

TOG UK Topco Ltd

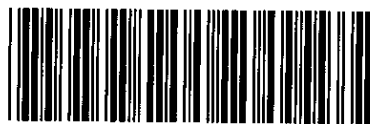
Report and Unaudited Financial Statements

Year Ended

31 December 2020

Company Number 11504739

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TOG UK Topco Ltd

Company Information

Directors	C Green M Green G Katakya O Olsen
Registered number	11504739
Registered office	1 Bartholomew Lane London EC2N 2AX
Accountants	BDO LLP 55 Baker Street London W1U 7EU

TOG UK Topco Ltd

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TOG UK Topco Ltd

Strategic Report for the Year Ended 31 December 2020

The directors present their strategic report together with the financial statements for the year ended 31 December 2020.

Business review

TOG UK Topco Ltd ("the Company") is an indirect subsidiary of Cheetah Holdco Limited, the indirect parent of the trading entities hereafter referred to as The Office Group ("TOG", "the Group"). On 6 July 2017, a majority shareholding was acquired in Cheetah Holdco Limited by Blackstone Real Estate Partners Europe V.

The principal activity of the Company during the year was as an intermediate holding company. There has been no change to the activities of the Company during the year ended 31 December 2020 and the Company has not been directly impacted by the COVID-19 pandemic.

Business model

Key activities

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

TOG assets

Within the Group TOG has a total of 43 locations at 31 December 2020, including 4 managed properties and 7 held within a joint venture, representing over 1.5 million sq ft. 9 of these buildings are owned freehold or long leasehold. This combined with a high quality leasehold portfolio with a weighted average unexpired term of 16 years provides a strong and robust foundation for years to come.

TOG members

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

Strategy

TOG's core objective is to achieve meaningful growth via acquisition opportunities, capitalising on the market shift across all sizes of business towards more flexible and design-led working environments. The impact of COVID-19 and government guidance that encourages working from home has been an acceleration in the pre-existing trend toward flexibility, variety and amenity in work setting. Large corporates are increasingly viewing flexible workspace as a core part of their real estate strategy, TOG expects this shift to continue and for flexible workspace to form a larger part of their space take.

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

TOG UK Topco Ltd

Strategic Report (continued) for the Year Ended 31 December 2020

Trends and factors

Prior to the COVID-19 global pandemic consistently high occupancy, growing revenue and the ability to let new buildings quickly over 5 years were all indications of the increased demand for shorter tenure space, challenging the standard form of lease for traditional occupiers. Many of the largest and most forward thinking businesses in the world are now demanding shorter term, and more flexible solutions to their space requirements. Clients also see this flexibility and focus on design and wellness as an important element in attracting and retaining the right calibre of staff, particularly in a post pandemic world where there is a need to provide greater amenity and alternate work settings that cannot be replicated via working from home or in many corporate offices.

On 11 March 2020 the World Health Organization declared COVID-19 a global pandemic and during the period since the UK and countries across the world have had to put in place restrictions such as national lockdowns to combat the pandemic. These restrictions have had a significant impact on worldwide economies and companies. During the first quarter of 2020 the Group continued to experience growth however, consistent with the wider market, the coronavirus pandemic has resulted in short-term reduction in demand and customer renewals resulting in a decrease in occupancy levels and revenue.

In recent months there have been strong signs of recovery as the lead flow of new business has increased back to and recently beyond pre pandemic levels. TOG expects that flexible contracts will be more desirable during uncertain times; an opinion supported by leading global real estate experts and widely reported in the mainstream press. TOG is ready for a strong return to normal operations, having prepared its buildings with increased cleaning specifications, revised layouts supporting physical distancing and new health and safety protocols.

Principal risks and uncertainties

Economic Downturn

A significant portion of the Group's costs are fixed which creates a risk to profitability if either occupancy or license fee rates fall. The Group monitors occupancy and license fee rates on a weekly basis. The Group's clients are from a diverse range of industries. TOG's mixed portfolio of freeholds and leaseholds helps to mitigate this risk to an extent as its EBITDA margins are higher than would otherwise be possible with a pure leasehold model, reducing the exposure to falls in income. EBITDA is defined as earnings before interest, tax, depreciation and amortisation.

