The Office Group Holdings Limited

Annual Report and Financial Statements

For the Year Ended

31 December 2022

Company Number 10768770

The Office Group Holdings Limited

Company Information

Directors	O Olsen E Sanna J Blank M Hitchcock L Machenaud
Registered number	10768770
Registered office	The Smiths Building 179 Great Portland Street London W1W 5PL
Independent auditor	Deloitte LLP 2 New Street Square London EC4A 3BZ

The Office Group Holdings Limited

Contents

The Office Group Holdings Limited

Strategic Report
for the Year Ended 31 December 2022

Introduction

The Directors present their Strategic Report for The Office Group Holdings Limited ("the Company") for the year ended 31 December 2022. The Company holds the freehold and long-leasehold properties that are part of the wider Group and is a subsidiary undertaking of Concert JV Holdco Limited ("the Group") which is the ultimate parent company incorporated in Jersey. The Strategic Report focuses on the Group. Any points specific to the Company are stated.

Our purpose

The Company is part of a Group who provides flexible office space to clients. The Group's purpose is to energise and empower people to create their best work. We lead, challenge and set the standard for what the workspace experience can be. We do this by creating beautifully designed buildings and progressive memberships, making the spaces (and contracts) flexible to allow businesses to thrive. We respond to the architecture, location and context of each building so that we can generate a real sense of ownership and community. We are ambitious for continued growth but with only the best buildings being run by the best people. The people in our buildings are at the heart of our business and these relationships drive how we act as a business.

Ownership

On 19 September 2022, a joint venture between Blackstone Real Estate Partners VIII, Blackstone Real Estate Partners Europe V and Brockton Capital Fund III GP Limited was completed. The joint venture brought together the operations of Fora Holdings Limited ("FORA") and Cheetah Concert Holdco Limited creating Concert JV Holdco Limited as the immediate parent company of the newly combined business.

Cheetah Concert Holdco Limited is wholly owned by Cheetah Wild Holdco Limited which is ultimately controlled by Blackstone Real Estate Partners VIII and Blackstone Real Estate Partners Europe V, being funds managed and controlled by affiliates of Blackstone Inc. (hereby referred to collectively as "Blackstone"), with Blackstone and Brockton Capital both having joint control of the combined Group.

Fora Holdings Limited is controlled by Fora Group Holdings Limited which is ultimately controlled by Brockton Capital Fund III GP Limited, the General Partner of Brockton Capital Fund III (General Partner) LP, the General Partner of Brockton Capital Fund III LP.

The combination has brought together two highly complementary businesses within the flexible workspace sector, businesses that have similar cultures, values & visions for the future. The combination was enacted through the creation of a Joint Venture arrangement.

Business model

The Company has not been impacted in the year through the combination. The business model of the Company (which is part of the Group) is outlined below:

Key activities

The business is one of Europe'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 well designed workplaces. The business also operates third party properties through either a Joint Venture agreement or a Management Agreement. In addition, the business also provides meeting rooms, events and a platform for community and networking for thousands of members.

Members

The Group's offering has proven to resonate with companies from start-ups to well-established corporates across a broad spectrum of industries. The Group is committed to providing a high level of service 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, events, food & beverage, technology and sustainability.

Strategy

The Company's strategy is part of the wider Group's strategy which is outlined below.

The Group's core objective is to achieve meaningful growth via acquisition, lease or management agreement 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 settings. The way people work has changed drastically since the pandemic and corporates of all sizes are increasingly viewing flexible workspace as a core part of their real estate strategy.

There has also been an increased demand by office landlords wanting to move to providing flexible workspaces given the excess demand. The Group is able to take advantage of this using its expertise in the sector to provide management services for landlords. The increase in this revenue stream further diversifies the portfolio with a low capital investment required which is particularly attractive given the current instability in the financial and economic environments and inflationary pressures.

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

The combination with Fora in September 2022 brings together two strong brands and creates an even stronger platform for growth. The combined Group has plans to create a premier flexible workspace group in London and other key European cities and is well positioned to draw on the expertise and scale of both groups. During 2022 both brands retained their current identities. A full brand review is being undertaken in 2023 which will create a new combined vision and strategy for the Group going forward.

Trends and factors

COVID-19 accelerated trends impacting how people work and live. The way that people want to engage with spaces has changed over the last few years and the Group has been able to capitalize on that through the flexible workspaces that the Group provides. As well as continuing to monitor licence fee rates, occupancy and costs we also have a dedicated procurement team aligned with a ESG team, who negotiate cost efficient controls and where possible make our buildings as energy efficient as we can to both 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. This is very apparent in a post pandemic world where there is a need to provide greater amenities and alternate work settings that cannot be replicated via either working from home or in many traditional corporate offices.

