

REGUS MANAGEMENT APS
Lautruphøj 1-3
2750 Ballerup

Annual report for 2018

Adopted at the annual general meeting on
6 May 2019

DocuSigned by:



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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 Regus Management ApS for the financial year 1 January - 31 December 2018.

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 2018 and of the results of the company's operations for the financial year 1 January - 31 December 2018.

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 by the company in general meeting.

Copenhagen, 6 May 2019

Executive board

DocuSigned by:



Christoffel Afonsus Maria Mul
Director

INDEPENDENT AUDITOR'S REPORT

To the shareholder of Regus Management ApS

Opinion

We have audited the financial statements of Regus Management ApS for the financial year 1 January - 31 December 2018, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under 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 2018 and of the results of the company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, 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.

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 the 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.

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 and the additional requirements applicable in Denmark 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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

INDEPENDENT AUDITOR'S REPORT

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

INDEPENDENT AUDITOR'S REPORT

Copenhagen, 6 May 2019

CHRISTENSEN KJÆRULFF
Statsautoriseret Revisionsaktieselskab
CVR no. 15 91 56 41

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

COMPANY DETAILS

The company

Regus Management ApS
Lautruphøj 1-3
2750 Ballerup

CVR no.: 31 27 95 18

Reporting period: 1 January - 31 December 2018

Incorporated: 29. February 2008

Domicile: Ballerup

Executive board

Christoffel Alfonsus Maria Mul

Auditors

Christensen Kjørulff
Statsautoriseret Revisionsaktieselskab
Store Kongensgade 68
1264 København K

FINANCIAL HIGHLIGHTS

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	2018	2017	2016	2015	2014
	TDKK	TDKK	TDKK	TDKK	TDKK
KEY FIGURES					
Gross profit/loss	19.242	12.662	21.996	19.666	29.430
Profit/loss before net financials	354	-3.097	2.041	1.166	2.437
Net financials	-11	-127	16	5	25
Profit/loss for the year	517	-2.825	1.471	896	2.156
Balance sheet total	54.027	47.200	66.020	85.794	50.677
Investment in property, plant and equipment	0	0	0	122	504
Equity	4.637	4.120	6.946	5.475	4.580
Number of employees	54	60	53	48	52
FINANCIAL RATIOS					
Return on assets	0,7%	-5,5%	2,7%	1,7%	5,7%
Solvency ratio	8,6%	8,7%	10,5%	6,4%	9,0%
Return on equity	11,8%	-51,1%	23,7%	17,8%	61,6%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies..

MANAGEMENT'S REVIEW

Business activities

The company operates with management and administration to the Companies within the Regus Group in Denmark.

Recognition and measurement uncertainties

The recognition and measurement of items in the financial statements is not subject to any uncertainty.

Unusual matters

The company's financial position at 31 December 2018 and the results of its operations for the financial year ended 31 December 2018 are not affected by any unusual matters.

Business review

The Company operates in the market of administration of facilities. The market is stable and customers have been satisfied with the service and quality. The Company is not dependent on one or more large customers. The Company suppliers are also expected to remain stable in the future.

Since October 2018, the Company has started to perform certain business activities (including customer billing) for its related entities Business Center Strandvejen ApS, Business Center City ApS, Business Center Nord ApS, Business Center Lyngby Hovedgade ApS, Business Center Winghouse ApS and Business Center Havnegade ApS, as part of Regus Business Operating Model in Denmark. This resulted in an increase of Company's balances at major part of financial captions.

Financial review

The Company's income statement for the year ended 31 December shows a profit of DKK 343.676, and the balance sheet at 31 December 2018 shows equity of DKK 4.464.032.

Knowledge resources

It is essential for the group to be able to attract and retain motivated employees.

Special risks apart from generally occurring risks in industry

Operating risks

The Company operates in administration of office facilities. The risk in this market is that the demand for the Company's services is closely related to the economic business cycle. This is combined with the fact that the Company's cost based is driven by longer-term rent paid to the building owners while revenues are generated mostly from short to mid-term rent collected from customers. The revenues are therefore more sensitive to downturns in the economy.

Financial risks

The Company doesn't experience financial risk, as it is financed by intercompany loans.

