was an investment holding company. The Strategic Report sets out a detailed review of the Group's business activities.

Statement of compliance

The group financial statements of SHG Acquisition (UK) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102").

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

The Group have applied FRS 102 (March 2018) in these financial statements including amendments as a result of the Triennial Review 2017.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

All numbers presented are in £'000's, unless otherwise stated.

a) Basis of Preparation

These consolidated financial statements are prepared on a going concern basis, under the historical cost convention and are in accordance with the applicable accounting standards.

b) Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 13. The financial position of the group, its cash flows, liquidity position and borrowing facilities are also described in the Strategic Report on pages 2 to 13.

These financial statements have been prepared on the going concern basis. The Directors and management have plans and forecasts that show the Company, together with receipt of a letter of support from its parent company, Soho House Holdings Limited ("the Global Group"), will be able to continue as a going concern for at least a period of twelve months from the date of balance sheet approval. However, given the relationship between the company and its ultimate parent, it is reliant not only on its ultimate parent's support, but on the parent and the Global group of which the company is a subsidiary of, maintaining sufficient working capital to support its activities.

1 Accounting policies *(continued)*

Going concern (continued)

In considering the global coronavirus (COVID-19) pandemic, the resultant global economic uncertainties and impact on the group, the Global Group, of which the company is a part of, have undertaken an assessment of the cashflow forecasts covering a period of at least 12 months from the date of approval of the financial statements. The Global Group cashflow forecasts have been prepared based on a range of scenarios including, but not limited to, no further debt or equity funding, the timing of opening of our houses staggered and/or deferred to the end of the calendar year, cost reductions, both limited and extensive, and a combination of these different scenarios. The Global Group has assessed the sensitivity analysis on cashflows, and in order to finance these cashflow forecasts, we have completed a series of positive working capital events since the year end, including access to an additional £20m through extending an existing revolving and raising $100m (c.£81m) of new equity.

The directors and management believe that these actions place the Global Group with sufficient working capital (including cash and cash equivalents) to achieve its plans to recover from the impact of the pandemic. The key factors in relation to these plans are:

- the timing of re-opening of Houses in a manner that is compliant with local laws and regulations as well as anticipated demand
- the level of in-house sales activity (primarily sales of food and beverage) that, even after opening, may be subject to reduced capacity a result of on-going restrictions; and
- the implementation of extensive cost reduction measures that continue to support the timing of house re-openings and anticipated levels of capacity, together with deferral of uncommitted and/ or discretionary capital expenditure.

Based on the available cash as a result of the completed financing events discussed above, and the plans that have been put in place to re-open houses in a cost controlled manner, the directors believe that the Global Group will be able to operate within its existing facilities.

Furthermore, in assessing the going concern basis of preparation of the consolidated financial statements for the period ended 29 December 2019, the directors of this company have taken into consideration detailed cash flow forecasts for the Global Group, the Global Group's forecast compliance with bank covenants and the continued availability of funding to the Global Group from banks and shareholders throughout the going concern period.

c) Parent company disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemptions:

(i) from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures;
(ii) from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7 as included in totals for the Group.
(iii) Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the Group and the parent company would be identical.

The Group has taken advantage of the exemption not to prepare a cashflow statement as this information is included in the consolidated financial statements of Soho House Holdings Limited as at 29 December 2019 and these financial statements may be obtained from Companies House appended to these financial statements.

1 Accounting policies *(continued)*

d) Basis of consolidation

The Group financial statements consolidate the financial statements of SHG Acquisition (UK) Limited and all its subsidiary undertakings as at 29 December 2019 using the acquisition method of accounting. The results of subsidiary undertakings are included from the date control is obtained.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the Group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity it accounts for that entity as a subsidiary.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

Where control of a subsidiary is lost, the gain or loss is recognised in the consolidated statement of comprehensive income. The cumulative amounts of any exchange differences on translation, recognised in equity, are not included in the gain or loss on disposal and are transferred to retained earnings. The gain or loss also includes amounts included in other comprehensive income that are required to be reclassified to profit and loss but excludes those amounts that are not required to be reclassified.

Where control of a subsidiary is achieved in stages, the initial acquisition that gave the Group control is accounted for as a business combination. Thereafter where the Group increases its controlling interest in the subsidiary the transaction is treated as a transaction between equity holders. Any difference between the fair value of the consideration paid and the carrying amount of the non-controlling interest acquired is recognised directly in equity. No changes are made to the carrying value of assets, liabilities or provisions for contingent liabilities. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

e) Turnover

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Group and value added taxes.

The Group bases its estimate of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The Group recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the customer; (b) the Group retains no continuing involvement or control over the goods or services; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the Group's revenue streams have been met, as described below.

The Group's revenues are derived from food and beverage and related services provided to customers, membership income, sale of bedrooms and related services provided to hotel customers, sale and distribution of home retail and beauty products and construction and project management services and sponsorship income.

1 Accounting policies *(continued)*

Food and beverage

These revenues are recorded net of value added tax collected from customers and are recognised as the related services are delivered.

Bedrooms

Hotel revenue is recognised when the rooms are occupied and the services are performed. Deferred revenue consisting of deposits paid in advance is recognised as revenue when the customer occupies the room.

Membership income

Membership income is paid in advance and is deferred and recognised on a monthly basis over the membership period. Joining fees relate to administration fees and therefore are recognised as revenue on commencement of membership.

Sale of home retail and beauty products and services

Retail stores record revenue at the point of sale. This revenue is recorded net of value added tax. Sales made online include shipping revenue and are recognised upon delivery to the customer. Sales of gift vouchers are treated as future liabilities, and revenue is recognised when the gift vouchers are redeemed against a later transaction.

Construction, design and project management

Profit on construction and design contracts is recognised by reference to the stage of completion, once the final outcome can be assessed with reasonable certainty. Full provision is made for all known or expected losses on individual contracts once such losses are foreseen.

Sponsorship income

Sponsorship income is recognised when the event being sponsored takes place.

f) Long term contracts

Contract work in progress is valued at total cost incurred plus attributable profits less foreseeable losses and applicable payments on account. Reliable estimation of the outcome requires reliable estimates of the stage of completion, future costs and collectability of billings. The Group determines the stage of completion of a transaction or contract using the method that measures most reliably the work performed and is generally determined by qualified quantity surveyors. Profit on long term contracts is taken as the work is carried out once the final outcome of the project can be assessed with reasonable certainty. Provision is made for losses on contracts in the year in which they are foreseen.

Progress payments and advances received from customers often do not reflect the work performed. Total cost includes direct cost and allocated overheads. The resultant balance on individual contracts i.e. gross amount due from customers for contract work, as an asset is included under debtors as "amounts recoverable on contracts", and the gross amount due to customers for contract work, as a liability is included under creditors as "payments received on account" or "accruals for foreseeable losses".

1 Accounting policies *(continued)*

g) Business combination and goodwill

Business combinations are accounted for by applying the purchase method. The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction. Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life which is 20 years. Impairment tests on the carrying value of goodwill are undertaken:

- at the end of the first full financial year following acquisition;
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

For business combinations occurring after 1 January 2019, intangible assets acquired are recognised separately from goodwill only when they are separable from the acquired entity and give rise to other contractual/ legal rights. Prior to 1 January 2019, intangible assets acquired were recognised separately from goodwill when they were separable from the acquired entity or arose from other contractual/ legal rights.

Goodwill is amortised over 20 years and assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement.

h) Intangible assets other than goodwill

Trademarks are initially recognised in the balance sheet at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives which is 4 to 10 years.

Website, software and product development costs, which are amortised over their estimated useful lives ranging from 5 - 10 years, comprise computer software purchased from third parties as well as the cost of internally developed software, product and website development. Computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and are probable of producing future economic benefits are recognised as intangible assets. Direct costs include third party costs, software development employee costs and directly attributable overheads. Software integral to a related item of hardware equipment is accounted for as property, plant and equipment and are initially recognised in the balance sheet at cost and subsequently recognised at cost less accumulated amortisation and accumulated impairment losses. Costs associated with maintaining computer software programs are recognised as an expense when they are incurred.

Internally developed software and website development costs are recognised only if all of the following conditions are met:

* an asset is created that can be separately identified;
* it is probable that the asset created will generate future economic benefits; and
* the development cost of the asset can be measured reliably.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives from the date the software is available for use. Trademarks are amortised over 20 years being the directors' estimate of its useful economic life. The assets are reviewed for impairment if there are indicators that the carrying amount may be impaired.

1 Accounting policies *(continued)*

h) Tangible fixed assets and depreciation

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided to write off the cost of all tangible fixed assets by equal instalments over their expected useful lives. It is calculated at the following rates:

Freehold property	-	between 50-100 years
Freehold land	-	Not depreciated
Capitalised property lease	-	over period of lease on straight line basis
Leasehold property	-	over period of lease on straight line basis
Motor vehicles	-	4 years straight line
Fixtures, fittings and equipment	-	2-5 years straight line
Office equipment	-	2-4 years straight line

Assets under construction are stated at cost with no provision for depreciation until the asset comes into use. For assets under construction, the Group capitalises all specifically identifiable costs related to development activities as well as interest costs incurred while activities necessary to get the property ready for its intended use are in progress.

i) Investments - company

Investment in a subsidiary company is stated at cost less accumulated impairment losses.

j) Joint ventures

A joint venture is a contractual arrangement in which two or more parties (the venturers) undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control over an economic activity; it exists only where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing the control. Joint ventures can take the form of jointly controlled operations, jointly controlled assets, or jointly controlled entities.

In its consolidated financial statements, the Group accounts for a jointly controlled entity by using the equity method of accounting. Under the equity method of accounting, an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the Group's share of the profit and loss, other comprehensive income and equity of the jointly controlled entity as well as any impairment. Losses of an equity accounted entity in excess of the group's interest in that entity, are not recognised unless legally or contractually required.

The Group, on acquisition of the investment, accounts for the difference between the cost of the acquisition and its share of fair value of the net identifiable assets as goodwill, which is included in the carrying amount of the investment (as part of the transaction price).

1 Accounting policies *(continued)*

k) Joint ventures (continued)

When the Group contributes or sells assets to a joint venture, the Group recognises only the portion of the gain or loss that is attributable to the interests of the other venturers. The Group recognises the full amount of any loss when the contribution or sale provides evidence of an impairment loss.

The Group's share of the jointly controlled entity's profit and loss and other comprehensive income are presented in the income statement. Distributions received from the jointly controlled entity reduce the carrying amount of the investment.

In a situation of losses in excess of the investment, after the Group's interest is reduced to zero, additional losses are provided for to the extent that the Group has incurred legal or constructive obligations or has made payments on behalf of the jointly controlled entity.

If there is an indication that an investment in a jointly controlled entity is impaired, the entire carrying amount is tested for impairment as a single asset. Any goodwill included as part of the carrying amount is not tested separately. The premium on acquisition is dealt with under the goodwill policy.

The Group discontinues the use of the equity method when it ceases to have joint control. Where a jointly controlled entity is disposed of, the gain/loss is the difference between the proceeds less the carrying amount relating to the proportion disposed of. In addition, the gain or loss includes amounts recognised in other comprehensive income in relation to the jointly controlled entity that are required to be reclassified to profit and loss on disposal under other sections of FRS 102. Under FRS 102, a part of a jointly controlled entity can be disposed of. The retained investment's carrying amount at the date when it ceases to be a jointly controlled entity is regarded as its cost on initial measurement as a financial asset.

Where loans to joint ventures form part of the long-term funding for the joint venture, the loan is included within the carrying value of the joint venture in fixed asset investments, but separately disclosed.

l) Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's (or asset's cash generating unit) continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the income statement.

If an impairment loss subsequently reverses, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

1 Accounting policies *(continued)*

m) Stocks

Crockery, glassware and service stock is valued at a par level representing the minimum amount of inventory needed to maintain operations with that amount recorded at its acquisition cost. All subsequent purchases are expensed as incurred. All other stock is stated at the lower of cost and selling price less costs to complete and sell and is determined using a weighted average cost method.

Cost includes the purchase price, including taxes, duties, transport and handling directly attributable to bringing the inventory to its present location and condition.

n) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all temporary timing differences at the balance sheet date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

o) Leased assets

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the reasonably assured term of the lease at inception. The charge to the profit and loss account includes non-cash rent expense arising from the recognition of stepped rent, on a straight-line basis over the lease term.

Reverse premiums and similar incentives received to enter into operating lease agreements are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the remaining period of the lease. Incentives are recognised from the point that inflows of future economic benefits to the Group become virtually certain and the group has the ability to control the leased asset.

1 Accounting policies *(continued)*

o) Leased assets (continued)

The Group has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (28 December 2014) and continues to credit such lease incentives to the profit and loss account over the period to the first review date on which the rent is adjusted to market rates.

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Group's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account over the shorter of estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

When a sale and leaseback transaction results in a finance lease no gain is immediately recognised for any excess of sales proceeds over the carrying amount of the asset. Instead, the proceeds are presented as a liability and subsequently measured at amortised cost using the effective interest method.

When a sale and leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value, any profit or loss is recognised immediately. If the sale price is below fair value, any profit or loss is recognised immediately unless the loss is compensated for by future lease payments at below market price. In that case any such loss is amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value is amortised over the period for which the asset is expected to be used.

Where the unavoidable costs as lessee of an operating lease exceed the economic benefit expected to be received from it, an onerous lease provision is made for the present value of the obligations under the lease. This is released over the remaining lease term.

p) Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Defined contribution pension plan

The Group operates a number of country-specific defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. Contributions to the Group's defined contribution pension scheme are charged to the profit and loss account in the period in which they become payable. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

1 Accounting policies *(continued)*

p) Employee benefits (continued)

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

q) Finance costs

Unless capitalised as part of an asset, finance costs are charged to profit over the term of the debt so that the amount charged is at a constant rate on the carrying amount, with the exception of those directly attributable to assets in the course of construction. Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument. In respect of extinguished debt, the unamortised debt issuance costs in relation to those financial instruments results in the acceleration of those unamortised debt issuance costs.

r) Exceptional items

Exceptional items are non-recurring material items which are outside the normal scope of the Group's ordinary activities. These items, in the Directors' view, are required to be separately disclosed by virtue of their nature or incidence to enable a full understanding of the Group's financial performance. Details of these items are provided in the relevant notes.

s) Foreign currency

Functional and presentation currency

The Group financial statements are presented in pounds sterling and rounded to thousands. The company's functional and presentation currency is the pound sterling.

Transactions and balances

Foreign currency transactions within the underlying individual subsidiaries are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. Any differences are taken to the profit and loss account.

Overseas operations

The results arising on consolidation of overseas operations are translated at the average rates of exchange during the year and the balance sheet translated into sterling at the rates of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings are taken to other comprehensive income.

t) Reserves

Voluntary shareholder capital contributions are not credited to the company's profit and loss account, but are credited to a special reserve ("Capital Contribution Reserve"). Share premium reserve represents that part of shareholders' formed of the premium paid for new shares above their nominal value. Profit and loss account includes all current and prior period retained profits and losses.

1 Accounting policies *(continued)*

u) Financial Instruments

Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit and loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit and loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from shareholders and related Global Group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Finance costs are charged to profit and loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

1 Accounting policies *(continued)*

u) Financial Instruments (continued)

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

The Group does not hold or issue derivative financial instruments for trading purposes.

v) New site development costs

New site development costs include costs associated with the acquisition, opening, conversion and initial set up of new and converted sites including rent, overhead expenses, pre-opening marketing and incremental wages to support the "ramp-up" period of time to support the site in the initial period following opening. These are expensed as incurred.

w) Gains and losses on disposal of fixed assets

The profit and loss on the disposal of a fixed asset is accounted for in the profit and loss account of the period in which the disposal occurs as the difference between the net sales proceeds and the carrying amount.

x) Insurance claims

The Group maintains insurance policies to cover business interruption and property damage with terms that it believes to be adequate and appropriate. When the Group receives proceeds from the insurance claim in connection with property damage, which reimburses the replacement cost for repair or replacement of damaged assets, the proceeds are recognised as a reduction against the value of the assets written off. In addition business interruption proceeds reimburses the time-element of actual costs and lost profits following damage to property and are recognised in other operating income. Business interruption includes cost to expedite repairs, retention pay to workers temporarily displaced, and additional expenses to stay in business following damage to property which are recognised through the related expense line item. If there are any outstanding receivables in respect of insurance recoveries they are only recognised when the directors deem them to be virtually certain.

Critical accounting judgements and estimates

In the process of applying the Group's accounting policies as described above, management has made a number of judgements and estimations of which the following are the most significant:

Impairment of property, plant and equipment - The Group formally determines whether property, plant and equipment are impaired by considering indicators of impairment annually. This requires the Group to determine the lowest level of assets which generate largely independent cash flows (cash generating units or CGU) and to estimate the value in use of these assets or CGUs; and compare these to their carrying value. Cash generating units are deemed to be individual units or a cluster of units depending on the nature of the trading environment in which they operate. Calculating the value in use requires the Group to make an estimate of the future cash flows of each CGU and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Lease classification - The Group has a number of leases and therefore their classification as either finance or operating leases is critical to the financial statements. The accounting for leases involves the exercise of judgement, particularly whether the leases meet the definition of an operating or a finance lease. These decisions depend on an assessment of whether risk and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

1 Accounting policies *(continued)*

Critical accounting judgements and estimates (continued)

Depreciation of property, plant and equipment - Property, plant and equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Joint ventures - The Group's joint venture investments are accounted for using the equity method of accounting. Based on the regulations in the shareholders' agreements the Group assesses the level of control it has over the joint venture entity.

The Group specifically assesses whether:

- it is a party to an arrangement in which two or more parties have joint control; or
- the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing the control.

The shareholders' agreements typically specify that a number of important decisions need to be resolved by the shareholders. These important decisions are referred to as reserved matters. The shareholders' agreements often require a qualified majority of investors and, in certain cases, an unanimous vote of the investors for decisions regarding reserved matters. The reserved matters include fundamental decisions about the relevant entities, its operative and strategic plans and important transactions that exceed certain thresholds.

Whether or not the Group controls a joint venture company depends on an evaluation of a number of factors, including, among others, representation on its board of directors, deadlock resolution process where the shareholders cannot reach agreement on specific matters, voting rights and other rights of other investors, including their participation in significant decisions made in the ordinary course of business (e.g. approval of the annual operating budget), as well as the Group's ownership level of the outstanding voting rights of the company.

Revenue recognition on construction contracts – Revenue recognition on construction contracts is based on stage of completion. The timing of revenue recognition on long-term contracts requires judgement in respect of the assessed stage of completion of the project at the balance sheet date. This assessment requires the expected total contract revenues and costs to be estimated based on the current progress of the contract.

Impairment of goodwill, intangible assets and investments in joint ventures

Goodwill and intangible assets are initially recorded at acquisition cost and are amortised on a straight-line basis over their useful economic life. Goodwill that is acquired through a business combination is initially recorded at fair value at the date of acquisition and allocated between foreign operations in the appropriate country's currency. Judgements include determining whether there are indicators of impairment of the Group's intangible assets and investments, including goodwill and joint venture investments. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset/ investment and whether it is a component of a larger cash generating unit, the viability and expected future performance of that unit.

Impairment of debtors

Debtors are assessed for impairment each period. Judgements include determining whether there are indicators of impairment. Factors taken into consideration in reaching such a decision include the credit worthiness of the and ageing of the counterparty as well as historical recoverability patterns.

2 Other exceptional items

The Group incurred the following non-recurring other exceptional costs during the period:

	52 weeks ended 29 December 2019 £'000	**52 weeks ended 30 December 2018 £'000**
Contractual arrangements – losses incurred	**3,720**	1,238
Quentin provision against debtors	**7,798**	-
Legal and settlement costs relating to employment and operational matters	**136**	177
Aborted project costs	**81**	101
Severance and contract termination / settlement costs	**615**	1,043
Site closure costs	**198**	72
Product relaunch and stock rationalisation (note 5)	**831**	-
	13,379	2,631

The Group has incurred losses of £3,720 (30 December 2018 - £1,238) in connection with certain trading related contractual arrangements that commenced during the period.

Following a review of loan notes and other debtor balances recoverable from the Quentin Group, it was decided the full amount of £7,789 (30 December 2018 - £nil) should be provided for.

The Group incurred legal and settlement costs relating to the settlement of legal claims and employment and operational matters along with associated professional costs and fees.

In line with the Group's strategy for roll out of new sites and concepts, costs are incurred in respect of potential opportunities which subsequently do not meet our evaluation criteria or do not proceed to completion. The aborted project costs are expensed in the profit and loss account.

In addition to the above, the Group has incurred certain non-recurring costs in relation to the opening and development of new sites of £4,879 (30 December 2018 - £7,691).

The non-cash rent expense of £12,666 (30 December 2018: £2,716) arises from the recognition of stepped rent increases and amortisation of lease incentives on a straight line basis over the lease term.

Share of joint venture Adjusted EBITDA of £4,426 (30 December 2018: £3,514) is calculated as the Group's portion of its Joint Ventures' Adjusted EBITDA, noting this amount is also included within "Share of loss on Joint Venture".

Following a refresh of the Cowshed product offering in the year and a retail stock rationalisation program, the Group recorded exceptional stock write-downs of £831 (30 December 2018 - £nil).

