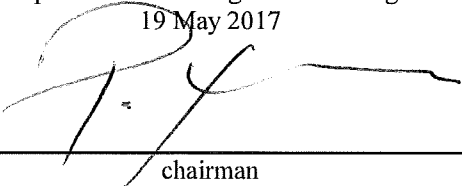


FIRSTCLIENTS APS
Langebrogade 5
1411 København K

Annual report for 2016

Adopted at the annual general meeting on
19 May 2017



chairman

CVR-nr. 31 46 93 92

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STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

The executive board has today discussed and approved the annual report of FirstClients ApS for the financial year 1 January - 31 December 2016.

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

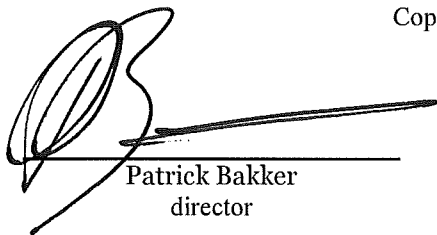
In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2016 and of the results of the company's operations for the financial year 1 January - 31 December 2016.

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

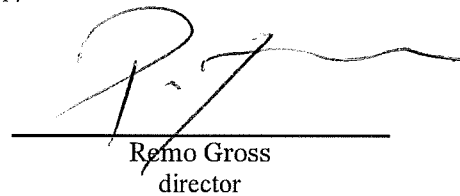
Management recommends that the annual report should be approved at the annual general meeting.

Copenhagen, 19 May 2017

Executive board



Patrick Bakker
director



Remo Gross
director

INDEPENDENT AUDITOR'S REPORT

To the shareholder of FirstClients ApS

Auditors' Report on the Financial Statements

Adverse Opinion

We have audited the financial statements of FirstClients ApS for the financial year 1 January - 31 December 2016, 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, due to the significance of the matter described in the "Basis for Adverse Opinion" paragraph, the financial statements do not give a true and fair view of the Company's financial position at 31 december 2016 or of the results of the company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for Adverse Opinion

The annual accounts have been prepared assuming continued operation. As shown in the management's review and 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. Accordingly, we qualify that the annual accounts have been prepared on the basis of continued operation.

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 adverse 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.

INDEPENDENT AUDITOR'S REPORT

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:

- 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.

INDEPENDENT AUDITOR'S REPORT

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.

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. The company's management may incur liability for breach of the Danish Bookkeeping Act.

København, 19 May 2017

CHRISTENSEN KJÆRULFF
Statsautoriseret Revisionsaktieselskab
CVR no. 15 91 56 41


Henrik W. Jørgensen
State Authorised Public Accountant

COMPANY DETAILS

The company

FirstClients ApS
Langebrogade 5
1411 København K

CVR no.: 31 46 93 92

Reporting period: 1 January - 31 December
Incorporated: 22. May 2008

Domicile: København

Executive board

Patrick Bakker, director
Remo Gross, director

Auditors

Christensen Kjarulff
Statsautoriseret Revisionsaktieselskab
Store Kongensgade 68
1264 København K

MANAGEMENT'S REVIEW

Business activities

FirstClients ApS is the parent company of 6 subsidiaries which operates business centers or related activities. The activities are in Poland, Hungary and Denmark.

Unusual matters

Going concern

Pursuant to the capital loss provision of section 119 of the Danish Companies Act, the company has lost more than 50% of its share capital at year-end.

The annual report has been presented under the assumption of continued operations of the company.

Continued operations require further investments.

Expectations are that Regus Group will continue to provide the required capital available for the company for the current year.

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

Reference is made to note 1 for more details.

Business review

The Company's income statement for the year ended 31 December shows a loss of DKK 110.249, and the balance sheet at 31 December 2016 shows negative equity of DKK 7.792.974.

ACCOUNTING POLICIES

The annual report of FirstClients ApS for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act concerning reporting class B entities.

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

The annual report for 2016 is presented in DKK.

Pursuant to sections §110 subsection 1, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

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's 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's 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 are 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

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.

Other external expenses

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

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.

Profit/loss from investments in subsidiaries and associates

Dividend from investments is recognised in the reporting year in which the dividend is declared.

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.

ACCOUNTING POLICIES

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:

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

Assets costing less than DKK 12.900 are expensed in the year of acquisition.

Investments in subsidiaries and associates

Investment in subsidiaries and associates are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value.

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.

Equity

Dividend

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability at the date of declaration by the annual general meeting.