During 2022 the lead flow of new business has increased beyond pre pandemic levels. The Group 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. The Group 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.

Risk management & internal control

The Company's approach to risk management & internal control is part of the Group's policy which is set out below.

Risk Management & Internal Control is operated at a combined Group wide level. The Board is ultimately responsible for ensuring the Group maintains a system of internal control that is appropriate for the various business environments in which it operates.

Business risks are identified through a system of continuous monitoring. During 2023, the combined Group has begun formalising its risk control framework which includes the following key features:

- Creation of an audit & risk committee, which is a formal committee of the Group Board.
- Risk appetite statements which set out the tolerance the business has for identified risks.
- A risk register which identifies and evaluates risks to which the Group may be exposed so that they can be managed in line with risk policies.
- Regular reporting of ongoing and emerging risks to assess whether risk positions are within the limits set by the risk appetite.
- Implementation of an internal audit function going forward which will provide independent assurance on the effectiveness of business risk management and the overall operation of the risk framework.

Principal risks and uncertainties

The Company is impacted by the same risks and uncertainties as the wider Group as outlined below. Where there are Company specific risks not applicable to the Group these have also been mentioned below.

Economic Environment

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. The Group also mitigates against certain risks by having a portfolio of clients who have contracts greater than 12 months. The wider Group's percentage of contracts after 12 months was 65% at year end.

The Group has a property portfolio of mixed tenures which helps mitigate this risk to an extent as its EBITDA (earnings before interest, tax, depreciation and amortisation) margins are higher than would otherwise be possible with a pure leasehold model, reducing any exposure to falls in income.

This risk is further mitigated by the Group'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.

The Group has found that any economic uncertainty created has increased demand for flexible workspace by clients wishing to avoid long term lease commitments.

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

The latter part of 2022 and throughout 2023 has seen interest rates rise in the UK as the Bank of England tries to tackle inflation. Although the 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. The Group has also taken advantage of the increased interest rates by placing surplus cash in money market deposit accounts to earn interest income.

The Office Group Holdings Limited

Strategic Report (continued)
for the Year Ended 31 December 2022

Principal risks and uncertainties (continued)

Forecasting and scenario modelling has been undertaken, including sensitivities arising from the current macroeconomic environment, to help plan for future impacts on the business. A downside scenario has been analysed in connection with the going concern assessment, details of which are set out in note 2 'Accounting Policies' within 'Going concern'.

Client Retention

The majority of clients are bound to commitments of between 12 and 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 current loan facility within the Group expires in February 2024. Management considers that the risk of not being able to refinance this debt next year as remote, however there is a risk on the competitiveness of the prices 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.

Cybersecurity

Cybersecurity continues to be a focal point for the combined Group in light of the increasingly digital nature of modern business operations and the rising prevalence of cyber threats. Recognising the importance of securing our digital assets, our approach encompasses a comprehensive suite of proactive and reactive measures aimed at risk mitigation.

Our proactive measures involve maintaining robust and updated systems and protocols, which include advanced security software, continuous network monitoring, and multi-factor authentication mechanisms. This is supplemented with continuous vulnerability assessments, quarterly phishing simulations, and annual penetration tests to identify potential security gaps. On the reactive front, we have incident response plans in place, ensuring swift action and minimum disruption in the event of a security breach.

In our commitment to building a resilient cybersecurity culture, we have recently re-launched our employee security awareness programme. Regular training is provided to all staff members to raise awareness of potential cyber threats and to foster best practices for digital security.

All end-user devices are encrypted and have the latest anti-malware protection in place.

Finally, we maintain cyber risk insurance to mitigate financial losses related to potential cyber incidents. Our cybersecurity strategy is continually revised and updated to address evolving risks, ensuring we are well-positioned to protect our stakeholders' interests and uphold our operational integrity in the increasingly digital world in which we operate.

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 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.

Financial performance

The Company holds the freehold and long-leasehold properties that are part of the wider Group. These are leased to to a fellow member company of the Group and the Company generates rental income. The increase in revenue in the year is driven by the rental income charged to the fellow Group companies for the use of the properties held within the Company.

The Company made an operating profit of £1,528k (2021 - £31,602k) 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 £17,593k (2021 - £14,162k).

The Directors do not recommend payment of a dividend (2021 - £Nil).

Key performance indicators ("KPIs")

Revenue is one of the Company's main KPIs. Revenue for current year was £17,593k which increased compared to £14,162k in prior year, this is a result of holding more operational properties and also 2022 being a full year.

