

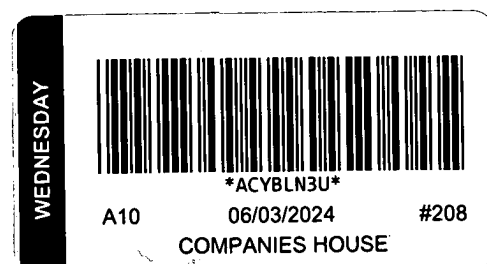
TOG UK Properties Limited

Annual Report and Financial Statements

For the Year Ended

31 December 2022

Company Number 11812838



TOG UK Properties Limited

Company Information

Directors	J Blank O Olsen E Sanna M Hitchcock L Machenaud
Registered number	11812838
Registered office	The Smiths Building 179 -185 Great Portland Street London W1W 5PL
Independent auditor	Deloitte LLP 2 New Street Square London EC4A 3BZ

TOG UK Properties Limited

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TOG UK Properties Limited

Strategic Report for the year ended 31 December 2022

Introduction

The Directors present their Strategic Report and the audited financial statements for TOG UK Properties Limited ("the Company") for the year ended 31 December 2022. TOG UK Properties Limited is a subsidiary undertaking of Concert JV Holdco Limited ("the Group") which is the ultimate parent company incorporated in Jersey. The Strategic Report focusses on the Group. Any points specific to the Company are stated.

Our purpose

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

Ownership

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

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

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

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

Business model

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

Key activities

The business is one of Europe's leading flexible office providers, providing office space on flexible contracts and memberships to a wide range of clients. Properties are held on a freehold or leasehold basis and redeveloped into well designed workplaces. The business also operates third party properties through either a Joint Venture agreement or a Management Agreement. In addition, the business also provides meeting rooms, events and a platform for community and networking for thousands of members.

TOG UK Properties Limited

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

Assets

The operational building count within the Company as at 31 December 2022 is 3 (2 at 31 December 2021), 210 Euston Road, became operational within the year.

Members

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

Strategy

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

The Group's core objective is to achieve meaningful growth via acquisition, lease or management agreement opportunities, capitalising on the market shift across all sizes of business towards more flexible and design-led working environments. The impact of COVID-19 has led to an acceleration in the pre-existing trend toward quality, flexibility, variety and amenity in work settings. The way people work has changed drastically since the pandemic and corporates of all sizes are increasingly viewing flexible workspace as a core part of their real estate strategy.

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

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

The combination with Fora in September 2022 brings together two strong brands and creates an even stronger platform for growth. The combined Group has plans to create a premier flexible workspace group in London and other key European cities and is well positioned to draw on the expertise and scale of both groups. During 2022 both brands retained their current identities. A full brand review was undertaken in 2023 and through 2024 which will create a new combined vision and strategy for the Group going forward.

TOG UK Properties Limited

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

Future developments

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

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

During 2022 the lead flow of new business has increased beyond pre pandemic levels. The Group expects that flexible contracts will be more desirable during uncertain times; an opinion supported by leading global real estate experts and widely reported in the mainstream press. The Group was ready for a strong return to normal operations, having prepared its buildings with an improved technology offer, revised layouts and furniture settings and new health and safety protocols.

Risk management & internal control

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

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

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

TOG UK Properties Limited

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

Principal risks and uncertainties

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

Economic Environment

A significant portion of the Group's costs are fixed which creates a risk to profitability if either occupancy or license fee rates fall. Although a significant portion of the Group's regular operating costs are fixed, some will be impacted by rising inflation and energy price increases. As well as continuing to monitor licence fee rates, occupancy and costs we also have a dedicated Procurement team who negotiate cost efficient contracts and where possible make our buildings as energy efficient as we can to control costs. The Group monitors occupancy and license fee rates on a weekly basis. The Group's clients are from a diverse range of industries. The Group also mitigates against certain risks by having a portfolio of clients who have contracts greater than 12 months. The wider Group's percentage of contracts after 12 months was 65% at year end.

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

This risk is further mitigated by the Group's strategy of providing a long-term home for businesses as well as its emphasis on central London, the largest flexible office market in the world.

The Group has found that any economic uncertainty created has increased demand for flexible workspace by clients wishing to avoid long term lease commitments. The Group's international expansion into Germany further mitigates the risk by providing greater opportunities for market growth and diversification.

