

# Selene Holdings Limited

*Reports and financial statements*

*Year ended 31 December 2020*

*Registered number: 10998812*



# Selene Holdings Limited

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# Selene Holdings Limited

## Directors and other information

### Directors

Fady Bakhos  
Liam Cunningham

### Registered office

27 Knightsbridge  
London  
United Kingdom  
SW1X 7LY

### Auditor

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

### Bankers

Barclays Bank  
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London  
E14 5HP

### Solicitors

MacFarlanes LLP  
20 Cursitor Street  
London  
EC4A 1LT

### Registered number

10998812

# Selene Holdings Limited

## Strategic report

The directors present their Strategic report for the year ended 31 December 2020.

### Activities

The principal activity of the Group headed by Selene Holdings Limited ('the Group') is the ownership and management of five-star luxury hotels and restaurants in Central London, namely the Connaught and the Berkeley.

### Refinancing

On 1 April 2020, the Group refinanced its £380,891,000 facility obligation under the previous agreement with Barwa Bank by entering into a new 10-year loan agreement with Deutsche Pfandbriefbank AG. This refinancing resulted in the Group reducing its debt to £340,000,000 and securing a competitive all-in annual interest rate of 2.7%, compared with 3.5% previously.

### Sale of subsidiaries

On 13 March 2020, the Group disposed of the share capital of its indirect subsidiaries Maybourne Hotels Limited and Goldrange Properties Limited for a consideration of £102,710 to Selene S.A.R.L, a parent entity under common control, registered in Luxembourg.

### Business review in 2020

#### *The Connaught Hotel*

The Company achieved a turnover of £19.5 million (2019: £55.0 million) in the year ended 31 December 2020 which represents a decrease of 64.4% (2019: 4.6% increase) compared to the previous year, driven by the impact of the COVID-19 pandemic and development works to the hotel. The Company's operating loss was £6.1 million for the year to 31 December 2020 (2019: £8.5 million profit).

The key performance indicators for the company are highlighted in the below table:

	2020	2019
Gross profit %	25.9	65.4
Operating profit %	(31.4)	15.5

The Connaught stepped up and helped support the London community during the COVID-19 pandemic, manned by its volunteer staff. The hotel was involved in various initiatives to support the local community, supplying 500 daily meals to two charities for the homeless: St Patricks Church Soho and The Passage in Victoria and by providing free meals for NHS centres in the local area.

#### *The Berkeley Hotel*

The Company achieved a turnover of £13.3 million (2019: £52.6 million) in the year ended 31 December 2020 which represents a decrease of 74.7% (2019: decrease of 4.1%) compared to the previous year, driven by the COVID-19 pandemic and development works to the hotel. The Company's operating loss was £11.7 million for the year to 31 December 2020 (2019: £6.0 million profit).

# Selene Holdings Limited

## Strategic report (continued)

### *The Berkeley Hotel (continued)*

During the year, the Berkeley Hotel pioneered The Garden at The Berkeley, turning unused side space at the hotel into a successful new restaurant. In addition, two new initiatives were launched; The Berkeley Blue Bar bikes; delivering cocktails to guests around Belgravia and The Berkeley Breakfast in Bed service – both contributing to revenue and brand awareness at this challenging time. Despite the initiatives, and marked by the adverse impact of COVID-19, the key performance indicators for the company show a deterioration year on year, as demonstrated in the table below:

	2020	2019
Gross profit %	5.5	65.7
Operating (loss)/profit %	(87.8)	11.4

The Berkeley stepped up and helped support the London community during the COVID-19 pandemic, manned by its volunteer staff. The Berkeley created a “999 Drive Thru meal service” for London Emergency Services, serving 400 daily lunches as well as providing hotel meals to sheltered accommodation for the elderly.

### **Group performance**

The Group's centralised services platform and group operational synergies are a major point of strength and differentiation amongst its competitors, playing a key role in sustaining industry leading performance notwithstanding the adverse impact of the pandemic, the inherent uncertainties regarding the industry's recovery route and a significant increase in the supply of luxury hotel rooms in the London market in recent years.

The key performance indicators for the Group are highlighted in the below table:

	2020	2019
Turnover £ million	32.9	107.5
Operating (loss)/profit £ million	(18.0)	13.5
Loss before tax £million	(45.0)	(2.1)
RevPAR (decline)/growth %	(70.0)	6.2
Occupancy %	26.6	82.0
Gross profit %	13.6	60.0

The COVID-19 outbreak, the subsequent closure of the hotels and continued government restrictions on travel, dining and socialising as well as the ongoing development works and reduced room stock adversely affected the revenue, operating profit and profit before tax results of the Group in the current year.

The Berkeley Hotel and The Connaught Hotel were shut from 24 March 2020 to 14 July 2020 and operated with significantly lower occupancy levels for the remainder of the year. This is reflected in the group's key performance indicators compared to the prior year.

The pandemic has not slowed down the ongoing development works, which are on schedule to deliver a major transformation of The Berkeley Hotel and the F&B offerings of The Connaught Hotel.

# Selene Holdings Limited

## Strategic report (continued)

### Business review (continued)

Individual property major KPIs for the full year 2020 and 2019 are presented below:

	Total revenue (decline)/growth	
	2020	2019
Connaught	(57.2%)	4.4%
Berkeley	(67.3%)	(4.2%)

The Group continues to benefit from a diverse geographic client base, targeting premium leisure and corporate guests from international markets. This is a critical component of the Group's long-term growth plan to balance risk, especially the one posed by COVID-19.

### COVID-19

The directors consider that in the short term, the biggest financial risk facing the Group is the continued outbreak of COVID-19 which started in February 2020 and which was subsequently categorised as an international pandemic by the World Health Organisation on 11 March 2020. Measures taken by various governments worldwide, including the UK government, to contain the spread of the virus have severely affected the performance of the hotels from March 2020 to date, leading to the unprecedented decision to close the hotels from 24 March 2020 and 14 July 2020. Group management has got every confidence that the travel and leisure market will recover once vaccination rates reach higher levels and national and international restrictions are eased further. Government easing of restrictions from mid-April 2021 continues to have a positive impact on Group's occupancy and revenue KPI's. In the interim, the directors and management of the Group are working closely with its stakeholders and ownership to secure sufficient liquidity to meet its obligations, maximising the available support from the UK government and renegotiating contractual arrangements. The directors are confident that the Group's liquidity requirements will be met, predominantly through the continued financial support of the Group's ultimate beneficial owner, His Excellency Sheikh Hamad Bin Jassim Bin Jaber Al Thani, further details of which are provided in the going concern note.

### Principal risks and uncertainties

The directors consider that the following are the principal risk factors that could materially and adversely affect the Group's future operating profits or financial position.

- General economic risk – the Group is exposed to general economic risk, including changes in the economic outlook in the London five-star luxury hotel and leisure industry. Most importantly, in the short term there is an economic risk related to COVID-19, which resulted in the closure of The Berkeley and The Connaught hotels between 24 March 2020 and 14 July 2020. The Group is also exposed to government changes in industrial, fiscal, monetary and or regulatory policies. The impact of general economic risk is mitigated to some extent by the high net worth of the Group's customer base, however, the current environment has restricted the ability of high net worth individuals to visit the hotels although this situation is easing post date as travel restrictions are lifted.

# Selene Holdings Limited

## Strategic report *(continued)*

### Principal risks and uncertainties *(continued)*

- **Brexit risk** – The result of the EU referendum in the UK has led to a further degree of uncertainty over global economic conditions and forecasts, particularly around free movement and visa requirements. Until the position is clearer the directors will not know how the business will be affected, if at all. However, the directors shall continue to monitor the risks.
- **Liquidity risk** - the Group secured a new 10 year loan on 1 April 2020, which replaced the Murabaha facility and matures on 5 February 2030. The refinancing resulted in a £41m reduction in the Group's debt and was agreed at a competitive all-in annual interest rate of 2.7% and with the Company's intermediate parent company, Constellation Hotels Holding Ltd S.C.A's guarantee in place. The Group is assured of the continued financial support of its ultimate beneficial owner during the current COVID-19 pandemic and following the closure of the hotels and for a period of at least 12 months from the date of approval of the financial statements. In addition, the Group has performed a diligent review of all its contractual commitments, reduced its non-essential expenditure and utilised UK government assistance programs. Management forecasts a gradual return of operating profits and cash inflows in Q1 and Q2 of 2022.
- **Reputation risk** – related to the hotels' brand in the marketplace and on social media, health and safety and customer loyalty. The risk is mitigated by the Group via various measures to provide a bespoke customer service, controls and procedures to ensure adherence with all health and safety regulations, including those relating to the COVID-19 pandemic, and other regulations including the Modern Slavery Act 2015 and regulations relating to money laundering and anti-bribery.

### Streamlined Energy and Carbon Report

The Streamlined Energy and Carbon Report ('SECR') provides environmental impact information in accordance with Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The Information below is derived from a report received from BIU and covers the SECR requirements of Selene Holdings Ltd who aim to ensure the environment is left in a better condition for future generations, and this strategy underlines the importance of Environmental, and Social Governance ('ESG') as well as sustainability, in supporting the future growth and development of the business.

The company has replaced steam boilers with high efficiency condensing boilers. Energy efficiency is achieved by use of LED lighting in all new design schemes, all the basement and garage lighting is upgraded to LED including occupation sensors to reduce consumption. Variable Speed Drives fitted to all new equipment affording supply on demand levels. Planned Preventative Maintenance (PPM) on all plant helps to extend the life span of plant and prevent degradation and failure and BMS controls to optimise efficient running. Kitchen equipment is now Energy-efficient running on Induction and with only four gas grills in use. Free Cooling set up for all Original Air Handling units. Combination boilers have a summer setting where their central heating is turning off completely, and hot water is provided on demand. These boilers will also have a temperature setting, and it will use less energy to adjust the setting to create a better blend of hot and cold water.

# Selene Holdings Limited

## Strategic report *(continued)*

### Streamlined Energy and Carbon Report *(continued)*

Measure	For the business year 2020	Units
Energy Consumption used to calculate emissions	11,809,720	kWh
Emissions from the combustion of Fuels	886	tCO <sub>2</sub> e
Emissions from Purchased electricity (Location Based)	1,633	tCO <sub>2</sub> e
Total Gross tCO <sub>2</sub> e	2,519	tCO <sub>2</sub>
Intensity Ratio (tCO <sub>2</sub> e/£m turnover)	74.0	tCO <sub>2</sub> e/£m

The company has taken exemption from presenting comparative figures under the first-year adoption rules.

#### Methodology

Where practicable, and for the majority of the calculation, primary data has been sourced from supplier invoices and expense information. In the event that complete datasets are not available, estimated or aggregated data has been used. While a reasonable attempt has been made to provide a complete view, some exclusions have been made on the basis of materiality. All Greenhouse Gas ('GHG') emissions have been converted using the UK Government GHG Conversion Factors for Company Reporting published by BEIS/DEFRA against the inputs from the primary data. Emissions from business travel or employees owned vehicles (where the company was responsible for the purchasing of the fuel) was obtained from the Company expense system.



# Selene Holdings Limited

## Strategic report *(continued)*

### Section 172(1) statement

Information required under s172(1) of the Companies Act 2006 which is not documented below is shown within the 'Business review' and 'Principal risks and uncertainties' sections of the Strategic Report.