S172 statement

Section 172 of the Companies Act 2006 requires the Board of directors (the "Board") to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard to the interests of stakeholders.

The Directors have considered the matters set out in section 172 (1) (a) to (f) when performing their duty under section 172, which states:

A Director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

(a) The likely consequences of any decision in the long term.
(b) The interests of the Company's employees.
(c) The need to foster the Company's business relationships with supplies, customers and others.
(d) The impact of the Company's operations on the community and the environment.
(e) The desirability of the Company maintaining a reputation for high standard of business conduct, and
(f) The need to act fairly as a between members of the Company.

Where the application differs for the Company, an account of the difference are listed below.

172 (1) (b), the Company does not have any employees.

The Directors confirm that during the year under review, through their business decisions, they have acted to promote the long-term success of the Group and Company for the benefit of shareholders, whilst considering the potential impact of those decisions on the Group's stakeholders. The factors considered would often include the 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 Group's reputation and acting fairly for all members of the Group.

The Board strives to take decisions for the long term, with the aim of understanding and respecting the views and needs of the Group's stakeholders and its ultimate shareholders to whom the Group is accountable. 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 Group in achieving its long-term growth objectives.

The application of s.172 considerations is demonstrated through a number of activities, including, but not limited to, the following:

Customers
We encourage our members to give us regular feedback, and this is shared across the business including the leadership team to ensure we are acting upon it. We offer exceptional, friendly, and reliable service because we genuinely care about their happiness, health, and success. Data such as building footfall is captured to give further insight into changing work behaviours, informing the Group as to how best to respond to the needs of people in the workplace. This is particularly relevant in a post-pandemic environment with the widely adopted strategy for occupiers of hybrid working.

Suppliers
The Group is committed to responsible procurement and supports the engagement of diverse suppliers on equal basis with other suppliers. The Group is committed to responsible sourcing and our 'Procurement Framework & Governance' supports the engagement of suppliers through best practice procurement to engage with those who contribute to our drive for value, whilst complying with our ESG commitments. We seek to pay suppliers in line with contractual obligations.

Employees
The Group's objective is to recruit the best talent and give all potential candidates an efficient and positive recruitment experience. The combined Group has brought their recruitment team in house during 2022 and have introduced a new applicant tracking platform to promote consistency and fairness in our approach. The in-house team partner with the business to understand the challenges faced by leaders and departments whilst being fully immersed in the culture. Therefore, we can create an efficient process for candidates whilst recruiting in line with our competencies and values.

The Group supports and encourages our people to grow and develop their careers. One of the ways this has been achieved is via the launch of apprenticeship opportunities for our existing employees, to enable them to work and study at the same time and achieve a qualification to support their ambitions for their future careers. Supporting and investing in our employees is the best way we can seek to support our customers. This means creating an engaging, supportive environment and a positive place to work.

There is an established practice and culture of communication with all employees regularly through various platforms and regular cascading of information from the leadership team.

Our vision, purpose and values have recently been relaunched to the business and guide the experiences we share with our teams, with each other and, with our clients. Our values inspire how we behave, the way we talk and the decisions we make and what we stand for. They are representative of who we are at our best and who we want to be every day.

Regular feedback is encouraged on all our current initiatives and to challenge our ways of working to ensure decision making is fair, void of biases and our working environment is inclusive. We have introduced an Environmental Social & Governance team that allows the business to target different areas of the organisation and implement and promote equality, inclusivity, ethical and sustainable practices.

Employees are appraised on their performance, including their alignment with company values. Programmes actively promoting good health, wellbeing and which provide training and support for mental health have been provided to all staff. We have several employees trained as Mental Health Champions and Mental Health First Aiders. These are people from all areas of the business who are focused and passionate about building a mentally healthy workplace, challenging stigma and supporting positive wellbeing company wide. We have a hybrid working policy for all head office employees and summer hours for operational employees.

Environment
The Company ensures that environmental issues are fully considered. The Group has employed sustainability policies focused on developing higher performance buildings, improving operational efficiency and enabling long term strategic improvement. Across the Group's portfolio we have 100% renewable energy.

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

DocuSigned by:
Michael Hitchcock
75708FA35D66407...............................
M Hitchcock
Director

Date: 29 February 2024

The Directors present their report and the financial statements for the year ended 31 December 2022.

Principal activity

The principal activity of the Company is that of ownership and development 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 (resigned 17 January 2023)
G Kataky (resigned 5 June 2023)
O Olsen
E Sanna (appointed 19 September 2022)
J Blank (appointed 19 September 2022)
M Hitchcock (appointed 19 January 2023)
L Machenaud (appointed 6 June 2023)

Results and dividends

The Directors did not declare a dividend in the year (2021 - £Nil).