3 Business operating units

	Turnover		Adjusted EBITDA	
	52 weeks ended 29 December 2019 £'000	**52 weeks ended 30 December 2018 £'000**	**52 weeks ended 30 December 2019 £'000**	**52 weeks ended 30 December 2018 £'000**
Analysis by class of business:				
Leisure	**256,388**	193,896	**27,816**	18,641
Home and Retail	**21,109**	19,960	**(2,469)**	201
Core (1)	**277,497**	213,856	**25,347**	18,842
Non-Core	**15,469**	40,375	**166**	(526)
	292,966	254,231	**25,513**	18,316

(1) In measuring and monitoring our operating results, management manages core operations separate from its non-core operations of Soho House Design, as management considers that this business has different revenue and margin profiles from our core hospitality business which make up our core operations.

	Turnover		Adjusted EBITDA	
	52 weeks Ended 29 December 2019 £'000	**52 weeks Ended 30 December 2018 £'000**	**52 weeks ended 29 December 2019 £'000**	**52 weeks ended 30 December 2018 £'000**
Analysis by geographical market:				
United Kingdom	**207,497**	182,466	**11,685**	11,755
North America	**365**	702	**1,534**	1,220
Europe and Rest of World	**69,635**	30,688	**12,128**	5,867
	277,497	213,856	**25,347**	18,842
Non-Core	**15,469**	40,375	**166**	(526)
	292,966	254,231	**25,513**	18,316

In the opinion of the directors turnover by origin is not materially different from turnover by destination.

4 Operating loss

	52 weeks ended 29 December 2019 £'000	52 weeks ended 30 December 2018 £'000
This is arrived at after charging / (crediting):		
Depreciation of tangible fixed assets (note 10)	**20,841**	16,358
Amortisation of goodwill (note 9)	**4,530**	3,158
Amortisation of other intangible fixed assets (note 9)	**3,368**	1,645
Hire of other assets - operating leases	**38,955**	23,422
Fees payable to the company's auditor for the auditing of the group's and company's annual accounts	**530**	596
Fees payable to the company's auditor or an associate of the company's auditor for other services:		
- taxation advisory services	**-**	48
- taxation compliance services	**120**	59
- other assurance related services	**315**	-
Exchange differences	**1,587**	667
Stock provision	**831**	-

5 Employees

Staff costs, including directors and capitalised wages (note 9), consist of:

	52 weeks ended 29 December 2019 £'000	52 weeks ended 30 December 2018 £'000
Wages and salaries	**121,465**	89,843
Social security costs	**11,353**	8,999
Other pension costs	**2,327**	1,200
	135,145	100,042

5 Employees *(continued)*

Group

The average number of employees (including directors) during the period was as follows:

	52 weeks ended 29 December 2019 Number	52 weeks ended 30 December 2018 Number
Administration	**230**	398
Operations	**3,309**	2,906
	3,539	3,304

The company does not have any employees as at period end (30 December 2018 - nil).

6 Directors' remuneration

	52 weeks ended 29 December 2019 £'000	52 weeks ended 30 December 2018 £'000
Directors' emoluments	**1,618**	2,680
Group contributions to money purchase pension scheme	**-**	23

The total amount payable to the highest paid director in respect of emoluments was £1,043 (30 December 2018 - £1,544). Group pension contributions of £nil (30 December 2018 - £23) were made to a money purchase scheme on their behalf.

The above remuneration relates to 2 directors (30 December 2018 - 2 directors) who are remunerated by the Group.

During the period one director participated in money purchase pension schemes (30 December 2018 – 1).

The remuneration of key management is shown below. Key management personnel consist of chief operating and financial decision makers in the business.

	52 weeks ended 29 December 2019 £'000	52 weeks ended 30 December 2018 £'000
Key management emoluments	**3,166**	3,633
Group contributions to money purchase pension scheme	**27**	55

No directors' emoluments were paid through the company in the current or prior period.

7 Interest payable

	52 weeks ended 29 December 2019 £'000	52 weeks ended 30 December 2018 £'000
Bank loans and overdrafts	**1,449**	1,189
Loans from parent and group companies	**27,581**	22,801
Amortisation of loan arrangement fees	**1,097**	2,628
Finance lease interest	**11**	103
Capitalised property lease – financing interest	**3,657**	3,669
Other loan interest	**310**	645
	34,105	31,035

Details of interest rates are disclosed in note 17.

8 Taxation on loss on ordinary activities

	52 weeks ended 29 December 2019 £'000	52 weeks ended 30 December 2018 £'000
Corporation tax		
Current tax	**137**	-
Foreign tax	**3,356**	1,372
Total current tax	**3,493**	1,372
Deferred tax		
Origination and reversal of timing differences	**353**	24
Amounts released in period	**268**	(69)
Amounts (established) / released in period - foreign tax	**(513)**	602
Movement in deferred tax provision (note 13)	**108**	557
Taxation charge on loss on ordinary activities	**3,601**	1,929

The tax assessed for the period is higher than the standard rate of corporation tax in the UK applied to loss before tax. The differences are explained below:

	52 weeks ended 29 December 2019 £'000	52 weeks ended 30 December 2018 £'000
Loss on ordinary activities before tax	**(77,191)**	(52,294)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19% (30 December 2018 – 19.25%)	**(14,666)**	(9,936)
Effect of:		
Items not deductible for tax purposes	**3,307**	2,231
Differences between UK and overseas tax rates	**1,026**	204
Deferred tax not recognised	**11,867**	9,069
Other effects of movement in deferred tax	**1,869**	(3)
Other differences	**198**	364
Total tax charge for the period	**3,601**	1,929

There are available tax losses of £41,176 (30 December 2018 - £24,104 in the Group which have not been recognised as they are not available for future group relief and there is insufficient evidence that there will be sufficient taxable profits earned in future periods for the available losses to be utilised.

8 Taxation on loss on ordinary activities *(continued)*

Factors that may affect future tax charges

A reduction in the UK corporate tax rate from 20% to 19.25% took effect from 1 April 2017. Further reduction in the UK corporate tax rate to 17% was due to take effect from 1 April 2020 however it was subsequently announced in March 2020 that this would remain at 19%.

9 Intangible fixed assets

	Trademarks	Website and software development costs	Goodwill	Total
	£'000	£'000	£'000	£'000
Cost				
At 31 December 2018	3,054	10,845	63,329	77,228
Additions	400	10,444	-	10,844
Acquisitions (note 24)	5,746	-	36,037	41,783
Foreign exchange	-	-	(602)	(602)
At 29 December 2019	**9,200**	**21,289**	**98,764**	**129,253**
Amortisation				
At 31 December 2018	**1,072**	**2,602**	**34,573**	**38,247**
Provided for the period	902	2,466	4,530	7,898
Foreign exchange	-	-	(216)	(216)
At 29 December 2019	**1,974**	**5,068**	**38,887**	**45,929**
Net book value				
At 29 December 2019	**7,226**	**16,221**	**59,877**	**83,324**
At 30 December 2018	**1,982**	**8,243**	**28,756**	**38,981**

Additions to website and software development consist primarily of capitalised staff costs.

Goodwill arising on consolidation is being amortised over the directors' estimate of its useful life of 20 years. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

10 Tangible fixed assets

Group	Capitalised property lease	Freehold land and buildings	Leasehold land and buildings and premiums	Motor vehicles	Fixtures and fittings	Office equipment	Assets in the course of construction	Total
Cost	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 31 December 2018	55,349	22,806	66,232	1,338	66,672	12,502	28,155	253,054
Additions	-	-	9,077	30	7,199	1,585	29,943	47,834
Disposals	-	-	(1,375)	(36)	(2,101)	(881)	(2)	(4,395)
Acquisitions (note 24)	-	-	2,504	27	1,482	-	856	4,869
Transfer	-	-	36,958	-	8,039	2,376	(47,373)	-
Exchange adjustments	-	-	(406)	-	(690)	(48)	(276)	(1,420)
At 29 December 2019	55,349	**22,806**	**112,990**	**1,359**	**80,601**	**15,534**	**11,303**	**299,942**
Depreciation								
At 31 December 2018	3,400	2,417	17,652	1,016	41,707	8,712	-	74 904
Charge for the period	1,082	302	5,147	219	11,866	2,225	-	20,841
Disposals	-	-	(1,272)	(30)	(1,878)	(707)	-	(3,887)
Exchange adjustments	-	-	(173)	-	(612)	(45)	-	(830)
At 29 December 2019	**4,482**	**2,719**	**21,354**	**1,205**	**51,083**	**10,185**	-	**91,028**
Net book value								
At 29 December 2019	50,867	20,087	91,636	154	29,518	5,349	11,303	208,914
At 30 December 2018	**51,949**	**20,389**	**48,580**	**322**	**24,965**	**3,790**	**28,155**	**178,150**

10 Tangible fixed assets (continued)

At 29 December 2019, £477 (30 December 2018 - £245) related to interest capitalised during the period and is included within additions to assets under the course of construction. Interest ceases to be capitalised once the asset is complete.

11 Fixed asset investments

Group	**Loans to joint ventures £'000**	**Investment in joint ventures £'000**
Cost		
At 1 January 2018	**13,588**	**2,893**
Share of loss for the period	-	(4,767)
Exchange adjustments	-	277
Additions	713	6,774
Loans (repaid) / advanced to joint ventures	-	(474)
Distributions from joint ventures	-	-
Reallocation	(67)	67
At 29 December 2019	**14,234**	**4,770**

Joint ventures

Joint ventures listed on page 48 are private companies and there is no quoted market price available for their shares.

Company	**Shares in subsidiary undertakings £'000**	**Capital contributions £'000**	**Total £'000**
Cost			
At 30 December 2018 and 29 December 2019	96,638	4,683	101,321

11 Fixed asset investments *(continued)*

Subsidiary undertakings, associated undertakings and other investments

The undertakings in which the parent company has an interest at the period end are as follows:

	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
Subsidiary undertakings			
Soho House Limited	England	100%*	Leisure
Soho House UK Limited	England	100%*	Leisure
Soho House Properties Limited	England	100%*	Property investment
Cowshed Products Limited	England	100%*	Cosmetics
NBJ Leisure Limited	England	100%*	Non trading
Soho House Berlin GmbH	Germany	100%*	Leisure
Soho House Paris S.A.S	France	100%*	Leisure
Soho House Rome S.r.l.	Italy	100%*	Non-trading
Soho House Toronto Limited	England	100%*	Holding company
Cheeky Nails Limited	England	100%*	Dormant
Barber & Parlour Limited	England	100%*	Non-trading
Soho Townhouse Limited	England	100%*	Non-trading
Soho House CWH Limited	England	100%*	Leisure
Soho House (Management Services) Limited	England	100%*	Dormant
Soho House Toronto ULC	Canada	100%*	Holding company
Cowshed, LLC	USA	100%*	Beauty
Soho House Hong Kong Limited	Jersey	100%*	Holding company
Soho Home Limited	England	100%*	Retail
In House Design and Build Limited	England	100%*	Construction
HTN F&B Limited	England	100%*	Dormant
Soho House Amsterdam B.V.	Netherlands	100%*	Restaurant operator
Sunshine AcquireCo Limited	England	100%*	Holding company
Sunshine Mykonos Limited	Jersey	100%*	Holding company
Sunshine Future Projects Limited	Jersey	75%*	Holding company
Paraga Beach SA	Greece	67%*	Leisure
Q Hellas PC	Greece	75%*	Leisure
OMO SA	Greece	71.26%*	Leisure

11 Fixed asset investments *(continued)*

Joint ventures and associated undertakings			
Soho Works Limited	England	100%*	Co-working
Soho House Toronto Partnership	Canada	50%*	Leisure
Raycliff Red LLP	England	50%*	Property company
Raycliff Shoreditch Holdings LLP	England	50%*	Holding company
Mimea XXI S.L.	Spain	50%*	Holding company
Mirador Barcel S.L	Spain	50%*	Property company
Soho House - Sydell LLP	UK	50% *	Holding company

For all undertakings listed above, the country of operation is the same as the country of incorporation or registration.

* Represents indirect shareholding

The registered office of subsidiary and joint venture undertakings is 180 Strand, London, WC2R 1EA, other than as listed below.

The principal office of Mirador Barcel S.L. is Plaza del Duque de Medinaceli, 4, 08002 Barcelona, Spain
The principal office of Soho House Berlin GmbH is Torstraße 1, 10119 Berlin, Germany
The principal office of Raycliff Red LLP is 44 Southampton Buildings, London, WC2A 1AP
The principal office of Dutch undertakings is Herengracht 255, 1016 BJ Amsterdam, Netherlands
The principal office of Soho House Toronto Partnership is 192 Adelaide St W, Toronto, ON M5H 0A4, Canada
The principal office of the Greek undertakings is 63, Ipsilantou Str., Athens, Greece
The principal office of the Jersey undertakings is 44, Esplanade, St Helier, Jersey, JE4 9WG
The principal office of the French undertakings is 23 Rue Du Roule 75001 Paris, France
The principal office of the American undertakings is 111 8th Avenue, Suite M8, New York, NY 10011, USA

12 Stocks

	Group 29 December 2019 £'000	Group 30 December 2018 £'000
Finished goods and goods for resale	**12,039**	7,819
Consumables	**6,909**	4,142
	18,948	11,961

There is no material difference between the replacement cost of stocks and the amounts stated above.

The company had no stock at the current or prior period end.

13 Debtors

	Group 29 December 2019 £'000	Group 30 December 2018 £'000	Company 29 December 2019 £'000	Company 30 December 2018 £'000
Amounts receivable within one year:				
Trade debtors	**15,072**	16,223	**-**	-
Amounts due from group undertakings	**-**	-	**193,759**	134,711
Amounts due from parent undertakings	**38,043**	5,458	**1,944**	1,990
Amounts due from related group undertakings (note 22)	**20,282**	19,635	**8,257**	2,410
Amounts due from joint ventures undertakings (note 22)	**4,633**	8,999		-
Other debtors	**5,683**	1,731	**82**	12
Prepayments and accrued income	**10,579**	9,917		1,029
Amounts recoverable on contracts	**3,471**	8,937		-
	97,763	70,900	**204,042**	140,152
Amounts receivable after more than one year:				
Other debtors (rent deposits)	**328**	55	**-**	56
Deferred taxation	**2,636**	2,984	**-**	-
	2,964	3,039	**-**	56
Total debtors	**100,727**	73,939	**204,042**	140,208

Included within Amounts due from joint venture and related party undertakings, due within one year, are balances totalling £12,959. To the extent the counter party is unable to do so, the Group does not intend to recall the amounts due, within one year. Furthermore, in respect of amounts due from group undertakings, to the extent that counterparty is unable to do so, the company does not intend to recall amounts due, within one year.

The impairment loss recognised in the Group profit or loss for the period in respect of bad and doubtful trade debtors was £8,073 (30 December 2018 - £nil). Of this, £7,798 (note 2) related to amounts due from Quentin Limited, a related party.

	Group Deferred Taxation 29 December 2019 £'000	Group Deferred taxation 30 December 2018 £'000	Company Deferred taxation 29 December 2019 £'000	Company Deferred taxation 30 December 2018 £'000
At the beginning of the period	**2,984**	**3,539**	-	-
Charge to income statement (note 8)	**(347)**	**(557)**	-	-
Foreign exchange adjustment	**(1)**	**2**	-	-
At the end of the period	**2,636**	**2,984**	-	-

The deferred tax asset relates principally to depreciation in excess of capital allowances.

14 Cash at bank and in hand

Cash at bank includes restricted cash of £500 (30 December 2018 - £649) relating to security deposits in relation to the group.

15 Creditors: amounts falling due within one year

	Group 29 December 2019 £'000	Group 30 December 2018 £'000	Company 29 December 2019 £'000	Company 30 December 2018 £'000
Bank loans and overdrafts (secured)	**37,942**	25,584	**37,943**	25,593
Other loans	**417**	381		-
Amounts due to parent undertakings	**42,908**	42,953	**36,606**	36,623
Amounts due to related group undertakings (note 22)	**17,091**	18,139	**195**	469
Amounts due to joint ventures	**2,036**	-		-
Trade creditors	**18,330**	24,177	**689**	-
Taxation and social security	**10,812**	9,509		-
Obligations under finance lease and hire purchase contracts	-	48		-
Capitalised property lease – finance lease (note 10)	**207**	184		-
Other creditors	**10,808**	8,959		-
Accruals	**34,060**	32,881	**136**	1,444
Deferred income	**20,610**	18,533		-
	195,221	181,348	**75,569**	64,129

16 Provisions for liabilities - Group

	Onerous Lease provisions £'000	Acquired contingent liabilities £'000	Deferred Tax £'000	Total £'000
At 31 December 2018	-	-	-	-
Charged to profit and loss	763	-	-	763
Business combinations (note 24)	-	517	1,607	2,124
Foreign exchange	-	(6)	(14)	(20)
Released to profit and loss	-	-	(34)	(34)
Change in tax rate	-	-	(191)	(191)
At 29 December 2019	**763**	**511**	**1,368**	**2,642**

16 Provisions for liabilities - Group *(continued)*

Onerous lease provisions

Where leasehold properties become vacant, the Group provides for all costs, net of anticipated income, to the end of the lease or the anticipated date of the disposal or sublease. This provision relates to a vacant restaurant in South London which was vacated by the tenant in June 2019 and is currently surplus to the Group's requirements.

Acquired contingent liabilities

As part of the acquisition of Scorpios (note 25), the Group has recognised the contingent liabilities of the acquired business relating to certain withholding tax obligations, none of which the Group has settled following acquisition.

Deferred tax

	29 December 2019 £'000	30 December 2018 £'000
Acquired intangible assets	1,368	-

The net deferred tax liability expected to reverse in 2020 is £60. This relates to the reversal of timing differences on acquired intangible amortisation.

Joint Ventures

Where losses in joint ventures are in excess of the investment, after the Group's interest is reduced to zero, additional losses are provided for to the extent that the Group has incurred legal or constructive obligations or has made payments on behalf of the jointly controlled entity.

The company has no provisions for liabilities (30 December 2018 – Nil).

17 Creditors: amounts falling due after more than one year

	Group 29 December 2019 £'000	Group 30 December 2018 £'000	Company 29 December 2019 £'000	Company 30 December 2018 £'000
Other loans	**8,788**	9,335		-
Amounts due to parent undertakings	**415,266**	267,361	**348,446**	267,361
Amounts due to group undertakings	**-**	-	**171**	5,119
Capitalised property lease – finance lease (note 10)	**53,432**	53,473	**-**	-
Accruals (unamortised lease incentives)	**23,363**	7,344	**-**	-
	500,849	337,513	**348,617**	272,480

During 2015, the Group entered into a property lease transaction which, in accordance with FRS 102, has been capitalised as a fixed asset and the minimum present value of future lease payments has been shown as "Capitalised property lease – finance lease".

17 Creditors: amounts falling due after more than one year *(continued)*

Maturity of debt:

Group	**Bank loans and overdrafts 29 December 2019 £'000**	**Finance leases 29 December 2019 £'000**	**Capitalised property lease 29 December 2019 £'000**	**Other loans 29 December 2019 £'000**	**Total 29 December 2019 £'000**
In one year or less, or on demand	**37,942**	-	**207**	**417**	**38,566**
In more than one year but not more than two years	-	-	**234**	**453**	**687**
In more than two years but not more than five years	-	-	**803**	**6,572**	**7,375**
In more than five years	-	-	**52,395**	**1,763**	**54,158**
	-	-	**53,432**	**8,788**	**62,220**

Group	**Bank loans and overdrafts 30 December 2018 £'000**	**Finance leases 30 December 2018 £'000**	**Capitalised property lease 30 December 2018 £'000**	**Other loans 30 December 2018 £'000**	**Total 30 December 2018 £'000**
In one year or less, or on demand	25,584	48	184	381	26,197
In more than one year but not more than two years	-	-	197	417	614
In more than two years but not more than five years	-	-	677	6,585	7,262
In more than five years	-	-	52,599	2,333	54,932
	-	-	53,473	9,335	62,808

17 Creditors: amounts falling due after more than one year *(continued)*

Bank loans and overdrafts

In December 2019, the Company replaced its revolving credit facility of £30 million plus £5 million accordion with a new £55m facility with HSBC. At 30 December 2018, the Group had £15.4m remaining to draw against the new facility. The facility is secured on a fixed and floating charge basis over certain assets of the Global Group.

Bank loans within one year are net of unamortised finance costs of £1,645 (30 December 2018 - £1,664).

Other loans
In January 2018, the Group entered into leases in connection with its Greek Street properties. As part of these leases, the landlord has funded a principal amount of £5m, which represents costs paid directly by the landlord which will be repaid by the Company. The Greek Street loans carry interest of 7.5%, are due for repayment in January 2028 and are unsecured. The principal balance at 29 December 2019 was £4.2m of which £417 is due within one year.

In June 2018, the Group received proceeds of $6.5m (£5.1m) from the landlord of the Soho House Hong Kong property under a loan agreement. The loan has a 5-year term, with an interest rate of LIBOR + 7% payable annually. Principal is due on expiration of the loan.

18 Financial Instruments

The Group's financial instruments may be analysed as follows:

	Group 29 December 2019 £'000	Group 30 December 2018 £'000
Financial assets		
Financial assets measured at amortised cost	**118,719**	**96,406**
Financial liabilities		
Financial liabilities measured at amortised cost	**664,648**	**490,819**

Financial assets measured at amortised cost comprise trade debtors, other debtors, amounts owed by parent, related parties, joint ventures and associated undertakings and cash and cash equivalents.

Financial liabilities measured at amortised cost comprise preference shares, bank loans and overdrafts, trade creditors, amounts owed to parent and related parties, finance leases, other creditors and accruals.

Details of interest rates are shown in note 17.

The directors have assessed the Group's exposure to foreign currency movements. Subsidiary entities' financial instruments are predominantly denominated in their functional currency and therefore the foreign currency exposure to the Group has not been deemed material.

