REGISTERED NUMBER: 00465603 (England and Wales)

Strategic Report, Report of the Directors and

Financial Statements for the Year Ended 30 September 2018

for

Metropole Hotels (Holdings) Limited

Contents of the Financial Statements
for the year ended 30 September 2018

Company Information
for the year ended 30 September 2018

DIRECTORS:	C R Power S C Thammanna
REGISTERED OFFICE:	Hilton London Metropole 225 Edgware Road London W2 1JU
REGISTERED NUMBER:	00465603 (England and Wales)
AUDITORS:	Deloitte LLP Statutory Auditors Regency Court Glategny Esplanade St Peter Port Guernsey Channel Islands GY1 3HW

Strategic Report
for the year ended 30 September 2018

The directors present their strategic report for the year ended 30 September 2018.

REVIEW OF BUSINESS
The principal activity of Metropole Hotels (Holdings) Limited ("the company") is the provision of accommodation and conference facilities from its hotels in London and Birmingham, via a management agreement with Hilton.

The company's turnover for the year was £102.1m, a slight increase of 1.14% on the prior year (2017: £100.9m).

EBITDA for the period amounted to £31.2m (2017: £31.3m), a 0.3% drop on the prior year.

It is the intention of the company to continue to develop current activities, to continue to enhance both the services and product of the hotels and seek new opportunities within the market.

At 30 September 2018 the company had a net asset position of £111.2m (2017: £125.6m), after dividends of £14.2m (2017: £554.7m)

PRINCIPAL RISKS AND UNCERTAINTIES
Risk management is integral to the business of the company. The company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing risks. The management continually monitors the company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

The board of directors oversees how management monitors compliance with the company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the company.

The key risk areas which could affect the company's business, reputation, revenue, operating profit, earnings, net asset and liquidity and/or capital resources are deemed:
- Changes in key market segments
- Increases in UK interest rates
- Further hotels in the pipeline

The Company seeks to manage as far as possible the key risks that it faces.

Consumer pricing is under constant and dynamic review with management. Excellent customer service and investment of capital expenditure, as well as strong client relationships are used to mitigate this risk.

The company had external borrowings throughout the year and in return, the company has given guarantees and fixed and floating charges over its assets to secure the borrowings. It is therefore reliant on the company's overall performance to ensure compliance with the financial covenants which are reported to the lenders on a quarterly basis.

The potential impact of the UK's exit from European Union (Brexit) on the company and its activities continues to be assessed. All developments on the nature of Brexit arrangements to be agreed are monitored, although they remain uncertain with the departure date previously extended.

KEY PERFORMANCE INDICATORS ("KPIs")
The company uses indicators such as average room rate, occupancy rate and revenue per available room to monitor the performance of its hotels year on year against market rates.

In London the average room rate in 2018 was £153.30, compared to £142.45 in 2017, an increase of 7.6%.
In Birmingham the average room rate in 2018 was £104.60, compared to £96.27 in 2017, an increase of 8.7%.
Average increase was therefore 8.1% across the portfolio.

Average occupancy rate in London decreased by 4.2% whereas Birmingham decreased by 0.5%. London's occupancy rate is seasonal, whereas Birmingham's is events driven.

Strategic Report
for the year ended 30 September 2018

Average revenue per available room in the year was £71.60 (2017: £68.91) in Birmingham and £124.90 (2017: £121.45) in London.

The company also considers turnover and EBITDA to be key financial performance indicators. These are referred to on the previous page.

ON BEHALF OF THE BOARD:

....
C R Power - Director

Date: 5 AUGUST 2019

Report of the Directors
for the year ended 30 September 2018

The directors present their report with the financial statements of the company for the year ended 30 September 2018.

EVENTS SINCE THE END OF THE YEAR
Information relating to events since the end of the year is given in the notes to the financial statements.

POLITICAL DONATIONS AND EXPENDITURE
No political donations were made by the company to any political organisation and no political contributions to non-EU political organizations were made during the year.