During the year, the Directors have had regard to the matters set out in s172(1) (a) to (f) of the Companies Act 2006 when performing their duties. Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole.

Section 172 requires directors to have regard to, amongst other matters, the: a) likely consequences of any decisions in the long-term, b) interests of the company's employees; c) need to foster the company's business relationships with suppliers, customers and others, d) impact of the company's operations on the community and environment, e) desirability of the company maintaining a reputation for high standards of business conduct; and f) need to act fairly as between members of the company.

In discharging our section 172 duties we have regard to the matters set out above. In addition, we also have regard to other factors which we consider relevant to the decision being made. We set out below examples of how we have had regard to the matters set out in section 172(1)(a)-(f) when discharging our section 172 duties:

The directors have acted in a way that they consider to be most likely to promote the success of the Group for the benefits of all stakeholders; fostering high standards, good governance, an appropriate code of conduct and the need to act fairly for all members of the Group. The directors consider that the Group's key stakeholders are its clients, owners, employees, suppliers and the local community. It is considered vital that strong relationships are built with key stakeholders, which are both meaningful and mutually beneficial. Appropriate due diligence is done before entering into new relationships with any key supplier to ensure the propriety of business operations, including considerations of environmental and social responsibilities.

Approved by the Board of directors and signed on behalf of the Board



Liam Cunningham  
Director

30 November 2021

# Selene Holdings Limited

## Directors' report

### Directors and their interests

The Directors of Selene Holdings Limited ('the Company') who held office during the period were as follows:

Fady Bakhos  
Liam Cunningham

Details of Directors' interests are set out in note 21.

### Directors' liabilities

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of approving the Directors' report.

### Dividends

The dividends paid during the year amounted to £103k (2019: £nil).

### Future developments

The Group will continue to have a strong focus on enhancing, investing in and further developing its iconic hotels through the ongoing development works at The Berkeley Hotel, as well as the expansion of its food and beverage offering at The Connaught Hotel. This commitment has not changed despite the adverse impact of COVID-19 on operating cash inflows, with the investment continuing to be funded by the ultimate beneficial owner.

Group management will continue to focus on managing the welfare of its staff, guests and the financial stability of the group in response to the ongoing and widespread impact of COVID-19. The government-imposed lockdown ended mid-April, with soft easing on outside dining, further extended to include inside operations in mid-May. Group management is indeed projecting a gradual return to more normalised levels of business and estimating this to be not earlier than Q2 2022. Group management recognises the inevitable negative impact the outbreak of COVID-19 will have on the London 5-star luxury hospitality industry and has taken necessary steps to minimise liquidity risk by utilising the support offered by the UK government and managing its discretionary cost base.

A true testament to the strength of the hotels, of their management and ownership is that, despite the challenging environment caused by the outbreak of COVID-19, the Group was able to secure new long-term financing on 1 April 2020. As part of this refinancing, the Group reduced its debt by £41m and secured a competitive all-in annual interest rate of 2.7% for the next ten years, maturing on 5 February 2030. At the balance sheet date, the Company had secured a covenant waiver with the lender until August 2021 in relation to the Debt to EBITDA covenant. On 2 November 2021 the company secured a further waiver of the Debt to EBITDA covenant up until 5 February 2023.

The potentially adverse impact of The United Kingdom leaving the European Union and the continued pressure of the increase in the supply of luxury accommodation in London are two other factors that we continually monitor and strategize. Management believes it has the team, strategies, and initiatives in place to defend and build on its position effectively.

The directors believe that the worldwide economic and geopolitical events will continue to affect the Group's hotels trading conditions, but that the hotels are well placed to either address those risks or leverage the opportunities accordingly.

# Selene Holdings Limited

## Directors' report (*continued*)

### **Business relationships**

In accordance with the Companies (Miscellaneous Reporting) Regulations 2018 there is a requirement to disclose how the directors have regard to the need to foster the Group's business relationships with suppliers, customers, and others. This disclosure is included in the 'Section 172(1) statement' section of the Strategic Report.

### **Equal opportunities and diversity**

The Group is an equal opportunities employer and will continue to ensure it offers career opportunities without discrimination. Full consideration is given to applications for employment from disabled persons, having regard to their aptitudes and abilities. The Company has continued the employment wherever possible of any person who becomes disabled during their employment. Opportunities for training, career development and promotion do not operate to the detriment of disabled employees.

### **Employee involvement**

The Group operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2005. During the year, the policy of providing employees with information, including information relating to the economic and financial factors affecting the performance of the Group, has been continued through the staff quarterly meetings. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Employees participate directly in the success of the business through the Group's various incentive schemes.

### **Statement of disclosure of information to auditors**

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

### **Political and charitable contributions**

The Group made no political or charitable contributions or donations during the year (2019: £nil).

### **Going Concern – reliance on the ultimate beneficial owner**

The Group's business activities, together with the factors likely to affect its future development, its financial position, its financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to economic, liquidity and reputation risks are described in the Strategic report on page 2 and the 'Future developments' section of the Directors' report.

# Selene Holdings Limited

## Directors' report (*continued*)

### Going Concern – reliance on the ultimate beneficial owner (*continued*)

The Group is loss making, predominantly due to the impact of COVID-19 pandemic and interest payable on its borrowings. As at the balance sheet date, the Group had net current liabilities of £398.7 million (2019: £35.7 million) and net assets of £306.1 million (2019: £426.8 million). The directors have performed a going concern assessment with reference to the Group's cash flow forecasts for a period up until 31 December 2022. These forecasts are prepared using a base case scenario which reflects severe but plausible downside assumptions, including potential revenue recovery profiles, cost estimates, capital expenditure and financing costs. As part of the going concern assessment the directors also consider forecast covenant breaches within the going concern assessment period and the ongoing support required from the ultimate beneficial owner which is discussed in more detail below.

The Group continues to invest in the development of The Connaught and The Berkeley hotels through various room enhancement programs, and continued investment in its food and beverage offering. This investment continues to be funded by the ultimate beneficial owner and intermediate parent company as there is confidence in the long-term return on investment and viability of the business.

The Group's projections for the remainder of 2021 and 2022 show that the Group is dependent on the support provided by the ultimate beneficial owner for operating and capital expenditure obligations. In addition, the Group will require support for the servicing of debt. At the balance sheet date, the Group had secured a covenant waiver with the lender until August 2021 in relation to the Debt to EBITDA covenant. On 2 November 2021, the Company secured a further waiver of the Debt to EBITDA covenant up until 5 February 2023.

A letter of financial support has been provided by the Group's ultimate beneficial owner, His Excellency Sheikh Hamad Bin Jassim Bin Jaber Al Thani, pledging to support the Group should this be required for a period of at least 12 months from the date of the signing of the financial statements.

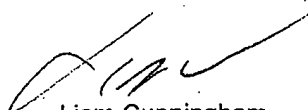
The directors have made enquiries to satisfy themselves that the ultimate beneficial owner has sufficient liquid resources available to provide the financial support required by the Group. Based on the results of the assessment described above, the directors have concluded that it remains appropriate to prepare the annual report and accounts on a going concern basis.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and Ernst & Young LLP will therefore continue in office.

These financial statements were approved by the Board of directors on.

Approved by the Board of Directors ('the Board') and signed on behalf of the Board



Liam Cunningham  
Director

30 November 2021

# Selene Holdings Limited

## Statement of directors responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006, and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

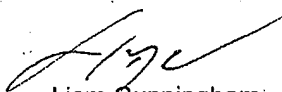
Under company law the directors must not approve the Group and Parent company financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent company and of their profit or loss for that period. In preparing each of the Group and Parent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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs; and
- for the Parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

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

By order of the board and signed on its behalf by

  
Liam Cunningham  
Director

30 November 2021

## Independent auditor's report to the members of Selene Holdings Limited

### Opinion

We have audited the financial statements of Selene Holdings Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated Income Statement, Consolidated Statement of Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Statement of Financial Position and Company Statement of Changes in Equity and the related notes 1 to 25, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of matter – Effects of material valuation uncertainty

We draw attention to note 9 to the financial statements concerning the material valuation uncertainty in the assessment of fair value of the group's hotel properties.

Our opinion is not modified in respect of this matter.

## **Independent auditor's report to the members of Selene Holdings Limited *(continued)***

### **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 group and parent company's ability to continue as a going concern for the period to 31 December 2022.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

### **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 this 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 there is 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and 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 directors' report have been prepared in accordance with applicable legal requirements.

## Independent auditor's report to the members of Selene Holdings Limited *(continued)*

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

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

### **Responsibilities of directors**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

### ***Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud are detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and company and determined that the most significant are those that relate to the reporting framework for the group International Accounting Standards in conformity with the requirements of the Companies Act 2006 and for the parent company United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice), and the relevant direct tax compliance regulation in the United Kingdom as well.



## Independent auditor's report to the members of Selene Holdings Limited (continued)

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)**

as the anti-money laundering legislation, data protection act, occupational health and safety regulations and other employment regulations.

- We understood how the group and company is complying with those frameworks by making enquiries of management to understand how the group and company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation, including board minutes.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiries of senior management and where applicable, those charged with governance; review of board minutes; testing journals identified by specific risk criteria and obtaining written representations from management on behalf of the company.
- We assessed the susceptibility of the group and the company's financial statements to material misstatement, including how fraud might occur and we designate revenue recognition and specifically the risk of management override as fraud risks. In response to the fraud risks identified, we performed audit procedures including incorporating data analytics into our testing of journals posted to accounts associated to revenue; testing specific revenue transactions back to source documentation and setting precise revenue expectations and comparing to actuals.

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

### **Use of our report**

This report is made solely to the 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.



Rebecca Turner (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
1 More London Place  
SE1 2AF

30 November 2021

# Selene Holdings Limited

## Consolidated income statement for the period ended 31 December 2020

		2020 Continued £'000	2020 Discontinued £'000	2020 Total £'000	2019 Continued £'000	2019 Discontinued £'000	2019 Total £'000
	<i>Note</i>						
<b>Continuing operations</b>							
Revenue	3	32,868	1,175	34,043	93,163	14,372	107,535
Cost of sales		(27,082)	(206)	(27,288)	(37,076)	(6,086)	(43,162)
<b>Gross profit</b>		<u>5,786</u>	<u>969</u>	<u>6,755</u>	<u>56,087</u>	<u>8,286</u>	<u>64,373</u>
Administrative expenses		(20,951)	(1,171)	(22,122)	(28,882)	(5,485)	(34,367)
Other income	5	7,801	-	7,801	-	-	-
Loss on disposal of fixed assets		(226)	-	(226)	(1,141)	(3,294)	(4,435)
Depreciation and amortisation	9,10,12	(10,427)	-	(10,427)	(11,064)	(988)	(12,052)
<b>Operating (loss)/profit</b>	5	<u>(18,017)</u>	<u>(202)</u>	<u>(18,219)</u>	<u>15,000</u>	<u>(1,481)</u>	<u>13,519</u>
Revaluation deficit	9	(10,775)	-	(10,775)	-	-	-
Finance costs	6	(16,284)	(124)	(16,408)	(14,657)	(1,186)	(15,843)
Finance income	6	69	-	69	168	-	168
<b>Loss before tax</b>		<u>(45,007)</u>	<u>(326)</u>	<u>(45,333)</u>	<u>511</u>	<u>(2,667)</u>	<u>(2,156)</u>
Income tax credit for the period	7	(874)	-	(874)	644	(129)	515
<b>Loss for the period</b>		<u>(45,881)</u>	<u>(326)</u>	<u>(46,207)</u>	<u>1,155</u>	<u>(2,796)</u>	<u>(1,641)</u>

The accompanying notes are an integral part of these financial statements.

