Changing the way the world works

Regus plc Annual Report and Accounts **2014**

Regus at a glance

Regus is the clear number one player in the rapidly growing, global flexible workplace market. We have a world-class business with sound financial discipline, focused on driving attractive shareholder returns.

We do this by providing convenient, high-quality workplaces, for any period of time. We are the only provider with significant and growing national networks. These provide an unrivalled global reach.

Regus: the global workplace provider.

Our business

We are a fast expanding business, with sound financials achieving attractive returns.

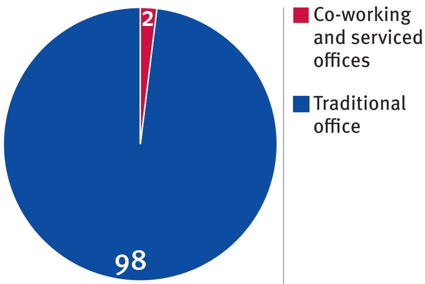
For more information see p2-3

Our market

The leader in a fast growing industry that is set to become a larger part of the commercial property market.

For more information see p4-5

Total available office space (%)



Source: CBRE, Regus

Our customers

We support our customers with the right workplace at the right price, in the right location, every time.

For more information see p6-7

Strategic report

Governance

Financial statements

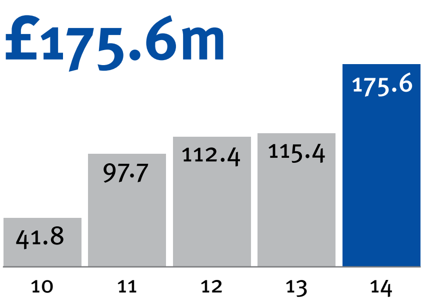
Key financial highlights

- Group operating profit increased 27% to £104.3m, at constant currency
- Strong cash performance, with £175.6m (18.6p per share) of cash generated before net growth capital expenditure and dividends
- Grew the network by 24% at a significantly lower average cost of investment
- Pro-forma net debt of £55m. Adjusting for post year-end property disposals, (see CFO's review on page 19 for details) we self-funded growth in 2014
- Achieving attractive returns on investment – 20.9% 2014 post-tax cash return on all net investment made up to 31 December 2011
- Group revenue increased by 15.8% to £1,676.1m, at constant currency
- 11% increase in full year dividend to 4.0p

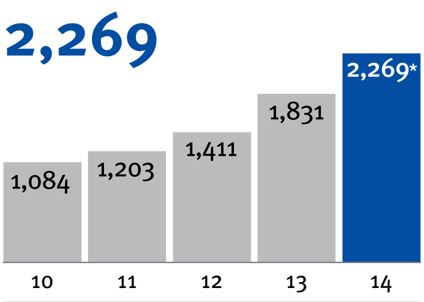
Key growth highlights

- 166 new towns and cities added in year, increasing depth and breadth of national networks
- Now in 850 towns and cities
- 452 new locations added
- Increasing network to 2,269 locations
- Across 104 countries
- £207m of net capital invested in growth
- Achieving significantly lower average cost of investment per location due to geographic and size mix and new formats

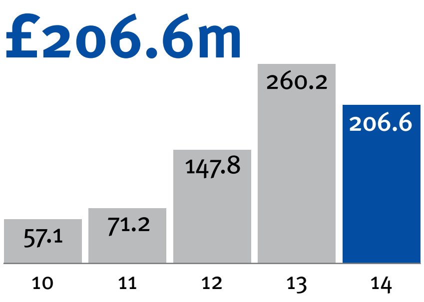
Cash flow before growth capital expenditure and dividends (£m)



Number of locations

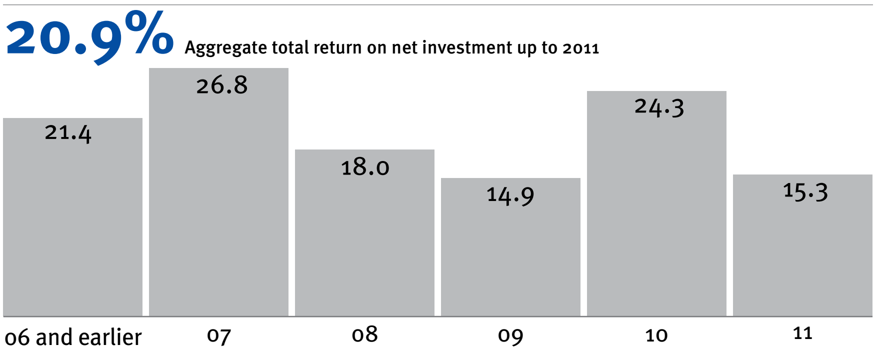


Net growth capital expenditure (£m)



* Now incorporates Third Place locations not previously included

2014 Post-tax cash return on net investment by year group (%)



Turn to page 9 for details on how we calculate our post-tax cash return on net investment.

Our business

Regus is a fast expanding business in a rapidly growing market with world class capabilities and sound financial discipline. We are focused on generating attractive, sustainable returns for our shareholders.

The global workplace provider

Regus' network of over 2,200 locations, currently serves more than two million customers, across some 100 countries; providing convenient, high-quality places to work, for any period of time. We are the only workplace provider with significant and growing national networks, which, when taken as a connected whole, results in a geographic scale that is unmatched. Crucially, as our national networks and global footprint develop, so does the Group's competitive advantage over other providers.

Our network provides the ideal work platform for businesses set free by mobile technology. We put companies in control of how and where they work, helping them to be more focused and productive, and making sure that they only pay for the space they need, when they need it. In today's world of outsourcing and a willingness to share resources, it is not surprising that we are experiencing strong and growing demand for our products and services.

Driven by a structural market shift

As we outline in more detail on pages 4-5, the way in which people work continues to change rapidly, driven by a wide variety of factors including technology, globalisation and workforce dynamics. At the same time there is a growing recognition from large organisations that these changes can drive substantial productivity gains, alongside lower capital and operating costs.

As this trend develops, the growth in demand for high quality, flexible and conveniently located workplaces will continue. Our business is ideally placed to serve these needs and we are firmly focused on participating in this structural shift towards flexible work. Our investment programme reflects this continuing growth in demand, with customers seeking workplaces ranging from our core office based locations; railway stations; motorway service stations; airports and retail outlets.

The image below demonstrates the depth to which the Regus network extends into the urban and suburban landscape to railway stations, motorway service stations, airports, retail outlets, business centres, home and mobile workers.

Our network

2,269 locations

Our locations

Each Regus location provides a wide range of products and services that cater to the needs of our customers. These include (but are not limited to) private offices, meeting rooms, co-working, training rooms, virtual offices and admin support.

850 towns and cities

104 countries

2.1m members

Innovation is key

Transitioning from a predominantly fixed to a more flexible mode of work is difficult and, despite the significant benefits outlined above, it's often a major physical and cultural change for companies. We pioneered flexible working 25 years ago and so are in the ideal place to help them make the transition from fixed to flexible in the most efficient way. Technology is as important to this today as it was back in 1989 when Regus was founded. To remain at the cutting edge we make significant investments in Research and Development (R&D). This drives two things: first it helps us better serve our customers and unlock additional revenue streams; and, second, it helps protect existing revenue streams.

Location diversity

Set free by ever more powerful and innovative mobile technology, work now happens almost everywhere. As a result, we are experiencing strong demand from a wide range of infrastructure providers, such as airport operators and railway companies, to partner with them and place our facilities in their locations. Several years ago we opened our first drop-in facilities at train stations in the Netherlands and motorway service stations in the UK. Today, working closely with our partners, Regus facilities can be found within shopping malls and retail outlets, university campuses and community centres, public libraries and innovation centres. At the same time, the size of our locations now varies from the very small to ones that can accommodate more than a thousand people. We have also begun to develop single occupancy facilities called Workpods which will be used in high footfall areas. What is common to all is that they provide a high quality place to work, with a full suite of associated services.

Our market

The world of work continues to evolve, driven by structural changes in how, where and when people work. People are increasingly working in more diverse locations, at different times and in different ways. Organisations are finding it more difficult than ever to respond to these challenges and adequately support an increasingly mobile workforce. As a result, they are increasingly turning to specialist providers such as Regus.

Growth drivers

Significant and growing

Today the serviced office and co-working sector is only a very small percentage of the entire workplace market[1] while the long-term market opportunity is clearly very significant. It is into this growing demand that Regus is developing the products and services to help workers be as productive as possible whilst they work in a more flexible way.

Cost

Property is not just expensive, it is a fixed (and often long-term) cost; it can also be under-utilised. A more flexible, agile approach to work has been proven time and again to be more cost effective than fixed alternatives such as leasing. The accompanying capital and operational expenditure is lower and an outsourced model is less management intensive. On many occasions we have been able to reduce our customers' costs by up to 80%.

Technology

From smartphones and tablets to 4G, Wi-Fi and the Cloud, we increasingly work whenever, wherever and however we want. We expect the pace of innovation will only accelerate and continue to stimulate demand for our locations. Today over 500,000 of our clients work from home.

Businesses' desire to improve efficiency, by narrowing their focus on critical core competencies, has been a major catalyst in the continuing trend to outsourcing. Invariably, for businesses, property is not a core competency and so many seek ways to outsource this to specialist third party providers such as Regus, which improves the support they provide to their teams at a far lower cost.

Achieving balance between working and personal lives often tops professionals' definitions of career success. Flexible working is a major contributor to a better work-life balance, and is now used by many companies to attract and retain talent such is its positive impact on employee satisfaction.

The shift to a low-carbon economy remains a priority for governments. Flexible working, with its reduction in commuting and fixed office space, plays a valuable role in achieving this.

Outsourcing

Work-life balance

Sustainability

Diverse and fragmented

The potential of this nascent sector is significant and demand is strong and growing, yet given its relative immaturity compared to the traditional property industry, options are diverse and providers fragmented. However, we believe that, as has happened in other industries as they mature, consolidation will occur. At the same time the pace and direction of customer demand, from fixed to flexible and from in-house to outsourced, is driven by five fundamental factors as described on these pages. There are also significant variations by geography. For example, leading market research company IDC estimates that more than 75% of the US workforce spends at least one day a week away from their main office, whereas the figure for developing economies is not yet approaching this level[2]. So the key question is, where do these people work?

A clear market opportunity

Some work from home, but even then, available data suggests that only a small minority of a developed economy's workforce is based predominantly at home[3]. Many more are working wherever they happen to find themselves – be that a coffee shop, hotel, roadside service station, airport or any one of many alternatives. Clearly these are not ideal work locations; poor levels of security, high levels of distraction and a lack of support services being just a few of the issues. It is for this reason that specialist workplace providers such as Regus exist.

1 CBRE (the world's largest commercial real estate services and investment firm), The Workshop, April 2013

2 IDC Worldwide Mobile Worker Population 2011–2015 Forecast, January 2012

3 UK Office for National Statistics, Characteristics of home workers, July 2014; Global Workplace Analytics, September 2013

Our customers

Businesses come to Regus because they want to focus on their business rather than where they run it from. They stay because we provide the very best service at a competitive price, helping them be more successful.

We are committed to supporting our customers with the right workplace at the right price in the right location. Whether that is an entrepreneur needing a prestigious address to launch their business, a corporate with a large sales team needing to set up an office fast or a travelling CEO needing a place to touchdown for an hour in between meetings, we have shaped our products to meet these demands.

At the heart of our business are our centre based teams – dedicated, hard-working, passionate people that help make sure that our customers' success is our success. We make significant investments in training and development which equips our front-line teams with the right skills.

Supporting individual workers

Dell faced a typical chicken-and-egg challenge when it decided to grow its business in Durban. On the one hand, it was entering a small, expanding market that didn't warrant the risk of a traditional office with a long-term contract. On the other, it had to show it was willing to invest in the area if its sales were to gain traction. Since it already had a contract with Regus, Dell gave one of its account executives a Virtual Office Plus. This provided the employee with a great address to build up credibility with his corporate customers and a place to meet when required.

"Working with Regus lends me credibility and creates added value. My customers feel more secure that Dell is here to stay and wants to establish a relationship and invest in the region. It makes them feel we are growing."

Supporting a distributed sales team

Toshiba Europe Gmbh (TEG) is a unit of the Japanese technology conglomerate with responsibility for personal computer and electronic products – including notebook pc's, and other smart products. Based in Nuess in Germany, the company covers a geographical spread from Portugal to Poland, and from Finland to Istanbul. TEG employs over 800 people and has annual sales of more than 1.7 billion.

TEG typically enters new countries with a handful of sales employees. The challenge is to find them suitable, scalable and cost-efficient places to work. They have used Regus in this way to establish operations in Denmark, Finland, Norway, Hungary, Poland and South Africa.

"With Regus I have one point of contact and one form of contract for hundreds of cities. It's simple, cost-effective and does not require a long-term commitment that either hinders growth or wastes money on unnecessary space. It makes setting up in a new country risk and hassle free."

Wolfgang Gollub,
Senior manager, administration – general affairs, TEG

Supporting new approaches to working

"We have found Regus to provide our staff the flexibility they require in the workplace environment, enabling us to make best use of office space, reduce our capital expenditure and encourage new ways of working."

Aaron Parmar, Global Facilities Manager, Accession ACISION

"A help in implementing new ways of working and a tool for managing part of our real estate differently. We do not need to invest in setting up a new office to have a presence in a locality for just the right amount of space and time. A flexible framework agreement contributes to the productivity of our employees."

Robert Ling, Real Estate Manager, GETRONICS Services UK Limited

Supporting entrepreneurs

Onsight Films is a boutique film studio based in Sydney's Western Suburbs. Company founders Marlon Simmons and Redgie Duquilla were working from home, but saw an opportunity to build their business. Regus was the perfect option for them to present a professional business image and increase their productivity. They use Regus' location in Blacktown as a main base and Regus' other 25 Sydney locations as required.

"We deal with a diverse range of clients so we have decided to base ourselves in our local Regus centre. Working close to home saves us time and increases productivity and the added benefit of Regus means that when necessary, we can meet our clients at a range of locations across Greater Sydney."

Marlon Simmons, Founder, Onsight Films

Supporting the transition from fixed to flexible working

With branches across 30 states, Money Management International (MMI) is the USA's largest nonprofit, full-service credit counselling agency.

Its branches have traditionally been leased but the inherent inflexibility was impacting MMI's ability to move quickly to new locations with demographics requiring their counselling services. MMI turned to Regus for help in restructuring how it organised its branch network. In December 2012, MMI opened its first Regus-based location branch office in Las Vegas, NV and since then has opened Regus offices in New York, Arizona, California, South Carolina, Atlanta, Pennsylvania, Florida, Oregon, Indiana, Tennessee, North Carolina, and Texas and is currently looking into other locations. Each time one of its existing fixed leases becomes due, MMI looks for Regus workspace in that location.

"With Regus, we only pay for the space we need, so that is very helpful in terms of cost. And the all-in costs are also an important factor. For example, telecoms and IT are all in place at Regus, so we don't have to pay for connectivity. And at Regus we don't have to pay extra for cleaning and security, so we do see cost savings from using Regus. The professional receptionist staff is a huge advantage to us too, it would not be cost effective for MMI to have receptionists within our branch locations, having them in place as part of our overall cost is very advantageous."

Jim Triggs, Senior Vice President, Money Management International

Our business model

During the year we made excellent progress in all aspects of our business model. Our consistent and successful strategy applied across markets where demand for our products and services is growing, delivered another good operating and financial performance this year for the Group.

1. Our business

Our business comprises four fundamental elements: our people, network, products and brand. The geographic scale of Regus' operations is unmatched and critically, as our physical network grows, so does the Group's competitive advantage over other workplace alternatives.

2. Customers

Businesses use Regus because they want to be in the best places where they can focus on what they are doing, not where they are doing it from. They stay because we provide them with an excellent service at a competitive rate and, most importantly, with a product that flexes to meet their every requirement. As a result, demand continues to increase and over the course of 2014 we exceeded 2 million members.

5. Investment in growth

We invest a significant amount of cash in growth, either through organic openings or acquisitions. We continue to find many high quality opportunities that deliver our stringent returns criteria. Growth has been enhanced by our continued investment in developing new location formats and a greater diversity in partner relationships. Together these have helped the Group grow in a more capital efficient way, with a reduction in net growth capital expenditure per location.

The Group's ability to alter growth plans to reflect changing market conditions is another important part of its capability to manage risk through the economic cycle. With relatively short lead times between contracting with our partner and opening a new location, the Group can quickly capitalise on a favourable investment environment and invest in attractive assets, or restrict growth, depending on the economic cycle.

3. Returns

How we calculate our returns.

These returns are based on the post-tax return divided by the net growth capital investment.

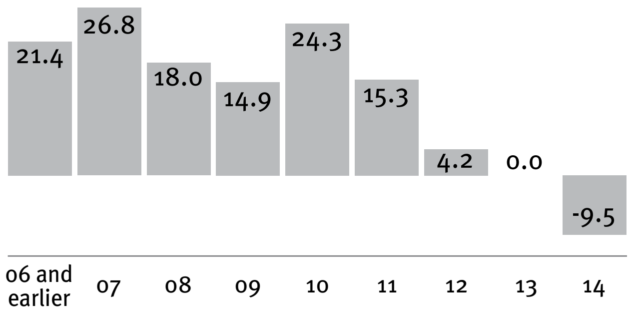
Post-tax cash return = EBITDA less amortisation of partner contribution, less tax based on EBIT, less maintenance capital expenditure

Net growth capital investment = growth capital less partner contributions

The Group's approach to investment ensures it delivers strong post-tax cash returns. We generate long-term shareholder value through returns-on-investment well in excess of the Group's cost of capital. Figure A shows the returns achieved in 2014 by individual year group investments back to 2007 and the combined performance of all locations opened in or earlier than 2006.

The Group focuses on optimising revenue generation through improving the performance of each location, which when combined with strong discipline on overhead costs, which have reduced as a percentage of revenues, provides a solid foundation to deliver strong returns.

Figure A
2014 Post-tax cash return on net investment (%)



Returns to shareholders

We have a progressive dividend policy and with the 11% increase for 2014 we have doubled our dividend over the last five years.

4. Cash

The strong conversion of profit into cash is an attractive feature of the Regus business model. The cash flows we generate from our network support a significant proportion of our continued investment in developing our network where we see the potential for attractive returns. As well as funding valuable location additions to our network, strong cash generation underpins the Group's progressive dividend.

Chairman's statement

The Group has had a good year. It significantly increased the size of its network while also growing revenues and profits. As a result, we continued to deliver attractive returns on investment.

Douglas Sutherland
Chairman

During 2014, Group revenues grew to £1,676.1m (2013: £1,533.5m), an increase of 15.8% at constant currency (9.3% at actual rates). Operating profit improved by 27% at constant currency to £104.3m (2013: £90.8m), up 15% at actual rates. This performance is all the more pleasing given the adverse impact of start-up costs associated with our higher investment in growth in recent years.

We evaluate the underlying performance of the business by looking at the returns we are able to generate from the investments we have made. During 2014 I am pleased to report that locations opened on or before 31 December 2011 (which for clarity are locations opened over the first 23 years of operation) achieved an annual post-tax cash return on investment of 20.9%[4], well above our cost of capital. The specific calculation methodology for these returns is covered in detail in the CFO's review on page 16-19.

Given these strong returns, the board was encouraged by the ability of the business to fund additional attractive investment opportunities during the year, well ahead of its original estimate of at least 300 new locations. Adding 452 locations in 2014 further strengthens the foundations for enhanced long-term shareholder returns. Furthermore, we achieved this whilst maintaining a robust balance sheet and investing less of our own capital – indeed, we actually generated net cash of £23m in the second half of the year, a period in which we added 258 new locations. We have also taken the opportunity provided by good access to debt capital to increase and diversify our available facilities.

Strategy

Our strategic objectives include growing the underlying value of our business through disciplined investment in quality workplaces that expand our national networks while providing attractive returns to shareholders. Returns to shareholders are further enhanced through our focus on efficient and scalable operations at both the centre and Group level. Our efforts to improve the communication of our performance against our strategic objectives are reflected in this Annual Report.

We continue to benefit from the trend of businesses looking to outsource non-core activities, of which real estate is one, and the shift from fixed to flexible working. These changes occur even through variations in the macroeconomic climate and, as such, they continue to present the Group with significant opportunities for growth.

Staying close to our customers and providing them with the very best service is paramount to our success. We continuously look for ways to improve the customer's experience and this underlines the importance of our continued investment in innovation. Our ability to invest in R&D at a scale unmatched by our competitors helps define and reinforce our leadership position.

We understand the benefits of engaging with the local economies in which we operate and have expanded the support for projects of our team members in their communities. In addition, while flexible working helps our customers reduce their carbon emissions, we are working to minimise the inevitable environmental impact resulting from our significant growth through ongoing energy saving and sustainability initiatives.

Board

Key roles of the Board include: assuring a sound strategy is in place and adapted to changing conditions; ensuring we have the management and resources to deliver that strategy; overseeing management's progress in its execution; and ensuring the Company and attendant risks are well managed.

As the breadth and scope of the Group's operations expand, we have undertaken a number of initiatives to ensure that the strategy can be delivered successfully. Our ongoing efforts to focus on our strategic objectives and initiatives in both Board and management activities is paying off, evidenced in the numbers we are able to present today. We continue to review and monitor our remuneration policy to ensure that the execution of our strategy includes an alignment of interests and incentives between our shareholders and executives.

In May 2014 we welcomed Nina Henderson to the Board. She has already made a strong contribution and recently assumed chairmanship of the Remuneration Committee. We have a strong and well balanced team with skills and experience that complement each other well.

People

To achieve these results we rely on the commitment and skill of our talented and experienced people. It is because of their dedication, energy and total focus on the customer that the business is the success it is. To each and every one of them, thank you.

Dividend

Over the last five years we have doubled our dividend payment per share. We remain committed to the payment of a sustainable and progressive dividend. It underlines our confidence in the long-term performance of the business, the strength of our balance sheet and the quality of our assets.

I am therefore pleased to announce that the Board is recommending an increase in the final dividend of 10% to 2.75p. Subject to the approval of shareholders at the 2014 AGM, this will be paid on 29 May 2015 to shareholders on the register at the close of business on 1 May 2015.

Douglas Sutherland
Chairman

3 March 2015

4 Post-tax cash returns on net invested = EBITDA less amortisation of partner contribution, less tax, less maintenance capex / Gross capital expenditure less partner contribution.

Chief Executive Officer's review

Our business has performed well. We exceeded expectations on growth, controlled costs and generated attractive, sustainable returns-on-investment for our shareholders.

Mark Dixon
Chief Executive Officer

Group revenues increased by 15.8% at constant currency to £1,676.1m (2013: £1,533.5) (9.3% at actual rates). Operating profit increased to £104.3m, up 27% at constant currency (15% at actual rates).

We have improved the gross margin on the locations which were added during 2012 and 2013. These locations now represent a more significant part of our overall revenue generated, which increases their relative weighting on the overall Group result. We continue to achieve a strong level of gross margin on all our locations that were open on or before 31 December 2011. The initial margin achieved by our new 2014 locations is good and on track but these are very young and a long way from financial maturity.

I am also particularly pleased with the further substantial progress achieved in improving the operational effectiveness of the business. Total Group overheads, including increased investment in R&D, were up only 4% at constant currency, whilst the size of our network increased 24%. As a result, total overheads as a percentage of revenue reduced from 18.5% to 16.7%. As we continue to grow, I expect further improvements in this regard.

Consequently, the annual post-tax cash return on investment achieved this year from centres opened on or before 31 December 2011 was 20.9%, which is a good return.

Market

The way in which people work is changing rapidly, driven by a wide variety of factors including technological change, globalisation and changing workforce dynamics, with growing recognition from large organisations that effectively harnessing these changes can underpin substantial productivity gains, alongside lower capital and operating costs. Regus' business model is firmly focused on participating in this structural shift towards flexible work.

As this trend develops, the growth in demand for high quality, flexible and conveniently located workplaces, will also continue. Our investment programme reflects this continuing growth in demand, with customers seeking workplaces in locations including our core office based locations; railway stations; motorway service stations; airports and retail outlets among many others.

Group income statement

£m	2014	2013	% Change (actual currency)	% Change (constant currency)
Revenue	1,676.1	1,533.5	9.3%	15.8%
Gross profit (centre contribution)	383.1	373.8	2%	9%
Overheads (inc. R&D)	(279.6)	(283.1)	1%	(4)%
Operating profit*	104.3	90.8	15%	27%
Profit before tax	87.1	81.5	7%	19%
Taxation	(17.2)	(14.6)		
Profit for the period	69.9	66.9	4%	17%
EBITDA	224.8	188.3	19%	29%

* After contribution from joint ventures

Gross margin

	Revenue £m		Gross margin %	
	2014	2013	2014	2013
Mature 11	1,151.4	1,212.2	28.9%	29.3%
New 12	154.1	136.5	17.4%	5.3%
New 13	291.1	156.8	10.1%	4.1%
Pre-14	1,596.6	1,505.5	24.5%	24.5%
New 14	72.8	–	(8.9)%	–
Group (including closures)	1,676.1	1,533.5	22.9%	24.4%

Performance against our strategic objectives

Delivering attractive, sustainable returns

Our investments consistently deliver strong returns well above our cost of capital. We are confident that those made in 2014 will, in due course, achieve similar strong returns.

The increased diversity of our network and number of partners is a positive development of the last few years. We now have locations from the very busiest city centres to large villages, ranging in size from 150sqm to 15,000sqm. The wide variety of format and service diversity means there is no longer a typical, average centre for the Group.