Impact on external environment and measures of preventing, reducing or mitigating damage

The Company fulfills the requirements of the environmental legislation. Considering the nature of the company, the direct environmental impact is very limited.

Research and development activities in and for reporting entity

The Company has no research and development activities.

MANAGEMENT'S REVIEW

Branches abroad

The Company has no foreign branches.

Significant events occurring after end of reporting period

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

ACCOUNTING POLICIES

The annual report of Regus Management ApS for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act concerning medium-sized reporting class C 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 2018 is presented in DKK.

Pursuant to section §86,4, of the Danish Financial Statements Act, the company has not prepared cash flow statement. The relevant information is included in the consolidated annual accounts of IWG Plc. The consolidated annual accounts for IWG Plc. can be found on the following link: http://investors.iwgplc.com/~/_/media/Files/I/IWG-IR/reports-and-presentations/2019/consolidated-report-and-accounts-2018.pdf

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

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined 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.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

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, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year

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.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

Balance sheet

Tangible assets

Fixtures and fittings, tools 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.

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

	Useful life
Other fixtures and fittings, tools and equipment.	3-10 years
Indretning af lejede lokaler	3-10 years

Assets costing less than DKK 13.500 are expensed in the year of acquisition.

ACCOUNTING POLICIES

Receivables

Receivables are measured at amortised cost.

Receivables for which there is no objective evidence of individual impairment are tested for impairment on a portfolio basis. The portfolios are primarily based on 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.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

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

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.

FINANCIAL HIGHLIGHTS

Definitions of financial ratios.

Return on assets	$\frac{\text{Profit/loss before financials} \times 100}{\text{Average assets}}$
Solvency ratio	$\frac{\text{Equity at year-end} \times 100}{\text{Total assets at year-end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	<u>Note</u>	<u>2018</u> DKK	<u>2017</u> DKK
Gross profit		19.241.604	12.661.578
Staff costs	1	-18.857.841	-15.694.585
Depreciation		<u>-29.584</u>	<u>-63.598</u>
Profit/loss before net financials		354.179	-3.096.605
Financial income	2	12.727	13.756
Financial costs	3	<u>-23.230</u>	<u>-140.890</u>
Profit/loss before tax		343.676	-3.223.739
Tax on profit/loss for the year	4	<u>172.936</u>	<u>398.246</u>
Profit/loss for the year		<u>516.612</u>	<u>-2.825.493</u>
 Recommended appropriation of profit/loss			
Retained earnings		<u>516.612</u>	<u>-2.825.493</u>
		<u>516.612</u>	<u>-2.825.493</u>

BALANCE SHEET 31 DECEMBER

	<u>Note</u>	<u>2018</u> DKK	<u>2017</u> DKK
ASSETS			
Other fixtures and fittings, tools and equipment		110.579	109.497
Leasehold improvements		<u>193.702</u>	<u>244.271</u>
Tangible assets	5	<u>304.281</u>	<u>353.768</u>
Total non-current assets		<u>304.281</u>	<u>353.768</u>
Trade receivables		14.772.538	7.343.564
Receivables from group entities		35.542.611	37.454.108
Other receivables		1.995.067	1.531.429
Deferred tax asset		172.936	0
Corporation tax		0	331.130
Prepayments	6	<u>1.240.032</u>	<u>185.599</u>
Receivables		<u>53.723.184</u>	<u>46.845.830</u>
Total current assets		<u>53.723.184</u>	<u>46.845.830</u>
Total assets		<u><u>54.027.465</u></u>	<u><u>47.199.598</u></u>

BALANCE SHEET 31 DECEMBER

	<u>Note</u>	<u>2018</u> DKK	<u>2017</u> DKK
EQUITY AND LIABILITIES			
Share capital		125.000	125.000
Retained earnings		4.511.968	3.995.356
Equity		<u>4.636.968</u>	<u>4.120.356</u>
Trade payables		1.506.352	3.439.482
Payables to group entities		7.864.793	10.300.306
Other payables		7.785.773	3.939.801
Deferred income	7	18.490.192	10.234.657
Deposits		13.743.387	15.164.996
Total current liabilities		<u>49.390.497</u>	<u>43.079.242</u>
Total liabilities		<u>49.390.497</u>	<u>43.079.242</u>
Total equity and liabilities		<u><u>54.027.465</u></u>	<u><u>47.199.598</u></u>
Contingencies, etc.	8		
Related parties and ownership structure	9		