Prior year adjustment

The Directors have identified that in the prior year, the intra-group loans were incorrectly presented as a current asset. As a result of this, the Directors have restated the comparative information in the balance sheet, resulting in an increase in investments within fixed assets and a decrease in debtors within current assets (see note 19).

Going concern

The financial statements have been prepared on a going concern basis.

Since the merger of the TOG and Fora Groups, a significant amount of work has been completed on integrating the two businesses. This ranges from work on the brand identity and product offering, the technology architecture and team alignment. The integration work has been focussed on creating a stabilised business and creating efficiencies in how the business operates and the platforms it utilises to deliver the combined Group strategy.

The Directors have assessed the business plan and cash flow forecasts for the Group for a period of at least 12 months from the date of issuance of these financial statements which reflects the ongoing integration. The forecasts include consideration of future trading performance, capital expenditure, refinancing of debt and continued compliance with debt covenants. In addition to a base-case scenario, being the Directors' view of the most likely outcome, a severe-but-plausible downside forecast has been prepared which reflects the principal risks and uncertainties set out in the Strategic Report. The sensitivities applied in the downside scenario include reductions in occupancy up to 9%, higher than expected inflation and potential increases in cost of debt on refinancing.

The Office Group Holdings Limited

As disclosed in full in the Cheetah Holdco Limited accounts, as contemplated in the initial post-merger business plan, under the base case and downside forecasts, before consideration of any loan refinancing, additional funding would be required from the Group's shareholders. The two shareholders have confirmed to the Directors that they intend to provide such financial support. The Directors have received a letter from Cheetah Holdco Limited, the Group's indirect parent undertaking, confirming its intent to provide additional funding to the Group and that it does not intend to seek repayment of the amounts due at the balance sheet date during the going concern assessment period. As is the case for any entity potentially 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 consider the risk of support not being given is remote. In reaching this conclusion, the Directors have assessed the ability and intent of the shareholders to continue to provide the intended support.

As at the year-end date (and as described in more detail in the Cheetah Holdco Limited accounts), the Group now has £597m of debt that matures in August 2024. The Directors are confident to be able to manage the debt maturities in 2024 across the Group. The shareholders of the Group have extensive experience of real estate capital markets. The Directors have consulted with its shareholders in reaching the above conclusion.

Based on the above the Directors consider that the risk of the combined Group failing to trade within the sensitised business case is remote. This includes the risk of not being able to refinance the debt or losing the support of the shareholders. Therefore, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Streamlined Energy and Carbon Reporting (SECR)

The Company is exempt from the requirement to include Streamlined Energy and Carbon Reporting ('SECR') data due to this information being included in the group report of a 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.

Future developments

There are no future developments that are likely to impact the business of the Company.

Financial instruments

General objectives, policies and processes

The Board has overall responsibility for the determination of the Company'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 Company's competitiveness and flexibility.

The Company follows the Group's approach to risk management and further details regarding these policies are set out below. Where the risk is not applicable to the Company or the Company deviates from the Group's policy, it is stated.

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 a 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.

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, intergroup loans 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 2022, the Group's borrowings at variable rate were denominated in Pound Sterling.

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.

Interest rate risk

The Company uses interest rate caps to mitigate the risk of unfavourable movements in interest rates on the variable rate loans held by the Company.

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 properties and leasehold property shown in property, plant and equipment.

Qualifying third party indemnity provisions

The Company has provided qualifying third-party indemnities for the benefit of the Directors in the year and up to the date of signing this report.

The Office Group Holdings Limited

Matters covered in the Strategic Report

As permitted by paragraph 1A of schedule 7 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008, certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on pages 1 - 7.

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 Directors are aware, there is no relevant audit information of which the Company's auditor is unaware;
- the Directors have 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; and
- This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Events after the reporting date

In February 2024 the lenders extended the Company's loan, which was due to mature in February 2024. The full existing amount of the loan was extended to August 2024 on substantially the same terms. The date was established to coincide with the FORA loan expiry and facilitate a full group refinancing process that has already commenced.

Auditor

Deloitte LLP was appointed as auditor during the year, and has indicated its willingness to continue in office and will be proposed for reapproval in accordance with section 485 of the Companies Act 2006.

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

DocuSigned by:
Michael Hitchcock
75708FA35D66407...

