Selene Midco Limited

Reports and financial statements

Year ended 31 December 2019

Registered number: 10998873

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Directors and other information

Directors	Fady Bakhos Liam Cunningham
Registered office	27 Knightsbridge London United Kingdom SW1X 7LY
Auditor	Ernst & Young LLP 1 More London Place London SE1 2AF
Bankers	Barclays Bank 1 Churchill Place London E14 5HP Allied Irish Bank (GB) City Office 9 - 10 Angel Court London EC2R 7AB
Solicitors	MacFarlanes LLP 20 Cursitor Street London EC4A 1LT
Registered number	10998873

Selene Midco Limited

Strategic report

The directors present their Strategic report for the year ended 31 December 2019.

Activities

The principal activity of the Group headed by Selene Midco Limited ('the Group') is the ownership and management of five-star luxury hotels and restaurants in Central London, namely the Connaught and the Berkeley.

Management Company

Maybourne Hotels Limited ('Maybourne') continues to provide the Berkeley Hotel, the Connaught Hotel, as well as Claridge's Hotel Limited, a former sister company, with an operating platform that supports the hotels in key functions by realising synergies in the areas of reservations, revenue management, sales and marketing. Maybourne management is also responsible for brand building, capital investment planning, as well as finance, purchasing, human resources and IT strategy supporting the hotels. This functionality plays an important role in the overall performance of the hotels and the creation of long-term competitive advantage in the face of strong competition.

The Connaught Hotel

The Connaught continues to establish its position as one of the leading and best performing hotels in the capital. After celebrating 10 years since its major redevelopment, two Michelin star restaurant Helene Darroze underwent a redesign by Pierre Yovanovitch including the introduction of a new Chefs table and Armagnac Room. During summer 2019, Helene Darroze and her team took up culinary residency in Provence at Chateau La Coste. It was also announced in 2019 that the legendary Connaught Grill would be making a return in 2020 after 25 years, designed by Mira Nakashima under the direction of Jean-Georges Vongerichten. It subsequently reopened in January 2020. The hotel appointed a new General Manager, Sandeep Bhalla and the Connaught Christmas Tree 2019 created by distinguished Irish artist Sean Scully attracted widespread acclaim.

The Berkeley Hotel

The Berkeley continues to evolve, defined by its contemporary design aesthetic and its innovative spirit. Its rooms and suites designed by John Heah and Andre Fu continue to garner international praise and acclaim. Two creative projects at The Berkeley drove high revenues and high exposure for the hotel, the rooftop garden with a Dolce Vita Italian theme, and the exclusive Dior Pret a Portea afternoon tea offering in collaboration with the Dior exhibition at the V&A. The arrival of the stunning new Berkeley Bar with outside terrace by Irish designer Bryan O'Sullivan also meant the hotel created headlines, and along with the new Meta Menu from The Blue Bar (voted Drinks List of the Year 2019) ensured The Berkeley positioned itself as a regular haunt for the London local community and well as hotel guests. 2019 ended with the highly anticipated arrival of the 'Snowfall' Christmas light installation by Rogers, Stirk Harbour.

33-39 Knightsbridge

At 33-39 Knightsbridge ('Goldrange') the Group is currently in the process of constructing a new contemporary hotel, an icon to add to their renowned heritage portfolio. This property will offer guests the opportunity to discover a redefined standard of luxury, creating an exclusive and world-class hub of art and culture, and introduce a new architectural landmark to London.

Business review in 2019

The Group delivered robust results in the year ended 31 December 2019, despite the softening impact of the ongoing development work resulting in reduced room stock. The Group's robust performance was enhanced by:

a) another year of well co-ordinated execution of a broad range of management initiatives dealing with operations improvements and a comprehensive set of programs launched locally and internationally, ranging from marketing and branding, to recruitment and purchasing, as well as the focus on developing the Maybourne brand in the UK and Internationally as an additional platform for doing business; and

b) working hard to stay relevant in the face of new and renovated competitor hotels through the intelligent deployment of capex, experienced and expert management, technology and talent.

The Group's centralised services platform and group operational synergies are a major point of strength and differentiation amongst its competitors, playing a key role in sustaining industry leading performance notwithstanding the significant increase in London's luxury supply of hotel rooms in recent years.

The key performance indicators for the Group are highlighted in the below table:

	2019	2018
Turnover £ million	**107.9**	107.6
Operating profit £ million	**13.5**	21.1
(Loss)/profit before tax £million	**(2.1)**	25.6
Adjusted profit before tax £ million*	**2.3**	6.0
RevPAR growth %	**6.2**	15.0
Occupancy %	**82.0**	80.6
Average room rate ('ADR') growth %	**8.1**	11.8
Gross profit %	**60.0**	62.1

*The ongoing development works in both hotels adversely affected the operating profit and profit before tax results of the Group in the current year, with 6,385 (5.8%) less room nights available year on year, including high yielding rooms and suites. In addition, the Group recognised £4.4m loss on disposal of fixed assets (2018: £1.1m) relating to areas of the hotels which were fully refurbished. These include the 44 inner court yard rooms completed this year at The Berkeley, as well as the renovation/expansion of the food and beverage offering at The Connaught, including the opening of new restaurant The Grill and the full refurbishment/redesign of the Helene Darroze restaurant. Group management estimate the room displacement led to a circa £3m reduction in profit.

	2019 **£'000**	2018 £'000
(Loss)/profit before tax as per Consolidated income statement	**(2,156)**	25,593
Less reversal of prior year impairment	**-**	(20,720)
Loss on disposal of fixed assets	**4,435**	1,145
Adjusted Profit before tax	**2,279**	6,018

Selene Midco Limited

Strategic report *(continued)*

Business review *(continued)*

Individual property major KPIs for the full year 2019 and 2018 are presented below:

	RevPAR growth		Average daily rate growth		Total revenue growth	
	2019	2018	2019	2018	2019	2018
Connaught	8.4%	10.6%	10.5%	10%	4.4%	11.9%
Berkeley	3.9%	18.6%	5.3%	13.5%	(4.2%)	17.1%

Softer performance of The Connaught Hotel is linked to renovation works to Aman Spa and Helene Darroze restaurant this year, with their closure for part of the year. The Berkeley's increased RevPAR year on year was insufficient to offset the impact of reduced room stock, resulting in room revenue decline of 4.2% year on year.

The Group continues to benefit from a diverse geographic client base, targeting premium leisure and corporate guests from international markets. This is a critical component of the Group's long-term growth plan to balance risk, especially the one posed by COVID-19. During 2019, the Group continued to work closely with its New York office placing emphasis on more mature markets which has proven to be a successful strategy. Incremental investment in the Group's new websites has also contributed to the growth from this efficient distribution channel.

COVID-19

The directors consider that in the short term, the biggest financial risk facing the Group is the one posed by the rapid outbreak of COVID-19 in February 2020, which was subsequently categorised as an international pandemic by the World Health Organisation on 11 March 2020. Measures taken by various governments worldwide, including the UK government, to contain the spread of the virus have severely affected the performance of the hotels from March 2020 to date, leading to the unprecedented decision to close the hotels on 24 March 2020. Group management has got every confidence that the travel and leisure market will bounce back once a credible solution to the COVID-19 pandemic is available in the form of medication and vaccine. We estimate this to be not earlier than Q1 2021. In the interim, the directors and management of the Group are working very closely with third parties and ownership to secure sufficient liquidity to meets its obligations, maximising the available support from the UK government and renegotiating contractual arrangements. The directors are confident such liquidity is secured, predominantly through continued financial support from the Group's ultimate beneficial owner, His Excellency Sheikh Hamad Bin Jassim Bin Jaber Al Thani.

The Berkeley and The Connaught stepped up and helped support the London community during the COVID-19 pandemic, manned by its volunteer staff. The Connaught supported the homeless community, supplying 500 daily meals to two charities, namely St Patricks Church Soho and The Passage in Victoria. The Berkeley created a 999 Drive Thru meal service for London Emergency Services, serving 400 daily lunches as well as hotel meals to sheltered accommodation for the elderly. A number of staff also volunteered at The Claridge's which was offering a welcome refuge to up to 40 NHS workers every night, as well as making over 500 meals daily in the kitchens for NHS staff and community centres.

Principal risks and uncertainties

The directors consider that the following are the principal risk factors that could materially and adversely affect the Group's future operating profits or financial position.

- General economic risk – the Group is exposed to general economic risk, including changes in the economic outlook in the London five-star luxury hotel and leisure industry. Most importantly, in the short term there is an economic risk related to COVID-19, a global pandemic, which resulted in the closure of The Berkeley and The Connaught hotels on 24 March 2020. The Group is also exposed to government changes in industrial, fiscal, monetary or regulatory policies. The impact of general economic risk is mitigated to some extent by the high net worth of the Group's customer base, however, the current environment has restricted the ability of high net worth individuals to visit the hotels.

- Liquidity risk - the Group secured a new 10 year loan on 1 April 2020, which replaced the Murabaha facility and matures on 5 February 2030. The refinancing resulted in a £41m reduction in the Group's debt and was agreed at a competitive all-in annual interest rate of 2.7% and with the Company's intermediate parent company, Constellation Hotels Holding Ltd S.C.A's guarantee in place. The Group is assured of the continued financial support of its ultimate beneficial owner during the current COVID-19 pandemic and following the closure of the hotels and for a period of at least 12 months from the date of approval of the financial statements. In addition, the Group has performed a diligent review of all its contractual commitments, reduced its non-essential expenditure and utilised UK government assistance programs. Management forecasts a gradual return of operating profits and cash inflows in Q3 and Q4 of 2020, with a more optimistic outlook in 2021.

- Reputation risk – related to the hotels' brand in the marketplace and on social media, health and safety and customer loyalty. The risk is mitigated by the Group via various measures to provide a bespoke customer service, adhering to all health and safety regulations, including those around COVID-19 pandemic, acting within the scope of Modern Slavery Act 2015, money laundering and anti-bribery regulations.