# Selene Holdings Limited

## Consolidated statement of other comprehensive income for the period ended 31 December 2020

	Note	2020 Continued £'000	2020 Discontinued £'000	2020 Total £'000	2019 Continued £'000	2019 Discontinued £'000	2019 Total £'000
Loss for the period		(45,881)	(326)	(46,207)	1,155	(2,796)	(1,641)
<b>Items that will not be reclassified to profit or loss:</b>							
Revaluation of property, plant and equipment	9	(56,356)	-	(56,356)	16,489	27,078	43,567
Tax on revaluation of property, plant and equipment	7	9,126	-	9,126	(2,605)	(4,603)	(7,208)
Remeasurements of defined benefit liability	20	(319)	-	(319)	(654)	-	(654)
Tax on remeasurements of defined benefit liability	7	60	-	60	111	-	111
<b>Other comprehensive expense, net of tax</b>		<b>(47,489)</b>	<b>-</b>	<b>(47,489)</b>	<b>13,341</b>	<b>22,475</b>	<b>35,816</b>
<b>Total comprehensive expense for the period</b>		<b>(93,370)</b>	<b>(326)</b>	<b>(93,696)</b>	<b>14,496</b>	<b>19,679</b>	<b>34,175</b>

The accompanying notes are an integral part of these financial statements.

# Selene Holdings Limited

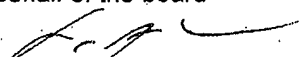
## Consolidated statement of financial position

as at 31 December 2020

	Note	2020 £'000	2019 £'000
<b>Assets</b>			
Property, plant and equipment	9	742,100	886,186
Intangible assets	10	1,350	1,800
Goodwill	11	45,989	45,989
Right of use assets	12	14,454	21,508
Finance lease assets	12	-	4,878
Deferred tax	7	-	1,202
Employee benefits	20	1,018	-
<b>Total non-current assets</b>		<b>804,911</b>	<b>961,563</b>
Inventories	13	4,435	4,498
Trade and other receivables	14	5,171	20,887
Cash and cash equivalents		7,026	8,892
<b>Total current assets</b>		<b>16,632</b>	<b>34,277</b>
<b>Total assets</b>		<b>821,543</b>	<b>995,840</b>
<b>Equity</b>			
Share capital	17	279,806	279,806
Pooling reserve	17	(59,287)	(59,287)
Retained earnings		66,924	111,987
Revaluation reserve		18,693	94,334
<b>Total equity</b>		<b>306,136</b>	<b>426,840</b>
<b>Liabilities</b>			
Loans and borrowings	16	-	374,964
Lease liabilities	12	14,874	25,338
Employee benefits	20	-	144
Deferred tax	7	85,184	98,614
<b>Total non-current liabilities</b>		<b>100,058</b>	<b>499,060</b>
Loans and borrowings	16	332,409	8,184
Lease liabilities	12	198	1,481
Trade and other payables	15	82,742	60,275
<b>Total current liabilities</b>		<b>415,349</b>	<b>69,940</b>
<b>Total liabilities</b>		<b>515,407</b>	<b>569,000</b>
<b>Total equity and liabilities</b>		<b>821,543</b>	<b>995,840</b>

The accompanying notes are an integral part of these financial statements.

On behalf of the board

  
Liam Cunningham  
Director

30 November 2021

## Selene Holdings Limited

### Consolidated statement of changes in equity for the period ended 31 December 2020

	Share capital £'000	Pooling reserves £'000	Retained earnings £'000	Revaluation reserve £'000	Total £'000
Continuation of Selene Midco limited At 31 December 2018	279,806	(59,287)	114,171	57,975	392,665
Loss for the year	-	-	(1,641)	-	(1,641)
Other comprehensive income	-	-	(543)	36,359	35,816
<b>Total comprehensive income</b>	-	-	(2,184)	36,359	34,175
<b>At 31 December 2019</b>	<b>279,806</b>	<b>(59,287)</b>	<b>111,987</b>	<b>94,334</b>	<b>426,840</b>
Disposal of property held at valuation (Note 22)	-	-	28,411	(28,411)	-
Distribution on group restructure (Note 22)	-	-	(30,572)	-	(30,572)
Capital contribution on group restructure (Note 22)	-	-	3,667	-	3,667
Dividend paid (Note 8)	-	-	(103)	-	(103)
Loss for the year	-	-	(46,207)	-	(46,207)
Other comprehensive loss	-	-	(259)	(47,230)	(47,489)
<b>Total comprehensive loss</b>	-	-	(45,063)	(75,641)	(120,704)
<b>At 31 December 2020</b>	<b>279,806</b>	<b>(59,287)</b>	<b>66,924</b>	<b>18,693</b>	<b>306,136</b>

The accompanying notes are an integral part of these financial statements.

# Selene Holdings Limited

## Consolidated statement of cash flows for the period ended 31 December 2020

	Note	31 December 2020 £'000	31 December 2019 £'000
<b>Cash flows from operating activities</b>			
Loss for the financial year		(46,207)	(1,641)
Adjustments for:			
Depreciation of property, plant and equipment	9	9,623	9,656
Depreciation of right-of-use-assets	12	354	958
Amortisation of intangible assets	10	450	450
Revaluation (gains)/losses	9	10,775	-
Other Income	5	(7,801)	-
Loss on disposal of property, plant and equipment		226	4,435
Finance income	6	(69)	(168)
Finance costs	6	16,284	15,843
Retirement benefit obligations	20	(1,481)	(1,403)
Tax charge/(credit)	7	874	(515)
		<b>(16,972)</b>	<b>27,615</b>
Increase in net working capital		25,816	1,912
Tax refunded/(paid)		1,992	(3,115)
Other Income	5	7,801	-
<b>Cash from operating activities</b>		<b>18,637</b>	<b>26,412</b>
<b>Cash flow from investing activities</b>			
Purchase of property plant and equipment	9	(26,551)	(34,589)
Finance income	6	69	10
<b>Cash (used in) investing activities</b>		<b>(26,482)</b>	<b>(34,579)</b>
<b>Cash flows from financing activities</b>			
Financing costs	6	(16,625)	(14,834)
Repayment of bank loans	16	(49,727)	(5,777)
Receipt of funds from parent company		73,173	24,221
Repayment of principal portion of lease liabilities	12	(842)	(825)
<b>Net cash from financing activities</b>		<b>5,979</b>	<b>2,785</b>
<b>Net decrease in cash and cash Equivalents</b>		<b>(1,866)</b>	<b>(5,382)</b>
<b>Cash and cash equivalents at 1 January</b>		<b>8,892</b>	<b>14,274</b>
<b>Cash and cash equivalents at 31 December</b>		<b>7,026</b>	<b>8,892</b>

The accompanying notes are an integral part of these financial statements

# Selene Holdings Limited

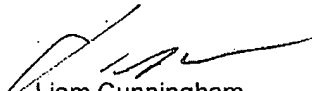
## Company statement of financial position as at 31 December 2020

	Note	31 December 2020 £'000	31 December 2019 £'000
<b>Fixed assets</b>			
Investments	25	338,254	-
		<hr/>	<hr/>
<b>Creditors: amounts falling due within one year</b>	25	(58,778)	-
<b>Total assets less current liabilities</b>		279,476	-
		<hr/>	<hr/>
<b>Net assets</b>		279,476	-
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	17	279,806	-
Retained earnings		(330)	-
		<hr/>	<hr/>
<b>Shareholders' funds</b>		279,476	-
		<hr/>	<hr/>

As permitted by section 408(3) of the Companies Act 2006, the Company has elected not to present its own income statement for the year. Loss for the period ended 31 December 2020 was £330k (2019: £nil).

The accompanying notes are an integral part of these financial statements.

On behalf of the board

  
Liam Cunningham  
Director

30 November 2021

## Selene Holdings Limited

### Company statement of changes in equity for the year period 31 December 2020

	Share capital £'000	Retained earnings £'000	Total £'000
<b>At 31 December 2018</b>	-	-	-
<b>Comprehensive income</b>			
Profit for the period	-	-	-
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	-	-	-
<b>At 31 December 2019</b>	-	-	-
<b>Comprehensive income</b>			
Issue of Share capital (note 17)	279,806	-	279,806
Dividend received (Note 8)	-	103	103
Dividend paid (Note 8)	-	(103)	(103)
Loss for the period	-	(330)	(330)
<b>Total comprehensive income</b>	279,806	(330)	279,476
<b>At 31 December 2020</b>	279,806	(330)	279,476



# Selene Holdings Limited

## Notes

### 1 Reporting entity

Selene Holdings Limited ("the Company") is a private company incorporated and domiciled in the United Kingdom. The Company's registered office is 27 Knightsbridge, London, SW1X 7LY. The consolidated financial statements of the Company comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

### 2 Basis of preparation and significant accounting policies

#### ***Statement of compliance and basis of preparation***

The consolidated financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

The consolidated financial statements represent the year ended 31 December 2020.

#### ***Basis of measurement***

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- property, plant and equipment are measured at fair value; and
- the defined benefit liability is recognised as the fair value of the plan assets and the present value of the defined benefit obligation.

#### ***Functional currency and rounding***

These consolidated financial statements are presented in Sterling, being the functional currency of the Company. All financial information presented in Sterling has been rounded to the nearest thousand, except where otherwise stated.

#### ***Use of estimates and judgements***

In preparing these financial statements management has made judgements, estimates and assumptions that affect application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Such estimates and judgements are based on historical experience and other factors, including expectation of future events that are believed to be reasonable. Actual outcomes may differ from these estimates.

The key accounting judgements and estimates in these financial statements include:

- fair value of property, plant & equipment (note 9);
- carrying amount of goodwill and intangible assets (note 10 and note 11);
- discount rate used to determine the IFRS 16 lease liabilities (note 12); and
- valuation of the defined benefit pension obligation (note 20).

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

# Selene Holdings Limited

## Notes (continued)

### 2 Significant accounting policies (continued)

#### ***Going concern – reliance on the ultimate beneficial owner***

The Group's business activities, together with the factors likely to affect its future development, its financial position, its financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to economic, liquidity and reputation risks are described in the Strategic report on page 2 and the 'Future developments' section of the Directors' report.

The Group is loss making, predominantly due to the impact of COVID-19 pandemic and interest payable on its borrowings. As at the balance sheet date, the Group had net current liabilities of £398.7 million (2019: £35.7 million) and net assets of £306.1 million (2019: £426.8 million). The directors have performed a going concern assessment with reference to the group's cash flow forecasts for a period up until 31 December 2022. These forecasts are prepared using a base case scenario which reflects severe but plausible downside assumptions, including potential revenue recovery profiles, cost estimates, capital expenditure and financing costs. As part of the going concern assessment the directors also consider forecast covenant breaches within the going concern assessment period and the ongoing support required from the ultimate beneficial owner which is discussed in more detail below.