M Hitchcock
Director

Date: 29 February 2024

The Office Group Holdings Limited

Directors' Responsibilities Statement for the Year Ended 31 December 2022

The Directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 accounting 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Office Group Holdings Limited

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

---

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of The Office Group Holdings Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of profit and loss and other comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

The Office Group Holdings Limited

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the Company's business sector.

The Office Group Holdings Limited

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

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our procedures performed to address them are described below:

- The valuation property assets involves significant judgement and assumptions requiring input from management, including estimated rental values and yield, which therefore presents a fraud risk as manipulation of these estimates could result in material misstatement. In response to this, we engaged our real estate specialists to assess the methodology and assumptions used by the Company's external valuers, including estimated rental values and yields, and performed benchmark analysis. In addition to this we have substantively tested the data and inputs used in the valuation calculations.
- The valuation of investments requires significant judgements over determining the recoverable amount which therefore presents a fraud risk as manipulation of these estimates could result in material misstatement. In response to this we have assessed the carrying value of the investments against the recoverable amount to determine whether they supported the carrying value. We also used the implied valuation derived through the combination at the ultimate holding company level to assess the underlying value in the group and where it sat in relation to the investments held.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

The Office Group Holdings Limited

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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 respect of these matters.

Use of our report

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.

James Wright FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, UK

Date: 29 February 2024

The Office Group Holdings Limited

Statement of Profit and Loss and Other Comprehensive Income for the Year Ended 31 December 2022

	Note	2022 £000	2021 £000
Revenue	4	**17,593**	14,162
Operating income/(costs)	5	**89**	(409)
Other operating income	8	**17**	-
(Deficit)/gains from revaluation of investment property	12	**(16,171)**	17,849
Operating profit		**1,528**	31,602
Amounts written off investments	11	**-**	(117,807)
Interest payable and similar expenses	9	**(13,471)**	(10,062)
Loss before tax		**(11,943)**	(96,267)
Tax charge	10	**(1,440)**	(9,689)
Loss for the financial year		**(13,383)**	(105,956)

All amounts relate to continuing operations.

There was no other comprehensive income for 2022 (2021 - £Nil).

The notes on pages 21 to 43 form part of these financial statements.

The Office Group Holdings Limited
Registered number:10768770

Balance Sheet
as at 31 December 2022

	Note		2022 £000		As restated* 2021 £000
Fixed assets					
Investments	11		**379,609**		382,702
Investment property	12		**360,300**		376,471
			739,909		759,173
Current assets					
Debtors	13	**11,836**		209	
Cash at bank and in hand		**7,439**		5,353	
		19,275		5,562	
Current liabilities					
Creditors: amounts falling due within one year	14	**(322,807)**		(316,162)	
Net current liabilities			**(303,532)**		(310,600)
Total assets less current liabilities			**436,377**		448,573
Non-current liabilities					
Creditors: amounts falling due after more than one year	15		**(312,678)**		(309,439)
			123,699		139,134
Provisions for liabilities					
Deferred taxation	17		**(41,976)**		(44,028)
Net assets			**81,723**		95,106
Capital and reserves					
Share capital	18		**2**		2
Share premium account	18		**21,272**		21,272
Retained earnings	18		**60,449**		73,832
Total equity			**81,723**		95,106

The Office Group Holdings Limited

Registered number:10768770

Balance Sheet (continued)
as at 31 December 2022

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

DocuSigned by:
Michael Hitchcock
75798FA35B66407...............................
M Hitchcock
Director

Date: 29 February 2024

The notes on pages 21 to 43 form part of these financial statements.

*Refer to note 19 for further detail on prior year adjustments.

The Office Group Holdings Limited

Statement of Changes in Equity
for the Year Ended 31 December 2022

	Share capital £000	Share premium account £000	Retained earnings £000	Total equity £000
Balance at 1 January 2021	-	-	179,788	179,788
Comprehensive loss 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
Comprehensive loss for the year				
Loss for the year	-	-	(13,383)	(13,383)
Balance at 31 December 2022	2	21,272	60,449	81,723

The notes on pages 21 to 43 form part of these financial statements.

The Office Group Holdings Limited

Notes to the Financial Statements
for the Year Ended 31 December 2022

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. 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; and
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2. Accounting policies (continued)

2.1 Basis of preparation of financial statements (continued)

New standards, interpretations and amendments adopted from 1 January 2022

- Onerous contracts – Costs 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).

None of these amendments had any impact on the Company.

New standards, interpretations and amendments not yet effective

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

The following amendments are effective for the period beginning 1 January 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 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 2024:

- IFRS 16 Leases (Amendment – Liability in a Sale and Leaseback);
- IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-current); and
- IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants).

