The Office Group Midco Limited

Report and Financial Statements

Year Ended

31 December 2021

Company Number 07355718

The Office Group Midco Limited

Company Information

Directors	C Green M Green G Kataky O Olsen E Sanna J Blank
Registered number	07355718
Registered office	The Smiths Building 179 Great Portland Street London W1W 5PL
Independent auditor	KPMG LLP 15 Canada Square London E14 5GL

The Office Group Midco Limited

Contents

Strategic Report
for the year ended 31 December 2021

Introduction

The directors present their strategic report together with the financial statements for the year ended 31 December 2021.

Business review

The Office Group Midco Limited ("the Company") is an indirect subsidiary of Cheetah Holdco Limited, the intermediate parent of the trading entities hereafter referred to as The Office Group ("TOG", "Group").

On 19 September 2022 TOG completed the merger with another flexible workspace provider, Fora. The merger has brought together two highly complementary businesses within the flexible workspace sector, businesses that have similar cultures, values & visions for the future.

The principal activity of the Company during the year was as an intermediate holding company. There has been no change to the activities of the Company during the year ended 31 December 2021. Although as a intermediate holding entity the Company has not been directly impacted by the COVID-19 pandemic there has clearly been an impact on the overall Group by the pandemic which is discussed in more detail within the Strategy section of the Strategic Report.

Business model

Key activities

TOG is one of UK's leading flexible office providers, providing office space on flexible contracts and memberships to a wide range of clients. Properties are held on a freehold or leasehold basis and redeveloped into beautifully designed workplaces. In addition, TOG also provides meeting rooms, events and a platform for community and networking to thousands of members.

TOG assets

Within the Group TOG has a total of 45 locations at 31 December 2021, 7 held within a joint venture, representing lity lover 1.6 million sq ft. 8 of these buildings are owned freehold or long leasehold. This combined with a leasehold portfolio with a weighted average unexpired term of 14 years provides a strong and robust foundation for years to come.

TOG members

The TOG brand has proven to resonate with companies from start-ups to well-established corporates across a broad spectrum of industries. TOG is committed to providing a high level of service and amenity and remains connected to the needs of its customers. This enables the Group to respond by driving the continual enhancement of the service and amenities in our space, particularly in wellness, food & beverage, technology and sustainability.

Strategy

TOG's core objective is to achieve meaningful growth via acquisition opportunities, capitalising on the market shift across all sizes of business towards more flexible and design-led working environments. The impact of COVID-19 has led to an acceleration in the pre- existing trend toward quality flexibility, variety and amenity in work setting. Large corporates are increasingly viewing flexible workspace as a core part of their real estate strategy, TOG expects this shift to continue and for flexible workspace to form a larger part of their space take.

Strategy (continued)

The driving force behind the significant steps taken in advancing our technology, wellness and amenities is our focus on enhancing member experience. TOG continually evaluates its product in line with forecasted trends, ensuring it maintains agility to meet the changing needs of its members. TOG has invested in the technology and people to develop and deliver more sophisticated systems with a direct benefit to the member experience.

Trends and factors

COVID-19 has accelerated trends impacting how people work and live. The way that people want to engage with spaces has changed and TOG has been able to capitalize on that through the workspaces that the Group provides. As well as continuing to monitor licence fee rates, occupancy and costs we also have a dedicated Procurement team who negotiate cost efficient controls and where possible make our buildings as energy efficient as we can to manage costs and reduce environmental impact.

Many of the largest and most forward-thinking businesses in the world are now demanding shorter term, and more flexible solutions to their space requirements. Clients also see this flexibility and focus on design, wellness and sustainability as an important element in attracting and retaining the right calibre of staff, particularly in a post pandemic world where there is a need to provide greater amenity and alternate work settings that cannot be replicated via working from home or in many corporate offices.

