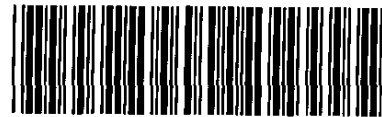


Parent company accounts of  
9315745- TOG Fitness Ltd

REGISTERED NUMBER: 10832166 (England and Wales)

**CHEETAH HOLDCO LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**PERIOD ENDED**  
**31 DECEMBER 2017**

SATURDAY



A44 \*A7FHVT08\* #536  
29/09/2018  
COMPANIES HOUSE

**CHEETAH HOLDCO LIMITED**  
**CONTENTS OF THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2017**

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**CHEETAH HOLDCO LIMITED**  
**COMPANY INFORMATION**  
**FOR THE PERIOD ENDED 31 DECEMBER 2017**

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**Country of Incorporation of  
parent company**

United Kingdom

**Legal form**

Limited company

**Directors**

A Lax  
J Seppala  
J Lock  
M Vrana  
C Green  
O Olsen  
M Green

**Registered office**

35 Great St Helen's  
London  
EC3A 6AP

**Company number**

10832166

**Auditors**

KPMG LLP  
15 Canada Square  
London  
E14 5GL

**CHEETAH HOLDCO LIMITED**  
**STRATEGIC REPORT**  
**FOR THE PERIOD ENDED 31 DECEMBER 2017**

---

The directors present their strategic report together with the audited financial statements for the period 22 June 2017 to 31 December 2017.

#### **ORGANISATIONAL OVERVIEW**

Cheetah Holdco Limited was incorporated on 22 June 2017 as a 100% indirect subsidiary of Blackstone Real Estate Partners Europe V. On 6 July 2017 the company acquired a majority interest in The Office Group Midco Limited, parent of the trading entities hereafter referred to as The Office Group (TOG).

TOG is London's leading flexible office provider. The market for flexible work space has developed and grown considerably over the last few years. In 2017, flexible workspace take-up in London increased over 150% on 2016 and accounted for 20% of total office take-up across London. The investment by Blackstone leaves TOG uniquely positioned to scale the business.

#### **STRATEGY**

TOG's objective is to exploit the market shift across all sizes of business towards more flexible and design-led working environments. The consistent high occupancy, growing revenue and speed of fill up of new buildings indicate the increasing demand for shorter tenure space, in turn challenging the standard form of lease for traditional occupiers.

This trend extends to some of the largest businesses in the world which are now demanding shorter-terms, and more flexible solutions to their space requirements. Clients also see this flexibility and focus on design as an important element in attracting and retaining the right calibre of staff.

#### **RESULTS AND DIVIDENDS**

The business performed well during the period with mature building occupancy averaging 90%. Of the 36 buildings in the TOG portfolio, White Collar Factory and Victoria Station opened in the period. Euston Square was subjected to a compulsory purchase order by HS2 and closed in December 2017. Revenue earned since the acquisition was £44m.

Non-recurring transaction costs of £11.5m were incurred in the period which are directly attributable to the acquisition of TOG. Excluding transaction costs, earnings before interest, tax, depreciation and amortisation (EBITDA) would have been £11.1m and a net profit of £0.5m would have been reported.

TOG opened 3 new buildings in Q1 2018 and continues to have a significant proportion of its portfolio in development. As these buildings are delivered over the next 12-18 months, the business' trading performance will continue its upward trajectory.

The Directors do not recommend payment of a dividend.

#### **FUTURE**

As at the year end, the group had 6 buildings in development with a further 7 acquired post period end bringing the total number of buildings in the group to 43.

The Group's footprint continues to grow across Central London and the UK with a diverse mix of individually designed buildings.

The demand for TOG's market leading offering continues to increase with a growing number of prominent landlords seeking to anchor their new schemes with a letting to TOG for the benefits it brings in diversifying the occupier mix and for letting the rest of the space.

Blackstone's investment in TOG is a further indication of the fundamental changes occurring in the occupational market and the group is uniquely well placed to capitalise on the growing demand for flexible, design-led, vibrant workspaces.

#### **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. The Group monitors occupancy and license fee rates on a weekly basis. TOG's mixed portfolio of freeholds and leaseholds helps to mitigate this risk to an extent as its operating margins are higher than would otherwise be possible with a pure leasehold model, reducing the exposure to falls in income.

The risk is further mitigated by the group's aspiration to provide a viable long-term home for businesses as well as its emphasis on central London, the largest flexible office market in the world.

Britain's decision to leave the EU has not had any adverse impact on the business to date. In fact, the Group saw evidence of an increase in demand for flexible office space in the months following the vote. The Group continues to monitor the situation closely to gauge the effect on the business, the sector and the UK economy.

**CHEETAH HOLDCO LIMITED**  
**STRATEGIC REPORT**  
**FOR THE PERIOD ENDED 31 DECEMBER 2017 - continued**

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**PRINCIPAL RISKS AND UNCERTAINTIES**

**Client Retention**

The majority of clients are bound to commitments of a maximum of 12 months. The Group manages this risk by having a policy of not over-committing to licensing more than 20% of an individual building 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 facilities with two senior 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 have 2 years until they mature.

**Business Interruption**

There is a risk that 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. The Group has business continuity plans and procedures in place and benefits from the growing diversity of its portfolio across London.

**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. 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.

  
.....  
C Green - Director

..... 23 / 08 / 2018 .....  
Date

**CHEETAH HOLDCO LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE PERIOD ENDED 31 DECEMBER 2017**

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The directors present their report together with the audited financial statements for the period ended 31 December 2017.

**INCORPORATION**

The company was incorporated on 22 June 2017 and commenced trading on 6 July 2017.

**DIRECTORS**

The directors shown below have held office during the whole of the period from incorporation to the date of this report.

F Mawji-Karim - appointed 22 June 2017, resigned 4 July 2017

S Davies - appointed 22 June 2017, resigned 4 July 2017

A Lax - appointed 4 July 2017

J Seppala - appointed 4 July 2017

J Lock - appointed 4 July 2017

M Vrana - appointed 22 June 2017

C Green - appointed 11 December 2017

O Olsen - appointed 11 December 2017

M Green - appointed 11 December 2017

**Audit exemption**

The subsidiary undertakings listed below intend to claim an exemption from the Companies Act 2006 requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act as Cheetah Holdco Limited intends to guarantee all outstanding liabilities of these companies as at 31 December 2017, under Section 479C of the Act.

Cheetah Bidco Limited (Company number - 10819465)

The Office Group Holdings Limited (Company number - 10768770)

The Office Group Limited (Company number - 06418630)

The Office Islington Limited (Company number - 04878697)

The Office (Farringdon) Limited (Company number - 05510287)

The Office (Shoreditch) Limited (Company number - 05998248)

The Office (Bristol) Limited (Company number - 06293478)

The Office (Kirby) Limited (Company number - 06356912)

TOG Fitness Limited (Company number - 09315745)

**GOING CONCERN**

The Group and Company report net losses of £10.9m and £1m respectively for the period. The Group has net current liabilities of £133m and the Company has net current liabilities of £130m at period end. Included in current liabilities is £128m loan from Blackstone Real Estate Partners Europe V, which is only repayable in the event of a group refinancing. Notwithstanding the losses made in the period and the net current liability positions of the Group and Company, the directors are confident of the Group and Company's ability to meet their debts as they fall due. In 2018, additional equity funding was obtained from Blackstone, reflecting shareholder confidence in the Group.