Section 172(1) statement

Information required under s172(1) of the Companies Act 2006 which is not documented below is shown within the 'Business review' and 'Principal risks and uncertainties' sections of the Strategic Report.

The directors have acted in a way that they consider to be most likely to promote the success of the Group for the benefits of all stakeholders; fostering high standards, good governance, an appropriate code of conduct and the need to act fairly for all members of the Group. The directors consider that the Group's key stakeholders are its clients, owners, employees, suppliers and the local community. It is considered vital that strong relationships are built with key stakeholders, which are both meaningful and mutually beneficial. Appropriate due diligence is done before entering into new relationships with any key supplier to ensure the propriety of business operations, including considerations of environmental and social responsibilities.

Approved by the Board of directors and signed on behalf of the Board

Liam Cunningham
Director

18 August 2020

Selene Midco Limited

Directors' report

Directors and their interests

The Directors of Selene Midco Limited ('the Company') who held office during the period were as follows:

Fady Bakhos
Liam Cunningham

Details of Directors' interests are set out in note 22.

Directors' liabilities

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of approving the Directors' report.

Dividends

During the period no dividends were paid or proposed.

Future developments

The Group will continue to have a strong focus on enhancing, investing in and further developing its iconic hotels through the ongoing development works at The Berkeley Hotel and 33-39 Knightsbridge, as well as the expansion of its food and beverage offering at The Connaught Hotel. The commitment has not changed despite the adverse impact of COVID-19 on operating cash inflows, with this investment continuing to be funded by the ultimate beneficial owner and the ultimate parent company.

The Group is embarking on opening its third hotel on the site at 33-39 Knightsbridge, with state-of-the-art rooms, suites and facilities, and where Maybourne will continue its tradition of innovation, creativity and uniqueness with this exciting development.

During 2020, Group management will focus on managing the welfare of its staff, guests and its financial stability as a result of the widespread COVID-19 pandemic. The hotels were closed from 24 March 2020 following the lockdown and social distancing guidelines set by the UK government. The Berkeley and The Connaught hotels have subsequently reopened on 4 July 2020 and 14 July 2020 respectively, with Group management projecting a gradual return to more normalised levels of business and estimating this to be not earlier than Q1 2021. Group management recognises the inevitable negative impact the outbreak of COVID-19 will have on the London 5-star luxury hospitality industry and has taken necessary steps to minimise liquidity risk by utilising the support offered by the UK government and managing its discretionary cost base.

A true testament to the strength of the hotels, of their management and ownership is the fact that, despite the challenging environment caused by the outbreak of COVID-19, the Group was able to secure new long-term financing on 1 April 2020. As part of this refinancing, the Group reduced its debt by £41m and secured a competitive all-in annual interest rate of 2.7% for the next ten years, maturing on 5 February 2030.

The potentially adverse impact of The United Kingdom leaving the European Union and the continued pressure of the increase in the supply of luxury accommodation in London are two other factors that we continually monitor and strategize. Management believes it has the team, strategies and initiatives in place to defend and build on its position effectively.

The directors believe that the worldwide economic and geopolitical events will continue to affect the Group's hotels trading conditions, but that the hotels are well placed to either address those risks or leverage the opportunities accordingly.

Future developments *(continued)*

The Group's projections for 2020 show significant performance decline year on year related to COVID-19, however we have forecast that 2021 will see a gradual return of operating profits and cash inflows.

Business relationships

In accordance with the Companies (Miscellaneous Reporting) Regulations 2018 there is a requirement to disclosure how the directors have regard to the need to foster the Group's business relationships with suppliers, customers and others. This disclosure is included in the 'Section 172(1) statement' section of the Strategic Report.

Equal opportunities and diversity

The Group is an equal opportunities employer and will continue to ensure it offers career opportunities without discrimination. Full consideration is given to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. The Company has continued the employment wherever possible of any person who becomes disabled during their employment. Opportunities for training, career development and promotion do not operate to the detriment of disabled employees.

Employee involvement

The Group operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2005. During the year, the policy of providing employees with information, including information relating to the economic and financial factors affecting the performance of the Group, has been continued through the staff quarterly meetings. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Employees participate directly in the success of the business through the Group's various incentive schemes.

Disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

Political and charitable contributions

The Group made no political or charitable contributions or donations during the period.

Selene Midco Limited

Directors' report *(continued)*

Going Concern – reliance on the ultimate beneficial owner

The Group's business activities, together with the factors likely to affect its future development, its financial position, its financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to economic, liquidity and reputation risks are described in the Strategic report on page 2 and the 'Future developments' section of the Directors' report.

The Group is loss making, predominantly due to interest payable on its borrowings. As at the balance sheet date, the Group had net current liabilities of £35.7 million (2018: £6.3 million) and net assets of £426.8 million (2018: £392.7 million). The directors have assessed the prospects of the Group by assessing the cash flow and covenant forecasts of the Group, which largely comprises of those subsidiaries of the Company which are hotel owners and operators. These forecasts are prepared using base case and downside assumptions, including planned opening dates, potential revenue recovery profiles, cost estimates and real estate values as relevant to loan-to-value ratio covenants.

As discussed above, since the closure of the hotels, the Group continues to invest in the development of The Connaught, The Berkeley and the adjacent building at 33-39 Knightsbridge. This investment continues to be funded by the ultimate beneficial owner and intermediate parent company as there is confidence in the long-term return on investment and viability of the business.

The projections for 2020 and 2021 show that the Group is dependent on the support provided by the ultimate beneficial owner for operating and capital expenditure obligations. In addition, the Group will require support for the servicing of debt. The Group has secured a covenant waiver with the lender until August 2021 in relation to the Debt to EBITDA covenant.

A letter of financial support has been provided by the Group's ultimate beneficial owner, His Excellency Sheikh Hamad Bin Jassim Bin Jaber Al Thani, pledging to support the Group should this be required for a period of at least 12 months from the date of the signing of the financial statements.

The directors have made enquiries to satisfy themselves that the ultimate beneficial owner has sufficient liquid resources available to provide the financial support required by the Group. Based on the results of the assessment described above, the directors have concluded that it remains appropriate to prepare the annual report and accounts on a going concern basis.

Directors' report *(continued)*

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and Ernst & Young LLP will therefore continue in office.

These financial statements were approved by the Board of directors on.

Signed on behalf of the Board of directors

Liam Cunningham
Director

18 August 2020

Selene Midco Limited

Statement of directors' responsibilities

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

Company law requires the directors to prepare Group and Parent company financial statements for each financial year. Under that law the directors' have elected to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

Under company law the directors must not approve the Group and Parent company financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent company and of their profit or loss for that period. In preparing each of the Group and Parent company 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;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- for the Parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board and signed on its behalf by

Liam Cunningham
Director

18 August 2020

Independent auditor's report to the members of Selene Midco Limited

Opinion

We have audited the financial statements of Selene Midco Limited ('the parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2019 which comprise the Consolidated Income Statement, Consolidated Statement of Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Statement of Financial Position and Company Statement of Changes in Equity and the related notes 1 to 25, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 31 December 2019 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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 below. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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.

Emphasis of matter – disclosure of effects of COVID-19

We draw attention to Notes 2 and 23 of the financial statements, which describes the financial disruption the Group is facing as a result of COVID-19 in the post balance sheet event period and the letter of support provided by the ultimate beneficial owner that will be relied upon by the Group to settle operating and capital expenditure obligations throughout the forecast period. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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 group's or the parent 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.

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Ernst & Young LLP

Rebecca Turner (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
1 More London Place
London
SE1 2AF

18 August 2020

Selene Midco Limited

Consolidated income statement
for the period ended 31 December 2019

	Note	2019 £'000	2018 £'000
Continuing operations			
Revenue	3	**107,535**	107,644
Cost of sales		**(43,162)**	(40,830)
Gross profit		**64,373**	66,814
Administrative expenses		**(35,355)**	(34,575)
Loss on disposal of fixed assets		**(4,435)**	(1,145)
Depreciation and amortisation	10,11,13	**(11,064)**	(9,979)
Operating profit	5	**13,519**	21,115
Revaluation surplus/(deficit)	6, 10	**-**	20,720
Finance costs	7	**(15,843)**	(16,248)
Finance income		**168**	6
(Loss)/profit before tax		**(2,156)**	25,593
Income tax credit/(charge) for the period	8	**515**	(3,342)
(Loss)/profit for the period		**(1,641)**	22,251

The accompanying notes are an integral part of these financial statements.

Selene Midco Limited

Consolidated statement of other comprehensive income
for the period ended 31 December 2019

	Note	2019 £'000	2018 £'000
(Loss)/profit for the period		**(1,641)**	22,251
Items that will not be reclassified to profit or loss:			
Revaluation of property, plant and equipment	*10*	**43,567**	4,940
Tax on revaluation of property, plant and equipment	*8*	**(7,208)**	(2,886)
Remeasurements of defined benefit liability	*21*	**(654)**	611
Tax on remeasurements of defined benefit liability	*8*	**111**	(104)
Other comprehensive income, net of tax		**35,816**	2,561
Total comprehensive income for the period		**34,175**	24,812

The accompanying notes are an integral part of these financial statements.