During 2021 the lead flow of new business has increased back to and recently beyond pre pandemic levels. TOG expects that flexible contracts will be more desirable during uncertain times; an opinion supported by leading global real estate experts and widely reported in the mainstream press. TOG was ready for a strong return to normal operations, having prepared its buildings with an improved technology offer, revised layouts and furniture settings and new health and safety protocols.

Since the year end more and more people are returning to offices and a number of our buildings have demonstrated a return to pre COVID-19 occupancy levels which supports this trend.

Principal risks and uncertainties

Economic Downturn

A significant portion of the Group's costs are fixed which creates a risk to profitability if either occupancy or license fee rates fall. Although a significant portion of the Group's regular operating costs are fixed, some will be impacted by rising inflation and energy price increases. As well as continuing to monitor licence fee rates, occupancy and costs we also have a dedicated Procurement team who negotiate cost efficient contracts and where possible make our buildings as energy efficient as we can to control costs. The Group monitors occupancy and license fee rates on a weekly basis. The Group's clients are from a diverse range of industries. TOG's mixed portfolio of freeholds and leaseholds helps to mitigate this risk to an extent as its EBITDA* margins are higher than would otherwise be possible with a pure leasehold model, reducing the exposure to falls in income.

This risk is further mitigated by TOG's strategy of providing a long term home for businesses as well as its emphasis on central London, the largest flexible office market in the world. This is further evidenced by the increase in longer term commitments from clients over the last twelve months.

On 23 June 2016, the UK voted to leave the European Union (EU). On 31 January 2020 the UK left the EU after consensus was reached by the two parties on a withdrawal agreement. Britain's decision to leave the EU has not had any adverse impact on the business to date. The Group has found that the economic uncertainty created has increased demand for flexible workspace by clients wishing to avoid long term lease commitments. TOG's international expansion into Germany further mitigates the risk by providing greater opportunities for market growth and diversification.

** EBITDA is defined as eamings before interest, tax, depreciation and amortisation.*

Principal risks and uncertainties (continued)

While the economy is recovering, short- and medium-term inflationary pressures are becoming embedded in market expectations. To monitor the effects of this on the Group, we regularly track the construction costs of developments versus expectations and any inflationary impacts on those costs to understand the impact on our business.

The latter part of 2022 has seen interest rates rise in the UK as the Bank of England tries to tackle inflation. Although the TOG group has debt facilities in place these are fully hedged with an interest rate cap instrument against interest rate rises as per a condition of the facility agreements and will continue to be hedged for the duration of the facilities. TOG is formulating its approach to take advantage of the interest rate rises given its large cash balances held. Although there is a weakening of the pound the impact on the business is minimal as its only activity overseas is concentrated to Germany with no current plans to expand in any other overseas territories.

As an intermediate holding entity, the Company is not expected to be directly impacted by an economic downturn. Activity is expected to remain consistent and the Company expects to continue receiving interest income and minor management fees, as well as incurring minor administrative expenses.

COVID-19 uncertainty

The Group's performance during the year was impacted by the coronavirus pandemic but to a much lesser extent than in 2020. Occupancy for December 2021 was 75% vs 64% at December 2020. The main risk to the Group in relation to the pandemic is the potential emergence of new variants and the efficacy of vaccines to new strains, necessitating further lockdowns but this risk has reduced substantially.

The directors have considered the going concern assumption in light of COVID-19 and the potential ongoing impact on customers and the underlying performance of the Group's assets. Given the impact on the ways people work as a result of the pandemic, this is expected to increase the demand for TOG's product. TOG has confidence that this trend will continue as people have now, at least in part, returned to the offices and companies are permanently adjusting their real estate strategies to incorporate a higher proportion of flexible office space. This is particularly true of well-designed, modern office space, which is becoming an increasingly important part of the overall employee offer. This is further evidenced by the growing number of listed landlords who are recognising this shift and increasing their exposure to the sector. Based on the Group's continued forecast liquidity, the directors still consider it appropriate to prepare the accounts on a going concern basis.