DIRECTORS INDEMNITIES
The company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

DISABLED EMPLOYEES
Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

EMPLOYEE CONSULTATION
The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings. In addition, there are bonus schemes in place and bespoke incentives are often put in place for short term returns on improvement of KPIs.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
Exposure to credit, liability and market risks arises in the normal course of the company's business. These risks are limited by the company's financial management policies and practices described below.

Market Risk
The company is not exposed to significant currency risks as sales and purchases are primarily denominated in GBP.

The company is not exposed to significant interest rate risk as 95% of the loan interest is on a fixed rate loan.

Credit Risk
The company is not exposed to significant credit risk.

Liquidity Risk
The company maintains adequate cash and cash equivalents to ensure it is able to meet its obligations as and when they fall due.

DIVIDENDS
Interim dividends per share on the Ordinary GBP £0.001 shares were paid as follows:

£0.009	- 8 May 2018
£0.015	- 25 May 2018
£0.018	- 30 June 2018
£0.011	- 3 August 2018
£0.011	- 24 August 2018
£0.064	

The directors recommend that no final dividend be paid on these shares.

No interim dividend was paid on the Ordinary USD $1 shares. The directors recommend that no final dividend be paid on these shares. No interim dividend was paid on the Deferred Ordinary £0.001 shares. The directors recommend that no final dividend be paid on these shares.

The total distribution of dividends for the year ended 30 September 2018 will be £14,250,000.

Report of the Directors
for the year ended 30 September 2018

DIRECTORS
The directors shown below have held office during the whole of the period from 1 October 2017 to the date of this report.

C R Power
S C Thammanna

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS
The auditors, Deloitte LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

....
C R Power - Director

Date: 5 AUGUST 2019

Independent Auditors' Report to the Members of
Metropole Hotels (Holdings) Limited

Opinion
In our opinion the financial statements of Metropole Hotels (Holdings) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 September 2018 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; 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 cash flow statement; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (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 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
We are required by ISAs (UK) to report in respect of the following matters where:
- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of other information. 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 respect of these matters.

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page five, 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 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.

Auditors' 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 Auditors' 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 Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

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

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

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion;
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' 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.

David Becker (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditors
Regency Court
Glategny Esplanade
St Peter Port
Guernsey
Channel Islands
GY1 3HW

Date: 5 August 2019

Statement of Comprehensive Income
for the year ended 30 September 2018

	Notes	30.9.18 £'000	30.9.17 £'000
TURNOVER		**102,056**	100,910
Cost of sales		**(54,700)**	(55,435)
GROSS PROFIT		**47,356**	45,475
Depreciation	8	**(16,237)**	(8,228)
Administrative expenses		**(16,126)**	(14,140)
OPERATING PROFIT	4	**14,993**	23,107
Interest receivable and similar income		**44**	96
		15,037	23,203
Interest payable and similar expenses	5	**(12,917)**	(14,017)
PROFIT BEFORE TAXATION		**2,120**	9,186
Tax (charge)/credit on profit	6	**(2,987)**	323
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		**(867)**	9,509
OTHER COMPREHENSIVE INCOME			
Revaluation of tangible fixed assets		-	194,510
Deferred tax on revaluation		**724**	(20,780)
Income tax relating to components of other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		**724**	173,730
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		**(143)**	183,239

The above results are derived from continuing operations.

Balance Sheet
30 September 2018

	Notes	30.9.18 £'000	30.9.17 £'000
FIXED ASSETS			
Tangible assets	8	**484,510**	499,980
CURRENT ASSETS			
Stocks	9	**69**	76
Debtors	10	**3,646**	4,821
Cash at bank and in hand		**18,110**	8,096
		21,825	12,993
CREDITORS			
Amounts falling due within one year	11	**(20,987)**	(15,372)
NET CURRENT ASSETS/(LIABILITIES)		**838**	(2,379)
TOTAL ASSETS LESS CURRENT LIABILITIES		**485,348**	497,601
CREDITORS			
Amounts falling due after more than one year	12	**(340,209)**	(337,516)
PROVISIONS FOR LIABILITIES	15	**(33,897)**	(34,450)
NET ASSETS		**111,242**	125,635
CAPITAL AND RESERVES			
Called up share capital	16	**253**	253
Retained earnings	17	**110,989**	125,382
SHAREHOLDERS' FUNDS		**111,242**	125,635