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

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

Client Retention

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

TOG UK Properties Limited

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

Principal risks and uncertainties (continued)

Cybersecurity

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

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

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

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

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

Regulatory Risk

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

TOG UK Properties Limited

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

Environment, Social and Governance

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

Following the combination, the Group's primary focus in 2022 was aligning the Group's combined approach on Environment, Social and Governance ("ESG"). This included a new ESG department to create a strategy and framework which aligns with the business and wider regulatory and voluntary requirements.

The Group has employed sustainability procedures focused on developing higher performance buildings, improving operational efficiency and enabling long term strategic improvements. This includes 100% REGO certified renewable energy, zero waste to landfill and improvements in recycling rates and energy efficiency. We are undertaking embodied carbon studies across our new developments to further understand our Scope 3 emissions. Further details of the Groups view and approach to sustainability can be found within the SECR section of the Cheetah Holdco Limited financial statements.

Financial performance and business review

2022 has been a strong year as we have come out the end of the pandemic. Flexible workspace continues to be the best solution in uncertain times with increased demand from traditional occupiers moving to the flexible workspace product. The reputation our business commands and the quality of the product and service means we have able to attract a wide range of new customers across the entire market and this is reflected in our increased occupancy compared to the last 2 years.

Sales momentum was strong during the second half of 2022 and throughout 2023, as the business trended back towards normal stabilised trading levels. Pricing in the most prime locations and in newly opened buildings was above budgeted levels and, in many cases, ahead of rates achieved pre-pandemic.

London has the largest flexible workspace stock in Europe and the UK market is well positioned for the current market climate as evidenced by the high levels of occupancy across the UK. Our portfolio is predominantly central London where the demand is high given the cost of labour increases London based clients are seeing, causing them to move to the flexible workspace offering.

We anticipate strong EBITDA growth in the next 5 years which is to be achieved through opening and filling best in class assets, continued customer satisfaction, license fee growth and effective cost management.

During the year we have generated revenue of £18,809k, an increase of £7,771k over the prior period.

The Company made an operating loss of £597k (2021 restated - of £1,905k**) in the year.

The Company generated EBITDA of £7,620k (2021 - £5,625k) in the year.

Key performance indicators

Key performance indicator		2022	2021 (**restated)	Comment
*Occupancy at December	%	87	100	Occupancy has dropped due to the opening of 210 Euston Road close to the year end. Revenue and EBITDA have increased due to Liberty House being at 100% occupancy throughout 2022, compared to increasing in occupancy in the prior year as it opened at end of 2020.
Revenue	£m	19	11	
EBITDA	£m	8	6	
Operational building count	#	3	2	

*Occupancy is the area of space occupied by clients divided by the total net lettable area expressed as a percentage. This is measured as the average occupancy for the month of December 2022.

**Refer to note 18 for further detail on prior year adjustments.

TOG UK Properties Limited

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

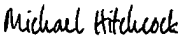
S172 statement

Section 172 of the Companies Act 2006 requires the Board of Directors (the "Board") to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard to the interests of stakeholders. In forming this statement, the Company has adopted a Group approach.

The Group has several key stakeholder groups, including employees, customers, suppliers and business partners, and the communities in which the Group operates. The Directors confirm that during the year under review, through their business decisions, they have acted to promote the long-term success of the Group and Company for the benefit of shareholders, whilst considering the potential impact of those decisions on the Group's stakeholders. The factors considered would often include the long-term consequences of the decision, the interests of employees, the relationships with customers and suppliers, the impact on the community and environment, maintaining the Group's reputation and acting fairly for all members of the Group.

The Board strives to take decisions for the long term, with the aim of understanding and respecting the views and needs of the Company's stakeholders and its ultimate shareholders to whom the Company is accountable. The Directors receive regular updates on stakeholder views from senior management. The Directors seek to achieve an appropriate balance of stakeholder preferences, which in turn will assist the Group in achieving its long-term growth objectives.

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

DocuSigned by:

75708FA35D06407...
M Hitchcock
Director

Date: 29 February 2024

TOG UK Properties Limited

Directors' Report for the Year Ended 31 December 2022

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

Principal activity

The principal activity of the Company is the acquisition and development of leasehold and freehold properties, and the provision of flexible office space and related services.

Dividends

The Directors do not recommend payment of a final dividend for the year ended 31 December 2022 (2021 - None).

Prior period adjustment

On 19 September 2022, a joint venture between Fora Holdings Limited and Cheetah Concert Holdco Limited was completed. The Group and FORA accounted for their leases using two different approaches and as a group have reviewed and adjusted their accounting with a view to creating a Group policy for the merged Group.

