

Regus plc (société anonyme)

Annual accounts
for the year ended 31 December 2013

(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 2013

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 accounts	9-16



KPMG Luxembourg S.à.r.l.
9, allée Scheffer
L-2520 Luxembourg

Telephone +352 22 51 51 1
Fax +352 22 51 71
Internet www.kpmg.lu
Email info@kpmg.lu

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 2013 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 2013, 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, 4 March 2014

KPMG Luxembourg S.à r.l.
Cabinet de révision agréé

Thierry Ravasio

Regus plc (société anonyme)
ANNUAL ACCOUNTS 2013
DIRECTORS' REPORT

The Directors present their report and the audited annual accounts for the year ended 31 December 2013.

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.

Acquisition of own shares

During the year to 31 December 2013, the Company utilised 3,724,759 of its treasury shares to satisfy the share option remunerations awarded to employees. This reduced the number of treasury shares held by the Company to 5,257,380 shares.

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 2013 was £7,708,215 (2012: loss £9,848,941). The Company paid total dividends in the year of £31,149,483 (2012: £28,258,792).

Directors

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

Executive directors

Mark Dixon
Dominique Yates

Non-executive directors

Douglas Sutherland - Chairman
Lance Browne
Alex Sulkowski
Elmar Heggen
Florence Pierre

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 were appointed to audit the Company, and were re-appointed at the Company's 2013 AGM on 21 May 2013.

KPMG Luxembourg S.à r.l.
9, allée Scheffer
L-2520 Luxembourg

Regus plc (société anonyme)
ANNUAL ACCOUNTS 2013
Balance Sheet
As at 31 December 2013
(expressed in thousands of GBP)

ASSETS	Notes	2013	2012
C. FIXED ASSETS			
I. Intangible assets			
2. Concessions, patents, licences, trademarks and similar rights and assets			
a) acquired for valuable consideration		18.2	23.6
II. Tangible assets			
3. Other fixtures and fittings, tools and equipment		4.7	1.8
III. Financial assets			
	4		
1. Shares in affiliated undertakings		718,834.4	749,983.8
2. Amounts owed by affiliated undertakings		455.0	-
		719,312.3	750,009.2
D. CURRENT ASSETS			
II. Debtors			
2. Amounts owed by affiliated undertakings			
a) becoming due and payable within one year		1,278.0	1,083.2
3. Amounts owed by undertakings with which the company is linked by virtue of participating interests			
a) becoming due and payable within one year		32.4	32.4
4. Other receivables			
a) becoming due and payable within one year		2.9	-
III. Transferable securities			
2. Own shares	5	4,126.3	7,049.7
<i>(5,257,380 shares of GBP 0.01 per share (2012: 8,982,139 shares))</i>			
IV. Cash at bank and in hand		5.2	7.7
		5,444.8	8,173.0
E. DEFERRED CHARGES		50.3	164.8
TOTAL ASSETS		724,807.4	758,347.0

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

Regus plc (société anonyme)

ANNUAL ACCOUNTS 2013

Balance Sheet (continued)

As at 31 December 2013

(expressed in thousands of GBP)

LIABILITIES	Notes	2013	2012
A. CAPITAL AND RESERVES	5		
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		4,126.3	7,049.7
4. Other reserves		515,873.7	512,950.3
V. Results brought forward		146,737.3	186,771.8
VI. Results for the financial year		(7,708.2)	(9,848.9)
VII. Interim dividends		(10,383.8)	(9,419.9)
		712,779.0	751,636.7
C. PROVISIONS			
2. Provisions for taxation		79.5	77.8
3. Other provisions		18.1	26.8
		97.6	104.6
D. NON-SUBORDINATED DEBTS			
4. Debts to trade creditors			
a) becoming due and payable within one year		454.6	1,221.7
6. Amounts owed to affiliated undertakings			
a) becoming due and payable within one year		303.8	5,374.0
b) becoming due and payable after more than one year	6	11,166.8	-
8. Tax and social security debts			
b) Social security debts		5.6	7.2
9. Other creditors			
a) becoming due and payable within one year		-	2.8
		11,930.8	6,605.7
TOTAL LIABILITIES		724,807.4	758,347.0

