

The Office Group Holdings Limited

Report and Financial Statements

Year Ended

31 December 2021

Company Number 10768770



The Office Group Holdings Limited

Company Information

| | |
|----------------------------|---|
| Directors | M Green G Katakya O Olsen E Sanna J Blank |
| Registered number | 10768770 |
| Registered office | The Smiths Building 179 Great Portland Street London W1W 5PL |
| Independent auditor | KPMG LLP 15 Canada Square London E14 5GL |

The Office Group Holdings Limited

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The Office Group Holdings Limited

Strategic Report for the Year Ended 31 December 2021

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

Business overview

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

Prior to the 10 March 2021 the principal activity of the Company was that of an intermediate holding company. On 10 March 2021, the freehold and long-leasehold properties held by The Office Group Properties Limited, The Office (Bristol1) Limited, The Office (Kirby) Limited, The Office (Shoreditch) Limited and The Office (Farringdon) Limited were transferred to The Office Group Holdings Limited. Following this, the principal activity of the Company is that of owner and developer of freehold and long-leasehold properties which are leased to a fellow member company of the Group. Although the Company has not been directly impacted by the COVID-19 pandemic there has clearly been an impact on the overall Group by the pandemic which is discussed in more detail within the Strategy section of the Strategic Report.

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

Business model

Key activities

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

TOG assets

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

TOG members

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

Strategy

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

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

The Office Group Holdings Limited

Strategic Report (continued) for the Year Ended 31 December 2021

Trends and factors

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

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

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

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

Principal risks and uncertainties

Economic Downturn

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

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

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

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

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

The Office Group Holdings Limited

Strategic Report (continued) for the Year Ended 31 December 2021

Principal risks and uncertainties (continued)

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

COVID-19 uncertainty

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

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

Client Retention

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

Financial Market Volatility

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

Business Interruption

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

The Office Group Holdings Limited

Strategic Report (continued) for the Year Ended 31 December 2021

Principal risks and uncertainties (continued)

Regulatory Risk

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

Environment, Social and Governance

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

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

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

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

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

Financial performance

The Company made an operating profit of £31,602k (2020 - £192k loss) in the year. Following the group restructure in March 2021 where the freehold and long-leasehold properties were transferred from other group companies, the Company started to lease the properties to a fellow member of the Group, generating revenue of £14,162k.

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

Key performance indicators ("KPIs")

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

The Office Group Holdings Limited

Strategic Report (continued) for the Year Ended 31 December 2021

S172 statement

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

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

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



M Green
Director

Date: 09/12/2022

The Office Group Holdings Limited

Directors' Report for the Year Ended 31 December 2021

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

Principal activity

Prior to 10 March 2021 the principal activity of the Company was that of an intermediate holding company. Since 10 March 2021 the principal activity of the company is that of owner and developer of freehold and long-leasehold properties which are leased to a fellow member company of the Group.

Directors

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

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

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

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

Results and dividends

The directors did not declare a dividend in the year (2020 - £Nil).

The Office Group Holdings Limited

Directors' Report (continued) for the Year Ended 31 December 2021

Share issue

On 22 December 2021 the Company issued 21,304,000 Ordinary shares of £0.0001 each for cash.

Going concern

The Company reports a net loss of £105,956k (2020 - £9,313k loss) for the year. The Company has net current liabilities of £94,365k (2020 - £211,551k net current assets) and net assets of £95,106k (2020 - £179,788k) with cash and cash equivalents of £5,353k (2020 - £10,429k).

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

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

This assessment is dependent on Cheetah Holdco Limited not seeking repayment of the amounts currently due to the group, which at 31 December 2021 amounted to £309,562k, and providing additional financial support during the going concern assessment period. The directors have received a letter from Cheetah Holdco Limited, the Group's indirect parent undertaking, indicating its intent to provide additional funding as is needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, during the going concern assessment period. Cheetah Holdco Limited has received a similar letter from its direct parent Cheetah Wild Holdco Limited (Jersey) which has also received a similar letter from its indirect parent undertakings, Blackstone Real Estate Partners Europe V and Blackstone Real Estate Partners VIII. As is the case for any entity placing reliance on other related entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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

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

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

Streamlined Energy and Carbon Reporting (SECR)

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

The Office Group Holdings Limited

Directors' Report (continued) for the Year Ended 31 December 2021

Disclosure of information to auditor

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

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

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



M Green
Director

Date: 09/12/2022

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

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

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

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

Our conclusions based on this work:

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

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

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements.