Selene Midco Limited

Consolidated statement of financial position
as at 31 December 2019

	Note	2019 £'000	2018 £'000
Assets			
Property, plant and equipment	*10*	**886,186**	822,200
Intangible assets	*11*	**1,800**	2,250
Goodwill	*12*	**45,989**	45,989
Right of use assets	*13*	**21,508**	-
Finance lease assets	*13*	**4,878**	-
Deferred tax	*8*	**1,202**	1,360
Total non-current assets		**961,563**	871,799
Trade and other receivables	*15*	**20,887**	18,432
Inventories	*14*	**4,498**	3,879
Cash and cash equivalents		**8,892**	14,274
Total current assets		**34,277**	36,585
Total assets		**995,840**	908,384
Equity			
Share capital	*18*	**279,806**	279,806
Pooling reserve	*18*	**(59,287)**	(59,287)
Retained earnings		**111,987**	114,171
Revaluation reserve		**94,334**	57,975
Total equity		**426,840**	392,665
Liabilities			
Loans and borrowings	*17*	**374,964**	380,688
Lease liabilities	*13*	**25,338**	-
Employee benefits	*21*	**144**	892
Deferred tax	*8*	**98,614**	91,237
Total non-current liabilities		**499,060**	472,817
Loans and borrowings	*17*	**8,184**	8,221
Lease liabilities	*13*	**1,481**	-
Trade and other payables	*16*	**60,275**	34,681
Total current liabilities		**69,940**	42,902
Total liabilities		**569,000**	515,719
Total equity and liabilities		**995,840**	908,384

The accompanying notes are an integral part of these financial statements.

On behalf of the board

Liam Cunningham
Director

18 August 2020

Selene Midco Limited

Consolidated statement of changes in equity
for the period ended 31 December 2019

	Share capital £'000	Pooling reserves £'000	Retained earnings £'000	Revaluation reserve £'000	Total £'000
At 31 December 2017	-	(59,287)	91,413	55,921	**88,047**
Profit for the year	-	-	22,251	-	**22,251**
Other comprehensive income	-	-	507	2,054	**2,561**
Total comprehensive income	-	-	22,758	2,054	**24,812**
Issue of share capital (note 18)	279,806	-	-	-	**279,806**
At 31 December 2018	279,806	(59,287)	114,171	57,975	**392,665**
Loss for the year	-	-	(1,641)	-	**(1,641)**
Other comprehensive income	-	-	(543)	36,359	**35,816**
Total comprehensive income	-	-	(2,184)	36,359	**34,175**
At 31 December 2019	**279,806**	**(59,287)**	**111,987**	**94,334**	**426,840**

The accompanying notes are an integral part of these financial statements.

Selene Midco Limited

Consolidated statement of cash flows
for the period ended 31 December 2019

	Note	**31 December 2019 £'000**	31 December 2018 £'000
Cash flows from operating activities			
(Loss)/profit for the financial year		**(1,641)**	22,251
Adjustments for:			
Depreciation of property, plant and equipment	*10*	**9,656**	9,529
Depreciation of right-of-use-assets	*13*	**958**	-
Amortisation of intangible assets	*11*	**450**	450
Revaluation (gains)/losses	*10*	**-**	(20,720)
Loss on disposal of property, plant and equipment	*10*	**4,435**	1,145
Finance income		**(168)**	(6)
Finance costs	*7*	**15,843**	16,248
Retirement benefit obligations	*22*	**(1,403)**	(1,074)
Tax (credit)/charge	*8*	**(515)**	3,342
		27,615	31,165
(Decrease)/increase in net working capital		**1,912**	309
Tax paid	*8*	**(3,115)**	-
Net cash from operating activities		**26,412**	31,474
Cash flow from investing activities			
Purchase of property plant and equipment	*10*	**(34,589)**	(20,514)
Finance income		**10**	6
Net cash used in investing activities		**(34,579)**	(20,508)
Cash flows from financing activities			
Financing costs	*7*	**(14,834)**	(14,011)
Repayment of bank loans	*17*	**(5,777)**	(5,777)
Receipt of funds from parent company	*22*	**24,221**	16,990
Repayment of principal portion of lease liabilities		**(825)**	-
Net cash from financing activities		**2,785**	(2,798)
Net (decrease)/increase in cash and cash equivalents		**(5,382)**	8,168
Cash and cash equivalents at 1 January		**14,274**	6,106
Cash and cash equivalents at 31 December		**8,892**	14,274

The accompanying notes are an integral part of these financial statements.

Selene Midco Limited

Company statement of financial position
as at 31 December 2019

	Note	31 December 2019 £'000	31 December 2018 £'000
Fixed assets			
Investments	*25*	**455,050**	455,050
Creditors: amounts falling due within one year		**(58,448)**	(58,448)
Total assets less current liabilities		**396,602**	396,602
Net assets		**396,602**	396,602
Capital and reserves			
Called up share capital	*18*	**279,806**	279,806
Retained earnings	*18*	**116,796**	116,796
Shareholders' funds		**396,602**	396,602

As permitted by section 408(3) of the Companies Act 2006, the Company has elected not to present its own income statement for the year. Profit for the period ended 31 December 2019 was £nil (2018: £Nil).

The accompanying notes are an integral part of these financial statements.

On behalf of the board

Liam Cunningham
Director

18 August 2020

Selene Midco Limited

Company statement of changes in equity
for the year period 31 December 2019

	Share capital £'000	Retained earnings £'000	Total £'000
At 31 December 2017	-	116,796	**116,796**
Comprehensive income			
Profit for the period	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income	-	-	-
Issue of share capital (note 18)	279,806	-	**279,806**
At 31 December 2018	279,806	116,796	**396,602**
Comprehensive income			
Profit for the period	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income	-	-	-
At 31 December 2019	**279,806**	**116,796**	**396,602**

Selene Midco Limited

Notes

1 Reporting entity

Selene Midco Limited ("the Company") is a private company incorporated and domiciled in the United Kingdom. The Company's registered office is 27 Knightsbridge, London, SW1X 7LY. The consolidated financial statements of the Company comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

2 Basis of preparation and significant accounting policies

Statement of compliance and basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS').

The consolidated financial statements represent the year ended 31 December 2019.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- property, plant and equipment are measured at fair value; and
- the defined benefit liability is recognised as the net total of the plan assets and the present value of the defined benefit obligation.

Functional currency and rounding

These consolidated financial statements are presented in Sterling, being the functional currency of the Company. All financial information presented in Sterling has been rounded to the nearest thousand, except where otherwise stated.

Use of estimates and judgements

In preparing these financial statements management has made judgements, estimates and assumptions that affect application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Such estimates and judgements are based on historical experience and other factors, including expectation of future events that are believed to be reasonable. Actual outcomes may differ from these estimates.

The key accounting judgements and estimates in these financial statements include:

- fair value of property, plant & equipment (note 10);
- carrying amount of goodwill and intangible assets (note 11);
- discount rate used to determine the IFRS 16 lease liabilities (note 13); and
- valuation of the defined benefit pension obligation (note 21).

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The valuation technique used to derive the Goldrange property is gross development value of combined value of Berkeley site less the valuation of The Berkeley Hotel. The special purchaser assumption is that the asset can only be operated in conjunction with the Berkeley Hotel under the current planning permission which includes the value attributed to current extension plans.

2 Significant accounting policies *(continued)*

Going concern – reliance on the ultimate beneficial owner

The Group's business activities, together with the factors likely to affect its future development, its financial position, its financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to economic, liquidity and reputation risks are described in the Strategic report on page 2 and the 'Future developments' section of the Directors' report. As set out in Note 23, the Group has been impacted by the UK government restrictions resulting from COVID-19, including the closure of The Berkeley and The Connaught hotels with effect from 24 March 2020 to 4 July 2020 and 14 July 2020 respectively. The Group has historically been reliant on the cash inflows generated from hotel operations to meet its debt servicing requirements and associated covenants.

The Group is loss making, predominantly due to interest payable on its borrowings. As at the balance sheet date, the Group had net current liabilities of £35.7 million (2018: £6.3 million) and net assets of £426.8 million (2018: £392.7 million). The directors have assessed the prospects of the Group by assessing the cash flow and covenant forecasts of the Group, which largely comprises of those subsidiaries of the Company which are hotel owners and operators. These forecasts are prepared using base case and downside assumptions, including planned opening dates, potential revenue recovery profiles, cost estimates and real estate values as relevant to loan-to-value ratio covenants.

As discussed above, since the closure of the hotels, the Group continues to invest in the development of The Connaught, The Berkeley and the adjacent building at 33-39 Knightsbridge. This investment continues to be funded by the ultimate beneficial owner and intermediate parent company as there is confidence in the long-term return on investment and viability of the business.

The projections for 2020 and 2021 show that the Group is dependent on the support provided by the ultimate beneficial owner for operating and capital expenditure obligations. In addition, the Group will require support for the servicing of debt. The Group has secured a covenant waiver with the lender until August 2021 in relation to the Debt to EBITDA covenant.

A letter of financial support has been provided by the Group's ultimate beneficial owner, His Excellency Sheikh Hamad Bin Jassim Bin Jaber Al Thani, pledging to support the Group should this be required for a period of at least 12 months from the date of the signing of the financial statements.

The directors have made enquiries to satisfy themselves that the ultimate beneficial owner has sufficient liquid resources available to provide the financial support required by the Group. Based on the results of the assessment described above, the directors have concluded that it remains appropriate to prepare the annual report and accounts on a going concern basis.

Measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

A number of the Group's accounting policies and disclosures require the measurement of fair values. When measuring the fair value of an asset or liability the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

2 Significant accounting policies *(continued)*

Measurement of fair values *(continued)*

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values is included in note 18 on Financial Instruments and Risk Management.

New and amended standards adopted by the Company

For the period beginning on 1 January 2019 the Company has adopted IFRS 16 Leases. IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

IFRS 16 "Leases"
The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Using the modified retrospective approach the company will not restate comparative information. Instead, the lessee recognises the cumulative effect of initially applying the new standard as an adjustment to equity (if applicable) at the date of initial application.

The impact of the transition resulted in the following (Note 13):

- Recognition of right of use assets of £15,086,835 as at 1 January 2019
- Recognition of lease liabilities of £15,086,835 as at 1 January 2019

No adjustment to equity was required as a result of adoption of this standard.

Exemptions
The Group has elected to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Transition Exemptions
The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment).