After review of both group's policies, it was found that the Group should follow IAS 16 Property, Plant and Equipment rather than IAS 40 Investment Property where more than insignificant ancillary services are provided to members.

As a result of the change in policy, all assets have been transferred from Investment Property to Property, Plant and Equipment and are held at fair value in accordance with IAS 16. Leased assets are depreciated across the life of the lease. Any revaluation of the assets goes through Other Comprehensive Income and is held in the revaluation reserve. On inception the difference in revalued depreciation to initial cost depreciation was also transferred to revaluation reserve. Where the revaluation reserve is nil for an asset any negative revaluation would go through the Profit or Loss.

The Company is required to apply the changes retrospectively and restate the financial statements at the beginning of the earliest comparative period in accordance with IAS 8. Further detail can be found in note 18.

Directors

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

G Kataký (resigned 5 June 2023)
C Green (resigned 19 September 2022)
M Green (resigned 17 January 2023)
J Blank (appointed 19 September 2022)
O Olsen (appointed 19 September 2022)
E Sanna (appointed 19 September 2022)
M Hitchcock (appointed 19 January 2023)
L Machenaud (appointed 6 June 2023)

TOG UK Properties Limited

Directors' Report (continued) for the Year Ended 31 December 2022

Going concern

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

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

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

As disclosed in full in the Cheetah Holdco Limited accounts, as contemplated in the initial post-merger business plan, under the base case and downside forecasts, before consideration of any loan refinancing, additional funding would be required from the Group's shareholders. The two shareholders have confirmed to the Directors that they intend to provide such financial support. The Directors have received a letter from Cheetah Holdco Limited, the Group's indirect parent undertaking, confirming its intent to provide additional funding to the Group and that it does not intend to seek repayment of the amounts due at the balance sheet date during the going concern assessment period. As is the case for any entity potentially placing reliance on other related entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they consider the risk of support not being given is remote. In reaching this conclusion, the Directors have assessed the ability and intent of the shareholders to continue to provide the intended support.

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

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

Events after the reporting date

There have been no significant events after the reporting date.

Qualifying third party indemnity provisions

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

Matters covered in the Strategic Report

As permitted by paragraph 1A of schedule 7 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008, the Company has chosen in accordance with section 414C(11) to set out in the Strategic Report information required to be given in the Directors' Report in respect of engagement with suppliers, customers and others and risk management objectives and policies.

TOG UK Properties Limited

Directors' Report (continued) for the Year Ended 31 December 2022

Disclosure of information to auditor

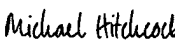
Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware;
- the Directors have taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information; and
- This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

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

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

DocuSigned by:

75708FA35D68407...
M Hitchcock
Director

Date: 29 February 2024

TOG UK Properties Limited

Directors' Responsibilities Statement for the Year Ended 31 December 2022

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom adopted international accounting standards. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. The Directors have chosen to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

TOG UK Properties Limited

Independent Auditor's Report to the Members of TOG UK Properties Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of TOG UK Properties Limited (the 'Company'):

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

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 20.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

TOG UK Properties Limited

Independent Auditor's Report to the Members of TOG UK Properties Limited (continued)

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

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

TOG UK Properties Limited

Independent Auditor's Report to the Members of TOG UK Properties Limited (continued)

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

- The valuation of property assets involves significant judgement and assumptions requiring input from management, including estimated rental values and yield, which therefore presents a fraud risk as manipulation of these estimates could result in material misstatement. In response to this, we engaged our real estate specialists to assess the methodology and assumptions used by the Company's internal valuers, including estimated rental values and yields, and performed benchmark analysis. In addition to this we have substantively tested the data and inputs used in the valuation calculations.

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

TOG UK Properties Limited

Independent Auditor's Report to the Members of TOG UK Properties Limited (continued)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

Date: 29 February 2024

TOG UK Properties Limited

Statement of Comprehensive Income for the Year Ended 31 December 2022

			As restated*
	Note	2022 £000	2021 £000
Revenue	4	18,809	11,038
Operating costs	5	(19,406)	(12,943)
EBITDA**		7,620	5,625
Depreciation and amortisation	10	(8,217)	(7,530)
Operating loss		(597)	(1,905)
Interest receivable and similar income		1	-
Interest payable and similar charges	8	(3,746)	(3,765)
Loss before tax		(4,342)	(5,670)
Tax credit	9	96	1,793
Loss for the financial year		(4,246)	(3,877)
Other comprehensive income:			
Movement in fair value of property, plant and equipment	10	(17,797)	2,200
Deferred tax	16	4,430	(2,069)
Total other comprehensive income		(13,367)	131
Total comprehensive loss for the year		(17,613)	(3,746)

All amounts relate to continuing operations.