Client Retention

The majority of clients are bound to commitments of 12-36 months. The Group manages this risk by monitoring the proportion of revenue from clients having a policy of not over committing to licensing to one client, having a proactive and early renewals process and staggering the exit of larger clients over several months. The Group is increasingly offering longer term commitments to larger clients, further mitigating the risk of losing clients.

Financial Market Volatility

The Group has existing facilities through a funding package of senior and mezzanine debt provided by 3 lenders. There is a risk that these loans may not be refinanced at competitive prices, or at all, due to market volatility at the time of refinancing. The funding requirements of the Group are reviewed regularly and options for alternative sources of funding monitored. Existing arrangements will mature in February 2024.

Business Interruption

The business could be adversely affected by major external events which could result in TOG being unable to carry out its business for a sustained period. TOG has business continuity plans and procedures in place and benefits from the growing diversity of its portfolio across London. TOG has taken the necessary steps to make its buildings safe for clients, with workspaces supporting physical distancing and new health and safety protocols.

Regulatory Risk

The directors ensure the Group complies with, and where possible is ahead of current regulations. As a matter of policy, the Group compliance checks all clients against leading databases and conducts annual independent audits of clients' files, going further than is currently recommended as industry best practice. The Group also monitors sanction lists on a regular basis to ensure the latest restrictions are adhered to. Another key area of focus is the requirement to comply with increasing health and safety as well as environmental regulations. This is one of the factors driving the development of the flexible office market due to the increasing administrative burden it forces on small businesses.

Environment, social and governance

The directors have considered the impact of the TOG's activities on the environment, its workforce, stakeholders and the wider community.

TOG's primary focus in 2021 was the improvement of data quality to enable future decision making. Tracking our scope 1 and 2 emissions accurately, and developing scope 3 emissions reporting and embodied carbon frameworks.

- Scope 1 - this looks at Green House Gas (GHG) emissions that we make directly - for example running boilers and company vehicles.
- Scope 2 - these are the emissions we make indirectly – for example when the electricity or energy we buy for heating and cooling buildings.
- Scope 3 - in this category go all the emissions associated, not with the company itself, but that the organisation is indirectly responsible for, up and down its value chain. For example, purchasing products from its suppliers, waste generation, employee commuting to work and business travel.

TOG has employed sustainability policies focused on developing higher performance buildings, improving operational efficiency and enabling long term strategic improvement. This includes a 3 year commitment to renewable energy, improvements in recycling rates and the construction of London's largest cross laminated timber structure at our new development, the Black and White Building in Shoreditch.

TOG has rolled out a new framework setting out the key TOG values, core competencies and behaviours for our employees. Programmes actively promoting good health, wellbeing and which provide training and support for mental health have been provided to all staff. TOG has also rolled out Diversity and Inclusion training to all employees in the business during the year, this initiative will be a key focus for the group over the coming years.

Financial performance

The Company made an operating profit of £16k (2020 - £69k) in the year and net profit was £2,389k (2020 - £1,430k). The performance of the Company has remained consistent and is expected to continue on this basis in 2022 and beyond.

The directors do not recommend payment of a dividend (2020 - £Nil).

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or financial position of the business.

S172 statement

The directors confirm that during the year under review, through their business decisions, they have acted to promote the long term success of the Company for the benefit of shareholders, whilst considering the potential impact of those decisions on the Company's stakeholders. The factors considered would often include the likely long term consequences of the decision, the interests of employees, the relationships with customers and suppliers, the impact on the community and environment, maintaining the Company's reputation and acting fairly for all members of the Company.

The directors receive regular updates on stakeholder views from senior management. The directors seek to achieve an appropriate balance of stakeholder preferences, which in turn will assist the Company in achieving its long term growth objectives.

This report was approved by the board and signed on its behalf.

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M Green
Director

Date: 07/12/2022

Directors' Report
for the year ended 31 December 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Principal activity

The principal activity of the Company is an intermediate holding company.