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

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

TOG UK Topco Ltd

Strategic Report (continued) for the Year Ended 31 December 2020

The coronavirus pandemic has impacted the world, European and property industry in 2020 with the short, medium and long term impact on economic conditions being uncertain. The UK government, when introducing lockdown measures also introduced a range of support initiatives for individuals and organisations to reduce the impact on the economy. Despite these measures there are organisations that have not been able to survive, in particular those in the hardest hit sectors of travel and hospitality. A large proportion of the office workforce has been working from home which may have an impact on the office market in the future however the requirement for greater social distancing within the workplace may also have a large impact on the office market, as well as transport and most other businesses with physical space. The ability to be able to adapt and be flexible will benefit TOG during these uncertain times and as seen from the impact of Britain's decision to leave the EU uncertainty may lead to an increased demand for the TOG's product in the UK. As the UK is moving forward the removal of restrictions, TOG has experienced a strong increase in demand to a level beyond that experienced immediately prior to the onset of the pandemic. TOG has confidence that this phenomena will continue as people start to return to the offices and companies permanently adjust their real estate strategies to incorporate a higher proportion of flexible office space. This is further evidenced by the growing number of listed landlords who are recognising this shift and increasing their exposure to the sector.

As an intermediate holding entity, the Company is not expected to be directly impacted by an economic downturn. Activity is expected to remain consistent and the Company expects to continue incurring minor administrative expenses.

Client Retention

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

Financial Market Volatility

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

Business Interruption

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

Regulatory Risk

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

TOG UK Topco Ltd

Strategic Report (continued) for the Year Ended 31 December 2020

Environment, Social and Governance

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

TOG has employed sustainability policies focused on creating environmentally friendly buildings, achieving carbon emissions targets and improving energy efficiency. This involves tracking our carbon consumption, waste recycling initiatives, reducing hard to recycle plastics, improving air quality in our buildings and has transitioned our portfolio over to renewable electricity supply contracts.

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

Financial performance

The Company made a net loss of £13k (2019 - £7k loss) in the year. The performance of the Company has remained consistent and is expected to continue on this basis in 2021 and beyond.

The directors do not recommend payment of a dividend.

S172 statement

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

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

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


.....

M Green
Director

Date: 5 November 2021

TOG UK Topco Ltd

Directors' Report for the Year Ended 31 December 2020

The directors present their report and the financial statements for the year ended 31 December 2020. The comparative period was a 17 month period from incorporation to 31 December 2019, and hence is not entirely comparable.

Principal activity

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

Directors

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

C Green
M Green
G Katakya
O Olsen

Results and dividends

The directors reported a loss of £13k (2019 - £7k).

The directors did not declare a dividend in the year (2019 - £130,170k).

Directors' responsibilities

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

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

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

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

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

TOG UK Topco Ltd

Directors' Report (continued) for the Year Ended 31 December 2020

Going concern

The Company reports a net loss of £13k (2019 - £7k) for the year. The Company has net current liabilities of £20k (2019 - £7k) and net assets of £132,810k (2019 - 132,823k) with cash and cash equivalents of £Nil (2019 - £Nil).

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

The COVID-19 pandemic, which has impacted the world, UK and property industry throughout 2020, and which remains a threat, is considered a current principal risk. The short, medium and long-term impact on economic conditions is still uncertain at the time of preparing the financial statements. The directors have considered the level of financial support including that which may be available to the Company by Cheetah Holdco Limited, the Company's ultimate UK holding company.

The directors have assessed the sensitised cash flow forecasts prepared by Cheetah Holdco Limited, which are for a period in excess of 12 months from the date of authorisation of the financial statements and which consider a plausible but severe down-side scenario. Where applicable, assumptions applied include reductions of revenue below committed revenues, limited cost base savings and assuming longer than expected recovery periods. The base case scenario does not consider that the majority of forecast capital expenditure, including development and information technology expenditure, can be controlled to further preserve cash to fund its operations. In a downside scenario, controllable forecast capital expenditure remains at the directors' discretion and can be delayed if required to enable the existing portfolio to meet its operational requirements, should specific external funding not be secured to fund development. The results of the assessment performed have led the directors to conclude on the appropriateness of preparing the financial statements on the going concern basis.