*Refer to note 18 for detail on prior year adjustments.

** EBITDA is operating profit/(loss) before depreciation and amortisation.

The notes on pages 19 to 40 form part of these financial statements.

TOG UK Properties Limited

Registered number: 11812838

**Balance sheet
As at 31 December 2022**

	Note	2022 £000	As restated* 2021 £000
Fixed assets			
Property, plant and equipment	10	106,649	128,381
Investments	12	117	-
		<u>106,766</u>	<u>128,381</u>
Current assets			
Debtors	11	16,152	3,863
Cash and cash equivalents		1,887	3,030
		<u>18,039</u>	<u>6,893</u>
Creditors: amounts falling due within one year	13	(38,510)	(30,209)
Net current liabilities		<u>(20,471)</u>	<u>(23,316)</u>
Creditors: amounts falling due after more than one year	14	(96,210)	(94,753)
Provisions for liabilities			
Deferred taxation	16	(1,728)	(4,342)
Net (liabilities)/assets		<u><u>(11,643)</u></u>	<u><u>5,970</u></u>
Capital and reserves			
Share capital	17	1,000	1,000
Revaluation reserve		3,844	18,203
Accumulated losses		(16,487)	(13,233)
		<u><u>(11,643)</u></u>	<u><u>5,970</u></u>

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

DocuSigned by:

Michael Hitchcock

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M Hitchcock

Director

Date: 29 February 2024

The notes on pages 19 to 40 form part of these financial statements.

*See note 18 for detail on prior year adjustments.

TOG UK Properties Limited

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

	Share capital £000	Revaluation reserve £000	Accumulated profit/(losses) £000	Total equity £000
Balance at 1 January 2021 (as previously restated)	-	-	9,319	9,319
Prior year adjustment*	-	19,146	(19,749)	(603)
At 1 January 2021 (as restated)	-	19,146	(10,430)	8,716
Comprehensive loss for the year				
Loss for the year (as restated)	-	-	(3,877)	(3,877)
Gain on revaluation of leasehold property (see note 10)	-	2,200	-	2,200
Deferred tax (see note 16)	-	(2,069)	-	(2,069)
Total comprehensive loss for the year (as restated)	-	131	(3,877)	(3,746)
Contributions by and distributions to owners				
Shares issued during the year	1,000	-	-	1,000
Transfer to/from profit and loss account	-	(1,074)	1,074	-
Balance at 31 December 2021 (as restated)	1,000	18,203	(13,233)	5,970
Comprehensive loss for the year				
Loss for the year	-	-	(4,246)	(4,246)
Deficit on revaluation of leasehold property (see note 10)	-	(17,797)	-	(17,797)
Deferred tax (see note 16)	-	4,430	-	4,430
Total comprehensive loss for the year	-	(13,367)	(4,246)	(17,613)
Transfer to/from profit and loss account	-	(992)	992	-
Balance at 31 December 2022	1,000	3,844	(16,487)	(11,643)

The notes on pages 19 to 40 form part of these financial statements.

*Refer to note 18 for detail on prior year adjustments.

TOG UK Properties Limited

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

1. General information

TOG UK Properties Limited is a private company, incorporated, domiciled and registered in England in the UK. The Company's registered number and registered office address can be found on the Company Information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

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

The Company's parent undertaking TOG 4 Limited includes the Company in its consolidated financial statements. The consolidated financial statements of TOG 4 Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Companies House.

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;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures,
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

TOG UK Properties Limited

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

2. Accounting policies (continued)

2.1 Basis of preparation of financial statements (continued)

New standards, interpretations and amendments adopted from 1 January 2022

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

None of these amendments had any impact on the Company.

New standards, interpretations and amendments not yet effective

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

The following amendments are effective for the period beginning 1 January 2023:

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

The following amendments, which have been issued by the IASB but have not yet been adopted by the UKEB, are effective for the period beginning 1 January 2024:

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

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

Other

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

Profit and loss account presentation

The Directors have reviewed the presentation of the profit and loss account and consider items to be more appropriately presented using the “by nature” format as this benefits the reader of the financial statements. Detail on the nature of the expenses incurred during the year can be seen in more detail under note 5. In preparing the financial statements the “by nature” format has been adopted. This is consistent with prior year accounts.

