

REGUS MANAGEMENT APS  
Lautruphøj 1-3  
2750 Ballerup

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 Regus Management 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 Regus Management ApS*

### **Auditors' Report on the Financial Statements**

#### **Opinion**

We have audited the financial statements of Regus Management 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.

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 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 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

## INDEPENDENT AUDITOR'S REPORT

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:

- 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.

## INDEPENDENT AUDITOR'S REPORT

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.

### **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.

Copenhagen, 14 May 2018

**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 2017
	Incorporated: 29. February 2008
	Domicile: Ballerup
Executive board	Patrick Bakker, director Remo Gross, director
Auditors	Christensen Kjærulff 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:

	2017 TDKK	2016 TDKK	2015 TDKK	2014 TDKK	2013 TDKK
<b>KEY FIGURES</b>					
Gross profit/loss	12.662	21.996	19.666	29.430	30.816
Profit/loss before financial income and expenses	-3.097	2.041	1.166	2.437	12.183
Net financials	-127	16	5	25	28
Profit/loss for the year	-2.825	1.471	896	2.156	10.786
Balance sheet total	47.200	66.020	85.794	50.677	35.295
Investment in property, plant and equipment	0	0	122	504	0
Equity	4.120	6.946	5.475	4.580	2.424
Number of employees	60	53	48	52	33
<b>FINANCIAL RATIOS</b>					
Return on assets	-5,5%	2,7%	1,7%	5,7%	39,5%
Solvency ratio	8,7%	10,5%	6,4%	9,0%	6,9%
Return on equity	-51,1%	23,7%	17,8%	61,6%	-363,3%

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 2017 and the results of its operations for the financial year ended 31 December 2017 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.

### **Financial review**

The Company's income statement for the year ended 31 December shows a loss of DKK 2.835.591, and the balance sheet at 31 December 2017 shows equity of DKK 4.110.258.

Management expects a profit in 2018.

### **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.

## **MANAGEMENT'S REVIEW**

### **Research and development activities in and for reporting entity**

The Company has no research and development activities.

### **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 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

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

The annual report for 2017 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: [www.iwgplc.com/~/\\_/media/Files/I/IWG/reports-and-presentations/2017/annual-reports-2017.pdf](http://www.iwgplc.com/~/_/media/Files/I/IWG/reports-and-presentations/2017/annual-reports-2017.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.

## ACCOUNTING POLICIES

### 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.

### 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.

## ACCOUNTING POLICIES

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

Other fixtures and fittings, tools and equipment.	3-10	years
Leasehold improvements	3-10	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.

### Prepayments

Prepayments comprise costs 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.

## ACCOUNTING POLICIES

### 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	$\frac{\text{Profit/loss before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$
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>2017</u> DKK	<u>2016</u> DKK
<b>Gross profit</b>		<b>12.661.578</b>	<b>21.995.539</b>
Staff costs	2	-15.694.585	-19.876.362
Depreciation		<u>-63.598</u>	<u>-78.261</u>
<b>Profit/loss before financial income and expenses</b>		<b>-3.096.605</b>	<b>2.040.916</b>
Financial income	3	13.756	36.092
Financial costs	4	<u>-140.890</u>	<u>-20.142</u>
<b>Profit/loss before tax</b>		<b>-3.223.739</b>	<b>2.056.866</b>
Tax on profit/loss for the year	5	<u>398.246</u>	<u>-585.878</u>
<b>Net profit/loss for the year</b>		<b><u>-2.825.493</u></b>	<b><u>1.470.988</u></b>
<b>Proposed distribution of profit</b>			
Retained earnings		<u>-2.825.493</u>	<u>1.470.988</u>
		<b><u>-2.825.493</u></b>	<b><u>1.470.988</u></b>

**BALANCE SHEET 31 DECEMBER**

	<u>Note</u>	<u>2017</u> DKK	<u>2016</u> DKK
<b>ASSETS</b>			
Other fixtures and fittings, tools and equipment		109.497	148.490
Leasehold improvements		244.271	265.377
<b>Tangible assets</b>	6	<u><b>353.768</b></u>	<u><b>413.867</b></u>
<b>Fixed assets total</b>		<u><b>353.768</b></u>	<u><b>413.867</b></u>
Trade receivables		7.343.564	13.541.949
Receivables from group entities		37.454.108	51.134.951
Other receivables		1.531.429	142.768
Corporation tax		331.130	0
Prepayments	7	185.599	91.396
<b>Receivables</b>		<u><b>46.845.830</b></u>	<u><b>64.911.064</b></u>
<b>Cash at bank and in hand</b>		<u><b>0</b></u>	<u><b>695.109</b></u>
<b>Current assets total</b>		<u><b>46.845.830</b></u>	<u><b>65.606.173</b></u>
<b>Assets total</b>		<u><u><b>47.199.598</b></u></u>	<u><u><b>66.020.040</b></u></u>