ACCOUNTING POLICIES

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.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2016 DKK	2015 DKK
GROSS PROFIT		-7.162	83.480
Depreciation		141.182	-166.414
Impairment of current assets		0	-2.205.873
PROFIT/LOSS BEFORE FINANCIAL INCOME AND EXPENSES		134.020	-2.288.807
Income from investments in subsidiaries		0	3.162.163
Financial costs	2	-258.233	-264.911
PROFIT/LOSS BEFORE TAX		-124.213	608.445
Tax on profit/loss for the year	3	13.964	0
Net profit/loss for the year		-110.249	608.445
 Proposed distribution of profit			
Retained earnings		-110.249	608.445
		-110.249	608.445

BALANCE SHEET 31 DECEMBER

	Note	2016 DKK	2015 DKK
ASSETS			
Other fixtures and fittings, tools and equipment		378.333	237.150
Tangible assets	4	378.333	237.150
Investments in subsidiaries	5	0	0
FIXED ASSETS TOTAL		378.333	237.150
Trade receivables		762	2.070
Receivables from subsidiaries		908.066	3.316.686
Other receivables		7.240	7.913
Corporation tax		3.606	3.424
Receivables		919.674	3.330.093
Cash at bank and in hand		1.392	6.243
CURRENT ASSETS TOTAL		921.066	3.336.336
ASSETS TOTAL		1.299.399	3.573.486

BALANCE SHEET 31 DECEMBER

	Note	2016 DKK	2015 DKK
LIABILITIES AND EQUITY			
Share capital		500.000	500.000
Retained earnings		-8.292.974	-8.182.725
Equity	6	-7.792.974	-7.682.725
Trade payables		4.503	3.633
Payables to subsidiaries		9.062.869	11.227.577
Other payables		25.001	25.001
Short-term debt		9.092.373	11.256.211
DEBT TOTAL		9.092.373	11.256.211
LIABILITIES AND EQUITY TOTAL		1.299.399	3.573.486
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.

2 FINANCIAL COSTS

Financial expenses, group entities	258.050	264.111
Other financial costs	183	800
	258.233	264.911
	258.233	264.911

3 TAX ON PROFIT/LOSS FOR THE YEAR

Current tax for the year	-3.606	0
Adjustment of tax concerning previous years	-10.358	0
	-13.964	0
	-13.964	0

4 TANGIBLE ASSETS

	Other fixtures and fittings, tools and equipment
Cost at 1 January 2016	3.556.770
Cost at 31 December 2016	3.556.770
Impairment losses and depreciation at 1 January 2016	3.319.620
Depreciation for the year	-141.183
Impairment losses and depreciation at 31 December 2016	3.178.437
Carrying amount at 31 December 2016	378.333

NOTES

	2016	2015
	DKK	DKK
5 INVESTMENTS IN SUBSIDIARIES		
Cost at 1 January 2016	5.083.487	2.877.614
Disposals for the year	0	2.205.873
Cost at 31 December 2016	5.083.487	5.083.487
Revaluations at 1 January 2016	-5.083.487	-2.877.614
Equity investments with negative net asset value amortised over receivables	0	-2.205.873
Revaluations at 31 December 2016	-5.083.487	-5.083.487
Carrying amount at 31 December 2016	0	0

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
FirstClients Langebrogade ApS	Denmark	100%	-16.417.679	-1.139.527
First Clients Egeparken, Albertslund ApS	Denmark	100%	-8.807.910	-1.021.630
FirstClients Gl. Kongevej ApS	Denmark	100%	-4.267.247	75.719
FirstClients Capital Square Kft.	Hungary	100%	-152.733	516.729
FirstClients Alle Corner Kft.	Hungary	100%	1.050.463	863.008
FirstClients Marynarska Point sp. z.o.o.	Poland	100%	-9.457.433	-1.012.573
FirstClients Management Czech s.r.o	Czech Republic	100%	-1.185.856	-47.250

NOTES

6 EQUITY

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2016	500.000	-8.182.725	-7.682.725
Net profit/loss for the year	<u>0</u>	<u>-110.249</u>	<u>-110.249</u>
Equity at 31 December 2016	<u><u>500.000</u></u>	<u><u>-8.292.974</u></u>	<u><u>-7.792.974</u></u>

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

7 CONTINGENT ASSETS, LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

Contingent liabilities

Regus Management ApS being the administration company is subject to the Danish scheme of joint taxation and, as from the financial year 2013, unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

As from 2012, the company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

NOTES

8 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 it is not yet known whether the issues give rise to any further questions.

The company has provided guarantees for lease obligations of subsidiaries' rentals Egeparken in Albertslund and Gl. Kongevej in Copenhagen. .

9 RELATED PARTIES AND OWNERSHIP

Other related parties

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