TOG UK Properties Limited

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

2. Accounting policies (continued)

2.2 Going concern

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

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

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

As disclosed in full in the Cheetah Holdco Limited accounts, as contemplated in the initial post-merger business plan, under the base case and downside forecasts, before consideration of any loan refinancing, additional funding would be required from the Group's shareholders. The two shareholders have confirmed to the Directors that they intend to provide such financial support. The Directors have received a letter from Cheetah Holdco Limited, the Group's indirect parent undertaking, confirming its intent to provide additional funding to the Group and that it does not intend to seek repayment of the amounts due at the balance sheet date during the going concern assessment period. As is the case for any entity potentially placing reliance on other related entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they consider the risk of support not being given is remote. In reaching this conclusion, the Directors have assessed the ability and intent of the shareholders to continue to provide the intended support.

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

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

TOG UK Properties Limited

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

2. Accounting policies (continued)

2.3 Taxation

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

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

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 arising as a consequence of investment property carried at fair value is calculated on the basis that the gain/(loss) will be recovered through a sale of the property in line with the Company's business model which is to generate value in the form of capital appreciation.

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.

2.4 Leases

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

As a lessee

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

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

TOG UK Properties Limited

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

2. Accounting policies (continued)

2.4 Leases (continued)

Refer to property, plant and equipment accounting policy for details on subsequent measurement of right of use assets.

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

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

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

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

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

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

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

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

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

TOG UK Properties Limited

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

2. Accounting policies (continued)

2.4 Leases (continued)

Short-term leases and leases of low-value assets

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

The Company does not have any short term or low value leases.

As a lessor

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

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

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

The Company's licensing agreements are not classified as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets, and the licence holder does not have the right to direct the use of the asset.

The Company recognises lease payments received under operating leases as income on a straight line basis over the lease term as part of 'revenue'.

TOG UK Properties Limited

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

2. Accounting policies (continued)

2.5 Financial assets

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

2.6.1 Amortised cost

These assets arise principally from the provision of goods and services to customers (eg trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default (where a customer does not meet its obligations under the customer contract) to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the Company elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of comprehensive income (operating profit).

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

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

TOG UK Properties Limited

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

2. Accounting policies (continued)

2.6 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 and 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 profit or loss or other 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.

Other financial liabilities

Other financial liabilities include the following items:

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

2.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.8 Property, plant and equipment

Property, plant and equipment is initially recognised at cost. As well as the purchase price, cost includes directly attributable cost and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Depreciation is provided on items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Fixtures and fittings	-	20% on cost
Short leasehold buildings	-	over the period of the lease
Leasehold improvements	-	over the period of the lease

Depreciation is not charged on leasehold property until open and available for use.

Leasehold property comprises completed property that is held to earn rentals or for capital appreciation or both. Property held under a lease is classified as property, plant and equipment when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions

TOG UK Properties Limited

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

2. Accounting policies (continued)

2.9 Revaluation of property, plant and equipment

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.10 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.11 Revenue

Revenue comprises rent and license fees in relation to the provision of office space, as well as ancillary charges for additional services including telephone, IT, other support services and meeting rooms. Revenue is recognised exclusive of VAT on an accruals basis.

Licence fee revenue and IT services revenue are billed monthly in advance and recognised when the performance obligations of providing the space and IT access to the licensee are fulfilled. Revenue is recognised over time as the services are provided. For the provision of other ancillary charges and meeting rooms, revenue is recognised at a point in time, as and when the performance obligation of providing the service or meeting room to the customer has been fulfilled. Rent receivable is spread on a straight-line basis over the period of the lease. When the billing profile is not uniform this results in a balance of accrued or deferred income at each reporting date until the licence term is complete. There is no variable consideration nor a significant financing component as part of the agreements.

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

The Company generates licence fee revenue from licence agreements and rental income from traditional leases that are similar in substance. Revenue from licence agreements is recognised over time in line with IFRS 15 'Revenue from Contracts with Customers' and rental income from leases, where relevant, is recognised over time in line with IFRS 16 'Leases'.

The method of revenue recognition is the same under IFRS 15 and IFRS 16 for the licence fee and rental income generated by the Group.

TOG UK Properties Limited

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

3. Critical accounting estimates and judgements

The Company makes certain estimates and judgements regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Significant estimates

Fair value measurement

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

The fair value measurement of the Company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Company measures its right-of-use property, plant and equipment at fair value.