Following feedback from a number of stakeholders regarding the presentation of the Group's performance, the Board has decided that additional insight can be provided through the disclosure of post-tax cash return on net investment data by year. Accordingly, I am pleased to report that locations opened on or before 31 December 2011 achieved an annual post-tax cash return on investment of 20.9% (2013: 17.8% on locations opened on or before 31 December 2010), well above our cost of capital.

Develop national networks

This has been another strong period of growth for the Group. We opened in 166 new towns and cities, increasing our coverage from 684 to 850 cities. We added 452 new locations, increasing the size of our network by 24% to 2,269. To achieve this, we invested net growth capital of £206.6m (2013: £260.2m). The reason for the lower level of investment in 2014 is mainly due to the geographic mix and diversity in deal types. As of 28 February 2015, we have visibility on growth that will call for a net capital investment of approximately £120m on some 400 new locations. We will provide updates on this as we progress through 2015. As in previous years these new investments will be a mix of organic openings and acquisitions. We believe all will meet our stringent returns criteria and deliver long-term sustainable returns, well ahead of our cost of capital.

Industry leading innovation

We have continued to invest in R&D as we look to create new formats, improve existing ones and develop new products and services. Over the period we therefore increased spend on R&D by 21% to £8.7m (2013: £7.2m).

There is continued strong interest and demand globally, from a wide variety of infrastructure owners and operators, for us to engage with and help them better serve their customers. During the year we partnered with the Singapore Government to open facilities within their public libraries as well as expanding the Regus global airport network. We launched a new initiative aimed at universities, the first deal of which was signed with Helsinki University. We also partnered with Philips, taking responsibility for the management of their innovation centre Evoluon in Eindhoven.

Controlling costs

Against an increase in the network of 24%, total overheads increased by only 4% at constant currency (down 1% at actual rates), reflecting our continued focus on cost control.

Management, both in the field and at Group level, remain focused on further improving efficiency and productivity, as well as delivering scale benefits as we grow. All functions underwent some restructuring in 2014 as we invested further in management, streamlined our processes and maximised the value of our shared service centres. We also increased our investment in R&D and in our network development function to support the future growth of the business. We expect to deliver further efficiencies and scale benefits in coming years.

Outstanding teamwork

It has been a year of good progress for the Group – strategically, operationally and financially. This was achieved only with the dedication, focus and commitment of our people. As a service-based business, the strength and capabilities of our increasingly geographically diverse team are critical to achieving our objectives and I thank all of our staff for their considerable efforts.

We continually review the structure of our organisation to get the most out of our assets and to optimise on project delivery. With the continued growth and development at a country level, a strong local management presence is required. We continue to believe that our current organisational model – strong local in-country units assisted by support functions focused on strategy and process optimisation – will deliver our strategic goals.

Our ability to recruit, train, promote and retain top quality talent with diverse backgrounds is a core strength of the business and important to our long-term success. For the Group as a whole our workforce is 75% female: 25% male (2013: 70% female: 30% male); at a Group operational level the breakdown is broadly equal (no change on last year), and at a senior management level 33% of positions are held by women (2013: 30%). We remain committed to a fair approach and equal opportunities in all areas of our business.

Outlook

The business is performing well. Our past investments are producing attractive returns that are well above our cost of capital. This performance gives us the confidence to continue to invest, thereby enhancing future shareholder value. As of 28 February 2015 we had clear visibility over net investments of approximately £120m which will increase the size of our network by some 400 locations. We will provide regular updates on our pipeline visibility as the year progresses.

We expect to reduce costs further as a percentage of sales as we leverage our increased scale and drive new operational efficiencies. This will further enhance earnings.

As the world of work continues to develop, and more organisations look to outsource their workplace needs, so the future remains positive for Regus. Current trading is in line with management's expectations and we remain confident in our business model and prospects for 2015.

Mark Dixon
Chief Executive Officer

3 March 2015

Our strategy and key performance indicators

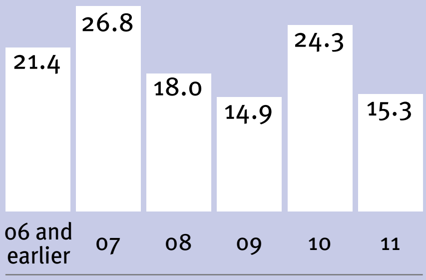
The strategy is clear and simple: to leverage our scale and unique position to deliver attractive and sustainable returns

Strategic objectives	Our approach
Delivering attractive, sustainable returns	Revenue growth achieved through the addition of new locations, the development of incremental revenue streams and active management of the existing network to drive efficiency, all contribute to improvements in gross profit. Combined with strong overhead cost control, this drives operating profit and cash flow, generating strong returns on investment well ahead of the Group's cost of capital.
Developing national networks	Growth is demand-led as we respond to customers looking to outsource more of their workplace needs and/or benefit from the flexibility and convenience we provide. By expanding our networks we expand our addressable audience and provide our existing customers with additional convenience. It is important to remember that our locations perform well in their own right and that the network then provides incremental opportunities. We continue to be mindful of growing only in locations where the potential investment opportunity meets our stringent returns criteria. We are also focused on using more capital efficient ways of expanding the network.
Controlling costs	Cost control is achieved through operational excellence and the significant economies of scale and operational leverage that network growth brings.
Industry leading innovation	Innovation is core to Regus' strategy and allows us to maintain our market-leading position and customer service. We invest in R&D to ensure we stay on top of (and even help shape) trends, by developing location formats, products and services that meet our customers' needs and help them work more conveniently, efficiently and effectively. New product development provides existing customers with additional reasons to use Regus and also opens up new revenue opportunities.

Key performance indicators | How we did | Future ambitions and risks

2014 Post-tax cash return on net investment (%)

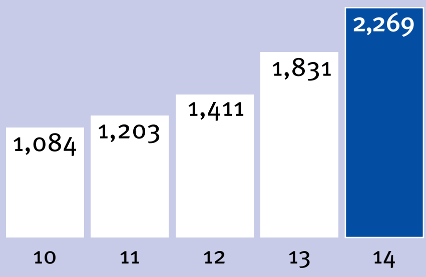
Overall 2014 return on net investment made up to 31 December 2011 of 20.9%.



Delivering profitable growth and strong, sustainable returns is central to creating future shareholder value. Regus is committed to delivering these returns by optimising revenue development and controlling costs. Our post 2011 investments are progressing as expected.

Network location growth

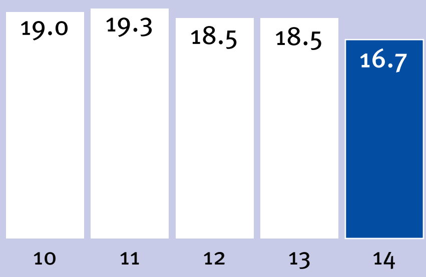
452 new locations added, opening in 166 new towns and cities, at a net growth capital investment of £206.6m



We will continue to add breadth and convenience to the network through further measured investment in high quality assets with the potential for attractive returns for shareholders. As of 28 February 2015 we had visibility over approximately £120m of net growth capital expenditure for 2015, representing some 400 locations.

Total overheads as a % of revenues (%)

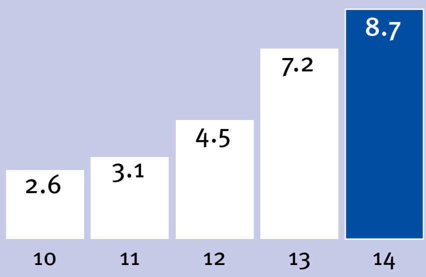
Overheads as a % of sales reduced 1.8ppt to 16.7%



We will continue to control overheads to deliver further economies of scale, notwithstanding continued and significant investments made in the business to develop the network and our operating platform and processes.

Investment in R&D (£m)

£8.7m invested, up 21%



We anticipate increasing our investment in R&D as the Group focuses on customer requirements and developing appropriate offerings to satisfy their needs. We believe this provides a key point of differentiation for Regus.

Chief Financial Officer's review

This has been a good year for the Group. The strength of our business model is reflected in the attractive return on investment delivered.

Dominique Yates
Chief Financial Officer

Return on investment

Our growth strategy is returns driven and focused on achieving our post-tax cash payback criteria, which typically is within four years. Therefore, as highlighted in our 2014 interim results statement, we believe it is more appropriate to report on value creation by referencing the net investments made and the associated returns generated.

For the 12 months to 31 December 2014 the Group delivered an annual post-tax cash return on investment of 20.9% in respect of locations opened on or before 31 December 2011, and which are therefore more established in respect of their financial performance (2013: 17.8% based on locations opened on or before 31 December 2010). This demonstrates returns ahead of the Group's cost of capital, thereby generating strong shareholder value. These returns are based on the post-tax cash return divided by the net growth capital investment. The post-tax return is calculated as the EBITDA achieved, less the amortisation of any partner capital contribution, less tax based on the EBIT and after deducting maintenance capital expenditure. Net growth capital investment is the growth capital after any partner contributions. This provides an appropriate and conservative measure of cash return.

The graph below shows the post-tax cash returns achieved in 2014 by individual year, back to 2007, and the performance of all those locations added on or before 31 December 2006.

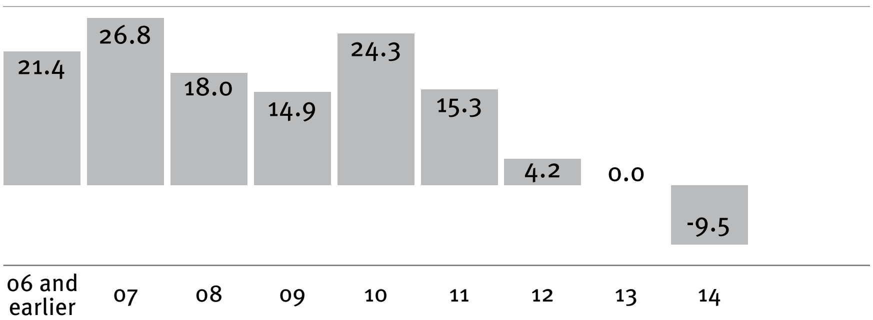
Returns vary between year groups for a number of reasons, notably variations in geographical performance, different investment levels from mix of deal types and movements in currency exchange rates from date of investment to current year.

Simplified overhead allocation

We have simplified the methodology by which Group overheads are allocated to specific investment years.

The allocation of Group overheads used in the returns calculations below is now based on two simple criteria. Sales and marketing related overheads continue to be allocated on the basis of actual new workstation sales made in the relevant financial reporting period. The remainder of the Group overhead base is then allocated on a time apportioned pro-rata basis by reference to the average number of available workstations, with no weighting for growth.

2014 Post-tax cash return on net investment by year group (%)



Net growth capital investment on locations opened in year (£m)*

458.2	49.6	44.1	20.5	53.4	79.7	146.8	250.0	196.1

* Note these amounts relate to net investment based on the year of opening of the centre. Depending on the timing of opening, some capital expenditure can be incurred in the calendar year before or after opening.

Developing the network

During 2014 we invested net growth capital of £206.6m, adding a further 452 locations to the network. In 2013 we invested net growth capital expenditure of £260.2m, adding 448 locations. This represents a reduction in the net capital cost per location, which we are pleased to have achieved. It reflects various factors including; geographic mix; different location formats and size; increased levels of partnering; balance between acquisition and organic growth; and a more rigorous approach to the design of new locations to reduce capital cost. We are confident that the returns from the investments made in 2014 will, in due course, be attractive and ahead of the Group's cost of capital.

We continue to have a good pipeline of new openings. As of 28 February 2015 we had visibility on growth that will cost in the region of £120m and represent some 400 new locations. We will provide updates on our pipeline visibility as we progress through 2015.

As noted previously, every potential investment is rigorously evaluated by our internal Investment Committee and has to meet the stringent financial hurdles before being approved. This is a process to which we apply maximum focus, given how critical the original investment decision is to our ultimate success.

Financial performance

Revenue

The Group has produced another good set of results whilst delivering against our key strategic objectives, notwithstanding the negative impact from the strength of sterling on the translation of our significant international earnings. Group revenues increased 15.8% at constant currency to £1,676.1m (2013: £1,533.5m), an increase of 9.3% at actual rates.

Gross profit

Group gross profit improved 9% at constant currency rates to £383.1m (2013: £373.8m), up 2% at actual rates. As highlighted in the CEO review on page 11, the decline in the Group gross margin from 24.4% to 22.9% reflects the impact of dilution from a relatively higher number of immature locations as we have invested significantly in growing the network over the last couple of years, even though the margin performance of these newer year groups improved. The mature gross margin (from locations added on or before 31 December 2012), based on a like-for-like estate, improved from 26.8% to 27.7%, as highlighted in the table opposite.

Improved overhead efficiency

At a time of continued and significant growth the Group has made further good progress in relation to the total overheads. Management remain focused on improving efficiency and productivity, as well as delivering scale benefits as we grow. All of our functions underwent some restructuring this year as we invested in management and looked to further streamline our processes and maximise the value of our shared service centres. As a consequence, and in spite of significant growth, overheads grew only 4% at constant currency to £279.6m (down 1% at actual

Gross margin

£m	Mature centres 2014	New centres 2014	Closed centres 2014	Total 2014
Revenue	**1,305.5**	**363.9**	**6.7**	**1,676.1**
Cost of sales	**(944.2)**	**(341.0)**	**(7.8)**	**(1,293.0)**
Gross profit (centre contribution)	**361.3**	**22.9**	**(1.1)**	**383.1**
Gross margin	**27.7%**	**6.3%**	**(16.4)%**	**22.9%**

£m	Mature centres 2013	New centres 2013	Closed centres 2013	Total 2013
Revenue	1,348.7	156.8	28.0	1,533.5
Cost of sales	(986.6)	(150.4)	(22.7)	(1,159.7)
Gross profit (centre contribution)	362.1	6.4	5.3	373.8
Gross margin	26.8%	4.1%	18.9%	24.4%

Group income statement

£m	2014	2013	Actual %	Constant %
Revenue	**1,676.1**	1,533.5	9.3%	15.8%
Gross profit (centre contribution)	**383.1**	373.8	2%	9%
Overheads	**(279.6)**	(283.1)	1%	(4)%
Joint ventures	**0.8**	0.1		
Operating profit	**104.3**	90.8	15%	27%
Net finance costs	**(17.2)**	(9.3)		
Profit before tax	**87.1**	81.5	7%	19%
Taxation	**(17.2)**	(14.6)		
Effective tax rate	**19.7%**	17.9%		
Profit for the period	**69.9**	66.9	4%	17%
Basic EPS (p)	**7.4**	7.1	4%	17%
Depreciation & amortisation	**120.5**	97.5		
EBITDA	**224.8**	188.3	19%	29%

rates), against a 24% increase in our network of locations. We also continued to increase investment in R&D, up 21% to £8.7m, and in our network development function to support future growth. As a percentage of revenues, total overheads declined from 18.5% in 2013 to 16.7% in 2014. We continue to maintain a strong focus on overhead discipline and anticipate further scale benefits to be delivered.

Operating profit

As a result of this strong cost discipline and scale benefits, operating profit increased 27% at constant currency to £104.3m (2013: £90.8m), up 15% at actual rates. Consequently, the Group statutory operating profit margin increased from 5.9% to 6.2%.

Net finance costs

As anticipated, the Group's net finance costs have increased significantly from £9.3m to £17.2m. This increase reflects the following factors:

- Net debt has increased significantly, albeit by less than originally expected, from £57m to £138m as the Group has invested in growth.
- Available debt finance increased by £164m to £484m to ensure appropriate financing headroom. With the increased availability came the attendant carry costs.
- Taking advantage of the low interest rate environment and to provide the Group with certainty of financing costs and protection against higher interest rates, swaps were utilised during the period to convert a substantial portion of debt from floating to fixed rates.

Within the overall net finance costs, the Group also incurred a notional, non-cash, interest charge of £2.0m (2013: £2.1m) relating to the accounting treatment of fair value adjustments on various acquisitions in past years.

Tax

The tax charge for the year was 19.7% (2013: 17.9%). This tax rate is consistent with our anticipated long-term effective tax rate of 20%.

Earnings per share

Group earnings per share increased 17% at constant currency to 7.4p (2013: 7.1p), up 4% at actual rates. This reflects the increase in net income, after higher interest costs associated with growing the business, the increase in the effective tax rate noted above and the attendant initial losses associated with new locations.

The weighted average number of shares in issue for the year was 944,081,638 (2013: 943,775,413). During the year the Group purchased 9,484,516 shares designated to be held in treasury. The Group has also over the same period reissued 1,858,441 shares from treasury.

Cash flow

Group cash generation continues to be strong. Cash generated before the investment in growth capital expenditure and the payment of dividends increased to £176m, representing 18.6p per share.

Cash flow

The table below reflects the Group's cash flow:

£m	2014	2013
Group EBITDA	**224.8**	188.3
Working capital	**75.1**	64.1
Less: growth related partner contributions	**(47.0)**	(60.4)
Maintenance capital expenditure	**(53.8)**	(53.2)
Taxation	**(20.9)**	(17.1)
Finance costs	**(13.5)**	(5.5)
Other items	**10.9**	(0.8)
Cash flow before growth capital expenditure and dividends	**175.6**	115.4
Gross growth capital expenditure	**(253.6)**	(320.6)
Less: growth related partner contributions	**47.0**	60.4
Net growth capital expenditure[5]	**(206.6)**	(260.2)
Total net cash flow from operations	**(31.0)**	(144.8)
Corporate financing activities	**(17.3)**	0.4
Dividend	**(35.4)**	(31.1)
Opening net cash/debt	**(57.2)**	120.0
Exchange movements	**2.9**	(1.7)
Closing net debt	**(138.0)**	(57.2)

5 Net growth capital expenditure of £206.6m relates to the cash outflow in 2014. Accordingly, it includes capital expenditure related to locations added in 2013 and 2015, as well as 2014. The total net investment in the 2014 additions amounts to £196.1m so far.

We are pleased that we have been able to continue to find attractive investment opportunities that meet our returns criteria and build further long-term shareholder value. Accordingly, the £176m of cash generated has been applied to fund a substantial proportion of the 24% growth in locations in 2014. In total, this involved a net capital outflow on growth of £206.6m after deducting £47m of cash capital contributions received in the period from partners. This represents a lower level of net growth capital investment than in the corresponding year for a similar number of locations added. Notwithstanding this, the growth in 2014 exceeded that which the Group could self-fund. So, together with the payment of the dividend, net debt increased by £81m.

As our business grows in scale so does its ability to fund future growth from internal cash generation. For example, in the second half of the year the business generated £23m of net cash from a first half net debt position of £161m, despite adding 258 new locations, albeit the Group experienced some positive working capital movements over the year-end.

Balance sheet & gearing

We closed the year with a net debt position of £138m. This represents a Group EBITDA leverage ratio of 0.6 times, an improvement since the half year. It remains our intention to keep this ratio below c. 1.5 times in order to maintain our prudent approach to the Group's capital structure.

Balance sheet management is an important activity and the Group's capital structure is kept under regular review. The Group currently has £484m of debt funding facilities, which is made up of a £320m Revolving Credit Facility and £164m (€210m) "Schuldschein" debt securities issued during 2014. The proceeds of the latter, which was well supported by the market and consisted of €165m of three-year notes and €45m of five-year notes, was used to reduce the borrowing on the Revolving Credit Facility.

Taking advantage of the very low interest rate environment and to provide greater certainty over financing costs and cash flows over the medium term, the Group took out swaps to convert the floating rates on the £164m (€210m) debt securities into fixed rates. A currency swap was also used to maintain the currency profile of our debt.

During 2014 the Group was accorded a credit rating of A- for long-term debt and A1 for short-term debt by Egan-Jones. Egan-Jones is a Nationally Recognized Statistical Ratings Organization and is recognised by the National Association of Insurance Commissioners as a Credit Rating Provider.

Our growth programme is the single largest user of the cash the Group

Foreign exchange rates

	At 31 December			Annual average		
Per £ sterling	**2014**	2013	%	**2014**	2013	%
US dollar	**1.56**	1.65	(5)%	**1.64**	1.57	4%
Euro	**1.28**	1.20	7%	**1.25**	1.18	6%
Japanese yen	**186**	174	7%	**175**	153	14%

generates. Accordingly, our capital expenditure plans remain flexible and we have the ability to adjust future investment levels in a timely manner.

Post year-end disposal

Since the year-end we have completed the sale of various portfolios of property assets. These disposals raised £84m of cash and an exceptional profit of approximately £20m after expenses, which will be reported in our 2015 interim results.

Deducting these proceeds from our closing net debt provides a pro-forma closing position of £55m. This is almost identical to the £57m opening net debt level for the year, and is testament to the Group's attractive cash generation capability given the strong level of investment in growth through the year. This disposal would have reduced the Group's pro-forma net debt to EBITDA ratio to 0.3x at the end of 2014.

Foreign exchange

The Group's results are exposed to translation risk from movement in currencies. Our reporting currency is sterling; in the final quarter of 2013 sterling strengthened considerably and this trend continued for much of 2014. As a result the movement in exchange rates during the period had a negative impact on the translation of our financial results. Overall, the strength of sterling reduced our reported revenue, gross profit and operating profit by £99.7m, £24.4m and £11.4m respectively over the corresponding period last year.

In recent months we have witnessed the US dollar start to strengthen against sterling. Whilst this is encouraging, sterling has however continued to strengthen against both the yen and euro. Overall, however, based on current exchange rates and the relative weight of our US dollar earnings, there is currently a mild tailwind as we look forward to 2015, rather than the strong headwind experienced through 2014.

The table above sets out the principal exchange rates affecting the reporting of the Group's international profits and net assets.

Risk management

The principal risks and uncertainties affecting the Group remain unchanged. A detailed assessment of the principal risks and uncertainties which could impact the Group's long-term performance and the risk management structure in place to identify, manage and mitigate such risks can be found on pages 20-23 and 36 and 37 of the Annual Report and Accounts.

Related parties

There have been no changes to the type of related party transactions entered into by the Group that had a material effect on the financial statements for the period ended 31 December 2014. Details of related party transactions that have taken place in the period can be found in note 30 to the 2014 Annual Report and Accounts (page 87).

Dividends

In considering returns to equity shareholders, the Board aims to provide a progressive dividend, with consideration to both profitability and cash generation, at a level that is sustainable across the cycle. Consistent with this policy and subject to shareholder approval, we will increase the final dividend for 2014 by 10% to 2.75p (2013: 2.5p). This will be paid on Friday 29 May 2015, to shareholders on the register at the close of business on Friday 1 May 2015. This represents an increase in the full year dividend of 11%, taking it from 3.6p for 2013 to 4.0p for 2014.

Dominique Yates

Chief Financial Officer

3 March 2015

Risk management

Given the scale of our business, the Board recognises that, whilst it aims to maximise returns, the nature, scope and potential impact of our key business and strategic risks must be understood and managed.

The successful delivery of Regus' strategy depends on our ability to identify and manage the risks associated with our business.

Regus' business may be impacted by various risks leading to failure to achieve strategic targets for growth, loss of financial standing, cash flow, earnings, return on investment, and reputation. Not all these risks are wholly within the Group's control and it may be affected by risks which are not yet manifested or reasonably foreseeable.

Effective risk management is critical to achieving our strategic objectives and protecting our personnel, assets and our reputation. Regus therefore has a comprehensive approach to risk management, as set out in more detail in the Corporate Governance Report.

A critical part of the risk management process is to assess the impact and likelihood of risks occurring so that appropriate mitigation plans can be developed and implemented.

For all known risks facing the business, Regus attempts to minimise the likelihood and mitigate the impact. According to the nature of the risk, Regus may elect to take or tolerate risk, treat risk with controls and mitigating actions, transfer risk to third parties or terminate risk by ceasing particular activities or operations. Regus has zero tolerance of financial and ethics non-compliance and ensures that Health, Safety, Environmental & Security risks are managed to levels that are as low as reasonably practicable.

Whilst overall responsibility for the risk management process rests with the Board, it has delegated responsibility for assurance to the Audit Committee. Executive management is responsible for designing, implementing and maintaining the necessary systems of internal control.

A list of key risks is prepared and the Board collectively assesses the severity of each risk, the likelihood of it occurring and the strength of the controls in place. This approach allows the effect of any mitigating procedures to be reflected in the final assessment. It also recognises that risk cannot be totally eliminated at an acceptable cost and that there are some risks which, with its experience and after due consideration, the Board will choose to accept.

As risk management continues to move up the agenda, the activity of the Audit Committee has become more important and increasingly embedded in the Group's activities.

Effective risk management requires awareness and engagement at all levels of our organisation. It is for this reason that risk management is incorporated into the day-to-day management of our business, as well as being reflected in the Group's core processes and controls. The Board oversees the risk management strategy and the effectiveness of the Group's internal control framework. Risk management is at the heart of everything we do, particularly as we look to grow across multiple markets around the world. For this reason, we conduct risk assessments throughout the year as part of our business review process and all investment decisions. These activities include:

- Monthly business reviews of all countries and Group functions.
- Individual reviews of every new location investment and all acquisitions.
- Annual planning process for all markets and Group functions.
- Annual risk assessment exercise, with six-monthly reviews with participation of all senior managers.