2 Significant accounting policies *(continued)*

New and amended standards adopted by the Company *(continued)*

Measurement of Lease Liabilities on Transition
For leases previously classified as operating leases, the lease liability at the date of initial application were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

Measurement of Right of Use Assets on Transition
For leases previously classified as operating leases, the group has elected to measure the right of use asset at an amount equal to the lease liability, resulting in a zero impact on Equity as at 1 January 2019.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Finance Lease Receivable:
Where the group enters into a sublease and became an intermediate lessor, the group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognises the net investment in the sublease as a finance lease receivable. The lease liability relating to the head lease is retained in the groups statement of financial position, which represents the lease payments owed to the head lessor. Any difference between the right-of-use asset and the net investment in the sublease is recognised in the profit or loss.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvements with the entity and has the ability to affect these returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Investments in subsidiaries are carried at cost less impairment in the financial statements of the company.

2 Significant accounting policies *(continued)*

Pooling of interests acquisition method

Where an acquisition occurs of a business that is under common control it is outside of the scope of IFRS3 *Business combinations*. IAS8 *Accounting Policies, Changes in Accounting Estimates and Errors* – requires that in the absence of specific guidance in IFRS, management shall use its judgement in developing and applying an accounting policy that is relevant and reliable. In making that judgement, in the absence of IFRS dealing with similar or related issues or guidance within the *Conceptual Framework for Financial Reporting* ('Framework'), management may also consider the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, to the extent that these do not conflict with the Framework or any other IFRS or Interpretation. On this basis the management have chosen to apply the pooling of interests method in accounting for business combinations involving entities under common control. Further detail on the application of this method is set out in note 18.

Finance income and finance costs

The Group's finance income and finance costs include:

- interest expense;
- interest income;
- the net interest income or expense arising on pension assets; and
- the net gain or loss on hedging instruments that are recognised in profit or loss.

Interest income or expenses is recognised using the effective interest method.

Revenue

Revenue represents sales (excluding VAT and similar taxes) of goods and services net of trade discounts provided in the normal course of business.

Revenue is derived from hotel operations and includes the rental of rooms, food and beverage sales, and other revenue. Room and Food and Beverage revenue is recognised when the control over good/or services is transferred to the customer, rooms are occupied and food and beverages are sold.

Property, plant and equipment

Recognition and measurement
Items of property, plant and equipment are recognised at cost on acquisition.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Property, plant and equipment are measured at fair value less accumulated depreciation on buildings and impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

2 Significant accounting policies *(continued)*

Property, plant and equipment *(continued)*

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation

Depreciation has not been charged on the freehold and leasehold properties held by the Group as the residual values of those properties exceeds the carrying values.

As a result, on an annual basis the group estimates the recoverable amount of its hotel properties based on the higher of their net realisable values or the present values of future cash flows expected to result from their use. Where the recoverable amount is less than the carrying amount of the hotel properties the group recognises an impairment loss in the profit and loss account.

No depreciation is charged on assets under the course of construction.

Other fixed assets are stated at cost less accumulated depreciation. No depreciation is charged on archive materials however as they are maintained in good condition and they are expected to have a high residual value.

Depreciation of other tangible assets is provided on a straight-line basis over the following useful lives:

Plant and machinery	between 2 and 20 years
Fixtures and fittings	between 2 and 20 years
Short leasehold land buildings	between 1 and 5 years
Structural improvements	25 years

Intangible assets

Intangible assets acquired by the Group that have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight line method over their estimated useful lives, and is recognised in the income statement.

The estimated useful life for the current and comparative year of intellectual property is 10 years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

2 Significant accounting policies *(continued)*

Goodwill

Goodwill arising on the acquisition of a business represents the excess of the acquisition cost over the fair value of the identifiable net assets when they were acquired. Goodwill is measured at cost less accumulated impairment losses.

Impairment

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed, only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Investments

Investments in subsidiaries are held at historical cost less any applicable provision for impairment.

Inventories

Inventories are valued at the lower of cost and net realisable value.

Trade and other receivables

Trade and other receivables are measured at their nominal amount less any allowance for doubtful amounts. An allowance is made when collection of the full amount is no longer considered probable.

2 Significant accounting policies *(continued)*

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less. The Group does not hold any cash equivalents, all cash is held at bank.

In the statement of cash flows cash and cash equivalents are shown net of short-term overdrafts which are repayable on demand.

Taxation

Income tax expense comprises current tax and deferred tax. It is recognised in the income statement except to the extent that it relates to items recognised in OCI or directly in equity, in which case it is recognised in OCI or directly in equity.

Current tax is the expected tax payable on the taxable income for the year using tax rates and laws that have been enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax also includes any tax arising from dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: those differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of reversal and it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognised to the extent that it is probable future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned to date, discounting that amount and deducting the fair value of any plan assets.

2 Significant accounting policies *(continued)*

***Defined contribution plans** (continued)*

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through the statement of profit or loss and other comprehensive income. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient, the company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through the statement of profit or loss and other comprehensive income, transaction costs.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised, modified or impaired.

Subsequent measurement
The company measures financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised, modified or impaired.

Notes *(continued)*

2 Significant accounting policies *(continued)*

Financial instruments *(continued)*

(i) Financial assets *(continued)*

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e., removed from the company's statement of financial position) when:
- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

Impairment of financial assets
The company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through the statement of profit or loss and other comprehensive income. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. For trade receivables and some intercompany loans, the company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through the statement of profit or loss and other comprehensive income, loans and borrowings, or payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

2 Significant accounting policies *(continued)*

Financial instruments *(continued)*

(ii) Financial liabilities *(continued)*

Subsequent measurement – loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

(iii) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.
Ordinary dividends are recognised in the period in which they are paid to shareholders.

Provisions and contingent liabilities

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of that outflow can be measured reliably. If the effect is material, provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of an outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of an outflow of economic benefits is remote.

3 Revenue

	2019	2018
	£'000	£'000
Rooms	**70,202**	69,820
Food and Beverage	**28,667**	28,154
Other	**8,666**	9,670
	107,535	107,644

All revenue arises in the United Kingdom.

Notes *(continued)*

4 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the period, analysed by category, was as follows:

	2019 No.	2018 No.
Hotel and administration	**1,162**	1,033

The aggregate payroll costs of these persons were as follows:

	2019 £'000	2018 £'000
Wages and salaries	**30,754**	28,632
Social security costs	**2,604**	2,316
Pension costs	**1,282**	1,030
	34,640	31,978

	2019 £'000	2018 £'000
Remuneration of directors		
Director emoluments	-	-
Company contribution to pension costs	-	-
	-	-

One of the directors is remunerated by third party management company Hume Street Management Consultants Limited which charged fees of £5,000,000 (2018: £5,000,000) to Maybourne Hotels Limited during the year. Maybourne Hotels Limited recharged £1,797,000 to Claridge's Hotel (a sister hotel up until the group reorganisation which took place on 12 December 2017) and £3,203,000 is borne by the Selene Midco Group for services provided to the Berkeley and Connaught hotels.

The other director does not receive any remuneration from this Group for his services provided to the Group but is remunerated by another group entity.

5 Operating profit

	2019	2018
	£'000	£'000
Operating profit is stated after charging/(crediting):		
Depreciation of property, plant and equipment	**9,656**	9,529
Depreciation of right-of-use-assets	**958**	-
Amortisation of intangible fixed assets	**450**	450
Expenses relating to short-term leases and leases of low-value assets	**80**	826
Operating sublease payments received	**-**	(142)
Foreign exchange gain	**(111)**	(141)
Auditor's remuneration		
- Audit of group, company and subsidiary financial statements	**152**	134
- Tax advisory services	**125**	110

6 Revaluation

	2019	2018
	£'000	£'000
Reversal of impairment of land and buildings	**-**	(17,270)
Reversal of impairment of plant and equipment	**-**	(3,450)
	-	(20,720)

In 2017 an impairment of £17,270,000 was recognised in relation to land adjacent to the Berkeley Hotel which is under development, following the demolition of the building on that land. This was subsequently reversed in prior year as the value of the property increased from £25,100,000, to £53,500,000.

Certain plant and equipment was also impaired last year following the valuation of property, plant and equipment by Jones Lang LaSalle carried out for 31 December 2018. This impairment of £769,000 was offset by a reversal of 2017 impairment of £4,219,000 as the value of properties increased year on year.

The recoverable amounts of the assets were calculated based on their fair value less costs to sell within the valuations performed by Jones Lang LaSalle and is considered to be a level 3 fair value measurement. Further details on the assumptions used are set out in note 10.

Selene Midco Limited

Notes *(continued)*

7 Finance costs

	2019 £'000	2018 £'000
Interest expense on bank loans and borrowings	**13,760**	15,767
Interest arising on pension liabilities	**1**	47
Interest arising on related party loan	**986**	378
Amortisation of loan issue expenses	**53**	56
Interest on lease liabilities (note 13)	**1,038**	-
Interest arising on corporation tax liability	**5**	-
	15,843	16,248

8 Income taxes

(a) Amounts recognised in income statement

	2019 £'000	2018 £'000
Current tax		
UK corporation tax charge	**336**	1,142
Adjustment in respect of previous period	**(1,290)**	(264)
Total current tax (credit)/charge	**(954)**	878
Deferred tax		
Origination and reversal of temporary differences	**269**	2,386
Origination and reversal of temporary differences – pension	**239**	174
Impact of changes in tax rates	**(69)**	(96)
Total deferred tax	**439**	2,464
Income tax (credit)/charge	**(515)**	3,342

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 17% (effective 1 April 2020) were substantively enacted on 6 September 2016 respectively. This will reduce the company's future tax charge accordingly.

