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**REGISTRAR OF
COMPANIES**

SHG Acquisition (UK) Limited

Report and Financial Statements

52 Weeks Ended

29 March 2009

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BDO Stoy Hayward
Chartered Accountants

SHG Acquisition (UK) Limited

**Annual report and financial statements
for the 52 weeks ended 29 March 2009**

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Directors

R A Caring
L Copperthwaite
J W S Lawrence
N K A Jones

Secretary and registered office

JWS Lawrence, 26-28 Conway Street, London, W1T 6BQ.

Company number

6395943

Auditors

BDO Stoy Hayward LLP, 55 Baker Street, London, W1U 7EU.

SHG Acquisition (UK) Limited

Report of the directors for the 52 weeks ended 29 March 2009

The directors present their report together with the audited financial statements for the 52 weeks ended 29 March 2009.

Results and dividends

The profit and loss account is set out on page 7 and shows the loss for the period.

The directors do not recommend the payment of a final dividend.

Principle activities

During the period the principal business of the group was the operation of private members clubs, restaurants, hotel rooms and a cinema, in the UK and the USA. The principal activity of the company was an investment holding company.

Review of the business

Following the acquisition of Soho House Limited in January 2008, the company is publishing its first set of full year results for the 52 weeks ended 29 March 2009. Under UK GAAP acquisition rules the previous accounts only disclosed the 3 month trading period from January to March 2008.

The consolidated turnover for the group exceeded £60m representing continued growth of our existing sites as well as the addition of new sites. The group operating profit before amortisation and depreciation is £6.7m (2008 – loss of £0.7m for the 3 month period) and the group generated cash from operations of £7.9m compared to £1.0m in the 3 month comparative period.

Shoreditch House delivered its first full year performance since its opening in August 2008 with £9.2m of sales and other sites all reported sales growth on the prior year: Babington (11.4%), Soho House (5%), Electric (9%), High Road House (0.1%), Cafe Boheme (40%), BKB (4.6%) and Cecconi's (13.4%) and Soho House NY (1.5%). This is a strong performance from each of the groups units especially given the uncertain economic conditions.

In March 2009 a second Cecconi's restaurant was opened in Los Angeles and has been trading profitably since its opening.

The group continued its investment in Miami including the purchase of the freehold tower, for £9.1m, which forms approximately one third of the entire property, with the remainder of the property being leased to Soho House. Further investment was made into Soho House West Hollywood and continued investment made in the maintenance of existing units to keep our properties to the highest standards. The group is funding the various investments from the agreed capital facility from the group's bankers. The group uses the overdraft facility for the day to day running of operations. The group also has term debt which was used partly for the acquisition of the group.

Of the total debt of £133.7m shown as falling due after more than one year, £30m relates to subordinated shareholder loan notes which are interest free and unsecured and due in 2028.

Future developments

The company intends to expand the number of private members clubs, restaurants and hotel rooms in the US and Europe.

SHG Acquisition (UK) Limited

Report of the directors for the 52 weeks ended 29 March 2009 (*Continued*)

Financial and non financial key performance indicators

In line with our operating objectives, we use both financial and non-financial KPIs. Where relevant, KPIs are used as our primary measures of whether we are achieving our objectives, however, the scale and size of our operations means we use many other detailed performance measures in addition to KPIs. We also use KPIs to measure performance against our primary objective of growing our businesses to create value for our shareholders. We use qualitative assessments to judge progress against our objectives in areas where numerical measures are less relevant.

The KPIs used to measure performance include gross profit margin and operating profit margin before depreciation and amortisation. We benchmark these measures against the appropriate industry competitors and make the necessary controls to ensure that we achieve our target ratios.

| | 2009 | 2008 |
|---|------|------|
| Gross profit margin | 78% | 76% |
| Group operating margin before depreciation and amortisation | 11% | -5% |

Gross profit margin was within expectations for the period whereas group operating margin before depreciation and amortisation of goodwill has improved significantly.

Principal risks and uncertainties

In addition to the opportunities we have to grow and develop our business, the group faces a range of risks and uncertainties as part of both its day to day operations and its corporate activities, these include the impact of a general economic downturn, regulatory changes, major incidents, labour and energy costs. We strive to mitigate the impact from such risks by implementing the appropriate corporate governance policies.

Financial risk management objectives and policies

The group uses various financial instruments which include cash, trade debtors, trade creditors and amounts due to group undertakings that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations. The existence of these financial instruments exposes the group to a number of financial risks, which are described in more detail below. The main risks arising from the group's financial instruments are interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Foreign exchange risk

As a result of the significant investment in operations in the USA, the Group's balance sheet and profit and loss can be significantly affected by movements in the US dollar/sterling exchange rates. The Group minimises its exposure to investments in foreign currencies where possible by aligning the currencies of liabilities and assets.

Liquidity risk

The group manages its cash and borrowing requirements centrally to maximise interest income and minimise interest expense, whilst ensuring that the group has sufficient liquid resources to meet the operating needs of its business.

Interest rate risk

The group is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans.

Credit risk

Receivable balances are monitored on an ongoing basis and provision is made for doubtful debts as necessary.