We did not identify any additional fraud risks.

We performed procedures including:

- Inspecting revenue postings either side of year-end and agreeing these postings to supporting documentation.
- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

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

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

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

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

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

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

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

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

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

Strategic report and directors' report

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

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



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

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.

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.

Paul Barron (senior statutory auditor)
For and on behalf of KPMG LLP, statutory auditor
Chartered Accountants
15 Canada Square, London, E14 5GL

Date: 9th December 2022

The Office Group Holdings Limited

Statement of Profit and Loss and Other Comprehensive Income for the Year Ended 31 December 2021

| | Note | 2021 £000 | 2020 £000 |
|---|------|------------------|-----------------|
| Revenue | 4 | 14,162 | - |
| Operating costs | 5 | (409) | (192) |
| Gains from revaluation of freehold property | 12 | 17,849 | - |
| Operating profit/(loss) | | 31,602 | (192) |
| Amounts written off investments | | (117,807) | - |
| Interest payable and similar expenses | 9 | (10,062) | (10,414) |
| Loss before tax | | (96,267) | (10,606) |
| Tax on loss | 10 | (9,689) | 1,293 |
| Loss for the financial year | | (105,956) | (9,313) |

All amounts relate to continuing operations.

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

The notes on pages 17 to 39 form part of these financial statements.

The Office Group Holdings Limited

Registered number:10768770

Balance Sheet as at 31 December 2021


| | Note | 2021 £000 | 2020 £000 |
|---|------|----------------------|-----------------------|
| Fixed assets | | | |
| Investments | 11 | 166,467 | 263,000 |
| Investment property | 12 | 376,471 | - |
| | | <u>542,938</u> | <u>263,000</u> |
| Current assets | | | |
| Debtors (including £216,235k (2020 - £209,213k) due after more than one year) | 13 | 216,444 | 210,700 |
| Cash at bank and in hand | | 5,353 | 10,429 |
| | | <u>221,797</u> | <u>221,129</u> |
| Current liabilities | | | |
| Creditors: amounts falling due within one year | 14 | (316,162) | (9,578) |
| Net current (liabilities)/assets | | <u>(94,365)</u> | <u>211,551</u> |
| Total assets less current liabilities | | <u>448,573</u> | <u>474,551</u> |
| Non-current liabilities | | | |
| Creditors: amounts falling due after more than one year | 15 | (309,439) | (294,763) |
| | | <u>139,134</u> | <u>179,788</u> |
| Provisions for liabilities | | | |
| Deferred taxation | 17 | (44,028) | - |
| Net assets | | <u><u>95,106</u></u> | <u><u>179,788</u></u> |
| Capital and reserves | | | |
| Share capital | 18 | 2 | - |
| Share premium account | 18 | 21,272 | - |
| Retained earnings | 18 | 73,832 | 179,788 |
| | | <u><u>95,106</u></u> | <u><u>179,788</u></u> |

The Office Group Holdings Limited

Registered number:10768770

Balance Sheet (continued) as at 31 December 2021

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



M Green
Director

Date: 09/12/2022

The notes on pages 17 to 39 form part of these financial statements.

The Office Group Holdings Limited

Statement of Changes in Equity for the Year Ended 31 December 2021

| | Share capital £000 | Share premium account £000 | Retained earnings £000 | Total equity £000 |
|--|--------------------------|-------------------------------------|------------------------------|----------------------|
| Balance at 1 January 2020 | - | - | 189,101 | 189,101 |
| Comprehensive loss for the year | | | | |
| Loss for the year | - | - | (9,313) | (9,313) |
| Balance at 31 December 2020 | - | - | 179,788 | 179,788 |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (105,956) | (105,956) |
| Shares issued during the year | 2 | 21,272 | - | 21,274 |
| Balance at 31 December 2021 | 2 | 21,272 | 73,832 | 95,106 |

The notes on pages 17 to 39 form part of these financial statements.