Directors

The directors who served during the year and up to the date of signing this report were:

C Green
M Green
G Kataky
O Olsen
E Sanna (appointed 19 September 2022)
J Blank (appointed 19 September 2022)

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 Company and of the profit or loss of the Company 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- asses the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Results and dividends

The directors do not recommend the payment of a final dividend (2020 - £Nil).

Share issue

On 17 December 2021 the Company issued 21,274,000 Ordinary shares of £0.01 each for cash.

Going concern

The Company reports a net profit of £2,389k (2020 - £1,430k) for the year. The Company has net current liabilities of £47,408k (2020 - £49,797k) and net assets of £574k (2020 - net liabilities of £23,089k), with cash and cash equivalents of £12k (2020 - £15k).

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have performed a going concern assessment which indicates that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its intermediate parent company, Cheetah Holdco Limited, to meet its liabilities as they fall due during the going concern assessment period.

This assessment is dependent on Cheetah Holdco Limited not seeking repayment of the amounts currently due to the group, which at 31 December 2021 amounted to £206,222k, and providing additional financial support during the going concern assessment period. The directors have received a letter from Cheetah Holdco Limited, the Group's indirect parent undertaking, indicating its intent to provide additional funding as is needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, during the going concern assessment period. Cheetah Holdco Limited has received a similar letter from its direct parent Cheetah Wild Holdco Limited (Jersey) which has also received a similar letter from its indirect parent undertakings, Blackstone Real Estate Partners Europe V and Blackstone Real Estate Partners VIII. As is the case for any entity placing reliance on other related entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The directors have also noted that on 19 September 2022, through the creation of a joint venture parent undertaking Concert JV Holdco Limited, incorporated in Jersey and backed by Blackstone Real Estate Partners and Brockton Capital, the Cheetah Holdco Limited group merged with another flexible workspace provider the Fora Group Holdings Limited group.

Having considered this change in its ultimate ownership structure, the directors do not anticipate that the merger will result in any significant changes in the organisation of the business in the going concern period and so have concluded that it does not affect the company's going concern assessment.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Streamlined Energy and Carbon Reporting (SECR)

The Company is exempt from the requirement to include Streamlined Energy and Carbon Reporting ('SECR') data due to this information being included in the group report of the Ultimate Parent Undertaking, Cheetah Holdco Limited. The Group report is prepared for the same financial year end as the Company and complies with the SECR requirements as set out in Part 7A of Schedule 7 of the Companies Act.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This report was approved by the board and signed on its behalf.

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M Green
Director

Date: 07/12/2022

KPMG

Independent Auditor's Report to the Members of The Office Group Midco Limited

Opinion

We have audited the financial statements of The Office Group Midco Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of Profit and Loss and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of directors and inspection of policy documentation as to the Cheetah Holdco Limited's policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions. We did not identify any additional fraud risks.

We performed procedures including agreeing all accounting entries in the period to supporting documentation.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

Fraud and breaches of laws and regulations – ability to detect (continued)

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at
www.frc.org.uk/auditorsresponsibilities.

Independent Auditor's Report to the Members of The Office Group Midco Limited (continued)

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the 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 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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

PBarron

Paul Barron (senior statutory auditor)
For and on behalf of KMPG LLP, statutory auditor
Chartered Accountants
United Kingdom

Date: 9th December 2022

The Office Group Midco Limited

Statement of Profit and Loss and Other Comprehensive Income
for the year ended 31 December 2021

	Note	2021 £000	2020 £000
Revenue	3	**50**	100
Operating costs	4	**(34)**	(31)
Operating profit		**16**	69
Interest receivable and similar charges	6	**2,373**	1,513
Profit before tax		**2,389**	1,582
Tax on profit	8	**-**	(152)
Profit for the financial year		**2,389**	1,430

All amounts relate to continuing operations.

There was no other comprehensive income for 2021 (2020 - £Nil).

The notes on pages 16 to 27 form part of these financial statements.

