

Regus plc (société anonyme)

Annual accounts
for the year ended 31 December 2015

(with the report of the Réviseur d'Entreprises agréé
thereon)

**Registered Office: 22 Grenville Street,
St Helier, Jersey, JE4 8PX,
Channel Islands
Jersey Registration Number: 101523**

**Central Administration (Head Office):
26 Boulevard Royal
L-2449 Luxembourg
R.C.S. Luxembourg B 141.159**

Regus plc (société anonyme)
ANNUAL ACCOUNTS 2015

Directors' report and annual accounts

Contents

Report of the Réviseur d'Entreprises agréé	1-2
Directors' report	3-4
Balance sheet	5-6
Profit and loss account	7-8
Notes to the annual accounts	9-16



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To the Shareholders of
Regus plc (société anonyme)
26, Boulevard Royal
L-2449 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the annual accounts

We have audited the accompanying annual accounts of Regus plc (société anonyme), which comprise the balance sheet as at 31 December 2015 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'Entreprises agréé

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the annual accounts 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of Regus plc (société anonyme) as of 31 December 2015, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Report on other legal and regulatory requirements

The Directors' report, which is the responsibility of the Board of Directors, is consistent with the annual accounts.

Luxembourg, 1 March 2016

KPMG Luxembourg,
Société coopérative
Cabinet de révision agréé


Stephen Nye

Regus plc (société anonyme)

ANNUAL ACCOUNTS 2015

DIRECTORS' REPORT

The Directors present their report and the annual accounts for the year ended 31 December 2015.

Introduction

Regus plc (société anonyme) (the “**Company**”), was originally incorporated as a private company on 8 August 2008 in Jersey, Channel Islands and was re-registered as a public company on 18 August 2008. The Company transferred its place of central administration (head office) from Jersey to Luxembourg as of 21 August 2008 and was registered for the sole purpose of the transfer of its place of central administration (head office) to Luxembourg, with the Luxembourg Registre de Commerce et des Sociétés as a Société Anonyme.

The Company was incorporated to participate in a group reorganisation of the Regus Group which was announced on 29 August 2008 whereby the Company would be introduced as the new holding company of the Regus Group, through a High Court approved scheme of arrangement under sections 895 to 899 of the UK Companies Act 2006. The scheme became effective on 14 October 2008.

Following the scheme of arrangement, the Company's principal activity was to act as a holding company for the Regus Group, and the Company is the ultimate parent company of all subsidiaries of the Regus Group.

Business review

The Company's full business review for the year is set out in its consolidated Annual Report and Accounts which are available from its registered address located at 22 Grenville Street, St Helier, Jersey JE4 8PX, Channel Islands as well as the central administration (head office) at 26, Boulevard Royal, L-2449 Luxembourg.

Significant events

There were no significant events during the year.

Corporate Governance statement

The Company has set out its statement on Corporate Governance, including a review of principal risks and uncertainties, and details of the Company's aims for its future development, in its consolidated Annual Report and Accounts, which are available from its registered address located at 22 Grenville Street, St Helier, Jersey JE4 8PX, Channel Islands, as well as the central administration (head office) at 26, Boulevard Royal, L-2449 Luxembourg.

Capital structure

The Company's share capital comprises 950,969,822 (2014: 950,969,822) issued and fully paid up ordinary shares of 1p each. All ordinary shares have the same rights to vote at general meetings of the Company and to participate in distributions. There are no securities in issue that carry special rights in relation to the control of the Company. The Company's shares are traded on the London Stock Exchange.

The substantial interests held in the issued share capital of the Company are available under www.regus.com.

Acquisition of own shares

During the year to 31 December 2015, the Company utilised 1,936,642 of its treasury shares to satisfy the share option remunerations awarded to the Group's employees. This reduced the number of treasury shares held by the Company to 10,946,813 shares. The Company purchased a further 9,543,800 of its own shares, during the year, increasing its treasury share holding to 20,490,613 shares. At the financial year end, the Company's treasury share holding amounted to 2.15% of the total share capital of the Company.

The holders of ordinary shares of the Company are entitled to receive such dividends as are declared by the Company, and are entitled to one vote per share at meetings of the Company. Treasury shares do not carry such rights until re-issued.

Share option programme

The Company has granted awards to certain employees and directors within the Group, under its share option programme, which entitles them to acquire shares in the Company. Full details of this programme are set out in the Company's consolidated Annual Report and Accounts, which are available from its registered address located at 22 Grenville Street, St Helier, Jersey JE4 8PX, Channel Islands, as well as the central administration (head office) at 26, Boulevard Royal, L-2449 Luxembourg.

