

BUSINESS CENTER CITY APS
Rådhuspladsen 16
1550 København V

Annual report for 2017

Adopted at the annual general meeting on
14 May 2018

DocuSigned by:

Remo Gross

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Chairman

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STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

The executive board has today discussed and approved the annual report of Business Center City ApS for the financial year 1 January - 31 December 2017.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2017 and of the results of the company's operations for the financial year 1 January - 31 December 2017.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved at the annual general meeting.

Copenhagen, 14 May 2018

Executive board

DocuSigned by:

Patrick Bakker

Patrick Bakker

Director

DocuSigned by:

Remo Gross

Remo Gross

Director

INDEPENDENT AUDITOR'S REPORT

To the shareholder of Business Center City ApS

Auditors' Report on the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Business Center City ApS for the financial year 1 January - 31 December 2017, which comprise a summary of significant accounting policies, income statement, balance sheet and notes. The financial statements are prepared under the Danish Financial Statements Act.

We do not express any audit opinion on the financial statements. Because of the significance of the matter described in the "Basis for Disclaimer of Opinion" paragraph, we have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an opinion.

Basis for Disclaimer of Opinion

The annual accounts have been prepared assuming continued operation. As shown in the management's review and in Note 1, it is material for the company in order to continue its activities that the Regus Group regularly provides the necessary liquidity, which management expects. We have not obtained sufficient and appropriate audit evidence of this commitment.

The company's bookkeeping and other fundamental principles used for the annual accounts were incomplete in the financial years 2015 and 2016, and on this basis, the annual report for 2016 was presented without an audit opinion. Subsequently, we have not in any other way been able to obtain sufficient and appropriate audit evidence about the company's opening balance sheet and comparative figures.

Since the values at the beginning of the year in the balance sheet are included in the determination of the result of net financials, we have not been able to obtain sufficient and appropriate evidence, whether any adjustments might have been considered necessary in relation to the profit and loss account, and values at year end 2017 have no longer been effected by mistakes in 2015 and 2016. Reference is made to Management's review for further details.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as management determines 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, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT

Auditor's responsibilities for the audit of the financial statements

We are responsible for conducting an audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark and for issuing an auditor's report. However, because of the matter described in the "Basis for Disclaimer of Opinion" paragraph, we were not able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

As required by the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, we are independent of the company, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Statement on management's review

As described in the "Basis-for-Disclaimer-of-Opinion" paragraph, we have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an opinion. Therefore we do not provide a statement on management's review.

Report on other legal and regulatory requirements

Reporting according to Danish Bookkeeping Act § 7, stk. 2

The company has not complied with Danish Bookkeeping Act that financial records must be kept in Denmark. In addition, the company has no access to the books' specifications for the period 1 January 2015 – 31 March 2015. The company's management may incur liability for breach of the Danish Bookkeeping Act.

Copenhagen, 14 May 2018

CHRISTENSEN KJÆRULFF
Statsautoriseret Revisionsaktieselskab
CVR no. 15 91 56 41

Sven-Erik Vejlbj
State Authorized Public Accountant
MNE no. mne25075

COMPANY DETAILS

The company	Business Center City ApS Rådhuspladsen 16 1550 København V
	CVR no.: 28 29 77 26
	Reporting period: 1 January - 31 December 2017
	Incorporated: 16. December 2004
	Domicile: Copenhagen
Executive board	Patrick Bakker, director Remo Gross, director
Auditors	Christensen Kjærulff Statsautoriseret Revisionsaktieselskab Store Kongensgade 68 1264 København K

MANAGEMENT'S REVIEW

Business activities

The company operates as provider of office facilities and other related activities.

Business review

The Company's income statement for the year ended 31 December shows a loss of DKK 389.106, and the balance sheet at 31 December 2017 shows negative equity of DKK 668.506.

The management acknowledges the auditors' basis for disclaimer of opinion related to the incomplete bookkeeping in the financial years 2015/2016 and its impact to 2017 values. The position of the management is that the issues for 2015/16 were mainly caused by insufficient and incomplete records from 2015 acquisition. Management put in place appropriate controls in 2017 in order to correct the accounting records and ensure that 2017 closing balances are materially free of error. The management is confident that the project has been successfully completed and 2018 accounts should not be further distorted with the past issues.

ACCOUNTING POLICIES

The annual report of Business Center City ApS for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act concerning reporting class B entities as well as selected provisions as regards larger entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2017 is presented in DKK

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, consumables and other external expenses.

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

ACCOUNTING POLICIES

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, including changes arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to entries directly in equity.

Balance sheet

Tangible assets

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

ACCOUNTING POLICIES

Leasehold improvements	3-10	years	
Other fixtures and fittings, tools and equipment	10	years	or lease period years

Assets costing less than DKK 13.200 are expensed in the year of acquisition.

Receivables

Receivables are measured at amortised cost.