The financial statements were approved by the Board of Directors on 5 AUGUST 2019 and were signed on its behalf by:

C R Power - Director

The notes on pages 13 to 25 form part of these financial statements

Statement of Changes in Equity
for the year ended 30 September 2018

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Revaluation reserve £'000	Total equity £'000
Balance at 1 October 2016	7,500	265,132	174,891	49,600	497,123
Changes in equity					
Issue of share capital	(7,247)	-	(174,891)	-	(182,138)
Dividends	-	(554,727)	-	-	(554,727)
Total comprehensive income	-	414,977	-	(49,600)	365,377
Balance at 30 September 2017	253	125,382	-	-	125,635
Changes in equity					
Dividends	-	(14,250)	-	-	(14,250)
Total comprehensive loss	-	(143)	-	-	(143)
Balance at 30 September 2018	253	110,989	-	-	111,242

The notes on pages 13 to 25 form part of these financial statements

Cash Flow Statement
for the year ended 30 September 2018

	Notes	30.9.18 £'000	30.9.17 £'000
Cash flows from operating activities			
Cash generated from operations	21	**34,894**	27,906
Interest paid		**(10,224)**	(12,474)
Interest on derivatives		**-**	(3,228)
Tax paid		**1**	(66)
Net cash from operating activities		**24,671**	12,138
Cash flows from investing activities			
Purchase of tangible fixed assets		**(767)**	(1,314)
Interest received		**44**	4,031
Interest on derivatives received		**386**	-
Net cash from investing activities		**(337)**	2,717
Cash flows from financing activities			
New loans in year		**-**	330,000
Loan repayments in year		**-**	(291,974)
Loans repaid to other Group Members		**(70)**	(43,177)
Bond holders Loan		**-**	7,516
Settlement of derivative liability		**-**	(8,579)
Equity dividends paid		**(14,250)**	(31,651)
Net cash from financing activities		**(14,320)**	(37,865)
Increase/(decrease) in cash and cash equivalents		**10,014**	(23,010)
Cash and cash equivalents at beginning of year	22	**8,096**	31,106
Cash and cash equivalents at end of year	22	**18,110**	8,096

The notes on pages 13 to 25 form part of these financial statements

1. **STATUTORY INFORMATION**

Metropole Hotels (Holdings) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Going concern
The directors have prepared forecasts for the period covering at least 12 months from the date of these financial statements, and reviewed forecasts for the components of the financial covenants, taking account of the actual experience and trends in the second half of 2018 and forecast for 2019 which indicates that the Group has sufficient cash reserves to meet its day to day working capital requirements for the foreseeable future. The directors therefore believe it appropriate to prepare the accounts on a going concern basis.

Turnover
Turnover is measured at fair value of the consideration received or receivable from the company's principal activity, excluding discounts, rebates, value added tax and other sales taxes. Deposits from customers are included within creditors and are recognised when services are rendered. Turnover is derived through the operation of hotels and the provision of related services.

Tangible fixed assets
Tangible fixed assets are initially measured at cost less depreciation and any impairment losses. Land and buildings that were revalued to fair value upon acquisition of the company by Henderson Park are measured on the basis of deemed cost, being the revalued amount at the date of revaluation.

Depreciation is provided at the following annual rates:

Freehold Land and Buildings	- over 50 years
Leasehold Land and Buildings	- over the term of the lease
Fixtures and Fittings	- 3 - 10 years

Land is not depreciated.

Stocks
Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation
Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

continued...

2. **ACCOUNTING POLICIES - continued**

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

Leases are classified according to the substance of the transaction. A lease that transfers substantially all the risks and rewards of ownership to the lessee is classified as a finance lease. All other leases are classified as operating leases. Operating lease receipts and payments are charged to profit or loss on a straight-line basis over the length of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Financial instruments

The company enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments like loans and other accounts receivable and payable are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method; Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate, which is an approximation, of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

continued...