Result for the year

The loss for the financial year ended 31 December 2015 was £17,236,709 (2014: loss of £9,499,866). The Company paid total dividends in the year of £38,811,152 (2014: £35,483,439).

Directors

The Directors of the Company who held office during the financial year were:

Executive directors

Mark Dixon

Dominique Yates – resigned 1 November 2015

Dominik DeDaniel – appointed 1 November 2015

Non-executive directors

Douglas Sutherland - Chairman

Lance Browne

Alex Sulkowski - resigned 19 May 2015

Elmar Heggen

Florence Pierre

Mary R Henderson

Francois Pauly – appointed 19 May 2015

Auditors

Following registration of the Company with the Luxembourg Registre de Commerce et des Sociétés on 21 August 2008, the following Réviseur d'Entreprises agréé was appointed to audit the Company, and was re-appointed at the Company's 2015 AGM on 19 May 2015:

KPMG Luxembourg Société coopérative

39, Avenue John F. Kennedy

L-1855 Luxembourg

Regus plc (société anonyme)

ANNUAL ACCOUNTS 2015

Balance Sheet

As at 31 December 2015

(expressed in thousands of GBP)

ASSETS	Notes	2015	2014
C. FIXED ASSETS			
I. Intangible fixed assets			
2. Concessions, patents, licences, trademarks and similar rights and assets			
a) acquired for valuable consideration		1.3	7.1
II. Tangible fixed assets			
3. Other fixtures and fittings, tools and equipment		1.3	2.5
III. Financial fixed assets			
1. Shares in affiliated undertakings	3	644,564.8	683,350.9
		644,567.4	683,360.5
D. CURRENT ASSETS			
II. Debtors			
2. Amounts owed by affiliated undertakings			
a) becoming due and payable within one year		44.9	907.7
3. Amounts owed by undertakings with which the company is linked by virtue of participating interests			
a) becoming due and payable within one year		35.0	37.8
4. Other receivables			
a) becoming due and payable within one year		329.8	6.5
III. Transferable securities			
2. Own shares	4	42,893.7	19,894.1
<i>(20,490,613 shares of GBP 0.01 per share (2013: 12,883,455 shares))</i>			
IV. Cash at bank and in hand			
		-	0.7
		43,303.4	20,846.8
E. Prepayments			
		67.9	576.9
TOTAL ASSETS		687,938.7	704,784.2

The accompanying notes form an integral part of the annual accounts.

Regus plc (société anonyme)

ANNUAL ACCOUNTS 2015

Balance Sheet (continued)

As at 31 December 2015

(expressed in thousands of GBP)

LIABILITIES	Notes	2015	2014
A. CAPITAL AND RESERVES	4		
I. Subscribed capital		9,509.7	9,509.7
II. Share premium and similar premiums		53,673.0	53,673.0
IV. Reserves			
1. Legal reserve		951.0	951.0
2. Reserve for own shares		42,893.7	19,894.1
4. Other reserves		477,106.3	500,105.9
V. Profit or loss brought forward		57,864.6	104,962.7
VI. Profit or loss for the financial year		(17,236.7)	(9,499.9)
VII. Interim dividends		(13,013.8)	(11,800.9)
		<u>611,747.8</u>	<u>667,795.6</u>
C. PROVISIONS			
2. Provisions for taxation		70.0	90.9
3. Other provisions		19.5	46.0
		<u>89.5</u>	<u>136.9</u>
D. NON-SUBORDINATED DEBTS			
4. Trade creditors			
a) becoming due and payable within one year		694.9	477.4
6. Amounts owed to affiliated undertakings			
a) becoming due and payable within one year		1,556.8	330.7
b) becoming due and payable after more than one year	5	73,843.5	36,036.9
8. Tax and social security debts			
b) Social security debts		6.2	6.7
		<u>76,101.4</u>	<u>36,851.7</u>
TOTAL LIABILITIES		<u>687,938.7</u>	<u>704,784.2</u>

The accompanying notes form an integral part of the annual accounts.

Regus plc (société anonyme)

ANNUAL ACCOUNTS 2015

Profit and loss account

For the year ended 31 December 2015

(expressed in thousands of GBP)

	Notes	2015	2014
A. CHARGES			
2. Other external charges	6	14,414.3	7,920.0
3. Staff costs	7		
a) Wages and salaries		120.8	311.4
b) Social security costs on wages and salaries		15.3	15.0
4. Value adjustments			
a) on formation expenses and on tangible and intangible fixed assets		7.9	13.7
b) on current assets		0.9	2.4
5. Other operating charges	8	599.7	485.6
8. Interest and other financial charges			
a) concerning affiliated undertakings		1,985.7	632.0
b) other interest and similar financial charges		99.7	230.1
10. Extraordinary charges		-	279.1
11. Income tax		11.6	38.8
TOTAL CHARGES		17,255.9	9,928.1

The accompanying notes form an integral part of the annual accounts.