The Group continues to invest in the development of The Connaught and The Berkeley hotels through various room enhancement programs, and continued investment in its food and beverage offering. This investment continues to be funded by the ultimate beneficial owner and intermediate parent company as there is confidence in the long-term return on investment and viability of the business.

The Group's projections for the remainder of 2021 and 2022 show that the Group is dependent on the support provided by the ultimate beneficial owner for operating and capital expenditure obligations. In addition, the Group will require support for the servicing of debt. At the balance sheet date, the Group had secured a covenant waiver with the lender until August 2021 in relation to the Debt to EBITDA covenant. On 2 November 2021, the Company secured a further extension of the Debt to EBITDA covenant waiver up until 5 February 2023.

A letter of financial support has been provided by the Group's ultimate beneficial owner, His Excellency Sheikh Hamad Bin Jassim Bin Jaber Al Thani, pledging to support the Group should this be required for a period of at least 12 months from the date of the signing of the financial statements.

The directors have made enquiries to satisfy themselves that the ultimate beneficial owner has sufficient liquid resources available to provide the financial support required by the Group. Based on the results of the assessment described above, the directors have concluded that it remains appropriate to prepare the annual report and accounts on a going concern basis.

# Selene Holdings Limited

## Notes *(continued)*

### **2 Significant accounting policies *(continued)***

#### ***Measurement of fair values***

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

A number of the Group's accounting policies and disclosures require the measurement of fair values. When measuring the fair value of an asset or liability the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

*Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.

*Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

*Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Further information about the assumptions made in measuring fair values is included in note 18 on Financial Instruments and Risk Management.

#### ***New and amended standards adopted by the Company***

The standards and interpretations listed below have become effective since 1 July 2019 for annual periods beginning on or after 1 January 2020. While the list of new standards is provided below, we note that these new standards do not have any material impact on the Company's financial statements:

- Amendments to IFRS 3 Definition of a Business
- Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform
- Amendments to IAS 1 and IAS 8 Definition of Material conceptual Framework for Financial Reporting

#### ***Basis of consolidation***

The consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvements with the entity and has the ability to affect these returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

# Selene Holdings Limited

## Notes (continued)

### 2 Significant accounting policies (continued)

#### **Basis of consolidation (continued)**

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Investments in subsidiaries are carried at cost less impairment in the financial statements of the company.

#### **Pooling of interests acquisition method**

Where an acquisition occurs of a business that is under common control it is outside of the scope of IFRS3 *Business combinations*. IAS8 *Accounting Policies, Changes in Accounting Estimates and Errors* – requires that in the absence of specific guidance in IFRS, management shall use its judgement in developing and applying an accounting policy that is relevant and reliable. In making that judgement, in the absence of IFRS dealing with similar or related issues or guidance within the *Conceptual Framework for Financial Reporting* ('Framework'), management may also consider the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, to the extent that these do not conflict with the Framework or any other IFRS or Interpretation. On this basis the management have chosen to apply the pooling of interests method in accounting for business combinations involving entities under common control. Further detail on the application of this method is set out in note 17.

#### **Finance income and finance costs**

The Group's finance income and finance costs include:

- interest expense;
- interest income;
- the net interest income or expense arising on pension assets; and
- the net gain or loss on hedging instruments that are recognised in profit or loss.

Interest income or expenses is recognised using the effective interest method.

#### **Revenue**

Revenue represents sales (excluding VAT and similar taxes) of goods and services net of trade discounts provided in the normal course of business.

Revenue is derived from hotel operations and includes the rental of rooms, food and beverage sales, and other revenue. Room and Food and Beverage revenue is recognised when the control over good/or services is transferred to the customer, rooms are occupied and food and beverages are sold.

# Selene Holdings Limited

## Notes (continued)

### 2 Significant accounting policies (continued)

#### **Property, plant and equipment**

##### *Recognition and measurement*

Items of property, plant and equipment are recognised at cost on acquisition.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Property, plant and equipment are measured at fair value less accumulated depreciation on buildings and impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

#### **Depreciation**

Depreciation has not been charged on the freehold and leasehold properties held by the Group as the residual values of those properties exceeds the carrying values.

As a result, on an annual basis the group estimates the recoverable amount of its hotel properties based on the higher of their net realisable values or the present values of future cash flows expected to result from their use. Where the recoverable amount is less than the carrying amount of the hotel properties the group recognises an impairment loss in the profit and loss account.

No depreciation is charged on assets under the course of construction.

Other fixed assets are stated at cost less accumulated depreciation. No depreciation is charged on archive materials however as they are maintained in good condition and they are expected to have a high residual value.

Depreciation of other tangible assets is provided on a straight-line basis over the following useful lives:

Plant and machinery	between 2 and 20 years
Fixtures and fittings	between 2 and 20 years
Short leasehold land buildings	between 1 and 5 years
Structural improvements	25 years

# Selene Holdings Limited

## Notes (continued)

### 2 Significant accounting policies (continued)

#### **Intangible assets**

Intangible assets acquired by the Group that have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight line method over their estimated useful lives, and is recognised in the income statement.

The estimated useful life for the current and comparative year of intellectual property is 10 years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### **Goodwill**

Goodwill arising on the acquisition of a business represents the excess of the acquisition cost over the fair value of the identifiable net assets when they were acquired. Goodwill is measured at cost less accumulated impairment losses.

#### **Impairment**

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed, only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### **Investments**

Investments in subsidiaries are held at historical cost less any applicable provision for impairment.

# Selene Holdings Limited

## Notes (continued)

### 2 Significant accounting policies (continued)

#### **Inventories**

Inventories are valued at the lower of cost and net realisable value.

#### **Trade and other receivables**

Trade and other receivables are measured at their nominal amount less any allowance for doubtful amounts. An allowance is made when collection of the full amount is no longer considered probable.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less. The Group does not hold any cash equivalents, all cash is held at bank.

In the statement of cash flows cash and cash equivalents are shown net of short-term overdrafts which are repayable on demand.

#### **Taxation**

Income tax expense comprises current tax and deferred tax. It is recognised in the income statement except to the extent that it relates to items recognised in OCI or directly in equity, in which case it is recognised in OCI or directly in equity.

Current tax is the expected tax payable on the taxable income for the year using tax rates and laws that have been enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax also includes any tax arising from dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: those differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of reversal and it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognised to the extent that it is probable future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

# Selene Holdings Limited

## Notes (continued)

### 2 Significant accounting policies (continued)

#### **Defined contribution plans**

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned to date, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

#### **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### **(i) Financial assets**

###### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through the statement of profit or loss and other comprehensive income. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient, the company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through the statement of profit or loss and other comprehensive income, transaction costs.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised, modified or impaired.



# Selene Holdings Limited

## Notes (continued)

### 2 Significant accounting policies (continued)

#### *Financial instruments (continued)*

##### *(i) Financial assets (continued)*

###### *Subsequent measurement*

The company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised, modified or impaired.

###### *Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e., removed from the company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

###### *Impairment of financial assets*

The company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through the statement of profit or loss and other comprehensive income. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. For trade receivables and some intercompany loans, the company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

# Selene Holdings Limited

## Notes (continued)

### 2 Significant accounting policies (continued)

#### *Financial instruments (continued)*

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through the statement of profit or loss and other comprehensive income, loans and borrowings, or payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

##### *Subsequent measurement – loans and borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

##### *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

#### *(ii) Ordinary shares*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Ordinary dividends are recognised in the period in which they are paid to shareholders.

#### *Provisions and contingent liabilities*

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of that outflow can be measured reliably. If the effect is material, provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of an outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of an outflow of economic benefits is remote.

#### *Government grants*

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset. Furlough income comprises government grants received under the COVID-19 job retention scheme which are recognised in the period to which the furloughed staff costs relate to.

# Selene Holdings Limited

## Notes (continued)

### 3 Revenue

	2020 £'000	2019 £'000
Rooms	18,780	70,202
Food and Beverage	11,485	28,667
Other	2,603	8,666
	<u>32,868</u>	<u>107,535</u>

All revenue arises in the United Kingdom. Other revenue includes revenue generated from health club.

The balance in discontinued operations of £1,175k predominately related to the recharge of management and marketing fees by Maybourne Hotels Limited.

### 4 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the period, analysed by category, was as follows:

	2020 No.	2019 No.
Hotel and administration	874	1,162

The aggregate payroll costs of these persons were as follows:

	2020 £'000	2019 £'000
Wages and salaries	20,484	30,754
Social security costs	1,713	2,604
Pension costs	1,385	1,282
	<u>23,582</u>	<u>34,640</u>

	2020 £'000	2019 £'000
<b>Remuneration of directors</b>		
Director emoluments	-	-
Company contribution to pension costs	-	-
	<u>-</u>	<u>-</u>

# Selene Holdings Limited

## Notes (continued)

### 4 Staff numbers and costs (continued)

One of the directors is remunerated by third party management company Hume Street Management Consultants Limited which charged fees of £3,750,000 (2019: £5,000,000) to Maybourne Hotels Limited during the year. Maybourne Hotels Limited recharged £1,530,000 to Claridge's Hotel (a sister hotel up until the group reorganisation which took place on 12 December 2017) and £2,220,000 is borne by the Selene Holdings Group for services provided to the Berkeley and Connaught hotels.

The other director does not receive any remuneration from this Group for his services provided to the Group but is remunerated by another group entity.

### 5 Operating profit

	2020 £'000	2019 £'000
Operating profit is stated after charging/(crediting):		
Depreciation of property, plant and equipment	9,623	9,656
Depreciation of right-of-use-assets	354	958
Other income- Furlough grant income	(7,801)	-
Amortisation of intangible fixed assets	450	450
Expenses relating to short-term leases and leases of low-value assets	207	80
Foreign exchange gain	-	(111)
Auditor's remuneration		
- Audit of group, company and subsidiary financial statements	127	152
- Tax advisory services	-	125

### 6 Finance costs and income

#### Finance costs

	2020 £'000	2019 £'000
Interest expense on bank loans and borrowings	10,311	13,760
Interest arising on pension liabilities	-	1
Interest arising on related party loan (note 21)	2,041	986
Amortisation of loan issue expenses (note 16)	3,262	53
Interest on lease liabilities (note 12)	670	1,038
Interest arising on corporation tax liability	-	5
	<u>16,284</u>	<u>15,843</u>

The balance in discontinued operations of £124k relates to the related party loan interest in Maybourne Hotels Limited.

# Selene Holdings Limited

## Notes (continued)

### 6. Finance costs and income (continued)

#### Finance income

	2020 £'000	2019 £'000
Interest arising on pension liabilities (note 20)	(17)	-
Interest income other	(52)	(10)
Finance income on leases	-	(158)
	<u>(69)</u>	<u>(168)</u>

The Company secured a new 10 year loan on 1 April 2020 with Deutsche Pfandbriefbank AG., which replaced the Murabaha facility and matures on 5 February 2030. This refinancing resulted in the Company reducing its debt from £380.7 million to £340 million and securing a competitive all-in annual interest rate of 2.7%, compared with 3.5% previously. Arrangement fees incurred in relation to this new facility of £6,271,000 have been capitalised and in line with the group's accounting policies are amortised over the period of the loan using the effective interest method. £472,000 was amortised in the year ended 31 December 2020. Arrangement fees previously offset against old loan facilities and exit fees payable totalling £2,750,000 were immediately recognised in the profit and loss account.