2. **ACCOUNTING POLICIES - continued**

Derivative financial instruments
The company uses derivative financial instruments to reduce exposure to interest rate movements. The company does not hold or issue derivative financial instruments for speculative purposes.
Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately. The company does not designate any derivative as hedging instruments.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk to changes in value.

3. **EMPLOYEES AND DIRECTORS**

	30.9.18	30.9.17
	£'000	£'000
Wages and salaries	18,612	21,940
Social security costs	1,537	1,360
Other pension costs	859	259
	21,008	23,559

The average number of employees during the year was as follows:

	30.9.18	30.9.17
	1,194	1,194

	30.9.18	30.9.17
	£	£
Directors' remuneration	-	-

4. **OPERATING PROFIT**

The operating profit is stated after charging:

	30.9.18	30.9.17
	£'000	£'000
Other operating leases	948	942
Depreciation - owned assets	16,237	8,228
Auditor's remuneration	60	55

5. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	30.9.18	30.9.17
	£'000	£'000
Bank loan interest	11,833	12,176
Amortised finance costs	-	2,250
Finance costs	716	-
Equity interest	368	298
Interest on derivative financial instruments	-	3,228
Profit on interest rate swaps	-	(3,935)
	12,917	14,017

continued...

6. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit for the year was as follows:

	30.9.18	30.9.17
	£'000	£'000
Current tax:		
UK corporation tax	2,504	-
Prior period adjustment	312	-
Total current tax	2,816	-
Deferred tax:		
Timing difference	141	147
Adjustments in respect of prior period	30	(470)
Total deferred tax	171	(323)
Tax on profit	2,987	(323)

UK corporation tax has been charged at 19% (2017 - 19.50%).

Reconciliation of total tax charge/(credit) included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	30.9.18	30.9.17
	£'000	£'000
Profit before tax	2,121	9,186
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.500%)	403	1,791
Effects of:		
Expenses not deductible for tax purposes	38	152
Depreciation in excess of capital allowances	2,222	647
Adjustments to tax charge in respect of previous periods	342	(470)
Group relief	-	(2,421)
Difference in deferred tax rate	(17)	(22)
Total tax charge/(credit)	2,988	(323)

continued...

6. TAXATION - continued

Tax effects relating to effects of other comprehensive income

		30.9.18	
	Gross	**Tax**	**Net**
	£'000	**£'000**	**£'000**
Revaluation of tangible fixed assets			
Deferred tax on revaluation	**724**	**-**	**724**
	724	**-**	**724**

		30.9.17	
	Gross	Tax	Net
	£'000	£'000	£'000
Revaluation of tangible fixed assets	194,510	-	194,510
Deferred tax on revaluation	(20,780)	-	(20,780)
Capitalisation of revaluation reserve	(223,330)	-	(223,330)
Capital reduction	405,468	-	405,468
	355,868	-	355,868

7. DIVIDENDS

	30.9.18	30.9.17
	£'000	£'000
Deferred Ordinary shares of £0.001 each		
Final	-	554,727
Ordinary GBP shares of £0.001 each		
Interim	**14,250**	-
	14,250	554,727

In 2017, a total dividend of £554,727,000 was declared. Of this, £31,651,000 was a cash dividend, paid 28 September 2017, and a distribution in specie of the receivable of £523,076,185 from Tonstate Metropoles Hotels Limited.