Regus plc (société anonyme)

ANNUAL ACCOUNTS 2015
Profit and loss account (continued)
For the year ended 31 December 2015
(expressed in thousands of GBP)

B. INCOME	Notes	2015	2014
4. Reversal of value adjustments			
b) on current assets	9	-	386.1
8. Other interest and other financial income			
b) other interest and similar financial income		19.2	42.1
13. Loss for the financial year	4	17,236.7	9,499.9
TOTAL INCOME		<u>17,255.9</u>	<u>9,928.1</u>

The accompanying notes form an integral part of the annual accounts.

Regus plc (société anonyme)

ANNUAL ACCOUNTS 2015

Notes to the accounts

For the year ended 31 December 2015

1 General

Regus plc (société anonyme) (the “**Company**”) is a public limited liability company originally incorporated as a private company on 8 August 2008, in Jersey, Channel Islands, under the name of Regus Limited. The Company subsequently changed its name and was then re-registered in Jersey, on 18 August 2008, as a public company. The Company transferred its place of central administration (head office) from Jersey to Luxembourg as of 21 August 2008, and was registered for the sole purpose of the transfer of its place of central administration (head office) to Luxembourg with the Luxembourg *Registre de Commerce et des Sociétés* as a *Société Anonyme*. The Company is established for an unlimited duration.

The registered office of the Company is established at 22 Grenville Street, St Helier, Jersey JE4 8PX, Channel Islands and its place of central administration (head office) is registered at 26 Boulevard Royal, L-2449 Luxembourg.

The Company’s financial year starts on 1 January and ends on 31 December each year.

The objects of the Company are to carry on business as a general commercial company and to carry on any trade or business whatsoever. To acquire any estate or interest in and to take options over, construct, develop or exploit any property, real or personal, and rights of any kind and the whole or any part of the undertaking, assets and liabilities of any person and to act as a holding company.

The Company’s ordinary shares are traded on the London Stock Exchange and it publishes its consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the EU. These consolidated financial statements are available at the registered office 22 Grenville Street, St Helier, Jersey JE4 8PX, Channel Islands, as well as at the central administration (head office) at 26, Boulevard Royal, L-2449 Luxembourg.

2 Significant accounting policies

2.1 Basis of preparation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements, and generally accepted accounting principles. Accounting policies and valuation rules are, besides the ones laid down by the Law, determined and applied by the Board of Directors.

The main valuation rules applied by the Company are the following:

2.2 Formation expenses

The formation expenses of the Company are directly charged to the profit and loss account of the year.

2 Significant accounting policies (continued)

2.3 *Intangible assets*

Intangible assets are valued at purchase price including the expenses incidental thereto, less accumulated amortisation amounts written off, and value adjustments. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

2.4 *Tangible assets*

Tangible assets are valued at purchase price including the expenses incidental thereto, and are depreciated over their estimated useful economic lives. Where a tangible asset is identified as having suffered a durable depreciation in value, an additional write down is recorded to reflect this loss. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.5 *Financial assets*

Shares in affiliated undertakings are valued at purchase price including acquisition costs. Where any permanent diminution in value is identified, value adjustments are recorded in the profit and loss account. These value adjustments are not continued if the reasons which caused their initial recording cease to apply.

Loans to affiliated undertakings and other loans are valued at their nominal value. Loans which appear to be wholly or partially irrecoverable are subject to value adjustments. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.6 *Debtors*

Current debtors are valued at their nominal value, but are subject to value adjustments where their value appears to be wholly or partially irrecoverable. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.7 *Transferable securities*

Transferable securities are valued at the lower of cost or market value. If the market value falls below the acquisition cost, value adjustments are recorded. These value adjustments are not continued if the factors which caused their initial recording cease to apply.

Regus plc (société anonyme)

ANNUAL ACCOUNTS 2015

Notes to the accounts (continued)
For the year ended 31 December 2015

2 Significant accounting policies (continued)

2.8 Foreign currency translation

The Company maintains its accounting records in Sterling (“GBP”) and its annual accounts are expressed in this currency.

Transactions expressed in currencies other than GBP are translated at the exchange rate effective at the time of the transaction.

Monetary assets and liabilities denominated in other currencies are translated at the exchange rate effective at the balance sheet date. Realised foreign currency gains and losses and negative exchange differences are recognised in the profit and loss account. Positive unrealised exchange differences are not recognised.