SHG Acquisition (UK) Limited

Report of the directors for the 52 weeks ended 29 March 2009 (Continued)

Financial and non financial key performance indicators (Continued)

Supplier payment policy

The group's policy in relation to the payment of suppliers is to pay them within the credit terms specified, provided that the supplier is also complying with all relevant terms and conditions.

Disabled persons

The group's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. It is the policy of the group that the training, career development and promotion of disabled persons, should, as far as possible, be identical with that of other employees.

Employment involvement

Employee involvement and consultation is accomplished in a number of ways, including regular briefing meetings and presentations on various aspects of the group's business. Employee bonus schemes are linked to departmental performance enabling a common awareness of the financial and economic factors affecting the group.

Directors

The directors of the company during the period were:

R A Caring
L Copperthwaite
J W S Lawrence
N K A Jones

None of the directors have any interest in the share capital of any group company that is required to be disclosed in accordance with Companies Act 1985.

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group 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 judgments and 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and group and enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

SHG Acquisition (UK) Limited

Report of the directors for the 52 weeks ended 29 March 2009 (*Continued*)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of the information needed by the company's auditors for the purposes of their audit and to ensure that the auditors are aware of the information. The directors are not aware of any relevant information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the Board

J W S Lawrence



Director

Date 29th Sept 09

SHG Acquisition (UK) Limited

Report of the independent auditors

To the shareholders of SHG Acquisition (UK) Limited

We have audited the group and parent company financial statements (the "financial statements") of SHG Acquisition (UK) Limited for the 52 weeks ended 29 March 2009 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated balance sheet, the company balance sheet, the consolidated cash flow statement, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

SHG Acquisition (UK) Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 29 March 2009 and of its loss for the period then ended;
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 29 March 2009;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP
*Chartered Accountants
and Registered Auditors
London*

Date *29 September 2009*

SHG Acquisition (UK) Limited

Consolidated profit and loss account for the 52 weeks ended 29 March 2009

| | Note | 2009 £ | 2008 £ |
|---|------|--------------------|--------------------|
| Turnover | 2 | 60,665,955 | 12,767,081 |
| Cost of sales | | (13,414,695) | (3,016,408) |
| Gross profit | | 47,251,260 | 9,750,673 |
| Administrative expenses | | (48,594,563) | (11,933,737) |
| Operating profit/(loss) before depreciation and amortisation | | 6,673,966 | (651,759) |
| Depreciation | 10 | (4,867,878) | (876,834) |
| Amortisation | 9 | (3,149,391) | (654,471) |
| Operating loss | 5 | (1,134,303) | (2,183,064) |
| Interest receivable | | 30,597 | 86,187 |
| Interest payable | 6 | (4,711,345) | (1,559,473) |
| Loss on ordinary activities before taxation | | (6,024,051) | (3,656,350) |
| Tax credit on loss on ordinary activities | 7 | 955,700 | 156,941 |
| Loss on ordinary activities after taxation | | (5,068,351) | (3,499,409) |
| Loss attributable to minority interests | | 8,938 | 4,816 |
| Loss for the financial period | 18 | (5,059,413) | (3,494,593) |

All amounts relate to continuing activities.

The notes on pages 12 to 27 form part of these financial statements.

SHG Acquisition (UK) Limited

Consolidated statement of total recognised gains and losses for the 52 weeks ended 29 March 2009

| | Note | 2009 £ | 2008 £ |
|--|------|-------------|-------------|
| Group loss for the financial period | 18 | (5,059,413) | (3,494,593) |
| Exchange translation differences on consolidation | 18 | 4,106,961 | 25,552 |
| | | <hr/> | <hr/> |
| Total recognised gains and losses for the financial period | | (952,452) | (3,469,041) |
| | | <hr/> | <hr/> |

There are no differences between historical cost profit and loss and the results above.

The notes on pages 12 to 27 form part of these financial statements.

SHG Acquisition (UK) Limited

Consolidated balance sheet at 29 March 2009

| | Note | 2009 £ | 2009 £ | 2008 £ | 2008 £ |
|--|------|-------------------|--------------------|-------------------|--------------------|
| Fixed assets | | | | | |
| Intangible assets | 9 | | 59,230,273 | | 62,174,754 |
| Tangible assets | 10 | | 77,214,771 | | 49,933,737 |
| | | | 136,445,044 | | 112,108,491 |
| Current assets | | | | | |
| Stocks | 12 | 2,472,966 | | 1,732,306 | |
| Debtors - due within one year | 13 | 3,477,047 | | 5,418,807 | |
| - due after more than one year | 13 | 2,062,318 | | - | |
| Cash at bank and in hand | | 859,320 | | 875,063 | |
| | | 8,871,651 | | 8,062,176 | |
| Creditors: amounts falling due within one year | 14 | 15,650,551 | | 12,843,367 | |
| Net current liabilities | | | (6,778,900) | | (4,817,191) |
| Total assets less current liabilities | | | 129,406,144 | | 107,291,300 |
| Creditors: amounts falling due after more than one year | 15 | | 133,708,720 | | 109,416,787 |
| Provision for liabilities and charges | 16 | | 346,536 | | 1,302,237 |
| | | | (4,389,113) | | (3,427,724) |
| Capital and reserves | | | | | |
| Called up share capital | 17 | | 1 | | 1 |
| Profit and loss account | | | (4,421,493) | | (3,469,041) |
| Shareholders' deficit | 18 | | (4,421,492) | | (3,469,040) |
| Minority interest | | | 32,379 | | 41,316 |
| | | | (4,389,113) | | (3,427,724) |

The financial statements were approved by the Board of Directors and authorised for issue on 27 Sep. 09

J W S Lawrence
Director

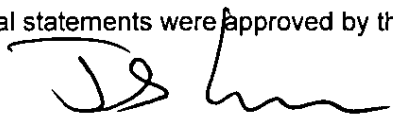
The notes on pages 12 to 27 form part of these financial statements.