The Office Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1. General information

The Office Group Holdings Limited is a private company, limited by shares, registered in England and Wales and domiciled in the United Kingdom. The Company's registered number and registered office address can be found on the Company Information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

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

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

The Office Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

2. Accounting policies (continued)

2.1 Basis of preparation of financial statements (continued)

New standard, interpretations and amendments adopted from 1 January 2021

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

New standards, interpretations and amendments not yet effective

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

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

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

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

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

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

Other

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

Profit and loss account presentation

The directors have reviewed the presentation of the profit and loss account and consider items to be more appropriately presented using the "by nature" format as this benefits the reader of the financial statements. Detail on the nature of the expenses incurred during the year can be seen in more detail under note 5. In preparing the financial statements the "by nature" format has been adopted. This has also been applied to the comparative financial information and this has been represented onto the same basis. The adjustments have not affected previously reported profit or loss or net assets.

The Office Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

2. Accounting policies (continued)

2.2 Taxation

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

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

A change has been made to the tax accounting policy during 2021 to update and adopt a policy for receiving of tax losses in the group. The receipt reflects the tax effected value of the received losses at the current tax rate.

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

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

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

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

The Office Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

2. Accounting policies (continued)

2.3 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Non-property leases are subsequently measured at cost less depreciation, calculated on the straight line over the non-cancellable term of the lease - similar to other items of property, plant and equipment.

Right-of-use assets are subsequently stated at fair value. 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.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. For leases that are not financed through debt, the incremental borrowing rate is derived from the real estate property yields, and considers the terms of the lease and economic factors.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

Variable payments that depend on an index or a rate, or are subject to market rent review, are included in the initial measurement of the lease using the index or rate as at the commencement date. The lease liability and right-of-use assets is remeasured in the period the rate or index changes.

The Office Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

2. Accounting policies (continued)

2.3 Leases (continued)

In-substance fixed payments are included in the initial measurement of the lease. The lease is remeasured in the period in-substance fixed payments are changed or are resolved.

All other variable payments are not included in the initial measurement of the lease. These payments are recognised in profit or loss when the event or condition that triggers the payments occur.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. Low value-leases are considered to be all leases where the individual value of the underlying assets is below £500, or where the lease is equal to or shorter than one year.

As a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

2.4 Exemption from preparation of consolidated financial statements

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

The Office Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

2. Accounting policies (continued)

2.5 Judgements and key areas of estimation uncertainty

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires the Company's directors to exercise judgement in applying the Company's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

2.6 Revenue

Revenue comprises rental income from leases and is recognised over time in line with IFRS 16 'Leases'. Revenue is recognised exclusive of VAT on an accruals basis.

Rent receivable is spread on a straight-line basis over the period of the lease. When the billing profile is not uniform this results in a balance of accrued or deferred income at each reporting date until the rental term is complete.

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

The Office Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

2. Accounting policies (continued)

2.7 Going concern

The Company reports a net loss of £105,956k (2020 - £9,313k loss) for the year. The Company has net current liabilities of £94,365k (2020 - £211,551k net current assets) and net assets of £95,106k (2020 - £179,788k) with cash and cash equivalents of £5,353k (2020 - £10,429k).

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

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

This assessment is dependent on Cheetah Holdco Limited not seeking repayment of the amounts currently due to the group, which at 31 December 2021 amounted to £309,562k, and providing additional financial support during the going concern assessment period. The directors have received a letter from Cheetah Holdco Limited, the Group's indirect parent undertaking, indicating its intent to provide additional funding as is needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, during the going concern assessment period. Cheetah Holdco Limited has received a similar letter from its direct parent Cheetah Wild Holdco Limited (Jersey) which has also received a similar letter from its indirect parent undertakings, Blackstone Real Estate Partners Europe V and Blackstone Real Estate Partners VIII. As is the case for any entity placing reliance on other related entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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

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

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

2.8 Investment in subsidiaries

Investments in subsidiaries are carried at cost less any provision for losses arising on impairment.

The Office Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

2. Accounting policies (continued)

2.9 Investment property

Investment property comprises completed property that is held to earn rental income 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.

Freehold investment property

Investment property held in accordance with IAS 40 Investment Properties 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.