The directors, having made appropriate enquiries, have a reasonable expectation that the Group and company have adequate resources and headroom on covenants attached to bank facilities to continue in operational existence for a period of at least 12 months from the date of this report. For this reason they continue to adopt the going concern basis in preparing Group's accounts. In adopting the going concern basis for preparing the financial statements, the directors have considered the Group's principal risks and uncertainties and business review as set out in the strategic report.

**PRINCIPAL ACTIVITY**

The principal activity of the company is that of a holding company.

**CHEETAH HOLDCO LIMITED**  
**DIRECTORS' REPORT - continued**  
**FOR THE PERIOD ENDED 31 DECEMBER 2017**

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**AUDITORS**

KPMG LLP, were appointed during the period. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to have been reappointed and KPMG LLP will therefore continue in office.

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 company'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.

For further details on principal risks and uncertainties, results and dividends please refer to the strategic report.

**On behalf of the Board**



C Green - Director

Date 23/08/2018

**CHEETAH HOLDCO LIMITED**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT, STRATEGIC REPORT,  
THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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The directors are responsible for preparing the Annual Report, Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law they have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent company 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 Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent 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 Group or the parent 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 parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its 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 Group and to prevent and detect fraud and other irregularities.



**CHEETAH HOLDCO LIMITED**  
**INDEPENDENT AUDITOR'S REPORT**

---

**TO THE MEMBERS OF CHEETAH HOLDCO LIMITED**

We have audited the financial statements of Cheetah Holdco Limited ("the company") for the period ended 31 December 2017, which comprise the consolidated statement of profit or loss and other comprehensive income, the consolidated and company statement of financial position, the consolidated statement of cash flows, the consolidated and company statement of changes in equity and the related notes, including the accounting policies in note 1.

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 31 December 2017 and of the Group's loss for the period then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- the financial statements 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 Group 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**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

**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 period 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 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.

We have nothing to report in these respects.

**Directors' responsibilities**

As explained more fully in their statement set out on page 4 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 Group and 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 they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

**CHEETAH HOLDCO LIMITED**  
**INDEPENDENT AUDITOR'S REPORT - continued**

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**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](http://www.frc.org.uk/auditorsresponsibilities).

**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.



Mike Woodward (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL

Date 23 AUG 2018

**CHEETAH HOLDCO LIMITED**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

	<b>Note</b>	<b>2017 £'000</b>	<b>2017 £'000</b>
<b>Revenue</b>	<b>4</b>		<b>44,355</b>
<b>Administrative expenses</b>			
Administrative expenses	5	(39,106)	
Non-recurring transaction costs	7	(11,481)	
			<u>(50,567)</u>
<b>Analysis of profit from operations</b>			
EBITDA		(298)	
Depreciation and amortisation		(5,914)	
			<u>(6,212)</u>
<b>Operating loss</b>			<b>(6,212)</b>
<b>Finance income</b>	<b>9</b>	<b>2</b>	
<b>Finance expense</b>	<b>9</b>	<b>(4,543)</b>	
<b>Movement in fair value of interest rate derivative</b>	<b>16</b>	<b>(36)</b>	
			<u>(4,577)</u>
<b>Net financing expense</b>			<b>(4,577)</b>
<b>Loss before taxation</b>			<b>(10,789)</b>
<b>Tax expense</b>	<b>10</b>		<b>(159)</b>
<b>Loss from continuing operations and total other comprehensive income</b>			<b>(10,948)</b>
<b>Loss for the period attributable to:</b>			
Equity holders of the parent			(10,917)
Non-controlling interest			(31)
			<u>(10,948)</u>
<b>Loss for the period</b>			<b>(10,948)</b>


All activities are classified as continuing.

The notes on pages 14 to 39 form part of these financial statements.

**CHEETAH HOLDCO LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2017**

	Note	2017 £'000
<b>Non-current assets</b>		
Property, plant and equipment	11	351,277
Intangible assets	12	39,800
Investments in equity-accounted joint ventures	14	24,046
Goodwill	12	167,709
		<b>582,632</b>
<b>Current assets</b>		
Trade and other receivables	15	24,374
Other financial assets	16	12
Cash and cash equivalents		16,612
		<b>40,998</b>
<b>Total current assets</b>		<b>623,630</b>
<b>Total assets</b>		<b>623,630</b>
<b>Current liabilities</b>		
Other interest bearing loans and borrowings	18	134,826
Trade and other payables	17	39,667
		<b>174,493</b>
<b>Total current liabilities</b>		<b>174,493</b>
<b>Net current liabilities</b>		<b>133,495</b>
<b>Non current liabilities</b>		
Other interest bearing loans and borrowings	18	210,869
Other creditors	17	29,646
Deferred tax liabilities	19	25,811
		<b>266,326</b>
<b>Total non current liabilities</b>		<b>266,326</b>
<b>Total liabilities</b>		<b>440,819</b>
<b>Net assets</b>		<b>182,811</b>
<b>Equity attributable to equity holders of the parent</b>		
Share capital	20	1,938
Share premium		191,821
Retained earnings		(10,917)
		<b>182,842</b>
<b>Non-controlling interest</b>		<b>(31)</b>
<b>Total equity</b>		<b>182,811</b>

The financial statements on pages 8 to 39 were approved and authorised for issue by the Board of Directors on 23/08/18 and were signed on its behalf by:

 23/08/2018  
C Green - Director

Company registered number: 10832166


The notes on pages 14 to 39 form part of these financial statements.

**CHEETAH HOLDCO LIMITED**  
**COMPANY STATEMENT OF FINANCIAL POSITION**  
**FOR THE PERIOD ENDED 31 DECEMBER 2017**

	Note	2017 £'000
<b>Non-current assets</b>		
Investments	14	322,286
		<u>322,286</u>
<b>Current assets</b>		
Trade and other receivables	15	204
		<u>204</u>
<b>Total assets</b>		<u>322,489</u>
<b>Current liabilities</b>		
Other interest bearing loans and borrowings	18	128,527
Trade and other payables	17	1,195
		<u>129,722</u>
<b>Total current liabilities</b>		<u>129,722</u>
<b>Net current liabilities</b>		<u>129,518</u>
<b>Net assets</b>		<u>192,767</u>
<b>Equity attributable to equity holders of the parent</b>		
Share capital	20	1,938
Share premium		191,821
Retained earnings		(992)
		<u>192,767</u>
<b>Total equity</b>		<u>192,767</u>

The company loss for the period was £992,000.

The financial statements on pages 7 to 39 were approved and authorised for issue by the Board of Directors on 23/08/18 and were signed on its behalf by:

 23/08/2018  
C Green - Director

Company registered number: 10832166

The notes on pages 14 to 39 form part of these financial statements

**CHEETAH HOLDCO LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total Attributable to equity holders of parent £'000	Non- controlling interest £'000	Total Equity £'000
22 June 2017	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>						
Loss for the period	-	-	(10,917)	(10,917)	(31)	(10,948)
<b>Total comprehensive loss for the period</b>	-	-	(10,917)	(10,917)	(31)	(10,948)
<b>Transactions with owners, recorded directly in equity</b>						
Issue of shares	1,938	191,821	-	193,759	-	193,759
Total contributions by and distributions to owners	1,938	191,821	-	193,759	-	193,759
<b>31 December 2017</b>	<b>1,938</b>	<b>191,821</b>	<b>(10,917)</b>	<b>182,842</b>	<b>(31)</b>	<b>182,811</b>

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

The notes on pages 14 to 39 form part of these financial statements.