8 Income taxes *(continued)*

(b) Group Reconciliations of effective tax

	2019 £'000	2018 £'000
(Loss)/profit on ordinary activities before tax	**(2,156)**	25,593
(Loss)/profit on ordinary activities before tax at the standard corporation tax rate in UK of 19.00% (2018: 19.00%)	**(410)**	4,863
Expenses not deductible for tax purposes	**856**	603
Reversal of prior year impairment	**-**	(3,937)
Transfer pricing adjustment	**-**	396
Impact of changes in tax rates	**(69)**	(96)
Effects of latent capital gains	**288**	250
Adjustment in respect of prior periods	**(1,210)**	221
Non qualifying depreciation	**-**	235
Disallowable interest in relation to corporation interest restriction	**-**	798
Other	**30**	9
Total tax (credit)/charge	**(515)**	3,342

(c) Group Movements in deferred tax balances

	31 December 2018 £'000	Recognised in profit and loss £'000	Recognised in OCI £'000	**31 December 2019 £'000**
Deferred tax asset				
Property, plant and equipment	**911**	(911)	-	**-**
Tax value of losses carried forward	**294**	(129)	-	**165**
Other temporary differences	**3**	16	-	**19**
Corporate interest restriction - allowance	**-**	994		**994**
Defined benefit pension scheme	**152**	(239)	111	**24**
Total	**1,360**	(269)	111	**1,202**

Selene Midco Limited

Notes *(continued)*

8 Income taxes *(continued)*

(c) Group Movements in deferred tax balances *(continued)*

	31 December 2018 £'000	Recognised in profit and loss £'000	Recognised in OCI £'000	**31 December 2019 £'000**
Deferred tax liabilities				
Property, plant and equipment - capital gains	**(91,237)**	(169)	(7,208)	**(98,614)**
Total	**(91,237)**	(169)	(7,208)	**(98,614)**

9 Dividends

No dividend was paid during the period (2018: £Nil).

Notes *(continued)*

10 Property, plant and equipment

Group	Freehold land and buildings £'000	Long leasehold land and buildings £'000	Structural Improvements £'000	Assets under the course of construction £'000	Fixtures fittings plant and machinery £'000	Group Total £'000
Cost						
At 31 December 2018	443,153	276,396	19,371	34,519	48,761	822,200
Additions	-	-	-	34,510	-	34,510
Transfers to completed assets	-	-	5,652	(22,362)	16,710	-
Disposals	-	(1,759)	-	-	(2,676)	(4,435)
Transfer from accumulated depreciation	-	-	(908)	-	(8,748)	(9,656)
Revaluation through OCI	27,080	16,487	-	-	-	43,567
Reclassification	-	(7,932)	-	-	7,932	-
At 31 December 2019	**470,233**	**283,192**	**24,115**	**46,667**	**61,979**	**886,186**
Depreciation						
At 31 December 2018	-	-	-	-	-	-
Charge for the period	-	-	908	-	8,748	9,656
Revaluation	-	-	(908)	-	(8,748)	(9,656)
At 31 December 2019	-	-	-	-	-	-
Net book value						
At 31 December 2019	**470,233**	**283,192**	**24,115**	**46,667**	**61,979**	**886,186**
At 31 December 2018	443,153	276,396	19,371	34,519	48,761	822,200

10 Property, plant and equipment *(continued)*

If property, plant and equipment were measured using the cost model, the carrying amounts would be as follows:

	31 December 2019 £'000	31 December 2018 £'000
Cost	879,321	849,246
Accumulated depreciation and impairment	(69,987)	(60,331)
Net book value	**809,334**	**788,915**

Description of valuation techniques used and key inputs to valuation on property plant and equipment:

Property type	Valuation technique	Significant unobservable inputs	2019	2018
Hotels	10 year discounted cash flow	Discount rate	6.50%-6.75%	6.50%-6.65%
		Terminal cap rate	3.75%-4.50%	4.25%-4.65%
		Occupancy	74%-85%	76%-89%
		ADR growth	1.5%-4.7%	2.5%
		FF&E maintenance	2.5%%-5%	4%-5%
		Capital deductions	Nil - £39,800,000	Nil - £10,000,000
Property under development	Special Purchaser, 10 year discounted cash flow and market value benchmarking	Planning	Granted 2019	Granted 2008
		Discount rate	7.25%	7.25%
		Terminal cap rate	4.25%	4.25%
		Occupancy	73.5%-85.2%	85%
		ADR growth	2.5%	2.5%
		Residential benchmarked gross price	£3,650 - £4,129 per sqft	£3,789 - £5,579 per sqft
		Capital deductions	£75,113,000	£71,000,000
		Acquisition costs	16.7%	16.7%

Property under development (Goldrange) relates to land within land and buildings and assets under the course of construction, with a special purchaser assumption that the asset can only be operated in conjunction with the Berkeley Hotel under the current planning permission.

Significant increases/(decreases) in ADR growth and occupancy in isolation would result in a significantly higher/(lower) fair value of the properties. Significant increases/(decreases) in capital deductions and discount rate (and exit yield) in isolation would result in a significantly lower/(higher) fair value. Changes in planning status may also result in a significant change in the fair value of property under development.

The valuation technique used to derive the Goldrange property is gross development value of combined value of the Berkeley site less the valuation of The Berkeley Hotel. The special purchaser assumption is that the asset can only be operated in conjunction with the Berkeley Hotel under the current planning permission which includes the value attributed to current extension plans.

Selene Midco Limited

Notes *(continued)*

11 Intangible assets

Reconciliation of carrying amount

	Intellectual property £'000 Group
Cost	
At 31 December 2018	4,500
At 31 December 2019	**4,500**
Accumulated amortisation and impairment losses	
	£'000
At 31 December 2018	2,250
Amortisation	450
At 31 December 2019	**2,700**
Net book value	
At 31 December 2018	2,250
At 31 December 2019	**1,800**

In 2013, The Berkeley Hotel Limited, then a subsidiary undertaking of Coroin Limited, purchased back certain intellectual property from Maybourne Management Services Limited, a company with common directors, for £4,500,000, being its estimated fair value. The fair value was calculated using the Royalty Relief approach which is widely considered to be the most appropriate means of determining the value of intellectual property. On 12 December 2017 Selene Holdings Limited acquired the share capital of The Berkeley Hotel Limited and together with it the intellectual property.

12 Goodwill

	31 December 2019 £'000	31 December 2018 £'000
Cost		
At beginning of the year	**45,989**	45,989
Carrying amount		
At end of the period	**45,989**	45,989

Notes *(continued)*

12 Goodwill *(continued)*

The goodwill recognised relates to the goodwill created on the purchase of the hotels as cash generating units at fair market value in 2015. The goodwill relates to the hotels only and no goodwill has been recognised on the other assets held by the Group. The Group accounts for common control acquisitions using the pooling acquisition method as outlined in IFRS 3 Business Combinations.

The recoverable amount of the cash generating units is based on the fair value, less cost of disposal estimate. Valuations were carried out by independent external valuers. The Group tests goodwill annually for impairment. At 31 December 2019, the fair value, and hence the recoverable amount was deemed to be significantly higher than the carrying amount of the Group as cash generating units. There is no reasonable, foreseeable change in assumptions that would adversely impact on the carrying value of goodwill. The directors conclude that the carrying value of goodwill is not impaired at 31 December 2019.

13 Leases

Right-of-use assets	Property £'000	Vehicles £'000	Total £'000
Balance at 1 January 2019	14,979	108	15,087
Additions during the year	7,261	119	7,380
Accumulated Depreciation	(841)	(118)	(959)
Balance at 31 December 2019	**21,399**	**109**	**21,508**

Finance Lease Receivable	31 December 2019 £'000
Relating to sub lease of Right-of-use assets	4,878

Lease Liabilities	31 December 2019 £'000
Balance at 1 January 2019	15,087
Additions during the year	12,558
Interest	1,038
Payments	(1,863)
Balance at 31 December 2019	**26,820**
Non-current	25,478
Current	1,341
Balance at 31 December 2019	**26,820**

Selene Midco Limited

Notes *(continued)*

13 Leases *(continued)*

Amounts recognised in Profit or Loss	**31 December 2019 £'000**
Interest on lease liabilities	(1,038)
Finance income from sub-let right-of-use assets	158
Depreciation of right of use assets	(958)
Expenses relating to short-term leases	(6)
Expenses relating to leases of low-value assets	(74)
Total amount recognised in profit or loss	**(1,918)**

Leases - Estimating the incremental borrowing rate IFRS 16.26
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available. The Group estimates the IBR using observable market interest rates adjusted to reflect the terms and conditions of the lease. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate as at 1 January 2019. The weighted-average rate applied is 4.3%.

	2019 £'000
Operating lease commitments as at 31 December 2018	20,568
Restatement	47,109
Operating lease commitments as at 31 December 2018 (Restated)	**67,677**
Weighted average incremental borrowing rate as at 1 January 2019	4.3%
Discounted operating lease commitments as at 1 January 2019	15,468
Less:	
Commitments relating to short-term leases	(223)
Commitments relating to leases of low-value assets	(158)
Lease liabilities as at 1 January 2019	**15,087**

The opening property operating lease commitment disclosure as at 31 December 2018 has been restated, increasing the balance by £47,107,000. This increase relates to two leases where the total lease commitment obligation had been calculated using the incorrect annual obligation. This restatement has no impact on the consolidated statement of financial position, consolidated income statement or consolidated statement of other comprehensive income as presented for the year ended 31 December 2018.

Non-cancellable lease rentals are payable on certain plant and machinery, motor fleet contract hire and leased buildings. These represent the minimum undiscounted future lease payments in aggregate that the group is required to make under existing lease arrangements.

13 Leases *(continued)*

	31 December 2019 £'000
Less than one year	**2,613**
Between one and five years	**11,147**
Beyond five years	**68,949**
	82,709

14 Inventory

	31 December 2019 £'000	31 December 2018 £'000
Raw materials and consumables	**4,498**	3,879

The directors are of the opinion that the net realisable value of inventory is greater than the carrying value. There was no material write down of inventories to net realisable value during the period ended 31 December 2019.

