Selene Midco Limited

Unaudited annual report and financial statements

Year ended 31 December 2022

Registered number: 10998873

Selene Midco Limited

Contents

Selene Midco Limited

Director and other information

Board of Directors	Fady Bakhos
Registered office	27 Knightsbridge London SW1X 7LY
Bankers	Barclays Bank 1 Churchill Place London E14 5HP
Solicitors	Macfarlanes LLP 20 Cursitor Street London EC4A 1LT
Registered Number	10998873

Selene Midco Limited

Directors report

The directors present their report and the unaudited financial statements for the year ended 31 December 2022 for Selene Midco Limited ("the Company").

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

There has been no change in ownership of the Company in 2022.

Business review and future developments

The Income statement & Statement of other comprehensive income is set out on page 10. The result for the year ended 31 December 2022 before taxation was £nil (2021: £nil).

Dividends

During the year, dividends amounting to £nil were paid (2021: £nil).

Directors and their interests

The directors who held office during the year were as follows:

Liam Cunningham	Resigned on 28 March 2022
Fady Bakhos	

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

Political and charitable contributions

The Company made no political or charitable contributions during the year (2021: £nil).

COVID-19 and the war in Ukraine

The directors consider that in the short term, the biggest financial risks facing the Group is rising inflation and energy costs and supply chain constraints linked to the post-pandemic recovery, the UK's exit from the European Union and the ongoing war in Ukraine. Measures taken by various governments worldwide, including the UK government, to contain the spread of the virus severely affected the performance of the hotels held by the Company's subsidiaries, The Berkeley Hotel Limited and The Connaught Hotel Limited, in January 2022. However, development works continued throughout 2022 uninterrupted. Across the wider group we have seen solid recovery from February 2022. In the interim, the directors and management of the Company are working very closely with third parties and ownership to secure sufficient liquidity to meet their obligations and renegotiating contractual arrangements. The directors are confident that the Company and 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.

Going Concern – reliance on the ultimate beneficial owner

As at the balance sheet date, the Company has net current assets of £nil (2021: £nil) and net assets of £454.9 million (2021: £454.9 million). The directors have performed a going concern assessment for the Company with reference to the Group's cash flow forecasts for a period of 12 months from the date of approval of the Balance sheet of the Company. 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 considered 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 its hotel portfolio 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 as there is confidence in the long-term return on investment and viability of the business. The hotels held by the subsidiaries of the Company continue to benefit from a diverse geographic client base, targeting premium leisure and corporate guests from international markets, but also from their domestic market. We do not expect this pattern to change and it is a critical component of the Group's long-term growth plan to balance risk and supply chain constraints from the war in Ukraine. The war has had a minimal impact on business from a customer base and supply constraints perspective. The potentially adverse impact of rising inflation and energy costs, military conflict in Ukraine and the continued pressure of the increase in the supply of luxury accommodation in London are three other factors that are continually monitored and strategised. Management believes it has the team, strategies and initiatives in place to defend and build on its position effectively.

The Group's projections for the going concern assessment period show that the Company is dependent on the financial support provided by the ultimate beneficial owner for its operational outgoings. A letter of financial support has been provided by the Company's ultimate beneficial owner, His Excellency Sheikh Hamad Bin Jassim Bin Jaber Al Thani, pledging to support the Company should this be required for a period of 12 months from the date of approval of the Balance sheet of the Company.

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 Company. 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. The financial statements do not include adjustments that would result if the Company was unable to continue as a going concern.

Subsequent events

Subsequent events are disclosed in note 7.

Selene Midco Limited

Directors' report (continued)

Strategic report

The Company has taken the exemption for small companies in relation to the Strategic report provided by Section 414B of the Companies Act 2006.

This report has been prepared in accordance with the provisions of the small companies' regime as applied to qualifying company of the Companies Act 2006.