STATEMENT OF CHANGES IN EQUITY

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2018	125.000	3.995.356	4.120.356
Net profit/loss for the year	<u>0</u>	<u>516.612</u>	<u>516.612</u>
Equity at 31 December 2018	<u><u>125.000</u></u>	<u><u>4.511.968</u></u>	<u><u>4.636.968</u></u>

NOTES

	<u>2018</u>	<u>2017</u>
	DKK	DKK
1 STAFF COSTS		
Wages and salaries	16.499.422	16.312.157
Pensions	909.649	824.610
Other social security costs	105.557	117.014
Other staff costs	<u>1.343.213</u>	<u>-1.559.196</u>
	<u>18.857.841</u>	<u>15.694.585</u>
Average number of employees	<u>54</u>	<u>60</u>
2 FINANCIAL INCOME		
Interest received from subsidiaries	<u>12.727</u>	<u>13.756</u>
	<u>12.727</u>	<u>13.756</u>
3 FINANCIAL COSTS		
Financial expenses, group entities	7	0
Other financial costs	<u>23.223</u>	<u>140.890</u>
	<u>23.230</u>	<u>140.890</u>
4 TAX ON PROFIT/LOSS FOR THE YEAR		
Current tax for the year	0	-331.130
Deferred tax for the year	-172.936	0
Adjustment of tax concerning previous years	<u>0</u>	<u>-67.116</u>
	<u>-172.936</u>	<u>-398.246</u>

NOTES

5 TANGIBLE ASSETS

	Other fixtures and fittings, tools and equipment	Leasehold improvements
Cost at 1 January 2018	259.675	369.442
Disposals for the year	-23.792	-20.113
Cost at 31 December 2018	<u>235.883</u>	<u>349.329</u>
Impairment losses and depreciation at 1 January 2018	150.178	125.171
Depreciation for the year	20.242	37.537
Reversal of impairment and depreciation of sold assets	-17.427	-7.081
Other adjustment	-27.689	0
Impairment losses and depreciation at 31 December 2018	<u>125.304</u>	<u>155.627</u>
Carrying amount at 31 December 2018	<u><u>110.579</u></u>	<u><u>193.702</u></u>

6 PREPAYMENTS

Prepayments comprise prepaid expenses regarding rent, insurance premiums, subscriptions and interest as well as fair value adjustments of derivative financial instruments with a positive fair value.

7 DEFERRED INCOME

Deferred income consists of payments received in respect of income in subsequent financial years as well as fair value adjustments of derivative financial instruments with a negative fair value.

8 CONTINGENCIES, ETC.

Regus Management ApS being the administration 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 and severally liable with the other jointly taxed companies for the total corporation tax.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may changes in the company's liabilities. The company is jointly tax registered with other Regus companies and is therefore jointly liable for VATsettlement.

At the beginning of 2019, The Danish Tax Agency (Skattestyrelsen) finalized its transfer pricing tax audit of Regus Management ApS and the companies of the Danish scheme of joint taxation in 2012-2014. The transfer pricing tax audit resulted in an adjustment of the taxable income from 2012 to 2014.

Consequently, Regus Management ApS as the administration company of the Danish scheme of joint taxation has been imposed charges totaling 1,720 DKK thousands inclusive of interest for the years 2012 to 2014.

Regus Management ApS has appealed the result of the transfer pricing tax audit to the Danish Tax Agency (Skattestyrelsen). The result of the appeal is expected available in 2021 at the earliest.

Tax, interest or fines related to the transfer pricing tax audit have not been recognized in the financial statements, since it is the group's and its advisors' expectations that the result of the appeal case will turn out to be favorable towards Regus Management ApS.

NOTES

9 RELATED PARTIES AND OWNERSHIP STRUCTURE

Other related parties

Regus Management ApS' related parties comprise the following:
IWG Plc, 22 Grenville Street, st. Heller, JE4 8PX Jersey.

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Sven-Erik Vejlbj

Revisor

På vegne af: CHRISTENSEN KJÆRULFF STATS-AUTORISERET
REVISIONSAKTIESELSKAB

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