8. TANGIBLE FIXED ASSETS

	Freehold property £'000	Long leasehold £'000	Fixtures and fittings £'000	Totals £'000
COST OR VALUATION				
At 1 October 2017	323,265	155,262	83,290	561,817
Additions	17	-	750	767
At 30 September 2018	323,282	155,262	84,040	562,584
DEPRECIATION				
At 1 October 2017	-	-	61,837	61,837
Charge for year	6,465	1,468	8,304	16,237
At 30 September 2018	6,465	1,468	70,141	78,074
NET BOOK VALUE				
At 30 September 2018	316,817	153,794	13,899	484,510
At 30 September 2017	323,265	155,262	21,453	499,980

Cost or valuation at 30 September 2018 is represented by:

	Freehold property £'000	Long leasehold £'000	Fixtures and fittings £'000	Totals £'000
Valuation in 1999	205,630	100,578	-	306,208
Valuation in 2017	85,827	47,731	-	133,558
Cost	31,825	6,953	84,040	122,818
	323,282	155,262	84,040	562,584

The freehold and leasehold land and buildings were revalued on 15 September 2017 by an independent valuer, HVS, specialist hotel surveyors, with fair value determined by appraisal from market-based evidence of recent transactions for similar properties in the same areas.

The historic cost of freehold land and buildings included above at a valuation of £323.3m was £31.8m (2017: £31.8m and the aggregate depreciation thereon would have been £29.2m (2017: £28.6m)

The historic cost of long leasehold land and buildings included above at a valuation of £155.3m was £6.9m (2017: £6.9m) and the aggregate depreciation thereon would have been £2.5m (2017: £2.5m)

The company has allowed a fixed and floating charge over the property at London Metropole as security for the bank loan (see Note 12).

9. STOCKS

	30.9.18 £'000	30.9.17 £'000
Stocks	69	76

continued...

10. DEBTORS

	30.9.18	30.9.17
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	**1,959**	3,408
Other debtors	**617**	29
Derivative debtor	**-**	386
Prepayments and accrued income	**1,000**	998
	3,576	4,821
Amounts falling due after more than one year:		
Amounts owed by group undertakings	**70**	-
Aggregate amounts	**3,646**	4,821

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.9.18	30.9.17
	£'000	£'000
Trade creditors	**2,236**	3,582
Tax	**2,816**	-
Social security and other taxes	**351**	377
VAT	**268**	1,227
Other creditors	**119**	380
Accrued expenses	**7,319**	3,562
Deferred income - other	**7,878**	6,244
	20,987	15,372

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	30.9.18	30.9.17
	£'000	£'000
Bank loans (see note 13)	**332,325**	330,000
Amounts owed to group undertakings	**7,884**	7,516
	340,209	337,516

On 28 September 2017 10.5m deep discount bonds were issued to HPREF Mets Investment Ltd, the Parent company for a consideration of £7.52m (2016: £nil). This loan is included within creditors due after more than one year, is unsecured, interest free and is repayable by 30 September 2024.

13. LOANS

An analysis of the maturity of loans is given below:

	30.9.18	30.9.17
	£'000	£'000
Amounts falling due in more than five years:		
Repayable otherwise than by instalments		
Bank loans	**332,325**	330,000

continued...

13. **LOANS - continued**

During the year to 30 September 2017 the company entered into a new loan agreement with Aareal Bank for £372m, made up of 2 facilities. Facility A (£330m) was used to refinance the company and pay off the existing loan of £289.7m as at 30 September 2016.

Facility B is an additional £42m facility available to be drawn down to finance refurbishment works and was undrawn at 30 September 2018 (2017 £nil).

The loan is secured over the freehold property of the company by way of a fixed and floating charge. Margin is 2.5%. 95% of the loan bears an interest rate that is fixed at 1.082% per annum (i.e. total 3.582%), with the remaining 5% bearing a floating interest rate of 2.5% + 3 month LIBOR per annum.

This loan is fully repayable by 26 September 2022.

Included within creditors due after more than one year at 30 September 2018 is £332.3m (2017: £330m).

continued...