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



M Green
Director

Date: 5 November 2021

TOG UK Topco Ltd

Chartered Accountants' Report to the Board of Directors on the Unaudited Financial Statements of TOG UK Topco Ltd For the Year Ended 31 December 2020

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of TOG UK Topco Ltd for the year ended 31 December 2020 which comprise the Statement of Profit and Loss and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the related notes from the Company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <https://www.icaew.com/regulation/a-z>.

It is your duty to ensure that TOG UK Topco Ltd has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and loss of TOG UK Topco Ltd. You consider that TOG UK Topco Ltd is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of TOG UK Topco Ltd. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.

Use of our report

This report is made solely to the board of directors of TOG UK Topco Ltd, as a body, in accordance with the terms of our engagement letter dated 23 April 2020. Our work has been undertaken solely to prepare for your approval the accounts of TOG UK Topco Ltd and state those matters that we have agreed to state to the board of directors of TOG UK Topco Ltd, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than TOG UK Topco Ltd and its board of directors as a body for our work or for this report.

BDO LLP

BDO LLP
Chartered Accountants
London
United Kingdom

Date: 05 November 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

TOG UK Topco Ltd

Statement of Profit and Loss and Other Comprehensive Income for the Year Ended 31 December 2020

		Year ended 31 December 2020 £000	Period from 7 August 2018 to 31 December 2019 £000
	Note		
Administrative expenses		(13)	(7)
Operating loss		(13)	(7)
Dividend income		-	130,170
Impairment of investments		-	(130,170)
Loss before tax		(13)	(7)
Tax on loss	5	-	-
Loss for the financial year/period		(13)	(7)

All amounts relate to continuing operations.

There was no other comprehensive income for 2020 (2019 - £Nil).

The notes on pages 11 to 19 form part of these financial statements.

TOG UK Topco Ltd
Registered number: 11504739

Balance Sheet
as at 31 December 2020

	Note	2020 £000	2019 £000
Fixed assets			
Investments	6	132,830	132,830
Current liabilities			
Creditors: amounts falling due within one year	7	(20)	(7)
Net current liabilities		(20)	(7)
Net assets		<u>132,810</u>	<u>132,823</u>
Capital and reserves			
Share capital	8	-	-
Retained earnings		<u>132,810</u>	<u>132,823</u>
		<u>132,810</u>	<u>132,823</u>

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The Company was entitled to exemption from the requirement to have an audit under section 479A of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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


.....
M Green
Director

Date: 5 November 2021

The notes on pages 11 to 19 form part of these financial statements.

TOG UK Topco Ltd

Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital £000	Share premium account £000	Retained earnings £000	Total equity £000
Balance at 7 August 2018	-	-	-	-
Comprehensive loss for the period				
Loss for the period	-	-	(7)	(7)
Contributions by and distributions to owners				
Dividends	-	-	(130,170)	(130,170)
Shares issued during the period	-	263,000	-	263,000
Capital reduction	-	(263,000)	263,000	-
Balance at 31 December 2019	-	-	132,823	132,823
Comprehensive loss for the year				
Loss for the year	-	-	(13)	(13)
Balance at 31 December 2020	-	-	132,810	132,810

The notes on pages 11 to 19 form part of these financial statements.

TOG UK Topco Ltd

Notes to the Financial Statements for the Year Ended 31 December 2020

1. General information

TOG UK Topco Ltd is a private company, limited by shares, registered in England and Wales and domiciled in the United Kingdom. The Company's registered number and registered office address can be found on the Company Information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements and Financial Reporting Standard 101 Reduced Disclosure Framework. The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the periods presented, unless otherwise stated.

The financial statements have been prepared on a historical cost basis. The presentation currency used is sterling and amounts have been presented in round thousands ("£000s").

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

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

TOG UK Topco Ltd

Notes to the Financial Statements for the Year Ended 31 December 2020

2. Accounting policies (continued)

2.1 Basis of preparation of financial statements (continued)

New standards, interpretations and amendments adopted from 1 January 2020

- IFRS 3 Business Combinations (Amendment - Definition of a Business)

Amendments to IFRS 3 were mandatorily effective for reporting periods beginning on or after 1 January 2020. The Company will apply the revised definition of a business for acquisitions occurring on or after 1 January 2020 in determining whether an acquisition is accounted for in accordance with IFRS 3 Business Combinations. The amendments do not permit the Company to reassess whether acquisitions occurring prior to 1 January 2020 met the revised definition of a business.