The fair value is determined by a professional internal valuer. The valuations have been prepared in accordance with the Royal Institute of Chartered Surveyors Valuations - Professional Standards January 2017 ("the Red Book"). Factors effecting 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.

The Office Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

2. Accounting policies (continued)

2.10 Financial assets

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

2.10.1 Loans and receivables

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

Loss allowances for trade debtors and contract assets are measured at an amount equal to lifetime expected credit losses (ECLs), i.e. the ECLs that result from all possible default events over the expected life of the asset. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

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

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

2.11 Financial liabilities

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

2.11.1 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 balance sheet at fair value with changes in fair value recognised in the statement of comprehensive income. The Company does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

The Office Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

2. Accounting policies (continued)

2.11.2 Other financial liabilities

Other financial liabilities include the following items:

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

2.12 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.

2.13 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.

The Office Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The Company 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.

Fair value measurement

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

The fair value measurement of the Company'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 Company measures investment property items at fair value.

Fair valuation of investment property

Freehold and long leasehold

The market value of freehold and long leasehold 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 2017 ("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 12. The market value of leasehold right of use assets are determined by calculating the present value of estimated market related cash flows over the period of the lease.

The Office Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

3. Judgements in applying accounting policies (continued)

Leases

The Company has made key judgements in the process of applying the entity's accounting policies for leases under IFRS 16, that have a significant effect on the amounts recognised in the financial statements. The Company has also made assumptions about the future which impact the business.

Critical judgements made as part of initial application and subsequent measurement of the leases under IFRS 16:

- Extension options beyond the term defined in the lease agreements have not been considered when calculating the present value of lease liabilities. As at 31 December 2021, it is not certain whether extension options will be exercised, as the performance of leased buildings cannot be forecast or analysed accurately enough to conclude on.

Key sources of estimation and uncertainty include:

- During the year the Stanley Building and Tintagel House were transferred to the Company from The Office Group Properties Limited. The discount rate applied for existing finance leases at initial application were derived property yield rates at inception of the leases. The leases were previously recognised as finance leases under IAS 17. For the Stanley Building a discount rate of 5.25% was applied, and for Tintagel House a rate of 5.4% was applied.
- No estimates have been made regarding variable lease payments dependant on an index or rate. Where applicable, indices at initial application have been used and applied prospectively. The impact of changes in the cash flow profile of leases due to the rent reviews or terms linked to indices or rates, are assessed annually and recognised as remeasurements or modifications in the period they are agreed or completed. The Company uses published rates and indices as published by HM Treasury where relevant, unless rates are specifically defined in the lease (or where a collar increase is specified in the lease).
- No estimates have been made regarding variable lease payments subject to open market rent reviews required as part of lease agreements. The impact of changes in the cash flow profile of leases due to the completion of open market rent reviews, are assessed annually and recognised as remeasurements or modifications in the period they are agreed or completed. Lease liabilities will be remeasured in line with requirements of IFRS 16 in the year that open market rent reviews are completed and future cash flows are accurately determinable.

4. Revenue

Revenue arising from:

| | 2021 £000 | 2020 £000 |
|---|--------------|--------------|
| Licence fee and rental income - IFRS 16 | 14,162 | - |

All turnover arose within the United Kingdom.

The Office Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

5. Operating costs

| | 2021 £000 | 2020 £000 |
|-----------------------|--------------|--------------|
| Other operating costs | 409 | 192 |
| | <u>409</u> | <u>192</u> |

6. Auditor's remuneration

Auditor's remuneration of £8k (2020 - £4k) which is borne by The Office Group Properties Limited (2020 - borne by The Office Islington Limited) is not represented in the profit and loss account.

7. Employees

There were no employees for the year ended 31 December 2021 nor for the year ended 31 December 2020.

8. Directors

The cost of directors' remuneration is borne by Cheetah Holdco Limited, an intermediate parent company. The below disclosed remuneration represents the amount allocated for their qualifying services in respect of this Company.

| | 2021 £000 | 2020 £000 |
|-----------------------|--------------|--------------|
| Wages and salaries | 7 | 3 |
| Social security costs | 1 | - |
| | <u>8</u> | <u>3</u> |

The aggregate of remuneration of the highest paid director was £3k (2020 - £1k), including pension contributions of £Nil (2020 - £Nil).