SHG Acquisition (UK) Limited

Company balance sheet at 29 March 2009

| | Note | 2009 £ | 2009 £ | 2008 £ | 2008 £ |
|--|------|------------------|--------------------|-------------------|--------------------|
| Fixed assets | | | | | |
| Investments | 11 | | 96,637,684 | | 96,637,684 |
| Current assets | | | | | |
| Debtors | 13 | 7,157,084 | | 10,853,684 | |
| Cash at bank and in hand | | 39 | | 47,837 | |
| | | <u>7,157,123</u> | | <u>10,901,521</u> | |
| Creditors: amounts falling due within one year | 14 | 1,041,153 | | 1,477,076 | |
| Net current assets | | | <u>6,115,970</u> | | <u>9,424,445</u> |
| Total assets less current liabilities | | | <u>102,753,654</u> | | <u>106,062,129</u> |
| Creditors: amounts falling due after more than one year | 15 | | 107,206,750 | | 107,130,249 |
| | | | <u>(4,453,096)</u> | | <u>(1,068,120)</u> |
| Capital and reserves | | | | | |
| Called up share capital | 17 | | 1 | | 1 |
| Profit and loss account | | | (4,453,097) | | (1,068,121) |
| Shareholders' deficit | 18 | | <u>(4,453,096)</u> | | <u>(1,068,120)</u> |

The financial statements were approved by the Board of Directors and authorised for issue on 27th Sept 09



J W S Lawrence
Director

The notes on pages 12 to 27 form part of these financial statements.

SHG Acquisition (UK) Limited

Consolidated cash flow statement for the 52 weeks ended 29 March 2009

| | Note | 2009 £ | 2009 £ | 2008 £ | 2008 £ |
|--|------|-------------|--------------|--------------|--------------|
| Net cash inflow from operating activities | 22 | | 7,906,456 | | 1,008,147 |
| Returns on investments and servicing of finance | | | | | |
| Interest received | | 30,597 | | 86,187 | |
| Interest paid | | (5,248,021) | | (1,559,473) | |
| | | | (5,217,424) | | (1,473,286) |
| Taxation | | | | | |
| UK corporation tax | | | - | | - |
| Capital expenditure | | | | | |
| Purchase of tangible fixed assets | | | (14,454,222) | | (3,686,522) |
| Purchase of intangible fixed assets | | | (113,975) | | - |
| Acquisitions and disposals | | | | | |
| Acquisition of subsidiary undertakings | 19 | (9,119,617) | | (96,637,684) | |
| Acquisition of additional minority shares | 19 | (90,935) | | - | |
| Cash acquired with subsidiary undertaking | | - | | 7,253,408 | |
| | | | (9,210,552) | | (89,384,276) |
| Cash outflow before use of liquid resources and financing | | | (21,089,717) | | (93,535,937) |
| Financing | | | | | |
| Repayment of bank loans | | - | | (17,596,475) | |
| New bank loans taken out | 24 | 19,401,904 | | 79,416,787 | |
| Other loans taken out | | - | | 30,000,000 | |
| Repayment of other loans | | - | | (4,276,908) | |
| Issue of shares in subsidiary company | | - | | 6,010,652 | |
| | | | 19,401,904 | | 93,554,056 |
| (Decrease)/increase in cash | 24 | | (1,687,813) | | 18,119 |

The notes on pages 12 to 27 form part of these financial statements.

SHG Acquisition (UK) Limited

Notes forming part of the financial statements for the 52 weeks ended 29 March 2009

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 1 and 2. The financial position of the group, its cash flows, liquidity position and borrowing facilities are described in the Business Review on pages 1 to 2.

The group has sufficient financial resources together with an established business model operating profitably across different geographic areas and generating revenue from a number of different sources as discussed on pages 1 and 2. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

In assessing the going concern basis of preparation of the consolidated financial statements for the year ended 31 March 2009, the directors have taken into consideration detailed forecasts for the group, the availability of funding to the Group and the Group's bank covenant position. The funding available to the Group is disclosed further in the Business Review on pages 1 and 2.

Based on this assessment and the projected trading for the Group showing that it will not breach bank covenants, the directors are confident that the Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the consolidated financial statements for the period ended 29 March 2009.

Basis of consolidation

The consolidated financial statements incorporate the results of SHG Acquisition (UK) Limited and all of its subsidiary undertakings as at 29 March 2009 using the acquisition method of accounting. The results of subsidiary undertakings are included from the date of acquisition.

Turnover

Turnover represents the amounts receivable, excluding value added tax, in respect of the sale of goods and services to customers. Turnover from the sale of goods and services is recognised at the point of sale. Membership income is paid in advance and is deferred and recognised on a monthly basis.