Board

- Defines Regus' risk appetite and tolerance
- Overall responsibility for risk management compliance
- Assesses effectiveness of internal control systems

Audit Committee

- Reviews effectiveness of internal controls
- Monitors progress against internal and external audit recommendations
- Approves the annual internal and external audit plans

Senior leadership team

- Accountable for the design and implementation of risk management processes and controls
- Accountable for the regular review and appraisal of key risks
- Contributes to the identification and assessment of key risks

General management

- Responsible for compliance and ensuring that staff are adequately trained

Business assurance function

- Assists management and the Board in conducting risk studies
- Advises and guides on policies and internal control framework
- Reviews risk profiles
- Tests compliance with internal controls

Principal risks

Risk	Mitigation	Progress in 2014
Strategic		
Lease obligations – The single greatest financial risk to Regus is represented by the financial commitments deriving from the portfolio of leases held across the Group. Whilst Regus has demonstrated consistently that it has a fundamentally profitable business model which works in all geographies, the profitability of centres is impacted by movements in market rents, which, in turn, impact the price at which Regus can sell to its customers. The fact that the outstanding lease terms with our landlords are, on average, significantly longer than the outstanding terms on our contracts with our customers creates a potential mismatch if rentals fall significantly, which can impact profitability and cash flows.	This risk is mitigated in a number of ways: 1) 92% of our leases are 'flexible', meaning that they are either terminable at our option within six months and / or located in or assignable to a standalone legal entity, which is not fully cross guaranteed. In this way, individual centres are sustained by their own profitability and cash flow. During the most recent downturn we were able to negotiate revised terms with our partners to reflect downward movements in market rates to help recovery. 2) Around a quarter of our leases with landlords are variable in nature, which means that payments to landlords vary with the performance of the relevant centre. In this way the 'risk' to profitability and cash flow of that centre from fluctuations in market rates is softened by the consequent adjustment to rental costs. In a number of cases, we take no risk at all since the lease is signed by a partner who also undertakes all of the capital investment and pays us a fixed percentage of revenues as well as a share of centre profit. 3) The sheer number of leases and geographic diversity of our business reduces the overall risk to our business as the phasing of the business cycle and the performance of the commercial property market often varies from country to country and region to region. 4) Each year a significant number of leases in our portfolio reach a natural break point.	During 2014, the number of 'flexible' leases as a percentage of the total increased from 84% to 92%. At the end of 2014, we were operating 2,269 locations in 850 towns and cities across 104 countries.
Economic downturn – An economic downturn could adversely affect the Group's operating revenues thereby reducing operating performance or, in an extreme downturn, result in operating losses.	The Group has taken a number of actions to mitigate this risk: 1) Almost a quarter of our leases are performance related to a greater or lesser extent and our rental payments, if any, vary with revenues earned by the centre. 2) Lease contracts include break clauses when leases can be terminated at our behest. The Group also looks to stagger leases in locations where we have multiple centres so that we can manage our overall inventory in those locations. 3) We review our customer base to assess exposure to a particular customer or industry group. 4) The increasing geographic spread of the Group's network increases the depth and breadth of our business and provides better protection from an economic downturn in a single market or region.	We increased the number of centres operating on performance related leases by 33%. We also increased the scale of our network by 24% and added 166 new towns and cities. Our monthly business performance reviews provide early warning of any impact on our business performance and allow management to react with speed. More generally, investment in our management team has also led to improved, more responsive decision-making at a country and area level.
Shifting demand and technology trends – Technology developments are driving demand for flexible working. Failure to recognise these could mean Regus' product offering is sub-optimal.	Regus continually invests in R&D to develop new products and services to increase its competitive advantage, protect current revenues and unlock potential new sources of revenue.	The Group increased spend on R&D by 21% in 2014.

Risk	Mitigation	Progress in 2014
Financial		
Exchange rates – The principal exposures of the Group are to the US dollar and the euro with approximately 32.4% of the Group's revenues being attributable to the US dollar and 14.2% to the euro. Any depreciation or appreciation of sterling would have an adverse or beneficial impact to the Group's reported financial performance and position respectively. The Group does not generally hedge the translation exchange risk of its business results. Rather, it assumes that shareholders will take whatever steps they deem necessary based on their varied appetites for exchange risk and differing base currency investment positions.	1) Given that transactions generally take place in the functional currency of Group companies, the Group's exposure to transactional foreign exchange risk is limited. 2) Where possible, the Group attempts to create natural hedges against currency exposures through matching income and expenses, and assets and liabilities, in the same currency. 3) The Group, where deemed appropriate, uses currency swaps to maintain the currency profile of its external debt.	Overall in 2014 the movement in exchange rates had a negative translation impact and decreased reported revenue, gross profit and operating profit by £99.7m, £24.4m and £11.4m respectively. During 2014 cross currency swaps were taken out on €165m of debt securities to retain the currency profile of the Group's external debt following the issue of a €210m loan note (which was used to repay sterling debt on the Group's revolving credit facility).
Funding – The Group relies on external funding to support a net debt position of £138m at the end of 2014. The loss of these facilities would cause a liquidity issue for the Group.	The Group constantly monitors its cash flow and financial headroom development and maintains a 12-month rolling forecast. The Group also monitors the relevant financial ratios against the covenants in its facilities to ensure the risk of breach is being managed. The Group also stresses these forecasts with downside scenario planning to assess risk and determine potential action plans. The Board intends to maintain a prudent approach to the Group's capital structure by holding the net debt : Group EBITDA leverage ratio below c. 1.5 times. Part of the annual planning process is a debt strategy and action plan to ensure that the Group will have sufficient funding in place to achieve its strategic objectives. The Group also constantly reviews and manages the maturity profile of its external funding.	During 2014, the Group raised an additional £164m by issuing €210m of debt securities. These securities consisted of €165m of three-year notes and €45m of five-year notes. The issue also helped to improve the overall maturity profile of the Group's debt facilities. Together with the Group's banking facility of £320m, committed until September 2017, it has £484m of available debt financing. Net debt : EBITDA ratio at 31 December 2014 of 0.6 times. There is significant headroom on each of the covenant ratios. During 2014 the Group was accorded A- for long-term debt and A1 for short-term debt by an independent credit rating agency, which makes additional sources of financing potentially available.
Interest rates – Operating in a net debt position, an increase in interest rates would increase finance costs.	The Group constantly monitors its interest rate exposure as part of its monthly Treasury Review. As part of the Group's balance sheet management it utilises interest rate swaps.	During 2014, to take advantage of the low interest rate environment and to provide certainty of financing costs and cash flows over the medium term, the Group has taken out swaps to convert a substantial proportion of its debt from floating to fixed rates.

Risk	Mitigation	Progress in 2014
Operational		
Loss of critical systems – The Group's systems and applications are housed in a central data centre. Should the data centre be impacted as a result of circumstances outside the Group's control there could be an adverse impact on the Group's operations and therefore its financial results.	Regus manages this risk through: 1) Business continuity plans. 2) A detailed service agreement with our external data centre provider which incorporates appropriate back-up procedures and controls. 3) Ensuring appropriate business interruption insurance is in place.	We undertake regular testing of business continuity procedures to ensure that they are adequate and appropriate.
Fraud – Landlord and supplier and procurement related fraud	Regus manages this risk through: 1) A rigorous investment approval process to review the proposed deal structure against local market conditions and alternatives. 2) Centralised procurement contracts with suppliers for key services and products. 3) Standardised processes to manage and monitor spend. 4) Strong governance framework and policies on gifts and hospitality, business conduct and bribery and corruption. 5) Regular reviews to monitor effectiveness of controls.	
Growth		
Ensuring demand is there to support our growth – Regus has undertaken significant growth to develop local and national networks. Adding capacity carries the risk of creating overcapacity. Failure to fill new centres would create a negative impact on the Group's profitability and cash generation.	Regus mitigates this risk by: 1) Each investment or acquisition proposal is reviewed and approved by the Investment Committee. 2) The monthly business review process monitors new centre development against the investment case to ensure that the anticipated returns are being generated. 3) As part of the annual planning process, a growth plan is agreed for each country which clearly sets out the annual growth objectives.	On aggregate, our new centres continue to perform in line with management expectations and are delivering attractive returns.
Human Resources		
Ability to recruit at the right level Our ability to increase our management capacity and capabilities through the hiring of experienced professionals not only supports our ability to execute our growth strategy but also enables us to improve succession planning throughout the Group.	Mitigating actions include: 1) Succession planning discussions are an integral part of our business planning and review process. 2) Part of the annual planning process is the Human Resources Plan, and performance against this Plan is reviewed through the year. 3) Regular external and internal evaluation of the performance of the Board.	The strengthening of our senior management team and country management teams has been an ongoing activity over the last year. This investment in people is delivering a return, reflected in the reduction of overheads as a percentage of revenue and the strong financial performance of the Group more generally. During 2014, we also increased the size and diversity of our Board with the appointment of Nina Henderson.
Training and employee engagement – As a service based business the strength and capabilities of our increasingly geographically diverse team are critical to achieving our strategic objectives.	One of the key items in the Human Resources Plan is the Global Induction & Training Plan, which sets out the key objectives for the forthcoming year. Performance against these objectives is reviewed through the year. Our employee survey also provides insight into employee issues which is then used to improve the Plan.	During 2014 we successfully recruited and trained approximately 3,500 employees, many through the Regus Online Learning Academy. In 2014 there were over 283,000 training modules completed.

Corporate responsibility

As a business that works across more than 2,200 locations, we have a clear responsibility to make a strong and positive contribution for the local communities of which we are a part.

We specifically look to work with organisations focused on health, education and skills development, particularly as they relate to entrepreneurship and business creation.

At the same time there is a clear business case for such local engagement given our position within the local economy – for example with recruitment and purchasing. This helps improve the local business environment, encouraging others to come to the area, some of which may decide to use Regus. The deeper our engagement across multiple levels, the greater this effect.

We strive to build relationships with all of our stakeholders – team members, customers, shareholders, property brokers, landlords, suppliers and the local communities we are a part of – encouraging each stakeholder to consider the needs of others and involve themselves in the programmes that are in place.

All of our community and charitable activities take into account the international context with an understanding that cultural diversity represents varying perceptions and needs across the globe. Our activities are tailored to reflect this diverse environment and ensure that they are culturally, socially, politically and economically adequate and do not negatively impact the Company or community in the area.

Community

Regus team members have enthusiastically supported local charities through fundraising, volunteering, donations of gifts in-kind, networking events, mentoring and work experience support, and awareness raising initiatives. In total more than £150,000 was raised and used to support 132 projects for 100 charities. This is a significant increase on our activity in 2013.

Further detail is provided in the table below.

	2014	2013
Countries with community engagement activity	**38**	20
Projects	**132**	54
Charities supported	**100**	78
Donations made	**£155,328**	£80,500

Supported by the business, and together with our stakeholders, they have achieved great things.

Environment

We help our customers control both their costs and carbon emissions through more effective use of space and reducing the need for travel by working closer to home. We are also committed to minimise our own impact on the environment. We are aware that as our business continues to grow with the opening and acquisition of more centres, our related environmental impact will increase. This growth will inevitably generate more carbon emissions and carbon charges which we have to manage and report under the CRC Energy Efficiency Scheme in the UK. Our efforts in reducing our carbon emissions continue and we are pleased to report a negligible increase (0.67%) from last year in total carbon emissions from our increased building portfolio. The Government's CRC charges for the coming year are increasing by some 36% as the cost of carbon allowances increase from £12 per tonne to £16.40 per tonne. With our continued expansion, we will be undertaking a careful review of our portfolio to try and ensure our carbon charges and related energy costs are as low as possible.

In 2009, through our energy and carbon policy, we set out to achieve a 50% reduction in our CO_2 emissions in the UK by 2020 based on our 2007 base year. Excellent progress was being made. Nonetheless, our business is changing and expanding and so we will review this target carefully in 2015 to ensure its appropriateness and, if necessary, revise it accordingly.

For the last four years we have been voluntary participants of the Carbon Disclosure Project. We are pleased to report that for the current year (2014) we achieved our highest score to date with an 86% disclosure score and performance band B rating.

As a global organisation we work to spread environmental best practices across our network. In addition to projects that have reduced paper usage and target increased recycling, our teams are continuing to work hard at implementing our carbon reducing policies and improving the energy efficiency of each centre. Through our ongoing maintenance programme, many small but related carbon saving projects are undertaken, for example, upgrading of controls; changing to more efficient low energy lighting; automating lighting systems by adding presence detection to the switching; and upgrading to more efficient chillers and pumps. This ongoing strategy of carefully selecting efficient equipment is helping to reduce our environmental impact further.

Christmas boxes – United Kingdom

For the second year in a row our UK business transformed its 300 locations into collection points for Operation Christmas Child run by Samaritan's Purse. The charity encourages people to fill a shoebox with gifts for needy and vulnerable children around the world. Our teams, customers and local communities responded magnificently and more than 2,500 boxes were collected. Thanks to them, many thousands of children who otherwise wouldn't have received any presents this Christmas knew they weren't forgotten.

Sightsavers – MEA – Kenya, Pakistan, Senegal, Tanzania, Uganda, Zambia

Regus centre teams actively fundraised in support of the local Sightsavers branch which works to combat sight loss in their country. Their enthusiastic support included holding bake sales, football match screenings and in-centre activities. In addition, each centre held a charitable networking event inviting their clients to meet the charity programme directors to hear more about the amazing, life saving work that they do. As a result of our combined efforts 834 families will be protected from river blindness for a whole year.

Flood Relief – Indonesia

In January heavy rains brought flooding to many areas of Jakarta, Indonesia and the surrounding cities. More than 38,000 people were evacuated from their homes, suffering from a lack of shelter, food, clean drinking water and other essential needs. The eight centre teams in the local area organised a collection of these necessary items in their centres for the victims. Together with the collections, Regus volunteers joined forces with the International Federation of the Red Cross and Red Crescent Societies to distribute the donations throughout East Jakarta, one of the worst affected areas.

Susan G Komen – Racing for the Cure – US & Canada

For the fifth year running the Regus Life Savers Team participated in the 'Race for the Cure' to raise awareness and funds for Susan G. Komen. The charity strives to end breast cancer in the U.S. 75% of funds raised for this charity support vital breast health services, with the remaining 25% being put towards supporting national research to find a cure. Over the last four years the team has raised more than US$175,000.

Roten Nasen – Austria

Roten Nasen is a charity which brings joy to the lives of those sick in hospital by sending in "clown doctors". Our business in Austria sponsored the 2014 event and several colleagues and their clients took part in a fun run dressed in clown noses and held stalls with activities for children.

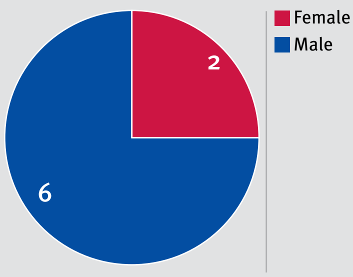
Board of Directors

Name	Douglas Sutherland	Mark Dixon	Dominique Yates	Lance Browne
Role	Chairman	Chief Executive Officer	Chief Financial Officer	Senior Independent Non-Executive Director
Appointment	18 May 2010	Founder	1 September 2011	27 August 2008
Experience	Douglas was Chief Financial Officer of Skype during its acquisition by eBay and was also Chief Financial Officer at SecureWave during its acquisition by PatchLink. Prior to this, Douglas was an Arthur Andersen Partner with international management responsibilities. He has served as a director of companies in multiple jurisdictions and was the founding Chairman of the American Chamber of Commerce in Luxembourg.	Chief Executive Officer and founder, Mark Dixon is one of Europe's best known entrepreneurs. Since founding Regus in Brussels, Belgium in 1989, he has achieved a formidable reputation for leadership and innovation. Prior to Regus he established businesses in the retail and wholesale food industry. A recipient of several awards for enterprise, Mark has revolutionised the way business approaches its property needs with his vision of the future of work.	Dominique previously served as Chief Financial Officer at both LM Windpower, the Netherlands-headquartered renewable energy company, and Symrise AG, the MDAX-listed speciality chemicals company. He also held senior positions at Imperial Tobacco Group plc, including Group Financial Controller, General Manager of France, Switzerland, Italy and Malta, and Group Business Development Director. He is a qualified chartered accountant.	Lance was previously CEO then Chairman of Standard Chartered Bank (China) Ltd, Non-Executive Director of IMI plc, Senior Advisor to the City of London, Chairman of China Goldmines plc, and Director of Business Development at Powergen International (HK).
External appointments	Douglas is currently also a Director of Median Gruppe S.à r.l.			Lance is Vice Chairman of Standard Chartered Bank (China) Ltd, Chairman of Travelex (China), and a WS Atkins International Advisory Board member.

Board balance and diversity

The role of the Board is to provide entrepreneurial leadership and to review the overall strategic development of the Group.

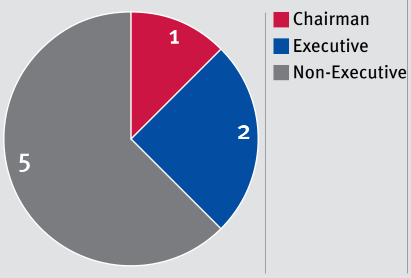
Board gender diversity



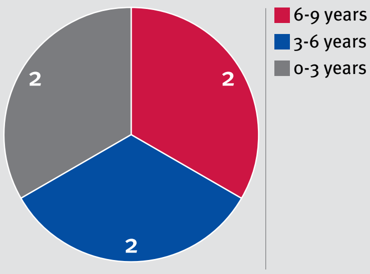



Name	Elmar Heggen	Nina Henderson	Florence Pierre	Alex Sulkowski
Role	Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director
Appointment	1 June 2010	20 May 2014	21 May 2013	1 June 2010
Experience	Elmar has extensive management experience. Elmar began his career at the Felix Schoeller Group, becoming Vice President & General Manager of Felix Schoeller Digital Imaging in the UK in 1999.	During her thirty year career with Bestfoods and its predecessor company CPC International, Nina has held a number of international and North American general management and executive marketing positions, including Vice President of Bestfoods and President of Bestfoods Grocery. She has also served as a director of numerous companies including AXA Financial Inc, Royal Dutch Shell plc., Del Monte Food Company and Pactiv Corporation.	Florence has over 30 years of international corporate finance practice, holding senior positions at BNP, Financière Rothschild, Degroof Corporate Finance, 3i Infrastructure plc and her own M&A advisory boutique. Florence has an international perspective having worked in Chicago, New York, Paris and Brussels. She has also taught economics and finance, published a number of books and articles on valuation, and has been a member of several French entrepreneuring and innovation committees.	Alex has over 30 years of experience in international finance structures, private equity, tax advice and real estate. He is a founding member of Taxand, the largest global network of independent tax advisors. Prior to this Alex enjoyed a career with Arthur Andersen, responsible for the Belgium and Luxembourg tax practices, prior to joining Ernst and Young in 2002 as the Partner responsible for the Luxembourg tax practice and then serving as the Managing Partner of Atoz Tax Advisors from 2004 through 2009.
External appointments	Chief Financial Officer and Head of the Corporate Centre at RTL Group, the leading European entertainment network. He is also a board member of Atresmedia (Spain) and Metropole Television (France).	Nina is currently a director of CNO Financial Group and Walter Energy Inc. She is Managing Partner of Henderson Advisory, a Director of the Visiting Nurse Service of New York and the Foreign Policy Association, and a Trustee of Drexel University.	Florence is a director at ESL Network, and also shares her time between directorships, consulting and venture investments in companies providing innovative and internet services.	He is currently the Managing Director of Third Millennium Investments SA.

Balance of Non-Executive and Executive Directors



Length of tenure of Non-Executive Directors



Chairman's Introduction

"This has been another strong year for the Group where we have achieved our financial and growth aspirations.

The board plays a full and active role in ensuring that the management team is focussed on delivering our strategy and achieving the returns expected from our shareholders."

Douglas Sutherland
Chairman

As a Board we regularly discuss and review our:

- Performance and progress
- Major risks and their mitigation
- Behaviours
- People and how we can create a high performing team
- Future development and succession
- Customers
- Shareholders

These all reflect the considerations for directors as referenced in the Companies Act 2006 and which our directors know they are trusted to consider on behalf of all stakeholders.

Governance framework

We hope you can see that Governance at Regus is taken very seriously, a critical element of our Board environment. It enables us to test whether we do the right things in the right way, with the right safeguards, checks and balances, and whether the right considerations underpin every decision we take. As such, our Governance Framework is reviewed every year and sets out the roles, accountabilities and expectations for our directors and our structures.

In this section

We also trust that you will find this report to be fair, balanced and understandable. It is a reflection of how we do business and how the Board has served its stakeholders.

Changes to corporate reporting

The Board continues to keep abreast of changes to company reporting regulations.

This year has seen the culmination of several years of policy development with the finalisation of legislation affecting the structure and contents of the Annual Report. The new Strategic Report on pages 1 to 25 includes, amongst other matters, the Group's strategy, progress and performance for the year. Changes to remuneration reporting in particular are significant and these are fully covered in the Directors' Remuneration Report on pages 38 to 45.

Structure of the governance report

In the Governance Report we have provided an overview of how the Board operated during the year, focusing specifically on the Board's activities during 2014. A separate section of the Governance Report on page 33 provides a detailed description of how the Company has complied with the Principles set out in the Code. We hope that this new layout will assist readers to navigate this section of the Annual Report with greater ease.

Monitoring risk

In view of our long-term ambitions, the significant investments that have been made across the business and increasing complexity as we grow, the Audit Committee has played a substantial role in ensuring appropriate governance and challenge around our risk and assurance processes. This is covered in further detail on pages 20 to 23 and 35 to 37.

We have built a committed, challenging Board. There is much to do and we can always do things better, so it is essential we are open to ideas which help us improve. Our annual Board evaluation plays a key role in highlighting those areas where we want to do better, and these form part of the action plan for this year. There were no reportable matters arising from this year's review and we plan an external Board evaluation during 2015.

Corporate responsibility

The corporate responsibility activities of the Group, including community projects and environmental impact initiatives, are overseen at the Board level by the Chairman.

Douglas Sutherland
Chairman

Corporate Governance

The Financial Reporting Council updated the UK Corporate Governance Code (the 'Revised Code') and it is effective for accounting periods beginning on or after 1 October 2014.

Although the Company is not obliged to adhere to the Revised Code, the Board prides itself on its commitment to high standards of corporate governance and the Company has therefore applied the principles of the Revised Code as far as it is applicable. The Revised Code is available at www.frc.gov.uk. and this report describes how the Board has applied its principles.

The Board

During the year to 31 December 2014, the Board of Directors was made up of eight members comprising the Chairman, two Executive Directors and five Non-Executive Directors. Biographical details of the Directors are set out on pages 26 and 27.

The Board is mindful of the benefits of strength and diversity on the Board.

Our aim is to have a Board which is reflective of the broad range of skills, backgrounds and experience necessary to properly serve our shareholders. We have pursued this objective by engaging Board members who have had broad executive responsibilities and bring very different and complementary personal experiences and approaches to matters including the evaluation of opportunities and management of risks. Our Board members represent five different nationalities and seven countries of residence. Along with their international operational experience, they also bring a depth of working knowledge covering multiple industries, business models, corporate cultures, organisational models, functional areas and business issues. During the year we were pleased to add Nina Henderson to the Board as a Non-Executive Director, contributing to the skillset and diversity of the Board.

The Nomination Committee's decisions are based on merit while reflecting our intent to continue to increase diversity over time.

The Board considers that its current balance ensures that no individual or group dominates its decision making process.

Role of the Board

The primary role of the Board is to provide leadership and to review the overall strategic development of the Group. The Board approves the corporate plan and the annual budget and reviews performance through monthly reports and at every meeting. Capable management and relevant technical expertise in the business are critical to the implementation of the strategy.

Individuals with strategic responsibilities are invited to present to and discuss with the Board on a periodic basis.

Through the Audit Committee, the Directors ensure the integrity of financial information and the effectiveness of financial controls and the internal control and risk management system. The Board has delegated authority to the Remuneration Committee to set the remuneration policy for Directors and senior management.

The Nomination Committee recommends the appointment of Board Directors and has responsibility for succession planning at Board level. The various Board Committees (the 'Committees') have authority to make decisions in their areas of expertise.

Frequency of meetings

There were eight main Board meetings during 2014. All serving Directors attended each meeting.

The number of meetings of the Committees and individual attendance by the Directors are shown on the following page (Nina Henderson having joined the Board and its Committees on 20 May 2014).

Matters reserved for the Board

The Board has a formal schedule of matters reserved for its decision, to ensure that no one individual has unfettered powers of decision. These include:

- approval of regulatory announcements including the interim and annual financial statements;
- terms of reference and membership of the Board and its Committees;
- changes to the Group's capital structure;
- changes to the Group's management and control structure;
- capital expenditure in excess of £5m; and
- material contracts (annual value in excess of £5m).

Minutes are taken of all Board discussions and decisions and all Directors are encouraged to request inclusion in the Board minutes of any unresolved concerns that they may have.

Board Committees

The Board has delegated certain of its governance responsibilities to the Audit, Nomination and Remuneration Committees.

The Company Secretary acts as secretary to all of the Board Committees and minutes of meetings are circulated to all Board members.

The terms of reference of the Committees have been documented and approved by the Board and are available on the Company's website: www.regus.com. A brief summary of the members, activities and terms of reference of the Committees is provided on the following page.

Board Committees

Nomination Committee

Members	Frequency of meetings
Lance Browne, Chairman	4/4
Elmar Heggen	4/4
Nina Henderson*	3/4
Florence Pierre	4/4
Alex Sulkowski	4/4
Douglas Sutherland	4/4

* Nina Henderson joined the Board on 20 May 2014

Details of the Nomination Committee and its activities during the year are set out in the Nomination Committee report on page 34.

Audit Committee

Members	Frequency of meetings
Elmar Heggen, Chairman	6/6
Lance Browne	6/6
Nina Henderson*	4/6
Florence Pierre	6/6
Alex Sulkowski	6/6

* Nina Henderson joined the Board on 20 May 2014

Details of the Audit Committee and its activities during the year are set out in the Audit Committee report on pages 35 to 37.