The Company does not expect these new accounting standards and amendments to have a material impact on the Company.

Other

The Company does not expect any other standards issued by the UKEB, 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 is consistent with prior year accounts.

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 was 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.

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.

2. Accounting policies (continued)

2.3 Leases (continued)

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 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.

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.

2. Accounting policies (continued)

2.3 Leases (continued)

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 TOG UK Mezzco Limited. The registered office of TOG UK Mezzco Limited is 1 Bartholomew Lane, London, United Kingdom, EC2N 2AX.

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. Accounting policies (continued)

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.

2.7 Going concern

The financial statements have been prepared on a going concern basis.

Since the merger of the TOG and Fora Groups, a significant amount of work has been completed on integrating the two businesses. This ranges from work on the brand identity and product offering, the technology architecture and team alignment. The integration work has been focussed on creating a stabilised business and creating efficiencies in how the business operates and the platforms it utilises to deliver the combined Group strategy.

The Directors have assessed the business plan and cash flow forecasts for the Group for a period of at least 12 months from the date of issuance of these financial statements which reflects the ongoing integration. The forecasts include consideration of future trading performance, capital expenditure, refinancing of debt and continued compliance with debt covenants. In addition to a base-case scenario, being the Directors' view of the most likely outcome, a severe-but-plausible downside forecast has been prepared which reflects the principal risks and uncertainties set out in the Strategic Report. The sensitivities applied in the downside scenario include reductions in occupancy up to 9%, higher than expected inflation and potential increases in cost of debt on refinancing.

As disclosed in full in the Cheetah Holdco Limited accounts, as contemplated in the initial post-merger business plan, under the base case and downside forecasts, before consideration of any loan refinancing, additional funding would be required from the Group's shareholders. The two shareholders have confirmed to the Directors that they intend to provide such financial support. The Directors have received a letter from Cheetah Holdco Limited, the Group's indirect parent undertaking, confirming its intent to provide additional funding to the Group and that it does not intend to seek repayment of the amounts due at the balance sheet date during the going concern assessment period. As is the case for any entity potentially 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 consider the risk of support not being given is remote. In reaching this conclusion, the Directors have assessed the ability and intent of the shareholders to continue to provide the intended support.

As at the year-end date (and as described in more detail in the Cheetah Holdco Limited accounts), the Group now has £597m of debt that matures in August 2024. The Directors are confident to be able to manage the debt maturities in 2024 across the Group. The shareholders of the Group have extensive experience of real estate capital markets. The Directors have consulted with its shareholders in reaching the above conclusion.

Based on the above the Directors consider that the risk of the combined Group failing to trade within the sensitised business case is remote. This includes the risk of not being able to refinance the debt or losing the support of the shareholders. Therefore, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

2. Accounting policies (continued)

2.8 Investment in subsidiaries

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

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 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 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 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 2022

2. Accounting policies (continued)

2.10 Financial assets

The Company classifies its financial assets into one category 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 Fair value through profit or loss

The Company does not have any financial assets held at fair value through profit or loss.

2.10.2 Amortised cost

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.

The Company's financial assets held at amortised cost 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

The Company does not have any financial liabilities held at fair value through profit or loss.

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. Accounting policies (continued)

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 Company 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 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 balance sheet 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.

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.

Significant estimates

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.

3. Judgements in applying accounting policies (continued)

Key sources of estimation and uncertainty include:

Fair valuation of investment property

Freehold and long leasehold

The market value of freehold and long leasehold investment property is determined, by an 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.

Leases liabilities

- During the prior 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 dependent 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.

3. Judgements in applying accounting policies (continued)

Critical judgements

Lease liabilities

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 2022, 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.

Going concern

- The Directors consider going concern to be a critical judgement for the business given the additional funding that was identified as being required from the Group's shareholders when contemplating the initial post-merger business plan and the upcoming debt maturities of the Group. These considerations are set out in detail in the Directors' Report.

4. Revenue

Revenue arising from:

	2022 £000	2021 £000
Licence fee and rental income - IFRS 16	**17,593**	14,162

All turnover arose within the United Kingdom.

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. These properties were subsequently leased to a fellow member company of the Group. The current period represents the first full year of trading activity for the Company.

5. Operating (income)/costs

	2022 £000	2021 £000
Operating income/(costs)	**89**	(409)

The Office Group Holdings Limited

6. Auditor's remuneration

Auditor's remuneration of £7k (2021 - £8k) which is borne by The Office Group Properties Limited is not represented in the statement of profit and loss and comprehensive income.

7. Employees and Directors

There were no persons employed and remunerated by the Company (including directors) during the period.