**CHEETAH HOLDCO LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total Equity £'000
22 June 2017	-	-	-	-
<b>Total comprehensive income for the period</b>				
Loss for the period	-	-	(992)	(992)
<b>Total comprehensive income for the period</b>			(992)	(992)
<b>Transactions with owners, recorded directly in equity</b>				
Issue of shares	1,938	191,821	-	193,759
Total contributions by and distributions to owners	1,938	191,821	-	193,759
<b>31 December 2017</b>	<b>1,938</b>	<b>191,821</b>	<b>(992)</b>	<b>192,767</b>

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

The notes on pages 14 to 39 form part of these financial statements.

**CHEETAH HOLDCO LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2017**

	Note	2017 £'000
<b>Cash flows from operating activities</b>		
Loss for the period		(10,948)
Adjustments for:		
Depreciation and amortisation	11,12	5,914
Finance income	9	(2)
Finance expense	9	4,543
Other financial assets	16	36
Income tax expense	10	159
		<hr/> (298)
Increase in trade and other receivables		(4,392)
Increase in trade and other payables		14,810
		<hr/>
<b>Cash flows generated from operations</b>		10,120
Income taxes paid		(834)
		<hr/>
<b>Net cash flows from operating activities</b>		9,286
		<hr/>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiary, net of cash acquired		(228,630)
Purchases of property, plant and equipment		(23,452)
		<hr/>
<b>Net cash flows used in investing activities</b>		(252,082)
		<hr/>
<b>Cash flows from financing activities</b>		
Interest paid		(5,784)
Interest received		2
Financing costs paid		(1,545)
Proceeds from loan from related party		128,627
Proceeds from bank borrowings		14,784
Proceeds from issue of share capital		123,324
		<hr/>
<b>Net cash flows from financing activities</b>		259,408
		<hr/>
<b>Net increase in cash and cash equivalents</b>		16,612
<b>Cash and cash equivalents at the beginning of the period</b>		-
		<hr/>
<b>Cash and cash equivalents at the end of the period</b>		16,612
		<hr/>

The notes on pages 14 to 39 form part of these financial statements



## CHEETAH HOLDCO LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

#### 1 ACCOUNTING POLICIES

Cheetah Holdco Limited is a private company incorporated, domiciled and registered in England in the UK. The registered business number is 10832166 and the registered business address is 35 Great St Helen's, London, EC3A 6AP.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group") and equity account the Group's interest in associates and Joint Ventures. The parent company financial statements present information about the Company as a separate entity and not about its Group.

##### **Basis of preparation**

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

The consolidated financial statements are presented in Pound Sterling, which is also the Group's functional currency.

Amounts are rounded to the nearest thousand, unless otherwise stated.

The Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU). The Company has elected to prepare its parent company financial statements in accordance with FRS 101.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), 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.

Under section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires the Group's management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

The consolidated financial statements are prepared on a going concern basis as explained in the directors' report.

The consolidated financial statements have been prepared on a historical cost basis, except for the following items (refer to individual accounting policies for details):

- Financial Instruments – Fair value through profit or loss
- Investment property – Fair value through profit or loss

CHEETAH HOLDCO LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017 - continued

1 ACCOUNTING POLICIES – continued

**Basis of preparation - continued**

*Audit exemption*

✓ The subsidiary undertakings listed below intend to claim an exemption from the Companies Act 2006 requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act as Cheetah Holdco Limited intends to guarantee all outstanding liabilities of these companies as at 31 December 2017 under Section 479C of the Act.

✓  
Cheetah Bidco Limited (Company number - 10819465)  
The Office Group Holdings Limited (Company number – 10768770)  
The Office Group Limited (Company number – 06418630)  
The Office Islington Limited (Company number – 04878697)  
The Office (Farringdon) Limited (Company number – 05510287)  
The Office (Shoreditch) Limited (Company number – 05998248)  
The Office (Bristol1) Limited (Company number – 06293478)  
The Office (Kirby) Limited (Company number – 06356912)  
TOG Fitness Limited (Company number – 09315745)

*New standards, interpretations and amendments effective:*

- IFRS 12: Disclosure of Interests in Other Entities
- IAS 7: Statement of Cash Flows – Amendment
- IAS 12: Income Taxes

The following standards and interpretations, which are in issue at the reporting date but not yet effective, have not been applied in these financial statements. In some cases these standards and guidance have not been endorsed by the European Union.

- IFRS 9: Financial Instruments (effective 1 January 2018);
- IFRS 15: Revenue from Contracts with Customers (effective 1 January 2018); and
- IFRS 16: Leases (effective 1 January 2019 subject to EU endorsement).

**IFRS 9: Financial Instruments**

IFRS 9 introduces a new classification approach for financial assets and liabilities. The classification of financial assets will be reduced from four to three and financial liabilities will be measured at amortised cost or fair value through profit and loss. The directors are currently evaluating the impact during 2018.

**IFRS 15: Revenue from Contracts with Customers**

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard will supersede all current revenue recognition requirements under IFRS. The directors are currently evaluating the impact of IFRS 15 on the Group's licence and service fee revenue streams in line with the five-step model in 2018.

**IFRS 16: Leases**

IFRS 16 was released in January 2016 and replaces IAS 17 Leases. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard requires all leases (excluding short term and leases of low value items) to be recognised as an asset on the balance sheet, with a corresponding lease liability. Lessees will be required to separately recognise the interest expense on the lease liability and depreciation expense of the right-of-use asset. The directors are currently evaluating the impact of the adoption of this standard on future periods on the treatment of the Group's short leasehold properties which are currently being accounted for as operating leases under IAS 17.

**CHEETAH HOLDCO LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2017 - continued**

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**1 ACCOUNTING POLICIES – continued**

**Basis of consolidation**

The Group financial statements consolidate the financial statements of Cheetah Holdco Limited and all of its subsidiary undertakings ('subsidiaries') drawn up to 31 December 2017 using the acquisition method of accounting.

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of the elements of control.

De-facto control exists in situations where the company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the company considers all relevant facts and circumstances, including:

- The size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights.
- Substantive potential voting rights held by the company and by other parties.
- Other contractual arrangements.
- Historic patterns in voting attendance.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of profit or loss and other comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

**Non-controlling interests**

For business combinations the total comprehensive income of non-wholly owned subsidiaries is attributable to owners of the parent and to the non-controlling interest in proportion to their relative ownership interests. Unfunded losses in such subsidiaries are attributed entirely to the Group.

**Investments in debt and equity securities**

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment.

**Joint arrangements**

The Group is party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either:

- *Joint ventures*: where the Group has rights to only the *net assets* of the joint arrangement
- *Joint operations*: where the Group has both the rights to assets and obligations for the liabilities of the arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement
- The legal form of joint arrangements structured through a separate vehicle
- The contractual terms of the joint arrangement agreement
- Any other facts and circumstances (including any other contractual arrangements).

**CHEETAH HOLDCO LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017 - continued**

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**1 ACCOUNTING POLICIES - continued**

**Basis of consolidation - continued**

**Joint arrangements - continued**

The Group's interest in joint ventures was acquired by business combination. Initial recognition of acquired joint ventures is at fair value. Subsequent to initial recognition, the fair value is remeasured at each reporting date. Gains or losses arising from changes in fair value are included in the consolidated statement of profit or loss and other comprehensive income in the period in which they arise.