Cash at bank, cheques and cash in hand denominated in currencies other than GBP are translated at the exchange rates prevailing at the balance sheet date. Exchange gains and losses arising from the translations are recorded in the profit and loss account.

2.9 Prepayments

This asset item includes expenditure incurred during the financial year which relates to a subsequent financial year.

2.10 Trade creditors

Trade creditors are recorded at their nominal value.

2.11 Deferred income

This liability item includes income received during the financial year which relates to a subsequent financial year.

2.12 Value adjustments

Value adjustments are deducted directly from the related asset.

Regus plc (société anonyme)

ANNUAL ACCOUNTS 2015
Notes to the accounts (continued)
For the year ended 31 December 2015

3 Financial fixed assets

The financial assets of the Company are represented by:

In thousands of GBP	<u>Shares in affiliated undertakings</u>	<u>Amounts owed by affiliated undertakings</u>	<u>Total</u>
Acquisition costs			
Opening balance	754,248.5	312.7	754,561.2
Additions for the year	25.0	-	25.0
Reimbursement of share premium	(38,811.1)	-	(38,811.2)
Repayments for the year	-	-	-
Closing balance	715,462.4	312.7	715,775.1
Value adjustments			
Opening balance	70,897.6	312.7	71,210.3
Allocations for the year	-	-	-
Reversals for the year	-	-	-
Transfers for the year	-	-	-
Closing balance	70,897.6	312.7	71,210.3
Net book value			
Opening balance	683,350.9	-*	683,350.9
Closing balance	644,564.8	-*	644,564.8

*In 2012 the Company entered into a zero balancing agreement (ZBA), a daily clearing of bank balances, with Pathway Finance S.à r.l.. During the year ZBA balances were transferred to a loan account, on a monthly basis. The loan attracts interest at a rate of LIBOR 3M + margin, which is charged quarterly.

Undertakings in which the Company holds at least 20% of their share capital are listed as follows

<u>Name of undertaking</u>	<u>Carrying amount (in thousands of GBP)</u>	<u>Ownership %</u>	<u>Currency of undertaking</u>
Regus Management Limited S.à r.l.** Registered office: 268 Bath Road Slough, SL 1 4DX, Berkshire UK	-	100	GBP
Umbrella Holdings S.à r.l. Registered office: 26 Boulevard Royal L-2449 Luxembourg	644,539.8	100	GBP
Umbrella Global Holdings S.à r.l. Registered office: 26 Boulevard Royal L-2449 Luxembourg	25.0	100	GBP

Regus plc (société anonyme)

ANNUAL ACCOUNTS 2015

Notes to the accounts (continued)
For the year ended 31 December 2015

3 Financial fixed assets (continued)

The Company has applied the exemption authorised under article 67 paragraph (3a), and omitted disclosure of the amounts of capital and reserves and profits and losses for the last financial year, for undertakings already included in its consolidated financial statements.

**The original investment cost of Regus Management Limited was subject to a value adjustment in 2010 of GBP 70,897,571 due to a permanent diminution in its carrying amount.

The Company received partial reimbursement of its investment, held as share premium in Umbrella Holdings S.à r.l., in order to fund dividends paid to its shareholders in May and October 2015.

4 Capital and reserves

4.1 Subscribed capital

The Company's ordinary shares were admitted to trading on the main market for listed securities of the London Stock Exchange on 14 October 2008.

The subscribed, issued and fully paid capital amounts to GBP 9,509,698.22, represented by 950,969,822 shares of GBP 0.01 per share.

The authorised share capital of the Company amounts to GBP 80,000,000 (8,000,000,000 shares of GBP 0.01 per share).

4.2 Movement on reserves and profit and loss items

In thousands of GBP	<u>Legal</u> <u>reserve</u>	<u>Reserve for</u> <u>own shares</u>	<u>Other</u> <u>reserves</u>	<u>Profit or loss</u> <u>brought</u> <u>forward</u>	<u>Profit or</u> <u>loss for the</u> <u>financial</u> <u>year</u>	<u>Interim</u> <u>dividend</u> <u>paid</u>	<u>Total</u>
Balance as at 1 January 2015	951.0	19,894.1	500,105.9	104,962.7	(9,499.9)	(11,800.9)	604,612.9
Allocation of interim dividend paid	-	-	-	(11,800.9)	-	11,800.9	-
Allocation of prior year loss	-	-	-	(9,499.9)	9,499.9	-	-
Dividend payments	-	-	-	(25,797.3)	-	(13,013.8)	(38,811.1)
Allocation to reserve for own shares	-	22,999.6	(22,999.6)	-	-	-	-
Loss for the year	-	-	-	-	(17,236.7)	-	(17,236.7)
Closing balance as at 31 December 2015	951.0	42,893.7	477,106.3	57,864.6	(17,236.7)	(13,013.8)	548,565.1

4 Capital and reserves (continued)

4.3 *Legal reserve*

In accordance with Luxembourg Company Law, the Company is required to transfer a minimum of 5% of its net profits for each financial year to a legal reserve. This requirement ceases to be necessary once the balance of the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution to the shareholders.