### 7 Income taxes

#### (a) Amounts recognised in income statement

	2020 £'000	2019 £'000
<b>Current tax</b>		
UK corporation tax charge	-	336
Adjustment in respect of previous period	(402)	(1,290)
<b>Total current tax credit/charge</b>	<u>(402)</u>	<u>(954)</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(8,165)	269
Origination and reversal of temporary differences – pension	(24)	239
Adjustment in respect of prior periods	271	-
Impact of changes in tax rates	9,194	(69)
<b>Total deferred tax</b>	<u>1,276</u>	<u>439</u>
<b>Income tax charge/(credit)</b>	<u>874</u>	<u>(515)</u>

# Selene Holdings Limited

## Notes (continued)

### 7 Income taxes (continued)

#### (b) Group Reconciliations of effective tax

	2020 £'000	2019 £'000
(Loss)/profit on ordinary activities before tax	(45,333)	(2,156)
(Loss)/profit on ordinary activities before tax at the standard corporation tax rate in UK of 19.00% (2019: 19.00%)	(8,613)	(410)
Expenses not deductible for tax purposes	325	856
Loss carried back under s37(3) CTA 2010	36	-
Impact of changes in tax rates	9,194	(69)
Effects of latent capital gains	-	288
Adjustment in respect of prior periods	(130)	(1,210)
Other	62	30
<b>Total tax charge/(credit)</b>	<b>874</b>	<b>(515)</b>

#### Factors which may affect future tax charges

The enacted main rate of corporation tax was reduced from 20% to 19% from 1 April 2017 and further reduced to 17% from 1 April 2020. In the Finance Act 2020, it was announced that the enacted reduction in the main rate of corporation tax effective 1 April 2020 would not take place. In the Finance Act 2021, it was further announced that the rate of corporation tax would rise to 25% from 1 April 2023. However, this change was not substantively enacted as at the balance sheet date and hence has not been taken into account in measuring deferred tax in these financial statements. The Group's future tax charge could be affected by numerous factors including, but not limited to, any future consequences of the UK leaving the European Union and any tax reforms adopted from the OECD's BEPS actions such as those in relation to the deductibility of interest, anti-avoidance or transfer pricing. No quantification of these changes is currently possible due to uncertainty around when any currently proposed rules will be enacted or effective.

# Selene Holdings Limited

## Notes (continued)

### 7 Income taxes (continued)

#### (c) Movements in deferred tax balances

	31 December 2019 £'000	Recognised in profit and loss £'000	Recognised in OCI £'000	31 December 2020 £'000
<b>Deferred tax asset</b>				
Tax value of losses carried forward	165	4,649	-	4,814
Other temporary differences	19	9	-	28
Corporate interest restriction - allowance	994	2,574	-	3,568
Defined benefit pension scheme	24	(24)	-	-
<b>Total</b>	<b>1,202</b>	<b>7,207</b>	<b>-</b>	<b>8,410</b>

	31 December 2019 £'000	Recognised in profit and loss £'000	Recognised in OCI £'000	31 December 2020 £'000
<b>Deferred tax liabilities</b>				
Property, plant and equipment - capital gains	(98,614)	(3,912)	9,126	(93,400)
Defined benefit pension scheme	-	(254)	60	(194)
<b>Total</b>	<b>(98,614)</b>	<b>(4,166)</b>	<b>9,186</b>	<b>(93,594)</b>

Deferred tax is presented on a net basis on the face of the Consolidated statement of financial position.

### 8 Dividends

The dividends paid during the year amounted to £102,769 (2019: £Nil). An equivalent amount was received by the Company from Selene Midco Limited during the year.

## Selene Holdings Limited

Notes (continued)

### 9 Property, plant and equipment

Group	Freehold land and buildings £'000	Long leasehold land and buildings £'000	Structural Improvements £'000	Assets under the course of construction £'000	Fixtures fittings plant and machinery £'000	Group Total £'000
<b>Cost</b>						
At 31 December 2019	470,233	283,192	24,115	46,667	61,979	886,186
Additions	-	-	-	25,171	-	25,171
Transfers to completed assets	-	-	-	-	-	-
Disposals	(74,019)	(17)	-	(16,838)	(1,629)	(92,503)
Transfer from accumulated depreciation	-	-	(1,077)	-	(8,546)	(9,623)
Revaluation through OCI	(16,296)	(40,060)	-	-	-	(56,356)
Revaluation through P&L	-	(10,775)	-	-	-	(10,775)
Reclassification	-	-	632	(3,318)	2,686	-
<b>At 31 December 2020</b>	<b>379,918</b>	<b>232,340</b>	<b>23,670</b>	<b>51,682</b>	<b>54,490</b>	<b>742,100</b>
<b>Depreciation</b>						
At 31 December 2019	-	-	-	-	-	-
Charge for the period	-	-	(1,077)	-	(8,546)	(9,623)
Revaluation	-	-	1,077	-	8,546	9,623
<b>At 31 December 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>						
<b>At 31 December 2020</b>	<b>379,918</b>	<b>232,340</b>	<b>23,670</b>	<b>51,682</b>	<b>54,490</b>	<b>742,100</b>
At 31 December 2019	470,233	283,192	24,115	46,667	61,979	886,186



# Selene Holdings Limited

## Notes (continued)

### 9 Property, plant and equipment (continued)

If property, plant and equipment were measured using the cost model, the carrying amounts would be as follows:

	31 December 2020 £'000	31 December 2019 £'000
Cost	811,989	879,321
Accumulated depreciation and impairment	(79,610)	(69,987)
<b>Net book value</b>	<b>732,379</b>	<b>809,334</b>

Description of valuation techniques used and key inputs to valuation on property plant and equipment:

Property type	Valuation technique	Significant unobservable inputs	2020	2019
Hotels	10 year discounted cash flow	Discount rate	6.25%-6.50%	6.50%-6.75%
		Terminal cap rate	4.00%-4.25%	3.75%-4.50%
		Occupancy	44%-84%	74%-85%
		ADR growth	2.1%-6.2%	1.5%-4.7%
		FF&E maintenance	2.5%-5%	2.5%-5%
		Capital deductions	Nil - £35,475,000	Nil - £39,800,000
Property under development	Special Purchaser, 10 year discounted cash flow and market value benchmarking	Planning		Granted 2019
		Discount rate		7.25%
		Terminal cap rate		4.25%
		Occupancy		73.5%-85.2%
		ADR growth		2.5%
		Residential benchmarked gross price		£3,650 - £4,129 per sqft
		Capital deductions		£75,113,000
		Acquisition costs		16.7%

#### Material Valuation uncertainty:

The hotel sector continues to be faced with an unprecedented set of circumstances caused by COVID-19 and an absence of relevant/sufficient market evidence on which to base judgements. The valuation of the Properties is therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, in respect of the reduced valuations certainty, and a higher degree of caution, would be attached to the valuation than would normally be the case. For the avoidance of doubt this 'material valuation uncertainty' declaration included in the valuation, does not mean that the valuations cannot be relied upon. Rather, this declaration was included to ensure

# Selene Holdings Limited

## Notes (continued)

### 9 Property, plant and equipment (continued)

#### Material Valuation uncertainty (continued)

transparency and to provide further insight as to the market context under which the valuation opinion was prepared. Property under development (Goldrange) was disposed of by the Group in the year ended 31 December 2020 and related to land within land and buildings and assets under the course of construction, with a special purchaser assumption that the asset can only be operated in conjunction with the Berkeley Hotel under the current planning permission. The property was not revalued before disposal, and the disposal price was based on the 31 December 2019 valuation.

Significant increases/(decreases) in ADR growth and occupancy in isolation would result in a significantly higher/(lower) fair value of the properties. Significant increases/(decreases) in capital deductions and discount rate (and exit yield) in isolation would result in a significantly lower/(higher) fair value. Changes in planning status may also result in a significant change in the fair value of property under development.

### 10 Intangible assets

#### Reconciliation of carrying amount

	Intellectual property £'000 Group
Cost	
At 31 December 2019	4,500
	<hr/>
At 31 December 2020	4,500
	<hr/>
Accumulated amortisation and impairment losses	
	£'000
At 31 December 2019	2,700
Amortisation	450
	<hr/>
At 31 December 2020	3,150
	<hr/>
Net book value	
At 31 December 2019	1,800
	<hr/>
At 31 December 2020	1,350
	<hr/>

# Selene Holdings Limited

## Notes (continued)

### 10 Intangible assets (continued)

In 2013, The Berkeley Hotel Limited, then a subsidiary undertaking of Coroin Limited, purchased back certain intellectual property from Maybourne Management Services Limited, a company with common directors, for £4,500,000, being its estimated fair value. The fair value was calculated using the Royalty Relief approach which is widely considered to be the most appropriate means of determining the value of intellectual property. On 12 December 2017, Selene Holdings Limited acquired the share capital of The Berkeley Hotel Limited and together with its intellectual property.

### 11 Goodwill

	31 December 2020 £'000	31 December 2019 £'000
<i>Cost</i>		
At beginning of the year	45,989	45,989
	<hr/>	<hr/>
<i>Carrying amount</i>		
At end of the period	45,989	45,989
	<hr/>	<hr/>

The goodwill recognised relates to the goodwill created on the purchase of the hotels as cash generating units at fair market value in 2015. The goodwill relates to the hotels only and no goodwill has been recognised on the other assets held by the Group. The Group accounts for common control acquisitions using the pooling acquisition method as outlined in IFRS 3 Business Combinations.

The recoverable amount of the cash generating units is based on the fair value, less cost of disposal estimate. Valuations were carried out by independent external values. The Group tests goodwill annually for impairment. At 31 December 2020, the fair value, and hence the recoverable amount was significantly higher than the carrying amount of the Group as cash generating units. There is no reasonable, foreseeable change in assumptions that would adversely impact on the carrying value of goodwill. The directors conclude that the carrying value of goodwill is not impaired at 31 December 2020.

### 12 Leases

	Property £'000	Vehicles £'000	Total £'000
<b>Right-of-use assets</b>			
Balance at 1 January 2020	21,399	109	21,508
Disposals	(6,700)	-	(6,700)
Depreciation expense	(258)	(96)	(354)
<b>Balance at 31 December 2020</b>	<b>14,441</b>	<b>13</b>	<b>14,454</b>

# Selene Holdings Limited

## Notes (continued)

### 12 Leases (continued)

Finance Lease Receivable	31 December 2020 £'000	31 December 2019 £'000
Relating to sub lease of Right-of-use assets	4,878	4,878
Disposals	(4,878)	0
<b>Balance at 31 December</b>	<b>0</b>	<b>4,878</b>

Lease Liabilities	31 December 2020 £'000	31 December 2019 £'000
Balance at 1 January	26,820	26,820
Disposals	(11,698)	-
Interest	669	-
Payments	(719)	-
<b>Balance at 31 December</b>	<b>15,072</b>	<b>26,820</b>

	31 December 2020 £'000	31 December 2019 £'000
Non-current	14,874	25,478
Current	198	1,341
<b>Balance at 31 December</b>	<b>15,072</b>	<b>26,820</b>

Amounts recognised in Profit or Loss	31 December 2020 £'000	31 December 2019 £'000
Interest on lease liabilities	(670)	(1,038)
Finance income from sub-let right-of-use assets	-	158
Depreciation of right of use assets	(354)	(958)
Expenses relating to short-term leases	(144)	(6)
Expenses relating to leases of low-value assets	(63)	(74)
<b>Total amount recognised in profit or loss</b>	<b>(1,231)</b>	<b>(1,918)</b>

# Selene Holdings Limited

## Notes (continued)

### 12 Leases (continued)

#### *Leases - Estimating the incremental borrowing rate IFRS 16.26*

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available. The Group estimates the IBR using observable market interest rates adjusted to reflect the terms and conditions of the lease. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate as at 1 January 2020. The weighted-average rate applied is 4.4%.