Interest rate and currency of financial assets and liabilities

The Group's financial assets represented by cash are all at floating rates of interests. The Group's financial liabilities represented by borrowings are shown in note 17. All other financial assets and liabilities are non-interest bearing. The risk in respect of financial instruments is discussed in the Strategic Report.

19 Pensions

The Group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension charge amounted to £2,327 (30 December 2018 - £1,200). There were no outstanding or prepaid contributions at either the beginning or end of the financial period.

20 Share capital

	29 December 2019 £'000	30 December 2018 £'000
Allotted, called up and fully paid		
3 ordinary shares of £1 each	-	-

Ordinary shareholders are entitled to one vote for each Ordinary Share held. Each Ordinary shareholder is entitled pari passu to dividend payments or any other distribution.

21 Commitments under operating and finance leases

The Group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Land and buildings 29 December 2019 £'000	Land and buildings 30 December 2018 £'000
Within one year	**32,182**	19,962
In two to five years	**139,264**	98,484
After five years	**527,825**	400,030
	699,271	518,476

21 Commitments under operating and finance leases *(continued)*

In addition, the Group pays turnover related rent in connection with certain leases.

The company had no commitments at the current or prior period end.

Total of Group future minimum lease payments under finance leases, including capitalised property leases:

	29 December 2019 £'000	30 December 2018 £'000
Within one year	**3,841**	**3,890**
In two to five years	**15,365**	**15,365**
After five years	**51,024**	**58,707**
	70,230	**77,962**

22 Related party disclosures

The Group has taken advantage of the exemption conferred by paragraph 33.1A of FRS 102, 'related party transactions', that transactions with wholly controlled subsidiaries do not need to be disclosed.

During the period Non-Core services totalling £107 (30 December 2018 - £87) where provided to owners of the company. At 29 December 2019, £nil was due to the Group (30 December 2018 - £nil) from the individuals.

Rental income from shareholders of the Global Group totalled £nil (30 December 2018 - £nil). At 29 December 2019 £nil (30 December 2018 - £178) was due to the Group from the individuals.

Fees paid to related parties under consultancy agreements totalled £45 (30 December 2018 - £45).

Revenues from the Non-Core services business operation (as defined in note 4) to various joint ventures totalled £8,909 (30 December 2018 - £10,465).

The Group has a Management Services Agreement ("MSA") with Quentin Limited, a company related by common shareholders, in relation to certain centralised services being provided by the Group following the sale of the Group's 50% interest in Quentin Limited. A total of £311 (30 December 2018 - £188) was recharged to Quentin Limited.

The Group has also recognised income relating to Non-Core services provided to Quentin Limited totalling £1,818 (30 December 2018 - £8,583). The Group has also recognised reimbursement of costs incurred by Group in respect of services provided to a related party, Quentin Limited, totalling £488 (30 December 2018 - £376) was recharged to Quentin Limited. At 29 December 2019 an amount of £7,798 (30 December 2018 - £1,472) was due from Quentin Limited, a company related by common shareholders, which has been fully provided for (note 2) in the period.

The Group has recognised reimbursement of costs incurred by the Group in respect services provided to a related party totalling £1,533 (30 December 2018 - £958). At 29 December 2019 an amount of £236 (30 December 2018 - £104) was due from Poultry OpCo Limited and Poultry Tenant Limited, companies related by common shareholders.

22 Related party disclosures *(continued)*

The Group has recognised income relating to sales of products and revenue from Non-Core services from Poultry OpCo Limited and Poultry Tenant Limited totalling £623 (30 December 2018 - £1,287). At 29 December 2019 an amount of £235 (30 December 2018 - £295) was due from Poultry OpCo Limited and Poultry Tenant Limited, companies related by common shareholders.

Related party transactions – joint ventures

The Group has various joint ventures arrangements concerning the operation of its Houses in Toronto, Redchurch Street in Shoreditch, Soho Works and Barcelona. As part of this arrangement, it provides lease and finance guarantees and receives management fees and other income including Design fees.

The Group has recognised reimbursement of costs incurred by the Group in respect of services provided to a Joint Venture totalling £1,533 (30 December 2018 - £829).

The Group has recognised income relating to management and development fees from Soho House-Sydell, LLP totalling £2,161 (30 December 2018 - £2,061). At 29 December 2019 an amount of £211 (30 December 2018 - £207) was due from Soho House Sydell LLP, a joint venture.

The Group has recognised interest income on a Loan Note due from Soho Works Limited of £762 (30 December 2018 - £887) and £762 (30 December 2018 - £728) was due from Soho Works Limited at 29 December 2019 in relation to interest income and included within Prepayments and accrued income. Further amounts due from Soho Works Limited are listed below.

Following the move of the Support Office in December 2019 to 180 Strand, a building leased by Soho Works Limited, the Group has entered into an arrangement to lease six floors. During the year, a rental expense of £1,321 was recognised. This remained outstanding at 29 December 2019.

Amounts due from / (to) joint venture undertakings due within one year – note 13

	Group 29 December 2019 £'000	**Group 30 December 2018 £'000**
Soho Works Limited	**4,065**	2,242
Raycliff Red LLP	**-**	1,024
Mimea XXI S.L.	**595**	445
Mirador Barcel S.L. - trading	**(27)**	65
Mirador Barcel S.L. - loan	-	5,258
Little Beach House Barcelona S.L.	-	(35)
	4,633	8,999

22 Related party disclosures *(continued)*

Amounts due from related undertakings due within one year – note 13	Group 29 December 2019 £'000	Group 30 December 2018 £'000
Soho House New York, LLC	**7,447**	7,447
Soho House West Hollywood, LLC	**715**	715
Soho House Chicago, LLC	**902**	1,871
Soho-Ludlow, LLC	**477**	905
Soho House US Corp	**6,740**	637
Soho-Cecconi's (Water Street), LLC	**84**	215
Soho Dumbo, LLC	**317**	657
Soho House CWH, LLC	**620**	332
In House Design & Build, LLC	**663**	582
L.A. 1000 Santa Fe LLC	**1,189**	36
DTLA JV, LLC	**13**	17
Soho Works, LLC	**-**	1
Beach House Owner, LLC	**19**	19
Little Beach House Malibu, LLC	**339**	874
Soho House Finance SARL	**553**	311
Quentin Limited	**-**	5,016
Soho Works US AcquireCo LLC	**1**	-
Soho Works North America, LLC	**203**	-
	20,282	19,635

Amounts due to related undertakings due within one year – note 15	Group 29 December 2019 £'000	Group 30 December 2018 £'000
Soho House New York, LLC	**14,464**	**12,695**
Soho House New York, Inc	**17**	**18**
Soho House Beach House, LLC	**104**	**11**
Soho House West Hollywood, LLC	**2,504**	**2,167**
Soho House, LLC	**2**	**1**
Soho House Toronto Partnership	**-**	**364**
Soho House Finance SARL	**-**	**2,883**
	17,091	**18,139**

Amounts due from joint venture undertakings due after more than one year – fixed asset investments – note 11	Group 29 December 2019 £'000	Group 30 December 2018 £'000
Soho Works Limited	**10,820**	10,175
Raycliff Red LLP	**3,414**	3,413
	14,234	13,588

23 Capital Commitments and Contingencies

Capital expenditure commitments contracted for at the balance sheet date but not yet incurred total £46 in connection with the development agreement Soho House Hong Kong (30 December 2018 - £6,679). Soho Works Limited, a joint venture of the Group, has capital expenditure commitments contracted for at the balance sheet date but not yet incurred totalling £9,346 (30 December 2018 – nil).

The Group guarantees the obligations of Quentin Limited and certain of its subsidiaries under certain property leases with respect to any required rental or other payment or performance obligations under these leases. The current aggregate anticipated maximum exposure for rental and service charge payments under these guarantees is approximately £96.0 million in any given year. The Group has not had to make any payments nor has it become obligated to make any payments under these rental guarantees. The Group believes the likelihood of having to perform was remote as of 29 December 2019 and 30 December 2018.

24 Business combinations

Acquisition of the Scorpios Group of Companies

On 9 April 2019, the Group acquired a majority shareholding in the Scorpios Group of Companies, which own and operate a beach club and hotel based in Mykonos, Greece, for €41.2 million (£39.0 million) paid in cash, including transaction expenses. The consideration included £768 of contingent consideration. As of 29 December 2019, this remains in other creditors. In calculating the goodwill arising on acquisition, consideration transferred and the separately identifiable assets acquired and liabilities assumed have been measured at fair value. Non-controlling interest has been measured based on the proportion of the fair value of the net assets acquired attributable to the non-controlling interest. The ownership, of each entity, acquired is detailed in note 11.

	Book Value £'000	Fair Value Adjustments £'000	Fair Value £'000
Fixed Assets			
Tangible (note 10)	4,869	-	**4,869**
Intangible (note 9)	53	5,693	**5,746**
Current Assets			
Stocks	80	-	**80**
Debtors	1,006	-	**1,006**
Cash at bank and in hand	1,399	-	**1,399**
Total Assets	7,407	5,693	**13,100**
Creditors			
Due within one year	(3,868)	-	**(3,868)**
Deferred tax	(206)	(1,401)	**(1,607)**
Other creditors	-	(174)	**(174)**
Provisions (note 16)	-	(517)	**(517)**
Net assets	3,333	3,601	**6,934**
Non-controlling interest			**(2,440)**
Goodwill (note 9)			**36,037**
Total purchase consideration			**40,531**

24 Business combinations *(continued)*

Acquisition of the Scorpios Group of Companies (continued)

Total purchase consideration comprised of:	**£'000**
Purchase consideration settled in cash	**39,028**
Directly attributable transaction costs	**735**
Contingent consideration	**768**
	40,531
Less: Cash and cash equivalents in subsidiary acquired	**(1,399)**
Less: Contingent consideration	**(768)**
Cash outflow, net, on acquisition	**38,364**

The useful economic life of goodwill and trademarks has been estimated to be 20 years.
Included within goodwill are intangible assets that do not require separate recognition. These intangible assets relate to future synergies the Group expects to generate from the integration of the Scorpios business into our Global offering to members and customers.

There were no acquisitions in the year ended 30 December 2018.

The results of the Scorpios Group of Companies since its acquisition are as follows:

	Current period since acquisition £'000
Turnover	**22,196**
Profit for the period	**4,270**

25 Post balance sheet events

The rapid emergence of the coronavirus pandemic has caused significant disruption to many businesses where the implementation of social distancing measures is not practical or deemed ineffective. This has had material implications for the wider global economy. As a business, our Houses, hotels and public restaurants were closed from the middle of March 2020 impacting our workforce and our ability to full engage with our members. Furthermore, this has had a significant impact on our revenues, costs, working capital and cashflows since this time.

In May 2020, we started to re-open our Houses and expect to reopen all Houses by the end of the Summer 2020. In accordance with local laws and regulations, we have provided staff with the necessary personal protective equipment and increased spacing in in our public spaces and communicated these changes to our members and customers. However, there is a risk that the Group will be impacted by decisions of our members and delays in our ability to open our Houses, hotels and public restaurants, which could affect the Group's working capital. The coronavirus pandemic was not a condition in existence at the year-end date therefore it is being a regarded as a non-adjusting subsequent event.

In April 2020, the Company secured an additional £20m liquidity through extending the existing revolving credit facility. With respect to the Group's intermediate parent company's Permira senior facility, we have elected to PIK (payment in kind) the cash interest due for the quarter ended June 2020 and have the option to do this for the September quarter. Finally, the Global Group has also raised $100m (c.£81m) worth of new equity through an issuance of 'C' ordinary shares which completed in May 2020. At the same time, the Global Group capitalised the Shareholder loan notes issuing 'A' ordinary shares to the holders of the loan notes. The number of A' ordinary shares issued was determined based on share price from the May 2020 equity issuance. The value of the loan notes extinguished and shares issued was £18.5m

26 Ultimate parent company and parent undertaking of larger group

The immediate parent company of SHG Acquisition (UK) Limited at 29 December 2019 is Abertaff Limited, a Jersey registered company and the ultimate parent company is Soho House Holdings Limited, a company incorporated in United Kingdom.

The Group is controlled by R Burkle through his control of the Yucaipa Group of companies, which have a majority shareholding in the Global Group.

The largest and smallest group in which the results of the company are consolidated is that headed by Soho House Holdings Limited, incorporated in Jersey. The consolidated accounts of this company are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3VZ as appended to this Groups financial statements. No other group accounts include the results of the company.

Soho House Holdings Limited

Report and Financial Statements

52 weeks ended

29 December 2019

Company Number 125394

No 6395943

Soho House Holdings Limited

Report and financial statements
for the period ended 29 December 2019

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Directors

R Burkle
R A Caring
N K A Jones
B B Nugent
M D Ein
B Siegal (Appointed 23 August 2019)

Secretary and registered office

Intertrust Secretaries (Jersey) Limited, 44 Esplanade, St Helier, Jersey, JE4 9WG

Company number

125394

Auditor

BDO LLP, 55 Baker Street, London, W1U 7EU

Soho House Holdings Limited

Strategic report
for the period ended 29 December 2019

The directors present their strategic report together with the audited financial statements for the 52 week period ended 29 December 2019.

Principal activities

Soho House Holdings (the "Group") is a leading global private membership club which, over our 25 year history, has become a coveted lifestyle brand with significant and proven global growth potential. As the pace of life accelerates and the way people live their lives has changed, Soho House provides a "home away from home" for its members with a place to connect, work, workout, socialise and relax with a community of like-minded individuals. Since the opening of our first club ('House') in the Soho district of London in 1995, we have grown to 26 distinctive Houses across North America, the United Kingdom, Europe and Asia. Today, we are a community of c.105,000 diverse, creative and loyal individuals paying an annual membership fee to be part of the Soho House community. As part of a Soho House membership, we offer access to our Houses and host thousands of member events worldwide, spanning film, fashion, art, business and music. In addition to membership fees, we generate revenue from food, beverage and accommodation within our Houses and from other complementary goods and services that we create and provide. We strive to make our Houses a significant part of our members' everyday lives, where they feel at home and are able to relax in familiar and comfortable surroundings. Given the enduring value proposition that we provide our members, we have developed an extremely loyal membership base and a growing wait list currently in excess of 43,000 applicants. We currently operate 26 Houses, 3 townhouses, 20 public restaurants, 16 spas, 2 public cinemas and 931 hotel rooms across the global portfolio. In addition, within our Houses, amongst other amenities, we operate 13 gyms and 16 cinema screens exclusively for our members.

Access to our Houses is reserved exclusively for members and a select number of their guests as well as our hotel guests during their stay. Membership is highly selective and applications are reviewed by a Committee of members each quarter. We offer three primary types of membership: access to an individual local House ("Local House Membership"), access to all of our Houses globally ("Every House Membership") and in 2018 we launched a new membership for people who live and work in cities that don't yet have a House and where they can connect with others in their home city as part of the Soho House community and use the Houses all over the world ("Cities Without Houses Membership"). Our membership model is an integral part of our business and has a significant impact on our profitability and financial performance. Member count is the primary driver of membership revenues and is also a critical factor in other revenues as members utilise the hospitality and service offerings that are provided within the Houses. The extent to which we achieve growth in our membership base, retain existing members and periodically increase our membership fee rates will impact our profitability. We have historically enjoyed strong member loyalty, reflected by very high retention rates, which have averaged greater than 95%, and robust demand for our memberships, as evidenced by considerable wait lists for most of our Houses. The year over-year increase in our total number of members is driven by a combination of increases in membership at existing Houses and members from new Houses. Local House Membership fees range from £520 to £1,360, $1,080 to $2,420 and €770 to €1,550 annually and Every House Membership fees range from £950 to £1,700, $1,650 to $3,300 and €930 to €1,850 annually. As of 29 December 2019, approximately 79% of our adult members had an Every House Membership, and we believe this percentage will continue to grow as we open additional Houses globally. We maintain a stable, supportive and loyal membership base with very low attrition.

How We Generate Turnover

In measuring and monitoring our operating results, management manages "core" operations separate from its "non-core" operations being Soho House Design which provides the design of our Houses and other units. During 2019, Soho House Design ceased to provide build-out services and now focuses on design projects. Management considers that these businesses have different revenue and margin profiles from our core hospitality business which make up our core operations (together defined as "Core" and "Non-Core").

Due to rounding, numbers presented in the Strategic Report may not add up precisely to the totals provided and percentages may not precisely reflect the presented figures as the underlying calculations are referenced from absolute values, whereas numbers presented have been rounded to thousands.

Our primary source of Core turnover is through membership and registration fees and the provision of food and beverage in our Houses and restaurants. Our average Core turnover mix for the 52 weeks ended 29 December 2019 was as follows: food and beverage accounted for 49%.

How We Generate Turnover *(continued)*

(30 December 2018– 49%), membership and registration fee receipts accounted for 28% (30 December 2018– 27%), accommodations accounted for 12% (30 December 2018–12%) and Soho Home (retail), Cowshed (beauty) and other sales accounted for 12% (30 December 2018– 12%).

Turnover

Turnover was £504.6m for the 52 weeks to 29 December 2019, compared to £432.5m for the 52 weeks to 30 December 2018, which represents an increase of £72.1m or 17%.

Our turnover from Core operations was £486.4m for the 52 weeks to 29 December 2019, compared to £391.9m for 52 weeks ended 30 December 2018, which represents an increase of £94.5m or 24%. The increase was driven by an increase in food and beverage turnover of £45.7m, a growth in membership and registration fee turnover of £29.4m, accommodation turnover growth of £9.9m and an increase of turnover in Soho Home retail, Cowshed spa, treatments, product sales and other income of £9.6m.

Food and beverage turnover increased primarily due to the acquisition of Scorpios (refer to 'Geographic Business Review- Europe' for further detail), included in the Group's results from April 2019 and the opening of Soho Warehouse (Los Angeles), Soho House Hong Kong and Kettners (London) as well as the full year trading impact in relation to 2018 openings - Soho House 40 Greek Street (London) (reopened after refurbishment), Soho House Dumbo (New York), White City House (London) and Soho House Amsterdam.

Membership fee turnover increased primarily due to three factors – (i) the openings, described above, (ii) an overall increase in adult members from nearly 89,000 members at 30 December 2018 to c.105,000 adult members at 29 December 2019 and (iii) the full year impact of the 2018 price increase as well as the 2019 price increase.

Non-Core turnover decreased by £(22.4)m to £18.3m. Movements in Non-Core turnover are driven by the volume of Soho House Design projects. In 2018 Soho House Design completed two large scale projects being the design and fit and build out work at 40 Greek Street and White City House, both in London, on behalf of the developers. As previously noted, Soho House Design has ceased to provide build out work in 2019 which combined with smaller projects has contributed to the decrease year on year.

Cost of Sales

Cost of sales was £95.9m for the 52 weeks to 29 December 2019, compared to £102.5m for the 52 weeks ended 30 December 2018, which represents a decrease of £(6.6)m or (6)%. The decrease in cost of sales is primarily driven by the decrease in the nature of work undertaken by Soho House Design, as described above. This has been offset by increased costs associated with the growth in turnover from Core operations, as described above.

Cost of sales for Core operations (excluding Soho House Design) were £81.8m for the 52 weeks to 29 December 2019, compared to £63.9m for the 52 weeks ended 30 December 2018, which represents an increase of £17.9m or 28%. Cost of sales for Core operations as a percentage of Core turnover was broadly flat increasing to 16.8% for the 52 weeks ended 30 December 2018 from 16.3% for the 52 weeks ended 30 December 2018. This modest increase was driven by higher cost of sales in the retail and beauty businesses.

Cost of sales of non-Core operations were £14.1m, which related to costs of the services provided by Soho House Design, which is a lower margin business given the nature of the business model. The decrease in cost of sales of £24.5m exceeds that of the decrease in turnover as Soho House Design has focused on higher margin design projects including working with private clients as well as the impact from the cessation of build out projects, as previously noted.

How We Generate Turnover *(continued)*

Gross Profit

Gross profit was £408.7m for the 52 weeks to 29 December 2019, compared to £330.0m for the 52 weeks ended 30 December 2018, which represents an increase of £78.7m or 24%.

Gross profit for Core operations was £404.6m for the 52 weeks to 29 December 2019, compared to £327.9m for the 52 weeks ended 30 December 2018, which represents an increase of £76.6m or 23%. As a percent of Core turnover, gross margin was broadly flat at 83.2% for the 52 weeks to 30 December 2018 from 83.7% for the 52 weeks ended 30 December 2018. The modest decrease being due to lower margins in the Group's retail and beauty businesses as described above. This has been partially offset by an improvement in Food and Beverage margins.

Administrative Expenses

Administrative expenses were £439.6m for the 52 weeks to 29 December 2019, compared to £350.9m for the 52 weeks ended 30 December 2018, which represents an increase of £88.7m or 25%. The increase in administrative expenses has primarily been driven by increased costs associated with new property openings, the acquisition of Scorpios in April 2019 and its inclusion in our results, as well as the new openings in the pipeline since the equivalent period last year, which has also led to increased personnel numbers and therefore higher salary and related people costs.

Adjusted EBITDA

We use this financial measure when planning, monitoring and evaluating our performance of the group and joint ventures. We consider this financial measure to be a useful metric for management and investors to facilitate operating performance comparisons from period to period by excluding potential differences caused by variations *in capital structures, tax position, depreciation and amortisation and certain other expenses that we believe are not* representative of our recurring business. We use this financial measure as a key operating metric for business planning purposes and in measuring our performance.