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment - Definition of Material)
- Revised Conceptual Framework for Financial Reporting

New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early.

The following amendments are effective for periods beginning on or after 1 January 2021:

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

The following amendments are effective for periods beginning on or after 1 January 2022:

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

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that ‘settlement’ includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

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

TOG UK Topco Ltd

Notes to the Financial Statements for the Year Ended 31 December 2020

2. Accounting policies (continued)

Other

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

2.2 Taxation

Tax is recognised in the statement of profit and loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised directly in equity.

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

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

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

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

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

2.3 Exemption from preparing consolidated financial statements

The financial statements contain information about TOG UK Topco Limited as an individual company and do not contain consolidated financial information as the parent of the group. The Company has taken advantage of the exemption conferred by s400 of the Companies Act 2006 not to produce consolidated financial statements as it is included in the EEA consolidated accounts of a larger group.

2.4 Judgements and key areas of estimation uncertainty

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires the Company's directors to exercise judgement in applying the Company's accounting policies. There are no estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities as at the period end.

TOG UK Topco Ltd

Notes to the Financial Statements for the Year Ended 31 December 2020

2. Accounting policies (continued)

2.5 Going concern

The Company reports a net loss of £13k (2019 - £7k) for the year. The Company has net current liabilities of £20k (2019 - £7k) and net assets of £132,810k (2019 - 132,823k) with cash and cash equivalents of £Nil (2019 - £Nil).

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

The COVID-19 pandemic, which has impacted the world, UK and property industry throughout 2020, and which remains a threat, is considered a current principal risk. The short, medium and long-term impact on economic conditions is still uncertain at the time of preparing the financial statements. The directors have considered the level of financial support including that which may be available to the Company by the ultimate UK parent company, Cheetah Holdco Limited.

The directors have assessed sensitised cash flow forecasts prepared by the ultimate parent company, Cheetah Holdco Limited, which are for a period in excess of 12 months from the date of approval of the financial statements, and which consider a plausible but severe down-side scenario. Based on these forecasts, the directors were led to conclude that the company will have sufficient funds, through direct support from Cheetah Holdco Limited, to meet its liabilities as they fall due for that period. Where applicable, assumptions applied in preparing cash flow forecasts include reductions of revenue below committed revenues, limited cost base savings and assuming longer than expected recovery periods.

Forecasts are also dependent on the Company's immediate, ultimate and intermediate parent companies and fellow subsidiary companies - all under the control of Cheetah Holdco Limited not seeking repayment of the amounts currently due to all group companies, which at 31 December 2020 amounted to £20k. Cheetah Holdco Limited has indicated that it does not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The results of the assessment performed have led the directors to conclude on the appropriateness of preparing the financial statements of the Company on the going concern basis.

2.6 Investment in subsidiaries

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

TOG UK Topco Ltd

Notes to the Financial Statements for the Year Ended 31 December 2020

2. Accounting policies (continued)

2.7 Financial liabilities

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

2.7.1 Fair value through profit or loss

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

2.7.2 Other financial liabilities

Other financial liabilities include the following items:

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

3. Auditors' remuneration

The prior year accounts were audited. Auditors' remuneration of £4k for 2019 was borne by The Office Islington Limited and is not represented in the profit and loss account.

4. Employees and directors

There were no employees for the year ended 31 December 2020 nor for the period ended 31 December 2019. The directors of the Company are also directors of a number of subsidiaries of the ultimate parent undertaking. The directors consider their qualifying services in respect on this Company to be negligible.

TOG UK Topco Ltd

Notes to the Financial Statements for the Year Ended 31 December 2020

5. Taxation

No liability to UK corporation tax arose for the year (2019 - £Nil).

Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	Year ended 31 December 2020 £000	Period from 7 August 2018 to 31 December 2019 £000
Loss on ordinary activities before tax	(13)	(7)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(2)	(1)
Effects of:		
Group relief surrendered for nil consideration	2	1
Total tax charge for the year/period	-	-

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. However, this was superseded by an announcement in March 2020 to continue to apply a rate of 19%. This change was substantively enacted on 17 March 2020. As such, tax is recognised in the accounts at the prevailing corporation tax rate of 19%, including recognition of the impact to opening deferred tax balances previously recognised at 17%.