Intangible assets - goodwill

Goodwill arising on acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life, which is 20 years. Impairment tests on the carrying value of goodwill are undertaken:

- in the period of acquisition and at the end of the first full financial year following acquisition;
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Impairment of fixed assets and goodwill

The need for any fixed asset impairment write-down is assessed by comparison of the carrying value of the asset against the higher of realisable value and value in use.

Intangible assets - trademarks

Trademarks are initially recognised in the balance sheet at cost. The trademarks are amortised over their estimated useful lives which is 10 years.

SHG Acquisition (UK) Limited

Notes forming part of the financial statements for the 52 weeks ended 29 March 2009 (Continued)

1 Accounting policies (Continued)

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost of tangible fixed assets by equal instalments over their estimated useful lives.

The rates generally applicable are:

| | | |
|-------------------------------------|---|---|
| Leasehold property and improvements | - | over period of lease on straight line basis |
| Furniture and equipment | - | 5 years straight line |
| Office equipment | - | 2-4 years straight line |
| Motor vehicles | - | 4 years straight line |
| Freehold land and buildings | - | nil |

Assets under construction are stated at cost with no provision for depreciation.

Depreciation has not been provided on freehold buildings, as in the opinion of the directors the residual value of the freehold buildings is in excess of its carrying value. Impairment reviews are performed annually and any impairment loss provided, where applicable.

Stock

Stock is valued at the lower of cost and net realisable value.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Investments

Fixed asset investments are stated at cost less provisions for diminution in value.

Leased assets

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives received to enter into operating lease agreements are released to the profit and loss account over the period to the date on which the rent is first expected to be adjusted to the prevailing market rate.

Pension costs

Employer's contributions to the group's defined contribution pension scheme are charged to the profit and loss account as they become payable.

SHG Acquisition (UK) Limited

Notes forming part of the financial statements
for the 52 weeks ended 29 March 2009 (*Continued*)

1 Accounting policies (*Continued*)

Finance costs

Finance costs are charged to profit over the term of the debt so that the amount charged is at a constant rate on the carrying amount. Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument.

Foreign currency

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. Any differences are taken to the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the period and the balance sheet translated into sterling at the rate of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings are taken to reserves.

All other differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves to the extent of the exchange difference arising on the net investment in these enterprises. Tax charges or credits that are directly and solely attributable to such exchange differences are also taken to reserves.

Capitalisation of finance costs

Finance costs which are directly attributable to the development of a specific venue are capitalised at the standard rate of interest borne by the company. Capitalisation commences when finance costs are incurred and expenditure on the venue begins. Capitalisation ceases when the development of a particular venue is substantially complete in accordance with FRS 15.

SHG Acquisition (UK) Limited

Notes forming part of the financial statements
for the 52 weeks ended 29 March 2009 (Continued)

2 Turnover

The amounts shown for both turnover and loss before tax, minority interest and net assets are significantly attributable to the group's principal activities. The split by geographical segment is:

| | 2009 Europe (excluding UK) £ | 2009 UK £ | 2009 US £ | 2009 Total £ | 2008 Europe (excluding UK) £ | 2008 UK £ | 2008 US £ | 2008 Total £ |
|---|--|-----------------|-----------------|--------------------|--|-----------------|-----------------|--------------------|
| Turnover | - | 48,179,650 | 12,486,305 | 60,665,955 | - | 10,349,484 | 2,417,597 | 12,767,081 |
| Operating profit/(loss) before depreciation and amortisation | (781) | 6,093,898 | 580,849 | 6,673,966 | - | (474,124) | (177,635) | (651,759) |
| Depreciation | - | (3,283,213) | (1,584,665) | (4,867,878) | - | (684,780) | (192,054) | (876,834) |
| Amortisation | - | (3,149,391) | - | (3,149,391) | - | (654,771) | - | - |
| Loss before tax | (781) | (5,048,621) | (974,649) | (6,024,051) | - | (3,286,456) | (369,894) | (3,656,350) |
| Minority interest | - | - | 8,938 | 8,938 | - | - | 4,816 | 4,816 |
| Net (liabilities)/assets | 87,937 | (7,993,262) | 3,483,833 | (4,421,492) | - | (3,802,172) | 333,132 | (3,469,040) |
| Minority interest | - | - | 32,379 | 32,379 | - | - | 41,316 | 41,316 |
| | 87,937 | (7,993,262) | 3,516,212 | (4,389,113) | - | (3,802,172) | 374,448 | (3,427,724) |

SHG Acquisition (UK) Limited

Notes forming part of the financial statements
for the 52 weeks ended 29 March 2009 (Continued)

3 Employees

| | 2009 £ | 2008 £ |
|------------------------------------|-------------------|------------------|
| Staff costs consist of: | | |
| Wages and salaries | 20,781,110 | 4,893,367 |
| Social security costs | 2,459,149 | 572,511 |
| Other pension and healthcare costs | 555,766 | 8,416 |
| | <u>23,796,025</u> | <u>5,474,294</u> |

The average monthly number of employees, including directors and part time employees, during the period was:

| | Number | Number |
|----------------|--------------|--------------|
| Administration | 126 | 42 |
| Operations | 1,197 | 1,070 |
| | <u>1,323</u> | <u>1,112</u> |

4 Directors' emoluments

| | 2009 £ | 2008 £ |
|---|----------------|---------------|
| Remuneration in respect of directors was as follows: | | |
| Emoluments | 441,461 | 65,345 |
| Pension contributions to money purchase pension schemes | 5,000 | 1,042 |
| | <u>446,461</u> | <u>66,387</u> |

The above remuneration relates to the only director who is remunerated by the Group.