The Group adjusted earnings before interest, taxation, depreciation, amortisation, foreign exchange, new site development costs, profit or loss on disposal of fixed assets and joint venture undertakings, non-cash rent, other exceptional items, and including share of joint venture adjusted EBITDA was £66.1m (30 December 2018 - £56.4m) - growth on prior period of 17%.

The Group's loss for the financial period was £96.7m (30 December 2018 - £67.3m) which reflects the Group's continued investment in its properties and its members. It also includes a debtor recoverability provision in respect of Quentin Limited following an impairment assessment. In 2017, the Group entered into a Management Services Agreement with Quentin Limited, a company related by common shareholders, following the sale of the Group's 50% interest in Quentin Limited.

Food and Beverage Sales

Our Houses pride themselves on offering consistently high-quality food and beverage options to our members and other guests. We operate a training program for chefs and bartenders, *House Four*, ensuring that our staff can provide each guest with consistent food and beverage quality across all of our Houses and restaurants at competitive prices. We have found throughout the years that the desire to serve the best food and drinks to our members in our Houses has provided us the platform and access to develop restaurant ideas that have grown into successful independent concepts.

Our restaurants offer a range of cuisine from classic Italian to modern British. Our restaurant concepts (including joint ventures during the period) range from fine dining to fast casual dining and include *Café Boheme*, *High Road Brasserie*, *Cecconi's*, *Hoxton Grill* and *The Allis*. The restaurants are open to the public while also providing our members with convenient dining options.

Our food and beverage sales for the 52 weeks to 29 December 2019 were £236.1m with a food and beverage sales mix of 45% and 55%, respectively. For the 52 weeks to 30 December 2018 food and beverage sales were £190.5 with a food and beverage sales mix of 46% and 54%, respectively. This represents an 21% and 27% increase in food and beverage sales respectively on the comparable period last year.

How We Generate Turnover *(continued)*

Membership Income

As of 29 December 2019 we had c.105,000 adult members, with over 43,000 potential members on our global waiting list. Membership is generally reserved for individuals from the film, media and creative industries and each application must be supported by two existing members. Applications are generally then vetted by a committee of current members on a quarterly basis.

Membership fees provide us with turnover that is unique to our principal business as a private members club. There are minimal direct costs to maintain the membership base and membership fees flow directly to Adjusted EBITDA, which gives us visibility over a stable revenue stream, a high cash conversion rate and the opportunity to generate significant additional cash flows by increasing our membership base. In February 2019, we increased our Every House membership fee by 3%. In addition, we increased our Every House registration fees by £50, $50 and €50. Our membership attrition is less than 5% per annum. We anticipate that the membership base and waiting list will continue to grow as new Houses are opened.

Membership and registration fee income for the 52 weeks to 29 December 2019 was £134.6m compared to £105.2m for the 52 weeks to 30 December 2018 representing a 28% increase on the comparable period last year.

Accommodation

As of 29 December 2019, we operated 20 boutique hotels comprised of 931 rooms across our global portfolio. Other than Dean Street Townhouse, San Giorgio Hotel and Kettner's, all of our hotels are co-located within our Houses. Our portfolio is comprised of the following: 340 rooms in the U.K, 181 rooms in the U.S., 372 rooms in Europe and 38 rooms in Rest of World. These bedrooms are open for occupancy to all members with select rooms and properties open to the general public. Non-member guests are issued a temporary local House membership for the duration of their stay in our bedrooms that are co-located with our Houses, providing guests with full access to all of the facilities that are available within the House.

We have a fixed rate pricing structure for our members to create pricing consistency and to build brand loyalty driven by complete transparency over the rates members are paying. While the rates are "fixed", there are some variations in the fixed rates depending on season or by weekday/weekend and this varies across the hotels.

Across our global portfolio, average occupancy was 90.1% (30 December 2018 – 90.5%) and the average room rate was £280 (30 December 2018 - £297) during the 52 weeks to 29 December 2019. Total accommodation sales for the 52 weeks to 29 December 2019 were £59.3m, compared to £49.4m for the 52 weeks to 30 December 2018, representing a 20% increase on the comparable period last year and primarily driven by new openings.

Retail, Beauty and other

Our *Cowshed* brand consists of 16 spas and boutiques, often located in or adjacent to our Houses. *Cowshed* spa products are also sold through luxury retailers in the U.K. and the U.S and are available online for global delivery. We also launched Soho Home retail to members and the general public during 2016, which consists of a collection of Homeware items that can be found in our Houses and are sold exclusively online.

Soho House Design

In addition to the above Core operations, we also undertake Non-Core construction and design projects for external third-party contracts. The work is predominantly completed for the landlords on properties where the Group intend to operate sites which allows us to maintain control of the quality and design of the Houses. As previously noted, we ceased to generate turnover from build out activities in 2019 focussing on design projects for the Houses and private clients.

How We Generate Turnover *(continued)*

Geographic Business Review

United Kingdom

Opened in 1995, the original Soho House 40 Greek Street, occupies five Georgian townhouses in London's Soho district. The House was refurbished in January 2018, and now has four floors for eating and drinking, with the Circle Bar, Drawing Room, House Kitchen, event spaces and two rooftop terraces. This was the first Soho House opened when Nick Jones was offered the space above his restaurant Café Boheme. Right in the heart of the film and media industries, our global community of like-minded, creative people was born.

Our 4th House in West London occupies part of the former BBC Television Centre in White City, and has a rooftop pool and terrace, The Allis, gym, three screening rooms and 45 bedrooms. White City House not only gave young creatives of West London a place to meet and collaborate in, but also put the whole area back on the map as a major cultural hub in the city – shifting some of the focus from East London.

Existing sites have performed well in the current year with Adjusted EBITDA growth on the prior year, driven largely by the impact of the 2019 membership prices rises and increased new members across existing and recently opened Houses.

The Ned opened to critical acclaim in April 2017, under a management agreement, in the former Midland Bank building in the heart of the City of London. It opened with nine restaurants, 252 bedrooms, a range of men's and women's grooming services, and a private members' club. Ned's Club is available to hotel guests and members and also features a rooftop with a 360 degree view of London, a pool, Canopy Bar and Restaurant and Princes Street and Poultry Domes. The Ned has transformed the bank vault into Ned's Club Downstairs and the Vault Room lounge bar. Ned's Club Gym is a members-only fitness centre with a yoga studio, Pilates, a spin room and boxing gym amongst the training equipment. Members enjoy access to Ned's Club Spa that contains a 20 metre swimming pool, hamam, sauna and steam room.

The first Soho Works co-working space opened in Shoreditch, London in 2015. The 16,000 sq. ft space offers 24/7 co-working facilities for individuals and businesses in a combination of open plan and private offices. In September 2017, the Group entered into a joint venture in respect of Soho Works UK sites. As part of the joint venture agreement, the joint venture entity has £40m of funding available to roll out Soho Works properties across UK locations. As at 29 December 2019, there are two Soho Works sites in operation (Shoreditch and White City). The Soho Works business performed well in the current year but is still in a growth phase compared to our traditional House business. Losses made by the Soho Works, a joint venture, reflect the continued investment in this business, as described in "Future Developments."

Kettner's was converted in 2019 to provide more member space for our Soho London members, as requested by our member community.

Geographic Business Review *(continued)*

North America

Dumbo House, our third House in New York – and first in Brooklyn (opened May 2018) – occupies the top two floors of Dumbo's Empire Stores (above Cecconi's). The House includes a club bar and restaurant, as well as an outside terrace and rooftop with a pool, all of which have views of the East River, downtown Manhattan and the Statue of Liberty. Dumbo House opened in a neighbourhood in Brooklyn that had been, until recently, overlooked. The move has attracted a new local group of members who don't spend as much time in Manhattan and naturally fit into our community.

Cecconi's Dumbo opened in June 2017 on the waterfront in the Brooklyn area of New York City. In addition to the flagship restaurant in Mayfair, London, Cecconi's has outposts in Amsterdam, Shoreditch (London), West Hollywood, Miami, Istanbul, Barcelona, Berlin, and in The Ned (London).

In summer 2017 we added an extra 14 rooms on the second floor of Soho House New York.

In September 2019, we opened Soho Warehouse in Downtown Los Angeles featuring a rooftop pool, 48 hotel rooms and garden. The new club occupies a former factory building dating back to 1916. Additionally, we refurbished Miami Beach House's bedrooms in the third quarter of 2019.

Europe

Overlooking a canal in the city centre, Soho House Amsterdam opened in summer 2018 with a floor of club space, rooftop pool, gym, screening room, library, Cowshed spa, plus 79 bedrooms. The basement has space to park nearly 100 bikes and there's a small workshop for repairs.

As with all businesses in Turkey, Soho House Istanbul (management contract) has been impacted by the political and macro-economic challenges currently prevailing in the country. Despite this, we have still managed operational efficiencies by focusing on strict cost control discipline and retaining our membership base.

In April 2019, the Group completed the acquisition of Scorpios, a beach club, and an adjacent hotel, San Giorgio, which has subsequently been relaunched as Soho Roc House in Mykonos, Greece. The beach club is situated on the southern tip of Mykonos and encompasses a beach, a whitewashed stone building and open-air terraces. Soho Roc House has 45 bedrooms, a poolside veranda, restaurant and lounge areas.

Rest of world

Soho House Mumbai (management contract) opened in November 2018 in an 11-storey building in Juhu offering 38 bedrooms, a floor of members' space, gym, rooftop pool, and a 34-seat screening room.

In September 2019, the Group opened Soho House Hong Kong situated in Sheung Wan, Hong Kong in a 28-storey tower with views over Hong Kong Island, Victoria Harbour and Victoria Peak. The house is our biggest one yet, spanning over 120,000 square feet. The house includes a gym set over three floors featuring a boxing ring, yoga studio and a High Intensity Interval Training ('HIIT') area.

Geographic Business Review *(continued)*

Support Office

The Group central costs have increased year on year as we have continued to invest in our central team to support the growth of the business. This includes investment in people, systems and the building out of our digital engineering, product & design department, to support the rollout of new sites and pipeline of future developments which are described in "Future Developments".

The Group has continued to focus on efficiencies as well as trying to support and drive revenue. Management continues to invest in supporting the growth of the business which shows a strong pipeline of new developments in 2020 and further ahead – see "Future Developments". In light of the COVID-19 situation, there may be delays to these projects but the Group has continued moving ahead with these projects in 2020.

Investment and Financing

The Group has continued to invest in the growth of the business as well as maintaining our properties to the highest standards. The Group has funded the various investments in the current year from its own working capital and available facilities from existing lenders and new equity partners.

The Group has capitalised tangible fixed assets totalling £94.2m in the period funded by a combination of landlord financing and our own working capital. As the Group reached completion on major construction projects through its Soho House Design business unit, this has resulted in incremental construction related receivables, work in progress and accruals for costs with an impact on current assets and current liabilities.

In April 2017, the Group signed an agreement to refinance the majority of its existing debt to support future growth. The key elements were:

- A £275 million private senior secured loan ("Permira Senior Facility") with a five-year maturity from closing at LIBOR + 7%; £250 million of this loan was drawn in April 2017 with the additional £25 million being drawn in October 2017. The facility is secured on a fixed and floating charge basis over certain assets of the group; and
- A further £100 million of available financing, under the Permira Senior Facility, to drive further global expansion of the business on the same terms.

In February 2018 and June 2018, the Company drew an additional £20 million and £25 million, respectively, under the Permira Senior Facility. The Company drew an additional €41.2 million in April 2019 under the Permira Senior Facility to finance the Scorpios Acquisition.

In February 2019, the Group refinanced its $53.6m term loan, $11.7m mezzanine loan and its preferred shares totalling $15m issued to the former landlord to the Miami property as the original loan reached maturity being due in March 2019 and April 2019. The new loan is secured on the Miami property.

In 2019, the Group completed a $100m (£78.8m) equity funding round, which was led by Raycliff Capital (note 20).

In December 2019, the Group replaced its revolving credit facility of £35 million with a new £55m facility with HSBC. At 29 December 2019, the Group had £15.4m remaining to draw against the new facility. The facility is secured on a fixed and floating charge basis over certain assets of the Group.

Taking account of the above and in assessing the going concern basis of preparation of the consolidated financial statements for the period ended 29 December 2019, the directors have taken into consideration detailed cash flow forecasts for the Group, the Group's forecast compliance with bank covenants and the continued availability of funding to the Group from banks and shareholders. The directors consider that the Group has sufficient financial resources together with an established and cash generative business model, and access to borrowing facilities. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully.

Future developments

The Group continues to look for new opportunities to expand the Soho House brand both domestically and *internationally*.

Future UK house openings in 2020 include 180 House, occupying the top three floors at 180 The Strand, London. The remaining floors will be split between a third London Soho Works site as well as four floors for the UK support office which has now moved. Also anticipated openings in 2020 are the relaunched Soho Roc House in Mykonos, Little House Brixton, Canouan and Tel Aviv with Paris, Brighton and Rome to follow in 2021.

In 2021, we are opening a House with 46 hotel rooms, a pool and cinema in Austin, Texas. This is a 50,000 square foot property and forms part of a larger new development on South Congress Avenue.

In addition, we have projects for sites in Milan, Nashville, Portland and Lisbon. Other projects currently in the pipeline include, San Francisco, New Orleans, Hudson Valley (upstate New York), Mexico City and Philadelphia.

Further Soho Works sites to open in 2020 include three sites in New York, one site in Los Angeles and three sites in London.

We will also will continue building out the Digital House experience, including our new app, for our members. In 2019 we invested in digital engineering and product & design department.

Going concern and post balance sheet events

In March 2020, the World Health Organisation declared a global pandemic due to the COVID-19 virus that has spread across the globe, causing different governments and countries to enforce restrictions on people movements, a stop to international travel, and other precautionary measures. This has had a widespread impact economically and a number of industries have been heavily affected.

The COVID-19 pandemic has significantly impacted our business and we have had to temporarily close, from the middle of March 2020, all of our Houses, hotels and public restaurants which will have an impact on our revenues. While we continue to collect membership fees, the closure of our Houses has required us to reduce our variable costs substantially and fixed costs, where possible, to offset this impact. This has also had an impact on our workforce, albeit we have been able to leverage some financial assistance through government support schemes. At the time that these financial statements were authorised for issue, nearly all of our houses have now re-opened except 5 houses which we hope to reopen by the end of the Summer 2020.

Despite the challenges relating to opening the remaining Houses, the directors and management believe that the business is well positioned to be able to navigate through the impact of COVID-19 due to its available cash and working capital position, its ability to manage its costs, and the strength and flexibility of its service proposition.

In April 2020, the Group secured an additional £20m liquidity through extending the existing revolving credit facility. With respect to the Permira senior facility, we have elected to PIK (payment in kind) the cash interest due for the quarter ended June 2020 and have the option to do this for the September quarter. We have also secured $22m (c.£18m) of liquidity from an additional borrowing facility. Finally, we have also raised $100m (c.£81m) worth of new equity through an issuance of 'C' ordinary shares which completed in May 2020. At the same time, the Group capitalised the Shareholder loan notes issuing 'A' ordinary shares to the holders of the loan notes. The number of A' ordinary shares issued was determined based on share price from the May 2020 equity issuance. The value of the loan notes and shares issued was £18.5m.

Key performance indicators

In line with our operating objectives we use financial KPIs. Where relevant, KPIs are used as our primary measures of whether we are achieving our objectives, however, the scale and size of our operations means we use many other detailed performance measures in addition to KPIs. We also use KPIs to measure performance against our primary objective of growing our businesses to create value for our shareholders. We use qualitative assessments to judge progress against our objectives in areas where numerical measures are less relevant.

The KPIs used to measure performance include gross profit margin and Adjusted EBITDA margin for our Core business. We benchmark these measures against the appropriate industry competitors and make the necessary controls to ensure that we achieve our target ratios. The ratios below relate to the Group's Core activities.

	52 weeks ended 29 December 2019	**52 weeks ended 30 December 2018**
Gross profit margin – Core	83.5%	83.7%
Adjusted EBITDA margin – Core	13.7%	14.5%

Impact of Brexit

The United Kingdom ('UK') formally left the European Union ('EU') on 30 January 2020. The period of time from when the UK voted to exit the EU on 23 June 2016 and the formal process initiated by the UK government to withdraw from the EU, or Brexit, created volatility in the global financial markets. The UK now enters a transition period, being an intermediary arrangement covering matters like trade and border arrangements, citizens' rights and jurisdiction on matters including dispute resolution, taking account of The EU (Withdrawal Agreement) Act 2020, which ratified the Withdrawal Agreement, as agreed between the UK and the EU. The transition period is currently due to end on 31 December 2020 and ahead of this date, negotiations are ongoing to determine and conclude a formal agreement between the UK and EU on the aforementioned matters.

As the Group operates subsidiaries in many countries, there are several channels available to us to continue business with the same customers, should the need arise, with little to no effect from Brexit changes. As such, the Directors currently deem that the effects of the UK's current transitional period outside the EU and the impact of ongoing discussions with the EU will not have a significant impact on the Group's operations due to the global geographical footprint of the business and the nature of its operations. However, the Directors and Senior Leadership Team are closely monitoring the situation to be in a position to manage the risk of any volatility in global financial markets and impact on global economic performance due to Brexit.

Principal risks and uncertainties

In addition to the opportunities we have to grow and develop our business, the Group faces a range of risks and uncertainties as part of both its day to day operations and its corporate activities.

Changes in consumer discretionary spending and general economic factors may adversely affect our results of operations.

We believe our profitability is correlated to discretionary spending, which is influenced by general economic conditions, and the availability of discretionary income and consumer confidence. International, regional and local economic conditions can adversely affect disposable consumer income and consumer confidence.

Principal risks and uncertainties *(continued)*

Changes in consumer discretionary spending and general economic factors may adversely affect our results of operations (continued)

Economic conditions remain volatile and have worsened as result of COVID-19. As a result, our members and other guests may have lower disposable income and reduce the frequency with which they dine out or travel or may choose more inexpensive restaurants, lower cost hotels or otherwise reduce the costs or frequency of their travel and leisure activities in the future. Even an uncertain economic outlook may adversely affect consumer spending in our hospitality operations, as consumers spend less in anticipation of a potential prolonged economic downturn. Unfavourable changes in these factors or in other economic conditions affecting our members and guests could reduce spending in some or all of our properties, impose practical limits on our pricing and increase our costs. Any of these factors could lower our profit margins and have a material adverse effect on our results of operations.

Our continued growth depends on our ability to expand our presence in new and existing markets and develop complementary properties, concepts and product lines.

A substantial amount of our historical growth has been due to successfully establishing Houses in nine major cities across five countries and integrating complementary products and services across our Houses. We intend to replicate our model on an individualised but consistent basis and continue focusing on the cross-selling opportunities created by our comprehensive portfolio of properties. Our continued growth is dependent upon a number of factors, many of which are beyond our control, including our ability to: find quality locations and reach acceptable agreements regarding the lease or purchase of locations; convey the exclusivity of the *Soho House* brand to new markets to attract our target membership; comply with applicable zoning, land use and environmental laws, regulations and requirements; raise or have available an adequate amount of money for construction, development and opening costs; secure acceptable suppliers, particularly in emerging markets; and timely hire, train and retain the skilled management, chefs and other employees necessary to meet staffing needs.

Typically, there has been a "ramp-up" period of time before we expect a new property to achieve our targeted level of performance. We believe pending demand supports our continued growth but there can be no assurance we will successfully attract enough guests to new properties, or that the operating results generated at new properties will meet our expectations or equal the operating results generated at our existing properties or that we will successfully complete development and expansion projects on a timely basis. Our capital and other expenditures may also be higher than expected due to cost overruns, unexpected delays or other unforeseen factors. We may also incur costs for Houses and other concepts which fail to open due to unforeseen circumstances, which could lead to material adverse effects on our business, results of operations and prospects.

We have certain fixed costs which we may be unable to adjust in a timely manner in response to a reduction in turnover.

The costs associated with owning and operating our properties are significant, some of which may not be altered in a timely manner in response to changes in demand for services. Rent expense and property taxes constitute our primary fixed costs and our profitability is dependent on our ability to anticipate and react to increases in food, labour, employee benefits, and similar costs over which we have limited or no control. Food and beverage costs are a significant part of our operating expenses and have increased significantly in recent years and we anticipate those increases may continue. If our turnover declines and we are unable to reduce our expenses in a timely manner, or are unable or unwilling to pass these costs on to our guests, our results of operations could be adversely affected.

Principal risks and uncertainties *(continued)*

If we are unable to compete effectively, our business and operations will be adversely affected.

We compete in numerous segments of the restaurant, hotel and beauty care services and products industries. We face direct competition from other private members' clubs that exist locally to our own Houses, notwithstanding that other local clubs do not possess a comparable geographic reach, portfolio or offering. No assurance can be given that these competing local clubs, or another new entrant in the private club industry, will not expand and compete with our Houses locally or globally. We do face competition from other operators in each of the other industry segments in which we operate, such as restaurants, boutique hotels and beauty care and service providers. We believe that these segments are highly competitive and primary competitive factors include name recognition, demographic considerations, effectiveness of public relations, quality of service, convenience of location, quality of the property, pricing and range and quality of services and amenities offered. We compete with other restaurants, boutique hotels and beauty care and service providers on a local level, as well as on a global level against certain larger chains with properties in the markets in which we operate. If we are unable to compete effectively, we could lose market share, which could adversely affect our business and operations.

Labour shortages or increases in labour costs could slow our growth or harm our business.