**Property, plant and equipment**

Property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Fixtures, fittings and equipment	-	20% on cost
Short leasehold properties	-	over the period of the lease

**Business combinations**

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

On a transaction-by-transaction basis, the Group elects to measure non-controlling interests, which have both present ownership interests and are entitled to a proportionate share of net assets of the acquiree in the event of liquidation, either at its fair value or at its proportionate interest in the recognised amount of the identifiable net assets of the acquiree at the acquisition date. All other non-controlling interests are measured at their fair value at the acquisition date.

**Investment property**

Investment property comprises completed property that is held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and other costs incurred in order to bring the property to the condition necessary for it to be capable of operating. Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the consolidated statement of profit or loss and other comprehensive income in the period in which they arise.

Investment property under construction is initially measured at cost including transaction costs. Subsequent to initial recognition, investment property under construction is stated at fair value less any costs payable in order to complete.

**CHEETAH HOLDCO LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017 - continued**

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**1 ACCOUNTING POLICIES - continued**

**Investment property – continued**

The fair value is determined by a professional internal valuer as set out in note 13. The valuations have been prepared in accordance with the Royal Institute of Chartered Surveyors Valuations - Professional Standards January 2014 ("the Red Book"). Factors affecting the valuation include current market conditions, annual rentals, lease lengths and location.

Additions to properties include costs of a capital nature only. Expenditure is classified as capital when it results in identifiable future economic benefits which are expected to accrue to the Group. All other property expenditure is written-off in the consolidated statement of profit or loss and other comprehensive income as incurred.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset would result in either gains or losses at the retirement or disposal of investment property. Any gains or losses are recognised in the consolidated statement of profit or loss and other comprehensive income in the year of retirement or disposal.

**Intangible assets and goodwill**

**Goodwill**

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

**Other intangible assets**

Expenditure on internally generated goodwill and brands is recognised in the consolidated statement of profit or loss and other comprehensive income as an expense as incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

**Amortisation**

Amortisation is charged to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use.

The estimated useful lives are as follows:

Brand	-	5 years
Customer relationships	-	15 years
Lease intangibles	-	over remaining length of each lease (3 – 17 years)

The fair values on above intangible assets have been calculated using the following valuation techniques:

- Royalty relief approach - Brand: This considers the discounted estimated royalty payments that are expected to be avoided as a result of the brand being owned.
- Excess earnings method - Customer relationships: This considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets.
- Market comparison technique - Lease intangibles: This considers the difference between the rent payable under operating leases versus the market rent.

**CHEETAH HOLDCO LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017 - continued**

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**1 ACCOUNTING POLICIES – continued**

**Financial assets**

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

Other than financial assets in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

**Fair value through profit or loss**

Financial assets 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 statement of financial position at fair value with changes in fair value recognised in the consolidated statement of profit or loss and other comprehensive income in the finance income or expense line. Other than the Group's interest rate derivative which is not designated as a hedging instrument, the Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

**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 impairments.

Impairment provisions are recognised when there is objective evidence that the Group 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 consolidated 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 Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

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 statement of financial position.

**Financial liabilities**

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

**Fair value through profit or loss**

Financial liabilities are classified as fair value through profit or loss where the liability is either held for trading or is designated as held at fair value through profit or loss on initial recognition. They are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of profit or loss and other comprehensive income. The Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

**CHEETAH HOLDCO LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017 - continued**

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**1 ACCOUNTING POLICIES – continued**

**Financial liabilities - continued**

**Other financial liabilities**

Other financial liabilities include the following items:

- Bank and other borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premia payable on redemption, as well as any interest or coupon payable while the liability is outstanding.
- 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.

**Derivative financial instruments**

Derivative financial instruments, comprising interest rate caps for hedging purposes, are initially recognised at cost and are subsequently measured at fair value being the estimated amount that the Group would receive or pay to terminate the agreement at the reporting date, taking into account current interest rate expectations and the current credit rating of counterparties. The gain or loss at each fair value remeasurement date is recognised in the consolidated statement of profit or loss and other comprehensive income. Amounts payable or receivable under such arrangements are included within finance costs.

**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.

**Leased assets**

The Group recognises ground rents payable on long leasehold properties held as investment properties as finance leases. The amount initially recognised as an asset is the present value of the minimum lease payments payable over the lease term and the corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group ('an operating lease'), the total rents payable are charged to the profit and loss account on a straight line basis over the lease term.

Lease incentives on short leasehold properties are recognised as a reduction of the rental expense over the lease term on a straight line basis. A rent accrual is recognised for the difference between the lease expense and the amount invoiced.

**Deferred taxation**

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

## CHEETAH HOLDCO LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017 - continued

#### 1 ACCOUNTING POLICIES – continued

##### Deferred taxation - continued

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 arising as a consequence of investment property carried at fair value is calculated on the basis that the gain/(loss) will be recovered through a sale of the property in line with the Group's business model which is to generate value in the form of capital appreciation.

Deferred tax assets and liabilities are offset when the Group 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 on either:

- The same taxable Group company, or
- Different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

##### Revenue

Revenue comprises rent and license fees in relation to the provision of office space, as well as ancillary charges for additional services including telephone, IT, other support services and meeting rooms. Revenue is recognised exclusive of VAT and is recognised on an accruals basis.

Licence fee revenue is billed monthly in advance and recognised in the month of occupation by the client. Other service revenue is billed monthly in arrears and is recognised in the month that the service was delivered and it is probable that payment will be received. Rent receivable is spread on a straight-line basis over the period of the lease.

The directors are of the opinion that the Group is engaged in a single segment, being the investment in and operation of flexible workspaces in the UK only.

##### Borrowing costs

Interest incurred on Group borrowings used to fund the construction or production of an asset that necessarily takes a substantial amount of time to get ready for intended use are capitalised as part of the cost of that asset, net of interest received on cash drawn down yet to be expended. The Group does not incur any other interest costs that qualify for capitalisation.

##### Finance income

Finance income is recognised as interest accrues on cash balances held by the Group. Where any interest is charged to a tenant on any overdue rental income, this would also be recognised within finance income.

##### Finance costs

Any finance costs that are separately identifiable and directly attributable to the acquisition or construction of an asset that takes a period of time to complete are capitalised as part of the cost of the asset. All other finance costs are expensed in the period in which they relate. Finance costs consist of interest and other costs that an entity incurs in connection with bank and other borrowings.

##### Going concern

The Group and Company report net losses of £10.9m and £1m respectively for the period. The Group has net current liabilities of £133m and the Company has net current liabilities of £130m at period end. Included in current liabilities is £128m loan from Blackstone Real Estate Partners Europe V, which is only repayable in the event of a group refinancing. Notwithstanding the losses made in the period and the net current liability positions of the Group and Company, the directors are confident of the Group and Company's ability to meet their debts as they fall due. In 2018, additional equity funding was obtained from Blackstone, reflecting shareholder confidence in the Group.

The directors, having made appropriate enquiries, have a reasonable expectation that the Group and company have adequate resources and headroom on covenants attached to bank facilities to continue in operational existence for a period of at least 12 months from the date of this report. For this reason they continue to adopt the going concern basis in preparing Group's accounts. In adopting the going concern basis for preparing the financial statements, the directors have considered the Group's principal risks and uncertainties and business review as set out in the strategic report.