Remuneration Committee

Members	Frequency of meetings
Nina Henderson, Chairman*	4/6
Lance Browne	6/6
Elmar Heggen	6/6
Florence Pierre	6/6
Alex Sulkowski	6/6

* Nina Henderson joined the Board on 20 May 2014

Details of the Remuneration Committee and its activities during the year are set out in the Remuneration Report on pages 38 to 45.

Group structure

As a Jersey-incorporated company having its place of central administration (head office) in Luxembourg and being tax resident in Luxembourg, the Company is required to comply with both Jersey law and Luxembourg law, where applicable. In addition, the Company's ordinary shares are listed on the Official List of the UK Listing Authority and admitted to trading on the main market of the London Stock Exchange.

It is possible that conflicts may arise between the obligations of the Company under the laws of each of these jurisdictions or between the applicable laws and the Listing Rules. If an irreconcilable conflict were to occur then the Company may not be able to maintain its status as a company tax resident in Luxembourg.

The Group manages the risk that a significant tax liability could arise by taking appropriate advice, both in carrying out Group reorganisations and on an ongoing basis. In addition, the Group believes that under current laws and regulations the risk of irreconcilable conflicts between current laws and regulations impacting Regus plc is also low.

All shareholders are paid dividends directly from Regus plc SA ('plc'). All dividend payments are made without deduction of Luxembourg withholding tax, regardless of the residence of the recipient.

In general terms, UK resident shareholders receiving dividends from plc should be taxed in the same way as if they had received a dividend from a UK company.

Tax outcomes do, however, depend on the specific circumstances of shareholders and any shareholder in doubt about their tax position (including, in particular, UK resident but non-UK-domiciled individuals

Roles of board members

In line with good corporate governance principles, there is a clear division of responsibilities between the Chairman and the Chief Executive.

Douglas Sutherland
Chairman

Douglas Sutherland is responsible for leadership of the Board, setting its agenda and monitoring its effectiveness.

He ensures effective communication with shareholders and that the Board is aware of the views of major shareholders. He facilitates both the contribution of the Non-Executive Directors and constructive relations between the Executive Directors and Non-Executive Directors.

Mark Dixon
Chief Executive

Mark Dixon is responsible for formulating strategy and for its delivery once agreed by the Board. He creates a framework of strategy, values, organisation and objectives to ensure the successful delivery of key targets, and allocates decision making and responsibilities accordingly.

who have elected to be taxed on a remittance basis) should consult their own professional advisor.

Centrally managed applications and systems

All of the Group's systems and applications are housed in a central data centre. Should the data centre be impacted as a result of circumstances outside the Group's control there could be an adverse impact on the Group's operations and therefore its financial results. This risk is managed through a detailed service arrangement with our external data centre provider which incorporates appropriate back-up procedures and controls.

Strategy

The Board conducts regular reviews of the Group's strategic direction. Country and regional strategic objectives, plans and performance targets for 2014 have been set by the Executive Directors and are regularly reviewed by the Board in the context of the Group's overall objectives.

Control processes

The Company has had procedures in place throughout the year and up to 3 March 2015, the date of approval of this Annual Report, which accord with the Revised Internal Control Guidance for Directors in the Code. These include the following:

- There are comprehensive reviews every six months of Group and regional financial performance, business development opportunities, Group infrastructure and general Group management issues. The results of these reviews are presented to the Board.
- Formal country level business reviews are performed monthly by regional and Group management covering performance and management issues with country management. Significant matters arising from these reviews are presented to the Board.
- The annual budget process is driven from senior management meetings. Budgets are prepared at a detailed level by business centre and roll-up at country and regional level. The Executive Directors review regional budgets to ensure consistency with regional strategic objectives and the final budget is reviewed and approved by the Board. The approved budget forms the basis of business management throughout the year.
- Operational reports and financial reports are prepared and distributed to the Board on a monthly basis. Actual results are reviewed against budget and forecast, and explanations are received for all material movements.
- Key policies and control procedures (including finance, operations, and health and safety) are documented in manuals having Group-wide application. These are available to all staff via the Group's intranet system.
- The Board has formal procedures in place for the review and approval of investment and acquisition projects. The Group Investment Committee (comprising the Executive Directors) reviews all investments prior to approval by the Board where required. Additionally the form and content of routine investment proposals are standardised to facilitate the review process. The Group has clearly delegated authority limits with regard to the approval of transactions.
- Numerous reports are generated from the Group's sales and operating systems on a daily, weekly and monthly basis to provide management at all levels with performance data for their area of responsibility which helps them to focus on operational issues that may require their input.

Information and communications processes

The senior management team is integrally involved in the business and to this extent regularly discuss and address issues and opportunities with regional and functional teams. Formal business review meetings are held with the regional teams and functional heads on a monthly basis.

Regular staff communications include general information on the business from senior management as well as operational guidance on changes in policies and procedures.

Sales staff and operational management periodically attend regional sales or management conferences at which information on operational issues is shared. Delegates present the key messages to employees who did not attend the event.

Monitoring effectiveness

The following key mechanisms were available to the Board at various times during the year in the conduct of its review of internal controls:

- review of the Group's monthly management accounts which contain detailed analysis of financial performance for the Group and each of the Group's geographic reporting segments;
- an ongoing process of review, through Board meetings, senior management meetings and divisional reviews as well as other management meetings, for the formal identification of significant operational risks and mitigating control processes;
- delivery of a centrally-coordinated assurance programme by the Business Assurance department that includes key business risk areas;
- reporting the findings and recommendations of each review to management and the Audit Committee

Non-Executive Directors

The Non-Executive Directors each bring their own senior level of experience and objectivity to the Board. The independent counsel brought to the Group by the Non-Executive Directors enhances the overall decision making of the Board.

Non-Executive Directors are appointed for an initial three-year term and are subject to election by shareholders at each Annual General Meeting ('AGM') after their appointment.

Tim Regan

Company Secretary

The Company Secretary, Tim Regan, is responsible for advising the Board, through the Chairman, on all governance matters and for ensuring that appropriate minutes are taken of all Board meetings and discussions. The appointment and removal of the Company Secretary is a matter reserved for the Board.

"The Group manages the risk that a significant tax liability could arise by taking appropriate advice, both in carrying out the Group reorganisation and on an ongoing basis."

to support the Board in its role of ensuring a sound control environment;

- monthly reporting on the development of the profitability of new centres to allow appraisal of the effectiveness of investment activity; and
- annual internal control self-assessment and management certification exercise covering the effectiveness of financial and operational controls. This is based on a comprehensive internal control questionnaire collated and reviewed by Internal Audit. Results and any necessary mitigating action plans are presented to senior management and the Board.

Succession

Our efforts to increase our management capacity and capabilities through continuing development of our people, supplemented by the hiring of experienced professionals, not only supports our ability to execute our growth strategy but also enables us to address succession in a more robust way throughout the Group. Succession planning discussions are an integral part of our business planning and review processes.

In view of the future development of the Group and our objective to continue to enhance diversity and succession planning for Board roles, the Nomination Committee maintains an ongoing programme of engagement with highly qualified potential Non-Executive Directors of varied backgrounds and gender.

Training and resources

Appropriate training is made available for all new Directors to assist them in the discharge of their responsibilities. Training is provided on an ongoing basis to meet particular needs with the emphasis on governance and accounting developments.

During the year the Company Secretary, Tim Regan, provided updates to the Board on relevant governance matters, whilst the Audit Committee regularly considers new accounting developments through presentations from management, internal audit and the external auditors. The Board programme includes presentations from management in addition to the Executive Directors which, together with site visits, increase the Non-Executive Directors' understanding of the business and sector.

All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures, corporate governance and regulatory compliance are followed and complied with. Should a Director request independent professional advice to carry out his duties, such advice is available to him at the Company's expense.

Directors' and officers' insurance

The Group's insurance programme is reviewed annually and appropriate insurance cover is obtained to protect the Directors and senior management in the event of a claim being brought against any of them in their capacity as Directors and officers of the Company.

Dialogue with shareholders

The Company reports formally to shareholders twice a year, with the half year results typically announced in August and the preliminary final results announced normally in March. There are programmes for the Chief Executive and Chief Financial Officer to give presentations of these results to the Company's institutional investors, analysts and media in London and other key locations.

The Chief Executive and Chief Financial Officer maintain a close dialogue with institutional investors on the Company's performance, governance, plans and objectives. These meetings also serve to develop an ongoing understanding of the views and any concerns of the Company's major shareholders.

The Non-Executive Directors are given regular updates as to the views of the institutional shareholders, and the Chairman is available and meets with these shareholders on request.

The principal communication with private shareholders is through the Annual Report, the half year results and the AGM.

Control environment

High standards of behaviour are demanded from staff at all levels in the Group. The following procedures are in place to support this:

A clearly defined organisation structure with established responsibilities.

An induction process to educate new team members on the standards required from them in their role, including business ethics and compliance, regulations and internal policies.

Provision to all team members of a copy of the 'Team Member Handbook' which contains detailed guidance on employee policies and the standards of behaviour required of staff.

The Company continues to engage the services of Brunswick as its investor relations adviser.

AGM

The AGM each year is held in May in Luxembourg and is attended, other than in exceptional circumstances, by all members of the Board. In addition to the formal business of the meeting, there is normally a trading update and shareholders are invited to ask questions and are also given the opportunity to meet the Directors informally afterwards.

Notice of the AGM together with any related documents is required to be mailed to shareholders at least 30 clear days before the meeting and separate resolutions are proposed on each issue.

The voting in respect of all resolutions to be put to the AGM is conducted by means of a poll vote.

The level of proxy votes cast and the balance for and against each resolution, together with the level of abstentions, if any, are announced to the meeting following voting on a poll.

Financial and other information is made available on the Company's website: www.regus.com.

Re-election of the Board

As required by the Code, all Directors submit themselves for re-election by shareholders annually and Directors appointed during the period since the last AGM are required to seek election at the next AGM under the Company's articles of association.

Non-Executive Directors are also subject to the re-election requirements and serve the Company under letters of appointment, which have an initial three-year term.

Compliance statement

The Company has complied with the provisions set out in section E of the Code throughout the year ended 31 December 2014, with the exception of the following:

- Provision E.1.1 – The Senior Independent Non-Executive Director Lance Browne does not have regular meetings with major external shareholders.

The Board considers it appropriate for the Chairman to be the main conduit with investors, rather than the Senior Independent Non-Executive Director. The Chairman participates in investor meetings and makes himself available for questions, in person, at the time of major announcements as well as upon request.

The Chairman regularly updates the Board and particularly the Senior Independent Non-Executive Director on the results of his meetings and the opinions of investors. On this basis, the Board considers that the Senior Independent Non-Executive Director is able to gain full awareness of the issues and concerns of major shareholders. Notwithstanding this policy, all Directors have a standing invitation to participate in meetings with investors.

Agreement with Controlling Shareholder

On 23 September 2014, Mark Dixon entered into a Relationship Agreement with the Company so as to comply with Listing Rule LR 9.2.2A(2)(a), which came into effect on 16 May 2014. The following undertakings were given by Mark Dixon:

- all transactions and relationships with any member of the Group will be conducted on arm's length terms and on a normal commercial basis;
- no action will be taken that would have the effect of preventing the Company from complying with its obligations under the Listing Rules; and
- no resolution will be proposed, or procured to be proposed, which is intended to, or appears to be intended to circumvent the proper application of the Listing Rules.

The Company confirms that it has complied with its obligations under the Relationship Agreement during the financial period under review, and that so far as it is aware all other parties to that agreement have complied with it.

The Company confirms that there are no contracts of significance between Mark Dixon and any member of the Group, with the exception of Mark Dixon's service agreement as a Director of the Company, the terms of which are outlined in the Remuneration Report.

Board performance evaluation

The last external evaluation was performed in 2012, and the next external evaluation will be performed during 2015.

An annual internal evaluation of Board performance was conducted for 2014. The results of the 2014 evaluation were reviewed and are being addressed in our efforts to continuously improve the processes and effectiveness of the Board.

There were no reportable matters identified from the evaluations and we continue to have full confidence in the Board's members and processes.

Policies and procedure manuals and guidelines that are readily accessible through the Group's intranet site.

Operational audit and self-certification tools which require individual centre managers to confirm their adherence to Group policies and procedures.

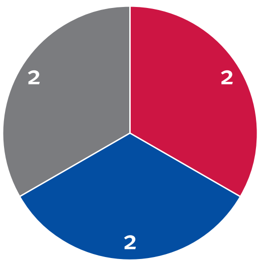
To underpin the effectiveness of controls, it is the Group's policy to recruit and develop appropriately skilled management and staff of high calibre and integrity and with appropriate disciplines.

> "During 2014, the Committee continued to review Board composition, seeking Board candidates whose backgrounds and proven skills would strengthen the Board and further support and develop the long term sustainable success of the Company."

Lance Browne
Chairman, Nomination Committee

Members
- Lance Browne, Chairman
- Elmar Heggen
- Nina Henderson
- Florence Pierre
- Alex Sulkowski
- Douglas Sutherland

Length of tenure of Non-Executive Directors within the Committee



Dear Shareholder

I am pleased to present to you my report on the Nomination Committee.

In line with our aim to have a Board which is reflective of the broad range of skills, backgrounds and experiences necessary to properly serve our shareholders, during the year the Nomination Committee searched for a new non-executive director. Our search resulted in the selection, recommendation and appointment of Nina Henderson as a Non-Executive to the Board.

The existing Non-Executive Directors offer themselves for re-election each year, as further detailed on page 33. Biographical details of all serving Directors can be found on pages 26 and 27.

Board effectiveness, performance, leadership and succession planning were covered by our internal Board review process as well as being discussed by the Board as a group.

Summary terms of reference:

- Board appointment and composition – to regularly review the structure, size and composition of the Board and make recommendations on the role and nomination of Directors for appointment and re-appointment to the Board for the purpose of ensuring a balanced and diverse Board in respect of skills, knowledge and experience.
- Board Committees – to make recommendations to the Board in relation to the suitability of candidates for membership of the Audit and Remuneration Committees. The appointment and removal of Directors are matters reserved for the full Board.
- Board effectiveness – to assess the role of the Chairman and Chief Executive and make appropriate recommendations to the Board.
- Board performance – to assist the Chairman with the annual performance evaluation to assess the performance and effectiveness of the overall Board and individual Directors.
- Leadership – to remain fully informed about strategic issues and commercial matters affecting the Company and to keep under review the leadership needs of the organisation to enable it to compete effectively.

Lance Browne
Chairman, Nomination Committee

Our Board composition

As at the date of this report, the Board comprises eight members: the chairman (Douglas Sutherland), five Non-Executive Directors and two Executive Directors.

The Board considers all the Non-Executive Directors to be independent.

The names of the Directors serving as at 31 December 2014 and their biographical details are set out on pages 26 and 27.

All Directors served throughout the year under review, except as noted below:

- Nina Henderson – appointed as Non-Executive Director on 20 May 2014.

Regus aim to appoint a Board with varied backgrounds and gender to reflect the society in which we operate.

Audit Committee report

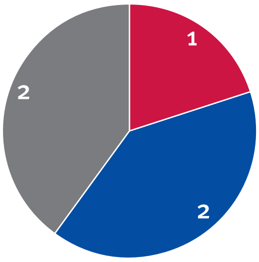
"I am pleased to introduce the 2014 Audit Committee Report which explains the Committee's role in monitoring all aspects of financial reporting, internal controls and risk management, and provides an overview of the work undertaken by the Committee over the past year."

Elmar Heggen
Chairman, Audit Committee

Members

Elmar Heggen, Chairman
Lance Browne
Nina Henderson
Florence Pierre
Alex Sulkowski

Length of tenure of Non-Executive Directors within the Committee



Dear Shareholder

I am pleased to present to you this year's Audit Committee report. The report sets out the significant matters that the Committee has considered and addressed during the year under review, whilst also detailing the Committee's role in monitoring all aspects of financial reporting, internal controls and risk management. For the year under review, there were no reportable issues to bring to your attention.

The Audit Committee has, via delegated authority from the Board, the responsibility for applying an effective system of internal control and compliance; accurate external financial reporting, fulfilling its obligations under law, the revised UK Corporate Governance Code (the 'Code'); and the Financial Reporting Council's report on Internal Control: Revised Guidance for Directors on the Combined Code (the 'FRC Revised Guidance') as well as managing the relationship with the Company's external auditors. The Committee therefore acts on behalf of the Board, meaning that the matters reviewed and managed by the Committee remain the responsibility of the Board as a whole.

The Committee is comprised entirely of Non-Executive Directors as detailed on page 30 of the Corporate Governance report.

All of the members are considered by the Board to be independent in character and judgement and are competent in accounting and/or auditing. Furthermore, and in compliance with the Code, the Board regards Elmar Heggen as the Committee member possessing recent and relevant financial experience.

The Audit Committee met six times during the year to 31 December 2014.

Attendance at those meetings is shown on page 30 of the Corporate Governance report. At the request of the Committee Chairman, the external auditors, the Executive Directors, the Company Secretary (acting as secretary to the Committee) and the Business Assurance Director may attend each meeting.

The Audit Committee also routinely meets independently, without the presence of management, with the Company's external auditors and with the Business Assurance Director to informally discuss matters of interest.

Summary terms of reference of the Committee, the full text of which is freely available on the Company's website, are:

- Financial reporting – to provide support to the Board by monitoring the integrity of financial reporting and ensuring that the published financial statements of the Group and any formal announcements relating to the Company's financial performance comply fully with the relevant statutes and accounting standards.
- Internal control and risk systems – to review the effectiveness of the Group's internal controls and risk management systems.
- Internal audit – to monitor and review the annual internal audit programme ensuring that the internal audit function is adequately resourced and free from management restrictions, and to review and monitor responses to the findings and recommendations of the internal auditors.
- External audit – to advise the Board on the appointment, reappointment, remuneration and removal of the external auditors.
- Employee concerns – to review the Company's arrangements under which employees may in confidence raise any concerns regarding possible wrongdoing in financial reporting or other matters. The Audit Committee ensures that these arrangements allow proportionate and independent investigation and appropriate follow-up action.

The Chairman of the Audit Committee routinely reports to the Main Board on how the Committee has discharged its responsibilities, as well as highlighting any concerns that have been raised as and when they arise.

Activities of the Audit Committee during the year

The Committee has a number of standing agenda items which it considers at each of its meetings, as well as any other specific matters which arise during the year. During the year, amongst other items, the Committee reviewed and discussed:

- the control observations from the previous year's Group audit cycle;
- internal controls and risk management (as further particularised within this report);
- the Group tax report;
- the interim and final dividends;
- the integrity of the half year results and annual financial statements, alongside the formal announcements relating to them; and
- the Group audit strategy for the year.

Risk management

On behalf of the Board, the Audit Committee oversees and reviews an ongoing process for identifying, evaluating and managing the risks faced by the Group. Major business risks and their financial implications are appraised by the responsible executives as a part of the planning process and are endorsed by regional management. Key risks are reported to the Audit Committee, which in turn ensures that the Board is made aware of them. The appropriateness of controls is considered by the executives, having regard to cost, benefit, materiality and the likelihood of risks crystallising. Key risks and actions to mitigate those risks are regularly considered by both the Audit Committee and the Board, and are formally reviewed and approved by the Board annually.

Principal risks

There are a number of risks and uncertainties which could have an impact on the Group's long-term performance. The Group has a risk management structure in place designed to identify, manage and mitigate business risks. Risk assessment and evaluation is an integral part of the annual planning process, as well as the Group's monthly review cycle.

The Group's principal risks, together with an explanation of how the Group manages these risks, are presented on pages 20 to 23 of this Annual Report.

Internal control

The Committee has a delegated responsibility from the Board for the Company's system of internal control and risk management and for reviewing the effectiveness of this system. Such a system is designed to identify, evaluate and control the significant risks associated with the Group's achievement of its business objectives with a view to safeguarding shareholders' investments and the Group's assets. Due to the limitations that are inherent in any system of internal control, this system is designed to meet the Company's particular needs and the risks to which it is exposed, and is designed to manage rather than eliminate risk.

Accordingly, such a system can provide reasonable, but not absolute, assurance against material misstatement or loss.

In accordance with the FRC Revised Guidance, the Committee confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group.

During the year under review, the Committee continued to revisit its risk identification and assessment processes, inviting Board members and senior management to convene and discuss the Group's key risks and mitigating controls.

A risk-based approach has been adopted in establishing the Group's system of internal control and in reviewing its effectiveness. To identify and manage key risks:

- a number of Group-wide procedures, policies and standards have been established;
- a framework for reporting and escalating matters of significance has been set up;
- reviews of the effectiveness of management actions in addressing key Group risks identified by the Board have been undertaken; and
- a system of regular reports from management setting out key performance and risk indicators has been developed.

The above process is designed to provide assurance by way of cumulative assessment and is embedded in operational management and governance processes.

Key elements of the Group's system of internal control which have operated throughout the year under review are as follows:

- The risk assessments of all significant business decisions at the individual transaction level, and as part of the annual business planning process. A Group-wide risk register is developed annually whereby all Company inherent risks are identified and assessed, and appropriate action plans developed to manage the risk per the Company's risk appetite. The Board reviews the Group's principal risks register annually and management periodically reports on the progress against agreed actions to keep a close watch on how we are managing our key risks.
- The annual strategic planning process, which is designed to ensure consistency with the Company's strategic objectives. The final budget is reviewed and approved by the Board. Performance is reviewed against objectives at each Board meeting.
- Comprehensive monthly business review processes under which business performance is reviewed on business centre, area, country, regional and functional levels. Actual results are reviewed against targets, explanations are received for all material movements, and recovery plans are agreed where appropriate.
- The documentation of key policies and control procedures (including finance, operations, and health and safety) having Group-wide application. These are available to all staff via the Group's intranet system.
- Formal procedures for the review and approval of all investment and acquisition projects. The Group Investment Committee (comprising the Chief Executive Officer and the Chief Financial Officer) reviews and approves all investments. Additionally, the form and content of routine investment proposals are standardised to facilitate the review process.
- The delegation of authority limits with regard to the approval of transactions.
- The generation of targeted, action-oriented reports from the Group's sales and operating systems on a daily, weekly and monthly basis which provide management at all levels with performance data for their area of responsibility, and which helps them to focus on key issues and manage them more effectively.
- The delivery of a centrally co-ordinated assurance programme by the Internal Audit department that includes key business risk areas. The findings and recommendations of each review are reported to both management and the Committee.
- Annual internal control self-assessment and management certification exercise covering the effectiveness of financial and operational controls. This is based on a comprehensive internal control questionnaire collated and reviewed by

Internal Audit. Results and any necessary mitigating action plans are presented to senior management and the Board.

- The maintenance of high standards of behaviour which is demanded from staff at all levels in the Group. The following procedures are in place to support this:
  - a clearly defined organisation structure with established responsibilities;
  - an induction process to educate new team members on the standards required from them in their role, including business ethics and compliance, regulation and internal policies;
  - the availability of the 'Team Member Handbook', via the Group's intranet, which contains the Company's Code of Business Conduct, detailed guidance on employee policies and the standards of behaviour required of staff;
  - policies, procedure manuals and guidelines are readily accessible through the Group's intranet site;
  - operational audit and self-certification tools which require individual managers to confirm their adherence to Group policies and procedures; and
  - a Group-wide policy to recruit and develop appropriately skilled management and staff of high calibre and integrity and with appropriate disciplines.

The Committee and the Board regard responsible corporate behaviour as an integral part of the overall governance framework and believes that it should be fully integrated into management structures and systems. Therefore the risk management policies, procedures and monitoring methods described above apply equally to the identification, evaluation and control of the Company's safety, ethical and environmental risks and opportunities. This approach ensures that the Company has the necessary and adequate information to identify and assess risks and opportunities affecting the Company's long-term value arising from its handling of corporate responsibility and corporate governance matters.

The Committee has completed its annual review of the effectiveness of the system of internal control for the year to 31 December 2014 and is satisfied that it is in accordance with the FRC Revised Guidance and the Code. The assessment included consideration of the effectiveness of the Board's ongoing process for identifying, evaluating and managing the risks facing the Group.

Whistle-blowing policy

The Company has an externally hosted whistle-blowing channel ('EthicsPoint'), which is available to all employees via email, and on the Company's Intranet. The aim of the policy is to encourage all employees, regardless of seniority, to bring matters that cause them concern to the attention of the Audit Committee.

The Business Assurance Director, where appropriate and in consultation with the executive management team, decides on the appropriate method and level of investigation. The Audit Committee is notified of all material discourses made and receives reports on the results of investigations and actions taken on a regular basis. The Audit Committee has the power to request further information, conduct its own inquiries or order additional action as it sees fit.

External auditors

KPMG Luxembourg, Société coopérative were the Company's auditors for the year ended 31 December 2014. The Audit Committee is responsible for oversight of the external auditors, including an annual assessment of their independence and objectivity.

During the year, the external auditors provided the following audit and non-audit related services:

Audit related: KPMG Luxembourg, Société coopérative audited the consolidated financial statements of the Company, performed control observations throughout the Group and provided an overview of the half year results of the Company.

Non-audit related: KPMG Luxembourg, Société coopérative performed buy-side due diligence work on certain acquisitions by the Group.

It is the Company's policy to use the external auditors for non-audit related services only where the use of the external auditors will deliver a demonstrable benefit to the Company as compared to the use of other potential providers of the services and where it will not impair their independence or objectivity. All proposals for permitted defined non-audit services to use the external auditors must be submitted to, and authorised by, the Chief Financial Officer.

Permitted non-audit services include advice on financial accounting and regulatory reporting matters, reviews of internal accounting and risk management controls, non-statutory audits (e.g. regarding acquisitions and disposal of assets and interests in companies) and tax compliance and advisory services.