14. FINANCIAL INSTRUMENTS

The carrying value of the company's financial assets and liabilities are summarised by category below:

	30.9.18	30.9.17
	£'000	£,000
Financial assets		
Measured at amortised cost		
- Current debtors	**3,646**	4,821
- Cash at bank and in hand	**18,110**	8,096
	21,576	12,917
Financial liabilities		
Measured at amortised cost		
- Creditors falling due within one year	**21,016**	15,372
- Loans and other creditors due after more than one year	**340,209**	337,516
	361,225	352,888

The company's income, expense, gains and losses in respect of financial instruments are summarised below:

	30.9.18	30.9.17
	£'000	£'000
Interest income and expense		
Total interest income for financial assets at amortised cost	**44**	96
Total interest expense for financial liabilities at amortised cost	**(12,201)**	(12,474)
	(12,157)	(12,378)
Fair value gains and losses		
On derivative and non-derivative financial liabilities measured at fair value through profit or loss	**-**	3,935
	-	3,935
Impairment losses		
On financial assets measured at amortised cost	**-**	-

Derivatives
At 30 September 2016 the company had one interest rate swap in place, with termination date April 2019 on a notional amount of £140,375,000. The swap fixed rate was 2.64% and cap strike rate of 2.00% on 3 month Libor rates. This was terminated on 28 September 2017.

continued...

15. PROVISIONS FOR LIABILITIES

	30.9.18	30.9.17
	£'000	£'000
Deferred tax		
Provision at start of period	**34,450**	13,993
Charged to the Profit & loss account for the period	**171**	(323)
Charged to OCI in the period	**(724)**	20,780
	33,897	34,450

continued...

16. CALLED UP SHARE CAPITAL

Alloted, issued and fully paid:

Number:	Class:	Nominal value:	**30.9.18**	30.9.17
			£	£
3	Ordinary USD	$1.00	**3**	3
30,000,000	Deferred ordinary	£0.001	**30,000**	30,000
223,330,109	Ordinary GBP	£0.001	**223,330**	223,330
			253,333	253,333

During the year to 30 September 2017 the company issued 223,330,109 ordinary GBP shares at a nominal value of £1.00, through capitalisation of the evaluation reserve.

Subsequently the company carried out a capital reduction exercise whereby the nominal value of the deferred ordinary and ordinary GBP shares were reduced from £0.25 and £1.00 respectively to £0.001 per deferred ordinary and ordinary GBP share.

The reduction of nominals had an aggregate effect of reducing share capital to £253,333 and increasing retained earnings by £230,576,780. Cancellation of share premium increased retained earnings by £174,890,700.

Particulars of rights attached to shares
1) Deferred shares - These shares have no right to receive notice of or to attend or vote at any general meeting of the company. These shares have no rights to participate in a distribution (including on a winding up).

2) Ordinary USD shares - These shares have full voting rights and rights to participate in distributions.

3) Ordinary GBP shares - These shares have full voting rights and rights to participate in distributions.

17. RESERVES

	Retained earnings £'000
At 1 October 2017	**125,382**
Deficit for the year	**(143)**
Dividends	**(14,250)**
At 30 September 2018	**110,989**

18. ULTIMATE PARENT COMPANY

HPREF Mets Holding Ltd (incorporated in Jersey) is regarded by the directors as being the company's ultimate parent company.

HPREF Mets Investment Ltd is the company's immediate parent company.

continued...

19. **RELATED PARTY DISCLOSURES**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the HPREF Mets Holding Ltd group of entities.

20. **POST BALANCE SHEET EVENTS**

There were no significant balance sheet events.

21. **RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	30.9.18	30.9.17
	£'000	£'000
Profit before taxation	**2,120**	9,186
Depreciation charges	**16,237**	8,228
Finance costs	**12,917**	14,017
Finance income	**(44)**	(96)
	31,230	31,335
Decrease in stocks	**7**	8
Decrease in trade and other debtors	**859**	595
Increase/(decrease) in trade and other creditors	**2,798**	(4,032)
Cash generated from operations	**34,894**	27,906

22. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 30 September 2018

	30.9.18	**1.10.17**
	£'000	**£'000**
Cash and cash equivalents	**18,110**	**8,096**

Year ended 30 September 2017

	30.9.17	1.10.16
	£'000	£'000
Cash and cash equivalents	8,096	31,106

23. **NON-CASH TRANSACTIONS**

The following balances were settled through non-cash transactions:

2018: £nil

2017: Intercompany receivable of £523,076,185 was settled by distribution in specie

24. CRITICAL JUDGEMENTS AND UNCERTAINTY

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgements that have a significant impact on the amounts recognised. The following are the critical judgements and estimates that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Fair value of fixed assets
Tangible fixed assets were revalued in 2017 to their fair value. The Directors have estimated that the fair value of these assets are materially equal to the price paid in the change of ownership of £500m. With reference to an external valuation prepared for the purposes of the ultimate parent company, the Directors conclude that there is no indication of impairment to the carrying value presented in these financial statements.