15 Trade and other receivables

	31 December 2019 £'000	31 December 2018 £'000
Trade receivables	**8,981**	11,544
Amounts owed by related parties (note 22)	**5,750**	4,525
Other receivables	**967**	670
Prepayments	**2,493**	1,693
Corporation tax (note 8)	**2,696**	-
	20,887	18,432

16 Trade and other payables

	31 December 2019 £'000	31 December 2018 £'000
Trade payables	**5,453**	4,101
Amounts owed to parent undertakings (note 22)	**42,575**	17,368
Amounts owed to related parties (note 22)	**1,617**	888
Other tax and social security	**2,036**	3,204
Corporation tax (note 8)	**-**	1,386
Other payables	**862**	810
Accruals	**6,846**	5,959
Capital accruals	**886**	965
	60,275	34,681

17 Loans and borrowings

	Interest rate	Maturity	31 December 2019 £'000	31 December 2018 £'000
Non current liabilities				
Secured bank loans	*3.5%*	*31 October 2022*	**374,964**	380,688

			31 December 2019 £'000	31 December 2018 £'000
Current liabilities				
Secured bank loans	*3.5%*	*31 October 2022*	**5,777**	5,777
Accrued interest			**2,407**	2,444
			8,184	8,221

Prior to acquisition of the new subsidiaries, on 12 December 2017 the new subsidiaries entered into a £392,446,000 Master Murabaha Agreement with Barwa Bank with final maturity of 31 October 2022. Offset against this amount was £258,000 of directly attributable prepaid fees which are amortised over the life of the agreement. £53,000 was amortised in the year ended 31 December 2019.

At 31 December 2019 the obligation was split between The Berkeley Hotel Limited and The Connaught, £230,661,000 (2018: £234,160,000) and £150,230,000 (2018: £152,508,000) respectively. This facility is repayable in October 2022, with £5,777,000 due annually until October 2022. The security package for the bank loans comprised cross company guarantees supported by debentures giving a fixed and floating charge over all the assets of the group.

On 1 April 2020 the Group repaid the above debt and entered into a £340,000,000 10-year facility agreement with Deutsche Pfandbriefbank AG.

18 Capital and reserves

(a) Called up share capital

	31 December 2019 £'000	31 December 2018 £'000
Share capital - group		
Authorised:		
279,805,523 ordinary shares of £1	**279,806**	279,806
Issued equity:		
Called up, allotted and fully paid		
279,805,523 ordinary shares of £1	**279,806**	279,806

On incorporation the company issued 1 share for £1 cash consideration.

On 7 December 2018 279,805,522 ordinary shares of £1 each were issued to Selene S.A.R.L in order to capitalise the debt in the amount of £279,805,522 that was owed by the Group.

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

(b) Pooling acquisition method reserve

On 12 December 2017, the Group acquired 100% of the ordinary share capital in The Berkeley Hotel Limited, The Connaught Hotel Limited and Maybourne Hotels Limited. As these entities were under the common control of parent entity Constellation Hotel Holdings Ltd S.C.A. the pooling of interests method of acquisition accounting (pooling method) has been applied. The following accounting policy choices were applied:

(i) The acquired businesses have been accounted for and consolidated from the date of acquisition.
(ii) Distributable reserves for the acquired companies have been reset to nil.
(iii) The values attributed to assets and liabilities acquired, including goodwill are those included in the books of parent Constellation Hotel Holdings Ltd S.C.A.

These accounting policy choices were made to facilitate the best use of the financial statements for the primary user of the financial statements being Constellation Hotel Holdings Ltd S.C.A.

Under the pooling method of acquisition accounting a pooling reserve has been recognised of £59,287,000 being the difference between the fair value of consideration paid plus the deemed capital contribution and the acquired balances recognised on acquisition after pooling method adjustments.

There was no change to this reserve in the current year.

19 Financial instruments and risk management

(a) Accounting classifications and fair value

The following tables show the carrying amount of financial assets and liabilities including their values in the fair value hierarchy. The tables do not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Loans and Receivables £'000	Liabilities at Amortised cost £'000	Total carrying amount £'000	Fair value £'000
31 December 2019				
Trade receivables	8,981	-	8,981	8,981
Amounts owed by related parties	5,750	-	5,750	5,750
Cash and cash equivalents	8,892	-	8,892	8,892
Trade payables	-	(5,453)	(5,453)	(5,453)
Amounts owed to related parties	-	(1,617)	(1,617)	(1,617)
Lease liabilities	-	(26,820)	(26,820)	(26,820)
Amounts owed to parent undertakings	-	(42,575)	(42,575)	(42,575)
Secured bank loans	-	(383,148)	(383,148)	(383,148)
	23,623	**(459,613)**	**(435,990)**	**(435,990)**

	Loans and Receivables £'000	Liabilities at Amortised cost £'000	Total carrying amount £'000	Fair value £'000
31 December 2018				
Trade receivables	11,544	-	11,544	11,544
Amounts owed by related parties	4,525	-	4,525	4,525
Cash and cash equivalents	14,274	-	14,274	14,274
Trade payables	-	(4,101)	(4,101)	(4,101)
Amounts owed to related parties	-	(888)	(888)	(888)
Amounts owed to parent undertakings	-	(17,368)	(17,368)	(17,368)
Secured bank loans	-	(388,909)	(388,909)	(388,909)
	30,343	**(411,266)**	**(380,923)**	**(380,923)**

19 Financial instruments and risk management *(continued)*

(a) Accounting classifications and fair value *(continued)*

Estimation of fair values
The principal methods and assumptions used in estimating the fair values of financial assets and liabilities are explained below.

Cash and cash equivalents including the short-term bank deposits
For short term bank deposits and cash and cash equivalents, all of which have a maturity of less than three months, the carrying value is deemed to reflect a reasonable approximation of fair value.

Trade and other receivables/payables
For the receivables and payables with a remaining term of less than one year or on demand balances, are evaluated by the Group based on individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the estimated losses of these receivables.

Loans
For bank loans and borrowings the fair value is calculated based on discounted cash flow techniques.

(b) Financial risk management

The Group is exposed to various financial risks that include credit risk, liquidity risk and market risk. The Group has a risk management framework in place which seeks to limit the impact of these risks on the financial performance of the group. It is the policy of the Group to manage these risks in a non-speculative manner.

This note presents information about the group's exposure to each of the above risks and the objectives, policies and processes for measuring and managing the risks. Further quantitative and qualitative disclosures are included throughout this note.

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

(c) Credit risk

Exposure to credit risk
Credit risk arises from granting credit to customers, loans to related parties and from investing cash and cash equivalents with banks and financial institutions.

The carrying amount of these financial assets, net of impairment provisions, represents the Group's maximum credit exposure.

Notes *(continued)*

19 Financial instruments and risk management *(continued)*

(c) Credit risk *(continued)*

Trade, related party and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. There is no concentration of credit risk or dependence on individual customers.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Cash and short term bank deposits
The Group is exposed to credit risk from the counterparties with whom it places its bank deposits. The group is satisfied that the credit risk associated with its deposits is not significant.

Trade receivables
The Group has detailed procedures for monitoring and managing the credit risk related to trade receivables. Trade receivables are monitored by review of aged debtor reports by management.

At 31 December 2019	**Gross**	**Impairment**	**Net receivables**
	£'000	**£'000**	**£'000**
Group			
Not past due	6,661	-	6,661
Past due < 90 days	79	-	79
Past due > 90 days	2,255	(14)	2,241
Total	**8,995**	**(14)**	**8,981**

At 31 December 2018	**Gross**	**Impairment**	**Net receivables**
	£'000	**£'000**	**£'000**
Group			
Not past due	9,063	-	9,063
Past due < 90 days	1,170	-	1,170
Past due > 90 days	1,330	(19)	1,311
Total	**11,563**	**(19)**	**11,544**

Debts are classified as past due if they are over 30 days aged.

19 Financial instruments and risk management *(continued)*

(d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities as they fall due. The Groups' largest expenses related to the ongoing development works, which are fully funded by the loans advanced by the parent company and the Group can arrange an overdraft facility if needed.

Bank loans

Interest of £2,407,000 was accrued for the period from 27 October 2019 to 31 December 2019 as disclosed in note 17 (2018: £2,444,000).

Overdraft facilities

The Group has no undrawn overdraft or loan facilities.

Selene Midco Limited

Notes *(continued)*

19 Financial instruments and risk management *(continued)*

(d) Liquidity risk *(continued)*

Contractual maturities
The following are the contractual maturities of the group financial liabilities, including estimated interest payments.

Group	Carrying amount £'000	Contractual cash flows £'000	6 months or less £'000	6 - 12 months £'000	1 - 2 Years £'000	2 - 5 years £'000	More than 5 years £'000
At 31 December 2019							
Secured bank loans (excl. arrangement fees)	380,891	(420,863)	(6,777)	(12,554)	(19,089)	(382,443)	-
Trade and other payables	60,275	(60,275)	(60,275)	-	-	-	-
	441,166	**(481,138)**	**(67,052)**	**(12,554)**	**(19,089)**	**(382,443)**	**-**

Group	Carrying amount £'000	Contractual cash flows £'000	6 months or less £'000	6 - 12 months £'000	1 - 2 Years £'000	2 - 5 years £'000	More than 5 years £'000
At 31 December 2018							
Secured bank loans (excl. arrangement fees)	386,668	(440,361)	(6,842)	(12,657)	(19,331)	(401,531)	-
Trade and other payables	34,681	(34,681)	(34,681)	-	-	-	-
	421,349	**(475,042)**	**(41,523)**	**(12,657)**	**(19,331)**	**(401,531)**	**-**

Refer to Note 13 for disclosure of the contractual maturities of the Group's lease liabilities.

Notes *(continued)*

19 Financial instruments and risk management *(continued)*

(e) Market risk

Market risk is the risk that changes in market prices and indices, such as foreign exchange rates, and interest rates will affect the group and company's income or the value of its holdings of financial instruments. The Group is not currently exposed to interest rate risk as all borrowings are subject to fixed interest rates. Management believe exposure to foreign exchange rates is minimal as the vast majority of good and services are sourced in the United Kingdom.