The Office Group Midco Limited
Registered number:07355718

Balance Sheet
as at 31 December 2021

	Note		2021 £000		2020 £000
Fixed assets					
Investments	9		**47,982**		26,708
Current assets					
Debtors (including £155,754k (2020 - £155,765k) due after more than one year)	10	**158,810**		156,418	
Cash and cash equivalents		**12**		15	
		158,822		156,433	
Current liabilities					
Creditors: amounts falling due within one year	11	**(206,230)**		(206,230)	
Net current liabilities			**(47,408)**		(49,797)
Net assets/(liabilities)			**574**		(23,089)
Capital and reserves					
Share capital	13		**214**		1
Share premium account	13		**21,114**		53
Capital redemption reserve	13		**2**		2
Retained earnings	13		**(20,756)**		(23,145)
			574		(23,089)

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

M Green
Director

Date: 09/12/2022

The notes on pages 16 to 27 form part of these financial statements.

The Office Group Midco Limited

Statement of Changes in Equity
for the year ended 31 December 2021

	Share capital	Share premium account	Capital redemption reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000
Balance at 1 January 2020	1	53	2	(24,575)	(24,519)
Comprehensive income for the year					
Profit for the year	-	-	-	1,430	1,430
Balance at 31 December 2020	1	53	2	(23,145)	(23,089)
Comprehensive income for the year					
Profit for the year	-	-	-	2,389	2,389
Shares issued during the year	213	21,061	-	-	21,274
Balance at 31 December 2021	214	21,114	2	(20,756)	574

The notes on pages 16 to 27 form part of these financial statements.

1. General information

The Office Group Midco Limited is a private company incorporated and registered in England and domiciled in the United Kingdom. The registered business number is 07355718 and the registered business address is The Smiths Building, 179 Great Portland Street, London, W1W 5PL.

2. Accounting policies

2.1 Basis of preparation of financial statements

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("UK-adopted IFRS"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The financial statements have been prepared on a historical cost basis, except for the revaluation of certain properties and financial instruments. The presentation currency used is Pound Sterling and amounts have been presented in round thousands ("£'000s").

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2. Accounting policies (continued)

2.1 Basis of preparation of financial statements (continued)

New standards, interpretations and amendments adopted from 1 January 2021

- Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

New standards, interpretations and amendments not yet effective

The following UK-adopted IFRSs have been issued but have not been applied by the Company in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

The following amendments are effective for the period beginning 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

The following amendments, which have been issued by the IASB but have not yet been adopted by the UKEB, are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

The Company is currently assessing the impact of these new accounting standards and amendments.

Other

The Company does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Company.

Profit and loss account presentation

The directors have reviewed the presentation of the profit and loss account and consider items to be more appropriately presented using the "by nature" format as this benefits the reader of the financial statements. Detail on the nature of the expenses incurred during the year can be seen in more detail under note 4. In preparing the financial statements the "by nature" format has been adopted. This has also been applied to the comparative financial information and this has been represented onto the same basis. The adjustments have not affected previously reported profit or loss or net assets.

2. Accounting policies (continued)

2.2 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of profit and loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised directly in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2.3 Exemption from preparing consolidated financial statements

The financial statements contain information about The Office Group Midco Limited as an individual company and do not contain consolidated financial information as the parent of the group. The Company has taken advantage of the exemption conferred by s400 of the Companies Act 2006 not to produce consolidated financial statements as it is included in the UK consolidated accounts of TOG 4 Limited. The registered office of TOG 4 Limited is 1 Bartholomew Lane, London, United Kingdom, EC2N 2AX.

2.4 Judgements and key areas of estimation uncertainty

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires the Company's directors to exercise judgement in applying the Company's accounting policies. There are no estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities as at the year end.

2. Accounting policies (continued)

2.5 Going concern

The Company reports a net profit of £2,389k (2020 - £1,430k) for the year. The Company has net current liabilities of £47,408k (2020 - £49,797k) and net assets of £574k (2020 - net liabilities of £23,089k), with cash and cash equivalents of £12k (2020 - £15k).