Our success depends in part upon our ability to attract, motivate and retain a sufficient number of highly qualified employees necessary to continue our operations and keep pace with our growth. Qualified individuals that we need to fill these positions are in short supply and competition for these employees is intense. If we are unable to recruit and retain sufficient qualified individuals, our business and our growth could be adversely affected. Competition for qualified employees could require us to pay higher wages, which could result in higher labour costs. If our labour costs increase, our results of operations will be negatively affected.

We have debt, and we may incur additional indebtedness, which may negatively affect our business and financial results.

Our debt could negatively affect our business and operations in several ways, including:

- requiring us to use a substantial portion of our funds from operations to make required payments on principal and interest, which would reduce funds available for operations and capital expenditures, working capital, acquisitions, joint ventures, future business opportunities and other purposes; and
- making us more vulnerable to, and decreasing our flexibility to respond to, economic and industry downturns.

If we increase our leverage, the resulting increase in debt service could adversely affect our ability to make payments on our indebtedness and harm our business and operations.

We are exposed to currency fluctuation risks in several different countries that could adversely affect our profitability.

Our results of operations may be affected by transaction effects and translation effects of foreign currency exchange rate fluctuations. We are exposed to transaction effects when one of our subsidiaries incurs costs or generates sales in a currency different from its functional currency. Fluctuations in exchange rates may also affect the relative competitive position of our production facilities, as well as our ability to market our products successfully in other markets. We are exposed to currency fluctuations when we convert currencies that we may receive for our products, services and membership fees, into currencies required to pay our debt, or into currencies in which we purchase raw materials, meet our fixed costs or pay for services, which could result in a gain or loss depending on fluctuations in exchange rates. Certain of our sales are invoiced in currencies other than Pounds sterling, namely Euros, U.S. dollars, Hong Kong dollars, Indian rupees, Turkish lira and Canadian dollars, among others, while our consolidated sales are reported in Pounds sterling. If the value of the Pound sterling declines against currencies in which our obligations are denominated or increases against currencies in which our sales are denominated, our results of operations and financial condition could be adversely affected.

Principal risks and uncertainties *(continued)*

Property could be disproportionately harmed by natural disasters, such as a hurricane and earthquakes.

Certain of our locations such as Miami, Los Angeles and Hong Kong mean they are more susceptible to natural disasters than others, which could adversely affect the properties. While we maintain property and business interruption insurance, we carry large deductibles, and there can be no assurance that if a, hurricane or other natural or man-made disaster or catastrophe should affect our operations, we would be able to maintain our current level of operations or profitability, or that property and business interruption insurance would adequately reimburse us for our losses.

Our global operations involve additional risks, and our exposure to these risks will increase as our business continues to expand

We operate a global business and are hence exposed to geopolitical risk in the jurisdictions that we operate. We operate in a number of jurisdictions and intend to continue to expand our global presence (see future developments), including in emerging markets. We face complex, dynamic and varied risk landscapes in the markets in which we operate. As we enter countries and markets that are new to us, we must tailor our services and business model to the unique circumstances of such countries and markets, which can be complex, difficult, costly and divert management and personnel resources. Specifically, during 2019 the current political situation in Hong Kong has been closely monitored by the Group and could adversely affect our operations in the Hong Kong area in the future.

Our results of operations may be negatively impacted by the COVID-19 outbreak

In December 2019, COVID-19 surfaced in Wuhan, China. The World Health Organization declared a global emergency on 30 January 2020. The impacts of the outbreak are unknown and rapidly evolving.

The widespread health crisis could adversely affect the global economy, resulting in an economic downturn that could impact demand in our House, public restaurants and hotels. There may also be an impact on our development pipeline which could result in delays to planned openings as well as cancelations.

The future impact of the outbreak is highly uncertain and cannot be predicted and there is no assurance that the outbreak will not have a material adverse impact on the future results of the Group. The extent of the impact, if any, will depend on future developments, including actions taken to contain COVID-19.

Financial risk management objectives and policies

The group uses various financial instruments which include cash, trade debtors, trade creditors, loans and other financing and amounts due to group undertakings that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The existence of these financial instruments exposes the group to a number of financial risks, which are described in more detail below. The main risks arising from the Group's financial instruments are foreign exchange risk, interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous periods.

i. Foreign exchange risk

As a result of the significant investment in operations in Europe and the United States of America, the Group's balance sheet and profit and loss can be significantly affected by movements in the Euro/sterling and USD/sterling exchange rates. The Group minimises its exposure to investments in foreign currencies where possible by aligning the currencies of liabilities and assets.

Financial risk management objectives and policies *(continued)*

ii. Liquidity risk

The Group manages its liquidity needs by monitoring scheduled capital expenditure commitments, interest and debt servicing payments as well as forecast cash inflows and outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day and 90 day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified at regular periodic intervals. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Group's objective is to maintain cash to meet its liquidity requirements for 30-day periods at a minimum. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

iii. Interest rate risk

The Group is exposed to cash flow interest rate risk on floating rate deposits, bank loans and overdrafts. The Group's principal source of financing is its senior secured loan with Permira Debt Managers which has a minimum LIBOR rate.

iv. Credit risk

Credit risk is the risk of loss from amounts owed by customers and financial counterparties. Credit risk can occur at multiple levels; as a result of broad economic conditions, challenges within specific sectors of the economy, or from issues affecting individual companies. Financial instruments that potentially subject the Group to credit risk consist of cash and cash equivalents and accounts receivable in relation to its non-Core business. While the Group has a concentration of credit risk in relation to certain customers, this risk is mitigated by monthly payments on account and credit checks on customers.

The Group maintains cash and cash equivalents with major financial institutions. The Group's cash and cash equivalents consist of bank deposits held with banks that, at times, exceed government insured limits. The Group limits its credit risk by dealing with counterparties that are considered to be of high credit quality.

Supplier payment policy

The Group's policy in relation to suppliers is to pay them within the credit terms specified, provided that the supplier is also complying with all relevant terms and conditions.

Employee involvement

The flow of information to staff is maintained via our internal intranet. Members of staff are able to communicate with the management team on a regular basis to discuss matters of current interest and concern to the business.

On behalf of the board

N K A Jones

Director

22 July 2020

The directors present their report together with the audited financial statements for the period ended 29 December 2019.

Results and dividends

The consolidated statement of comprehensive income is set out on page 20 and shows the loss for the period. The directors do not recommend any dividend be paid (30 December 2018 - £Nil).

Directors

The directors of the company during the period were:

R Burkle
R A Caring
N K A Jones
B B Nugent
M D Ein
B Siegal (Appointed 23 August 2019)

Directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Companies (Jersey) Law 1991 requires the directors to prepare financial statements for each financial period. Under that law, the directors have elected to prepare the Group financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (including Financial Reporting Standard 102 'The Financial Reporting Standard in the UK and Republic of Ireland') and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information on the Group's website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors have included information in relation to financial risk management objectives and policies, information on exposure to certain risks, post balance sheet events, future developments in the business and descriptions of employee involvement policies in the strategic report on pages 2 to 14.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on pages 2 to 14 and the financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the notes to the financial statements, in particular in the consolidated cash flow statement on page 25, note 18 (financial instruments).

These financial statements have been prepared on the going concern basis (note 1). The Directors have reviewed the Group's going concern position taking account of its current business activities, budgeted performance and the factors likely to affect its future development, are set out in its Annual report, including the Group's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposure to credit and liquidity risks. Furthermore, in assessing the going concern basis of preparation of the consolidated financial statements for the period ended 29 December 2019, the directors have taken into consideration detailed cash flow forecasts for the Group, the Group's forecast compliance with bank covenants and the continued availability of funding to the Group from banks and shareholders.

The impact of the coronavirus (COVID-19) pandemic on the group and the resultant global economic uncertainties have been considered by the Directors who have undertaken an re-assessment of the cashflow forecasts covering a period of at least 12 months from the date of approval of the financial statements. Cashflow forecasts have been prepared based on a range of scenarios including, but not limited to, no further debt or equity funding, the timing of opening of our houses staggered and/or deferred to the end of the calendar year, cost reductions, both limited and extensive, and a combination of these different scenarios. We have assessed the sensitivity analysis on cashflows, and in order to finance these cashflow forecasts, we have completed a series of positive working capital events since the year end, including access to an additional £20m through extending an existing revolving credit facility, securing $22m (c.£18m) of liquidity from an additional borrowing source, and raising $100m (c.£81m) of new equity (for all subsequent events, see note 25).

The directors and management believe that these actions place the Group with sufficient working capital (which includes cash and cash equivalents) to achieve its plans to recover from the impact of the pandemic. The key factors in relation to these plans are:

- the timing of re-opening of Houses in a manner that is compliant with local laws and regulations as well as anticipated demand
- the level of in-house sales activity (primarily sales of food and beverage) that, even after opening, may be subject to reduced capacity a result of on-going restrictions; and
- the implementation of extensive cost reduction measures that continue to support the timing of house re-openings and anticipated levels of capacity, together with deferral of uncommitted and /or discretionary capital expenditure.

Based on the available cash as a result of completed financing events discussed above, and the plans that have been put in place to re-open houses in a cost controlled manner, the directors believe that the global group will be able to operate within its existing facilities, meet all of its covenant requirements and have the continued support of its banks and shareholders throughout the going concern period.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

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

On behalf of the board

N K A Jones.

N K A Jones
Director

22 July 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOHO HOUSE HOLDINGS LIMITED

Opinion

We have audited the consolidated financial statements (the "financial statements") of Soho House Holdings Limited (the "Parent Company") and its subsidiaries (together "the Group") for the 52 week period ended 29 December 2019 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and notes 1 to 25 to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 29 December 2019 and its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Other information *(continued)*

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion;

- proper accounting records have not been kept by the Parent Company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement within the within the report of the Directors', the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Iain Henderson
For and on behalf of BDO LLP
Chartered Accountants
London
Date: 22 July 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Soho House Holdings Limited

Consolidated statement of comprehensive income

	Note	52 weeks ended 29 December 2019 £'000	52 weeks ended 30 December 2018 £'000
Turnover	3	**504,630**	432,531
Cost of sales		**(95,893)**	(102,523)
Gross profit		**408,737**	330,008
Administrative expenses		**(439,592)**	(350,936)
Other operating income	4	**-**	486
Loss on disposal of fixed assets		**(1,049)**	(478)
Adjusted EBITDA*		**66,059**	56,442
Depreciation and amortisation	4	**(49,401)**	(40,074)
New site development costs	2	**(14,037)**	(12,382)
Non cash rent	2	**(14,623)**	(6,088)
Share of joint venture Adjusted EBITDA	2	**(5,979)**	(4,990)
Foreign exchange	4	**2,675**	(984)
Other exceptional items	2	**(15,549)**	(12,366)
Loss on disposal of fixed assets		**(1,049)**	(478)
Group operating loss	4	**(31,904)**	(20,920)
Share of loss on joint ventures	11, 16	**(11,465)**	(1,336)
Loss on ordinary activities before interest		**(43,369)**	(22,256)
Other interest receivable		**1,072**	1,159
Interest payable	7	**(51,222)**	(44,256)
Loss on ordinary activities before taxation		**(93,519)**	(65,353)
Taxation charge on loss on ordinary activities	8	**(3,446)**	(1,897)
Loss for the financial period		**(96,965)**	(67,250)

Note 1 to 25 form part of these financial statements.

Soho House Holdings Limited

Consolidated statement of comprehensive income

	Note	52 weeks ended 29 December 2019 £'000	52 weeks ended 30 December 2018 £'000
Loss for the financial period		**(96,965)**	(67,250)
Exchange differences on foreign currency net investments		**(2,617)**	4,614
Other comprehensive (loss)/ income for the period		**(2,617)**	4,614
Total comprehensive loss for period		**(99,582)**	(62,636)
Loss for the financial period attributable to:			
Non-controlling interest		**1,445**	18
Owners of the parent company		**(98,410)**	(67,268)
		(96,965)	(67,250)
Total comprehensive loss attributable to:			
Non-controlling interest		**1,385**	18
Owners of the parent company		**(100,967)**	(62,654)
		(99,582)	(62,636)

* Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, foreign exchange, new site development costs, non-cash rent, profit or loss on disposal of fixed assets and joint venture undertakings and other exceptional items and including share of joint venture Adjusted EBITDA.

Notes 1 to 25 form part of these financial statements.

Soho House Holdings Limited

Consolidated statement of financial position

Company number 109634	Note	29 December 2019 £'000	29 December 2019 £'000	30 December 2018 £'000	30 December 2018 £'000
Fixed assets					
Intangible assets	9		157,032		118,374
Tangible assets	10		437,365		384,633
Investments in joint ventures	11		9,676		9,491
Loans to joint ventures	11		14,233		13,748
			618,306		526,246
Current assets					
Stocks	12	21,743		14,789	
Debtors:					
- due within one year	13	56,419		61,319	
- due after more than one year	13	2,174		1,906	
Total debtors		58,593		63,225	
Cash at bank and in hand	14	33,226		48,177	
		113,562		126,191	
Creditors: amounts falling due within one year	15	(209,454)		(265,275)	
Net current liabilities			(95,892)		(139,084)
Total assets less current liabilities			522,414		387,162

Notes 1 to 25 form part of these financial statements.

Soho House Holdings Limited

Consolidated statement of financial position

	Note	29 December 2019 £'000	29 December 2019 £'000	30 December 2018 £'000	30 December 2018 £'000
Provisions for liabilities	16		**8,105**		**-**
Creditors: amounts falling due after more than one year	17		**670,216**		**471,848**
Capital and reserves					
Called up share capital	20	**169,436**		**166,585**	
Share premium		**23,070**		**-**	
Capital contributions		**13,692**		**13,692**	
Profit and loss account		**(375,782)**		**(274,815)**	
Deficit attributable to owners *of the parent company*			**(169,584)**		**(94,538)**
Non-controlling interests			**3,677**		**(148)**
Preference shares in subsidiary undertaking	20		**10,000**		**10,000**
			522,414		**387,162**

The financial statements were approved by the board of directors and authorised for issue on 22 July 2020.

N K A Jones

N K A Jones
Director

Notes 1 to 25 form part of these financial statements.

Soho House Holdings Limited

Consolidated statement of changes in equity

	Share capital	Share premium	Capital contributions	Profit and loss account	Equity attributable to owners of the parent company	Non-controlling interests	Preference shares in subsidiary undertaking	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2018	**166,585**	-	**13,692**	**(212,161)**	**(31,884)**	**(166)**	**10,000**	**(22,050)**
Comprehensive loss for the period:								
Loss for the period	-	-	-	(67,268)	(67,268)	**18**	-	**(67,250)**
Other comprehensive income for the period:								
Exchange differences on foreign currency net investments	-	-	-	4,614	4,614	-	-	**4,614**
Total comprehensive loss for the period	-	-	-	**(62,654)**	**(62,654)**	**18**	-	**(62,636)**
At 30 December 2018	**166,585**	-	**13,692**	**(274,815)**	**(94,538)**	**(148)**	**10,000**	**(84,686)**
At 31 December 2018	**166,585**	-	**13,692**	**(274,815)**	**(94,538)**	**(148)**	**10,000**	**(84,686)**
Acquisition of non-controlling interests	-	-	-	-	-	2,440	-	2,440
Issue of shares *(classified as equity, net of issuance costs)*	2,851	23,070	-	-	25,921	-	-	25,921
Comprehensive loss for the period:								
Loss for the period	-	-	-	(98,410)	(98,410)	1,445	-	(96,965)
Other comprehensive income for the period:								
Exchange differences on foreign currency net investments	-	-	-	(2,557)	(2,557)	(60)	-	(2,617)
Total comprehensive loss for the period	-	-	-	**(100,967)**	**(100,967)**	**1,385**	-	**(99,582)**
At 29 December 2019	**169,436**	**23,070**	**13,692**	**(375,782)**	**(169,584)**	**3,677**	**10,000**	**(155,907)**

Notes 1 to 25 form part of these financial statements.

Soho House Holdings Limited

Consolidated statement of cash flows

	52 weeks ended 29 December 2019 £'000	52 weeks ended 30 December 2018 £'000 (Restated)
Cash flows from operating activities		
Loss for the financial period	(96,965)	(67,250)
Adjustments for:		
Depreciation and amortisation of fixed assets	49,401	40,074
Loss on disposal of fixed assets	1,524	478
Share of loss for the year of joint venture undertakings	11,465	1,336
Net interest payable	50,150	43,097
Taxation charge	3,446	1,897
Increase in trade and other debtors	(2,594)	(10,067)
Increase in stocks	(6,849)	(3,855)
Increase in trade and other creditors	12,293	61,329
Cashflows from operations	21,871	67,039
Interest paid	(36,132)	(27,820)
Taxation paid	(4,549)	(237)
Net cash (outflow)/ inflow from operating activities	(18,810)	38,982
Cash flows used in investing activities		
Insurance proceeds in respect of tangible fixed assets	772	304
Proceeds from sale of tangible fixed assets	37	681
Purchases of tangible fixed assets – see note 10	(86,303)	(92,666)
Purchases of intangible assets	(10,762)	(5,695)
Interest received	310	-
Acquisition of subsidiaries, net of cash - see note 24	(38,364)	-
Investment in joint venture undertakings	(157)	(239)
Cash inflows from joint venture undertakings	1,198	2,666
Net cash used in investing activities	(133,269)	(94,949)
Cash flows from financing activities		
Proceeds from issue of shares, net of issue costs	65,289	-
Permira Senior Facility – drawn	35,539	45,000
Revolving credit facility – repaid	(32,152)	-
Revolving credit facility – drawn	39,588	597
Repayment of loans and preference shares	(61,587)	(911)
Shareholder loans drawn	3,500	10,000
Shareholder loans repaid	(13,500)	-
Proceeds from property mortgage and other loans	89,635	4,902
Capital element of lease drawn down – see note 10	18,809	14,494
Capital element of lease repaid	(1,576)	(1,292)
Debt issue costs incurred	(5,890)	(1,212)
Other loans repaid	(2,974)	-
Net cash inflow from financing activities	134,681	71,578
Net (decrease)/ increase in cash and cash equivalents	(17,398)	15,611
Cash and cash equivalents at beginning of period	48,177	32,647
Foreign exchange gains and losses	2,447	(81)
Cash and cash equivalents at end of period	33,226	48,177

Note 1 to 25 form part of these financial statements.

1 Accounting policies

General information

Soho House Holdings Limited is a private company incorporated in Jersey under the Companies (Jersey) Law 1991. The Registered Office is Intertrust Secretaries (Jersey) Limited, 44 Esplanade, St Helier, Jersey, JE4 9WG.

The Group operates exclusive, private members clubs ("Houses") as well as hotels, restaurants and spas primarily across major metropolitan cities including London, New York, Los Angeles, Miami, Chicago, Toronto, Amsterdam, Berlin, Barcelona, Mumbai, Hong Kong and Istanbul. The Strategic Report sets out a detailed review of the Group's business activities.

Statement of compliance

The group financial statements of Soho House Holdings Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and in accordance with the requirements of the Companies (Jersey) Law 1991.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

The Group have applied FRS 102 (March 2018) in these financial statements including amendments as a result of the Triennial Review 2017.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

a) *Basis of Preparation*

These consolidated financial statements are prepared on a going concern basis, under the historical cost convention and are in accordance with the applicable accounting standards.

All numbers presented are in £000's, unless otherwise stated.

b) *Going concern*

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 14. The financial position of the group, its cash flows, liquidity position and borrowing facilities are also described in the Strategic Report on pages 2 to 14.

In assessing the going concern basis of preparation of the consolidated financial statements for the period ended 29 December 2019, the directors have taken into consideration detailed cash flow forecasts for the Group, the Group's forecast compliance with bank covenants and the continued availability of funding to the Group from banks and shareholders.

The impact of the coronavirus (COVID-19) pandemic on the group and the resultant global economic uncertainties have been considered by the Directors who have undertaken an re-assessment of the cashflow forecasts covering a period of at least 12 months from the date of approval of the financial statements.

1 **Accounting policies** *(continued)*

Going concern (continued)

Cashflow forecasts have been prepared based on a range of scenarios including, but not limited to, no further debt or equity funding, the timing of opening of our houses staggered and/or deferred to the end of the calendar year, cost reductions, both limited and extensive, and a combination of these different scenarios. We have assessed the sensitivity analysis on cashflows, and in order to finance these cashflow forecasts, we have completed a series of positive working capital events since the year end, including access to an additional £20m through extending an existing revolving credit facility, securing $22m (c.£18m) of liquidity from an additional borrowing source, raising $100m (c.£81m) of new equity (for all subsequent events, see note 25).

The directors and management believe that these actions place the Group with sufficient working capital (which included cash and cash equivalents) to achieve its plans to recover from the impact of the pandemic. The key factors in relation to these plans are:

- the timing of re-opening of Houses in a manner that is compliant with local laws and regulations as well as anticipated demand;
- the level of in-house sales activity (primarily sales of food and beverage) that, even after opening, may be subject to reduced capacity a result of on-going restrictions; and
- the implementation of extensive cost reduction measures that continue to support the timing of house re-openings and anticipated levels of capacity, together with deferral of uncommitted and/ or discretionary capital expenditure.

The directors consider that the Group has sufficient financial resources together with an established and cash generative business model, and access to borrowing facilities. As a consequence, the directors believe that the Group is able to manage its business risks successfully.