During the period one director participated in money purchase pension schemes.

No directors emoluments were paid through the company.

SHG Acquisition (UK) Limited

Notes forming part of the financial statements
for the 52 weeks ended 29 March 2009 (*Continued*)

5 Operating loss

| | 2009 £ | 2008 £ |
|---|-----------|-----------|
| This is arrived at after charging: | | |
| Amortisation of intangible assets - goodwill | 3,141,461 | 654,471 |
| - trademarks | 7,930 | - |
| Depreciation of tangible assets | 4,867,878 | 876,834 |
| Auditors' remuneration - for the audit of the company | 20,000 | 20,000 |
| - for the audit of subsidiaries | 55,000 | 40,000 |
| - other taxation services | 20,000 | 6,250 |
| - other accounting services | 10,000 | 6,250 |
| Hire of land and buildings - operating leases | 4,301,913 | 652,233 |
| Exchange differences | (238,183) | 84,351 |
| | <hr/> | <hr/> |

6 Interest payable

| | 2009 £ | 2008 £ |
|---------------------------|-----------|-----------|
| Bank loans and overdrafts | 4,844,556 | 1,621,245 |
| Less interest capitalised | (133,211) | (61,772) |
| | <hr/> | <hr/> |
| | 4,711,345 | 1,559,473 |
| | <hr/> | <hr/> |

7 Taxation

| | 2009 £ | 2008 £ |
|--|-----------|-----------|
| <i>Current tax</i> | | |
| UK corporation tax on profit for the period | - | - |
| | <hr/> | <hr/> |
| Total current tax | - | - |
| <i>Deferred tax</i> | | |
| Origination and reversal of timing differences (note 16) | (411,880) | (156,941) |
| Adjustment in respect of prior years (note 16) | (543,820) | - |
| | <hr/> | <hr/> |
| Taxation credit on loss on ordinary activities | (955,700) | (156,941) |
| | <hr/> | <hr/> |

SHG Acquisition (UK) Limited

Notes forming part of the financial statements
for the 52 weeks ended 29 March 2009 (Continued)

7 Taxation (Continued)

The tax assessed for the period differs from the standard rate of corporation tax in the UK. The differences are explained below:

| | 2009 £ | 2008 £ |
|--|-------------|-------------|
| Loss on ordinary activities before tax | (6,024,051) | (3,656,350) |
| Loss on ordinary activities at the standard rate of corporation tax in the UK of 28% (2008 - 30%) | (1,686,734) | (1,096,905) |
| Effects of: | | |
| Expenses not deductible for tax purposes | 853,440 | 336,335 |
| Depreciation for period in excess of capital allowances | 608,017 | (68,889) |
| Losses carried forward | - | 369,991 |
| Movement on provisions | - | (1,695) |
| Losses brought forward | (47,844) | (14,562) |
| Utilisation of tax losses | - | (58,356) |
| Unutilised tax losses | 273,121 | 534,081 |
| Current tax charge for period | - | - |

There are tax losses of £1,068,121 (2008 - £1,068,121) in SHG Acquisition UK Limited which have not been recognised as they are not available for group relief.

8 Loss for the financial period

The company has taken advantage of the exemption allowed under section 230 of the Companies Act 1985 and has not presented its own profit and loss account in these financial statements. The group loss for the period includes a loss after tax of £3,384,976 (2008 - £1,068,121) which is dealt with in the financial statements of the parent company.

SHG Acquisition (UK) Limited

Notes forming part of the financial statements
for the 52 weeks ended 29 March 2009 (*Continued*)

9 Intangible fixed assets

| | Trademarks £ | Goodwill £ | Total £ |
|-----------------------|-----------------|-------------------|-------------------|
| <i>Cost</i> | | | |
| At 31 March 2008 | - | 62,829,225 | 62,829,225 |
| Additions | 113,975 | 90,935 | 204,910 |
| | <hr/> | <hr/> | <hr/> |
| At 29 March 2009 | 113,975 | 62,920,160 | 63,034,135 |
| | <hr/> | <hr/> | <hr/> |
| <i>Amortisation</i> | | | |
| At 31 March 2008 | - | 654,471 | 654,471 |
| Charge for the period | 7,930 | 3,141,461 | 3,149,391 |
| | <hr/> | <hr/> | <hr/> |
| At 29 March 2009 | 7,930 | 3,795,932 | 3,803,862 |
| | <hr/> | <hr/> | <hr/> |
| <i>Net book value</i> | | | |
| At 29 March 2009 | 106,045 | 59,124,228 | 59,230,273 |
| | <hr/> | <hr/> | <hr/> |
| At 30 March 2008 | - | 62,174,754 | 62,174,754 |
| | <hr/> | <hr/> | <hr/> |