## CHEETAH HOLDCO LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017 - continued

#### 1 ACCOUNTING POLICIES – continued

##### Employee benefits

###### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

#### 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes certain estimates and judgements regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### Estimates and judgements

###### - *Fair value measurement*

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- *Level 1:* Quoted prices in active markets for identical items (unadjusted)
- *Level 2:* Observable direct or indirect inputs other than Level 1 inputs
- *Level 3:* Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures the following items at fair value:

1. Investment property
2. Identifiable intangible assets arising in business combinations (note 1)
3. Interest rate derivatives

##### Estimates:

###### *Fair valuation of investment property*

The market value of investment property is determined, by either an internal or external real estate valuation expert, to be the estimated amount for which a property should exchange on the date of the valuation in an arm's length transaction. Properties have been valued on an individual basis. The valuation expert used the recognised valuation techniques and the principles of both IAS 40 and IFRS 13.

The valuations have been prepared in accordance with the Royal Institute of Chartered Surveyors Valuation - Professional Standards January 2014 ("the Red Book"). Factors reflected include current market conditions, annual rentals and location. The significant methods and estimates used by valuers in estimating the fair value of investment property are set out in note 13.

###### *Fair valuation of interest rate derivatives*

In accordance with IAS 39, the Group values its interest rate derivatives at fair value. The fair values are estimated by the loan counterparty with revaluation occurring on an annual basis.

**CHEETAH HOLDCO LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017 - continued**

**2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS – continued**

**Estimates and judgements – continued**

**Judgements:**

*Fair valuation of interest rate derivatives*

In accordance with IAS 39, the Group values its interest rate derivatives at fair value. The counterparties who determine the fair values will use a number of assumptions including judgements over future interest rates and therefore future cash flows. The fair value represents the net present value of the difference between the cash flows produced by the contracted rate and the valuation rate. For more detailed information in relation to the fair value measurement of interest rate derivatives, please refer to note 16.

**Deferred tax**

A reduction in the UK Corporation Tax rate from 19% to 17% (effective 1 April 2020) was subsequently enacted on 8 September 2016. The deferred tax rate applied to the unrealised gains on the investment properties has been assumed to be the last rate substantively enacted at the reporting date of 17% as the directors do not intend to sell the property and realise the gains in the foreseeable future before the tax rate reduces to 17%.

**3 ACQUISITION OF SUBSIDIARIES**

**Acquisitions in the current period**

On 6 July 2017 Cheetah Bidco Limited, a subsidiary of the Company, acquired 100% of the share capital of The Office Group Holdings Limited for a consideration of £319,417,000 satisfied in cash of £248,983,000 and shares issued of £70,434,000. The Office Group Holdings is the indirect parent of the group of trading entities hereafter referred to as TOG. TOG is a leading flexible office provider in London. The acquisition is expected to capitalise on the increased demand for flexible, design-led workspaces. In the period from acquisition date to 31 December 2017 the acquired subsidiary group earned revenue of £44,355,000 and made a net loss of £3,913,000.

**Effect of acquisition**

The acquisition had the following effect on the Group's assets and liabilities.

	<b>Recognised values on acquisition £'000</b>
<b>Acquiree's net assets at the acquisition date:</b>	
Property, plant and equipment	330,777
Investments in joint ventures	24,046
Intangible assets (note 12)	41,371
Trade and other receivables	19,982
Cash and cash equivalents	20,353
Interest-bearing loans and borrowings	(203,678)
Trade and other payables	(55,192)
Deferred tax liabilities	(25,951)
	<hr/>
	151,708
	<hr/>
<b>Consideration paid:</b>	
Cash price paid	248,983
Shares issued	70,434
	<hr/>
<b>Total consideration</b>	319,417
	<hr/>
	167,709
	<hr/>

Goodwill is attributable to the confidence in TOG's operational ability and competitiveness in the flexible office market, and the opportunity afforded by Blackstone's investment to scale the business locally and internationally.

**CHEETAH HOLDCO LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017 - continued**

**3 ACQUISITION OF SUBSIDIARIES – continued**

**Acquisition related costs**

The Group incurred acquisition related cost of £11,461,000 related to legal and professional fees. These costs have been included in administrative expenses in the Group's consolidated statement of profit or loss and other comprehensive income.

**Acquired trade receivables**

The fair value of acquired trade receivables was £2,536,000. The gross contractual amounts receivable are £2,536,000 and, at the acquisition date, all of the contractual cash flows were expected to be received.

**4 REVENUE**

	2017 £'000
Revenue arising from:	
Licence fee and rental income	35,065
Other services income	9,290
	<hr/> 44,355 <hr/>

**5 EXPENSES AND AUDITORS' REMUNERATION**

	2017 £'000
Included in the loss for the period are the following:	
Depreciation and amortisation	5,914
Operating lease expense – property	12,942
Building operating costs	8,886
Sales and marketing costs	1,426
	<hr/>

**Auditors' remuneration**

	2017 £'000
Audit of these financial statements	5
Audit of financial statements of subsidiaries of the company	70
Taxation compliance services	26
All other services	12
	<hr/> 112 <hr/>

**6 EMPLOYEES**

	2017 £'000
Staff costs consist of:	
Wages and salaries	5,927
Social security contributions and similar taxes	676
	<hr/> 6,605 <hr/>

	Number
The average monthly number of persons (including directors) employed by the Group during the period was	<hr/> 253 <hr/>

**CHEETAH HOLDCO LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2017 - continued**

**7 NON-RECURRING TRANSACTION COSTS**

Non-recurring transactions costs of £11,461,000 are legal and professional fees incurred in relation to the acquisition of TOG (see note 3) and comprises fees incurred by Cheetah Bidco Limited and The Office Group Midco Limited.

**8 DIRECTORS' REMUNERATION**

**Key management personnel compensation**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

	2017 £'000
Wages and salaries	1,818
Social security contributions and similar taxes	225
Pension costs	5
	<hr/> 2,048 <hr/>

The aggregate of remuneration of the highest paid director was £687,000, including pension contributions of £5,000.

**9 FINANCE INCOME AND EXPENSE**

**Recognised in the statement of profit or loss and other comprehensive income**

	2017 £'000
<b>Finance income</b>	<b>£'000</b>
Bank interest	2
	<hr/>
<b>Total finance income</b>	<b>2</b> <hr/>
<b>Finance expense</b>	
Interest on loan from related party	1,195
Interest payable on bank loans	2,191
Loan arrangement fee amortisation	517
Finance lease interest	640
	<hr/>
<b>Total finance expense</b>	<b>4,543</b> <hr/>

**CHEETAH HOLDCO LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2017 - continued**

<b>10 TAX EXPENSE</b>	<b>2017</b>
	<b>£'000</b>
<b>Tax expense</b>	
<b>Current tax expense</b>	
Current tax for the period	988
<b>Total current tax</b>	<b>988</b>
<b>Deferred tax expense</b>	
Origination and reversal of temporary differences (note 19)	(829)
<b>Total deferred tax</b>	<b>(829)</b>
	<b>159</b>

The reasons for the difference between the actual tax charge for the period and the standard rate of corporation tax in the United Kingdom applied to loss for the period are as follows:

	<b>2017</b>
	<b>£'000</b>
Loss before income taxes	(10,789)
Tax using the company's domestic tax rate of 19%	(2,050)
Expenses not deductible for tax purposes	2,977
Income not taxable for tax purposes	(221)
Chargeable gains	(657)
Adjust to deferred tax for change in rate	110
<b>Tax charge for the period</b>	<b>159</b>

The standard rate of Corporation Tax in the UK reduced to 19% on 1 April 2017.