Based on the available cash as a result of completed financing events discussed above, and the plans that have been put in place to re-open houses in a cost controlled manner, the directors believe that the Global Group will be able to operate within its existing facilities, meet all of its covenant requirements and have the continued support of its banks and shareholders throughout the going concern period

Based on this assessment the directors are confident that the Group will have adequate resources to continue in operational existence for the foreseeable future, which is a period of at least 12 months from the date of approval of these financial statements. Accordingly they continue to adopt the going concern basis in preparing the consolidated financial statements for the period ended 29 December 2019.

c) Basis of consolidation

The group financial statements consolidate the financial statements of Soho House Holdings Limited and all its subsidiary undertakings as at 29 December 2019 using the acquisition method of accounting. The results of subsidiary undertakings are included from the date control is obtained.

Soho House Holdings Limited was formed on 15 December 2017 with one share issued to Yucaipa American Alliance Fund II. Soho House Holdings Limited is a Jersey limited company that is tax domiciled in the United Kingdom. On 28 December 2017, Soho House Holdings Limited undertook a series of reorganisation transactions among entities under common control ("Reorganisation Transactions") through a share for share exchange, whereby existing shareholders contributed their shares in Soho House & Co Limited to Soho House Holdings Limited and, in return, received Class A Ordinary Shares, Class B Ordinary Shares, Class C Ordinary Shares and Class D Ordinary Shares in proportion to their previous ownership of the Class A Ordinary Shares and Class B Ordinary Shares in Soho House & Co Limited. The Class C Ordinary Shares and Class D Ordinary Shares were cancelled on December 28, 2017, as part of the Quentin disposal (with occurred in 2017). Soho House Holdings Limited did not have any operations prior to the completion of the Reorganisation Transactions.

1 Accounting policies *(continued)*

Basis of consolidation (continued)

The financial statements have been prepared under the merger method of accounting because the transaction under which the entities were acquired was effectively a group reconstruction with no changes in the ultimate ownership of the Group and all shareholdings were exchanged in a share for share exchange. Under the method, the results of the subsidiaries are presented in a continuation of the combined Group. The result is to present the financial statements as if Soho House Holdings Limited had always owned the Group.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the Group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity it accounts for that entity as a subsidiary.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

Where control of a subsidiary is lost, the gain or loss is recognised in the consolidated statement of comprehensive income. The cumulative amounts of any exchange differences on translation, recognised in equity, are not included in the gain or loss on disposal and are transferred to retained earnings. The gain or loss also includes amounts included in other comprehensive income that are required to be reclassified to profit and loss but excludes those amounts that are not required to be reclassified.

a) Turnover

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Group and value added taxes.

The Group bases its estimate of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The Group recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the customer; (b) the Group retains no continuing involvement or control over the goods or services; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the Group's revenue streams have been met, as described below.

The Group's revenues are derived from food and beverage and related services provided to customers, membership income, sale of bedrooms and related services provided to hotel customers, sale and distribution of home retail and beauty products and construction and project management services and sponsorship income.

1 Accounting policies *(continued)*

Turnover (continued)

Food and beverage

These revenues are recorded net of value added tax collected from customers and are recognised as the related services are delivered.

Bedrooms

Hotel revenue is recognised when the rooms are occupied and the services are performed. Deferred revenue consisting of deposits paid in advance is recognised as revenue when the customer occupies the room.

Membership income

Membership income is paid in advance and is deferred and recognised on a monthly basis over the membership period. Joining fees relate to administration fees and therefore are recognised as revenue on commencement of membership.

Sale of home retail and beauty products and services

Retail stores record revenue at the point of sale. This revenue is recorded net of value added tax. Sales made online include shipping revenue and are recognised upon delivery to the customer. Sales of gift vouchers are treated as future liabilities, and revenue is recognised when the gift vouchers are redeemed against a later transaction.

Construction, design and project management

Revenue and profit on construction and design contracts is recognised by reference to the stage of completion, once the final outcome can be assessed with reasonable certainty. Full provision is made for all known or expected losses on individual contracts once such losses are foreseen.

Sponsorship income

Sponsorship income is recognised when the event being sponsored takes place.

a) *Long term contracts*

Contract work in progress is valued at total cost incurred plus attributable profits less foreseeable losses and applicable payments on account. Reliable estimation of the outcome requires reliable estimates of the stage of completion, future costs and collectability of billings. The Group determines the stage of completion of a transaction or contract using the method that measures most reliably the work performed and is generally determined by qualified quantity surveyors. Profit on long term contracts is taken as the work is carried out once the final outcome of the project can be assessed with reasonable certainty. Provision is made for losses on contracts in the period in which they are foreseen.

Progress payments and advances received from customers often do not reflect the work performed. Total cost includes direct cost and allocated overheads. The resultant balance on individual contracts i.e. gross amount due from customers for contract work, as an asset is included under debtors as "amounts recoverable on contracts", and the gross amount due to customers for contract work, as a liability is included under creditors as "payments received on account" or "accruals for foreseeable losses".

1 Accounting policies *(continued)*

b) Business combination and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction. Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life which is 20 years. Impairment tests on the carrying value of goodwill are undertaken:

- at the end of the first full financial year following acquisition;
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

For business combinations occurring after 1 January 2019, intangible assets acquired are recognised separately from goodwill only when they are separable from the acquired entity and give rise to other contractual/ legal rights. Prior to 1 January 2019, intangible assets acquired were recognised separately from goodwill when they were separable from the acquired entity or arose from other contractual/ legal rights.

Goodwill is amortised over 20 years and assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement.

c) Intangible assets other than goodwill

Trademarks are initially recognised in the balance sheet at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives which is 4 to 20 years.

Website, software and product development costs, which are amortised over their estimated useful lives ranging from 5 – 10 years, comprise computer software purchased from third parties as well as the cost of internally developed software, product and website development. Computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and are probable of producing future economic benefits are recognised as intangible assets. Direct costs include third party costs, software development employee costs and directly attributable overheads.

Software integral to a related item of hardware equipment is accounted for as property, plant and equipment and are initially recognised in the balance sheet at cost less accumulated amortisation and accumulated impairment losses.

Costs associated with maintaining computer software programs are recognised as an expense when they are incurred.

Internally developed software and website development costs are recognised only if all of the following conditions are met:

* an asset is created that can be separately identified;
* it is probable that the asset created will generate future economic benefits; and
* the development cost of the asset can be measured reliably.

1 Accounting policies *(continued)*

Intangible assets other than goodwill (continued)

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives from the date the software is available for use. Trademarks are amortised over 20 years being the directors' estimate of its useful economic life.

The assets are reviewed for impairment if there are indicators that the carrying amount may be impaired.

a) Tangible fixed assets and depreciation

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use. Depreciation is provided to write off the cost of all tangible fixed assets by equal instalments over their expected useful lives. It is calculated at the following rates:

Freehold property	-	between 50-100 years
Freehold land	-	Not depreciated
Capitalised property lease	-	over period of lease on straight line basis
Short leasehold property	-	over period of lease on straight line basis
Motor vehicles	-	4 years straight line
Furniture and equipment	-	2-5 years straight line
Office equipment	-	2-4 years straight line

Assets under construction are stated at cost with no provision for depreciation until the asset comes into use. For assets under construction, the Group capitalises all specifically identifiable costs related to development activities as well as interest costs incurred while activities necessary to get the property ready for its intended use are in progress.

b) Joint ventures

A joint venture is a contractual arrangement in which two or more parties (the venturers) undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control over an economic activity; it exists only where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing the control. Joint ventures can take the form of jointly controlled operations, jointly controlled assets, or jointly controlled entities.

In its consolidated financial statements, the Group accounts for a jointly controlled entity by using the equity method of accounting. Under the equity method of accounting, an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the Group's share of the profit and loss, other comprehensive income and equity of the jointly controlled entity as well as any impairment. In accordance with FRS 102, a joint venture's investment property can be recorded at fair value, and if required, the movement being in its profit and loss and in the Group's accounts it is reflected within 'share of profit/loss in joint venture'.

The Group, on acquisition of the investment, accounts for the difference between the cost of the acquisition and its share of fair value of the net identifiable assets as goodwill, which is included in the carrying amount of the investment (as part of the transaction price).

When the Group contributes or sells assets to a joint venture, the Group recognises only the portion of the gain or loss that is attributable to the interests of the other venturers. The Group recognises the full amount of any loss when the contribution or sale provides evidence of an impairment loss.

1 Accounting policies *(continued)*

Joint ventures (continued)

The Group's share of the jointly controlled entity's profit and loss and other comprehensive income are presented in the income statement. Distributions received from the jointly controlled entity reduce the carrying amount of the investment.

In a situation of losses in excess of the investment, after the Group's interest is reduced to zero, additional losses are provided for to the extent that the Group has incurred legal or constructive obligations or has made payments on behalf of the jointly controlled entity.

If there is an indication that an investment in a jointly controlled entity is impaired, the entire carrying amount is tested for impairment as a single asset. Any goodwill included as part of the carrying amount is not tested separately. The premium on acquisition is dealt with under the goodwill policy.

The Group discontinues the use of the equity method when it ceases to have joint control. Where a jointly controlled entity is disposed of, the gain/loss is the difference between the proceeds less the carrying amount relating to the proportion disposed of.

Where losses in joint ventures are in excess of the investment, after the Group's interest is reduced to zero, additional losses are provided for to the extent that the Group has incurred legal or constructive obligations or has made payments on behalf of the jointly controlled entity.

Where loans to joint ventures form part of the long-term funding for the joint venture, the loan is included within the carrying value of the joint venture in fixed asset investments, but separately disclosed.

c) Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's (or asset's cash generating unit) continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the income statement.

If an impairment loss subsequently reverses, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods.

d) Stocks

Crockery, glassware and service stock is valued at a par level representing the minimum amount of inventory needed to maintain operations with that amount recorded at its acquisition cost. All subsequent purchases are expensed as incurred. All other stock is stated at the lower of cost and selling price less costs to complete and sell and is determined using a weighted average cost method.

1 Accounting policies *(continued)*

Stocks (continued)

Cost includes the purchase price, including taxes, duties, transport and handling directly attributable to bringing the inventory to its present location and condition.

e) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively. Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all temporary timing differences at the balance sheet date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined based on the rates expected to apply on the date of reversal using tax rate and laws that have been enacted or substantively enacted by the reporting date.

f) Leased assets

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the reasonably assured term of the lease at inception. The charge to the profit and loss account includes non-cash rent expense arising from the recognition of stepped rent, on a straight line basis over the lease term

Reverse premiums and similar incentives received to enter into operating lease agreements are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the remaining period of the lease. Incentives are recognised from the point that inflows of future economic benefits to the Group become virtually certain and the Group has the ability to control the leased asset.

The Group has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (28 December 2014) and continues to credit such lease incentives to the profit and loss account over the period to the first review date on which the rent is adjusted to market rates.

1 Accounting policies *(continued)*

Leased assets (continued)

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Group's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account over the shorter of estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

Where the unavoidable costs as lessee of an operating lease exceed the economic benefit expected to be received from it, an onerous lease provision is made for the present value of the obligations under the lease. This is released over the remaining lease term.

g) Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Defined contribution pension plan

The Group operates a number of country-specific defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. Contributions to the Group's defined contribution pension scheme are charged to the profit and loss account in the period in which they become payable. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

h) Share based compensation

On 13 January 2012, Soho House Group headed by the Jersey registered company, Abertarff Limited was acquired by Soho House & Co Limited, another Jersey registered company and part of the Yucaipa Group of companies. As part of that transaction Soho House & Co Limited issued 4,469,417 B ordinary shares to its founder and CEO. These shares were restricted upon issuance and vest annually in equal installments over a five year service period, or cliff-vest at the time of a change of control transaction, if earlier. This issuance of shares is accounted for similar to a share option due to the consideration associated with the shares being due at the time of such shares being transferred or sold or, if earlier December 31, 2020.

1 Accounting policies *(continued)*

Share based compensation (continued)

All B shares became fully vested on 12 January 2017. There have been no additional grants of B ordinary shares or any other share-based awards, no modifications of existing awards and no forfeitures subsequent to January 2012.

Share-based compensation is measured at the estimated fair value of the award on the grant date by applying the Black-Scholes option-pricing valuation model and recognised as an expense on a straight-line basis over the vesting period of the award. The Company does not reduce share-based compensation for an estimate of forfeitures, which are inconsequential in light of historical experience. The determination of fair value of these awards is subjective and involves significant estimates and assumptions including expected term of the awards, implied volatility of the Company's shares, expected dividend yield of zero and the risk-free rate. Share-based compensation expense is recorded within administrative expense in the consolidated statements of operations.

o) Finance costs

Unless capitalised as part of an asset, finance costs are charged to profit over the term of the debt so that the amount charged is at a constant rate on the carrying amount, with the exception of those directly attributable to assets in the course of construction. Such costs are capitalised in the construction period from inception to when the asset is complete. Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument. In respect of extinguished debt, the unamortised debt issuance costs in relation to those financial instruments results in the acceleration of those unamortised debt issuance costs.

p) Exceptional items

Exceptional items are non-recurring material items which are outside the normal scope of the Group's ordinary activities. These items, in the Directors' view, are required to be separately disclosed by virtue of their nature or incidence to enable a full understanding of the Group's financial performance. Details of these items are provided in the relevant notes.

q) Foreign currency

Presentation currency

The Group financial statements are presented in pounds sterling and rounded to thousands.

Transactions and balances

Foreign currency transactions within the underlying individual subsidiaries are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. Any differences are taken to the profit and loss account.

Overseas operations

The results arising on consolidation of overseas operations are translated at the average rates of exchange during the year and the balance sheet translated into sterling at the rates of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings are taken to other comprehensive income.

1 Accounting policies *(continued)*

r) Reserves

Voluntary shareholder capital contributions and imputed interest on shareholder loans to the company are not credited to the Company's profit and loss account, but are credited to a special reserve ("Capital Contribution Reserve"). Profit and loss account includes all current and prior period retained profits and losses.

Preference shares – have been classified as liabilities on the basis the redemption of the financial instrument (including accrued interest) is only on a sale or exit of the business by existing shareholders or at the discretion of the company.

s) Financial Instruments

Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit and loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit and loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from shareholders and related Group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments, including shares issued with a redemption feature, are subsequently carried at amortised cost, using the effective interest rate method.

Finance costs are charged to profit and loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

1 Accounting policies *(continued)*

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

The Group does not hold or issue derivative financial instruments for trading purposes.

t) New site development costs

New site development costs include costs associated with the acquisition, opening, conversion and initial set up of new and converted sites including rent, overhead expenses, pre-opening marketing and incremental wages to support the "ramp-up" period of time to support the site in the initial period following opening. These are expensed as incurred.

u) Gains and losses on disposal of fixed assets

The profit and loss on the disposal of a fixed asset is accounted for in the profit and loss account of the period in which the disposal occurs as the difference between the net sales proceeds and the carrying amount.

v) Insurance claims

The Group maintains insurance policies to cover business interruption and property damage with terms that it believes to be adequate and appropriate. When the Group receives proceeds from the insurance claim in connection with property damage, which reimburses the replacement cost for repair or replacement of damaged assets, the proceeds are recognised as a reduction against the value of the assets written off. In addition business interruption proceeds reimburses the time-element of actual costs and lost profits following damage to property and are recognised in other operating income. Business interruption includes cost to expedite repairs, retention pay to workers temporarily displaced, and additional expenses to stay in business following damage to property which are recognised through the related expense line item. If there are any outstanding receivables in respect of insurance recoveries they are only recognised when the directors deem them to be virtually certain.

Critical accounting judgements and estimates

In the process of applying the Group's accounting policies as described above, management has made a number of judgements and estimations of which the following are the most significant:

Impairment of property, plant and equipment

The Group formally determines whether property, plant and equipment are impaired by considering indicators of impairment annually. This requires the Group to determine the lowest level of assets which generate largely independent cash flows (cash generating units or CGU) and to estimate the value in use of these assets or CGUs; and compare these to their carrying value. Cash generating units are deemed to be individual units or a cluster of units depending on the nature of the trading environment in which they operate. Calculating the value in use requires the Group to make an estimate of the future cash flows of each CGU and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Lease classification

The Group has a number of leases and therefore their classification as either finance or operating leases is critical to the financial statements. The accounting for leases involves the exercise of judgement, particularly whether the leases meet the definition of an operating or a finance lease. These decisions depend on an assessment of whether risk and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

1 Accounting policies *(continued)*

Depreciation of property, plant and equipment

Property, plant and equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Joint ventures

The Group's joint venture investments are accounted for using the equity method of accounting. Based on the regulations in the shareholders' agreements the Group assesses the level of control it has over the joint venture entity.

The Group specifically assesses whether:

- it is a party to an arrangement in which two or more parties have joint control; or
- the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing the control.

The shareholders' agreements typically specify that a number of important decisions need to be resolved by the shareholders. These important decisions are referred to as reserved matters. The shareholders' agreements often require a qualified majority of investors and, in certain cases, an unanimous vote of the investors for decisions regarding reserved matters. The reserved matters include fundamental decisions about the relevant entities, its operative and strategic plans and important transactions that exceed certain thresholds. Whether or not the Group controls a joint venture company depends on an evaluation of a number of factors, including, among others, representation on its board of directors, deadlock resolution process where the shareholders cannot reach agreement on specific matters, voting rights and other rights of other investors, including their participation in significant decisions made in the ordinary course of business (e.g. approval of the annual operating budget), as well as the Group's ownership level of the outstanding voting rights of the company. Impairment considerations are discussed below.

Revenue recognition on construction contracts

Revenue recognition on construction contracts is based on the stage of completion. The timing of revenue recognition on long-term contracts requires judgement with respect to the stage of completion of the project at the balance sheet date. This assessment requires the expected total contract revenues and costs to be estimated based on the current progress of the contract.

Impairment of goodwill, intangible assets and investments in joint ventures

Goodwill and intangible assets are initially recorded at acquisition cost and are amortised on a straight-line basis over their useful economic life. Goodwill that is acquired through a business combination is initially recorded at fair value at the date of acquisition and allocated between foreign operations in the appropriate country's currency. Judgements include determining whether there are indicators of impairment of the Group's intangible assets and investments, including goodwill and joint venture investments. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset/ investment and whether it is a component of a larger cash generating unit, the viability and expected future performance of that unit.

Impairment of debtors

Debtors are assessed for impairment each period. Judgements include determining whether there are indicators of impairment. Factors taken into consideration in reaching such a decision include the credit worthiness of the and ageing of the counterparty as well as historical recoverability patterns.

2 Other exceptional items

The Group incurred the following non-recurring other exceptional costs during the period:

	52 weeks ended 29 December 2019 £'000	52 weeks ended 30 December 2018 £'000
Corporate strategic transaction costs	**1,077**	8,879
Contractual arrangements – losses incurred	**3,720**	1,238
Quentin provision against debtors (note 13)	**7,798**	-
Non-cash charges	**-**	514
Site closure costs	**198**	-
Legal and settlement costs relating to employment matters and operational matters	**692**	517
Aborted project costs	**604**	175
Severance and contract termination / settlement costs	**629**	1,043
Product relaunch and stock rationalisation (note 4)	**831**	-
	15,549	12,366

The corporate strategic transaction costs relate to legal and professional fees in respect of certain strategic corporate projects.

The Group has incurred losses of £3,720 (30 December 2018 - £1,238) in connection with certain trading related contractual arrangements.

Following a review of loan notes and other debtor balances recoverable from the Quentin Group, it was decided the full amount of £7,789 (30 December 2018 - £nil) should be provided for.

Non-cash charges relate to a one-time non-cash accrual recorded in respect of its annual membership income.

The Group incurred legal and settlement costs relating to the settlement of legal claims and employment and operational matters along with associated professional costs and fees.

In line with the Group's strategy for roll out of new sites and concepts, costs are incurred in respect of potential opportunities which subsequently do not meet our evaluation criteria or do not proceed to completion. The aborted project costs are expensed in the profit and loss account.

In addition to the above, the group has incurred certain non-recurring costs in relation to the opening and development of new sites of £14,037 (30 December 2018 - £12,382).

The non-cash rent expense of £14,623 (30 December 2018 - £6,088) arises from the recognition of stepped rent increases and amortisation of lease incentives on a straight-line basis over the lease term.

Share of joint venture Adjusted EBITDA is calculated as the Group's portion of its Joint Ventures' Adjusted EBITDA, noting this amount is also included within "Share of loss on Joint Venture".

Following a refresh of the Cowshed product offering in the year and a retail stock rationalisation program, the Group recorded exceptional stock write-downs of £831 (30 December 2018 - £nil).

3 Business operating units

	Turnover 52 weeks ended 29 December 2019 £'000	Turnover 52 weeks ended 30 December 2018 £'000	Adjusted EBITDA 52 weeks ended 29 December 2019 £'000	Adjusted EBITDA 52 weeks ended 30 December 2018 £'000
Analysis by class of business:				
Leisure	**465,155**	373,118	**68,889**	**56,718**
Home and Retail	**21,209**	18,747	**(2,497)**	**201**
Core [1]	**486,364**	391,865	**66,392**	**56,919**
Non-Core	**18,266**	40,666	**(333)**	**(477)**
	504,630	432,531	**66,059**	**56,442**

(1) In measuring and monitoring our operating results, management manages core operations separate from its non-core operations of Soho House Design, as management considers that these businesses have different revenue and margin profiles from our core hospitality business which make up our core operations.

	Turnover 52 weeks ended 29 December 2019 £'000	Turnover 52 weeks ended 30 December 2018 £'000	Adjusted EBITDA 52 weeks ended 29 December 2019 £'000	Adjusted EBITDA 52 weeks ended 30 December 2018 £'000
Analysis by geographical market:				
United Kingdom	**222,966**	221,871	**11,849**	11,178
North America	**212,029**	179,972	**42,183**	39,397
Europe and Rest of World	**69,635**	30,688	**12,027**	5,867
	504,630	432,531	**66,059**	56,442

In the opinion of the directors turnover by origin is not materially different from turnover by destination.