SHG Acquisition (UK) Limited

Notes forming part of the financial statements
for the 52 weeks ended 29 March 2009 (Continued)

| 10 Tangible fixed assets | | Assets in course of construction £ | Freehold land and buildings £ | Leasehold properties and improvements £ | Office equipment £ | Furniture and equipment £ | Motor vehicles £ | Total £ |
|------------------------------|--|---|--|---|--------------------------|------------------------------------|------------------------|-------------------|
| Group | | | | | | | | |
| <i>Cost</i> | | | | | | | | |
| At 31 March 2008 | | 1,703,209 | 21,114,316 | 20,065,268 | 1,548,067 | 15,413,024 | 127,222 | 59,971,106 |
| Foreign exchange adjustments | | 456,613 | - | 2,840,586 | 149,478 | 1,524,929 | - | 4,971,606 |
| Acquisitions (note 19) | | - | 9,119,617 | - | - | - | - | 9,119,617 |
| Additions | | 881,284 | 7,869,784 | 6,710,617 | 467,597 | 3,329,733 | 8,735 | 19,267,750 |
| Disposals | | - | - | (34,289) | - | (66,837) | - | (101,126) |
| At 29 March 2009 | | 3,041,106 | 38,103,717 | 29,582,182 | 2,165,142 | 20,200,849 | 135,957 | 93,228,953 |
| <i>Depreciation</i> | | | | | | | | |
| At 31 March 2008 | | - | - | 2,700,628 | 727,347 | 6,516,183 | 93,211 | 10,037,369 |
| Foreign exchange adjustment | | - | - | 331,237 | 103,976 | 690,746 | - | 1,125,959 |
| Charge for the period | | - | - | 978,328 | 413,407 | 3,466,755 | 9,388 | 4,867,878 |
| Disposals | | - | - | (3,700) | - | (13,324) | - | (17,024) |
| Reclassification | | - | - | 489 | (3,926) | 3,437 | - | - |
| At 29 March 2009 | | - | - | 4,006,982 | 1,240,804 | 10,663,797 | 102,599 | 16,014,182 |
| <i>Net book value</i> | | | | | | | | |
| At 29 March 2009 | | 3,041,106 | 38,103,717 | 25,575,200 | 924,338 | 9,537,052 | 33,358 | 77,214,771 |
| At 30 March 2008 | | 1,703,209 | 21,114,316 | 17,364,640 | 820,720 | 8,896,841 | 34,011 | 49,933,737 |

During the period interest costs of £133,211 (2008 - £61,772) were capitalised as part of the cost of freehold land, buildings and improvements and leasehold properties and improvements, in line with the group's accounting policy.

SHG Acquisition (UK) Limited

Notes forming part of the financial statements
for the 52 weeks ended 29 March 2009 (Continued)

11 Fixed asset investments

| Company | Shares in subsidiary undertakings £ |
|---------------------------------------|--|
| Cost | |
| At 31 March 2008 and at 29 March 2009 | 96,637,684 |

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

| Name | Country of incorporation/ registration | Proportion of voting rights and ordinary share capital held at 29 March 2009 | Principal activity |
|-------------------------------|---|--|--------------------|
| Soho House Limited | England | 100% | Leisure |
| Soho House UK Limited | England | 100%* | Leisure |
| Cowshed Products Limited | England | 100%* | Cosmetics |
| NBJ Leisure Limited | England | 100%* | Non trading |
| Soho House US Corp | USA | 100%* | Holding |
| Soho House LLC | USA | 99.1%* | Holding |
| Soho House New York LLC | USA | 99.1%* | Leisure |
| Soho House Beach House LLC | USA | 99.1%* | Leisure |
| Soho House New York Inc | USA | 99.1%* | Non trading |
| Soho House West Hollywood LLC | USA | 99.1%* | Leisure |
| Ryder Properties LLC | USA | 99.1%* | Leisure |
| Soho Ryder Acquisition LLC | USA | 99.1%* | Holding company |
| Soho House Berlin GmbH | Germany | 100%* | Leisure |

*denotes indirect holding by the company

For all undertakings listed above, the country of operation is the same as the country of incorporation or registration.

12 Stocks

| | Group 2009 £ | Group 2008 £ | Company 2009 £ | Company 2008 £ |
|-------------------------------------|--------------------|--------------------|----------------------|----------------------|
| Raw materials | - | 228,646 | - | - |
| Finished goods and goods for resale | 646,551 | 153,402 | - | - |
| Consumables | 1,826,415 | 1,350,258 | - | - |
| | 2,472,966 | 1,732,306 | - | - |

There is no material difference between the replacement cost of stocks and the amounts stated above.