Non-cancellable lease rentals are payable on certain plant and machinery, motor fleet contract hire and leased buildings. These represent the minimum undiscounted future lease payments in aggregate that the Group is required to make under existing lease arrangements.

	31 December 2020 £'000	31 December 2019 £'000
Less than one year	919	2,613
Between one and five years	3,285	11,147
Beyond five years	62,265	68,949
	<u>66,469</u>	<u>82,709</u>

### 13 Inventory

	31 December 2020 £'000	31 December 2019 £'000
Raw materials and consumables	4,435	4,498

The directors are of the opinion that the net realisable value of inventory is greater than the carrying value. There was no material write down of inventories to net realisable value during the period ended 31 December 2020.

# Selene Holdings Limited

## Notes (continued)

### 14 Trade and other receivables

	31 December 2020 £'000	31 December 2019 £'000
Trade receivables	2,217	8,981
Amounts owed by related parties (note 21)	456	5,750
Other receivables	861	967
Prepayments	821	2,493
Corporation tax	816	2,696
	<u>5,171</u>	<u>20,887</u>

### 15 Trade and other payables

	31 December 2020 £'000	31 December 2019 £'000
Trade payables	2,199	5,453
Amounts owed to parent undertakings (note 21)	73,173	42,575
Amounts owed to related parties (note 21)	3,224	1,617
Other tax and social security	432	2,036
Other payables	550	862
Accruals	1,125	6,846
Capital accruals	2,039	886
	<u>82,742</u>	<u>60,275</u>

### 16 Loans and borrowings

	Interest rate	Maturity	31 December 2020 £'000	31 December 2019 £'000
<b>Non-current liabilities</b>				
Secured bank loans	2.7%	5 February 2030	-	374,964
			<u>31 December 2020 £'000</u>	<u>31 December 2019 £'000</u>
<b>Current liabilities</b>				
Secured bank loans	2.7%	5 February 2030	331,014	5,777
Accrued interest			1,395	2,407
			<u>332,409</u>	<u>8,184</u>

# Selene Holdings Limited

## Notes (continued)

### 16 Loans and borrowings (continued)

The Company secured a new 10 year loan on 1 April 2020 with Deutsche Pfandbriefbank AG., which replaced the Murabaha facility and matures on 5 February 2030. This refinancing resulted in the Company reducing its debt from £380.7 million to £340 million and securing a competitive all-in annual interest rate of 2.7%, compared with 3.5% previously. Arrangement fees incurred in relation to this new facility of £6,271,000 have been capitalised and in line with the group's accounting policies are amortised over the period of the loan using the effective interest method. £472,000 was amortised in the year ended 31 December 2020. Arrangement fees previously offset against old loan facilities and exit fees payable totalling £2,750,000 were immediately recognised in the profit and loss account.

### 17 Capital and reserves

#### (a) Called up share capital

	31 December 2020 £'000	31 December 2019 £'000
<b>Share capital - group</b>		
<b>Authorised:</b>		
279,805,523 ordinary shares of £1	279,806	279,806
<b>Issued equity:</b>		
Called up, allotted and fully paid		
279,805,523 ordinary shares of £1	279,806	279,806

On incorporation the company issued 1 share for £1 cash consideration.

On 7 December 2018, 279,805,523 ordinary shares of £1 each were issued to Selene S.A.R.L in order to capitalise the debt in the amount of £279,805,523 that was owed by the Group.

On 13 March 2020, Selene S.A.R.L transferred its holding of £279,805,523 ordinary shares in Selene Midco Limited to Selene Holdings Limited for consideration in the form of an issue of shares by Selene Holdings Limited to Selene S.A.R.L carrying a value equal to the value of the shares in Selene Midco Limited transferred.

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

# Selene Holdings Limited

## Notes (continued)

### 17 Capital and reserves (continued)

#### (b) Pooling acquisition method reserve

On 12 December 2017, the Group acquired 100% of the ordinary share capital in The Berkeley Hotel Limited, The Connaught Hotel Limited and Maybourne Hotels Limited. As these entities were under the common control of parent entity Constellation Hotel Holdings Ltd S.C.A. the pooling of interests method of acquisition accounting (pooling method) has been applied. The following accounting policy choices were applied:

- (i) The acquired businesses have been accounted for and consolidated from the date of acquisition.
- (ii) Distributable reserves for the acquired companies have been reset to nil.
- (iii) The values attributed to assets and liabilities acquired, including goodwill are those included in the books of parent Constellation Hotel Holdings Ltd S.C.A.

These accounting policy choices were made to facilitate the best use of the financial statements for the primary user of the financial statements being Constellation Hotel Holdings Ltd S.C.A.

Under the pooling method of acquisition accounting a pooling reserve has been recognised of £59,287,000 being the difference between the fair value of consideration paid plus the deemed capital contribution and the acquired balances recognised on acquisition after pooling method adjustments.

On 13 March 2020 Selene Holdings Limited acquired the benefit of £58,448,878 loan from Maybourne Hotels Limited to Selene Midco Limited which was settled by Selene Midco Limited by issue of ordinary shares to Selene Holdings Limited. Selene SARL transferred its holding of £279,805,523 ordinary shares in Selene Midco Limited to Selene Holdings Limited for consideration in the form of an issue of shares by Selene Holdings Limited to Selene SARL carrying a value equal to the value of the shares in Selene Midco Limited transferred.

There was no change to the pooling of interest reserve in the current year, the reserve was carried forward as the Group has chosen that there will be no restatement of periods prior to the new transaction. This is an accounting policy choice to use the prospective approach and account for the combination prospectively from the date on which it occurred.



# Selene Holdings Limited

## Notes (continued)

### 18 Financial instruments and risk management

#### (a) Accounting classifications and fair value

The following tables show the carrying amount of financial assets and liabilities including their values in the fair value hierarchy. The tables do not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Loans and Receivables £'000	Liabilities at Amortised cost £'000	Total carrying amount £'000	Fair value £'000
<b>31 December 2020</b>				
Trade receivables	2,217	-	2,217	2,2217
Amounts owed by related parties	456	-	456	456
Cash and cash equivalents	7,026	-	7,026	7,026
Trade payables	-	(2,199)	(2,200)	(2,200)
Amounts owed to related parties	-	(3,224)	(3,224)	(3,224)
Lease liabilities	-	(15,072)	(15,072)	(15,072)
Amounts owed to parent undertakings	-	(73,173)	(73,173)	(73,173)
Secured bank loans	-	(332,409)	(332,409)	(332,409)
	<b>9,646</b>	<b>(414,764)</b>	<b>(405,118)</b>	<b>(405,118)</b>

	Loans and Receivables £'000	Liabilities at Amortised cost £'000	Total carrying amount £'000	Fair value £'000
<b>31 December 2019</b>				
Trade receivables	8,981	-	8,981	8,981
Amounts owed by related parties	5,750	-	5,750	5,750
Cash and cash equivalents	8,892	-	8,892	8,892
Trade payables	-	(5,453)	(5,453)	(5,453)
Amounts owed to related parties	-	(1,617)	(1,617)	(1,617)
Lease liabilities	-	(26,820)	(26,820)	(26,820)
Amounts owed to parent undertakings	-	(42,575)	(42,575)	(42,575)
Secured bank loans	-	(383,148)	(383,148)	(383,148)
	<b>23,623</b>	<b>(459,613)</b>	<b>(435,990)</b>	<b>(435,990)</b>

# Selene Holdings Limited

## Notes (continued)

### 18 Financial instruments and risk management (continued)

#### (a) Accounting classifications and fair value (continued)

##### *Estimation of fair values*

The principal methods and assumptions used in estimating the fair values of financial assets and liabilities are explained below.

##### *Cash and cash equivalents including the short-term bank deposits*

For short term bank deposits and cash and cash equivalents, all of which have a maturity of less than three months, the carrying value is deemed to reflect a reasonable approximation of fair value.

##### *Trade and other receivables/payables*

For the receivables and payables with a remaining term of less than one year or on demand balances, are evaluated by the Group based on individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the estimated losses of these receivables.

##### *Loans*

For bank loans and borrowings the fair value is calculated based on discounted cash flow techniques.

#### (b) Financial risk management

The Group is exposed to various financial risks that include credit risk, liquidity risk and market risk. The Group has a risk management framework in place which seeks to limit the impact of these risks on the financial performance of the group. It is the policy of the Group to manage these risks in a non-speculative manner.

This note presents information about the group's exposure to each of the above risks and the objectives, policies and processes for measuring and managing the risks. Further quantitative and qualitative disclosures are included throughout this note.

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

#### (c) Credit risk

##### *Exposure to credit risk*

Credit risk arises from granting credit to customers, loans to related parties and from investing cash and cash equivalents with banks and financial institutions.

The carrying amount of these financial assets, net of impairment provisions, represents the Group's maximum credit exposure.

# Selene Holdings Limited

## Notes (continued)

### 18 Financial instruments and risk management (continued)

#### (c) Credit risk (continued)

##### Trade, related party and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. There is no concentration of credit risk or dependence on individual customers.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

##### Cash and short term bank deposits

The Group is exposed to credit risk from the counterparties with whom it places its bank deposits. The group is satisfied that the credit risk associated with its deposits is not significant.

##### Trade receivables

The Group has detailed procedures for monitoring and managing the credit risk related to trade receivables. Trade receivables are monitored by review of aged debtor reports by management.

At 31 December 2020	Gross £'000	Impairment £'000	Net receivables £'000
<b>Group</b>			
Not past due	1,599	-	1,599
Past due < 90 days	175	-	175
Past due > 90 days	602	(159)	443
	<hr/>	<hr/>	<hr/>
<b>Total</b>	<b>2,376</b>	<b>(159)</b>	<b>2,217</b>
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2019</b>	<b>Gross £'000</b>	<b>Impairment £'000</b>	<b>Net receivables £'000</b>
<b>Group</b>			
Not past due	6,661	-	6,661
Past due < 90 days	79	-	79
Past due > 90 days	2,255	(14)	2,241
	<hr/>	<hr/>	<hr/>
<b>Total</b>	<b>8,995</b>	<b>(14)</b>	<b>8,981</b>
	<hr/>	<hr/>	<hr/>

Debts are classified as past due if they are over 30 days aged.

# Selene Holdings Limited

## Notes *(continued)*

### 18 Financial instruments and risk management *(continued)*

#### **(d) Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities as they fall due. The Groups' largest expenses related to the ongoing development works, which are fully funded by the loans advanced by the parent company and the Group can arrange an overdraft facility if needed.