Management services are provided to the Company by The Office Group Properties Limited, a fellow group company, and recognised as recharged salary costs.

No directors received any remuneration from the Company during the current period. All directors are remunerated by other group companies and no recharge is made to The Office Group Midco Limited in respect of their remuneration.

8. Other operating income

	2022 £000	2021 £000
Foreign exchange gain	**17**	-

9. Interest payable and similar expenses

	2022 £000	2021 £000
Bank interest payable	**11,258**	8,087
Finance charges	**1,425**	1,234
Finance leases and hire purchase contracts	**788**	741
	13,471	10,062

£278k (2021: £nil) for the fair value gain on a interest rate cap was recognised at the year end within bank interest payable.

10. Taxation

	2022 £000	2021 £000
Corporation tax		
Adjustments in respect of previous periods	**82**	-
	82	-
Group taxation relief	**3,410**	1,501
Total current tax	**3,492**	1,501
Deferred tax		
Origination and reversal of timing differences	**(2,052)**	7,997
Adjustments in respect of prior periods	**-**	455
Effect of tax rate change on opening balance	**-**	(264)
Total deferred tax	**(2,052)**	8,188
Total tax charge in statement of profit and loss and other comprehensive income	**1,440**	9,689

The Office Group Holdings Limited

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £000	2021 £000
Loss on ordinary activities before tax	**(11,943)**	(96,267)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	**(2,269)**	(18,291)
Effects of:		
Expenses not deductible for tax purposes	**3,215**	25,153
Income not taxable for tax purposes	**-**	(6,099)
Capital (losses)/gains	**(903)**	3,586
Group relief surrendered claimed	**-**	(138)
Adjustments to tax charge in respect of prior periods	**82**	455
Effect of differences in current year tax rates	**(1,063)**	10,007
Movement in deferred tax not recognised	**2,378**	2,330
Effect of transfers of trade and assets in group reorganisation	**-**	(7,314)
Tax charge	**1,440**	9,689

Factors that may affect future tax charges

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Group's future current tax charge accordingly. The deferred tax asset and liability have been calculated taking into account the period in which the temporary differences are expected to reverse.

There is a potential deferred tax asset in respect of Corporate Interest Restriction disallowances as at 31 December 2022 of £4,893,403 (2021: £2,515,304). However, it is not considered that this asset should be recognised in the accounts given the uncertainty over the timing of when it will reverse. The tax rate applied to calculate the unrecognised deferred tax asset is 25% (2021: 25%).

11. Investments

	Investments in subsidiary companies £000	Loans to group undertakings £000	Total £000
Cost			
At 1 January 2022 (as previously stated)	**284,274**	**-**	**284,274**
Prior year adjustment	**-**	**216,235**	**216,235**
At 1 January 2022 (as restated)	**284,274**	**216,235**	**500,509**
Repayments	**-**	**(3,093)**	**(3,093)**
At 31 December 2022	**284,274**	**213,142**	**497,416**
Impairment			
At 1 January 2022	**117,807**	**-**	**117,807**
At 31 December 2022	**117,807**	**-**	**117,807**
Net book value			
At 31 December 2022	**166,467**	**213,142**	**379,609**
At 31 December 2021 (as restated)	166,467	216,235	382,702

11. Investments (continued)

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 impairment review in 2022 has not identified a need for further impairment.

Included in loans to group undertakings is an amount of £213,142k (2021- £216,235k) of informal financing provided to group companies. The balance sheet has been restated to reflect the intention not to request payment of the informal loans to group undertakings within the next year.

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
TOG 7 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 (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.

The Office Group Holdings Limited

Notes to the Financial Statements
for the Year Ended 31 December 2022

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 2022	**217,448**	**113,423**	**45,600**	**376,471**
Revaluation	**(7,798)**	**(8,373)**	**-**	**(16,171)**
Transfer of assets	**45,600**	**-**	**(45,600)**	**-**
At 31 December 2022	**255,250**	**105,050**	**-**	**360,300**

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

The freehold and right of use investment properties were revalued at 31 December 2022 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 £17,593k (2021 - £14,162k) 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 (2021 - £Nil).

At 31 December 2022, there were no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal (2021 - None).

At the year end the Company had £Nil capital commitments (2021 - £Nil).

The Office Group Holdings Limited

13. Debtors

	2022 £000	As restated 2021 £000
Current assets		
Trade debtors	**42**	-
Amounts owed by group undertakings	**10,546**	-
Other debtors	**858**	209
Prepayments and accrued income	**390**	-
	11,836	209

All of the amounts owed by group undertakings are repayable on demand and are not interest-bearing.