*Changes in tax rates and factors affecting the future tax charge*

A reduction in the UK Corporation Tax rate from 19% to 17% (effective 1 April 2020) was subsequently enacted on 6 September 2016. This will reduce the Company's future current and deferred tax charges accordingly.

**CHEETAH HOLDCO LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017 - continued**

**11 PROPERTY, PLANT AND EQUIPMENT**

Group	Assets under construction	Freehold and long leasehold Investment properties	Short leasehold property	Fixtures, fittings and Equipment	Total
	£'000	£'000	£'000	£'000	£'000
<b><i>Cost or valuation</i></b>					
Acquisitions through business combination	78,895	206,735	37,481	7,666	330,777
Additions in the period	13,392	958	6,681	2,420	23,451
Capitalised finance costs	1,192	-	-	-	1,192
Disposals	-	-	(2,722)	(807)	(3,529)
	<u>93,479</u>	<u>207,693</u>	<u>41,440</u>	<u>9,279</u>	<u>351,891</u>
At 31 December 2017					
<b><i>Depreciation and impairment</i></b>					
Acquisitions through business combination	-	-	-	-	-
Charged in the period	-	-	2,755	1,388	4,143
Disposals	-	-	(2,722)	(807)	(3,529)
	<u>-</u>	<u>-</u>	<u>33</u>	<u>581</u>	<u>614</u>
At 31 December 2017					
<b><i>Net book value</i></b>					
At 31 December 2017	<u>93,479</u>	<u>207,693</u>	<u>41,407</u>	<u>8,698</u>	<u>351,277</u>

Bank borrowings are secured on the Group's freehold and long leasehold land and buildings. Interest capitalised at the year end amounted to £1,192,000 which represents 21% of the total interest expense for the period.

Assets under construction relate to freehold properties, which are measured at cost as they are still in development. Upon completion, they will be transferred to Investment Properties.

The historic cost of investment properties was £207,693.

As at year-end the Group has £Nil capital commitments, however there are capital expenditure plans in respect of property, plant and equipment of £35,590,000. There are no legal commitments to fulfil these plans.

Disposals in the year relate to the compulsory purchase order of Euston Square which is disclosed in Note 21.

**CHEETAH HOLDCO LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017 - continued**

**12 INTANGIBLE ASSETS**

	Goodwill £'000	Brand £'000	Operating Leases £'000	Customer Relationships £'000	Total £'000
<b>Cost or valuation</b>					
Acquisitions through business combinations	167,709	3,343	31,161	6,867	209,080
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	<b>167,709</b>	<b>3,343</b>	<b>31,161</b>	<b>6,867</b>	<b>209,080</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Amortisation and impairment</b>					
Acquisitions through business combinations	-	-	-	-	-
Charged in the period		335	1,207	229	1,771
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	<b>-</b>	<b>335</b>	<b>1,207</b>	<b>229</b>	<b>1,771</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>					
At 31 December 2017	<b>167,709</b>	<b>3,008</b>	<b>29,954</b>	<b>6,638</b>	<b>207,309</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**Amortisation and impairment charge**

The amortisation and impairment charge is recognised in the following line items in the income statement of profit or loss and other comprehensive:

	<b>2017 £'000</b>
Administrative expenses	<b>1,771</b>
	<hr/>

The group is considered to have only one CGU, flexible office space and related services. Goodwill and indefinite life intangible assets considered significant in comparison to the group's total carrying amount of such assets are related to this CGU only.

The recoverable amount of the cash generating unit has been calculated with reference to its fair value less costs to sell. The key assumptions of this calculation are shown below:

The fair value has been determined using a market approach. The cash generating unit was acquired as part of an arm's length transaction which took place during the year for a consideration of £319,417,000. Disposal costs have been estimated on the basis of the transaction costs incurred by the group during the period of £11,461,000.

Management have considered any changes in value arising from factors since acquisition and concluded that there was no material or significant change in the group operations, industry, regulatory environment, country, market or other factors would could affect the recoverable amount.

**CHEETAH HOLDCO LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2017 - continued**

**13 INVESTMENT PROPERTY**

**Restrictions and obligations**

At 31 December 2017, there were no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal.

There are currently no obligations to construct or develop the existing investment properties.

**Fair value measurement**

The investment properties were valued at the acquisition date of 8 July 2017 by C Green, a director of Cheetah Holdco Limited and a chartered surveyor with the Royal Institute of Chartered Surveyors.

The directors have considered that between the date of acquisition and year end, the value of the investment properties have not changed materially.

The fair value of investment property is categorised as a level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is provided below:

	<b>£'000</b>
Acquisitions through business combinations (level 3 recurring fair values)	206,735
Additions in the period	958
	<hr/>
Closing balance (level 3 recurring fair values)	<b>207,693</b>
	<hr/>

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of investment property, as well as the inter-relationship between key unobservable inputs and fair value, is detailed below:

<b>Valuation techniques used</b>	<b>Key unobservable inputs</b>	<b>Relationship between key unobservable inputs and fair value</b>
A combination of the comparable evidence approach and the income approach using earnings generated by each property is used	Yield 4.3% - 8.1% (2017)	Higher yield reduces fair values

The fair value measurement is based on the above items highest and best use, which does not differ from their actual use.

During the period, £9,262,000 was recognised in the consolidated statement of profit or loss and other comprehensive income in respect of income generated by the properties.

Direct operating expenses including repairs and maintenance arising from the investment properties amounted to £1,651,000.



**CHEETAH HOLDCO LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017 - continued**

**14 INVESTMENTS**

<b>Name</b>	<b>Country of Incorporation</b>	<b>% ownership</b>	<b>Class of shares held</b>	<b>Principal activity</b>	<b>Registered Number</b>
Cheetah Bidco Limited <sup>A</sup>	England and Wales	100	Ordinary	Intermediate holding company	10819465
The Office Group Midco Ltd (formerly Esselco Office Ltd)	England and Wales	*100	Ordinary	Flexible office provider	07355718
The Office Group Holdings Limited <sup>A</sup>	England and Wales	*100	Ordinary	Intermediate holding company	10768770
The Office Group Properties Limited (formerly Esselco Office Properties Limited)	England and Wales	*100	Ordinary	Flexible office provider	07355616
The Office Group Limited <sup>A</sup>	England and Wales	*100	Ordinary	Intermediate holding company	06418630
The Office Islington Limited <sup>A</sup>	England and Wales	*100	A, B and Deferred	Management services provider	04878697
The Office (Farringdon) Limited <sup>A</sup>	England and Wales	*100	Deferred and Ordinary	Flexible office provider	05510287
The Office (Shoreditch) Limited <sup>A</sup>	England and Wales	*100	Ordinary	Flexible office provider	05898248
The Office (Bristol1) Limited <sup>A</sup>	England and Wales	*100	Ordinary	Flexible office provider	06293478
The Office (Marylebone) Limited	England and Wales	*100	Ordinary	Flexible office provider	06356910
The Office (Kilby) Limited <sup>A</sup>	England and Wales	*100	Ordinary	Flexible office provider	06356912
EOP DL Limited	England and Wales	*100	Ordinary	Flexible office provider	09525769
TOG Fitness Limited <sup>A</sup>	England and Wales	*65	Ordinary	Fitness provider	09315745
Creative Debuts Limited	England and Wales	*51	Ordinary	Artwork sale and rental	08625450

\* Shares held indirectly.