SHG Acquisition (UK) Limited

Notes forming part of the financial statements
for the 52 weeks ended 29 March 2009 (Continued)

13 Debtors

| | Group 2009 £ | Group 2008 £ | Company 2009 £ | Company 2008 £ |
|---|--------------------|--------------------|----------------------|----------------------|
| Amounts receivable within one year | | | | |
| Trade debtors | 1,683,282 | 1,760,287 | 22 | 22 |
| Amounts due from parent company | 20,030 | 20,030 | 20,030 | 20,030 |
| Amounts due from subsidiary undertakings | - | - | 7,137,032 | 10,746,314 |
| Other debtors | 293,515 | 1,897,238 | - | - |
| Prepayments and accrued income | 1,480,220 | 1,556,102 | - | - |
| Corporation tax debtor | - | 64,509 | - | - |
| Other taxes and social security costs | - | 120,641 | - | 87,318 |
| | 3,477,047 | 5,418,807 | 7,157,084 | 10,853,684 |
| Amounts receivable after more than one year | | | | |
| Other debtors | 2,062,318 | - | - | - |
| Other debtors relate to rent deposits. | | | | |

14 Creditors: amounts falling due within one year

| | Group 2009 £ | Group 2008 £ | Company 2009 £ | Company 2008 £ |
|---------------------------------------|--------------------|--------------------|----------------------|----------------------|
| Bank overdrafts | 2,529,014 | 856,944 | 782 | - |
| Trade creditors | 4,608,802 | 3,615,013 | - | - |
| Amounts owed to subsidiary companies | - | - | 598,855 | 421,456 |
| Other taxes and social security costs | 1,352,033 | 1,930,993 | - | - |
| Other creditors | 999,578 | 552,142 | - | - |
| Accruals and deferred income | 6,161,124 | 5,888,275 | 441,516 | 1,055,620 |
| | 15,650,551 | 12,843,367 | 1,041,153 | 1,477,076 |

15 Creditors: amounts falling due after more than one year

| | Group 2009 £ | Group 2008 £ | Company 2009 £ | Company 2008 £ |
|------------------------|--------------------|--------------------|----------------------|----------------------|
| Bank loans | 103,708,720 | 79,416,787 | 77,206,750 | 77,130,249 |
| Shareholder loan notes | 30,000,000 | 30,000,000 | 30,000,000 | 30,000,000 |
| | 133,708,720 | 109,416,787 | 107,206,750 | 107,130,249 |

SHG Acquisition (UK) Limited

Notes forming part of the financial statements
for the 52 weeks ended 29 March 2009 (Continued)

15 Creditors: amounts falling due after more than one year (Continued)

Analysis of repayments

| | Bank loans and overdrafts 2009 £ | Shareholder loan notes 2009 £ | Total 2009 £ | Bank loans and overdrafts 2008 £ | Shareholder loan notes 2008 £ | Total 2008 £ |
|---|--|---|--------------------|--|---|--------------------|
| Within one year | 2,529,014 | - | 2,529,014 | 856,944 | - | 856,944 |
| In more than one year but not more than two years | - | - | - | - | - | - |
| In more than two years but not more than five years | 103,708,720 | - | 103,708,720 | 79,416,787 | - | 79,416,787 |
| In more than five years | - | 30,000,000 | 30,000,000 | - | 30,000,000 | 30,000,000 |
| | 106,237,734 | 30,000,000 | 136,237,734 | 79,416,787 | 30,000,000 | 109,416,787 |

The bank loan is secured by a fixed and floating charge over the properties and the assets of the group. The bank loan bears an interest rate of LIBOR + 1%.

The shareholder loan notes relate to subordinated loan notes repayable in 2028 which are non-interest bearing and unsecured.

16 Provision for liabilities and charges

| | 2009 £ | 2008 £ |
|--|----------------|------------------|
| <i>Deferred taxation</i> | | |
| At 31 March 2008 | 1,302,237 | - |
| Provision at acquisition | - | 1,459,178 |
| Origination and reversal of timing differences | (411,880) | (156,941) |
| Adjustment in respect of prior periods | (543,820) | - |
| At 29 March 2009 | 346,537 | 1,302,237 |
| The deferred tax provision is comprised of: | | |
| Accelerated capital allowances | 346,537 | 1,302,237 |

The deferred tax movement is partly attributable to the phasing out of hotels building allowances.

SHG Acquisition (UK) Limited

Notes forming part of the financial statements
for the 52 weeks ended 29 March 2009 (Continued)

17 Share capital

| | 2009 £ | 2008 £ |
|---|-----------|-----------|
| <i>Authorised</i> | | |
| 1,000 ordinary shares of £1 each | 1,000 | 1,000 |
| <i>Allotted, called up and fully paid</i> | | |
| 1 ordinary share of £1 each | 1 | 1 |

18 Reconciliation of movement in shareholders' deficit

| | Group 2009 £ | Group 2008 £ | Company 2009 £ | Company 2008 £ |
|--|--------------------|--------------------|----------------------|----------------------|
| Opening shareholders' deficit | (3,469,040) | - | (1,068,120) | - |
| Loss for the period | (5,023,013) | (3,494,593) | (3,384,976) | (1,068,121) |
| Issue of shares | - | 1 | - | 1 |
| Gain on exchange translation differences on consolidation | 4,106,961 | 25,552 | - | - |
| Closing shareholders' deficit | (4,385,092) | (3,469,040) | (4,453,096) | (1,068,120) |

SHG Acquisition (UK) Limited

Notes forming part of the financial statements
for the 52 weeks ended 29 March 2009 (Continued)

19 Acquisitions

a) Acquisition of Ryder Properties LLC

On 7 November 2008 the group acquired the entire issued share capital of Ryder Properties LLC for consideration of £9,119,617 which was settled in cash.