Prohibited non-audit services include book-keeping and other accounting services, actuarial valuation services, recruitment services in relation to key management positions and transaction (acquisitions, mergers and dispositions) work that includes investment banking services, preparation of forecasts or investment proposals and deal execution services.

The scope and extent of non-audit related services undertaken by the external auditors is monitored by and, above a threshold of £50,000, requires prior approval from the Committee to ensure that the provision of such services does not impair their independence or objectivity.

The breakdown of the fees paid to the external auditors during the year to 31 December 2014 can be found in note 5 of the Notes to the Accounts.

For the year ending 31 December 2015, the Audit Committee has recommended to the Board that a resolution to reappoint KPMG Luxembourg, Société coopérative as the Company's auditors be proposed at the Annual General Meeting.

The Audit Committee notes the ongoing dialogue regarding the advantages and disadvantages related to the periodic rotation of external auditors. The Audit Committee has considered the various viewpoints expressed in this debate in the context of Regus. Given the significant level of other changes which are ongoing and includes the mix of countries in which much of the audit work is conducted, the rapid growth and evolving structure of the Group, changes in financial organisation and personnel, ongoing efforts to continue to improve audit effectiveness with the existing external auditors, and other factors, the Audit Committee does not believe at this time that it is appropriate or in the interest of shareholders to rotate external auditors primarily for the sake of change. The Audit Committee will be complying with EU legislation regarding auditor independence and rotation. The Audit Committee will continue to keep under review the independence and objectivity of the external auditors, the effectiveness of the audit process, legislative developments, the rotation of the lead audit partner and other matters as they monitor the appropriateness of the retention of KPMG Luxembourg, Société coopérative as the Company's auditors.

Elmar Heggen
Chairman, Audit Committee

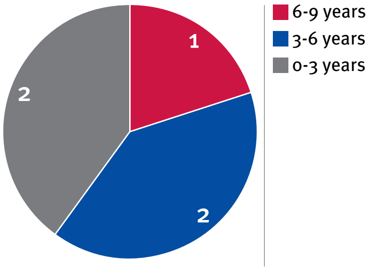
"I am pleased to present the 2014 Directors' Remuneration report for which we will be seeking your approval at the Annual General Meeting on 19 May 2015."

Nina Henderson
Chairman, Remuneration Committee

Members

Nina Henderson, Chairman
Lance Browne
Elmar Heggen
Florence Pierre
Alex Sulkowski

Length of tenure of Non-Executive Directors within the Committee



Dear Shareholder,

As the Chairman of the Remuneration Committee, I am pleased to present to you this year's report on Directors' remuneration.

This is my first report as the Chairman of the Committee. We have focussed on enhancing the accessibility and transparency of the disclosure this year. I hope that you find it useful and informative.

This letter aims to provide a comprehensive summary of the overall report. It sets out the objectives, principles and key features of the executive remuneration framework, explains the Committee's key decisions in respect of 2014 and the approach for 2015.

The remainder of the report is divided into the following sections:

- Key features of the framework: this section (pages 40-41) provides a summary of our framework and enhancements planned for 2015.
- Outcomes for 2014 (pages 42-43). This describes the implementation of our policies in 2014, including the "single figure of remuneration" and supporting narrative for our bonus and long-term outcomes.
- Additional disclosures (pages 44-45). The final section includes additional supporting disclosures.

Remuneration objectives and principles

As context for considering the report, set out below are the remuneration objectives and principles which have consistently underpinned our remuneration framework for a number of years:

- Our remuneration packages must attract, retain and motivate people of the highest calibre and experience needed to shape and execute the Company's strategy and to deliver shareholder value. Total compensation opportunities should be commensurate with comparable packages available with similar companies operating in similar markets;
- A significant proportion of reward should be based on short and long-term performance measured by satisfaction of targeted objectives which are the main drivers of shareholder value. Executives should be focused on delivering attractive returns to shareholders and be given the opportunity to receive commensurate levels of reward if such performance is delivered. Conversely if returns are conservative, compensation levels should be conservative.
- The interests of executives should be closely aligned with those of shareholders over the long-term through substantial share ownership and share-based incentives. Historically, this has been achieved via our Co-Investment Plan (CIP) which has performance and holding periods of five years from grant and through our share ownership guidelines. Reflected throughout this Annual Report are our ongoing efforts to improve communication regarding our strategic objectives and the performance of the Group. During 2015, we will review our short-term and long-term compensation schemes, which will include consultations with stakeholders, to ensure compensation policies and plans throughout the Group are aligned with our future strategic objectives and related performance measures.

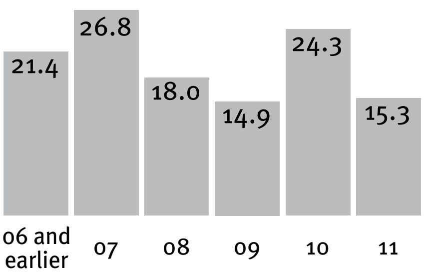
Key features of our framework for 2015

Salary	• Market competitive fixed remuneration • No salary increases for executive Directors
Benefits/pension	• Reflect location and nature of role
Annual bonus	• Maximum 100% of salary • Based on stretching adjusted operating profit targets for the year • Up to 50% deferred into Investment Shares • Clawback applies from 2015
50% deferred	
CIP – Investment Shares	Deferred 3 years
CIP – Matching Shares	3 year performance period / 2 year holding period • Up to 4 for 1 match on number of Investment Shares committed • Maximum 200% of salary • Based on stretching EPS and TSR targets over 3 years • Clawback applies from 2015

2014 outcomes

- As discussed within the strategic report on pages 1 to 25, 2014 was a good year for the Group with strong growth and, as the chart below illustrates, attractive shareholder returns.

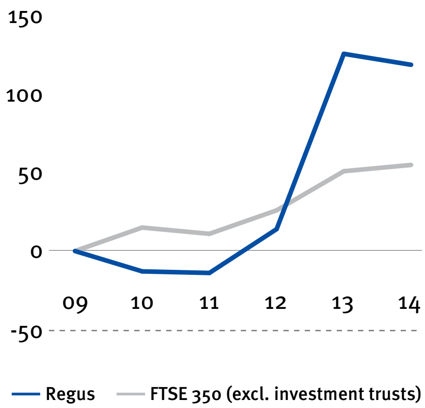
Post-cash tax return on net investment by year group



The chart shows the post tax cash return achieved by individual year group investments from 2011 back to 2007 and the combined performance of all locations opened in or earlier than 2006. The total return in respect of all the locations opened on or before 31 December 2011 (and which are therefore more established in respect of their financial performance) was 20.9%. All these returns are above the Group's cost of capital.

- The annual bonus for 2014 was based on adjusted operating profit performance. The Committee determined that performance in the year (as described earlier in this report) warranted annual bonuses of 100% of salary to the executive directors. Half of the awarded bonuses will be deferred as Regus Investment Shares for three years under the CIP (see below).
- The only long-term incentive award which vested in respect of 2014 was the final tranche of the Matching Shares awarded to Mark Dixon under the 2008/09 CIP award, which was measured over a five year performance period to 31 December 2014. Based on achieving adjusted EPS of 29.4p (adjusted to exclude certain growth investments and one-off exceptional items over the five year performance period in accordance with the terms of the original award) and TSR of 119% (vs FTSE All Share 55%), the Committee determined that 86% of the final tranche should vest.

Regus TSR vs FTSE All Share over five year CIP performance period (%)



- The "single figure of remuneration" for the Executive Directors was therefore as follows (further detail on page 42).

	Fixed	Bonus	CIP	Total
Mark Dixon	£635k	£587k	£1,549k	**£2,770k**
Dominique Yates	£478k	£321k	£0k	**£799k**

2015 decisions

- Following the annual review, there are no changes to the salaries of the Executive Directors with effect from 1 January 2015. Salaries will be considered as part of the wider review of the remuneration framework to be held during the year (see below) and therefore may change.
- The structure and quantum of our incentive opportunities will remain unchanged, as set out in the table on page 40.
- Based on the deferral of half of the 2014 bonus (i.e. 50% of salary), an opportunity to earn up to four Matching Shares for each Investment Share will be awarded under the CIP. This will be equivalent to a maximum award of 200% of salary.
- For these CIP Matching Shares, 75% will be based on EPS, with targets which require compound annual growth of 32% p.a. for maximum vesting. The remaining 25% will continue to be based on our total shareholder return (TSR) against the constituents of the FTSE 350 (excluding financial services and mining).
- Performance will be measured over a three year performance period with a subsequent two year holding period

before any vested shares are released. This simplifies the framework whilst maintaining an overall time horizon of five years for the CIP awards.

- In addition, for these 2015 awards the EPS targets have been recalibrated from an absolute pence target into a compound annual percentage growth rate. This brings our practice into line with the majority of the market, easing comparability for shareholders. The percentage growth targets for this year are properly stretching targets.
- Beginning in 2015, the annual bonus and the CIP will both be subject to clawback provisions under which the Committee may seek to reduce or reclaim variable remuneration in circumstances of material misstatement or participant misconduct. Further details are set out on page 41.
- During 2015, the Committee intends to review the remuneration and incentive framework for our Executive Directors to ensure alignment with the Group's strategic objectives. We intend to consult with our major shareholders and investor bodies ahead of bringing our proposals for shareholder approval at the 2016 AGM.

Chairman / Non-Executive Director fees

During 2014 the fees for the Chairman and Non-Executive Directors were benchmarked and reviewed, resulting in an increase with effect from 2015 as set out in this report. The last fee increase for the Chairman was 2011 and for the Non-Executive Directors in 2012. Since this time the scale and market capitalisation of the business has increased significantly as well as the expectations of what is required of the Non-Executive Directors. The Chairman's fee also covers participation in the boards of certain group companies which has also expanded over this time period.

At the 2014 AGM, the Directors' remuneration report received strong shareholder support for both remuneration related resolutions. The voting summary is provided on page 45. We look forward to receiving your support for this report at the 2015 AGM.

Nina Henderson

Chairman, Remuneration Committee

Summary of Executive Director remuneration framework / application for 2015

The table below summarises the framework for executive remuneration at Regus. It reflects the Remuneration Policy which was approved by shareholders at the 2014 Annual General Meeting and which can be found in the 2013 Directors' Remuneration Report (or downloaded from www.regus.com)

		Purpose and operation	Application for 2015
Fixed remuneration	Base salary	Provides a market competitive component of fixed remuneration taking into account the scope and responsibilities of the role, the skills, experience and circumstances of the individual, sustained performance in role, and appropriate market data. Salary increases will normally be broadly in line with increases awarded to other employees in the business, although the Committee may award larger increases if it considers it appropriate (e.g. change in role, development and performance in role, or to align to market data).	Salaries effective from 1st January will remain unchanged at • Mark Dixon: £587k • Dominique Yates: CHF495k Salaries will be considered as part of the wider review of the remuneration framework to be held during the year and therefore may change.
	Benefits	Provide a competitive benefits package for the nature and location of the role, and which currently includes private health insurance and life insurance. Dominique Yates also receives representation and expatriate allowances reflecting specific individual circumstances.	No changes proposed. The Committee believes it is appropriate to continue payment of expatriate and housing allowances to the CFO as part of a market competitive package for the location of the role, although the Committee will keep this policy under review for future years.
	Pension	Provide retirement benefits in line with the overall Group policy through participation in the Company's personal pension scheme. The Committee considers the maximum contribution for Executive Directors (7% of salary) to be low compared with comparative companies but prefers to offer enhanced variable compensation (rather than a fixed additional pension contribution).	No changes. 7% of base salary.

Summary of Executive Director remuneration framework / application for 2015 continued

		Purpose and operation	Application for 2015
Variable remuneration	Annual bonus	To incentivise and reward annual performance for shareholders. Maximum opportunity: 100% of base salary per annum. Up to 50% of any bonus earned can be deferred into Investment Shares under the CIP (see below). The remainder is paid in cash.	Maximum opportunity unchanged: 100% of salary. The bonus will be determined by reference to adjusted operating profit performance in 2015. The Committee considers the targets to be commercially sensitive. From 2015, clawback provisions apply.
Variable remuneration	Co-Investment Plan (CIP)	To reward deferral under the annual bonus, encourage the build-up of significant personal shareholdings over time, and provide a variable pay opportunity which motivates and rewards long-term performance. An annual bonus of up to 50% of salary (gross) may be awarded in the form of Investment Shares which will be released at the end of a holding period of three years subject to continued employment. For each Investment Share held, up to four additional shares (Matching Shares) may be earned based on the Company's long-term performance. The maximum award is therefore 200% of base salary per annum. From 2015, clawback provisions apply. Any shares which vest after the three year performance period will be subject to a subsequent two year holding period before they are released.	The Executive Directors will defer half of the 2014 bonus (i.e. 50% of salary) and therefore the number of Matching Shares which will be awarded is 200% of salary. The Matching Shares will vest subject to EPS and TSR performance conditions over a three year performance period in accordance with the targets as set out in the table below.
Shareholding guidelines		Under the Regus Shareholding guidelines, Executive Directors are expected to build up a shareholding of 200% of salary in Regus shares.	No change to the guideline. Executive Directors already exceed the guideline.

Other key elements of the framework

Clawback

For the 2015 annual bonus and CIP awards, the Committee will have discretion to reclaim bonus cash for a period of three years after payment, cancel or reduce the number of Investment Shares for a period of three years after grant, cancel or reduce the number of unvested Matching Shares at any point prior to vesting, or reclaim vested Matching Shares for a period of two years after vesting (i.e. five years from grant) in circumstances of material misstatement of the Company's audited financial results, misconduct on the part of the participant, or error in assessing a performance condition applicable to the award or in the information or assumptions on which the award was granted or vests.

Service contracts

Executive Directors have service contracts with the Group which can be terminated by the Company or the Director by giving 12 months' notice. The Company may terminate the employment of the Chief Executive by making a payment in lieu of notice which would not exceed 12 months' salary. Unless it is renewed, the contract of the Chief Financial Officer will terminate automatically after five years (from 1st September 2011) without requiring notice.

2015 CIP – performance targets

TSR target (25% of each tranche)

Regus TSR ranking against the constituents of the FTSE 350 index (excluding financial services and mining companies)	% of shares vesting
Median	25%
Upper quartile or above	100%

EPS target (75% of each tranche)

Compound annual growth in EPS over the three year period to 31 December 2017	% of shares vesting
24%	25%
32%	100%

Straight-line vesting between median and upper quartile. No vesting below the threshold target.

EPS will be defined as basic EPS of the Group with Committee discretion to adjust EPS (both positively and negatively) to take into account one-off exceptional items which do not appropriately reflect underlying performance of the Group, and to make adjustments where investments supporting growth are significantly above or below those envisaged when the targets were set. The purpose of such adjustments is to ensure a fair measurement of performance and to avoid the EPS targets acting as a disincentive to the investments which underpin the long-term growth strategy. The targets for 2017 will be based on compound annual growth from an equivalent "base year" EPS figure for 2014 of 7.4p.

Outcomes for 2014

Single Total Figure of Remuneration Table

The remuneration in respect of the year ending 31 December 2014 of the Executive Directors who served during the year is shown in the table below (with the prior year comparative).

	Salary		Benefits		Pension		Annual bonus		CIP		Total	
£'000	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Mark Dixon	**587.0**	587.0	**6.6**	10.6	**41.1**	41.1	**587.0**	463.7	**1,548.5**	751.6	**2,770.2**	1,854.0
Dominique Yates	**320.8**	341.6	**125.2**	122.8	**31.7**	31.5	**320.8**	269.9	**–**	–	**798.5**	765.8

The salary, benefits, pension and cash element of the bonus for Dominique Yates are paid in Swiss Francs and have been converted to Pounds Sterling for the table above using the average exchange rate for the relevant year.

Benefits – Includes private health insurance and life insurance and, for Dominique Yates, it also includes a representation allowance and expatriate allowances.

Annual bonus – Includes the full value of the annual bonus awarded in respect of the relevant financial year. In both 2014 and 2013, 50% of the value shown in the table was deferred into Investment Shares for three years subject to continued employment under the terms of the CIP, with the remainder received in cash.

CIP awards – Includes the value of Matching Share awards made to Mark Dixon under the CIP in previous years which vested in respect of a performance period ending in the relevant financial year. The vesting of the final tranche of the 2008 / 2009 Matching Shares is included in the 2014 column (820,205 shares vested out of the maximum of 954,420). The vesting of the second tranche of the 2008 / 2009 Matching Shares is included in the 2013 column. The figure has been updated to reflect the actual share price on the date of vesting.

Annual bonus

In 2014, the Executive Directors had a maximum bonus opportunity of 100% of salary based on performance against stretching adjusted Group operating profit targets for the financial year. For the purposes of the annual bonus, the Committee makes adjustments to Group operating profit to reflect certain investments in growth in order to ensure that the bonus does not act as a disincentive to these investments which underpin the long-term growth strategy.

Based on the adjusted operating profit performance in the year, the Committee determined that the Chief Executive Officer and Chief Financial Officer should each receive a bonus of 100% of salary in respect of the year.

In considering the bonus for the year, the Committee also took into account the following performance context (explained in more detail on pages 11-19 of the annual report):

- Group revenue increased by 15.8% at constant currency to £1,676.1m; Group operating profit by 27% at constant currency to £104.3m
- Strong cash performance, with £176m (18.6p per share) of cash generated before net growth capital expenditure and dividends.
- Reduction in overheads of 1.8 ppt to 16.7% of revenues.
- A post-tax return for 2014 on investment in our estate added on or before 31 December 2011 of 20.9% (2013: 16.8%)
- Increase in network of 24% to 2,269 locations.

The Committee believes that the adjusted operating profit targets used to assess the annual bonus are commercially sensitive and that it is not appropriate to disclose them currently or retrospectively.

Half of the awarded bonus (50% of salary) is paid in cash and half (the remaining 50% of salary) will be awarded in the form of Investment Shares, the vesting of which will be deferred for three years under the CIP. Further details of these awards to be made in 2015 are set out in the table on page 41.

CIP awards vesting in respect of 2014

The 2008 and 2009 Matching Share awards were divided into three separate equal tranches subject to performance periods over three, four and five years respectively from 1 January 2010. The final tranche of the 2008 and 2009 Matching Share award was based on a five year performance period to 31 December 2014. The vesting conditions for the final tranche are outlined below.

TSR target (25% of tranche)

Regus TSR % achieved relative to FTSE All Share Total Return Index	% of shares vesting
100%	0%
Above 100% but below 101%	25%
For each complete 1% over 100%	+0.75%
200% or above	100%

EPS target (75% of tranche)

EPS targets for year ending 2014 (Tranche 3)	% of shares vesting
18p	25%
22p	50%
26p	75%
30p	100%

The Committee has assessed performance against the TSR and EPS targets set in 2010 and concluded that 86% of the final tranche should vest (and the remainder of that tranche shall lapse):

- TSR (25%). From a base point of 100%, Regus achieved a TSR value of 218.6% compared to 154.6% for the FTSE All Share Index over the performance period, equating to a vesting of 55.75% of this part of the award.
- EPS (75%). Based on achieving an adjusted 2014 EPS of 29.4p, which reflects underlying performance delivered during the five year performance period, adjusted to exclude the positive impact of changes in accounting policy and estimates implemented during 2012, and to exclude certain investments in growth and one-off exceptional items in accordance with the terms of the original award, the Committee concluded that 96% of this part of the award should vest.

CIP awards made in 2014

The Executive Directors deferred 50% of their 2013 annual bonus into Investment Shares under the CIP. The Investment Shares will vest and be released at the end of a three year holding period, subject to continued employment with the Regus Group during that period.

For each Investment Share held the Executive Directors may earn up to a maximum of four Matching Shares which will vest subject to EPS and TSR performance conditions in three equal tranches over performance periods of three, four and five years. As the Investment Shares had a value of 39.5% of salary the maximum number of Matching Shares awarded in 2014 was equivalent to 158% of salary.

Details of the Investment Share and Matching Share awards made during 2014 to the executive directors are shown in the table below.

Executive Director	Type of interest	Face value (£,000)	Threshold vesting	End of holding/performance period
	Investment Shares	231.9	N/A	4th March 2017
Mark Dixon	Matching Shares	927.5	25%	One third 31st December 2016, 2017 and 2018
	Investment Shares	132.5	N/A	4th March 2017
Dominique Yates	Matching Shares	529.8	25%	One third 31st December 2016, 2017 and 2018

The face value has been calculated using the share price of 225p, the closing price prior to the date of grant (5th March 2014).

The Matching Shares will vest subject to EPS and TSR performance conditions in three equal tranches over performance periods of three, four and five years in accordance with the targets as set out below.

TSR target (25% of each tranche)

Regus TSR ranking against the constituents of the FTSE 350 index (excluding financial services and mining companies)	% of shares vesting
Median	25%
Upper quartile or above	100%
Straight-line vesting between median and upper quartile. No vesting below median	

EPS target (75% of each tranche)

	EPS targets for years ending		
Vesting scale	2016 (Tranche 1)	2017 (Tranche 2)	2018 (Tranche 3)
25%	14.3p	16.1p	17.1p
100%	17.0p	20.2p	22.5p
Straight-line vesting between these points. No vesting below the threshold target			

In previous years, the TSR targets were based on out-performance of the FTSE All Share index. For 2014 awards, the Committee re-calibrated the TSR targets to be based on the ranked TSR performance of Regus against the constituents of the FTSE 350 (excluding financial services and mining companies). The Committee believed that, given the absence of any listed peer companies, the use of a broad equity index remained appropriate, and that the FTSE 350 is preferable to the All Share index on the basis of the position of Regus in the FTSE 350 index. Companies from the financial services and mining sectors are excluded in order to ensure the TSR result is not unduly skewed by the performance of these sectors which are often subject to their own business cycles.

For the purposes of the CIP, EPS is defined as basic EPS of the Group. The Committee has discretion to adjust EPS (both positively and negatively) to take into account one-off exceptional items which do not appropriately reflect underlying performance of the Group, and to make adjustments where the investments in new locations and / or business initiatives is significantly above or below that envisaged when the targets were set. The purpose of such adjustments is to ensure a fair measurement of performance and to avoid the EPS targets acting as a disincentive to the growth investments which underpin the long-term growth strategy. The equivalent basic EPS figure for 2013 was 7.1p, and therefore the targets represented at the maximum approximately 26-34% growth per annum, which the Committee believed to be stretching in the current environment particularly over performance periods which extended over three, four and five years.

Statement of share scheme interests and shareholdings

The following table sets out for Directors who served during the year, the total number of shares held (including the interests of connected persons) as at 31 December 2014. It also shows the interests in share schemes for the Executive Directors.

		Shareholding requirement			Interests in share/option awards		
					CIP		
	Shares held	% of salary required	% of salary achieved[(a)]	Guideline met?	Investment Shares[(b)]	Matching Shares[(c)]	SOP[(d)]
Executive Directors							
Mark Dixon	**323,447,296**	**200%**	**114,832%**	**Yes**	**291,636**	**2,120,964**	**–**
Dominique Yates	**741,989**	**200%**	**482%**	**Yes**	**174,580**	**698,320**	**907,333**

a) Based on share price (208.4p) and base salary as at 31 December 2014.

b) The CIP Investment Shares are in the form of unvested conditional shares granted on 6th March 2013 and 5th March 2014, and which vest subject to continued employment at the end of a three year holding period.

c) The CIP Matching Shares are in the form of unvested conditional shares which will vest subject to the achievement of EPS and TSR performance targets. The number of share interests includes the following awards which were unvested as at 31st December 2014. For Mark Dixon, the number includes 954,420 Matching Shares under tranche three of the 2008 / 2009 CIP awards (granted on 18th March 2008 and 23rd March 2009 respectively), 754,340 Matching Shares granted on 6th March 2013, and 412,204 Matching Shares granted on 5th March 2014. For Dominique Yates, the number shows 462,836 Matching Shares granted on 6th March 2013 and 235,484 Matching Shares granted on 5th March 2014.

d) The Share Option Plan (SOP) grants are vested market value share options (exercise price 74.35p) which were granted to Dominique Yates on 2nd September 2011 to aid his recruitment. The options are exercisable in three equal tranches in September 2014, 2015 and 2016.

e) With the exception of the Directors' interests disclosed in the table above, no Director had any additional interest in the share capital of the Company during the year.

Chairman and Non-Executive Directors

In accordance with the Remuneration Policy, the Chairman receives a single fee which reflects all Board and Committee duties and is determined by the Remuneration Committee. The Non-Executive Directors receive a basic fee and may also receive supplementary fees for committee or other duties, as determined by the Chairman and the Executive Directors. The Chairman and Non-Executive Directors do not receive any benefits nor do they participate in any bonus or share incentive scheme, nor do they participate in any pension arrangements.

The remuneration in respect of the year ending 31 December 2014 of the Non-Executive Directors who served during the year is shown in the table below (with the prior year comparative).

	Fees	
£'000	2014	2013
Douglas Sutherland	**165.0**	165.0
Lance Browne	**61.5**	61.5
Elmar Heggen	**50.0**	50.0
Nina Henderson	**30.5**	n/a
Florence Pierre	**44.5**	27.4
Alex Sulkowski	**50.0**	50.0

Nina Henderson was appointed as a Non-Executive Director with effect from 20 May 2014.

During 2014, the fees for the Chairman and Non-Executive Directors were reviewed. The Chairman's fee had not been increased since 2011 and the Non-Executive Director fees had not been increased since 2012. During that time, the financial scale and market capitalisation of the business has increased significantly. Therefore it was considered appropriate to increase some of the fees with effect from 2015 as set out in the following table.