Key sources of estimation uncertainty include:

Fair valuation of property, plant and equipment

The market value of freehold and long leasehold property, plant and equipment is determined, by either an internal or external real estate valuation expert, to be the estimated amount for which a property should exchange on the date of the valuation in an arm's length transaction. Properties have been valued on an individual basis. The valuation expert used the recognised valuation techniques and the principles of both IAS 16 and IFRS 13. The valuations have been prepared in accordance with the Royal Institute of Chartered Surveyors Valuation - Professional Standards January 2017 ("the Red Book"). Factors reflected include current market conditions, annual rentals and location. The significant methods and estimates used by valuers in estimating the fair value of freehold and leasehold property are set out in note 10.

The market value of leasehold right of use assets are determined by calculating the present value of estimated market related cash flows over the period of the lease.

Estimated market rental values (ERVs) of each active lease in the portfolio are used to calculate net present value of the market based fixed lease cash flows. The estimated market rental values for the remainder of the leases are used to estimate the fair value of the right-of-use asset, by discounting to present value using an appropriate discount rate.

Market inputs and other market information used in determining the fair values of properties (including right of use assets), were provided as part of a market advice engagement, by a qualified RICS registered global commercial real estate services firm.

TOG UK Properties Limited

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

3. Critical accounting estimates and judgements (continued)

Lease liabilities

- The discount rate applied for the lease held by the Company, was derived from the average property yields for prime commercial office space in London, based on current market data. An incremental borrowing rate was not used to derive the discount rate, as the Company is outside of the group's external financing perimeter, and therefore an incremental borrowing rate is not readily available. The discount rate applied to discount future lease cash flows to present value for leases in the Company is 3.75% (2021 - 3.75%) and has not been adjusted for the term of the lease or other risk factors. Historic trends in property yields were considered when deriving the discount rate, and no significant future fluctuations from historic trends were assumed.
- No estimates have been made regarding variable lease payments subject to open market rent reviews required as part of lease agreements. Lease liabilities will be remeasured in line with requirements of IFRS 16 in the year that open market rent reviews are completed and future cash flows are accurately determinable.
- Estimated market rental values (ERVs) of each active lease in the portfolio are used to calculate net present value of the market based fixed lease cash flows. The estimated market rental values for the remainder of the leases are used to estimate the fair value of the right-of-use asset, by discounting to present value using a discount rate derived from property yields. The property yield rate reflects 5 year average market property yields of commercial office buildings in similar areas as those operated by the Company.

Critical judgements

Lease liabilities

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

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

- Extension options beyond the term defined in the lease agreements have not been considered when calculating the present value of lease liabilities. As at 31 December 2022, it is not certain whether extension options will be exercised, as the performance of leased buildings cannot be forecast or analysed accurately enough to conclude on.

Going concern

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

TOG UK Properties Limited

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

4. Revenue

Revenue arising from:

	2022 £000	2021 £000
Licence fee and rental income - IFRS 15	17,238	10,644
Other services income - IFRS 15	1,571	394
	<u>18,809</u>	<u>11,038</u>

All turnover arose within the United Kingdom.

Of the revenue recognised in line with IFRS 15 'Revenue from Contracts with Customers', £1,469k (2021 - £371k) was recognised at a point in time, and the remainder was recognised over time.

The prior year accounts showed a third line for license fee and rental income – IFRS 16 of £7,300k which has now been reclassified within license fee and rental income – IFRS 15 for consistency of presentation going forwards.

5. Operating costs

	2022 £000	As restated 2021 £000
Building operating costs	4,755	2,374
Staff related costs	582	330
Depreciation of property, plant and equipment	8,217	7,530
Other operating costs	5,852	2,709
	<u>19,406</u>	<u>12,943</u>

6. Auditor's remuneration

Auditor's remuneration of £16k (2021 - £33k) which is borne by The Office Group Properties Limited is not represented in the profit and loss account.

TOG UK Properties Limited

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

7. Employees and Directors

There were no persons employed and remunerated by the Company (including directors) during the period. Management services are provided to the Company by The Office Group Properties Limited and are recognised as recharged salary costs.

Staff costs were as follows:

	2022 £000	2021 £000
Wages and salaries	513	287
Social security contributions and similar taxes	47	27
Cost of defined contribution scheme	17	13
	<u>577</u>	<u>327</u>

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

8. Interest payable and similar expenses

	2022 £000	2021 £000
Interest on lease liabilities	<u>3,746</u>	<u>3,765</u>

9. Taxation

	2022 £000	As restated 2021 £000
Corporation tax		
Group relief	(1,912)	-
Total corporation tax	<u>(1,912)</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	1,938	(1,508)
Effect of tax rate change on opening balance	-	(235)
Adjustment in respect of prior periods	(122)	(50)
Total deferred tax	<u>1,816</u>	<u>(1,793)</u>
Total tax credited in statement of profit and loss and other comprehensive income	<u>(96)</u>	<u>(1,793)</u>