<sup>A</sup> These entities are exempt from the audit of their individual accounts due to the existence of a parental guarantee given by Cheetah Holdco Limited.

**Joint Ventures**

At period end the Company held an indirect 50% interest in the following joint venture:

<b>Name</b>	<b>Country of Incorporation</b>	<b>of</b>	<b>% ownership</b>	<b>Principal activity</b>
The Station Office Network LLP	England and Wales		50	Flexible office provider

All subsidiaries and joint ventures have the registered office 179 – 185 Great Portland Street, London, W1W 5PL except for Cheetah Bidco Limited who registered address is 35 Great St. Helen's, London E14 5GL.

**CHEETAH HOLDCO LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017 - continued**

**14 INVESTMENTS – continued**

**Joint Ventures - continued**

<b>Group</b>	<b>2017 £'000</b>
At 22 June 2017	-
Acquisition through business combination	24,046
	<u>24,046</u>

**The Station Office Network LLP**

The Office Group Properties Limited, an indirect subsidiary of the company, has a 50% interest in the capital of The Station Office Network LLP, a Limited Liability Partnership registered in the United Kingdom

	<b>Aggregate of share capital and reserves</b>	<b>Profit and loss account for the period 6 July to 31 December</b>
	<b>£'000</b>	<b>£'000</b>
The Station Office Network LLP	5,142	1,416
	<u>5,142</u>	<u>1,416</u>
The Group's aggregate share of the joint venture's net assets at the balance sheet date is as follows:		
	<b>£'000</b>	<b>£'000</b>
Share of assets:		
Non current assets	6,182	
Current assets	4,644	
	<u>10,826</u>	10,826
Share of liabilities:		
Current liabilities	(2,606)	
Non current liabilities	(5,649)	
	<u>(8,255)</u>	(8,255)
		<u>2,571</u>

The joint venture was acquired by business combination and initially recognised in the group as its fair value of £24,046,000 (note 3).

**Investment**

<b>Company</b>	<b>Investments £'000</b>
At 22 June 2017	-
Acquisition through business combination	322,285
	<u>322,285</u>
At 31 December 2017	<u>322,285</u>

The investment relates to a 100% interest in the share capital of Cheetah Bidco Limited.

**CHEETAH HOLDCO LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017 - continued**

**15 TRADE AND OTHER RECEIVABLES**

<b>Group</b>	<b>Group 2017 £'000</b>	<b>Company 2017 £'000</b>
Trade receivables	1,595	-
Other receivables	15,002	204
Prepayments and accrued income	7,090	-
Deferred tax	687	-
	<hr/>	<hr/>
	<b>24,374</b>	<b>204</b>
	<hr/>	<hr/>

The carrying value of trade and other receivables classified as loans and receivables approximates to fair value.

**Company**

The company has no trade and other receivables.

**16 OTHER FINANCIAL ASSETS**

	<b>2017 £'000</b>
Current assets: Interest rate derivative	12
	<hr/>
It is the Group's policy to manage interest rate exposure using interest rate derivatives.	
	<b>2017 £'000</b>
At 22 June 2017	-
Acquired through business combination	48
Changes in fair value of interest rate derivatives	(36)
	<hr/>
	12
	<hr/>

To mitigate the threat of interest rate risk which arises as a result of entering into the London Interbank Offered Rate ("LIBOR") linked loans, the Group has entered into an interest rate cap. An interest rate cap has been taken out in respect of each loan drawn to cap the rate at which 3 month LIBOR can rise to, coterminous with the term of the loan. The cap rate for the Group as at the period end was 2.5% above LIBOR. The total premium payable in the period towards securing interest rate caps was £nil.

The interest rate derivatives are marked to market by the relevant third party banks on a quarterly basis in accordance with IAS 39. Any movement in the mark to market values of the derivatives are taken to the consolidated statement of profit or loss and other comprehensive income.

**Company**

The company has no financial assets.

**CHEETAH HOLDCO LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017 - continued**

**17 TRADE AND OTHER PAYABLES**

	<b>Group 2017 £'000</b>	<b>Company 2017 £'000</b>
<b>Due within one year:</b>		
Trade payables	3,027	-
Other payables	16,344	-
Other tax and social security	731	-
Corporation tax	516	-
Accruals	18,298	1,195
Deferred income	753	-
	<hr/>	<hr/>
	<b>39,667</b>	<b>1,195</b>
	<hr/>	<hr/>

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates to fair value.

	<b>Group 2017 £'000</b>	<b>Company 2017 £'000</b>
<b>Due after one year:</b>		
Other creditors	29,646	-
	<hr/>	<hr/>

Other creditors due after one year comprise the non-current portion of the rent-free accruals.

**18 OTHER INTEREST BEARING LOANS AND BORROWINGS**

	<b>Group 2017 £'000</b>	<b>Company 2017 £'000</b>
<b>Non current borrowings</b>		
Bank loan	187,559	-
Loan notes	31	-
Finance leases	23,814	-
	<hr/>	<hr/>
	211,404	-
	(535)	-
	<hr/>	<hr/>
	210,869	-
	<hr/>	<hr/>
<b>Current borrowings</b>		
Loan from related party	128,527	128,527
Bank loan	6,542	-
Finance leases	767	-
	<hr/>	<hr/>
	135,836	128,527
	(1,010)	-
	<hr/>	<hr/>
	134,826	128,527
	<hr/>	<hr/>
<b>Due after more than one year:</b>		
Repayable between one and two years	7,309	-
Repayable between two and five years	182,341	-
Repayable after more than five years	21,754	-
	<hr/>	<hr/>
	211,404	-
	<hr/>	<hr/>

**CHEETAH HOLDCO LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017 - continued**

**18 OTHER INTEREST BEARING LOANS AND BORROWINGS – continued**

**Group**

Future lease payments are due as follows:

2017	Minimum lease payments £'000	Interest £'000	Present value £'000
Not later than one year	808	41	767
Between one year and five years	3,232	330	2,902
Later than five years	116,958	96,046	20,912
	<u>120,998</u>	<u>96,417</u>	<u>24,581</u>
Current liabilities			767
Non-current liabilities			23,814

Bank loan is secured by fixed and floating charges over the assets of the Group.

The senior debt facility matures on 26 December 2019. Any associated fees in arranging the bank borrowings unamortised as at the period end are offset against amounts drawn on the facilities as shown in the note above.

Each of the Group's facilities has an interest charge which based on a margin above 3 month weighted average margin payable by the Group on its debt portfolio as at the period end was 3.01% above 3 month LIBOR.

**19 DEFERRED TAX**

**Group**

Deferred tax assets and liabilities are attributable to the following:

	Assets 2017 £'000	Liability 2017 £'000	Net 2017 £'000
Accelerated capital allowances	-	(4,066)	(4,066)
Capital gains	-	(14,734)	(14,734)
Intangibles on business combination	-	(6,736)	(6,736)
Provisions	-	(275)	(275)
Loan relationships asset	477	-	477
Tax losses carried forward	210	-	210
	<u>687</u>	<u>(25,811)</u>	<u>(25,124)</u>

Movements in deferred tax during the period

	22 June 2017 £'000	Acquired in business combination £'000	Recognised in income £'000	31 December 2017 £'000
Accelerated capital allowances	-	(3,556)	(510)	(4,066)
Capital gains	-	(15,315)	581	(14,734)
Intangibles on business combination	-	(7,037)	301	(6,736)
Provisions	-	(281)	6	(275)
Loan relationships asset	-	-	477	477
Tax losses carried forward	-	236	(26)	210
	<u>-</u>	<u>(25,953)</u>	<u>829</u>	<u>(25,124)</u>

Presented as:

Deferred tax asset (note 15)

Deferred tax provision

687  
(25,811)  
(25,124)

**CHEETAH HOLDCO LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2017 - continued**

**19 DEFERRED TAX - continued**

**Company**

The company has no deferred tax assets or liabilities.