(f) Foreign exchange rate risk

The Group is not exposed to material translation foreign exchange rate risk on its hotel operations as all of its operations are within the UK.

(g) Interest rate risk

The Group is not currently exposed to interest rate risk as all borrowings are subject to fixed interest rates.

20 Capital expenditure commitments

The Group has the following commitments for future capital expenditure under its contractual arrangements.

	31 December 2019 £'000	31 December 2018 £'000
Authorised and contracted for	1,317	2,088
	1,317	2,088

21 Employee benefits

The Coroin Limited Group and Selene Midco Limited Group operate two pension schemes, a defined benefit scheme and a defined contribution scheme. The defined benefit scheme, The Maybourne Hotels Group Pension and Life Insurance Scheme, which has two sections - Staff and Senior Staff section, closed to new entrants with effect from 1 August 2006. The Maybourne Stakeholder Scheme, a defined contribution scheme, was introduced on 1 August 2006 and is open to all staff if they meet the eligibility criteria.

On 12 December 2017 Maybourne Hotels Limited, The Berkeley Hotel Limited, The Connaught Hotel Limited ("the Selene Employers") were transferred and ceased to be wholly owned subsidiaries of the same ultimate parent of which also owned Claridge's Hotel Limited ("the Transaction"). Up until the date of the transaction The Selene Employers were participating employers in the The Maybourne Hotels Group Pension and Life Insurance Scheme ("the Scheme") in respect of some of their employees. Claridge's Hotel Limited is the principal employer under the Scheme rules.

As a consequence of the Selene Employers not having a common ultimate parent with Claridge's Hotel Limited following the Transaction, the continued participation in the Scheme by the Selene employers required the agreement with the Trustees of the Scheme ("the Trustees") and Claridge's Hotel Limited. Interim agreement through a Memorandum of Understanding ("MOU") was reached on 11 December 2018 between the employers (including the Selene employers) and the Trustees that they will use reasonable endeavours to ensure that the actuarial valuation of the Scheme as at 31 March 2018 will be completed by 30 June 2019 and they will use all reasonable endeavours to ensure that a long term funding and investment strategy will be agreed by 30 June 2019. The MOU also documented that if the matters referenced above were agreed and documented to the satisfaction of the Trustees by 30 June 2019 the Trustees and Employer will take such steps as are necessary to allow the Selene or "Relevant" Employers (Maybourne Hotels Limited, The Berkeley Hotel Limited and The Connaught Hotel Limited) to continue to participate in the Scheme after 30 June 2019, such that no debt becomes due under section 75 of the Pensions Act 1995 on or before 30 June 2019 by reason of an actual or deemed employment-cessation event.

On 27 June 2019 the Employers including the Relevant Employers confirmed to the Trustees their acceptance of the 31 March 2018 valuation and confirmed their agreement to the proposals documented in the Trustees letter to the company dated 17 June 2019 confirming the continued participation in the scheme by the Relevant Employers should agreement be reached. The directors therefore consider agreement to have been reached with effect from 27 June 2019 and that section 75 liabilities will not be crystallised on the basis of this agreement including the Trustees agreement for continued participation in the scheme of the Relevant employers. The Relevant employers and Trustees will continue to work together to determine some of the details of the investment strategy and the long term future of the scheme.

It was agreed that obligations in respect of the Scheme shall be allocated between Coroin Limited and Claridge's Limited ("the Coroin Employers") on the one hand and the Selene Employers on the other hand in the ratio 49.5% to 50.5%. It was also agreed that future service contributions would be payable by each of the Employers as a percentage of the pensionable salaries of their respective employees who are members of the Scheme.

Management intend for the Scheme to be operated in this fashion with additional payment obligations above future service contributions being met initially by Coroin Limited on behalf of the Coroin Employers and by The Berkeley Hotel Limited on behalf of the Selene Employers. Accordingly, Coroin Limited recognises 49.5% of the Scheme net pension obligation in its balance sheet and 50.5% of the Scheme net pension obligation (along with the associated deferred tax) were transferred through equity to the balance sheet of The Berkeley Hotel Limited at the year ended 31 December 2017. Full disclosures in relation to the scheme in accordance with the requirements of IAS 19 are therefore provided below.

Selene Midco Limited

Notes *(continued)*

21 Employee benefits *(continued)*

	31 December 2019 £'000	31 December 2018 £'000
Total market value of pension scheme Assets	**46,272**	40,926
Present value of defined benefit Obligation	**(46,416)**	(41,818)
Excess of scheme liabilities over assets	**(144)**	(892)
Employee retirement benefit (liability)/asset before tax	**(144)**	(892)
Related deferred tax asset/(liability)	**24**	152
Employee retirement benefit (liability)/asset after tax	**(120)**	(740)

The pension contributions to the defined benefit scheme for both Groups combined are assessed in accordance with the advice of an independent professionally qualified actuary. The most recent actuarial valuation was carried out at 31 March 2018 and revealed a funding deficit of £8,000,000 on the Technical Provisions basis and a deficit of £25,200,000 on the agreed basis for the Scheme's Long Term Funding Target. To achieve that target, the valuation recommended an overall monthly contribution cap of £338,333 (2018: £345,906) from 1 August 2019 until 31 March 2025, the date the Scheme is expected to be fully funded, which includes a contribution for future accrual of benefit at a rate of 46.7% (35.3% to June 2019) of pensionable salaries, contribution in respect of administration and other costs of £23,667 (2018: £23,661) and an additional contribution to the amount of £338,333 minus the above two contributions (2018: £345,906: minus the above two contributions). The valuations employed for IAS 19 purposes have been based on the most recent funding valuations (date of which is noted above) adjusted by the independent actuaries to allow for the accrual of liabilities up to 31 December 2019 and to take account of financial conditions at this date. They have been completed using the projected unit method and assets for this purpose have been valued at market value.

Selene Midco Limited

Notes *(continued)*

21 Employee benefits *(continued)*

Movement in net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability and its components.

	Defined benefit obligation		**Fair value of plan assets**		**Net defined benefit liability/(asset)**	
	31 December 2019 £'000	31 December 2018 £'000	**31 December 2019 £'000**	31 December 2018 £'000	**31 December 2019 £'000**	31 December 2018 £'000
Balance at 1 January	**41,818**	43,996	**(40,926)**	(41,466)	**892**	2,530
Included in profit and loss						
Current service costs	**334**	409	**-**	-	**334**	409
Interest cost/(income)	**1,231**	1,147	**(1,230)**	(1,100)	**1**	47
Guaranteed Minimum Pensions	**-**	332			**-**	332
	1,565	1,888	**(1,230)**	(1,100)	**335**	788
Included in OCI						
Remeasurements:						
-Actuarial gain/(loss) arising from:						
- demographic assumptions	**180**	(874)	**-**	-	**180**	(874)
- financial assumptions	**4,431**	(2,077)	**-**	-	**4,431**	(2,077)
- experience adjustment	**-**	640	**-**	-	**-**	640
- Return on plan assets excluding interest income	**-**	-	**(3,957)**	1,700	**(3,957)**	1,700
	4,611	(2,311)	**(3,957)**	1,700	**654**	(611)

21 Employee benefits *(continued)*

Movement in net defined benefit liability *(continued)*

	Defined benefit obligation		**Fair value of plan assets**		**Net defined benefit liability/(asset)**	
	31 December 2019 £'000	31 December 2018 £'000	**31 December 2019 £'000**	31 December 2018 £'000	**31 December 2019 £'000**	31 December 2018 £'000
Other						
Transfer of pension obligation and plan assets from Coroin Limited	**-**	-	**-**	-	**-**	-
Contributions paid by the employer	**-**	-	**(2,041)**	(2,095)	**(2,041)**	(2,095)
Benefits paid	**(1,578)**	(1,755)	**1,578**	1,755	**-**	-
Service cost	**-**	-	**303**	280	**303**	280
	(1,578)	(1,755)	**(160)**	(60)	**(1,738)**	(1,815)
Balance at 31 December	**46,416**	41,818	**(46,272)**	(40,926)	**144**	892

Selene Midco Limited

Notes *(continued)*

21 Employee benefits *(continued)*

Both Coroin Group and Selene Midco Group expect to pay a total of £4.13 million in contributions to the defined benefit plans in 2020. The Berkeley Hotel Limited, on behalf of Selene employers, is expected to pay £0.5 million in respect of the contribution for future accrual of benefit and £1.5 million in respect of additional contribution.

(a) Plan assets

The fair value of the plans' assets at 31 December is analysed as follows:

	31 December 2019 £'000	31 December 2018 £'000
Investment funds	**26,642**	24,585
Debt instruments	**17,759**	14,682
Other	**1,871**	1,659
	46,272	40,926

(b) Defined benefit obligation

(i) Actuarial assumptions
The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	31 December 2019	31 December 2018
Discount rate	**2.10%**	3.00%
Inflation rate (RPI)	**3.10%**	3.35%
Inflation rate (CPI)	**2.20%**	2.35%
Future pension growth	**3.05%**	3.25%
Rate of increase of deferred pensions	**-**	-
Life expectancy at age 65 for pensioners currently aged 65 (years)		
Female	**24.3**	24.2
Male	**21.7**	21.5
Life expectancy at age 65 for active members currently aged 45 (years)		
Female	**25.5**	25.4
Male	**22.8**	22.6

21 Employee benefits *(continued)*

At 31 December 2019, the weighted average duration of the defined benefit obligation was 17.5 years (2018: 16 years).

(ii) Sensitivity analysis
Increasing the discount rate applied by 0.25% would result in a £1.9 million decrease in the net pension liability.
Decreasing the discount rate applied by 0.25% would result in a £1.9 million increase in the net pension liability.
Increasing the inflation rate applied by 0.25% would result in a £1.8 million increase in the net pension liability.
Decreasing the inflation rate applied by 0.25% would result in a £1.8 million decrease in the net pension liability.
Increasing life expectancy by 1 year would result in a £2.2 million increase in the net pension liability.
Decreasing life expectancy by 1 year would result in a £2.2 million decrease in the net pension liability.