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have performed a going concern assessment which indicates that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its intermediate parent company, Cheetah Holdco Limited, to meet its liabilities as they fall due during the going concern assessment period.

This assessment is dependent on Cheetah Holdco Limited not seeking repayment of the amounts currently due to the group, which at 31 December 2021 amounted to £206,222k, and providing additional financial support during the going concern assessment period. The directors have received a letter from Cheetah Holdco Limited, the Group's indirect parent undertaking, indicating its intent to provide additional funding as is needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, during the going concern assessment period. Cheetah Holdco Limited has received a similar letter from its direct parent Cheetah Wild Holdco Limited (Jersey) which has also received a similar letter from its indirect parent undertakings, Blackstone Real Estate Partners Europe V and Blackstone Real Estate Partners VIII. As is the case for any entity placing reliance on other related entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The directors have also noted that on 19 September 2022, through the creation of a joint venture parent undertaking Concert JV Holdco Limited, incorporated in Jersey and backed by Blackstone Real Estate Partners and Brockton Capital, the Cheetah Holdco Limited group merged with another flexible workspace provider the Fora Group Holdings Limited group.

Having considered this change in its ultimate ownership structure, the directors do not anticipate that the merger will result in any significant changes in the organisation of the business in the going concern period and so have concluded that it does not affect the company's going concern assessment.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2.6 Financial assets

The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Company has not classified any of its financial assets as held to maturity.

2.6.1 Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers e.g. trade receivables, but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for

2. Accounting policies (continued)

impairments.

2.6.1 Loans and receivables (continued)

Impairment provisions are recognised when there is objective evidence that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and - for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the balance sheet.

2.7 Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

2.7.1 Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. They are carried in the balance sheet at fair value with changes in fair value recognised in the statement of profit or loss and other comprehensive income. The Company does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

2.7.2 Other financial liabilities

Other financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.
- Loans from Group companies are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method. The difference between the fair value of the loan on initial recognition and the amount of the proceeds is credited directly to equity as a capital contribution.

2.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2. Accounting policies (continued)

2.9 Revenue

Revenue comprises of management fee income from group companies, and is recognised on an accruals basis.

3. Revenue

	2021 £000	2020 £000
Management fee income - IFRS 15	**50**	100

All turnover arose within the United Kingdom.

Of the revenue recognised in line with IFRS 15 'Revenue from Contracts with Customers', £50,000 (2020 £100,000) was recognised over time.

4. Operating costs

	2021 £000	2020 £000
Other operating costs	**34**	31
	34	31

5. Auditors remuneration

Auditors remuneration of £10k (2020 - £5k) which is borne by The Office Group Properties Limited (2020 - born by The Office Islington Limited) is not represented in the profit and loss account.

6. Interest receivable and similar charges

	2021 £000	2020 £000
Loan note interest receivable	**2,373**	1,513

The loan note interest receivable is in relation to an unsecured loan note with The Office Group Limited, a direct subsidiary of the Company.

7. Employees and directors

There were no employees for the year ended 31 December 2021 nor for the year ended 31 December 2020. Management services are provided to the Company by The Office Group Properties Limited, a fellow group company, and recognised as recharged salary costs. Directors remuneration is not allocated to this entity given it is an intermediate holding company. Their role as directors is incidental in this entity as a comparison to their role in the wider TOG Group.

8. Taxation

	2021 £000	2020 £000
Corporation tax		
Adjustments in respect of previous periods	-	(79)
Total current tax	-	(79)
Deferred tax		
Origination and reversal of timing differences	-	258
Effect of tax rate change on opening balance	-	(27)
Total deferred tax	-	231
Taxation on profit on ordinary activities	-	152

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £000	2020 £000
Profit on ordinary activities before tax	**2,389**	1,582
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	**454**	301
Effects of:		
Group relief claimed for nil consideration	**(454)**	(43)
Capital allowances for year in excess of depreciation	-	(79)
Effect of tax rate change on opening deferred tax balances	-	(27)
Total tax charge for the year	-	152

8. Taxation (continued)

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly.