4.4 *Reserve for own shares*

During the year the Company utilised 1,936,642 treasury shares held as assets to satisfy share option remuneration awarded to the Group's employees. This reduced the number of own shares held to 10,946,813 shares. The Company also purchased 9,543,800 shares during the year, increasing the total number of treasury shares held at the financial year end to 20,490,613 shares.

In accordance with Luxembourg Company law, a non-distributable reserve, equal to the total value of these treasury shares, is maintained on the balance sheet and will remain unavailable for as long as these shares are held.

5 Amounts owed to affiliated undertakings

becoming due and payable after more than one year

In 2012 the Company entered into a zero balancing agreement (ZBA), a daily clearing of bank balances, with Pathway Finance S.à r.l.. During the year this balance was transferred to a loan account, and subsequent ZBA balances were transferred to the loan account on a monthly basis. The loan attracts interest at a rate of LIBOR 3M + margin, which is charged quarterly.

Given the intercompany nature of the amounts owed to affiliated undertakings, and the revolving nature of the facility under which these are provided, which has no defined end date, the loan balance is considered by the Board of Directors to be repayable after five years.

In the context of the above intra-group loan facility agreement, amounting to a maximal possible to be drawn amount of GBP 100,000,000, the Company awarded a first ranking floating charge over all or substantially all of its assets (or equivalent security), in favour of Pathway Finance S.à r.l..

Regus plc (société anonyme)

ANNUAL ACCOUNTS 2015

Notes to the accounts (continued)
For the year ended 31 December 2015

6 Other external charges

Other external charges are broken down as follows:

In thousands of GBP	Year 2015	Year 2014
Management fees	3,858.5	5,415.3
Legal and professional fees	933.6	451.4
Share registration costs	108.1	94.2
Charges related to share option plans	8,955.6	1,484.5
Shareholder and investor relations	56.8	14.6
Other business charges	501.7	460.0
Total other external charges	14,414.3	7,920.0

7 Staff costs

Staff costs for the financial year are broken down as follows:

In thousands of GBP	Year 2015	Year 2014
Wages and salaries	120.8	311.4
Social security costs on wages and salaries	15.3	15.0
Total staff expenses	136.1	326.4

The average number of employees for the year was two (2014: three).

8 Other operating charges

Other operating charges represent Directors fees paid for the year.

9 Reversal of value adjustments

The Company released impairment provisions, recorded in previous years, against the outstanding trade balances of group undertakings. The total provision released amounted to GBP nil (2014: £386,079).

Regus plc (société anonyme)

ANNUAL ACCOUNTS 2015

Notes to the accounts (continued)
For the year ended 31 December 2015

10 Guarantees and commitments

The Company has provided guarantees in support of outstanding bank commitments amounting to £382.9 million. (2014: £331.3 million). The Company has also provided guarantees to a number of landlords relating to lease obligations amounting to £70.8 million (2014: £40.1 million).

The Company has additionally provided guarantees to third parties on behalf of affiliated undertakings.

As indicated in the remuneration report included in the Annual Report, the Company operates two long-term incentive plans: the Co-Investment Plan (with two elements, the Matching Shares and the Long Term Incentive Plan), and the Regus plc Share Option Scheme.

During the year 1,906,565 (2014: 14,721,296) share options have been granted in the framework of the Regus plc Share Option Scheme (*) and 4,062,226 (2014: 4,407,566) share options lapsed during the year. The total number of share options outstanding for this scheme at year end amounted to 29,494,624 (2014: 36,096,491). 4,446,206 (2014: 1,058,359) share options have been exercised during 2015.

() For consistency purposes, the comparative figure regarding the number of share options granted has been amended*

In respect of the Co-Investment Plan and the Long Term Incentive Plan 1,874,527 (2014: 1,370,488) share options have been exercised during the year and 1,251,836 (2014: 3,056,082) share options lapsed during the year. The total outstanding number of share options at year end for these schemes was 3,673,684 (2014: 5,760,289). 1,039,760 (2014: 809,610) share options in respect of the Co-Investment Plan have been granted during 2015.