Receivables for which there is no objective indication of individual impairment are reviewed for impairment on a portfolio basis. The portfolios are primarily composed on the basis of debtors' domicile and credit ratings in accordance with the Company's credit risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities, which include trade receivables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	<u>Note</u>	<u>2017</u> DKK	<u>2016</u> DKK
Gross profit		293.940	833.091
Staff costs	2	0	-1.332.073
Depreciation		-684.051	-452.372
Profit/loss before financial income and expenses		-390.111	-951.354
Financial costs	3	-40.066	-6.291
Profit/loss before tax		-430.177	-957.645
Tax on profit/loss for the year	4	42.858	374.666
Net profit/loss for the year		<u>-387.319</u>	<u>-582.979</u>
 Proposed distribution of profit			
Retained earnings		-387.319	-582.979
		<u>-387.319</u>	<u>-582.979</u>

BALANCE SHEET 31 DECEMBER

	<u>Note</u>	<u>2017</u> DKK	<u>2016</u> DKK
ASSETS			
Other fixtures and fittings, tools and equipment		770.547	1.210.730
Leasehold improvements		619.678	755.385
Tangible assets	5	<u>1.390.225</u>	<u>1.966.115</u>
Deposits		1.188.212	1.188.212
Fixed asset investments		<u>1.188.212</u>	<u>1.188.212</u>
Fixed assets total		<u>2.578.437</u>	<u>3.154.327</u>
Trade receivables		1.515.819	1.630.791
Receivables from subsidiaries		1.118.295	117.135
Other receivables		1.647	117.294
Corporation tax		42.858	191.433
Prepayments		275.853	162.191
Receivables		<u>2.954.472</u>	<u>2.218.844</u>
Cash at bank and in hand		<u>0</u>	<u>37.994</u>
Current assets total		<u>2.954.472</u>	<u>2.256.838</u>
Assets total		<u><u>5.532.909</u></u>	<u><u>5.411.165</u></u>

BALANCE SHEET 31 DECEMBER

	<u>Note</u>	<u>2017</u> DKK	<u>2016</u> DKK
LIABILITIES AND EQUITY			
Share capital		125.000	125.000
Retained earnings		-791.719	-404.400
Equity	6	-666.719	-279.400
Prepayments received from customers		2.252.907	2.160.259
Trade payables		1.949.679	1.779.586
Payables to subsidiaries		438.823	84.364
Other payables		1.558.219	5.222
Deferred income		0	1.661.134
Short-term debt		6.199.628	5.690.565
Debt total		6.199.628	5.690.565
Liabilities and equity total		5.532.909	5.411.165
Uncertainty about the continued operation (going concern)	1		
Contingent assets, liabilities and other financial obligations	7		
Charges and securities	8		
Related parties and ownership	9		

NOTES

1 UNCERTAINTY ABOUT THE CONTINUED OPERATION (GOING CONCERN)

As regards uncertainties concerning the enterprises ability to continue as a going concern, management has assumed, that Regus Group will continue to provide the necessary liquidity available to the company for the current year.

The company has not received commitments from the Regus Group.

The executive board expects, through strategic measures, that the capital can be restored over a number of years.

	2017 DKK	2016 DKK
2 STAFF COSTS		
Wages and salaries	0	1.446.706
Pensions	0	17.052
Other social security costs	0	2.453
Other staff costs	0	-134.138
	0	1.332.073
	0	1.332.073
 Average number of employees	 0	 2
3 FINANCIAL COSTS		
Financial expenses, group entities	23.599	0
Other financial costs	16.467	6.291
	40.066	6.291
	40.066	6.291
 4 TAX ON PROFIT/LOSS FOR THE YEAR		
Current tax for the year	-42.858	-191.433
Adjustment of tax concerning previous years	0	82.040
Adjustment of deferred tax concerning previous years	0	-265.273
	-42.858	-374.666
	-42.858	-374.666

NOTES

5 TANGIBLE ASSETS

	Other fixtures and fittings, tools and equipment	Leasehold improvements
Cost at 1 January 2017	7.962.128	1.540.669
Additions for the year	89.782	18.380
Other adjustments	126.151	0
Cost at 31 December 2017	<u>8.178.061</u>	<u>1.559.049</u>
Impairment losses and depreciation at 1 January 2017	6.751.398	785.284
Depreciation for the year	529.964	154.087
Other adjustments	126.152	0
Impairment losses and depreciation at 31 December 2017	<u>7.407.514</u>	<u>939.371</u>
Carrying amount at 31 December 2017	<u><u>770.547</u></u>	<u><u>619.678</u></u>

6 EQUITY

	Share capital	Retained earnings	Total
Equity at 1 January 2017	125.000	-404.400	-279.400
Net profit/loss for the year	0	-387.319	-387.319
Equity at 31 December 2017	<u>125.000</u>	<u>-791.719</u>	<u>-666.719</u>

There have been no changes in the share capital during the last 5 years.

NOTES

7 CONTINGENT ASSETS, LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

Contingent liabilities

Regus Management ApS being the administration company, the company is subject to the Danish scheme of joint taxation and, as from the financial year 2014, unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

As from 2014, the company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax interest, royalties and dividends.

Other rent and lease liabilities December 31st 2017: 12,126 tDKK, 2016: 20,748 tDKK

8 CHARGES AND SECURITIES

The company is jointly tax registered with other Regus companies and is therefore jointly liable for VAT settlement.

The Company is at SKAT part of an ongoing tax audit related to financial year 2015 and 2016. The result of the tax audit is unknown on the date of the signature.

9 RELATED PARTIES AND OWNERSHIP

Controlling interest

IWG Plc, 22 Grenville Street, st. Heller, JE4 8PX Jersey.

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Sven-Erik Vejlbj

Statsautoriseret revisor

På vegne af: CHRISTENSEN KJÆRULFF STATSAUTORISERET
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