TOG UK Properties Limited

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

9. Taxation (continued)

Factors affecting tax charge for the year

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

	2022 £000	As restated 2021 £000
Loss on ordinary activities before tax	(4,342)	(5,670)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(825)	(1,077)
Effects of:		
Expenses not deductible for tax purposes	734	(567)
Adjustments to tax charge in respect of previous periods	(122)	(50)
Remeasurement of deferred tax for changes in tax rates	(598)	1,371
Group relief claimed for nil consideration	-	(94)
Effect of differences in current year tax rates	798	(2,069)
Movement in deferred tax not recognised	(83)	693
Total tax credit	(96)	(1,793)

Factors that may affect future tax charges

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

TOG UK Properties Limited

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

10. Tangible fixed assets

	Short leasehold buildings £000	Leasehold improvements £000	Fixtures and fittings £000	Total £000
Cost or valuation				
At 1 January 2022 (as previously stated)	-	17,890	1,607	19,497
Prior Year Adjustment	109,969	-	-	109,969
At 1 January 2022 (as restated)	109,969	17,890	1,607	129,466
Additions	-	2,902	1,564	4,466
Disposals	-	(178)	(5)	(183)
Revaluations/impairments	(24,238)	-	-	(24,238)
At 31 December 2022	85,731	20,614	3,166	109,511
Depreciation				
At 1 January 2022	-	681	404	1,085
Charge for the year	6,440	991	786	8,217
On revalued assets	(6,440)	-	-	(6,440)
At 31 December 2022	-	1,672	1,190	2,862
Net book value				
At 31 December 2022	85,731	18,942	1,976	106,649
At 31 December 2021 (as restated)	109,969	17,209	1,203	128,381

Revaluations/impairments includes impairments of £Nil (2021 - £Nil) recognised through profit and loss, and revaluation gains of £17,797k (2021 - loss of £2,200k) was recognised through other comprehensive income.

TOG UK Properties Limited

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

11. Debtors

	2022 £000	2021 £000
Current assets		
Trade debtors	1,543	107
Amounts owed by group undertakings	11,814	2
Other debtors	1,138	1,061
Prepayments	661	451
Accrued income	996	2,242
	<u>16,152</u>	<u>3,863</u>

All of the amounts owed by group undertakings are repayable on demand and are non interest bearing.

12. Investments

	Loans to group undertakings £000
Cost or valuation	
At 1 January 2022	-
Additions	117
At 31 December 2022	<u>117</u>

Loans to group undertakings of informal financing provided to group companies that reflect the intention not to request payment within the next year.

TOG UK Properties Limited

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

13. Creditors: amounts falling due within one year

	2022 £000	2021 £000
Trade creditors	1,916	298
Amounts owed to group undertakings	24,181	17,939
Other taxation and social security	641	-
Lease liabilities (see note 15)	3,711	5,893
Other creditors	3,388	2,492
Accruals	2,692	1,668
Deferred income	1,981	1,919
	38,510	30,209

All of the amounts owed to group undertakings are payable on demand and are non interest bearing. Within amounts owed to group undertakings, £291k (2021 - £Nil) relates to trading balances and £23,890k (£17,939k) relates to informal intercompany financing.

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

	2022 £000	2021 £000
Lease liabilities (see note 15)	96,210	94,753

TOG UK Properties Limited

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

15. Lease liabilities

Leases and lease commitments

The Company leases commercial office space and offers the space to customers under licence agreements that do not transfer the risks and rewards of ownership of the underlying assets.

The Company has three active leases. The leases have terms of between 12 and 18 years, and the average total lease term is 16 years.

The average remaining lease term of the Company's portfolio is as follows:

	2022 Years	2021 Years
Short-term leasehold portfolio (3 active properties)	16	17

All leases are subject to market rent reviews and terms are defined within the lease.

The Company does not have any low value leases or operating leases with terms of less than 12 months.

Lease remeasurements and lease modifications

Inflationary rent reviews - There were no significant lease remeasurements in 2022 as a result of inflationary rent reviews.

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

Extension options

The Company has not estimated potential future lease payments from extension options at 31 December 2022, and have not included extension options in calculation of the present value of lease liabilities.