9. Investments

	Investments in subsidiary companies £000	Loans to subsidiaries £000	Total £000
Cost			
At 1 January 2021	7,368	19,340	26,708
Additions	21,274	-	21,274
At 31 December 2021	28,642	19,340	47,982

Investments in subsidiary companies consist of equity investments of £28.6m. During the year the Company subscribed to further share capital of £7.1m in The Office Group Limited and £14.2m in The Office Group Properties Limited.

Loans to subsidiaries consist of £19.3m unsecured loan notes issued by The Office Group Limited in 2008, and extended in 2013 and 2021. The unsecured loan notes accrue interest at 12.27% per annum. £12.3m of unsecured loan notes (of a possible £14.5m) were in issue on the maturity date of 31 August 2020. During the previous year, the Company and The Office Group Limited resolved to:

- Increase the total value of unsecured loan notes that can be in issue to £20.0m;
- Capitalise £7.0m of interest receivable accrued in respect of the unsecured loan notes; and
- Extend the maturity date of the unsecured loan notes to 31 December 2024.

Loans to subsidiaries have been accounted for as fixed asset investments, and are financial assets measured at fair value through profit or loss.

9. Investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
The Office Group Properties Limited	Flexible office provider	Ordinary	100%
The Office Group Limited	Intermediate holding company	Ordinary	100%
The Office Islington Limited	Management services provider	Ordinary	*100%
The Office (Farringdon) Limited	Flexible office provider	Ordinary	*100%
The Office (Shoreditch) Limited	Flexible office provider	Ordinary	*100%
The Office (Bristol 1) Limited	Flexible office provider	Ordinary	*100%
The Office (Marylebone) Limited	Flexible office provider	Ordinary	*100%
The Office (Kirby) Limited	Flexible office provider	Ordinary	*100%
EOP DL Limited	Flexible office provider	Ordinary	*100%

*Shares held indirectly.

Joint ventures

At the period ended 31 December 2021 the Company held an indirect 50% interest in The Station Office Network LLP. The principal activity of the partnership is that of a flexible office provider.

All subsidiaries and joint ventures have the registered office 179 Great Portland Street, London, W1W 5PL.

The principal place of business for all companies is the United Kingdom.

10. Debtors

	2021 £000	2020 £000
Amounts owed by group undertakings	**155,904**	155,825
Other debtors	**4**	39
Accrued interest on loan notes	**2,902**	554
	158,810	156,418

10. Debtors (continued)

Amounts owed by group undertakings are unsecured, interest free and repayable on demand. Amounts owed by group undertakings of £155,904k (2020 - £155,825k) includes amounts of £155,754k (2020 - £155,765k) which are expected to be recovered in more than 12 months.

The accrued income balance consists of accrued interest on intercompany loan notes issued by The Office Group Limited.

During the previous year, the Company and The Office Group Limited resolved to extended the maturity date of the unsecured loan notes, with an original maturity date of 31 August 2020, to 31 December 2024. It was also resolved that outstanding accrued interest at 31 August 2020 would be capitalised against the new value of the unsecured loan notes.

11. Creditors: amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	**8**	8
Amounts owed to group undertakings	**206,222**	206,222
	206,230	206,230

Amounts owed to group undertakings are unsecured, interest free and payable on demand. Amounts owed to group undertakings of £206,222k (2020 - £206,222k) includes amounts of £206,222k (2020 - £206,222k) which are expected to be settled in more than 12 months.