	2014	2015	Change
Non-Executive Chairman	**£165,000**	£200,000	21%
Basic fee for Non-Executive Director	**£42,000**	£50,000	19%
Additional fees:			
Chair of Audit Committee	**£8,000**	£10,000	25%
Chair of Remuneration Committee	**£8,000**	£10,000	25%
Chair of Nomination Committee	**£6,000**	£6,000	0%
Senior Independent Director	**£6,000**	£6,000	0%
Variable dislocation allowance for non-Luxembourg directors	**£2,500-£7,500**	£2,500-£7,500	0%

The shareholding as at 31 December 2014 for Non-Executive Directors is set out below.

Chairman and Non-Executive Directors	Shares held
Douglas Sutherland	**400,000**
Lance Browne	**6,203**
Elmar Heggen	**–**
Alex Sulkowski	**–**
Florence Pierre	**–**
Nina Henderson	**16,500**

During the period 31st December 2014 to 3rd March 2015, Lance Browne acquired 3,738 shares. These acquired shares constitute part of the fees payable to him in ordinary shares of the Company for the relevant period of service.

Supporting disclosures and additional context

Percentage change in remuneration of the Chief Executive Officer

The table below shows the percentage change in remuneration of the Chief Executive Officer and Group support employees (on a per capita basis) between the year ending 31 December 2013 and the year ending 31 December 2014. Given the significant scale and diversity of the overall global employee population, the Committee considers the Group support employees a more relevant comparison.

	Chief Executive	Group support employees
Salary	0%	23.4%
Benefits	(38)%	14.3%
Annual bonus	21%	39.6%

Relative importance of spend on pay

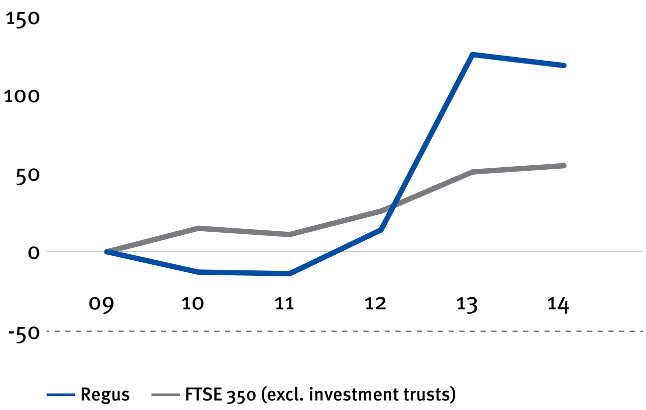
The table below shows total employee remuneration and distributions to shareholders in respect of the years ending 31 December 2014 and 2013 (and the difference between the two).

	2014	2013	Change
Total employee remuneration	**£334.6m**	£316.1m	5.8%
Distributions to shareholders	**£35.4m**	£31.1m	13.8%

Performance graph and table

The graph right shows the TSR of Regus in the six year period to 31 December 2014 against the TSR of the FTSE 350 (excluding investment trusts) and All Share Indices. TSR refers to share price growth and assumes dividends are reinvested over the relevant period. The Committee considers the FTSE 350 (excluding investment trusts) relevant since it is an index of companies of similar size to Regus.

Regus TSR vs FTSE All Share over five year CIP performance period (%)



The table below provides remuneration data for the Chief Executive Officer for each of the six financial years over the equivalent period.

	2009	2010	2011	2012	2013	2014
Single Total Figure of Remuneration	£628k	£759k	£1,130k	£1,773k	£1,854k	**£2,770k**
Bonus (% of Maximum)	0%	19%	50%	100%	79%	**100%**
Long term incentive vesting (% of maximum)	0%	0%	0%	11%	35%	**86%**

Long term incentive vesting in 2011 comprises 25% (of maximum) in respect of the CIP and 0% in respect of the VCP.

Consideration of Directors' remuneration – Remuneration Committee and advisors

Details of the composition of the Remuneration Committee are set out on page 38 of this report. The Committee's terms of reference are freely available on the Company's website: www.regus.com.

In addition to the designated members of the Remuneration Committee, the Chairman, Chief Executive Officer and Company Secretary also attended Committee meetings during the year although none were present during discussions concerning their own remuneration.

Deloitte LLP continued to provide independent advice to the Committee during the year. Deloitte was appointed by the Committee in 2010 following a competitive selection process undertaken by the Committee. The fees charged by Deloitte for the provision of independent advice to the Committee during 2014 were £25,000. Deloitte also provided unrelated tax advice to Regus during 2014. Deloitte is a member of the Remuneration Consultant's Group and, as such, voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. With regard to remuneration advice, the Committee is comfortable that the Deloitte engagement partner and team are objective and independent.

Statement of voting at general meeting

The Committee is directly accountable to shareholders and, in this context, is committed to an open and transparent dialogue with shareholders on the issue of executive remuneration. The members of the Committee attend the Company's Annual General Meeting and are available to answer shareholders' questions about Directors' remuneration. Votes cast by proxy and at the Annual General Meeting held on 20 May 2014 in respect of remunerated related resolutions are shown in the table.

	Votes For		Votes Against			
Resolution	#	%	#	%	Total votes cast	Votes Withheld
Approval of Annual Remuneration Report for year ending 31 December 2013	780,790,818	98.29%	13,573,095	1.71%	794,363,913	25,583
Approval of Remuneration Policy	790,028,138	99.56%	3,502,178	0.44%	793,530,316	859,180

For and on behalf of the Board

Nina Henderson

Chairman of the Remuneration Committee

3 March 2015

Directors' report

The Directors of Regus plc (société anonyme) (the 'Company') present their Annual Report and the audited financial statements of the Company and its subsidiaries (together the 'Group') for the year ended 31 December 2014.

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
Lance Browne
Elmar Heggen
Nina Henderson
Florence Pierre
Alex Sulkowski

Biographical details for the Directors are shown on pages 26 and 27.

Details of the Directors' interests and shareholdings are given in the Remuneration Report on pages 38 to 45.

The Corporate Responsibility Statement, Corporate Governance Statement, Audit Committee Report, Remuneration Report and Director Statements on pages 24 to 48 all form part of this report.

Principal activity

The Company is the world's leading provider of global office outsourcing services.

Business review

The Directors have presented a Strategic Report as follows:

The Chief Executive Officer's Review and Chief Financial Officer's Review on pages 11 to 19 respectively address:

- review of the Company's business (pages 11 to 15);
- trends and factors likely to affect the future development, performance and position of the business (pages 11 to 15);
- development and performance during the financial year (pages 16 to 19);
- employee development, performance and diversity (page 13); and
- position of the business at the end of the year (pages 17 to 19).

The Corporate Responsibility Report, on page 24, includes the sections of the Strategic Report in respect of:

- environmental matters; and
- social and community issues.

The Audit Committee report, on pages 35 to 37, includes a description of the principal risks and uncertainties facing the Company.

The Directors' Statements on page 48 includes the statutory statement in respect of disclosure to auditors.

The Directors do not consider any contractual or other relationships with external parties to be essential to the business of the Group.

Results and dividends

Profit before taxation for the year was £87.1m (2013: £81.5m).

The Directors are pleased to recommend a final dividend of £25.8m (2013: £23.6m), being 2.75 pence per share (2013: 2.5 pence per share). The total dividend for the year will therefore be 4 pence per share, made up of the interim dividend of 1.25 pence per share paid in October 2014 (2013: 1.1 pence per share) and, assuming the final dividend is approved by shareholders at the forthcoming AGM, an additional 2.75 pence per share (2013: 2.5 pence per share) which is expected to be paid on 29 May 2015 to shareholders on the register at the close of business on 1 May 2015.

Policy and practice on payment of creditors

The Group does not follow a universal code dealing specifically with payments to suppliers but, where appropriate, our practice is to:

- agree the terms of payment upfront with the supplier;
- ensure that suppliers are made aware of these terms of payment; and
- pay in accordance with contractual and other legal obligations.

At 31 December 2014, the number of creditor days outstanding for the Group was 21 days (2013: 31 days) and for the Company was 19 days (2013: 28 days).

Going concern

The Directors, having made appropriate enquiries, have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Accounts on pages 50 to 54.

In adopting the going concern basis for preparing the financial statements, the Directors have considered the further information included in the business activities commentary as set out on pages 11 to 15, as well as the Group's principal risks and uncertainties as set out on pages 21 to 23. Based on the performance of the Group, its financial position and cash flows, the Board is satisfied that the Group is well placed to manage its business risks successfully.

Further details on the going concern basis of preparation can be found in note 23 of the notes to the accounts on page 73.

Employees

The Group treats applicants for employment with disabilities with full and fair consideration according to their skills and capabilities.

Should an employee become disabled during their employment, efforts are made to retain them in their current employment or to explore opportunities for their retraining or redeployment elsewhere within the Group.

Political and charitable donations

It is the Group's policy not to make political donations either in the UK or overseas. The Group made charitable donations of £155,329 during the year (2013: £80,500).

Capital structure

The Company's share capital comprises 950,969,822 issued and fully paid up ordinary shares of 1p nominal value in Regus plc (2013: 950,969,822). 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.

Details of the role of the Board of Directors (the 'Board') and the process for the appointment of Directors can be found on pages 30 to 33.

At the Company's Annual General Meeting held on 20 May 2014 the shareholders of the Company approved a resolution giving authority for the Company to purchase in the market up to 94,730,212 ordinary shares representing approximately 10% of the issued share capital (excluding Treasury shares) as at 17 April 2014.

9,484,516 shares were purchased pursuant to this authority during the year.

Details of the Company's employee share schemes can be found in the report of the Remuneration Committee on pages 38 to 45.

The outstanding awards and options do not carry any rights in relation to the control of the Company.

Substantial interests

At 3 March 2015, the Company has been notified of the following substantial interests held in the issued share capital of the Company.

	Number of ordinary shares	% of issued share capital
Estorn Limited*	323,447,296	34.17
Prudential Plc	121,286,254	12.91
Odey Asset Management LLP	56,497,630	6.03
FIL Limited	47,735,864	5.03

* Mark Dixon indirectly owns 100% of Estorn Limited

Auditors

In accordance with Luxembourg law, a resolution for the reappointment of KPMG Luxembourg, Société coopérative as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

Approval

This report was approved by the Board on 12 February 2015.

On behalf of the Board

Tim Regan
Company Secretary

3 March 2015

Directors' statements

Statement of Directors' responsibilities in respect of the Annual Report and financial statements

The Directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. Under that law, they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU and applicable law and have elected to prepare the parent company annual accounts in accordance with Luxembourg Generally Accepted Accounting Practice and applicable law.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and their profit or loss for the period.

In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company annual accounts, state whether applicable Luxembourg accounting standards have been followed, subject to any material departures disclosed and explained in the parent company annual accounts; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and which disclose with reasonable accuracy at any time the financial position of the parent company and to enable them to ensure that its financial statements comply with applicable law and regulations. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, a Remuneration Report and a Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's websites.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statutory statement as to disclosure to auditor

The Directors who held office at the date of approval of this Directors' statements confirm that:

- so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

These financial statements have been approved by the Directors of the Company. The Directors confirm that the financial statements have been prepared in accordance with applicable law and regulations and that they include a fair review of the development and performance of the business and the position of the parent company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We, the Directors of the Company, confirm that to the best of our knowledge:

- the financial statements prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation as a whole; and
- the Directors' Report, including content contained by reference, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Mark Dixon	Dominique Yates
Chief Executive Officer	Chief Financial Officer

3 March 2015

Auditors' report

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

REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Regus plc (société anonyme), which comprise the consolidated balance sheet as at 31 December 2014 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 50 to 89.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements 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 consolidated financial statements 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the consolidated financial statements, 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 consolidated financial statements 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 consolidated financial statements.

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 consolidated financial statements, as set out on pages 50 to 89, give a true and fair view of the consolidated financial position of Regus plc (société anonyme) as of 31 December 2014, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The consolidated Directors' report, including the corporate governance statement, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements and includes the information required by the law with respect to the Corporate Governance Statement.

KPMG Luxembourg, Société coopérative
Cabinet de révision agréé
Thierry Ravasio

Luxembourg, 3 March 2015

Consolidated income statement

Continuing operations	Notes	Year ended 31 Dec 2014 Total £m	Year ended 31 Dec 2013 Total £m
Revenue	3	**1,676.1**	1,533.5
Cost of sales		**(1,293.0)**	(1,159.7)
Gross profit (centre contribution)		**383.1**	373.8
Selling, general and administration expenses		**(270.9)**	(275.9)
Research and development expenses		**(8.7)**	(7.2)
Share of profit of equity-accounted investees, net of tax		**0.8**	0.1
Operating profit	5	**104.3**	90.8
Finance expense	7	**(17.3)**	(10.5)
Finance income	7	**0.1**	1.2
Net finance expense		**(17.2)**	(9.3)
Profit before tax for the year		**87.1**	81.5
Income tax expense	8	**(17.2)**	(14.6)
Profit after tax for the year		**69.9**	66.9
Profit attributable to:			
Equity shareholders of the parent		**69.9**	66.9
Non-controlling interests		**–**	–
Profit after tax for the year		**69.9**	66.9
Earnings per ordinary share (EPS):			
Basic (p)	9	**7.4**	7.1
Diluted (p)	9	**7.2**	7.0

Consolidated statement of comprehensive income

	Notes	Year ended 31 Dec 2014 £m	Year ended 31 Dec 2013 £m
Profit for the year		**69.9**	66.9
Other comprehensive income that is or may be reclassified to profit or loss in subsequent periods:			
Cash flow hedges – effective portion of changes in fair value		**(2.7)**	–
Foreign currency translation differences for foreign operations, net of income tax		**6.1**	(27.4)
Items of other comprehensive income that are or may be reclassified to profit or loss in subsequent periods		**3.4**	(27.4)
Other comprehensive income that will never be reclassified to profit or loss in subsequent periods:			
Remeasurement of defined benefit liability		**–**	0.2
Items of other comprehensive income that will never be reclassified to profit or loss in subsequent periods		**–**	0.2
Other comprehensive income for the period, net of income tax		**3.4**	(27.2)
Total comprehensive income for the year		**73.3**	39.7
Total comprehensive income attributable to:			
Equity shareholders of the parent		**73.3**	39.7
Non-controlling interests		**–**	–
Total comprehensive income for the year		**73.3**	39.7

Consolidated statement of changes in equity

	Attributable to equity holders of the parent[a]									
	Share capital £m	Treasury shares £m	Foreign currency translation reserve £m	Hedging reserve £m	Revaluation reserve £m	Other £m	Retained earnings £m	Total equity attributable to equity holders £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2013	**9.5**	**(7.0)**	**34.0**	**–**	**10.5**	**15.3**	**465.1**	**527.4**	**–**	**527.4**
Total comprehensive income for the year:										
Profit for the year	–	–	–	–	–	–	66.9	66.9	–	66.9
Other comprehensive income:										
Remeasurement of defined benefit liability, net of tax	–	–	–	–	–	–	0.2	0.2	–	0.2
Foreign currency translation differences for foreign operations, net of tax	–	–	(27.4)	–	–	–	–	(27.4)	–	(27.4)
Total other comprehensive income, net	–	–	(27.4)	–	–	–	0.2	(27.2)	–	(27.2)
Total comprehensive income for the year	–	–	(27.4)	–	–	–	67.1	39.7	–	39.7
Transactions with owners, recorded directly in equity										
Share-based payments	–	–	–	–	–	–	2.7	2.7	–	2.7
Ordinary dividend paid (note 10)	–	–	–	–	–	–	(31.1)	(31.1)	–	(31.1)
Non-controlling interest recognised on acquisition (note 26)	–	–	–	–	–	–	(16.3)	(16.3)	(7.7)	(24.0)
Acquisition of non-controlling interest (note 26)	–	–	–	–	–	–	(7.7)	(7.7)	7.7	–
Settlement of share awards	–	2.9	–	–	–	–	(3.4)	(0.5)	–	(0.5)
Balance at 31 December 2013	**9.5**	**(4.1)**	**6.6**	**–**	**10.5**	**15.3**	**476.4**	**514.2**	**–**	**514.2**
Total comprehensive income for the year:										
Profit for the year	–	–	–	–	–	–	69.9	69.9	–	69.9
Other comprehensive income:										
Remeasurement of defined benefit liability, net of tax (note 25)	–	–	–	–	–	–	–	–	–	–
Cash flow hedges – effective portion of changes in fair value	–	–	–	(2.7)	–	–	–	(2.7)	–	(2.7)
Foreign currency translation differences for foreign operations, net of tax	–	–	6.1	–	–	–	–	6.1	–	6.1
Total other comprehensive income, net	–	–	6.1	(2.7)	–	–	–	3.4	–	3.4
Total comprehensive income for the year	–	–	6.1	(2.7)	–	–	69.9	73.3	–	73.3
Transactions with owners, recorded directly in equity										
Share-based payments	–	–	–	–	–	–	2.6	2.6	–	2.6
Ordinary dividend paid (note 10)	–	–	–	–	–	–	(35.4)	(35.4)	–	(35.4)
Purchase of treasury shares in Regus Plc	–	(17.2)	–	–	–	–	–	(17.2)	–	(17.2)
Settlement of share awards	–	1.4	–	–	–	–	(1.5)	(0.1)	–	(0.1)
Balance at 31 December 2014	**9.5**	**(19.9)**	**12.7**	**(2.7)**	**10.5**	**15.3**	**512.0**	**537.4**	**–**	**537.4**

(a) Total reserves attributable to equity holders of the parent.

Share capital represents the net proceeds (the nominal value) on the issue of the Company's equity share capital.

At 31 December 2014 treasury shares represent 12,883,455 (2013: 5,257,380) ordinary shares of the Group that were acquired for the purposes of the Group's employee share option plans and the share buy-back programme. During the period, 9,484,516 shares were purchased in the open market and 1,858,441 treasury shares held by the Group were utilised to satisfy the exercise of share awards by employees. As at 3 March 2015, 12,883,455 treasury shares were held.

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries and joint ventures.

The revaluation reserve arose on the restatement of the assets and liabilities of the UK associate from historic to fair value at the time of the acquisition of the outstanding 58% interest on 19 April 2006.

Other reserves include £37.9m arising from the Scheme of Arrangement undertaken on 14 October 2008, £6.5m relating to merger reserves and £0.1m to the redemption of preference shares partly offset by £29.2m arising from the Scheme of Arrangement undertaken in 2003.

Consolidated balance sheet

	Notes	As at 31 Dec 2014 £m	As at 31 Dec 2013 £m
Non-current assets			
Goodwill	11	**497.2**	438.7
Other intangible assets	12	**52.7**	53.0
Property, plant and equipment	13	**718.8**	608.7
Deferred tax assets	8	**40.0**	33.4
Other long-term receivables	14	**49.3**	37.5
Investments in joint ventures	20	**0.7**	1.3
Total non-current assets		**1,358.7**	1,172.6
Current assets			
Trade and other receivables	15	**440.1**	376.9
Corporation tax receivable	8	**12.5**	8.1
Assets held for sale	17	**62.6**	–
Cash and cash equivalents	22	**72.8**	84.7
Total current assets		**588.0**	469.7
Total assets		**1,946.7**	1,642.3
Current liabilities			
Trade and other payables (incl. customer deposits)	16	**(670.2)**	(570.8)
Deferred income		**(205.3)**	(179.8)
Corporation tax payable	8	**(10.3)**	(6.2)
Obligations under finance leases	18	**–**	–
Bank and other loans	18	**(1.4)**	(1.2)
Provisions	19	**(2.6)**	(0.8)
Liabilities held for sale	17	**(2.1)**	–
Total current liabilities		**(891.9)**	(758.8)
Net current liabilities		**(303.9)**	(289.1)
Total assets less current liabilities		**1,054.8**	883.5
Non-current liabilities			
Other payables	16	**(292.9)**	(220.6)
Non-current derivative financial liabilities	23	**(7.7)**	(0.1)
Obligations under finance leases	18	**(0.1)**	(0.1)
Bank and other loans	18	**(209.3)**	(140.6)
Deferred tax liability	8	**(2.2)**	(1.6)
Provisions	19	**(4.3)**	(4.9)
Provision for deficit on joint ventures	20	**(0.7)**	(1.2)
Retirement benefit obligations	25	**(0.2)**	(0.2)
Total non-current liabilities		**(517.4)**	(369.3)
Total liabilities		**(1,409.3)**	(1,128.1)
Total assets less liabilities		**537.4**	514.2
Total equity			
Issued share capital	21	**9.5**	9.5
Treasury shares		**(19.9)**	(4.1)
Foreign currency translation reserve		**12.7**	6.6
Hedging reserve		**(2.7)**	–
Revaluation reserve		**10.5**	10.5
Other reserves		**15.3**	15.3
Retained earnings		**512.0**	476.4
Total shareholders' equity		**537.4**	514.2
Non-controlling interests		**–**	–
Total equity		**537.4**	514.2
Total equity and liabilities		**1,946.7**	1,642.3

Approved by the Board on 3 March 2015

Mark Dixon
Chief Executive Officer

Dominique Yates
Chief Financial Officer

Consolidated statement of cash flows

	Notes	Year ended 31 Dec 2014 £m	Year ended 31 Dec 2013 £m
Profit before tax for the year		**87.1**	81.5
Adjustments for:			
Net finance expense	7	**17.2**	9.3
Share of profit of equity-accounted investees, net of tax	20	**(0.8)**	(0.1)
Depreciation charge	5, 13	**107.5**	87.8
(Gain)/loss on disposal of property, plant and equipment		**(0.9)**	0.9
Amortisation of intangible assets	5, 12	**13.0**	9.7
Increase/(decrease) in provisions	19	**1.2**	(4.0)
Share-based payments		**2.6**	2.7
Other non-cash movements		**–**	2.3
Operating cash flows before movements in working capital		**226.9**	190.1
Increase in trade and other receivables		**(27.7)**	(74.4)
Increase in trade and other payables		**102.8**	138.5
Cash generated from operations		**302.0**	254.2
Interest paid		**(13.6)**	(6.7)
Tax paid		**(20.9)**	(17.1)
Net cash inflow from operating activities		**267.5**	230.4
Investing activities			
Purchase of subsidiary undertakings (net of cash acquired)	26	**(91.0)**	(93.0)
Dividends received from joint ventures	20	**1.0**	0.8
Purchase of joint ventures		**0.6**	(0.4)
Proceeds on sale of property, plant and equipment		**7.3**	–
Purchase of property, plant and equipment	13	**(205.4)**	(248.9)
Purchase of intangible assets	12	**(11.0)**	(15.6)
Interest received	7	**0.1**	1.2
Net cash outflow from investing activities		**(298.4)**	(355.9)
Financing activities			
Net proceeds from issue of loans		**438.2**	132.7
Repayment of loans		**(361.6)**	(2.4)
Repayment of principal under finance leases		**–**	(0.5)
Acquisitions of non-controlling interests	26	**–**	(16.3)
Re-issuance of treasury shares		**1.4**	–
Purchase of shares		**(17.2)**	(2.3)
Settlement of share awards		**(1.5)**	(1.1)
Payment of ordinary dividend	10	**(35.4)**	(31.1)
Net cash inflow from financing activities		**23.9**	79.0
Net decrease in cash and cash equivalents		**(7.0)**	(46.5)
Cash and cash equivalents at beginning of year		**84.7**	132.3
Effect of exchange rate fluctuations on cash held		**(4.9)**	(1.1)
Cash and cash equivalents at end of year	22	**72.8**	84.7

Notes to the accounts

1. Authorisation of financial statements

The Group and Company financial statements for the year ended 31 December 2014 were authorised for issue by the Board of Directors on 3 March 2015 and the balance sheets were signed on the Board's behalf by Mark Dixon and Dominique Yates. Regus plc S.A. is a public limited company incorporated in Jersey and registered and domiciled in Luxembourg. The Company's ordinary shares are traded on the London Stock Exchange.

Regus plc S.A. owns a network of business centres which are leased to a variety of business customers. Information on the Group's structure is provided in note 31, and information on other related party relationships of the Group is provided in note 30.

The Group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the European Union ('Adopted IFRSs'). The Company prepares its parent Company annual accounts in accordance with Luxembourg GAAP; extracts from these are presented on pages 90 and 91.

2. Accounting policies

Basis of preparation

The Group financial statements consolidate those of the parent company and its subsidiaries (together referred to as the 'Group') and equity account the Group's interest in the associate and jointly controlled entities. The extract from the parent Company annual accounts presents information about the Company as a separate entity and not about its Group.

The accounting policies set out below have been applied consistently to all periods presented in these Group financial statements. Amendments to adopted IFRSs issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) with an effective date from 1 January 2014 did not have a material effect on the Group financial statements, unless otherwise indicated.

The following standards, interpretations and amendments to standards were adopted by the Group for periods commencing on 1 January 2014:

IAS 19	Defined Benefit Plans: Employee Contributions – Amendments to IAS 19
IAS 27	Separate Financial Statements (Revised) (and subsequent amendments)
IAS 28	Investments in Associates and Joint Ventures (Revised)
IAS 32	Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities
IAS 36	Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets
IAS 39	Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting
IFRS 10	Consolidated Financial Statements (and subsequent amendments)
IFRS 11	Joint Arrangements (and subsequent amendments)
IFRS 12	Disclosure of Interests in Other Entities (and subsequent amendments)
IFRIC 21	Levies
Various	Annual Improvements (2010 – 2012 Cycle)
Various	Annual Improvements (2011 – 2013 Cycle)

Judgements made by the Directors in the application of these accounting policies that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 32.

The consolidated financial statements are prepared on a historical cost basis, with the exception of certain financial assets and liabilities that are measured at fair value as described in note 23.