4 Operating loss

	52 weeks ended 29 December 2019 £'000	52 weeks ended 30 December 2018 £'000
This is arrived at after charging / (crediting):		
Depreciation of tangible fixed assets (note 10)	**36,867**	30,232
Amortisation of goodwill (note 9)	**8,869**	8,197
Amortisation of other intangible fixed assets (note 9)	**3,665**	1,645
Hire of other assets - operating leases	**62,695**	46,418
Fees payable to the Group's auditor for the auditing of the Group and subsidiary annual accounts	**530**	596
Fees payable to the Group's auditor for other services:		
- taxation advisory services	**-**	48
- taxation compliance services	**120**	116
- other assurance related services	**315**	695
Exchange differences	**(2,675)**	984
Stock provision	**831**	-

In respect of certain insurance claims in North America, the Group has recognised insurance recoveries totalling £nil (30 December 2018 - £415) in connection with property damage which reimburses the replacement cost for repair or replacement of damaged assets. In addition business interruption proceeds reimbursed lost profits following damage to property totalling £nil (30 December 2018 - £486) recorded as other operating income. Proceeds were also received to reimburse costs to expedite repairs and retention pay to workers temporarily displaced totalling £nil (30 December 2018 - £1,189). At year end, there was no outstanding receivable in respect of insurance recoveries. There was no P&L impact from insurance recoveries during the period. In 2019, the Group has recognised stop loss insurance recoveries of £1,717 in connection with losses incurred under its health insurance plan. At period end, there was an outstanding receivable in respect of insurance recoveries which the directors deemed recovery of to be virtually certain. Subsequent to year end, £1,534 of the outstanding receivable was collected.

5 Employees

Staff costs (including capitalised wages (note 9) and directors) consist of:

	52 weeks ended 29 December 2019 £'000	52 weeks ended 30 December 2018 £'000
Wages and salaries	**188,711**	143,363
Social security costs	**18,302**	15,270
Other pension costs	**7,987**	5,846
	215,000	164,479

5 Employees *(continued)*

The average number of employees (including directors) during the period was as follows:

	52 weeks ended 29 December 2019 Number	52 weeks ended 30 December 2018 Number
Administration	**561**	497
Operations	**5,599**	4,770
	6,160	5,267

6 Directors' remuneration

	52 weeks ended 29 December 2019 £'000	52 weeks ended 30 December 2018 £'000
Directors' emoluments	**1,042**	1,544
Group contributions to money purchase pension scheme	**-**	23

The above remuneration relates to 1 director (30 December 2018 - 1) who was remunerated by the Group.

During the current and prior period one employed director participated in a defined contribution pension scheme.

The remuneration of key management is shown below. Key management personnel consist of chief operating and financial decision makers in the business.

	52 weeks ended 29 December 2019 £'000	52 weeks ended 30 December 2018 £'000
Key management emoluments	**3,166**	3,633
Group contributions to money purchase pension scheme	**27**	55

7 Interest payable

	52 weeks ended 29 December 2019 £'000	52 weeks ended 30 December 2018 £'000
Interest on Permira Senior Facility	**30,863**	26,663
Preference share interest	**286**	954
Bank loans and overdrafts	**7,319**	5,170
Amortisation of loan arrangement and non-utilisation fees	**4,464**	5,442
Finance lease interest	**11**	387
Capitalised property lease – financing interest	**4,767**	3,669
Shareholder loans – effective interest	**1,568**	1,425
Shareholder loans – interest	**565**	142
Other loans – interest	**515**	404
C Shares (classified as a liability) – effective interest	**864**	-
	51,222	44,256

Details of interest rates are disclosed in note 17.

8 Taxation on loss on ordinary activities

	52 weeks ended 29 December 2019 £'000	52 weeks ended 30 December 2018 £'000
Corporation tax		
Current tax	**137**	-
Foreign tax	**3,475**	1,378
Total current tax	**3,612**	1,378
Deferred tax		
Origination and reversal of timing differences (note 13)	**64**	24
Amounts released in period (note 16)	**(14)**	(69)
Amounts established in period - foreign tax	**(216)**	564
Movement in deferred tax provision (notes 13 and 16)	**(166)**	519
Taxation charge on loss on ordinary activities	**3,446**	1,897

The tax assessed for the period is higher than the standard rate of corporation tax in the UK applied to loss before tax. The differences are explained below:

	52 weeks ended 29 December 2019 £'000	52 weeks ended 30 December 2018 £'000
Loss on ordinary activities before tax	**(93,519)**	(65,353)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19% (30 December 2018 – 19.25%)	**(17,769)**	(12,417)
Effect of:		
Items not deductible for tax purposes	**4,895**	7,187
Differences between UK and overseas tax rates	**898**	604
Unutilised tax losses	**13,892**	6,715
Other effects of movement in deferred tax	**1,282**	(478)
Other differences	**248**	286
Total tax charge for the period	**3,446**	1,897

There are tax losses of £186,725 (30 December 2018 - £124,179) in the Group which have not been recognised as they are not available for future group relief and there is insufficient evidence that these losses would be recovered.

8 Taxation on loss on ordinary activities *(continued)*

Factors that may affect future tax charges

A reduction in the UK corporate tax rate from 20% to 19% took effect from 1 April 2017. A further reduction in the UK corporate tax rate to 17% was due to take effect from 1 April 2020. However, it has been subsequently announced in March 2020 that this would remain at 19%.

9 Intangible fixed assets

	Trademarks	Website and software development costs	Goodwill	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 31 December 2018	**2,933**	**10,980**	**166,074**	**179,987**
Additions	446	10,444	-	10,890
Acquisitions (note 24)	5,746	-	36,037	41,783
Reclassify	186	(186)	-	-
Foreign exchange	(3)	(4)	(1,920)	(1,927)
At 29 December 2019	**9,308**	**21,234**	**200,191**	**230,733**
Amortisation				
At 31 December 2018	948	2,612	58,053	61,613
Provided for the period	588	3,077	8,869	12,534
Foreign exchange	43	-	(489)	(446)
At 29 December 2019	**1,579**	**5,689**	**66,433**	**73,701**
Net book value				
At 29 December 2019	**7,729**	**15,545**	**133,758**	**157,032**
At 20 December 2018	1,985	8,368	108,021	118,374

Additions to website and software development consist primarily of capitalised staff costs.

Goodwill arising on consolidation is being amortised over the directors' estimate of its useful life of 20 years. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

10 Tangible fixed assets

Group	**Capitalised property lease**	**Freehold land and buildings**	**Leasehold improvements and premiums**	**Motor vehicles**	**Fixtures and fittings**	**Office equipment**	**Assets in the course of construction**	**Total**
Cost or valuation	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 31 December 2018	55,349	123,619	116,166	1,291	101,235	13,632	88,193	499,485
Additions	-	-	11,769	30	20,847	2,454	59,105	94,205
Disposals	-	-	(1,394)	(36)	(3,419)	(896)	(465)	(6,210)
Acquisitions (note 24)	-	-	2,481	27	1,505	-	856	4,869
Transfers	72,467	-	36,957	-	15,988	3,503	(128,915)	-
Exchange adjustments	17	(2,993)	(2,495)	-	(2,897)	(202)	(2,878)	(11,448)
At 29 December 2019	**127,833**	**120,626**	**163,484**	**1,312**	**133,259**	**18,491**	**15,896**	**580,901**
Depreciation								
At 31 December 2018	3,399	13,343	33,931	970	54,858	8,351	-	114,852
Charge for the period	2,143	2,199	9,634	219	19,948	2,724	-	36,867
Disposals	-	-	(1,272)	(30)	(2,827)	(561)		(4,690)
Exchange adjustments	(26)	(400)	(1,141)	-	(1,989)	63	-	(3,493)
At 29 December 2019	**5,516**	**15,142**	**41,152**	**1,159**	**69,990**	**10,577**	**-**	**143,536**
Net book value								
At 29 December 2019	**122,317**	**105,484**	**122,332**	**153**	**63,269**	**7,914**	**15,896**	**437,365**
At 30 December 2018	51,950	110,276	82,235	321	46,377	5,281	88,193	384,633

10 Tangible fixed assets *(continued)*

During 2017, the Group entered into a lease arrangement for a property under construction that has been determined to be a financing lease in nature. At 30 December 2018, £38,758 in respect of this lease arrangement was included within assets under the course of construction. During 2019 the asset was completed and £72,467 has been transferred to Capitalised property leases within tangible fixed assets. The corresponding liability is shown as "Capitalised property lease – finance lease" (note 17).

At 29 December 2019, £2,669 (30 December 2018 - £2,624) related to interest capitalised during the period and is included within additions to assets under the course of construction. Interest ceases to be capitalised once the asset is complete.

The Group revised the presentation in its Consolidated statement of cash flows increasing the cash outflows from investing activities by £12,988 relating to purchase of tangible fixed assets, with an equal and opposite impact on cash inflows from financing activities relating to the capital element of lease drawn down. There was no impact on operating cash flows or any other cash items.

11 Fixed asset investments

Group	**Loans to joint ventures £'000**	**Investment in joint ventures £'000**
Cost or valuation		
At 31 December 2018	13,748	9,491
Share of loss for the period[1]	-	(5,818)
Exchange adjustments	(74)	102
Additions	713	6,927
Distributions from joint ventures	-	(1,026)
Net loans repaid by joint ventures	(154)	-
At 29 December 2019 (see note 22)	**14,233**	**9,676**

[1]Share of loss for the period reconciles to the £(11,465) as per the Consolidated statement of comprehensive income as £(5,647), as disclosed in Note 16, and £(5,818), as disclosed above.

Additions in the period primarily relate to the Group's equity contributions to its Raycliff joint venture as well as equity contributions into Soho Works.

In addition to the above, see note 16, Provisions for liabilities.

Joint ventures

Joint ventures listed on page 49 and 50 are private companies and there is no quoted market price available for their shares.

11 Fixed asset investments *(continued)*

Subsidiary undertakings, associated undertakings and other investments

The undertakings in which the Group's parent company has an interest at the period end are as follows:

	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
Subsidiary undertakings			
Soho House & Co Limited	Jersey	100%	Holding company
SHG Acquisition (UK) Limited	England	100%*	Holding company
Soho House Limited	England	100%*	Leisure
Soho House UK Limited	England	100%*	Leisure
Soho House Properties Limited	England	100%*	Property investment
Cowshed Products Limited	England	100%*	Cosmetics
NBJ Leisure Limited	England	100%*	Non trading
Soho House Berlin GmbH	Germany	100%*	Leisure
Soho House Paris S.A.S	France	100%*	Leisure
Soho House Rome S.r.l.	Italy	100%*	Non-trading
Soho House Toronto Limited	England	100%*	Holding company
Cheeky Nails Limited	England	100%*	Dormant
Barber & Parlour Limited	England	100%*	Non-trading
Soho Townhouse Limited	England	100%*	Non-trading
Soho House CWH Limited	England	100%*	Leisure
Soho House (Management Services) Limited	England	100%*	Dormant
Soho House Toronto ULC	Canada	100%*	Holding company
Soho House US Corp	USA	99.7%*	Holding company
Soho House LLC	USA]	99.7%*	Holding company
Soho House New York Inc	USA	99.7%*	Non trading
Soho House Beach House LLC	USA	99.7%*	Leisure
Soho House New York LLC	USA	99.7%*	Leisure
Soho House West Hollywood LLC	USA	99.7%*	Leisure
Soho House Chicago LLC	USA	99.7%*	Leisure
Ryder Properties LLC	USA	99.7%*	Property investment
Soho Ryder Acquisition LLC	USA	99.7%*	Holding company
Soho 139 Holdco LLC	USA	99.7%*	Holding company
Soho Ludlow Tenant LLC	USA	99.7%*	Leisure
Beach House JV, LLC	USA	99.7%*	Holding company
Beach House HoldCo., LLC	USA	99.7%*	Holding company
Beach House Owner, LLC	USA	99.7%*	Property company
Soho – Beer Garden, LLC	USA	99.7%*	Non-trading
1100 Acquisition, LLC	USA	99.7%*	Non-trading
L.A. 100 Santa Fe, LLC	USA	99.7%*	Non-trading
Soho-Cecconi's (Water Street) LLC	USA	99.7%*	Leisure
Little Beach House Malibu, LLC	USA	99.7%*	Leisure
Soho House CWH, LLC	USA	99.7%*	Leisure
Soho-Cipura Holdco, LLC	USA	99.7%*	Holding company
DTLA-Tenant, LLC	USA	99.7%*	Non trading
Soho Dumbo, Inc	USA	99.7%*	Non trading
Soho-Dumbo, LLC	USA	100%	Leisure
Cowshed, LLC	USA	100%*	Beauty
In House Design and Build LLC	USA	99.7%*	Design and Build
Soho Works US AcquireCo LLC (formerly Soho Works LA, LLC)	USA	99.7%*	Holding company

11 Fixed asset investments *(continued)*

	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
BN MidCo Limited	Jersey	100%*	Holding company
BN AcquireCo Limited	Jersey	100%*	Holding company
Abertarff Limited	Jersey	100%*	Holding company
Soho House Hong Kong Limited	Jersey	100%*	Holding company
US AcquireCo Inc	USA	100%*	Holding company
Soho Home Limited	England	100%*	Retail
In House Design and Build Limited	England	100%*	Construction
Soho House Bond Limited	Jersey	100%*	Holding company
HTN F&B Limited	England	100%*	Dormant
Soho House Amsterdam B.V. (formerly HTN F&B (Amsterdam) B.V.)	Netherlands	100%*	Leisure
Sunshine AcquireCo Limited	England	100%*	Holding company
Sunshine Mykonos Limited	Jersey	100%*	Holding company
Sunshine Future Projects Limited	Jersey	75%*	Holding company
Paraga Beach SA	Greece	67%*	Leisure
Q Hellas PC	Greece	75%*	Leisure
OMO SA	Greece	71.26%*	Leisure
Joint ventures and associated undertakings			
Soho Works North America, LLC	USA	50%*	Holding company
Soho Works LA, LLC	USA	50%*	Co-working
Soho Works NY, LLC	USA	50%*	Co-working
Soho Works Limited	England	100%*	Co-working
Soho House Toronto Partnership	Canada	50%*	Leisure
Soho House – Cipura (Miami), LLC	USA	50%*	Leisure
139 Ludlow Acquisition, LLC	USA	33.33%*	Property company
Raycliff Red LLP	England	50%*	Property and leisure
Redchurch Partner Limited	England	50%*	Dormant
Raycliff Shoreditch Holdings LLP	England	50%*	Holding company

11 Fixed asset investments *(continued)*

Mirador Barcel S.L.	Spain	50%*	Property company
Soho House – Sydell LLP	UK	50%*	Holding Company

For all undertakings listed above, the country of operation is the same as the country of incorporation or registration.

* Represents indirect shareholding

Soho House Holdings Limited	England	100%	Holding Company
The Store Berlin	Germany	50%	JV
Little Beach House S.L.	Spain	50%*	Leisure
Mimea XXI S.L.	Spain	50%*	JV
Soho House Milan S.r.l.	Italy	100%	Leisure
SH Acquireco Tel Aviv Ltd	Israel	100%	Leisure
Soho House Market LLC	USA	100%	Dormant
Operating Tenant (SHBH) Holdco LLC	USA	100%	Holding Company
Operating Tenant (SHBH) Owner LLC	USA	100%	Holding Company
Soho-Ludlow LLC	USA	99.7%	Leisure
Soho-Ludlow Inc	USA	100%	Leisure
DTLA JV, LLC	USA	99.7%	Leisure
Soho Dumbo LLC	USA	99.7%	Leisure
Soho House Austin LLC	USA	99.7%	Leisure
Soho House Nashville LLC	USA	99.7%	Leisure
Soho H F LLC	USA	99.7%	Leisure
Soho Works 1026 South Santa Fe LLC	USA	50%*	Leisure
Soho Works 875 Washington LLC	USA	50%*	Co-working
Soho Works 9000 Sunset LLC	USA	50%*	Co-working
Soho Works 10 Jay LLC	USA	50%*	Co-working
Soho Works 55 Water LLC	USA	50%*	Co-working
Soho Works 415 West 13th LLC	USA	50%*	Co-working
Soho Works 55 Water Inc	USA	50%*	Co-working
Soho Works 10 Jay Dumbo Inc	USA	50%*	Co-working
Soho Works 875 Washington Inc	USA	50%*	Co-working
1100 Arts Motel LLC	USA	50%*	Co-working
SHBH LLC	USA	50%*	Leisure
Soho House Portland LLC	USA	50%*	Leisure
Soho House BHC LLC	USA	50%*	Leisure
SW SPV LLC	USA	50%*	Leisure
Soho Works 415 West 13th New York Inc	USA	50%*	Leisure
Soho Works 9100 Sunset LLC	USA	50%*	Leisure
Hudson Propco LLC	USA	50%*	Leisure
Soho Beach House Canouan Ltd	USA	20%*	Leisure

12 Stocks

	29 December 2019 £'000	30 December 2018 £'000
Finished goods and goods for resale	**14,423**	7,819
Consumables	**7,320**	6,970
	21,743	14,789

There is no material difference between the replacement cost of stocks and the amounts stated above.

13 Debtors

	29 December 2019 £'000	30 December 2018 £'000
Amounts receivable within one year		
Trade debtors	**16,038**	17,117
Amounts due from joint venture undertakings (note 22)	**8,003**	9,643
Amounts due from related parties (note 22)	-	5,015
Other debtors	**11,140**	4,690
Prepayments and accrued income	**12,503**	12,844
Amounts recoverable on contracts	**8,735**	12,010
	56,419	61,319
Amounts receivable after more than one year		
Other debtors	**2,174**	1,842
Deferred taxation	-	64
	2,174	1,906
Total debtors	**58,593**	63,225

	Group Deferred taxation 29 December 2019 £'000	Group Deferred taxation 30 December 2018 £'000
At the beginning of the period	**64**	582
Charged to profit and loss account (note 8)	**(73)**	(519)
Foreign exchange adjustment	**9**	1
At the end of the period	-	64

To the extent the counter party is unable to do so, the Group does not intend to recall the amounts due from joint venture and related party undertakings, within one year. Other debtors due in more than one year relate to rent deposits. The deferred tax asset relates to mainly losses which are expected to be utilised against future taxable profits.

The impairment loss recognised in the Group profit or loss for the period in respect of bad and doubtful trade debtors was £8,073 (30 December 2018 - £nil). Of this, £7,798 (note 2) related to amounts due from Quentin Limited, a related party.

14 Cash at bank and in hand

Cash at bank includes restricted cash of £4,255 in connection with the Group's payments service provider (30 December 2018 - £4,387) as well as £4,487 (30 December 2018 - £5,535) in respect of security deposits and in connection with the Group's financing arrangements in Miami. There is also £500 relating to a security deposit (30 December 2018 - £nil).

15 Creditors: amounts falling due within one year

	29 December 2019 £'000	30 December 2018 £'000
Bank loans and overdrafts (secured) (note 17)	**37,942**	82,928
Preference shares (secured) (note 17)	-	11,814
Shareholder loan notes (unsecured) (note 17 and 22)	**17,245**	10,000
Other loans (note 17)	**417**	3,232
Trade creditors	**30,877**	33,843
Taxation and social security	**12,816**	11,348
Obligations under finance lease and hire purchase contracts	-	48
Capitalised property leases – finance lease (note 17)	**879**	184
Other creditors	**14,184**	23,562
Accruals	**46,187**	47,633
Deferred income	**46,813**	40,683
Amounts due from joint venture undertakings (note 22)	**2,094**	-
	209,454	265,275

16 Provisions for liabilities

	Onerous Lease provisions £'000	Acquired contingent liabilities £'000	Deferred Tax £'000	Joint Ventures £'000	Total £'000
At 31 December 2018	-	-	-	-	-
Charged to profit and loss	763	-	-	5,647	6,410
Business combinations (note 24)	-	517	1,607	-	2,124
Unwind of discount	-	-	-	-	-
Foreign exchange	-	(6)	(14)	(184)	(204)
Released to profit and loss	-	-	(34)	-	(34)
Change in tax rate	-	-	(191)	-	(191)
At 29 December 2019	**763**	**511**	**1,368**	**5,463**	**8,105**

Onerous lease provisions

Where leasehold properties become vacant, the Group provides for all costs, net of anticipated income, to the end of the lease or the anticipated date of the disposal or sublease. This provision relates to a vacant restaurant in South London which was vacated by the tenant in June 2019 and is currently surplus to the Group's requirements.

16 Provisions for liabilities (continued)

Acquired contingent liabilities

As part of the acquisition of Scorpios (note 24), the Group has recognised the contingent liabilities of the acquired business relating to certain withholding tax obligations, none of which the Group has settled following acquisition.

Deferred tax

	29 December 2019 £'000	30 December 2018 £'000
Acquired intangible assets	1,368	-

The net deferred tax liability expected to reverse in 2020 is £60. This relates to the reversal of timing differences on acquired intangible amortisation.

Joint Ventures

Where losses in joint ventures are in excess of the investment, after the Group's interest is reduced to zero, additional losses are provided for to the extent that the Group has incurred legal or constructive obligations or has made payments on behalf of the jointly controlled entity.