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

Regus plc (société anonyme)
ANNUAL ACCOUNTS 2013
Profit and loss account
For the year ended 31 December 2013
(expressed in thousands of GBP)

	Notes	2013	2012
A. CHARGES			
2. Other external charges	7	7,359.8	8,569.6
3. Staff expenses	8		
a) Wages and salaries		176.5	118.4
b) Social security costs accruing by reference to wages and salaries		12.6	16.0
4. Value adjustments			
a) in respect of formation expenses and on tangible and intangible fixed assets		12.4	6.5
b) in respect of current assets		48.7	221.6
5. Other operating charges	9	437.9	406.0
6. Value adjustments and fair value adjustments on financial fixed assets	4	6.6	306.1
8. Interest payable and other financial charges			
a) concerning affiliated undertakings		203.2	22.7
b) other interest payable and charges		104.0	63.2
9. Extraordinary charges		41.3	49.3
10. Income tax		8.3	8.7
11. Other taxes not included in the previous caption		-	77.7
TOTAL CHARGES		8,411.3	9,865.8

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

Regus plc (société anonyme)

ANNUAL ACCOUNTS 2013
Profit and loss account (continued)
For the year ended 31 December 2013
(expressed in thousands of GBP)

B. INCOME	Notes	2013	2012
4. Reversal of value adjustments b) in respect of current assets	10	49.8	10.8
5. Other operating income		593.0	-
8. Other interest receivable and other financial income a) derived from affiliated undertakings b) other interest and financial income		0.1 60.2	- 5.9
9. Extraordinary income		-	0.2
10. Loss for the financial year	5	7,708.2	9,848.9
TOTAL INCOME		8,411.3	9,865.8

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

Regus plc (société anonyme)
ANNUAL ACCOUNTS 2013
Notes to the accounts
For the year ended 31 December 2013

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 Presentation of the comparative financial data

Some of the comparative figures have been reclassified in order to better reflect the economic substance of transactions. The reclassifications have no impact on total equity nor result of the year.

3 Significant accounting policies

3.1 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:

3.2 Formation expenses

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

Regus plc (société anonyme)
ANNUAL ACCOUNTS 2013
Notes to the accounts
For the year ended 31 December 2013

3 Significant accounting policies (continued)

3.3 *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.

3.4 *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.

3.5 *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.

3.6 *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.

3.7 *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 2013
Notes to the accounts
For the year ended 31 December 2013

3 Significant accounting policies (continued)

3.8 *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.

3.9 *Deferred charges*

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

3.10 *Debts to trade creditors*

Debts to trade creditors are recorded at their nominal value.

3.11 *Deferred income*

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

3.12 *Value adjustments*

Value adjustments are deducted directly from the related asset.

Regus plc (société anonyme)

ANNUAL ACCOUNTS 2013

Notes to the accounts

For the year ended 31 December 2013

4 Financial 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	820,881.4	306.1	821,187.5
Additions for the year	-	461.6	461.6
Reimbursement of share premium	(31,149.4)	-	(31,149.4)
Transfers for the year	-	-	-
Closing balance	789,732.0	767.7	790,499.7
Value adjustments			
Opening balance	70,897.6	306.1	71,203.7
Allocations for the year	-	6.6	6.6
Reversals for the year	-	-	-
Transfers for the year	-	-	-
Closing balance	70,897.6	312.7	71,210.3
Net book value			
Opening balance	749,983.8	-	749,983.8
Closing balance	718,834.4	455.0*	719,289.4

*The loan is bearing interest at a rate of LIBOR 3M + margin.

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.*	-	100	GBP
Umbrella Holdings S.à r.l.	718,834.4	100	GBP

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 accounts.

*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.

During 2012 the Company transferred its loan with Regus Business Centre LLC to Pathway Finance Société à responsabilité limitée. The remaining loans held by the Company were subject to a value adjustment as their recoverability appeared to be uncertain. The status of these loans is unchanged as at 31 December 2013.

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 2013.

Regus plc (société anonyme)
ANNUAL ACCOUNTS 2013
Notes to the accounts
For the year ended 31 December 2013

5 Capital and reserves

5.1 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).