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

TOG UK Properties Limited

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

15. Lease liabilities (continued)

Lease liabilities are presented in the balance sheet as follows:

	2022 £000	2021 £000
Lease liability brought forward	100,646	102,973
Lease remeasurements/modifications	-	(3,648)
Interest charged	3,746	3,765
Lease repayments	(4,471)	(2,444)
Lease liability carried forward	99,921	100,646

Present value of lease liabilities (excluding previous finance lease liabilities) is presented in the balance sheet as follows:

	2022 £000	2021 £000
Current lease liabilities - due within one year	3,711	5,893
Non current lease liabilities - due in more than one year	96,210	94,753
	99,921	100,646

The undiscounted maturity analysis of lease liabilities at 31 December 2022 is as follows:

	Within 1 year £000	2-5 years £000	More than 5 years £000	Total £000
Lease payments	7,359	32,957	93,815	134,131
Finance charges	(3,648)	(12,960)	(17,602)	(34,210)
Net present values	3,711	19,997	76,213	99,921

TOG UK Properties Limited

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

16. Deferred taxation

	2022 £000	As restated 2021 £000
At beginning of year	(4,342)	(4,066)
Charged to profit or loss	(1,816)	1,793
Charged to other comprehensive income	4,430	(2,069)
At end of year	(1,728)	(4,342)

The provision for deferred taxation is made up as follows:

	2022 £000	As restated 2021 £000
Accelerated capital allowances	11	(377)
IFRS 16 right of use fair value adjustment	(1,739)	(3,965)
	(1,728)	(4,342)

17. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
1,000,100 (2021 - 1,000,100) Ordinary shares of £1.00 each	1,000,100	1,000,100

Other reserves

The revaluation reserve represents gains and losses arising on the revaluation of the Company's property as well as the difference in depreciation on historic cost basis and revaluation basis.

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

TOG UK Properties Limited

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

18. Prior period adjustment

On 19 September 2022, a joint venture between Fora Holdings Limited and Cheetah Concert Holdco Limited was completed. The Group and FORA accounted for their leases using two different approaches and as a group have reviewed and adjusted their accounting with a view to creating a Group policy for the merged Group.

After review of both group's policies, it was found that the Group should follow IAS 16 Property, Plant and Equipment rather than IAS 40 Investment Property where more than insignificant ancillary services are provided to members.

As a result of the change in policy, all assets have been transferred from Investment Property to Property, Plant and Equipment and are held at fair value in accordance with IAS 16. Leased assets are depreciated across the life of the lease. Any revaluation of the assets goes through Other Comprehensive Income and is held in the revaluation reserve. On inception the difference in revalued depreciation to initial cost depreciation was also transferred to revaluation reserve. Where the revaluation reserve is nil for an asset any negative revaluation would go through the Profit or Loss.

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

The impact on the statement of comprehensive income and statement of financial position is as follows:

Statement of comprehensive income

	2021 £000	2021 £000	2021 £000
	Reported	Adjustment	Restated
Operating costs	(6,390)	(6,553)	(12,943)
Movement in fair value of investment properties	(4,350)	4,350	-
Movement in fair value of property, plant and equipment	-	-	-
Impact on loss before tax		(2,203)	
Tax on loss	(85)	1,878	1,793
Impact on loss for the financial year		(325)	
Other comprehensive income - movement in fair value of property, plant and equipment	-	2,200	2,200
Other comprehensive income - deferred tax	-	(2,069)	(2,069)
Impact on total comprehensive loss for the year		(194)	

TOG UK Properties Limited

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

18. Prior period adjustment (continued)

Statement of financial position at the end of the earliest comparative period

	2021		2021
	£000	£000	£000
	Reported	Adjustment	Restated
Fixed assets			
Property, plant and equipment	18,412	109,969	128,381
Investment property	109,969	(109,969)	-
Provisions for liabilities			
Deferred tax	(3,546)	(796)	(4,342)
Net impact on net assets		(796)	
Retained earnings/(accumulated losses)	5,767	(19,000)	(13,233)
Revaluation reserve	-	18,203	18,203
Net impact on equity		(796)	

19. Events after the reporting date

There are no events after the reporting date for the Company requiring disclosure.

20. Ultimate parent company and control

Up to and including 18 September 2022, the Company was a subsidiary undertaking of Cheetah-Wild Holdco Limited which was the ultimate parent Company incorporated in Jersey. Following the merger with Fora on 19 September 2022, the ultimate parent company is Concert JV Holdco Limited, incorporated in Jersey. The accounts of Concert JV Holdco Limited are not available to the public. The immediate parent company is TOG 4 Limited.

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 Company is consolidated is that headed by TOG 4 Limited, registered in the United Kingdom.

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.