In calculating the goodwill arising on acquisition, the fair value of the consolidated net assets of Ryder Properties LLC have been provisionally assessed and adjustments from book value have been made where necessary. These adjustments are summarised in the following table:

| | Book value £ | Revaluation of fixed assets £ | Provisional fair value £ |
|---------------------------------|------------------|--|--------------------------------|
| Fixed assets | | | |
| Freehold property | 3,147,734 | 5,971,883 | 9,119,617 |
| | <u>3,147,734</u> | <u>5,971,883</u> | <u>9,119,617</u> |
| Net assets | 3,147,734 | 5,971,883 | 9,119,617 |
| | <u>3,147,734</u> | <u>5,971,883</u> | <u>9,119,617</u> |
| | | | £ |
| Fair value of consideration | | | 9,119,617 |
| Net assets acquired | | | 9,119,617 |
| | | | <u>9,119,617</u> |
| Goodwill arising on acquisition | | | - |
| | | | <u>-</u> |

The revaluation of fixed assets relates to the assessed fair value of the freehold land and buildings.

- b) In July 2008 and March 2009 the group purchased 0.167% (a total purchase of 0.334%) of the share capital of Soho House LLC from the remaining investors for collective consideration of \$130,000 (£90,935). The entire purchase consideration has been treated as goodwill on the basis that 0.334% of the net assets of the group acquired approximated to \$Nil.

20 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

| | 2009 Land and buildings £ | 2008 Land and buildings £ |
|--------------------------------|------------------------------------|------------------------------------|
| Operating leases which expire: | | |
| Within one year | - | 60,000 |
| In one to five years | - | - |
| Over five years | 4,604,677 | 2,668,505 |
| | <u>4,604,677</u> | <u>2,728,505</u> |
| | 4,604,677 | 2,728,505 |

SHG Acquisition (UK) Limited

Notes forming part of the financial statements
for the 52 weeks ended 29 March 2009 (Continued)

21 Capital commitments

| | Group 2009 £ | Group 2008 £ | Company 2009 £ | Company 2008 £ |
|---|--------------------|--------------------|----------------------|----------------------|
| Capital expenditure contracted for but not provided | 15,300,000 | 1,992,232 | - | - |

22 Reconciliation of operating profit to net cash inflow from operating activities

| | 2009 £ | 2008 £ |
|---|-------------|-------------|
| Operating loss | (1,343,303) | (2,183,064) |
| Amortisation of intangible fixed assets | 3,149,391 | 654,471 |
| Depreciation of tangible fixed assets | 4,867,878 | 876,834 |
| (Increase)/decrease in stocks | (679,345) | 152,203 |
| Decrease/(increase) in debtors | 179,442 | (288,734) |
| Increase in creditors | 1,648,291 | 1,770,885 |
| Exchange adjustments | - | 25,552 |
| Loss on disposal of fixed assets | 84,102 | - |
| Net cash inflow from operating activities | 7,906,456 | 1,008,147 |

23 Reconciliation of net cash flow to movement in net debt

| | 2009 £ | 2008 £ |
|--|-------------|-------------|
| Increase in cash | 1,687,813 | 18,119 |
| Cash inflow from changes in debt | 19,401,904 | 94,760,574 |
| | 21,089,717 | 94,778,693 |
| Non cash changes in net debt (note 24) | 4,890,029 | - |
| Movement in net debt | 25,979,746 | 94,778,693 |
| Opening net debt | 109,398,668 | - |
| Net debt on acquisition | - | 14,619,975 |
| Closing net debt | 135,378,414 | 109,398,668 |

SHG Acquisition (UK) Limited

Notes forming part of the financial statements
for the 52 weeks ended 29 March 2009 *(Continued)*

24 Analysis of net debt

| | At 30 March 2008 £ | Other non cash changes £ | Other cash flow £ | At 29 March 2009 £ |
|---|-----------------------------|-----------------------------------|-------------------------|-----------------------------|
| Cash at bank and in hand | 875,063 | - | (15,743) | 859,320 |
| Bank overdraft | (856,944) | - | (1,672,070) | (2,529,014) |
| | <u>18,119</u> | <u>-</u> | <u>(1,687,813)</u> | <u>(1,669,694)</u> |
| Bank loans due within one year | - | - | - | - |
| Bank loans due after more than one year | (79,416,787) | (4,890,029) | (19,401,904) | (103,708,720) |
| Shareholder loan notes | (30,000,000) | - | - | (30,000,000) |
| | <u>(109,398,668)</u> | <u>(4,890,029)</u> | <u>(21,089,717)</u> | <u>(135,378,414)</u> |
| Total | (109,398,668) | (4,890,029) | (21,089,717) | (135,378,414) |

Other non cash changes predominantly relate to capital expenditure which was paid directly from a capital facility available to the group.

25 Ultimate controlling parties and related parties

The intermediate and ultimate holding company of SHG Acquisition UK Limited at 29 March 2009 was Abertarff Limited, a Jersey registered company.

At 29 March 2009, the ultimate controlling party was R A Caring as he had significant influence over the control of the group.

As at 29 March 2009 an amount of £20,030 (2008 - £20,030) was owed by Abertarff Limited to SHG Acquisition UK Limited.

Shareholder loan notes are held by two of the directors of the company, R A Caring and N K A Jones who hold £24,000,000 and £2,675,000 respectively. K Young, the wife of N K A Jones, holds loan notes of £3,325,000. These subordinated loan notes are non interest bearing and unsecured and repayable in 2028.