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

Fady Bakhos

26 September 2023

Director

Selene Midco Limited

Statement of directors' responsibilities

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

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

On behalf of the Board

Fady Bakhos — 26 September 2023

Director

Selene Midco Limited
Registered number: 10998873

Income Statement
for the year ended 31 December 2022

	Note	**2022 £'000**	2021 £'000
Loss on disposal of investments		-	-
Loss on ordinary activities before tax		-	-
Tax on profit on ordinary activities		-	-
Loss for the financial year		-	-

All activities in the current and preceding periods are derived from continuing operations.

Statement of other comprehensive income
for the year ended 31 December 2022

	Note	**2022 £'000**	2021 £'000
Profit/(loss) for the year		-	-
Items that will not be reclassified to profit and loss			
Dividends paid		-	-
Other comprehensive loss, net of tax		-	-
Total comprehensive loss for the year		-	-

Selene Midco Limited
Registered number: 10998873

Balance sheet
as at 31 December 2022

	Note	**2022 £'000**	2021 £'000
Fixed assets			
Investments	*4*	**454,900**	454,900
Total assets less current liabilities		**454,900**	454,900
Net assets		**454,900**	454,900
Capital and reserves			
Called up share capital	*5*	**338,254**	338,254
Retained earnings		**116,646**	116,646
Shareholders' funds		**454,900**	454,900

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the Board of Directors on 26 September 2023.

Signed on behalf of the Board of Directors

Fady Bakhos
Director

Selene Midco Limited
Registered number: 10998873

Statement of changes in equity
for the year ended 31 December 2022

	Called up share capital £'000	Retained earnings £'000	Total £'000
At 31 December 2020	**338,254**	**116,646**	**454,900**
Loss for the financial year	-	-	-
Other comprehensive loss	-	-	-
Balance at 31 December 2021	**338,254**	**116,646**	**454,900**
Loss for the financial year	-	-	-
Other comprehensive loss	-	-	-
Balance at 31 December 2022	**338,254**	**116,646**	**454,900**

The accompanying notes form an integral part of the financial statements.

The reserve for Retained earnings represents the accumulated profits of the Company less any distributions to shareholders.

1 Statement of compliance

Selene Midco Limited is a private company limited by shares incorporated and domiciled in England and Wales, United Kingdom. The Company's registered office is 27 Knightsbridge, London, SW1X 7LY.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies' regime.

These 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.

2 Significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with FRS 101 and in accordance with the applicable accounting standards.

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

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c),120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 16 and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of paragraphs 130(f)(ii to iii), 134(d to f) and 135(c to e) of IAS 36 Impairments of Assets.

The Company has taken advantage of the exemption under Section 400 of the Companies Act 2006 to not prepare consolidated accounts as it is a wholly owned subsidiary of Selene Holdings Limited. The results of the Company are included in the publicly available consolidated financial statements of Selene Holdings Limited drawn to the same year ended.

As the consolidated financial statements of Selene Holdings Limited include the equivalent disclosures, the Company has also taken the exemption under FRS 101 available in respect of:

2 Significant accounting policies *(continued)*

Basis of preparation *(continued)*

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*; and
- Certain disclosures required by IAS 36 Impairment of Assets.

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Use of estimates and judgements

In preparing these financial statements management has made judgements, estimates and assumptions that affect application of the Company'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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The key accounting judgements and sources of estimation uncertainty affecting these financial statements are:

Judgements:
- Impairment of investments in subsidiaries held at the year end.
- Taxation - Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

There is no significant estimate resulting in estimation uncertainty in these financial statements.

Going concern – reliance on the ultimate beneficial owner

As at the balance sheet date, the Company has net current assets of £nil (2021: £nil) and net assets of £454.9 million (2021: £454.9 million). The directors have performed a going concern assessment for the Company with reference to the Group's cash flow forecasts for a period of 12 months from the date of approval of the Balance sheet of the Company. 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 considered the ongoing support required from the ultimate beneficial owner, which is discussed in more detail below.