See note 19 for more details on the prior year adjustments.

14. Creditors: amounts falling due within one year

	2022 £000	2021 £000
Trade creditors	**42**	31
Amounts owed to group undertakings	**312,359**	309,562
Lease liabilities (see note 16)	**19**	765
Other creditors	**417**	609
Accruals	**6,015**	1,240
Deferred income	**3,955**	3,955
	322,807	316,162

All of the amounts owed to group undertakings are payable on demand and are not interest bearing.

Within amounts owed to group undertakings, £26,577k (2021 - £Nil) relates to trading balances and £285,411k (2021 - £309,562k) relates to informal intercompany financing.

Accruals and deferred income includes £1,756k (2021 - £1,025k) of accrued interest balances payable on bank loans.

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

	2022 £000	2021 £000
Bank loans	**298,698**	298,698
Unamortised arrangement fees	**(1,076)**	(2,314)
Lease liabilities (see note 16)	**15,056**	13,055
	312,678	309,439

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 £1,076k (2021 - £2,314k) at 31 December 2022 includes £1,076k (2021 - £1,258k) 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 2022, 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 group do not have any operating leases that are outside of IFRS 16.

Lease remeasurements and lease modifications

Inflationary rent reviews - There were no lease remeasurements in 2022.

Renegotiated lease terms - There were no lease term renegotiations in 2022.

Variable payments

There were no in-substance fixed payments identified for any leases during the year ended 31 December 2022.

Extension options

No lease extension options have been exercised during the year ended 31 December 2022 and no future changes have been assumed at year end.

Lease liabilities are presented in the balance sheet as follows:

	2022 £000	2021 £000
Lease liability brought forward	**13,820**	-
Additions/remeasurements/modifications in the year	**1,265**	13,840
Interest expense	**788**	741
Lease payments - including prepaid rent costs offset against lease liability	**(798)**	(761)
Lease liability carried forward	**15,075**	13,820

The Office Group Holdings Limited

16. Leases (continued)

Lease liability

Lease liabilities are presented in the balance sheet as follows:

	2022 £000	2021 £000
Current lease liability	**19**	765
Non-current lease liability	**15,056**	13,055
Total lease liability	**15,075**	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 2022 is as follows:

	Within 1 year £000	2 - 5 years £000	More than 5 years £000	Total £000
31 December 2022				
Lease payments	**806**	**3,224**	**65,520**	**69,550**
Finance charges	**(787)**	**(3,138)**	**(50,550)**	**(54,475)**
Net present values	**19**	**86**	**14,970**	**15,075**

	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)
Net present values	26	120	13,674	13,820

17. Deferred taxation

	2022 £000	2021 £000
(Liability)/asset at beginning of year	**(44,028)**	1,293
Charged/(credited) to Statement of Profit and Loss and Other Comprehensive Income during the year	**2,052**	(8,188)
Transfers on group restructure	**-**	(37,133)
Liability at end of year	**(41,976)**	(44,028)

The provision for deferred taxation is made up as follows:

	2022 £000	2021 £000
Accelerated capital allowances	**(12,251)**	(12,180)
Capital gains	**(30,660)**	(31,848)
Loan relationship asset	**935**	-
	(41,976)	(44,028)

18. Share capital and other reserves

Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
21,316,542 (2021 - 22,864,570) Ordinary shares of £0.0001 each	**2,132**	2,287
1,560,570 (2021- 12,542) Ordinary A shares of £0.0001 each	**156**	1
	2,288	2,288

On 16 June 2022, the Company re-allotted 1,548,028 Ordinary shares of £0.0001 each as Ordinary A shares.

The holders of 'A' shares have no voting rights 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.

19. Prior year adjustment

The Directors have identified that in the prior year, the Company's intra-group loans were incorrectly presented as current assets. As a result of this, the Directors have restated the comparative information in the balance sheet, resulting in an increase in investments within fixed assets and a decrease in debtors within current assets of £216,235k.

There has been no impact on the statement of profit and loss and other comprehensive income.

The Company is required to apply the changes retrospectively and restate the financial statements at the beginning of the earliest comparative period in accordance with IAS 8.

20. 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 2022 the group bank loan was £376,081k (2021 - £376,081k).

21. Events after the reporting date

In February 2024 the lenders extended the Company's loan, which was due to mature in February 2024. The full existing amount of the loan was extended to August 2024 on substantially the same terms. The date was established to coincide with the FORA loan expiry and facilitate a full group refinancing process that has already commenced.

22. 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 accounts of Concert JV Holdco Limited are not available to the public.

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

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