9. Interest payable and similar expenses

| | 2021 £000 | 2020 £000 |
|--|---------------|---------------|
| Bank interest payable | 8,087 | 9,022 |
| Finance charges | 1,234 | 1,392 |
| Finance leases and hire purchase contracts | 741 | - |
| | <u>10,062</u> | <u>10,414</u> |

The Office Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

10. Taxation

| | 2021 £000 | 2020 £000 |
|---|--------------|----------------|
| Group taxation relief | 1,501 | - |
| | <u>1,501</u> | <u>-</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | 7,997 | (1,293) |
| Adjustments in respect of prior periods | 455 | - |
| Effect of tax rate change on opening balance | (264) | - |
| Total deferred tax | <u>8,188</u> | <u>(1,293)</u> |
| Total tax charge/(credit) in statement of profit and loss and other comprehensive income | <u>9,689</u> | <u>(1,293)</u> |

Factors affecting tax charge/(credit) for the year

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

| | 2021 £000 | 2020 £000 |
|--|-----------------|-----------------|
| Loss on ordinary activities before tax | <u>(96,267)</u> | <u>(10,606)</u> |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%) | (18,291) | (2,015) |
| Effects of: | | |
| Expenses not deductible for tax purposes | 25,153 | - |
| Income not taxable for tax purposes | (6,099) | - |
| Capital gains | 3,586 | - |
| Group relief surrendered (claimed)/surrendered | (138) | 722 |
| Adjustments to tax charge in respect of prior periods | 455 | - |
| Remeasurement of deferred tax for changes in tax rates | 10,007 | - |
| Movement in deferred tax not recognised | 2,330 | - |
| Effect of transfers of trade and assets in group reorganisation | (7,314) | - |
| Tax charge/(credit) | <u>9,689</u> | <u>(1,293)</u> |

The Office Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

10. Taxation (continued)

Factors that may affect future tax charges

An increase in the main UK corporation tax rate was announced in the March 2021 Budget, rising to 25% from 1 April 2023. This change was substantively enacted on 24 May 2021. This will increase the Group's future current tax charge accordingly and is now reflected in the deferred tax balance.

11. Investments

| | Investments in subsidiary companies £000 |
|-----------------------|--|
| Cost | |
| At 1 January 2021 | 263,000 |
| Additions | 21,274 |
| At 31 December 2021 | <u>284,274</u> |
| Impairment | |
| Charge for the period | 117,807 |
| At 31 December 2021 | <u>117,807</u> |
| Net book value | |
| At 31 December 2021 | <u><u>166,467</u></u> |
| At 31 December 2020 | <u><u>263,000</u></u> |

During the year the Company subscribed for a further £21,274k of share capital of The Office Group Midco Limited.

In 2021 the Company reviewed its carrying value of investments for evidence of impairment, and it was decided to impair its investment in subsidiaries by £117,807k to reflect the latest view of the value of the underlying assets of the investment.

The Office Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

11. Investments (continued)

The following were subsidiary undertakings of the Company:

| Name | Class of shares | Holding | Principal activity |
|-------------------------------------|-------------------|---------|------------------------------|
| The Office Group Midco Limited | Ordinary | 100% | Intermediate holding company |
| The Office Group Limited | Ordinary | *100% | Intermediate holding company |
| The Office Group Properties Limited | Ordinary | *100% | Flexible office provider |
| EOP DL Limited | Ordinary | *100% | Flexible office provider |
| The Office Islington Limited | A, B and Deferred | *100% | Management services provider |
| The Office (Farringdon) Limited | Ordinary | *100% | Flexible office provider |
| The Office (Shoreditch) Limited | Ordinary | *100% | Flexible office provider |
| The Office (Bristol1) Limited | Ordinary | *100% | Flexible office provider |
| The Office (Kirby) Limited | Ordinary | *100% | Flexible office provider |
| The Office (Marylebone) Limited | Ordinary | *100% | Flexible office provider |

*shares held indirectly

Joint venture

At the year end the Company held an indirect 50% interest in The Station Office Network LLP. The principal activity of the partnership is that of a flexible office provider.

The subsidiaries and joint ventures as stated above have the registered office address of 179 Great Portland Street, London, W1W 5PL, United Kingdom.