**BALANCE SHEET 31 DECEMBER**

	<u>Note</u>	<u>2017</u> DKK	<u>2016</u> DKK
<b>LIABILITIES AND EQUITY</b>			
Share capital		125.000	125.000
Retained earnings		3.995.356	6.820.849
<b>Equity</b>	<b>8</b>	<b><u>4.120.356</u></b>	<b><u>6.945.849</u></b>
Trade payables		3.439.482	4.222.862
Payables to group entities		10.300.306	21.960.368
Corporation tax		0	120.514
Other payables		3.939.801	7.543.746
Deferred income	9	10.234.657	9.870.431
Deposits		15.164.996	15.356.270
<b>Short-term debt</b>		<b><u>43.079.242</u></b>	<b><u>59.074.191</u></b>
<b>Debt total</b>		<b><u>43.079.242</u></b>	<b><u>59.074.191</u></b>
<b>Liabilities and equity total</b>		<b><u>47.199.598</u></b>	<b><u>66.020.040</u></b>
Other anomalies in the annual report	1		
Contingent assets, liabilities and other financial obligations	10		
Charges and securities	11		
Related parties and ownership	12		

## NOTES

### 1 OTHER ANOMALIES IN THE ANNUAL REPORT

The management fees from 2012 has been decided no to be charged. Amount is 3.624 t.dkk and is booked into Gross Profit in the FS 2017.

	<u>2017</u>	<u>2016</u>
	DKK	DKK
<b>2 STAFF COSTS</b>		
Wages and salaries	16.312.157	17.534.634
Pensions	824.610	748.046
Other social security costs	117.014	79.890
Other staff costs	<u>-1.559.196</u>	<u>1.513.792</u>
	<u>15.694.585</u>	<u>19.876.362</u>
Average number of employees	<u>60</u>	<u>53</u>
<b>3 FINANCIAL INCOME</b>		
Interest received from subsidiaries	<u>13.756</u>	<u>36.092</u>
	<u>13.756</u>	<u>36.092</u>
<b>4 FINANCIAL COSTS</b>		
Other financial costs	<u>140.890</u>	<u>20.142</u>
	<u>140.890</u>	<u>20.142</u>
<b>5 TAX ON PROFIT/LOSS FOR THE YEAR</b>		
Current tax for the year	-331.130	53.400
Deferred tax for the year	0	-93.756
Adjustment of tax concerning previous years	<u>-67.116</u>	<u>626.234</u>
	<u>-398.246</u>	<u>585.878</u>

## NOTES

### 6 TANGIBLE ASSETS

	Other fixtures and fittings, tools and equipment	Leasehold improvements
Cost at 1 January 2017	259.675	365.942
Additions for the year	<u>0</u>	<u>3.500</u>
Cost at 31 December 2017	<u>259.675</u>	<u>369.442</u>
Impairment losses and depreciation at 1 January 2017	111.185	100.565
Depreciation for the year	<u>38.993</u>	<u>24.606</u>
Impairment losses and depreciation at 31 December 2017	<u>150.178</u>	<u>125.171</u>
Carrying amount at 31 December 2017	<u><u>109.497</u></u>	<u><u>244.271</u></u>

### 7 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.

### 8 EQUITY

	Share capital	Retained earnings	Total
Equity at 1 January 2017	125.000	6.820.849	6.945.849
Net profit/loss for the year	<u>0</u>	<u>-2.825.493</u>	<u>-2.825.493</u>
Equity at 31 December 2017	<u><u>125.000</u></u>	<u><u>3.995.356</u></u>	<u><u>4.120.356</u></u>

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

## NOTES

### 9 DEFERRED INCOME

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

### 10 CONTINGENT ASSETS, LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

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.

### 11 CHARGES AND SECURITIES

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

SKAT (the Danish Tax Authorities) has raised a number of questions concerning transfer pricing documentation.

On the date of the signature SKAT has sent proposals adjusting the taxable incomes from 2012-2014. On the date of the signature there are no final conclusions and the tax audit regarding transfer pricing is still ongoing.

### 12 RELATED PARTIES AND OWNERSHIP

#### 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

### Statsautoriseret revisor

På vegne af: CHRISTENSEN KJÆRULFF STATSAUTORISERET  
REVISIONSAKTIESELSKAB

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