5.2 Movement on reserves and profit and loss items

In thousands of GBP	<u>Legal reserve</u>	<u>Reserve for own shares</u>	<u>Other reserves</u>	<u>Results brought forward</u>	<u>Results for the financial year</u>	<u>Interim dividend paid</u>	<u>Total</u>
Balance as at 1 January 2013	951.0	7,049.7	512,950.3	186,771.8	(9,848.9)	(9,419.9)	688,454.0
Allocation of interim dividend paid	-	-	-	(9,419.9)	-	9,419.9	-
Allocation of prior year loss	-	-	-	(9,848.9)	9,848.9	-	-
Dividend payments	-	-	-	(20,765.7)	-	(10,383.8)	(31,149.5)
Allocation from reserve for own shares	-	(2,923.4)	2,923.4	-	-	-	-
Loss for the year	-	-	-	-	(7,708.2)	-	(7,708.2)
Closing balance as at 31 December 2013	951.0	4,126.3	515,873.7	146,737.3	(7,708.2)	(10,383.8)	649,596.3

5.3 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.

Regus plc (société anonyme)

ANNUAL ACCOUNTS 2013

Notes to the accounts

For the year ended 31 December 2013

5 Capital and reserves (continued)

5.4 Reserve for own shares

During the year the Company did not carry out any share buybacks but utilised 3,724,759 treasury shares held as assets to satisfy share option remuneration awarded to employees. This reduced the number of own shares held to 5,257,380 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.

6 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 Société à responsabilité limitée which resulted in a deficit amount owed by the Company. 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 an agreed margin and is charged quarterly.

7 Other external charges

Other external charges are broken down as follows:

In thousands of GBP	Year 2013	Year 2012
Management fees	4,919.0	4,333.8
Legal and professional fees	685.4	1,494.7
Share registration costs	66.0	78.6
Charges related to share option plans	1,173.0	2,073.9
Shareholder and investor relations	15.7	165.2
Other business charges	500.7	423.4
Total other external charges	7,359.8	8,569.6

Regus plc (société anonyme)
ANNUAL ACCOUNTS 2013
Notes to the accounts
For the year ended 31 December 2013

8 Staff expenses

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

In thousands of GBP	Year	Year
	2013	2012
Wages and salaries	176.5	118.4
Social security costs accruing by reference to wages and salaries	12.6	16.0
Total staff expenses	189.1	134.4

The average number of employees for the year was three (2012: two).

9 Other operating charges

Other operating charges represent Directors fees paid for the year.

10 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 49,773 (2012: 10,757).

11 Guarantees and commitments

The Company has outstanding bank guarantees and letters of credit held with certain banks amounting to £242.6 million. (2012: £98.4 million).

As indicated in the remuneration report included in the Annual Report, the Company operates three long-term incentive plans: the Co-Investment Plan (with two elements, the Matching Shares and the Long Term Incentive Plan), the Regus plc Share Option Scheme and the Regus plc 2008 Value Creation Plan.

During the year 10,514,000 (2012: 11,269,000) share options have been granted in the framework of the Regus plc Share Option Scheme and 7,856,529 (2012: 4,789,407) share options lapsed during the year. The total number of share options outstanding for this scheme at year end amounted to 26,841,120 (2012: 27,211,499). 3,027,850 share options have been exercised during 2013 (2012: nil).

In respect of the Co-Investment Plan and the Long Term Incentive Plan 2,161,604 (2012: 1,854,550) share options have been exercised during the year and 4,725,549 (2011: nil) share options lapsed during the year. The total outstanding number of share options at year end for these schemes was 9,377,249 (2012: 14,742,932). 1,521,470 share options in respect of the Co-Investment Plan have been granted during 2013 (2012: nil).

Regus plc (société anonyme)

ANNUAL ACCOUNTS 2013

Notes to the accounts

For the year ended 31 December 2013

11 Guarantees and commitments (continued)

Regarding the Regus plc 2008 Value Creation Plan no share options were outstanding as at December 31, 2013 (2012: 9,257,143) and 9,257,143 (2012: 3,599,999) share options lapsed during the year. No share options have been granted during 2013 or 2012, nor have they been exercised.

12 Post balance sheet event

On February 25, 2014, the registered address of the Company changed from Lime Grove House, Green Street, St Helier, Jersey JE1 2ST, Channel Islands, to 22 Grenville Street, St Helier, Jersey JE4 8PX, Channel Islands.