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

12. Investment property

| | Freehold investment property £000 | Right of use investment properties £000 | Freehold investment property under construction £000 | Total £000 |
|----------------------------|--------------------------------------|--|---|----------------|
| Valuation | | | | |
| At 1 January 2021 | - | - | - | - |
| Additions | 190,679 | 127,675 | 40,268 | 358,622 |
| Revaluation | 26,769 | (14,252) | 5,332 | 17,849 |
| At 31 December 2021 | 217,448 | 113,423 | 45,600 | 376,471 |

The Office Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

12. Investment property (continued)

The Company acquired its investment property portfolio from other entities of the TOG group on 10 March 2021 as part of a group restructuring. See below for further details.

The freehold and long leasehold investment properties were revalued at 31 December 2021 by Cushman & Wakefield. Cushman & Wakefield are external, independent property valuers, and have the appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. There are currently no obligations to purchase, construct, or develop the investment properties.

During the year £14,486k (2020 - £Nil) was recognised in the statement of profit and loss and other comprehensive income in relation to rental income from freehold investment properties, all of which is traditional income.

Direct operating expenses, including repairs and maintenance, arising from freehold investment property that generated rental income amounted to £Nil (2020 - £Nil).

At 31 December 2021, there were no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal (2020 - None).

At the year end the Company had £Nil capital commitments (2020 - £Nil).

On 10 March 2021, the freehold and long leasehold investment properties held by The Office (Bristol1) Limited, The Office (Kirby) Limited, The Office (Shoreditch) Limited, The Office (Farringdon) Limited and The Office Group Properties Limited were transferred to the Company for their fair market values via the intercompany accounts. The fair value of properties transferred were:

| | Freehold investment property £000 | Long leasehold investment property £000 | Freehold investment property under construction £000 | Total £000 |
|-------------------------------------|--|---|---|----------------|
| The Office (Bristol1) Limited | 5,400 | - | - | 5,400 |
| The Office (Kirby) Limited | 26,163 | - | - | 26,163 |
| The Office (Shoreditch) Limited | 25,017 | - | - | 25,017 |
| The Office (Farringdon) Limited | 18,352 | - | - | 18,352 |
| The Office Group Properties Limited | 115,747 | 127,675 | 40,268 | 283,690 |
| | <u>190,679</u> | <u>127,675</u> | <u>40,268</u> | <u>358,622</u> |

The Office Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

13. Debtors: amounts falling due within one year

| | 2021 £000 | 2020 £000 |
|------------------------------------|----------------|----------------|
| Amounts owed by group undertakings | 216,235 | 209,213 |
| Other debtors | 209 | 194 |
| Deferred taxation | - | 1,293 |
| | <u>216,444</u> | <u>210,700</u> |

All of the amounts owed by group undertakings are repayable on demand and are not interest-bearing. Amounts owed by group undertakings of £216,235k (2020 - £209,213k) includes amounts of £216,235k (2020 - £209,213k) which are expected to be recovered in more than 12 months.

14. Creditors: amounts falling due within one year

| | 2021 £000 | 2020 £000 |
|------------------------------------|----------------|--------------|
| Trade creditors | 31 | - |
| Amounts owed to group undertakings | 309,562 | 8,593 |
| Lease liabilities (see note 16) | 765 | - |
| Other creditors | 609 | - |
| Accruals | 1,240 | 985 |
| Deferred income | 3,955 | - |
| | <u>316,162</u> | <u>9,578</u> |

All of the amounts owed to group undertakings are payable on demand and are not interest bearing. Amounts owed to group undertakings of £309,562k (2020 - £8,593k) includes amounts of £309,562k (2020 - £8,593k) which are expected to be settled in more than 12 months.

Accruals and deferred income includes £1,025k (2020 - £985k) of accrued interest balances payable on bank loans.

15. Creditors: amounts falling due after more than one year

| | 2021 £000 | 2020 £000 |
|---------------------------------|----------------|----------------|
| Bank loans | 298,698 | 298,382 |
| Unamortised arrangement fees | (2,314) | (3,619) |
| Lease liabilities (see note 16) | 13,055 | - |
| | <u>309,439</u> | <u>294,763</u> |

The Office Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

15. Creditors: amounts falling due after more than one year (continued)

The bank loan is secured by fixed and floating charges over the assets of the wider trading group (of which the Company is an intermediary holding company). The debt facility matures in February 2024.