2 Significant accounting policies *(continued)*

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

The Group continues to invest in the development of its hotel portfolio 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 as there is confidence in the long-term return on investment and viability of the business. The hotels held by the subsidiaries of the Company continue to benefit from a diverse geographic client base, targeting premium leisure and corporate guests from international markets, but also from their domestic market. We do not expect this pattern to change and it is a critical component of the Group's long-term growth plan to balance risk and supply chain constraints from the war in Ukraine. The war has had a minimal impact on business from a customer base and supply constraints perspective. The potentially adverse impact of rising inflation and energy costs, military conflict in Ukraine and the continued pressure of the increase in the supply of luxury accommodation in London are three other factors that are continually monitored and strategised. Management believes it has the team, strategies and initiatives in place to defend and build on its position effectively.

The Group's projections for the going concern assessment period show that the Company is dependent on the financial support provided by the ultimate beneficial owner for its operational outgoings. A letter of financial support has been provided by the Company's ultimate beneficial owner, His Excellency Sheikh Hamad Bin Jassim Bin Jaber Al Thani, pledging to support the Company should this be required for a period of 12 months from the date of approval of the Balance sheet of the Company.

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 Company. 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. The financial statements do not include adjustments that would result if the Company was unable to continue as a going concern.

Taxation

The income tax expense comprises current and deferred tax. It is recognised in the Income statement except to the extent that it relates to items recognised in Other Comprehensive Income ("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.

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 Company 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.

2 Significant accounting policies *(continued)*

Taxation *(continued)*

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.

Provisions

A provision is recognised when the Company 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.

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.

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 Income statement when the asset is derecognised, modified or impaired.

2 Significant accounting policies *(continued)*

Financial instruments *(continued)*

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

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 Balance sheet) 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 with the exception of related party balances. The recovery profile for such balances differs from other jurisdictions and based on the historic recovery profile of such balances a financial asset which is past 90 days due is not automatically considered to be in default. 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.

*(ii) **Financial liabilities***

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.

2 Significant accounting policies *(continued)*

Financial instruments *(continued)*

(ii) Financial liabilities *(continued)*

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 Income statement 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 Income statement.

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 Income statement.

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 declared.

New and amended standards adopted by the Company:

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2022 and that had a material impact on the Company.

3 Staff numbers and costs

The Company has no employees (2021: £nil).

The director does not receive any remuneration (2021: £nil) from this Company for his services provided to the Company but is remunerated by another group entity as his qualifying services provided to the Company are incidental to the qualifying services provided to other related parties in the group.

Selene Midco Limited

Notes *(continued)*

4 Investments

	2022	2021
	£'000	£'000
Balance at 1 January	**454,900**	454,900
Balance at 31 December	**454,900**	454,900

At 31 December 2022, the Company held 100% of the share capital in the following subsidiaries. All the subsidiary undertakings operate from the country of their incorporation.

Subsidiary undertaking	**Country of incorporation and operation**	**Activity**	**Shareholding (ordinary shares)**
The Berkeley Hotel Limited	Great Britain	Hotel Operations	100% (direct)
The Connaught Hotel Limited	Great Britain	Hotel Operations	100% (direct)

5 Called up share capital

	2022	2021
	£'000	£'000
Called up, authorised, allotted and fully paid		
338,254,401 ordinary shares of £1 each	**338,254**	338,254

On 13 March 2020, 58,448,878 ordinary shares of £1 each in the capital of the Company were issued to capitalise a debt in the sum of £58,448,878 owed by the Company to Maybourne Hotel Limited as part of the group reorganisation.

6 Ultimate parent company

The Company's ultimate parent company 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 ultimate controlling party is His Excellency Sheikh Hamad Bin Jassim Bin Jaber Al Thani.

Selene Holdings Limited, a company incorporated in Great Britain and registered in England and Wales, heads a group that is the smallest group in which the results of the Company are consolidated and is the Company's immediate parent. Copies of those statutory accounts will also be available from its registered office, 27 Knightsbridge, London, SW1X 7LY.

7 Subsequent events

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