17 Creditors: amounts falling due after more than one year

	29 December 2019 £'000	30 December 2018 £'000
Shareholder loan notes (note 22)	-	15,677
Bank loans (secured)	**87,146**	-
Permira Senior Facility due 2022	**371,941**	324,624
Capitalised property leases – finance lease	**106,297**	91,224
Other loans	**8,788**	9,335
C Shares (note 20)	**48,243**	-
	622,415	440,860
Accruals (unamortised lease incentives)	**47,801**	30,988
	670,216	471,848

During 2015, the Group entered into a property lease transaction which, in accordance with FRS 102, has been capitalised as a fixed asset and the minimum present value of future lease payments has been shown as "Capitalised property lease – finance lease". In addition, during 2017, the Group entered into a lease arrangement for a property under construction which has been determined to be financing in nature as disclosed in note 10.

17 Creditors: amounts falling due after more than one year *(continued)*

Maturity of debt:

	Bank loans and overdrafts 29 December 2019 £'000	Shareholder loan notes 29 December 2019 £'000	Permira Senior Facility 29 December 2019 £'000	Other loans 29 December 2019 £'000	Capitalised property lease 29 December 2019 £'000	C Shares *(Presented as liability- note 20)* 29 December 2019 £'000	Total 29 December 2019 £'000
In one year or less, or on demand	37,942	17,245	-	417	879	-	56,483
In more than one year but not more than two years	-	-	-	453	1,081	-	1,534
In more than two years but not more than five years	87,146	-	371,941	6,572	4,481	48,243	518,383
In more than five years	-	-	-	1,763	100,735	-	102,498
	87,146	-	371,941	8,788	106,297	48,243	622,415

17 Creditors: amounts falling due after more than one year *(continued)*

Maturity of debt:

	Bank loans and overdrafts	Preference shares *(note 20)*	Finance leases	Shareholder loan notes	Permira Senior Facility	Other loans	Capitalised property lease	Total
	30 December 2018 £'000	30 December 2018 £'000	30 December 2018 £'000	30 December 2018 £'000	30 December 2018 £'000	30 December 2018 £'000	30 December 2018 £'000	30 December 2018 £'000
In one year or less, or on demand	82,928	11,814	48	10,000	-	3,232	184	108,206
In more than one year but not more than two years	-	-	-	15,677	-	417	197	16,291
In more than two years but not more than five years	-	-	-	-	324,624	6,585	677	331,886
In more than five years	-	-	-	-	-	2,333	90,350	92,683
	-	-	-	15,677	324,624	9,335	91,224	440,860

17 Creditors: amounts falling due after more than one year *(continued)*

Bank loans and overdrafts

In December 2019, the Company replaced its revolving credit facility of £30 million plus £5 million accordion with a new £55m facility with HSBC. At 30 December 2018, the Group had £15.4m remaining to draw against the new facility. The facility is secured on a fixed and floating charge basis over certain assets of the Group.

In connection with the Miami property acquisition in March 2014, loans financing this (being $53.6m, $11.7m mezzanine and $15m of preference shares) were refinanced in February 2019 with a new term loan of $55m and mezzanine loan of $62m which are secured on the underlying property and operations and are due February 2024. The loans are interest bearing at 5.34% and 7.25% taking the blended rate from 7.53% under the former facilities to 6.35% under the new facilities. The proceeds from the refinance of c. $29m are being used for general corporate purposes.

Bank loans and overdrafts are net of unamortised finance costs of £3,860 (30 December 2018 - £729).

Permira Senior Facility

In April 2017, the Group signed an agreement to refinance the majority of its existing debt to support future growth. The key elements were:

- A £275 million private senior secured loan ("Permira Senior Facility") with a five year maturity from closing at LIBOR + 7%; £250 million of this loan was drawn in April 2017 with the additional £25 million being drawn in October 2017. The facility is secured on a fixed and floating charge basis over certain assets of the group;
- A further £100 million of available financing, under the Permira Senior Facility, to drive further global expansion of the business on the same terms.

In February 2018 and June 2018, the Company drew an additional £20 million and £25 million, respectively, under the Permira Senior Facility. The Company drew an additional €41.2 million in April 2019 under the Permira Senior Facility to finance the Scorpios Acquisition (note 24).

The Permira Senior Facility is net of unamortised finance costs of £6,658 (30 December 2018 - £7,913).

Other Loans

In January 2018, the Group entered into leases in connection with its Greek Street properties. As part of these leases, the landlord has funded a principal amount of £5m, which represents costs paid directly by the landlord which will be repaid by the Company. The Greek Street loans carry interest of 7.5%, are due for repayment in January 2028 and are unsecured. The principal balance at 29 December 2019 was £4.2m of which £417 is due within one year.

In June 2018, the Group received proceeds of $6.5m (£5.1m) from the landlord of the Soho House Hong Kong property under a loan agreement. The loan has a 5-year term, with an interest rate of LIBOR + 7% payable annually. Principal is due on expiration of the loan.

Shareholder loan notes

The Shareholder loan notes falling due after more than one year are unsecured, non-interest bearing and were originally repayable in September 2020 at a gross value of £18,500. The fair value of the Shareholder loan notes has been determined on a discounted cash flow basis with an imputed interest rate of 10%. The loan balance at 29 December 2019 was £17,245 (30 December 2018 - £15,677).

17 Creditors: amounts falling due after more than one year *(continued)*

Shareholder loan notes (continued)

In October 2018 and November 2018, the Group received funding from shareholders totalling £10m included within amounts falling due within one year. An additional £3.5m was drawn in July 2019. The shareholder loans carried interest at 8% and were repaid in full in September 2019.

18 Financial Instruments

The Group's financial instruments may be analysed as follows:

	Group 29 December 2019 £'000	Group 30 December 2018 £'000
Financial assets		
Financial assets measured at amortised cost	**84,815**	**100,028**
Financial liabilities		
Financial liabilities measured at amortised cost	**817,945**	**685,091**

Financial assets measured at amortised cost comprise trade debtors, other debtors, amounts owed by joint ventures and associated undertakings and cash and cash equivalents.

Financial liabilities measured at amortised cost comprise preference shares, bank loans, shareholder loans and overdrafts, trade creditors, other creditors and accruals.

Details relating to interest rates and the currency of the financial liabilities are given in note 17.

The directors have assessed the Group's exposure to foreign currency movements. Subsidiary entities' financial instruments are predominantly denominated in their functional currency and therefore the foreign currency exposure to the Group has not been deemed material.

Interest rate and currency of financial assets and liabilities

The Group's financial assets represented by cash are all at floating rates of interests. The Group's financial liabilities represented by borrowings are shown in notes 15 and 17. All other financial assets and liabilities are non-interest bearing.

The risk in respect of financial instruments is discussed in the Strategic Report.

18 Financial Instruments (continued)

Analysis of changes in net debt

	At 31 December 2018 £'000	Cash flows £'000	Other non-cash changes £'000	At 29 December 2019 £'000
Cash and cash equivalents				
Cash	43,201	(15,658)	2,522	30,065
Cash equivalents	4,976	(1,740)	(75)	3,161
	48,177	(17,398)	2,447	33,226
Borrowings				
Debt due within one year	(108,206)	54,996	(3,273)	(56,483)
Debt due in more than one year	(440,860)	(189,677)	(8,122)	(622,415)
	(549,066)	(134,681)	(11,395)	(678,898)
	(500,889)	**(152,079)**	**(8,948)**	**(645,672)**

19 Pensions

The Group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension charge amounted to £7,557 (30 December 2018 - 5,846). There were no outstanding or prepaid contributions at either the beginning or end of the financial period.

20 Share capital

	Group 29 December 2019 £'000	Group 30 December 2018 £'000
Allotted, called up and fully paid		
Presented as equity in the balance sheet		
166,110,113 'A' ordinary shares of £1 each	**166,110**	166,585
4,469,417 'B' ordinary shares of £0.0001 each	**-**	-
3,326,048 'C2' ordinary shares of £1 each	**3,326**	-
	169,436	166,585
Presented as a liability in the balance sheet		
15,000,000 Preference of $1 each (note 17)	**-**	10,000
6,933,004 'C' ordinary shares of £1 each (note 17)	**6,933**	-
	176,369	176,585

'A' ordinary shareholders are entitled to one vote for each 'A' Ordinary Share held by them. Each 'A' Ordinary shareholder is entitled pari passu to dividend payments or any other distribution. During the period ended 29 December 2019, 475,150 A' Ordinary Shares that were in issue at 30 December 2018 were redesignated as 'C' Ordinary Shares resulting in a reduction in A' Ordinary Shares from 166,585,263 as at 30 December 2018 to 166,110,113 as at 29 December 2019.

'B' ordinary shareholders have no voting rights. 'B' ordinary shareholders are entitled to income rights in proportion to the 'A' ordinary shareholders based on number of shares held.

'C' ordinary shareholders are entitled to one vote for each 'C' Ordinary Share held by them. Each 'C' Ordinary shareholder is entitled pari passu to dividend payments or any other distribution. These shares are redeemable by the holders upon an exit, such as an IPO, or sale of the Group and the cumulative dividends, including an internal rate of return of 5%, are only paid on redemption and therefore have been classified as a liability (amortised cost). An amount of £48,243, net of issue costs of £2,469, was raised in an equity funding round which was led by Raycliff Capital. The effective interest rate is 6.2%.

'C2' ordinary shareholders have no voting rights. Each 'C2' Ordinary shareholder is entitled pari passu to dividend payments or any other distribution.

During the period ended 29 December 2019, 6,457,854 'C' ordinary shares 3,326,048 'C2' ordinary shares were issue. Total cash proceeds amounted to £76,538, net of issue costs of £4,913. Of the total cash proceeds, net of issue costs, £64,505 was received in the period ended 29 December 2019.

Preference shares

In May 2016, Soho House & Co Limited issued ten million, 7% redeemable preferred shares totalling $15 million to unrelated parties. These shares were previously been classified as a liability (note 15) and were settled during the period as a result of the Miami property refinance.

21 Commitments under operating and finance leases

The Group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Land and buildings 29 December 2019 £'000	Land and buildings 30 December 2018 £'000
Within one year	56,160	41,773
In two to five years	240,832	189,824
After five years	910,186	724,131
	1,207,178	955,728

In addition, the group pays turnover related rents in connection with certain leases.

Total of group future minimum lease payments under finance leases, including capitalised property leases:

	29 December 2019 £'000	30 December 2018 £'000
Within one year	8,902	9,006
In two to five years	36,640	36,873
After five years	127,708	143,431
	173,250	189,310

22 Related party disclosures

The Group is controlled by R Burkle through his control of the Yucaipa Group of companies, which have a majority shareholding in the Group.

The Group has taken advantage of the exemption conferred by paragraph 33.1A of FRS 102, 'related party transactions', that transactions with wholly controlled subsidiaries do not need to be disclosed.

Related Party Transactions

£18,500 unsecured, non-interest bearing Shareholder loan notes due September 2020 have been provided by Yucaipa (£11,167), Richard Caring (£5,866) and Nick Jones (£1,467), each being shareholders of the company. Per note 17, the loan balance at 29 December 2019 was £17,245 (30 December 2018 - £15,677). The Group has subsequently capitalised these in May 2020 issuing 'A' ordinary shares to the holders of the loan notes. The number of A' ordinary shares issued was determined based on share price from the most recent equity issuance.

In 2018, £10,000 unsecured, interest bearing Shareholder loan notes were provided by Yucaipa (£6,556) and Richard Caring (£3,444) each being shareholders of the company. The shareholder loans were fully repaid during 2019.

22 Related party disclosures *(continued)*

In June 2019, an interest free loan of £229 was made to Nick Jones, a Director of the company, by Soho House Limited. The loan is due on demand and remains outstanding at 29 December 2019.

During the period Non-Core services totalling £546 (30 December 2018 - £490) were provided to owners of the company. At 29 December 2019, £2,388 was due to the Group (30 December 2018 - £1,112) from the individuals.

Rental income from shareholders of the Group totalled £nil (30 December 2018 - £nil). At 29 December 2019 £178 (30 December 2018 - £178) was due to the Group from the individuals.

During 2015 the Group entered into property lease arrangements with a company related by virtue of common shareholders. An amount of £1,249 rent has been charged to the income statement (30 December 2018 - £703) during the year and no amounts were outstanding at the current or prior year end.

Fees paid to related parties under consultancy agreements totalled £45 (30 December 2018 - £45).

Revenues from the Non-Core services business operation (as defined in note 4) to various joint ventures totalled £8,909 (30 December 2018 - £10,465).

The Group has entered into a Management Services Agreement ("MSA") with Quentin Limited, a company related by common shareholders, in relation to certain centralised services being provided by the Group following the sale of the Group's 50% interest in Quentin Limited. A total of £311 (30 December 2018 - £188) was recharged to Quentin Limited.

The Group has also recognised income relating to Non-Core services provided to Quentin Limited totalling £1,818 (30 December 2018 - £8,583). At 29 December 2019 an amount of £7,798 (30 December 2018 - £5,015) was due from Quentin Limited, a company related by common shareholders, which has been fully provided for (note 2) in the period ended 29 December 2019.

The Group has also recognised reimbursement of costs incurred by Group in respect of services provided to a related party, Quentin Limited, totalling £488 (30 December 2018 - £377). The Group has subsequently fully provided for the amounts due (note 2).

The Group has recognised reimbursement of costs incurred by the Group in respect services provided to a related party totalling £767 (30 December 2018 - £958). At 29 December 2019 an amount of £325 (30 December 2018 - £104) was due from Poultry OpCo Limited and Poultry Tenant Limited, companies related by common shareholders.

The Group has recognised income relating to sales of products and revenue from Non-Core services from Poultry OpCo Limited and Poultry Tenant Limited totalling £647 (30 December 2018 - £1,287). At 29 December 2019 an amount of £236 (30 December 2018 - £295) was due from Poultry OpCo Limited and Poultry Tenant Limited, companies related by common shareholders.

Related party transactions – joint ventures

The Group has various joint ventures arrangements concerning the operation of its Houses in Miami, Toronto, Redchurch Street in Shoreditch, Ludlow House In New York, Soho Works and Barcelona) As part of this, it provides lease and finance guarantee and receives management fees and other income including Design fees.

22 Related party disclosures *(continued)*

The Group has recognised reimbursement of costs incurred by the Group in respect of services provided to a Joint Venture totalling £1,532 (30 December 2018 - £829).

The Group has recognised income relating to management from Soho House-Sydell, LLP totalling £2,161 (30 December 2018 - £2,061). At 29 December 2019 an amount of £212 (30 December 2018 - £207) was due from Soho House Sydell LLP, a joint venture.

The Group leases the Ludlow property from 139 Ludlow Acquisition LLC, a joint venture. This is a 25-year lease that commenced May 1, 2016. The rent expense associated with this lease was £3,013 (30 December 2018 - £2,566).

The Group has recognised interest income on a Loan Note due from Soho Works Limited, a joint venture, of £762 (30 December 2018 - £887) and £762 (30 December 2018 - £728) was due from Soho Works Limited at 29 December 2019 in relation to interest income and included within Prepayments and accrued income. Further amounts due from Soho Works Limited are listed below.

Following the move of the Support Office in December 2019 to 180 Strand, a building leased by Soho Works Limited, the Group has entered into an arrangement to lease six floors. During the year, a rental expense of £1,321 was recognised. This remained outstanding at 29 December 2019.

The tables below show the balances dues from / (to) joint venture related parties:

Amounts due from / (to) joint venture undertakings due within one year

	Group 29 December 2019 £'000	**Group 30 December 2018 £'000**
Soho Works Limited	**3,953**	2,242
Soho House Toronto Partnership	**(996)**	(502)
Soho House Cipura (Miami) LLC	**1,517**	1,146
Raycliff Red LLP	**(1,091)**	1,025
Mirador Barcel S.L. – trading	**111**	65
Mirador Barcel S.L. – loan	**-**	5,257
Little Beach House Barcelona S.L.	**(7)**	(35)
Mimea XXI S.L.	**595**	445
Soho Works North America, LLC	**1,301**	-
Soho Works 875 Washington LLC	**3**	-
Soho Works 9000 Sunset LLC	**23**	-
Soho Works 10 Jay LLC	**11**	-
Soho Works 55 Water LLC	**149**	-
Soho Works 415 West 13th LLC	**2**	-
Soho Works LA LLC	**338**	-
	5,909	9,643

22 Related party disclosures *(continued)*

Presented as:

Amounts due from Joint Ventures (note 13)	**8,003**	9,643
Amounts due to Joint Ventures (note 15)	**(2,094)**	-

Amounts due from related party undertakings due within one year

Quentin Limited and subsidiaries (note 13)	-	5,015

Amounts owed by joint venture undertakings recognised as fixed asset investments (note 11)

	Group 29 December 2019 £'000	Group 30 December 2018 £'000
Soho Works Limited	**10,819**	10,175
Raycliff Red LLP	**3,414**	3,414
Soho House - Cipura Miami, LLC	-	159
	14,233	13,748

23 Capital Commitments and Contingencies

Capital expenditure commitments contracted for at the balance sheet date but not yet incurred total £6,104 in connection with the development agreement on Downtown LA, Soho House Hong Kong and Soho House Austin (30 December 2018 - £25,843). The Group, along with joint venture partners, have provided rental guarantees in respect of the financing facilities in the Soho House Ludlow property.

Soho Works Limited, a joint venture of the Group, has capital expenditure commitments contracted for at the balance sheet date but not yet incurred totalling £9,346 (30 December 2018 – nil).

The Group guarantees the obligations of Quentin Limited and certain of its subsidiaries under certain property leases with respect to any required rental or other payment or performance obligations under these leases. The current aggregate anticipated maximum exposure for rental and service charge payments under these guarantees is approximately £96.0 million in any given year. The Group has not had to make any payments nor has it become obligated to make any payments under these rental guarantees. The Group believes the likelihood of having to perform under aforementioned lease payment guarantees was remote as of 29 December 2019 and 30 December 2018.

24 Business combinations

Acquisition of the Scorpios Group of Companies

On 9 April 2019, the Group acquired a majority shareholding in the Scorpios Group of Companies, which own and operate a beach club and hotel based in Mykonos, Greece, for €41.2 million (£39.0 million) paid in cash, including transaction expenses. The consideration included £768 of contingent consideration. As of 29 December 2019, this remains in other creditors. In calculating the goodwill arising on acquisition, consideration transferred and the separately identifiable assets acquired and liabilities assumed have been measured at fair value. Non-controlling interest has been measured based on the proportion of the fair value of the net assets acquired attributable to the non-controlling interest. The ownership, of each entity, acquired is detailed in note 11.

	Book Value £'000	Fair Value Adjustments £'000	Fair Value £'000
Fixed Assets			
Tangible	4,869	-	**4,869**
Intangible	53	5,693	**5,746**
Current Assets			
Stocks	80	-	**80**
Debtors	1,006	-	**1,006**
Cash at bank and in hand	1,399	-	**1,399**
Total Assets	7,407	5,693	**13,100**
Creditors			
Due within one year	(3,868)	-	**(3,868)**
Deferred tax	(206)	(1,401)	**(1,607)**
Other creditors	-	(174)	**(174)**
Provisions	-	(517)	**(517)**
Net assets	3,333	3,601	**6,934**
Non-controlling interest			**(2,440)**
Goodwill (note 9)			**36,037**
Total purchase consideration			**40,531**
Total purchase consideration comprised of:			
Purchase consideration settled in cash			**39,028**
Directly attributable transaction costs			**735**
Contingent consideration			**768**
			40,531
Less: Cash and cash equivalents in subsidiary acquired			**(1,399)**
Less: Contingent consideration			**(768)**
Cash outflow, net, on acquisition			**38,364**

The useful economic life of goodwill and trademarks has been estimated to be 20 years, based on estimates.

24 Business combinations *(continued)*

Acquisition of the Scorpios Group of Companies (continued)

Included within goodwill are intangible assets that do not require separate recognition. These intangible assets relate to future synergies the Group expects to generate from the integration of the Scorpios business into our Global offering to members and customers.

There were no acquisitions in the year ended 30 December 2018.

The results of the Scorpios Group of Companies since its acquisition are as follows:

	Current period since acquisition £'000
Turnover	**22,196**
Profit for the period	**4,270**

25 Post balance sheet events

The rapid emergence of the coronavirus pandemic has caused significant disruption to many businesses where the implementation of social distancing measures is not practical or deemed ineffective. This has had material implications for the wider global economy. As a business, our Houses, hotels and public restaurants were closed from the middle of March 2020 impacting our workforce and our ability to full engage with our members. Furthermore, this has had a significant impact on our revenues, costs, working capital and cashflows since this time.

In May 2020, we started to re-open our Houses and expect to reopen all Houses by the end of the Summer 2020. In accordance with local laws and regulations, we have provided staff with the necessary personal protective equipment and increased spacing in in our public spaces and communicated these changes to our members and customers. However, there is a risk that the Group will be impacted by decisions of our members and delays in our ability to open our Houses, hotels and public restaurants, which could affect the Group's working capital. The coronavirus pandemic was not a condition in existence at the year-end date therefore it is being a regarded as a non-adjusting subsequent event.

In April 2020, the Group secured an additional £20m liquidity through extending the existing revolving credit facility. With respect to the Permira senior facility, we have elected to PIK (payment in kind) the cash interest due for the quarter ended June 2020 and have the option to do this for the September quarter. We have also secured $22m (c.£18m) of liquidity from an additional borrowing facility. Finally, we have also raised $100m (c.£81m) worth of new equity through an issuance of 'C' ordinary shares which completed in May 2020. At the same time, the Group capitalised the Shareholder loan notes issuing 'A' ordinary shares to the holders of the loan notes. The number of A' ordinary shares issued was determined based on share price from the May 2020 equity issuance. The value of the loan notes extinguished and shares issued was £18.5m.