The Directors, having made appropriate enquiries, have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the consolidated financial statements on pages 50 to 89.

In adopting the going concern basis for preparing the consolidated financial statements, the Directors have considered the further information included in the business activities commentary as set out on pages 11 to 13 as well as the Group's principal risks and uncertainties as set out on pages 20 to 23.

Further details on the going concern basis of preparation can be found in note 23 to the notes to the consolidated financial statements on page 73.

These Group consolidated financial statements are presented in pounds sterling (£), which is Regus plc's functional currency, and all values are in million pounds, rounded to one decimal place, except where indicated otherwise.

The attributable results of those companies acquired or disposed of during the year are included for the periods of ownership.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

The consolidated financial statements include the Group's share of the total recognised income and expense of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases or the associate qualifies as a disposal group at which point the investment is carried at the lower of fair value less costs to sell and carrying value.

Joint ventures include jointly controlled entities that are those entities over whose activities the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.
The consolidated financial statements include the Group's share of the total recognised gains and losses of jointly controlled entities on an equity accounted basis, from the date that joint control commences until the date that joint control ceases or the jointly controlled entity qualifies as a disposal group at which point the investment is carried at the lower of fair value less costs to sell and carrying value.

2. Accounting policies (continued)

When the Group's share of losses exceeds its interest in a joint venture, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of a joint venture.

On 19 April 2006 the Group acquired the remaining 58% of the shares of the UK business that were not already owned by the Group. As a result the Group fully consolidated the UK business from that date. The acquisition was accounted for through the purchase method and as a consequence the entire assets and liabilities of the UK business were revalued to fair value. The effect of these adjustments on the 42% of the UK business already owned was reflected in the revaluation reserve.

On 14 October 2008, Regus plc acquired the entire share capital of Regus Group plc in exchange for the issue of new shares of Regus plc on the basis of one share in Regus plc for one share held previously in Regus Group plc. At the date of the transaction, Regus plc had nominal assets and liabilities and therefore the transaction was accounted for as a reverse acquisition of Regus plc by Regus Group plc. Consequently, no fair value acquisition adjustments were required and the aggregate of the Group reserves have been attributed to Regus plc.

IFRSs not yet effective

The following IFRSs have been issued but have not been applied by the Group in these consolidated financial statements as they are effective for years beginning on or after 1 January 2015 or have not yet been endorsed by the European Union. Their adoption is not expected to have a material effect on the consolidated financial statements:

IAS 16	Revaluation method – proportionate restatement of accumulated depreciation – Amendments to IAS 16	1 January 2016
IAS 38	Revaluation method – proportionate restatement of accumulated amortisation – Amendments to IAS 38	1 January 2016
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2017
IFRS 9	Financial Instruments	1 January 2018

The Group did not adopt any standards, interpretations and amendments to standards which were available for optional early adoption and relevant to the Group. The Group will adopt the above standards or amendments in the year in which they become effective and/or endorsed by the European Union, whichever is later.

Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group controls an entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences. The results are consolidated until the date control ceases or the subsidiary qualifies as a disposal group, at which point the assets and liabilities are carried at the lower of fair value less costs to sell and carrying value.

Impairment of non-financial assets

The carrying amounts of the Group's assets other than deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount was estimated at 31 October 2014. At each reporting date, the Group reviews the carrying amount of its non-financial assets to determine whether there is an indicator of impairment. If any indicator is identified, then the assets' recoverable amount is re-evaluated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Calculation of recoverable amount

The recoverable amount of relevant assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Goodwill

All business combinations are accounted for using the purchase method. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

Positive goodwill is stated at cost less any provision for impairment in value. An impairment test is carried out annually and, in addition, whenever indicators exist that the carrying amount may not be recoverable. Positive goodwill is allocated to cash-generating units for the purpose of impairment testing.

Business combinations that took place prior to the Group's transition date to IFRS on 1 January 2004 have not been restated under the requirements of IFRS.

Intangible assets
Intangible assets acquired separately from the business are capitalised at cost. Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if their fair value can be identified and measured reliably on initial recognition.

Intangible assets are amortised on a straight-line basis over the estimated useful life of the assets as follows:

Brand – Regus brand	Indefinite life
Brand – Other acquired brands	20 years
Computer software	5 years
Customer lists	2 years
Management agreements	Minimum duration of the contract

Amortisation of intangible assets is expensed through administration expenses in the income statement.

Acquisitions of non-controlling interests
Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Assets held for sale
Assets held for sale are measured at the lower of the carrying value of the identified assets and its fair value less cost to sell.

Leases
Plant and equipment leases for which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. All other leases, including all of the Group's property leases, are categorised as operating leases.

Finance leases
Plant and equipment acquired by way of a finance lease is capitalised at the commencement of the lease at the lower of its fair value and the present value of the minimum lease payments at inception. Future payments under finance leases are included in creditors, net of any future finance charges. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. Finance charges are recognised in the income statement over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases
Minimum lease payments under operating leases are recognised in the income statement on a straight-line basis over the lease term. Lease incentives and rent free periods are included in the calculation of minimum lease payments. The commencement of the lease term is the date from which the Group is entitled to use the leased asset. The lease term is the non-cancellable period of the lease, together with any further periods for which the Group has the option to continue to lease the asset and when at the inception of the lease it is reasonably certain that the Group will exercise that option.

Contingent rentals include rent increases based on future inflation indices or non-guaranteed rental payments based on centre turnover or profitability and are excluded from the calculation of minimum lease payments. Contingent rentals are recognised in the income statement as they are incurred.

Onerous lease provisions are an estimate of the net amounts payable under the terms of the lease to the first break point, discounted at an appropriate pre-tax rate that reflects the time value of money and the risks specific to the liability.

Property, plant and equipment
Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Buildings	50 years
Fixtures and fittings	10 years
Furniture	10 years
Office equipment and telephones	5 years
Motor vehicles	4 years
Computer hardware	3 – 5 years

Revenue
Revenue from the provision of services to customers is measured at the fair value of consideration received or receivable (excluding sales taxes). Where rent free periods are granted to customers, rental income is spread on a straight-line basis over the length of the customer contract.

Workstations
Workstation revenue is recognised when the provision of the service is rendered. Amounts invoiced in advance are deferred and recognised as revenue upon provision of the service.

Customer service income
Service income (including the rental of meeting rooms) is recognised as services are rendered. In circumstances where Regus acts as an agent for the sale and purchase of goods to customers, only the commission fee earned is recognised as revenue.

Management and franchise fees
Fees received for the provision of initial and subsequent services are recognised as revenue as the services are rendered. Fees charged for the use of continuing rights granted by the agreement, or for other services provided during the period of the agreement, are recognised as revenue as the services are provided or the rights used.

2. Accounting policies (continued)

Membership card income

Revenue from the sale of membership cards is deferred and recognised over the period that the benefits of the membership card are expected to be provided.

These categories represent all material sources of revenue earned from the provision of global workplace solutions.

Employee benefits

The Group's major pension plans are of the defined contribution type. For these plans the Group's contribution and other paid and unpaid benefits earned by the employees are charged to the income statement as incurred.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding net interest and the return on plan assets, excluding net interest, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through Other Comprehensive Income (OCI) in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Service costs are recognised in profit or loss, and include current and past service costs as well as gains and losses on curtailments.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'cost of sales', 'selling, general and administration expenses' and 'research and development expenses' in the consolidated income statement: service costs comprising current service costs; past-service costs; and gains and losses on curtailments and non-routine settlements.

Settlements of defined benefit schemes are recognised in the period in which the settlement occurs.

Share-based payments

The share option programme entitles certain employees and Directors to acquire shares of the ultimate parent company; these awards are granted by the ultimate parent.

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes valuation model or the Monte Carlo method, taking into accounts the terms and conditions upon which the options were granted.

The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due only to share prices not achieving the threshold for vesting.

Share appreciation rights (CIP) are also granted by the Company to certain employees. The fair value of the amount payable to the employee is recognised as an expense with a corresponding increase in equity. The fair value is initially recognised at grant date and spread over the period during which the employees become unconditionally entitled to payment. The fair value of the share appreciation rights is measured based on the Monte Carlo valuation model, taking into account the terms and conditions upon which the instruments were granted.

Taxation

Tax on the profit for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets and liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised for all unused tax losses only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Restructuring provisions are made for direct expenditures of a business reorganisation where the plans are sufficiently detailed and well advanced and where the appropriate communication to those affected has been undertaken at the balance sheet date.

Provision is made for onerous contracts to the extent that the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be delivered, discounted using an appropriate weighted average cost of capital.

Net finance expenses
Interest charges and income are accounted for in the income statement on an accruals basis. Financing transaction costs that relate to financial liabilities are charged to interest expense using the effective interest rate method and are recognised within the carrying value of the related financial liability on the balance sheet. Fees paid for the arrangement of credit facilities are recognised as a prepayment and recognised through the finance expense over the term of the facility. In the event of a facility being drawn the relevant unamortised portion of the fee is recognised within the carrying value of the financial liability and charged to the interest expense using the effective interest rate method.

Where assets or liabilities on the Group balance sheet are carried at net present value, the increase in the amount due to unwinding the discount is recognised as a finance expense or finance income as appropriate.

Costs arising on bank guarantees and letters of credit and foreign exchange gains or losses are included in other finance costs (note 7).

Interest bearing borrowings and other financial liabilities
Financial liabilities, including interest bearing borrowings, are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, financial liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest rate method.

The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or expired.

Financial liabilities are classified as financial liabilities at fair value through profit or loss where the liability is either held for trading or is designated as held at fair value through profit or loss on initial recognition. Financial liabilities at fair value through profit or loss are stated at fair value with any resultant gain or loss recognised in the income statement.

Financial assets
Financial assets are classified either at fair value through profit or loss, held to maturity investments, available for sale financial assets or loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined on initial recognition.

Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

Held-to-maturity financial assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised costs using the effective interest rate method.

Available for sale financial assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when recognition would be immaterial.

Foreign currency transactions and foreign operations
Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the closing rate of exchange at the balance sheet date and the gains or losses on translation are taken to the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. The results and cash flows of foreign operations are translated using the average rate for the period. Assets and liabilities, including goodwill and fair value adjustments, of foreign operations are translated using the closing rate with all exchange differences arising on consolidation being recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. Exchange differences are released to the income statement on disposal.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand and are subject to an insignificant risk of changes in value.

Derivative financial instruments
The Group's policy on the use of derivative financial instruments can be found in note 23. Derivative financial instruments are measured initially at fair value and changes in the fair value are recognised through profit or loss unless the derivative financial instrument has been designated as a cash flow hedge whereby the effective portion of changes in the fair value are deferred in equity.

Foreign currency translation rates

	At 31 December		Annual average	
	2014	2013	**2014**	2013
US dollar	**1.56**	1.65	**1.64**	1.57
Euro	**1.28**	1.20	**1.25**	1.18
Japanese yen	**186**	174	**175**	153

3. Segmental analysis – statutory basis

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including those that relate to transactions with other operating segments. An operating segment's results are reviewed regularly by the chief operating decision maker (the Board of Directors of the Group) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The business is run on a worldwide basis but managed through four principal geographical segments: Americas; Europe, Middle East and Africa (EMEA); Asia Pacific; and the United Kingdom. The United Kingdom segment does not include the Group's non-trading holding and corporate management companies that are based in the UK and the EMEA segment does not include the Group's non-trading head office and holding companies that are based in Luxembourg and Switzerland. The results of business centres in each of these regions form the basis for reporting geographical results to the chief operating decision maker. All reportable segments are involved in the provision of global workplace solutions.

The Group's reportable segments operate in different markets and are managed separately because of the different economic characteristics that exist in each of those markets. Each reportable segment has its own discrete senior management team responsible for the performance of the segment.

The accounting policies of the operating segments are the same as those described in the Annual Report and Accounts for Regus plc for the year ended 31 December 2013. The performance of each segment is assessed on the basis of the segment operating profit which excludes internal revenue, corporate overheads and foreign exchange gains and losses arising on transactions with other operating segments.

	Americas		EMEA		Asia Pacific		United Kingdom		All other operating segments		Total	
	2014 £m	2013 £m	**2014 £m**	2013 £m	**2014 £m**	2013 £m	**2014 £m**	2013 £m	**2014 £m**	2013 £m	**2014 £m**	2013 £m
Revenues from external customers	**677.9**	639.7	**369.5**	337.9	**242.0**	225.1	**386.1**	329.1	**0.6**	1.7	**1,676.1**	1,533.5
Revenues from internal customers	**0.3**	0.3	**0.5**	0.8	**–**	0.3	**1.2**	1.3	**–**	–	**2.0**	2.7
Segment revenues	**678.2**	640.0	**370.0**	338.7	**242.0**	225.4	**387.3**	330.4	**0.6**	1.7	**1,678.1**	1,536.2
Gross profit (centre contribution)	**149.3**	157.3	**79.0**	80.6	**60.6**	57.6	**94.0**	79.7	**1.1**	1.6	**384.0**	376.8
Reportable segment profit	**77.6**	71.3	**24.4**	29.7	**26.6**	27.9	**68.8**	39.6	**(9.0)**	(5.3)	**188.4**	163.2
Share of profit of joint ventures	**–**	–	**1.7**	1.2	**–**	–	**(0.9)**	(1.1)	**–**	–	**0.8**	0.1
Finance expense	**(1.3)**	(0.6)	**(0.2)**	(0.1)	**(0.7)**	(0.5)	**(2.1)**	(2.2)	**–**	–	**(4.3)**	(3.4)
Finance income	**–**	–	**0.3**	0.2	**(0.1)**	–	**0.1**	–	**–**	–	**0.3**	0.2
Depreciation and amortisation	**59.5**	45.8	**17.8**	14.8	**14.7**	13.1	**18.5**	17.1	**7.4**	4.0	**117.9**	94.8
Taxation (income)/charge	**1.3**	(2.5)	**(5.9)**	(5.1)	**(5.9)**	(3.7)	**2.2**	(2.4)	**(8.9)**	(0.9)	**(17.2)**	(14.6)
Assets	**1,017.4**	944.3	**347.6**	344.4	**257.0**	211.3	**579.9**	508.5	**1.7**	1.9	**2,203.6**	2,010.4
Liabilities	**(915.9)**	(632.2)	**(435.9)**	(419.8)	**(243.8)**	(194.1)	**(582.1)**	(530.9)	**(0.3)**	(0.6)	**(2,178.0)**	(1,777.6)
Net assets/(liabilities)	**101.5**	312.1	**(88.3)**	(75.4)	**13.2**	17.2	**(2.2)**	(22.4)	**1.4**	1.3	**25.6**	232.8
Non-current asset additions	**118.9**	172.8	**35.3**	29.6	**31.1**	33.0	**19.8**	14.9	**–**	–	**205.1**	250.3

Revenue in the other segmental category is generated from services related to the provision of workplace solutions including fees earned from franchise agreements and commissions earned from the sale of outsourced workplace solution products. Revenue from internal customers is determined by reference to current market prices.

4. Segmental analysis – entity-wide disclosures

The Group's primary activity and only business segment is the provision of global workplace solutions and therefore all revenue is attributed to a single group of similar products and services. It is not meaningful to separate this group into further categories of products. Revenue is recognised where the service is provided.

The Group has a diversified customer base and no single customer contributes a material percentage of the Group's revenue.

The Group's revenue from external customers and non-current assets analysed by foreign country is as follows:

£m	**2014 External revenue**	**2014 Non-current assets[(a)]**	2013 External revenue	2013 Non-current assets[(a)]
Country of domicile – Luxembourg	**4.9**	**1.5**	3.7	1.5
United States of America	**524.9**	**575.6**	492.6	481.9
United Kingdom	**386.1**	**275.7**	329.5	254.1
All other countries	**760.2**	**465.9**	707.7	401.7
	1,676.1	**1,318.7**	1,533.5	1,139.2

(a) Excluding deferred tax assets.

£m	2014 Revenue	Gross profit (centre contribution)	Operating profit	Share of JV profit	Finance expense	Finance income	Depreciation and amortisation	Profit before tax
Reportable segment results	**1,678.1**	**384.0**	**188.4**	**0.8**	**(4.3)**	**0.3**	**117.9**	**185.2**
Exclude: Internal revenue	**(2.0)**	**(2.0)**	**–**	**–**	**–**	**–**	**–**	**–**
Corporate overheads	**–**	**1.1**	**(84.9)**	**–**	**(12.1)**	**(0.2)**	**2.6**	**(97.2)**
Foreign exchange gains and losses	**–**	**–**	**–**	**–**	**(0.9)**	**–**	**–**	**(0.9)**
Published Group total	**1,676.1**	**383.1**	**103.5**	**0.8**	**(17.3)**	**0.1**	**120.5**	**87.1**

£m	2013 Revenue	Gross profit (centre contribution)	Operating profit	Share of JV profit	Finance expense	Finance income	Depreciation and amortisation	Profit before tax
Reportable segment results	1,536.2	376.8	163.2	0.1	(3.4)	0.2	94.8	160.1
Exclude: Internal revenue	(2.7)	(2.7)	–	–	–	–	–	–
Corporate overheads	–	(0.3)	(72.5)	–	(5.9)	1.0	2.7	(77.4)
Foreign exchange gains and losses	–	–	–	–	(1.2)	–	–	(1.2)
Published Group total	1,533.5	373.8	90.7	0.1	(10.5)	1.2	97.5	81.5

£m	2014 Assets	Liabilities	Net assets/ (liabilities)
Reportable segment results	**2,203.6**	**(2,178.0)**	**25.6**
Exclude: Segmental inter-company amounts	**(405.5)**	**1,012.5**	**607.0**
Corporate overheads assets and liabilities (excluding amounts due to/from reportable segments):			
Cash	**30.0**	**–**	**30.0**
Deferred taxation	**23.6**	**–**	**23.6**
Bank and other loans	**–**	**(203.6)**	**(203.6)**
Other	**95.0**	**(40.2)**	**54.8**
Published Group total	**1,946.7**	**(1,409.3)**	**537.4**

£m	2013 Assets	Liabilities	Net assets/ (liabilities)
Reportable segment results	2,010.4	(1,777.6)	232.8
Exclude: Segmental inter-company amounts	(474.9)	810.8	335.9
Corporate overheads assets and liabilities (excluding amounts due to/from reportable segments):			
Cash	47.5	–	47.5
Deferred taxation	19.4	–	19.4
Bank and other loans	–	(134.2)	(134.2)
Other	39.9	(27.1)	12.8
Published Group total	1,642.3	(1,128.1)	514.2

5. Operating profit

Operating profit has been arrived at after charging/(crediting):

	Notes	2014 £m	2013 £m
Depreciation on property, plant and equipment			
Owned assets	13	**107.0**	87.1
Finance leases	13	**0.5**	0.7
Amortisation of intangibles	12	**13.0**	9.7
Provision for bad debts	23	**4.5**	1.1
(Profit)/loss on disposal of property, plant and equipment		**(0.9)**	0.9
Exchange losses/(gains) recognised in the income statement		**–**	(0.1)
Rents payable in respect of operating leases			
Property		**572.6**	527.6
Contingent rents paid		**26.5**	24.8
Equipment		**2.4**	2.1
Amortisation of acquisition fair value adjustments		**(5.0)**	(5.2)
Amortisation of partner contributions		**(26.6)**	(21.6)
Amortisation of acquired lease fair value adjustments		**(5.2)**	(4.9)
Staff costs	6	**334.6**	316.1

	2014 £m	2013 £m
Fees payable to the Group's auditor for the audit of the Group accounts	**0.7**	0.8
Fees payable to the Group's auditor and its associates for other services:		
The audit of the Company's subsidiaries pursuant to legislation	**1.0**	0.9
Other services pursuant to legislation		
Tax services	**–**	–
Other services	**–**	0.1

6. Staff costs

	2014 £m	2013 £m
The aggregate payroll costs were as follows:		
Wages and salaries	**281.9**	265.3
Social security	**45.6**	44.3
Pension costs	**4.6**	3.8
Share-based payments	**2.5**	2.7
	334.6	316.1

	2014 Average full time equivalents	2013 Average full time equivalents
The average number of persons employed by the Group (including Executive Directors), analysed by category and geography, was as follows:		
Centre staff	**6,159**	5,582
Sales & marketing staff	**601**	787
Finance staff	**742**	856
Other staff	**1,198**	1,150
	8,700	8,375
Americas	**3,065**	3,110
EMEA	**1,929**	1,724
Asia Pacific	**1,497**	1,255
United Kingdom	**1,046**	1,151
Corporate functions	**1,163**	1,135
	8,700	8,375

Details of Directors' emoluments and interests are given on pages 38 to 45 in the Remuneration Report.

7. Net finance expense

	2014 £m	2013 £m
Interest payable and similar charges on bank loans and corporate borrowings	**(8.4)**	(3.4)
Interest payable and similar charges on finance leases	**–**	–
Total interest expense	**(8.4)**	(3.4)
Other finance costs	**(7.0)**	(5.1)
Unwinding of discount rates	**(1.9)**	(2.0)
Total finance expense	**(17.3)**	(10.5)
Total interest income	**0.1**	1.2
Unwinding of discount rates	**–**	–
Total finance income	**0.1**	1.2
Net finance expense	**(17.2)**	(9.3)

8. Taxation

(a) Analysis of charge in the year

	2014 £m	2013 £m
Current taxation		
Corporate income tax	**(17.6)**	(17.4)
Previously unrecognised tax losses and temporary differences	**0.9**	1.2
(Under)/over provision in respect of prior years	**(3.9)**	2.4
Total current taxation	**(20.6)**	(13.8)
Deferred taxation		
Origination and reversal of temporary differences	**(11.0)**	(7.8)
Previously unrecognised tax losses and temporary differences	**15.5**	7.1
Under provision in respect of prior years	**(1.1)**	(0.1)
Total deferred taxation	**3.4**	(0.8)
Tax charge on profit	**(17.2)**	(14.6)

(b) Reconciliation of taxation charge

	2014		2013	
	£m	%	£m	%
Profit before tax	**87.1**		81.5	
Tax on profit at 29.22% (2013: 29.22%)	**(25.5)**	**(29.2)**	(23.8)	(29.2)
Tax effects of:				
Expenses not deductible for tax purposes	**(9.5)**	**(10.9)**	(3.3)	(4.0)
Items not chargeable for tax purposes	**24.8**	**28.5**	19.4	23.8
Recognition of previously unrecognised deferred tax assets	**16.4**	**18.8**	8.3	10.2
Movements in temporary differences in the year not recognised in deferred tax	**(20.2)**	**(23.3)**	(17.6)	(21.6)
Adjustment to tax charge in respect of previous years	**(5.0)**	**(5.7)**	2.3	(2.8)
Differences in tax rates on overseas earnings	**1.8**	**2.0**	0.1	0.1
	(17.2)	**(19.8)**	(14.6)	(17.9)

The applicable tax rate is determined based on the tax rate in Luxembourg which was the statutory tax rate applicable in the country of domicile of the parent company of the Group for the financial year.

8. Taxation (continued)

(c) Factors that may affect the future tax charge

Unrecognised tax losses to carry forward against certain future overseas corporation tax liabilities have the following expiration dates:

	2014 £m	2013 £m
2014	–	1.3
2015	**0.7**	0.7
2016	**3.2**	3.7
2017	**13.6**	6.0
2018	**12.5**	14.1
2019	**17.7**	1.8
2020	**29.1**	29.7
2021	**9.7**	11.0
2022 and later	**45.8**	49.5
	132.3	117.8
Available indefinitely	**210.8**	205.7
Tax losses available to carry forward	**343.1**	323.5
Amount of tax losses recognised in the deferred tax asset	**107.1**	118.1
Total tax losses available to carry forward	**450.2**	441.6

The following deferred tax assets have not been recognised due to uncertainties over recoverability.

	2014 £m	2013 £m
Intangibles	**30.4**	36.0
Accelerated capital allowances	**13.5**	14.8
Tax losses	**91.0**	87.0
Rent	**11.3**	9.3
Short-term timing differences	**6.6**	7.3
	152.8	154.4

Estimates relating to deferred tax assets, including assumptions about future profitability, are re-evaluated at the end of each reporting period.

(d) Corporation tax

	2014 £m	2013 £m
Corporation tax payable	**(10.3)**	(6.2)
Corporation tax receivable	**12.5**	8.1

(e) Deferred taxation

The movement in deferred tax is analysed below:

	Intangibles £m	Property, plant and equipment £m	Tax losses £m	Rent £m	Short-term temporary differences £m	Total £m
Deferred tax asset						
At 1 January 2013	(35.7)	21.8	35.8	21.9	(9.9)	33.9
Acquisitions	0.3	–	0.3	–	–	0.6
Current year movement	0.1	(7.9)	–	7.2	(0.1)	(0.7)
Prior year movement	0.4	(1.0)	0.9	(1.3)	0.2	(0.8)
Transfers	(0.1)	0.4	(0.1)	–	0.8	1.0
Exchange movement	1.5	(0.1)	(0.5)	(0.7)	(0.8)	(0.6)
At 1 January 2014	**(33.5)**	**13.2**	**36.4**	**27.1**	**(9.8)**	**33.4**
Acquisitions	**–**	**–**	**1.7**	**–**	**(0.4)**	**1.3**
Current year movement	**0.3**	**(4.0)**	**(4.7)**	**8.0**	**5.2**	**4.8**
Prior year movement	**1.9**	**0.2**	**(2.2)**	**0.2**	**(1.2)**	**(1.1)**
Transfers	**–**	**0.4**	**(0.2)**	**(0.2)**	**0.7**	**0.7**
Exchange movement	**(3.1)**	**1.6**	**0.4**	**1.6**	**0.4**	**0.9**
At 31 December 2014	**(34.4)**	**11.4**	**31.4**	**36.7**	**(5.1)**	**40.0**
Deferred tax liability						
At 1 January 2013	(0.5)	(0.5)	–	0.1	(0.4)	(1.3)
Current year movement	–	(0.1)	0.1	–	–	–
Prior year movement	0.2	0.4	–	–	0.1	0.7
Transfers	0.1	(0.4)	0.1	–	(0.8)	(1.0)
Exchange movement	–	–	–	–	–	–
At 1 January 2014	**(0.2)**	**(0.6)**	**0.2**	**0.1**	**(1.1)**	**(1.6)**
Current year movement	**–**	**(0.7)**	**(0.1)**	**–**	**0.5**	**(0.3)**
Prior year movement	**–**	**0.1**	**–**	**–**	**(0.1)**	**–**
Transfers	**–**	**(0.4)**	**0.1**	**0.2**	**(0.6)**	**(0.7)**
Exchange movement	**–**	**0.5**	**0.1**	**–**	**(0.2)**	**0.4**
At 31 December 2014	**(0.2)**	**(1.1)**	**0.3**	**0.3**	**(1.5)**	**(2.2)**

The movement in deferred taxes included above are after the offset of deferred tax assets and deferred tax liabilities where there is a legally enforceable right to set off and they relate to income taxes levied by the same taxation authority.