The bank loan has an interest charge which is based on a margin above the 3 month SONIA compounded on a quarterly basis. The margin payable by the Company on the bank loan, at the period end was 2.62%.

The movement in bank loans is due to drawdowns on the loan facility during the year, for funding of capital expenditure.

Unamortised arrangement fees of £2,314k (2020 - £3,619k) at 31 December 2021 includes £1,258k (2020 - £1,376k) expected to be amortised within 1 year.

16. Leases

Leases and lease commitments

The average remaining lease term of the Company's long leasehold portfolio is 89 years.

At 31 December 2021, the Company has no uncommenced commitments to leases.

Leases are typically subject to market rent reviews, index-linked increases or step increases defined within the lease.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases or leases of low-value items.

Lease remeasurements and lease modifications

Inflationary rent reviews - There were no lease remeasurements in 2021 as a result of inflationary rent reviews.

Renegotiated lease terms - There were no lease term renegotiations in 2021.

Variable payments

There were no in-substance fixed payments identified for any leases during the year-ended 31 December 2021.

Extension options

No lease extension options have been exercised during the year ended 31 December 2021 and no future changes have been assumed at year end.

The Office Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

16. Leases (continued)

Lease liabilities are presented in the balance sheet as follows:

| | 2021 £000 | 2020 £000 |
|--|---------------|--------------|
| Lease liability brought forward | - | - |
| Additions/remeasurements/modifications in the year | 13,840 | - |
| Interest expense | 741 | - |
| Lease payments - including prepaid rent costs offset against lease liability | (761) | - |
| Lease liability carried forward | 13,820 | - |

Lease liability

Lease liabilities are presented in the balance sheet as follows:

| | 2021 £000 | 2020 £000 |
|--|---------------|--------------|
| Current lease liability | 765 | - |
| Non-current lease liability | 13,055 | - |
| Total lease liability (net of prepaid rent) | 13,820 | - |

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of long and short-term lease liabilities at 31 December 2021 is as follows:

| | Within 1 year £000 | 2 - 5 years £000 | More than 5 years £000 | Total £000 |
|---|--------------------------|---------------------|------------------------------|---------------|
| 31 December 2021 | | | | |
| Lease payments | 765 | 3,064 | 62,268 | 66,097 |
| Finance charges | (739) | (2,944) | (48,594) | (52,277) |
| Prepaid rent at 31 December 2021 | - | - | - | - |
| Net present values (net of prepaid rent) | 26 | 120 | 13,674 | 13,820 |

The Office Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

17. Deferred taxation

| | 2021 £000 | 2020 £000 |
|---|-----------------|--------------|
| Asset at beginning of year | 1,293 | - |
| Credited to Statement of Profit and Loss and Other Comprehensive Income during the year | (8,188) | 1,293 |
| Transfers on group restructure | (37,133) | - |
| (Liability)/asset at end of year | (44,028) | 1,293 |

The provision for deferred taxation is made up as follows:

| | 2021 £000 | 2020 £000 |
|--------------------------------|-----------------|--------------|
| Accelerated capital allowances | (12,180) | - |
| Tax losses asset | - | 1,293 |
| Capital gains | (31,848) | - |
| | (44,028) | 1,293 |

18. Share capital and other reserves

Share capital

| | 2021 £ | 2020 £ |
|---|--------------|------------|
| Allotted, called up and fully paid | | |
| 22,864,570 (2020 - 1,560,570) Ordinary shares of £0.000100 each | 2,287 | 156 |
| 12,542 (2020- 12,542) Ordinary A shares of £0.000100 each | 1 | 1 |
| | 2,288 | 157 |

On 22 December 2021 the Company issued 21,304,000 ordinary £0.0001 shares for consideration of £2,130.

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

Other reserves

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

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

The Office Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

19. Contingent liabilities

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

20. Events after the reporting date

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

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

PIK Loan notes

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

Group rationalisation

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

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

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

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

The Office Group Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

21. Ultimate parent company and control

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

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

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