The sensitivity analysis has been prepared by the Group's external independent actuaries. Within Selene Midco Limited Group pensions for 47 employees (2018: 49 employees) are funded through the defined contribution scheme. The defined contribution pension cost for the year amounted to £197,100 (2018: £194,870). From 1 April 2014 the Coroin Limited Group introduced the government led Auto-enrolment scheme, a contribution scheme, whereby all employees who are not members of any pension scheme would automatically be enrolled, unless opted out. The Auto-enrolment contribution pension cost for the year amounted to £672,930 (2018: £466,164). Selene Holdings Limited Group actively encourages staff to join the scheme as it believes that it is an important element of the remuneration package. Pensions for 770 employees (2018: 733 employees) are funded through the defined contribution scheme.

22 Related party disclosures

(a) Transactions with related parties

One director of Selene Midco Limited is a director of Hume Street Management Consultants Limited and Cottage Linen Limited.

Fees (excluding VAT) payable to Hume Street Management Consultants Limited, which acted as consultants to subsidiaries of the Group during the year, amounted to £5,000,000 and were born by Coroin Limited, a sister company until 12 December 2017. In the current year £5,000,000 was charged by Hume Street Management Consultants Limited to Maybourne Hotels Limited of which £1,797,000 has been recharged to Coroin Limited.

In addition, at 31 December 2019 an amount of £120,000 (2018: £125,000) remains due from Hume Street Management Consultants Limited in relation to services rendered to them during the year.

At 31 December 2019, an amount of £731,000 remains due from Cottage Linen Limited in relation to the acquisition of the company by common director (2018: £294,000).

Selene Midco Limited

Notes *(continued)*

22 Related party disclosures *(continued)*

(a) Transactions with related parties *(continued)*

Related party Asset/(liability)	**Relationship**	**Opening balance 31/12/2018**	**Loans (received)/ advanced**	**Sales**	**Purchases**	**Payments**	**Closing balance 31/12/2019**
		£'000	£'000	£'000	£'000	£'000	**£'000**
Hume Street Management Consultants Limited	Common director	**125**	-	97	-	(102)	**120**
Cottage Linen Limited	Common director	**294**	437	-	-	-	**731**
Coroin Limited	Common director	**22**	-	138	-	(22)	**138**
Claridge's Hotel Limited	Common director	**3,905**	-	3,771	-	(3,905)	**3,771**
Claridge's Hotel Holding Limited	Common director	**11**	-	78	-	(11)	**78**
41-43 Brook Street LLP	Common director	**168**	-	912	-	(168)	**912**
		4,525	**437**	**4,996**	**0**	**(4,208)**	**5,750**
Hume Street Management Consultants Limited	Common director	**0**	-	-	(5,000)	4,091	**(951)**
Coroin Limited	Common director	**(132)**	-	-	(121)	132	**(121)**
Claridge's Hotel Limited	Common director	**(720)**	-	-	(546)	720	**(546)**
41-43 Brook Street LLP	Common director	**(36)**	-	-	-	36	**-**
Selene S.A.R.L. (note d)	Parent	**(17,368)**	(25,207)	-	-	-	**(42,575)**
		(18,256)	**(25,207)**	**0**	**(5,667)**	**4,937**	**(44,193)**

22 Related party disclosures *(continued)*

(b) Director Interests

The directors who held office at the end of the financial year had no interests in the ordinary shares, redeemable preference shares, special redeemable preference shares and convertible loan stock in the company at the start of the year and at the end of the year to 31 December 2019.

(c) Key management personnel transactions

Total compensation of key management personnel (including executive directors) in the period amounted to £1,457,000 (2018: £1,273,000).

(d) Other related party transactions

During the year Selene S.A.R.L loaned the Group £24,221,000 to finance the ongoing development works at The Berkeley Hotel Limited. The loan is interest bearing and repayable on demand. Interest charged in the current year on the total loaned amount, including the amount lent in the prior year, was £985,000 (2018: £378,000). Interest accrued at 31 December 2019 amounted to £774,000 (2018: £378,000).

23 Subsequent events

The Group secured a new 10 year loan on 1 April 2020 with Deutsche Pfandbriefbank AG., which replaced the Murabaha facility and matures on 5 February 2030. This refinancing resulted in the Group reducing its debt from £381 million to £340 million and securing a competitive all-in annual interest rate of 2.7%, compared with 3.5% previously.

On 11 March 2020, the World Health Organization raised the public health emergency caused by the outbreak of the coronavirus (COVID-19) to an international pandemic. The rapid evolution of events, nationally and internationally, represents an unprecedented health crisis, which will impact the macroeconomic environment and the operation of the business. The Group has been impacted by the UK government restrictions including the closure of The Berkeley and The Connaught hotels from 24 March 2020 to 4 July 2020 and 14 July 2020 respectively.

Whilst as of the date of this report, certain global regions have begun to see recovery in operations after the pandemic, COVID-19 may have a detrimental impact on the results of the Group for some time to come. Given the complexity of the pandemic and its rapid evolution, it is not practicable as of the date of approval of these financial statements to make a reliable quantified estimate of its potential impact on the Group, including any estimated impact on hotel property valuations. Any such impact will be reflected in the financial statements for the year ending 31 December 2020 and is considered to be a non-adjusting post balance sheet event for the year ending 31 December 2019.

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

24 Ultimate parent company

The company's ultimate parent company and controlling party is Prime Capital S.A., a company incorporated in Luxembourg. This is the largest group in which the results of the company are consolidated. The smallest group financial statements in which the company's results are consolidated is that of Constellation Hotel Holdings Ltd S.C.A.

The ultimate controlling party is His Excellency Sheikh Hamad Bin Jassim Bin Jaber Al Thani.

25 Company notes

(a) Significant accounting policies

The individual financial statements of the company have been prepared in accordance with Companies Act 2006 and Financial Reporting Standard 101 "Reduced disclosure framework" ("FRS 101").

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

- a cash flow statement and related notes;
- disclosures in respect of the compensation of key management personnel;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- certain comparative information; and
- the effects of new but not yet effective IFRSs.

As permitted by section 408(3) of the Companies Act 2006, the Company has elected not to present its own income statement for the year.

Significant accounting policies specifically applicable to the individual company financial statements and which are not reflected in the accounting policies for the Group financial statements are detailed below.

i) ***Investment in subsidiaries***
Investments in subsidiaries are carried at cost less accumulated impairment.

(b) Profit and loss account

Profit for the period ended 31 December 2019 was £nil (2018: £nil).

(c) Investments in subsidiaries

	31 December 2019 £'000	31 December 2018 £'000
Investment in shares in subsidiary undertakings	**455,050**	455,050

At 31 December 2019 the carrying amount of the investment in subsidiary undertakings was reviewed for impairment in accordance with our accounting policies. No impairment loss was recognised. A list of the entity's subsidiary undertakings is set out below.

None of the shares of the above subsidiary undertakings are listed. In the opinion of the directors the shares in the company's subsidiary and other group undertakings are worth at least the amounts at which they are stated in the balance sheet.

Notes *(continued)*

25 Company notes *(continued)*

(c) Investments in subsidiaries *(continued)*

The Company has a shareholding in the following principal companies:

Subsidiary undertaking	Country of Incorporation and operation	Activity	Shareholding (ordinary shares)
The Berkeley Hotel Limited	Great Britain	Hotel Operations	100% (direct)
The Connaught Hotel Limited	Great Britain	Hotel Operations	100% (direct)
Maybourne Hotels Limited	Great Britain	Hotel Management Services	100% (direct)
Connaught F&B Limited	Great Britain	Food and Beverage Operations	100% (indirect)
Goldrange Properties Limited	Great Britain	Ownership of Property	100% (indirect)

The following dormant companies were dissolved on 15 October 2019.

Centralglen Limited	Great Britain	Dormant company	100% (indirect)
The Opheans Limited	Great Britain	Dormant company	100% (indirect)
Headfort Hotel (Belgravia) Limited	Great Britain	Dormant company	100% (indirect)
Motcomb Trust Limited	Great Britain	Dormant company	100% (indirect)
The Worcester Building Company Limited	Great Britain	Dormant company	100% (indirect)
James Edward Limited	Great Britain	Dormant company	100% (indirect)
The Strand Power Company Limited	Great Britain	Dormant company	100% (indirect)
Beaufort Construction Limited	Great Britain	Dormant company	100% (indirect)
Stones Chop House Limited	Great Britain	Dormant company	100% (indirect)
The Claridge's Hotel Laundry Limited	Great Britain	Dormant company	100% (indirect)
Patrick Spitfire Limited	Great Britain	Dormant company	100% (indirect)
BP&S (1906) Limited	Great Britain	Dormant company	100% (indirect)
Q&M Limited	Great Britain	Dormant company	100% (indirect)
Project Castle Limited	Great Britain	Dormant company	100% (indirect)
Only G Limited	Great Britain	Dormant company	100% (indirect)
Speed 6060 Limited	Great Britain	Dormant company	100% (indirect)
The Connaught Hotel (52242) Limited	Great Britain	Dormant company	100% (indirect)
Mount Street Mansions Limited	Great Britain	Dormant company	100% (indirect)
The Minema Limited	Great Britain	Dormant company	100% (indirect)
The Berkeley Hotel (49907) Co. Limited	Great Britain	Dormant company	100% (indirect)

The registered office of all subsidiary undertakings is 27 Knightsbridge, London, SW1X 7LY

(d) Related party transactions

The Company has a related party relationship with its fellow group undertakings, shareholders and directors of the company (note 22 above). In accordance with FRS 101, the Company has availed of the exemption from disclosing transactions with members of the Group where ownership is 100%.

There are no other related party transactions.