**20 SHARE CAPITAL**

	<b>Allotted, called up and fully paid</b>	
	<b>2017</b>	<b>2017</b>
	<b>Number</b>	<b>£</b>
Ordinary shares		
Ordinary 'A' shares	123,323,872	1,233,239
Ordinary 'B' shares	46,831,087	468,311
Ordinary 'C' shares	21,129,586	211,296
Ordinary 'D' shares	2,154,494	21,545
Ordinary 'G' shares	319,206	3,192
	<hr/>	<hr/>
	193,758,245	1,937,583
	<hr/>	<hr/>

The share class rights are set out below:

Ordinary 'A' and 'B' Shares - The holders of 'A' and 'B' ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per 'A' and 'B' share at meetings of the Company.

Ordinary 'C' Shares - The holders of 'C' ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the Company

Ordinary 'D' Shares - The holders of 'D' ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the Company

Ordinary 'G' Shares - The holders of 'G' ordinary shares are entitled to receive dividends from time to time and are not entitled to attend or vote at any general meetings of the Company.

In addition to shares recognised in equity there are 128,527,241 ordinary shares recognised as debt. These shares are fully cancellable upon a preferential return of capital to Cheetah-Wild Holdco Limited. Interest is payable at 1.9%.

**21 LEASES**

The Group maintains a mixed portfolio of owned and leased properties.

The total future value of minimum lease payments is due as follows:

	<b>2017</b>
	<b>£'000</b>
Not later than one year	26,399
Later than one year and not later than five years	165,826
Later than five years	389,371
	<hr/>
	581,596
	<hr/>

The Group's leasehold interest at Euston Square was subject to a compulsory purchase order in relation to the High Speed Rail Bill. In line with the Government's compulsory purchase compensation guidelines, the Group expects to receive compensation for this loss of business. As at the date of signing these financial statements, the amount of compensation cannot be reliably measured and accordingly, no recoverable amount has been recorded.

**CHEETAH HOLDCO LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017 - continued**

**22 FINANCIAL INSTRUMENTS - RISK MANAGEMENT**

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Liquidity risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

**Principal financial instruments**

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Trade and other payables
- Floating-rate bank loans
- Interest rate caps

**Financial instruments by category**

<b>Financial assets</b>	<b>Financial assets at fair value through profit or loss</b>	<b>Loans and receivables</b>
	<b>2017</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Group</b>		
Trade and other receivables	-	23,673
Derivatives	12	-
	<hr/>	<hr/>
<b>Total financial assets</b>	<b>12</b>	<b>40,285</b>
	<hr/>	<hr/>
<b>Company</b>		
The company has no financial assets.		
<b>Financial liabilities</b>	<b>Group Financial liabilities at amortised cost</b>	<b>Company Financial liabilities at amortised cost</b>
	<b>2017</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Trade and other payables	68,067	1,195
Other interest bearing loans and borrowings	347,240	128,527
	<hr/>	<hr/>
<b>Total financial liabilities</b>	<b>415,307</b>	<b>129,722</b>
	<hr/>	<hr/>

**CHEETAH HOLDCO LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2017 - continued**

**22 FINANCIAL INSTRUMENTS - RISK MANAGEMENT - continued**

**Financial instruments not measured at fair value**

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, trade and other payables, and other interest bearing loans and borrowings.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables approximates to their fair value.

**Financial instruments measured at fair value**

The fair value hierarchy of financial instruments measured at fair value is provided below.

	<b>Level 2</b>
	<b>2017</b>
	<b>£'000</b>
<b>Financial assets</b>	
Derivative financial assets (fair value through profit or loss)	<b>12</b>

There were no transfers between levels during the period.

There were no changes to the valuation techniques during the period.

**General objectives, policies and processes**

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to management.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

**Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The credit risk from the Group's customers is very low as the Group holds deposits for each customer and can deny access to services if payment is outstanding. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

Further disclosures regarding trade and other receivables, which are neither past due or impaired, are provided in note 15.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factors. Market risk arises for the Group from its use of variable interest bearing instruments (interest rate risk).

The Group finances its operation through a mixture of retained profits and external borrowings. The Group borrows at both fixed and floating rates of interest and then utilises interest rate swaps and caps to generate the desired interest and risk profile. Although the Board accepts that this policy neither protects the Group entirely from the risk of paying rates in excess of current market rates nor eliminates fully cash flow risk associated with variability in interest payments, it considers that it achieves an appropriate balance of exposure to these risks.

During 2017, the Group's borrowings at variable rate were denominated in Pound Sterling.

At 31 December 2017, if interest rates on Pound Sterling denominated borrowings had been 100 basis points higher/lower with all other variables held constant, profit after tax for the period would have been £860,000 lower/higher.



**CHEETAH HOLDCO LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017 - continued**

**22 FINANCIAL INSTRUMENTS - RISK MANAGEMENT - continued**

**Liquidity risk**

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The Group also seeks to reduce liquidity risk by fixing interest rates (and hence cash flows) on a portion of its long-term borrowings, this is further discussed in the 'interest rate risk' section above.

The Board receives rolling 12-month cash flow projections on a monthly basis as well as information regarding cash balances. At the end of the financial period, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The liquidity risk of each Group entity is managed centrally by the Group finance function.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	Up to 1 Year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
<b>At 31 December 2017</b>				
Trade and other payables	37,226	-	-	-
Other interest bearing loans and borrowings	135,878	7,351	183,441	116,958
<b>Total</b>	<b>173,104</b>	<b>7,351</b>	<b>183,441</b>	<b>116,958</b>

**Capital disclosures**

The Group's objective when maintaining capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The Group monitors the ratio of bank borrowings to long term property assets. Long term property assets is calculated as the net book value of freehold investment properties and short leasehold property shown in property, plant and equipment.

	2017 £'000
Bank borrowings	194,101
Freehold and long leasehold investment property	301,172
Short leasehold property	41,407
Less capitalised ground rent obligation	(24,581)
	<b>317,998</b>
<b>Bank borrowings to long term property assets ratio</b>	<b>61%</b>

**CHEETAH HOLDCO LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017 - continued**

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**23 RELATED PARTY TRANSACTIONS**

Included in other interest bearing loans and borrowings is a loan of £128,527,000 from Blackstone Real Estate Partners Europe V, an indirect parent of the company. Interest on the loan was accrued at 1.9% during 2017. Accrued interest of £1,195,000 was payable at year end.

During the period, Directors of the company were issued ordinary 'B' shares comprising 14.53% of the voting shares of The company

**24 ULTIMATE PARENT**

The Company is a subsidiary undertaking of Cheetah-Wild Holdco Limited which is the ultimate parent company incorporated in Jersey. The accounts of Cheetah-Wild Holdco Limited are not available to the public.

There is no larger Group in which the results of the company are consolidated. The smallest group in which the company is consolidated is that headed by Cheetah Holdco Limited, registered in the UK.