12. Deferred taxation

	2021 £000	2020 £000
Liability at beginning of year	-	231
Charged to Statement of Profit and Loss and Other Comprehensive Income during the year	-	(231)
Liability at end of the year	-	-

13. Share capital and other reserves

Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
21,374,000 (2020 - 100,000) Ordinary shares of £0.01 each	**213,740**	1,000
495 (2020 - 495) Ordinary A shares of £0.01 each	**5**	5
	213,745	1,005

On 17 December 2021 the Company issued 21,274,000 ordinary £0.01 shares for consideration of £21,274,000.

The holders of 'A' Shares have no voting rights attached and are not entitled to receive dividends.

Share premium

Share premium records the amount above the nominal value for shares sold.

Capital redemption reserve

Capital redemption reserve records amounts transferred from share capital on redemption of issued shares.

Retained earnings

Retained earnings includes all current and prior period retained profits and losses.

14. Contingent liabilities

All assets of The Office Group Midco Limited have been pledged as security for a group bank loan held by The Office Group Holdings Limited and TOG UK Mezzco Ltd. At 31 December 2021 the group bank loan was £376,081k (2020 - £375,177k).

15. Events after the reporting date

TOG announced on 14 March 2022 that there was a proposal to merge with another flexible workspace provider, Fora. This was subject to regulatory approval from the Competition and Markets Authority (CMA), and this was granted on 3 August 2022. On 19 September 2022 TOG legally completed the merger.

With the domain for flexible workspaces growing rapidly, the merger has brought together two highly complementary businesses within the flexible sector, businesses that have similar cultures, values & visions for the future. The combined group comprises 72 premier locations across both the UK and Germany, with a plan to continue to grow.

PIK Loan notes:

Since the year end Blackstone have injected cash into the TOG group in the form of PIK Loan notes issued by Cheetah Bidco Limited, an indirect subsidiary of Cheetah Wild-Holdco Limited, the ultimate parent company of the Company. These PIK Loan notes amount to £32m, £23m and £17m issued during February 2022, June 2022 and September 2022 respectively.

Group rationalisation

In November 2022, following on from the review of the structure where properties and operations were transferred to The Office Group Properties Limited in March 2021, the Group continued to review its structure and commenced the second phase with the aim to simplify the legal structure.

The former operating business entities, The Office Islington Limited, The Office (Bristol 1) Limited, The Office (Kirby) Limited, The Office (Marylebone) Limited, The Office (Farringdon) Limited and EOP DL Limited, all of whom have transferred their properties and operations to The Office Group Properties Limited (except for EOP DL Limited), along with existing holding companies: TOG 1 (US) Limited, TOG 3 (Ireland) Limited, TOG 5 (France) Limited, TOG 6 Limited, TOG UK Topco Limited, TOG GH Propco Limited and TOG GH Holdco Limited, are intended to be liquidated.

The intention is that debtor or creditor balances held within these companies will be settled in full, and any intra-group balances will be formalised with a loan agreement and waived. In addition, relevant intra-group loan notes held by the Company will also be formally waived. Investment values will be reviewed for evidence of impairment, with a review of the impact on the underlying net assets associated with each company.

The directors have considered the declining economic conditions that are impacting the group and consider these to be a non-adjusting post balance sheet event. As a result the increasing inflation and foreign exchange movements have no impact to the carrying values reported at the balance sheet date.

16. Ultimate parent company and control

Up to and including 18 September 2022, the Company was a subsidiary undertaking of Cheetah-Wild Holdco Limited which was the ultimate parent company incorporated in Jersey. Following the merger with Fora on 19 September 2022, the ultimate parent company is Concert JV Holdco Limited, incorporated in Jersey. The immediate parent company is The Office Group Holdings Limited, registered in the United Kingdom.

The largest Group in which the results of the Company are consolidated is that headed by Cheetah Holdco Limited, registered in the United Kingdom. The smallest Group in which the Company is consolidated is that headed by TOG UK Mezzco Ltd registered in the United Kingdom.

Copies of the Group financial statements of Cheetah Holdco Limited will be available on request from the Company's registered office, 1 Bartholomew Lane, London, United Kingdom, EC2N 2AX.