A further increase in the main UK corporation tax rate was announced in the March 2021 Budget, rising to 25% from 1 April 2023. This change was substantively enacted on 24 May 2021. This is not expected to affect the Company's tax charge.

TOG UK Topco Ltd

Notes to the Financial Statements for the Year Ended 31 December 2020

6. Investments

	Investments in subsidiary companies £000
Cost	
At 1 January 2020	263,000
At 31 December 2020	263,000
Impairment	
At 1 January 2020	130,170
At 31 December 2020	130,170
Net book value	
At 31 December 2020	132,830
At 31 December 2019	132,830

In the period ended 31 December 2019 the investment in TOG UK Mezzco Ltd was impaired by £130,170k following the declaration of a dividend by TOG UK Mezzco Ltd payable to the Company for the same amount.

TOG UK Topco Ltd

Notes to the Financial Statements for the Year Ended 31 December 2020

6. Investments (continued)

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
TOG UK Mezzco Ltd	Ordinary	100%	Intermediate holding company
TOG UK Pledgeco Ltd	Ordinary	*100%	Intermediate holding company

The subsidiaries as stated above have the registered office address of 1 Bartholomew Lane, London, EC2N 2AX, United Kingdom.

The Office Group Holdings Limited	Ordinary	*100%	Intermediate holding company
The Office Group Midco Limited	Ordinary	*100%	Intermediate holding company
The Office Group Properties Limited	Ordinary	*100%	Flexible office provider
The Office Group Limited	Ordinary	*100%	Intermediate holding company
The Office Islington Limited	A,B and Deferred	*100%	Management services provider
The Office (Farringdon) Limited	Ordinary	*100%	Flexible office provider
The Office (Shoreditch) Limited	Ordinary	*100%	Flexible office provider
The Office (Bristol1) Limited	Ordinary	*100%	Flexible office provider
The Office (Marylebone) Limited	Ordinary	*100%	Flexible office provider
The Office (Kirby) Limited	Ordinary	*100%	Flexible office provider
EOP DL Limited	Ordinary	*100%	Flexible office provider
TOG Fitness Limited (a)	Ordinary	*100%	Dormant

The subsidiaries as stated above have the registered office address of 179 - 185 Great Portland Street, London, W1W 5PL, United Kingdom.

*shares held indirectly

(a) TOG Fitness Limited was dissolved on 4 February 2020.

Joint Venture

At the year end the Company held an indirect 50% interest in The Station Office Network LLP. The principal activity of the partnership is that of a flexible office provider. The registered office address of The Station Office Network LLP is 179 Great Portland Street, London, W1W 5PL.

TOG UK Topco Ltd

Notes to the Financial Statements for the Year Ended 31 December 2020

7. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Amounts owed to group undertakings	20	5
Other creditors	-	2
	<u>20</u>	<u>7</u>

All of the amounts owed to group undertakings are unsecured, payable on demand and are not interest bearing. Amounts owed to group undertakings of £20k (2019 - £5k) includes amounts of £20k (2019 - £5k) which are expected to be settled in more than 12 months.

8. Share capital and other reserves

Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
258 Ordinary shares of £1.00 each	<u>258</u>	<u>258</u>

Other reserves

Share premium records the amount above the nominal value for shares sold. On 28 November 2018 a reduction of share premium of £263,000k was undertaken which was credited to retained earnings, thereby creating sufficient distributable reserves to effect the declaration and payment of a dividend of £130,170k payable to TOG 4 Limited, the immediate parent undertaking as at 28 November 2018.

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

9. Events after the reporting date

There are no adjusting or non-adjusting post balance sheet events to report.

10. Ultimate parent company and control

The Company is a subsidiary undertaking of Cheetah-Wild Holdco Limited which is the ultimate parent Company incorporated in Jersey, and the immediate parent company is TOG 6 Limited, registered in the United Kingdom.

The largest group in which the results of the Company are consolidated is that headed by Cheetah Holdco Limited, registered in the United Kingdom. The smallest group in which the results of the Company are consolidated is that headed by TOG 4 Limited Limited.

Copies of the group financial statements of Cheetah Holdco Limited and TOG 4 Limited will be available on request from the Company's registered office, 1 Bartholomew Lane, London, United Kingdom, EC2N 2AX.