Aareal Bank

Aareal Bank AG · Postfach 2125 · 65011 Wiesbaden

Metropole Hotels (Holdings) Limited
Henderson Park, z.Hd. Rab Abdulaziz
42-44 Grosvenor Gardens
SW1W 0EB LONDON
GROẞBRITANNIEN

CTM-TM1
Petra Friedhofer
Paulinenstraße 15
65189 Wiesbaden
Telephone: 0611/3483323
Fax: 0611/34873323
Finance Project: 30830848
Borrower No.: 9000479860
Petra.Friedhofer@Aareal-Bank.com

Date: 02. July 2019

Disclosure of financial statements

Dear Sir or Madam,

In Germany all credit institutions are legally obliged to assess the financial standing of their borrowers on a regular basis.

The BAFin (Bundesanstalt für Finanzdienstleistungsaufsicht = Federal Financial Supervisory Authority) has drawn up a list of guidelines with deadlines concerning the submission of qualitative information for national implementation, i.e. balance sheets incorporating profit & loss accounts, tax returns and group & company accounts where applicable.

For these reasons and on the basis of the loan agreement signed with Aareal Bank, you are requested to provide the following information within the forthcoming weeks:

Financial Statements 2018

Financial Statements TH Holdings Limited 2018

These documents should be signed by both the borrower and the auditors (if applicable) and then forwarded to us in original format. In the event that you are unable to send us this information by 15.08.2019, we ask you to let us know accordingly.

Please send us the documents via PDF, Excelsheet or other electronic data medium.

Please do not hesitate to contact us should you have any queries in respect of the above.

If you have already sent all required information please disregard this request.

Yours sincerely,

Aareal Bank AG

This letter has been generated electronically and is valid without signature.

Average revenue per available room in the year was £71.60 (2017: £68.91) in Birmingham and £124.90 (2017: £121.45) in London.

The company also considers turnover and EBITDA to be key financial performance indicators. These are referred to on the previous page.

ON BEHALF OF THE BOARD:

....
C R Power - Director

Date: ....

Report of the Directors
for the year ended 30 September 2018

DIRECTORS

The directors shown below have held office during the whole of the period from 1 October 2017 to the date of this report.

C R Power
S C Thammanna

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Deloitte LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

....

C R Power - Director

Date: ....

Balance Sheet
30 September 2018

	Notes	30.9.18 £'000	30.9.17 £'000
FIXED ASSETS			
Tangible assets	8	**484,510**	499,980
CURRENT ASSETS			
Stocks	9	**69**	76
Debtors	10	**3,646**	4,821
Cash at bank and in hand		**18,110**	8,096
		21,825	12,993
CREDITORS			
Amounts falling due within one year	11	**(20,987)**	(15,372)
NET CURRENT ASSETS/(LIABILITIES)		**838**	(2,379)
TOTAL ASSETS LESS CURRENT LIABILITIES		**485,348**	497,601
CREDITORS			
Amounts falling due after more than one year	12	**(340,209)**	(337,516)
PROVISIONS FOR LIABILITIES	15	**(33,897)**	(34,450)
NET ASSETS		**111,242**	125,635
CAPITAL AND RESERVES			
Called up share capital	16	**253**	253
Retained earnings	17	**110,989**	125,382
SHAREHOLDERS' FUNDS		**111,242**	125,635

The financial statements were approved by the Board of Directors on .... and were signed on its behalf by:

....

C R Power - Director