#### **Bank loans**

Interest of £1,395,000 was accrued for the period from 1 January 2020 to 31 December 2020 as disclosed in note 16 (2019: £2,407,000).

#### **Overdraft facilities**

The Group has no undrawn overdraft or loan facilities.

## Selene Holdings Limited

### Notes (continued)

#### 18 Financial instruments and risk management (continued)

##### (d) Liquidity risk (continued)

##### Contractual maturities

The following are the contractual maturities of the group financial liabilities, including estimated interest payments.

Group	Carrying amount £'000	Contractual cash flows £'000	6 months or less £'000	6 - 12 months £'000	1 - 2 Years £'000	2 - 5 years £'000	More than 5 years £'000
<b>At 31 December 2020</b>							
Secured bank loans (excl. arrangement fees)	336,813	(417,901)	(6,655)	(6,701)	(13,241)	(51,841)	(339,463)
Trade and other payables	82,742	(82,742)	(82,742)	-	-	-	-
	<b>419,555</b>	<b>(500,643)</b>	<b>(89,397)</b>	<b>(6,701)</b>	<b>(13,241)</b>	<b>(51,841)</b>	<b>(339,463)</b>
<b>Group</b>	<b>Carrying amount £'000</b>	<b>Contractual cash flows £'000</b>	<b>6 months or less £'000</b>	<b>6 - 12 months £'000</b>	<b>1 - 2 Years £'000</b>	<b>2 - 5 years £'000</b>	<b>More than 5 years £'000</b>
<b>At 31 December 2019</b>							
Secured bank loans (excl. arrangement fees)	380,891	(420,863)	(6,777)	(12,554)	(19,089)	(382,443)	-
Trade and other payables	60,275	(60,275)	(60,275)	-	-	-	-
	<b>441,166</b>	<b>(481,138)</b>	<b>(67,052)</b>	<b>(12,554)</b>	<b>(19,089)</b>	<b>(382,443)</b>	<b>-</b>

Refer to Note 12 for disclosure of the contractual maturities of the Group's lease liabilities.

# Selene Holdings Limited

## Notes (continued)

### 18 Financial instruments and risk management (continued)

#### (e) Market risk

Market risk is the risk that changes in market prices and indices, such as foreign exchange rates, and interest rates will affect the group and company's income or the value of its holdings of financial instruments. The Group is not currently exposed to interest rate risk as all borrowings are subject to fixed interest rates. Management believe exposure to foreign exchange rates is minimal as the vast majority of good and services are sourced in the United Kingdom.

#### (f) Foreign exchange rate risk

The Group is not exposed to material translation foreign exchange rate risk on its hotel operations as all of its operations are within the UK.

#### (g) Interest rate risk

The Group is not currently exposed to interest rate risk as all borrowings are subject to fixed interest rates.

### 19 Capital expenditure commitments

The Group has the following commitments for future capital expenditure under its contractual arrangements.

	31 December 2020 £'000	31 December 2019 £'000
Authorised and contracted for	596	1,317
	<u>596</u>	<u>1,317</u>

# Selene Holdings Limited

## Notes (continued)

### 20 Employee benefits

The Coroin Limited Group and Selene Holdings Limited Group operate two pension schemes, a defined benefit scheme and a defined contribution scheme. The defined benefit scheme, The Maybourne Hotels Group Pension and Life Insurance Scheme, which has two sections - Staff and Senior Staff section, closed to new entrants with effect from 1 August 2006. The Maybourne Stakeholder Scheme, a defined contribution scheme, was introduced on 1 August 2006 and is open to all staff if they meet the eligibility criteria.

On 12 December 2017, Maybourne Hotels Limited, The Berkeley Hotel Limited, The Connaught Hotel Limited ("the Selene Employers") were transferred and ceased to be wholly owned subsidiaries of the same ultimate parent of which also owned Claridge's Hotel Limited ("the Transaction"). Up until the date of the transaction The Selene Employers were participating employers in the The Maybourne Hotels Group Pension and Life Insurance Scheme ("the Scheme") in respect of some of their employees. Claridge's Hotel Limited is the principal employer under the Scheme rules.

As a consequence of the Selene Employers not having a common ultimate parent with Claridge's Hotel Limited following the Transaction, the continued participation in the Scheme by the Selene employers required the agreement with the Trustees of the Scheme ("the Trustees") and Claridge's Hotel Limited. Interim agreement through a Memorandum of Understanding ("MOU") was reached on 11 December 2018 between the employers (including the Selene employers) and the Trustees that they will use reasonable endeavours to ensure that the actuarial valuation of the Scheme as at 31 March 2018 will be completed by 30 June 2019 and they will use all reasonable endeavours to ensure that a long term funding and investment strategy will be agreed by 30 June 2019. The MOU also documented that if the matters referenced above were agreed and documented to the satisfaction of the Trustees by 30 June 2019 the Trustees and Employer will take such steps as are necessary to allow the Selene or "Relevant" Employers (Maybourne Hotels Limited, The Berkeley Hotel Limited and The Connaught Hotel Limited) to continue to participate in the Scheme after 30 June 2019, such that no debt becomes due under section 75 of the Pensions Act 1995 on or before 30 June 2019 by reason of an actual or deemed employment-cessation event.

On 27 June 2019, the Employers including the Relevant Employers confirmed to the Trustees their acceptance of the 31 March 2018 valuation and confirmed their agreement to the proposals documented in the Trustees letter to the company dated 17 June 2019 confirming the continued participation in the scheme by the Relevant Employers should agreement be reached. The directors therefore consider agreement to have been reached with effect from 27 June 2019 and that section 75 liabilities will not be crystallised on the basis of this agreement including the Trustees agreement for continued participation in the scheme of the Relevant employers. The Relevant employers and Trustees will continue to work together to determine some of the details of the investment strategy and the long term future of the scheme.

It was agreed that obligations in respect of the Scheme shall be allocated between Coroin Limited and Claridge's Limited ("the Coroin Employers") on the one hand and the Selene Employers on the other hand in the ratio 49.5% to 50.5%. It was also agreed that future service contributions would be payable by each of the Employers as a percentage of the pensionable salaries of their respective employees who are members of the Scheme.

Management intend for the Scheme to be operated in this fashion with additional payment obligations above future service contributions being met initially by Coroin Limited on behalf of the Coroin Employers and by The Berkeley Hotel Limited on behalf of the Selene Employers. Accordingly, Coroin Limited recognises 49.5% of the Scheme net pension obligation in its balance sheet and 50.5% of the Scheme net pension obligation (along with the associated deferred tax) were transferred through equity to the balance sheet of The Berkeley Hotel Limited at the year ended 31 December 2017. Full disclosures in relation to the scheme in accordance with the requirements of IAS 19 are therefore provided below.

# Selene Holdings Limited

## Notes (continued)

### 20 Employee benefits (continued)

	31 December 2020 £'000	31 December 2019 £'000
Total market value of pension scheme Assets	53,342	46,272
Present value of defined benefit Obligation	(52,324)	(46,416)
Excess of scheme assets over liabilities (liabilities/over assets)	1,018	(144)
Employee retirement benefit (liability)/asset before tax	1,018	(144)
Related deferred tax (liability)/asset	(193)	24
Employee retirement benefit (liability)/asset after tax	825	(120)

The pension contributions to the defined benefit scheme for both Groups combined are assessed in accordance with the advice of an independent professionally qualified actuary. The most recent actuarial valuation was carried out at 31 March 2018 and revealed a funding deficit of £8,000,000 on the Technical Provisions basis and a deficit of £25,200,000 on the agreed basis for the Scheme's Long-Term Funding Target. To achieve that target, the valuation recommended an overall monthly contribution cap of £345,776 (2019: £338,333) from 1 August 2019 until 31 March 2025, the date the Scheme is expected to be fully funded, which includes a contribution for future accrual of benefit at a rate of 46.7% (35.3% to June 2019) of pensionable salaries, contribution in respect of administration and other costs of £24,188 (2019: £23,667) and an additional contribution to the amount of £345,776 minus the above two contributions (2019: £338,333: minus the above two contributions). The valuations employed for IAS 19 purposes have been based on the most recent funding valuations (date of which is noted above) adjusted by the independent actuaries to allow for the accrual of liabilities up to 31 December 2020 and to take account of financial conditions at this date. They have been completed using the projected unit method and assets for this purpose have been valued at market value.



## Selene Holdings Limited

### Notes (continued)

#### 20 Employee benefits (continued)

##### Movement in net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit asset and its components.

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability/(asset)	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January	46,416	41,818	(46,272)	(40,926)	144	892
<b>Included in profit and loss</b>						
Current service costs	437	334	-	-	437	334
Interest cost/(income)	958	1,231	(975)	(1,230)	(17)	1
Guaranteed Minimum Pensions	-	-	-	-	-	-
	<u>1,395</u>	<u>1,565</u>	<u>(975)</u>	<u>(1,230)</u>	<u>420</u>	<u>335</u>
<b>Included in OCI</b>						
Remeasurements:						
-Actuarial gain/(loss) arising from:						
- demographic assumptions	(949)	180	-	-	(949)	180
- financial assumptions	7,048	4,431	-	-	7,048	4,431
- experience adjustment	-	-	-	-	-	-
- Return on plan assets excluding interest income	-	-	(5,780)	(3,957)	(5,780)	(3,957)
	<u>6,099</u>	<u>4,611</u>	<u>(5,780)</u>	<u>(3,957)</u>	<u>319</u>	<u>654</u>

## Selene Holdings Limited

### Notes (continued)

#### 20 Employee benefits (continued)

##### Movement in net defined benefit liability (continued)

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset)/liability	
	31 December	31 December	31 December	31 December	31 December	31 December
	2020	2019	2020	2019	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Other</b>						
Transfer of pension obligation and plan assets from Coroin Limited	-	-	-	-	-	-
Contributions paid by the employer	-	-	(2,180)	(2,041)	(2,180)	(2,041)
Benefits paid	(1,586)	(1,578)	1,586	1,578	-	-
Service cost	-	-	279	303	279	303
	<u>(1,586)</u>	<u>(1,578)</u>	<u>(315)</u>	<u>(160)</u>	<u>(1,901)</u>	<u>(1,738)</u>
<b>Balance at 31 December</b>	<b>52,324</b>	<b>46,416</b>	<b>(53,342)</b>	<b>(46,272)</b>	<b>(1,018)</b>	<b>144</b>

# Selene Holdings Limited

## Notes (continued)

### 20 Employee benefits (continued)

The Berkeley Hotel Limited, on behalf of Selene employers, is expected to pay £0.5 million in respect of the contribution for future accrual of benefit and £1.5 million in respect of additional contribution.

#### (a) Plan assets

The fair value of the plans' assets at 31 December is analysed as follows:

	31 December 2020 £'000	31 December 2019 £'000
Investment funds	30,340	26,642
Debt instruments	20,768	17,759
Other	2,234	1,871
	<u>53,342</u>	<u>46,272</u>

#### (b) Defined benefit obligation

##### (i) Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	31 December 2020	31 December 2019
Discount rate	1.30%	2.10%
Inflation rate (RPI)	3.05%	3.10%
Inflation rate (CPI)	2.15%	2.20%
Future pension growth	3.00%	3.05%
Rate of increase of deferred pensions	-	-
Life expectancy at age 65 for pensioners currently aged 65 (years)		
Female	24.0	24.3
Male	21.4	21.7
Life expectancy at age 65 for active members currently aged 45 (years)		
Female	25.1	25.5
Male	22.3	22.8

# Selene Holdings Limited

## Notes (continued)

### 20 Employee benefits (continued)

At 31 December 2020, the weighted average duration of the defined benefit obligation was 20 years (2019: 17.5 years).

#### (ii) Sensitivity analysis

Increasing the discount rate applied by 0.25% would result in a £2.3 million decrease in the net pension liability.

Decreasing the discount rate applied by 0.25% would result in a £2.3 million increase in the net pension liability.

Increasing the inflation rate applied by 0.25% would result in a £2.1 million increase in the net pension liability.

Decreasing the inflation rate applied by 0.25% would result in a £2.1 million decrease in the net pension liability.

Increasing life expectancy by 1 year would result in a £2.6 million increase in the net pension liability.

Decreasing life expectancy by 1 year would result in a £2.6 million decrease in the net pension liability.

The sensitivity analysis has been prepared by the Group's external independent actuaries.

Within Selene Holdings Limited Group, following the departure of Maybourne Hotels Limited, pensions for 30 employees (2019: 47 employees) are funded through the defined contribution scheme. The defined contribution pension cost for the year amounted to £110,525 (2019: £197,100). From 1 April 2014 the Coroin Limited Group introduced the government led Auto-enrolment scheme, a contribution scheme, whereby all employees who are not members of any pension scheme would automatically be enrolled, unless opted out. The Auto-enrolment contribution pension cost for the year amounted to £633,516 (2019: £672,930). Selene Holdings Limited Group actively encourages staff to join the scheme as it believes that it is an important element of the remuneration package. Pensions for 641 employees (2019: 770 employees) are funded through the defined contribution scheme.

### 21 Related party disclosures

#### (a) Transactions with related parties

One director of Selene Holdings Limited is a director of Hume Street Management Consultants Limited and Cottage Linen Limited.

Fees (excluding VAT) payable to Hume Street Management Consultants Limited, which acted as consultants to subsidiaries of the Group during the year, amounted to £3,750,000 and were born by Maybourne Hotels Limited; a management company, sister entity until 13 March 2020, of which £1,530,000 has been recharged to Coroin Limited.

In addition, at 31 December 2020 an amount of £149,000 (2019: £120,000) remains due from Hume Street Management Consultants Limited in relation to services rendered to them during the year.

At 31 December 2020, an amount of £300,000 remains due from Cottage Linen Limited in relation to the acquisition of the company by common director (2019: £731,000).

## Selene Holdings Limited

### Notes (continued)

#### 21 Related party disclosures (continued)

##### (a) Transactions with related parties (continued)

Related party Asset/(liability)	Relationship	Opening balance 31/12/2019	Loans (received)/ advanced	Sales	Purchases	Payments	Closing balance 31/12/2020
		£'000	£'000	£'000	£'000	£'000	£'000
Hume Street Management Consultants Limited	Common director	120	-	46	-	(17)	149
Cottage Linen Limited	Common director	731	-	-	-	(431)	300
Coroin Limited	Common management agreement	138	-	-	-	(138)	-
Claridge's Hotel Limited	Common management agreement	3,771	-	7	-	(3,771)	7
Claridge's Hotel Holding Limited	Common management agreement	78	-	-	-	(78)	-
41-43 Brook Street LLP	Common management agreement	912	-	-	-	(912)	-
		<b>5,750</b>	<b>-</b>	<b>53</b>	<b>-</b>	<b>(5,347)</b>	<b>456</b>

## Selene Holdings Limited

### Notes (continued)

Related party Asset/(liability)	Relationship	Opening balance 31/12/2019 £'000	Loans (received)/ advanced £'000	Sales £'000	Purchases £'000	Payments £'000	Closing balance 31/12/2020 £'000
Hume Street Management Consultants Limited	Common director	(951)	-	-	(2,220)	951	(2,220)
Coroin Limited	Common management agreement	(121)	-	-	(7)	121	(7)
Claridge's Hotel Limited	Common management agreement	(546)	-	-	(8)	546	(8)
41-43 Brook Street LLP	Common management agreement	-	-	-	(989)	-	(989)
Selene S.A.R.L. (note d)	Parent	(42,575)	(30,598)	-	-	-	(73,173)
		<b>(44,193)</b>	<b>(30,598)</b>	<b>-</b>	<b>(3,224)</b>	<b>1,618</b>	<b>(76,397)</b>

# Selene Holdings Limited

## Notes *(continued)*

### 21 Related party disclosures *(continued)*

#### **(b) Director Interests**

The directors who held office at the end of the financial year had no interests in the ordinary shares, redeemable preference shares, special redeemable preference shares and convertible loan stock in the company at the start of the year and at the end of the year to 31 December 2020.

#### **(c) Key management personnel transactions**

Total compensation of key management personnel in the period amounted to £1,387,000 (2019: £1,457,000).

#### **(d) Other related party transactions**

During the year Selene S.A.R.L loaned the Group £30,597,000 to finance the ongoing development works at The Berkeley Hotel Limited, reduce the debt as part of 2020 refinancing and support the Group during COVID-19. The loan is interest bearing and repayable on demand. Interest charged in the current year on the total loaned amount, including the amount lent in the prior year, was £2,041,000 (2019: £985,000). Interest accrued at 31 December 2020 amounted to £2,041,000 (2019: £1,364,000).

### 22 Group restructure

On 13 March 2020, the Group made the following disposals as part of the group restructure:

The £1 share capital of the company's subsidiary Maybourne Hotels Limited was disposed of to Selene S.A.R.L (the company's immediate parent undertaking) for nil consideration. As a result of the disposal, an amount of £3,667,000 is recognised in the group accounts as a capital contribution to reflect the derecognition of the assets, liabilities and associated reserves of Maybourne Hotels Limited. The principal activity of Maybourne Hotels Limited is the provision of management services to other entities within the groups headed by Coroin Limited and Selene Holdings Limited.

The £1 share capital of the company's indirect subsidiary Goldrange Properties Limited was disposed of to Selene S.A.R.L for an amount of £102,709. As a result of the disposal, an amount of £30,572,000 is recognised as a deemed distribution to Selene S.A.R.L.

As a result of the disposal of Goldrange Properties Limited, amounts included in the revaluation reserve net of deferred tax at the date of disposal relating to the difference between the fair value of the property and its book value were transferred to retained earnings.

The principal activity of Goldrange Properties Limited is the ownership of the land and property under construction known as 33 - 39 Knightsbridge.

# Selene Holdings Limited

## Notes (continued)

### 22 Disposal (continued)

The net cash flows of Goldrange Properties Limited and Maybourne Hotels Limited up to the date of disposal are, as follows:

	2020 £'000	2019 £'000
Cash from Operating activities	2,941	(22,906)
Cash (used in) from Investing activities	(3,264)	(7,975)
Cash from Financing activities	-	24,221
Net (decrease) in cash and cash equivalents	<u>(323)</u>	<u>(6,660)</u>

### 23 Subsequent events

At the balance sheet date, the Group had secured a Debt to EBITDA covenant waiver until August 2021. This was in relation to a 10-year loan agreement with Deutsche Pfandbriefbank AG. On 2 November 2021, the Group secured a further waiver of the Debt to EBITDA covenant up until 5 February 2023.

There were no other events subsequent to the balance sheet date that require adjustment to or disclosure in the financial statements.

### 24 Ultimate parent company

The company's ultimate parent company and controlling party is Prime Capital S.A., a company incorporated in Luxembourg. This is the largest group in which the results of the company are consolidated. The smallest group financial statements in which the company's results are consolidated is that of Constellation Hotel Holdings Ltd S.C.A.

The ultimate controlling party is His Excellency Sheikh Hamad Bin Jassim Bin Jaber Al Thani.



# Selene Holdings Limited

## Notes (continued)

### 25 Company notes

#### (a) Significant accounting policies

The individual financial statements of the company have been prepared in accordance with Companies Act 2006 and Financial Reporting Standard 101 "Reduced disclosure framework" ("FRS 101").

In these financial statements, the company has adopted certain disclosure exemptions available under FRS 101. These include:

- a cash flow statement and related notes;
- disclosures in respect of the compensation of key management personnel;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- certain comparative information; and
- the effects of new but not yet effective IFRSs.

As permitted by section 408(3) of the Companies Act 2006, the Company has elected not to present its own income statement for the year.

Significant accounting policies specifically applicable to the individual company financial statements and which are not reflected in the accounting policies for the Group financial statements are detailed below.

#### i) *Investment in subsidiaries*

Investments in subsidiaries are carried at cost less accumulated impairment.

#### (b) Profit and loss account

Loss for the period ended 31 December 2020 was £330k (2019: £nil).

#### (c) Creditors

	31 December 2020 £'000	31 December 2019 £'000
Amounts owed to group undertakings	58,778	-
	<u>58,778</u>	<u>-</u>

#### (d) Investments in subsidiaries

	31 December 2020 £'000	31 December 2019 £'000
Investment in shares in subsidiary undertakings	338,254	-
	<u>338,254</u>	<u>-</u>

As part of the group restructure, the company's subsidiary, Selene Midco Limited issued ordinary shares to the company in satisfaction of debt owed from Selene Midco Limited ("Selene Midco") to Selene Holdings Limited of £58,445,879.

# Selene Holdings Limited

## Notes (continued)

### 25 Company notes (continued)

#### d) Investments in subsidiaries (continued)

Selene Midco has 338,254,401 ordinary shares of £1 each in issue, 58,448,879 of which are held by the company and 279,805,522 of which were held by Selene S.A.R.L. During the group restructure Selene S.A.R.L. transferred its holding of 279,805,522 ordinary shares in Selene Midco to the company for consideration in the form of an issue of shares by Selene Holdings Limited effecting a share for share exchange. As a result of the share for share exchange the company's share capital and its investment in Selene Midco increases by £279,805,522.

At 31 December 2020, the carrying amount of the investment in subsidiary undertakings was reviewed for impairment in accordance with our accounting policies. No impairment loss was recognised. A list of the entity's subsidiary undertakings is set out below.

None of the shares of the above subsidiary undertakings are listed. In the opinion of the directors the shares in the company's subsidiary and other group undertakings are worth at least the amounts at which they are stated in the balance sheet.

The Company has shareholdings in the following subsidiaries:

Subsidiary undertaking	Country of Incorporation and operation	Activity	Shareholding (ordinary shares)
Selene Midco Limited	Great Britain	Holding Company	100% (direct)
The Berkeley Hotel Limited	Great Britain	Hotel Operations	100% (direct)
The Connaught Hotel Limited	Great Britain	Hotel Operations	100% (direct)

The registered office of all subsidiary undertakings is 27 Knightsbridge, London, SW1X 7LY

#### (e) Related party transactions

The Company has a related party relationship with its fellow group undertakings, shareholders and directors of the company (note 21 above). In accordance with FRS 101, the Company has availed of the exemption from disclosing transactions with members of the Group where ownership is 100%.

There are no other related party transactions.