Deferred tax assets recognised on short-term temporary differences consist predominantly of provisions deductible when paid and share-based payments. Deferred tax assets have been recognised in excess of deferred tax liabilities on the basis that there are forecast taxable profits in the entities concerned.

At the balance sheet date, the temporary difference arising from unremitted earnings of overseas subsidiaries was £249.8m (2013: £150.8m). The only tax that would arise on these reserves would be non-creditable withholding tax.

9. Earnings per ordinary share (basic and diluted)

	2014	2013
Profit attributable to equity shareholders of the parent (£m)	**69.9**	66.9
Weighted average number of shares outstanding during the year	**944,081,638**	943,775,413
Average market price of one share during the year	**195.94p**	169.56p
Weighted average number of shares under option during the year	**26,613,538**	21,184,505
Exercise price for shares under option during the year	**82.73p**	78.67p

	Profit		Earnings per share	
	2014 £m	2013 £m	2014 pence	2013 pence
Basic and diluted profit for the year attributable to shareholders and basic earnings per share	**69.9**	66.9	**7.4**	7.1
Diluted earnings per share			**7.2**	7.0
Weighted average number of shares for basic EPS (number)			**944,081,638**	943,775,413
Weighted average number of shares under option during the year			**26,613,538**	21,184,505
Weighted average number of shares that would have been issued at average market price			**(4,038,193)**	(5,639,033)
Weighted average number of awards under the CIP and LTIP			**6,157,990**	3,014,273
Weighted average number of shares for diluted EPS (number)			**972,814,973**	962,335,158

Options are considered dilutive when they would result in the issue of ordinary shares for less than the market price of ordinary shares in the period. The amount of the dilution is taken to be the average market price of shares during the period minus the issue price.

10. Dividends

	2014	2013
Dividends per ordinary share proposed	**2.75p**	2.5p
Interim dividends per ordinary share declared and paid during the year	**1.25p**	1.1p

Dividends of £35.4m were paid during the year (2013: £31.1m). The Company has proposed to shareholders that a final dividend of 2.75p per share will be paid (2013: 2.5p). Subject to shareholder approval, it is expected that the dividend will be paid on 29 May 2015.

11. Goodwill

	£m
Cost	
At 1 January 2013	317.0
Recognised on acquisition of subsidiaries	131.6
Exchange differences	(9.9)
At 1 January 2014	438.7
Recognised on acquisition of subsidiaries	**61.8**
Transferred to assets held for sale (note 17)	**(10.3)**
Exchange differences	**7.0**
At 31 December 2014	**497.2**
Net book value	
At 1 January 2014	438.7
At 31 December 2014	**497.2**

Cash-generating units (CGUs), comprising individual business centres, are grouped by country of operation for the purpose of carrying out impairment reviews of non-current assets as this is the lowest level at which goodwill can be assessed. Goodwill acquired through business combinations is held at a country level and is subject to impairment reviews based on the cash flows of these CGUs.

The goodwill attributable to the reportable business segments is as follows:

	2014 £m	2013 £m
Carrying amount of goodwill included within the Americas business segment	**214.9**	203.0
Carrying amount of goodwill included within the EMEA business segment	**72.3**	43.7
Carrying amount of goodwill included within the Asia Pacific business segment	**29.7**	23.0
Carrying amount of goodwill included within the UK business segment	**180.3**	169.0
	497.2	438.7

The carrying value of goodwill and indefinite life intangibles allocated to two CGUs, the USA and the UK, is material relative to the total carrying value comprising 75.1% of the total. The remaining 24.9% of the carrying value is allocated to a further 36 countries (36 cash-generating units). The goodwill and indefinite life intangibles allocated to the USA and the UK cash-generating units are set out below:

	Goodwill £m	Intangible assets £m	2014 £m	2013 £m
USA	193.3	–	**193.3**	182.4
UK	180.3	11.2	**191.5**	180.2
Other cash-generating units	123.6	–	**123.6**	87.3
	497.2	11.2	**508.4**	449.9

The indefinite lived intangible asset relates to the brand value arising from the acquisition of the remaining 58% of the UK business in the year ended 31 December 2006 (see note 12).

The value in use for each CGU has been determined using a model which derives the individual value in use for each unit from the value in use of the Group as a whole. Although the model includes budgets and forecasts prepared by management it also reflects external factors, such as capital market risk pricing as reflected in the market capitalisation of the Group and prevailing tax rates, which have been used to determine the risk adjusted discount rate for the Group. Management believes that the projected cash flows are a reasonable reflection of the likely outcomes over the medium to long term. In the event that trading conditions deteriorate beyond the assumptions used in the projected cash flows, it is also possible that impairment charges could arise in future periods.

The following key assumptions have been used in calculating value in use for each group of CGUs:

- Future cash flows are based on the budget for 2014 approved by the Board. The model excludes cost savings and restructurings that are anticipated but had not been committed to at the date of the determination of the value in use. Thereafter forecasts have been prepared by management for a further four years from 2014 that reflect an average annual growth rate of 3% (2013: 3%).
- These forecasts exclude the impact of both organic and acquisitive growth expected to take place in future periods. Management consider these projections to be a reasonable projection of margins expected at the mid-cycle position. Cash flows beyond 2018 have been extrapolated using a 2% growth rate which management believes is a reasonable long-term growth rate for any of the markets in which the relevant CGUs operate. A terminal value is included in the assessment reflecting the Group's expectation that it will continue to operate in these markets and the long-term nature of the businesses.
- The Group applies a country specific pre-tax discount rate to the pre-tax cash flows for each CGU. The country specific discount rate is based on the underlying weighted average cost of capital (WACC) for the Group. The Group WACC is then adjusted for each CGU to reflect the assessed market risk specific to that country. The Group pre-tax WACC decreased marginally from 13.6% in 2013 to 12.4% in 2014 (post-tax WACC: 10.0%). The CGU specific pre-tax WACC reflecting the respective market risk adjustment has been set between 11.3% and 17.2% (2013: 12.3% to 18.6%).

The amount by which the value in use exceeds the carrying amount of the CGUs are sufficiently large to enable the Directors to conclude that a reasonably possible change in the key assumptions would not result in an impairment charge in any of the CGUs. Foreseeable events are unlikely to result in a change in the projections of such a significant nature as to result in the cash-generating units carrying amount exceeding their recoverable amount. The forecast models used in assessing the impairment of goodwill are based on the related business centre structure at the end of the year. These models therefore do not reflect the expected improvement in margin as new centres mature.

The key assumptions used in the US model forecasts a centre contribution of 22%, with an average centre contribution of 22% over the next five years. Revenue and costs grow at 3% per annum from 2014 maintaining a terminal 2019 centre gross margin of 22%. Thereafter a 2% long-term growth rate is assumed on revenue and cost into perpetuity. The cash flows have been discounted using a pre-tax discount rate of 15% (2013: 17%).

The UK model forecasts a 2015 centre contribution of 24%, with an average centre contribution of 24% over the next five years. Revenue and costs grow at 3% per annum from 2014 maintaining a terminal 2019 centre gross margin of 24%. Thereafter a 2% long-term growth rate is assumed on revenue and cost into perpetuity. The cash flows have been discounted using a pre-tax discount rate of 13% (2013: 14%).

Management has considered the following sensitivities:

Market growth and WIPOW – Management has considered the impact of a variance in market growth and WIPOW. The value in use calculation shows that if the long-term growth rate was reduced to nil, the recoverable amount of the US and UK CGUs would still be greater than their carrying value.

Discount rate – Management has considered the impact of an increase in the discount rate applied to the calculation. The value-in-use calculation shows that for the recoverable amount of the CGU to be less than its carrying value, the pre-tax discount rate would have to be increased to 23% (2013: 22%) for the US CGU and 35% (2013: 22%) for the UK CGU.

12. Other intangible assets

	Brand £m	Customer lists £m	Software £m	Total £m
Cost				
At 1 January 2013	52.1	23.4	26.0	101.5
Additions at cost	0.4	–	15.2	15.6
Acquisition of subsidiaries	–	1.2	–	1.2
Disposals	–	–	–	–
Exchange rate movements	(0.9)	(0.4)	(0.5)	(1.8)
At 1 January 2014	51.6	24.2	40.7	116.5
Additions at cost	–	–	11.0	11.0
Acquisition of subsidiaries	–	0.3	–	0.3
Transferred to assets held for sale (note 17)	–	–	–	–
Disposals	–	–	–	–
Exchange rate movements	2.5	0.4	(0.5)	2.4
At 31 December 2014	**54.1**	**24.9**	**51.2**	**130.2**
Amortisation				
At 1 January 2013	17.3	20.6	16.7	54.6
Charge for the year	2.1	1.7	5.9	9.7
Disposals	–	–	–	–
Exchange rate movements	(0.4)	(0.4)	–	(0.8)
At 1 January 2014	19.0	21.9	22.6	63.5
Charge for year	2.0	1.5	9.5	13.0
Transferred to assets held for sale (note 17)	–	–	–	–
Disposals	–	–	–	–
Exchange rate movements	1.3	(0.2)	(0.1)	1.0
At 31 December 2014	**22.3**	**23.2**	**32.0**	**77.5**
Net book value				
At 1 January 2013	34.8	2.8	9.3	46.9
At 31 December 2013	32.6	2.3	18.1	53.0
At 31 December 2014	**31.8**	**1.7**	**19.2**	**52.7**

Included with the brand value is £11.2m relating to the acquisition of the remaining 58% of the UK business in the year ended 31 December 2006. The Regus brand acquired in this transaction is assumed to have an indefinite useful life due to the fact that the value of the brand is intrinsically linked to the continuing operation of the Group.

As a result of the Regus brand acquired with the UK business having an indefinite useful life no amortisation is charged but the carrying value is assessed for impairment on an annual basis. The brand was tested at the balance sheet date against the recoverable amount of the UK business segment at the same time as the goodwill arising on the acquisition of the UK business (see note 11).

The remaining amortisation life for non-indefinite life brands is 10 years.

13. Property, plant and equipment

	Land and buildings £m	Furniture, fittings and motor vehicles £m	Computer hardware £m	Total £m
Cost				
At 1 January 2013	8.1	909.6	54.5	972.2
Additions	–	233.4	15.5	248.9
Acquisition of subsidiaries	–	34.1	0.9	35.0
Disposals	–	(5.7)	(8.7)	(14.4)
Exchange rate movements	–	(44.4)	(2.5)	(46.9)
At 1 January 2014	8.1	1,127.0	59.7	1,194.8
Additions	2.0	188.4	15.0	205.4
Acquisition of subsidiaries	47.3	10.7	0.1	58.1
Transferred to assets held for sale (note 17)	(49.3)	(0.4)	–	(49.7)
Disposals	(5.5)	(2.5)	(0.4)	(8.4)
Exchange rate movements	–	11.7	1.4	13.1
At 31 December 2014	**2.6**	**1,334.9**	**75.8**	**1,413.3**
Accumulated depreciation				
At 1 January 2013	0.6	493.4	40.7	534.7
Charge for the year	0.3	79.5	8.0	87.8
Disposals	–	(4.7)	(8.3)	(13.0)
Exchange rate movements	–	(23.1)	(0.3)	(23.4)
At 1 January 2014	0.9	545.1	40.1	586.1
Charge for the year	0.7	97.0	9.8	107.5
Transferred to assets held for sale (note 17)	(0.4)	–	–	(0.4)
Disposals	(0.6)	(1.4)	–	(2.0)
Exchange rate movements	(0.4)	2.8	0.9	3.3
Balance at 31 December 2014	**0.2**	**643.5**	**50.8**	**694.5**
Net book value				
At 1 January 2013	7.5	416.2	13.8	437.5
At 31 December 2013	7.2	581.9	19.6	608.7
At 31 December 2014	**2.4**	**691.4**	**25.0**	**718.8**

Additions include £nil in respect of assets acquired under finance leases (2013: £nil).

The net book value of furniture, fittings and motor vehicles includes amounts held under finance leases as follows:

	2014 £m	2013 £m
Cost	**24.1**	20.1
Accumulated depreciation	**(22.4)**	(17.0)
Net book value	**1.7**	3.1

14. Other long-term receivables

	2014 £m	2013 £m
Deposits held by landlords against rent obligations	**42.9**	30.1
Amounts owed by joint ventures	**3.7**	3.1
Prepayments and accrued income	**2.7**	4.3
	49.3	37.5

15. Trade and other receivables

	2014 £m	2013 £m
Trade receivables	**160.9**	140.7
Amounts owed by joint ventures	**2.8**	2.9
Other receivables	**78.1**	43.1
Deposits held by landlords against rent obligations	**14.9**	22.8
Prepayments and accrued income	**141.0**	130.7
VAT recoverable	**42.4**	36.7
	440.1	376.9

16. Trade and other payables (incl. customer deposits)

	2014 £m	2013 £m
Trade payables	**61.9**	74.1
VAT payable	**46.6**	37.1
Other tax and social security	**8.7**	9.2
Customer deposits	**290.4**	239.5
Deferred partner contributions	**35.2**	25.9
Amounts owed to joint ventures	**1.4**	0.7
Rent accruals	**80.1**	74.1
Other accruals	**116.6**	90.7
Other payables	**29.3**	19.5
Total current	**670.2**	570.8

	2014 £m	2013 £m
Deferred partner contributions	**154.7**	116.9
Rent accruals	**135.1**	101.2
Other payables	**3.1**	2.5
Total non-current	**292.9**	220.6

17. Assets and liabilities held for sale

The Group has undertaken a project to dispose of the assets and liabilities or specific non-core operations to release the related capital originally invested in these operations. These assets and liabilities were classified as held for sale, their net realisable value is estimated to be greater than their book value. The sale of these assets and liabilities completed during February 2015 for a consideration of approximately £84.0m and an exceptional profit of approximately £20.0m after expenses.

The major classes of assets and liabilities classified by the Group as held for sale as at 31 December 2014 are as follows:

	2014 £m
Assets	
Goodwill (note 11)	**10.3**
Property, plant and equipment (note 13)	**49.3**
Trade and other receivables	**3.0**
Assets held for sale	**62.6**

Liabilities	
Trade and other payables	**(2.1)**
Liabilities held for sale	**(2.1)**
Net assets held for sale	**60.5**

There is no cumulative income or expense included in other comprehensive income relating to the net assets held for sale.

18. Borrowings

The Group's total loan and borrowing position at 31 December 2014 and at 31 December 2013 had the following maturity profiles:

Bank and other loans

	2014 £m	2013 £m
Repayments falling due as follows:		
Amounts falling due after more than one year:		
In more than one year but not more than two years	**2.2**	1.6
In more than two years but not more than five years	**207.1**	139.0
In more than five years	**–**	–
Total non-current	**209.3**	140.6
Total current	**1.4**	1.2
Total bank and other loans	**210.7**	141.8

Obligations under finance leases

The maturity of the Group's finance obligations is as follows:

	2014 £m	2013 £m
Amounts payable		
Within one year or on demand	–	–
In more than one year but not more than two years	0.1	0.1
In more than two years but not more than five years	–	–
	0.1	0.1
Less: finance charges allocated to future periods	–	–
Present value of future minimum lease payments	–	–
Total current	–	–
Total non-current	0.1	0.1
	0.1	0.1

19. Provisions

	2014			2013		
	Onerous leases and closures £m	Other £m	Total £m	Onerous leases and closures £m	Other £m	Total £m
At 1 January	4.4	1.3	5.7	5.3	0.8	6.1
Acquired in the period	1.2	–	1.2	3.6	–	3.6
Provided in the period	0.7	2.1	2.8	0.7	0.5	1.2
Utilised in the period	(0.5)	(0.5)	(1.0)	(0.8)	–	(0.8)
Provisions released	(1.8)	–	(1.8)	(4.4)	–	(4.4)
Exchange differences	–	–	–	–	–	–
At 31 December	4.0	2.9	6.9	4.4	1.3	5.7
Analysed between:						
Current	0.9	1.7	2.6	0.2	0.6	0.8
Non-current	3.1	1.2	4.3	4.2	0.7	4.9
At 31 December	4.0	2.9	6.9	4.4	1.3	5.7

Onerous leases and closures

Provisions for onerous leases and closures costs relate to the estimated future costs of centre closures and onerous property leases. The maximum period over which the provisions are expected to be utilised expires by 31 December 2018.

Other

Other provisions include the estimated costs of claims against the Group outstanding at the year end, of which, due to their nature, the maximum period over which they are expected to be utilised is uncertain.

20. Investments in joint ventures

	Investments in joint ventures £m	Provision for deficit in joint ventures £m	Total £m
At 1 January 2013	1.7	(1.2)	0.5
Additions/(disposals)	0.4	–	0.4
Dividends paid	(0.8)	–	(0.8)
Share of profit	0.1	–	0.1
Other	(0.1)	–	(0.1)
Exchange rate movements	–	–	–
At 1 January 2014	1.3	(1.2)	0.1
Additions/(disposals)	(0.6)	–	(0.6)
Dividends paid	(1.0)	–	(1.0)
Share of profit	0.8	–	0.8
Other	–	0.5	0.5
Exchange rate movements	0.2	–	0.2
At 31 December 2014	0.7	(0.7)	–

20. Investments in joint ventures (continued)

The results of the joint ventures below are the full results of the joint ventures and do not represent the effective share:

	2014 £m	2013 £m
Income statement		
Revenue	**26.8**	26.3
Expenses	**(23.4)**	(24.9)
Profit before tax for the year	**3.4**	1.4
Tax charge	**(0.6)**	(0.3)
Profit after tax for the year	**2.8**	1.1
Net assets/(liabilities)		
Fixed assets	**6.5**	6.5
Current assets	**14.6**	17.1
Current liabilities	**(15.9)**	(19.6)
Non-current liabilities	**(9.6)**	(7.3)
Net assets	**(4.4)**	(3.3)

21. Share capital

Ordinary equity share capital

	2014		2013	
	Number	Nominal value £m	Number	Nominal value £m
Authorised				
Ordinary 1p shares at 1 January & 31 December	**8,000,000,000**	**80.0**	8,000,000,000	80.0
Issued and fully paid up				
Ordinary 1p shares at 1 January & 31 December	**950,969,822**	**9.5**	950,969,822	9.5

Treasury share transactions involving Regus plc shares

As at 31 December 2014, 12,883,455 (2013: 5,257,380) shares were held as treasury shares. During the year ended 31 December 2014, Regus plc repurchased 9,484,516 (2013: nil) of its own shares in the open market and utilised 1,858,441 (2013: 3,724,759) treasury shares held by the Group to satisfy the exercise of share awards by employees.

The holders of ordinary shares in Regus Group plc were entitled to receive such dividends as were declared by the Company and were entitled to one vote per share at meetings of the Company. Treasury shares do not carry such rights until reissued.

22. Analysis of financial assets

	At 1 Jan 2014 £m	Cash flow £m	Non-cash changes £m	Exchange movements £m	At 31 Dec 2014 £m
Cash and cash equivalents	84.7	(7.0)	–	(4.9)	**72.8**
Gross cash	84.7	(7.0)	–	(4.9)	**72.8**
Debt due within one year	(1.2)	(0.2)	–	–	**(1.4)**
Debt due after one year	(140.6)	(76.5)	–	7.8	**(209.3)**
Finance leases due within one year	–	–	–	–	**–**
Finance leases due after one year	(0.1)	–	–	–	**(0.1)**
	(141.9)	(76.7)	–	7.8	**(210.8)**
Net financial assets/(liabilities)	(57.2)	(83.7)	–	2.9	**(138.0)**

Cash and cash equivalent balances held by the Group that are not available for use amounted to £17.4m at 31 December 2014 (2013: £21.4m). Of this balance, £13.5m (2013: £19.0m) is pledged as security against outstanding bank guarantees and a further £3.9m (2013: £2.4m) is pledged against various other commitments of the Group.

Non-cash changes comprise the amortisation of the debt issue costs, finance leases and movements in debt maturity.

23. Financial instruments and financial risk management

The objectives, policies and strategies applied by the Group with respect to financial instruments and the management of capital are determined at Group level. The Group's Board maintains responsibility for the risk management strategy of the Group and the Chief Financial Officer is responsible for policy on a day-to-day basis. The Chief Financial Officer and Group Treasurer review the Group's risk management strategy and policies on an ongoing basis. The Board has delegated to the Group Audit Committee the responsibility for applying an effective system of internal control and compliance with the Group's risk management policies. The Audit Committee is supported by the Head of Risk Management in performing this role.

Exposure to credit, interest rate and currency risks arise in the normal course of business.

Going concern

The Strategic Report on pages 1 to 25 of the Annual Report and Accounts sets out the Group's strategy and the factors that are likely to affect the future performance and position of the business. The financial review on pages 16 to 19 within the Strategic Report reviews the trading performance, financial position and cash flows of the Group. During the year ended 31 December 2014 the Group made a significant investment in growth and the Group's net debt position increased by £80.8m to a net debt position of £138.0m as at 31 December 2014. The investment in growth is funded by a combination of cash flow generated from the Group's mature business centres and debt. The Group has a £320m revolving credit facility provided by a group of relationship banks with a final maturity in 2017. As at 31 December 2014 £256.6m was available and undrawn.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and, accordingly, continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Credit risk

Credit risk could occur where a customer or counterparty defaults under the contractual terms of a financial instrument and arises principally in relation to customer contracts and the Group's cash deposits.

A diversified customer base, requirement for customer deposits, and payments in advance on workstation contracts minimise the Group's exposure to customer credit risk. No single customer contributes a material percentage of the Group's revenue. The Group's policy is to provide against trade receivables when specific debts are judged to be irrecoverable or where formal recovery procedures have commenced. A provision is created where debts are more than three months overdue which reflects the Group's historical experience of the likelihood of recoverability of these trade receivables. These provisions are reviewed on an ongoing basis to assess changes in the likelihood of recoverability.

The maximum exposure to credit risk for trade receivables at the reporting date, analysed by geographic region, is summarised below.

	2014 £m	2013 £m
Americas	**28.0**	26.7
EMEA	**57.9**	49.5
Asia Pacific	**28.7**	23.3
UK	**46.3**	41.2
	160.9	140.7

All of the Group's trade receivables relate to customers purchasing workplace solutions and associated services and no individual customer has a material balance owing as a trade receivable.

The ageing of trade receivables at 31 December was:

	Gross 2014 £m	Provision 2014 £m	Gross 2013 £m	Provision 2013 £m
Not overdue	**125.3**	**–**	103.9	–
Past due 0 – 30 days	**25.1**	**–**	25.3	–
Past due 31 – 60 days	**7.5**	**–**	7.4	–
More than 60 days	**11.3**	**(8.3)**	11.1	(7.0)
	169.2	**(8.3)**	147.7	(7.0)

At the year end 31 December 2014, the Group maintained a provision of £8.3m against potential bad debts (2013: £7.0m) arising from trade receivables. The Group had provided £4.5m (2013: £1.1m) in the year and utilised £2.5m (2013: £0.5m). Customer deposits of £290.4m (2013: £239.5m) are held by the Group, mitigating the risk of default.

The Group believes no provision is generally required for trade receivables that are not overdue as the Group collects the majority of its revenue in advance of the provision of office services and requires deposits from its customers.

Cash investments and derivative financial instruments are only transacted with counterparties of sound credit ratings, and management does not expect any of these counterparties to fail to meet their obligations.

Liquidity risk

The Group manages liquidity risk by closely monitoring the global cash position, the available and undrawn credit facilities, and forecast capital expenditure and expects to have sufficient liquidity to meet its financial obligations as they fall due. The Group has free cash and liquid investments (excluding blocked cash) of £55.2m (2013: £63.3m). In addition to cash and liquid investments, the Group had £256.6m available and undrawn under its committed borrowings. The Directors consider the Group has adequate liquidity to meet day-to-day requirements.

In May 2014 the Group issued debt securities for a total amount of EUR 210.0m (£163.6m) using the German "Schuldschein" framework for debt issuance. These securities consisted of EUR 165.0m of three year notes and EUR 45.0m of five year notes, and were sold to a number of banks and institutional investors.

The Group maintains a £320m revolving credit facility with a final maturity date in September 2017. As at 31 December £256.6m was available and undrawn under this facility.

23. Financial instruments and financial risk management (continued)

Although the Group has net current liabilities of £303.9m (2013: £289.1m), the Group does not consider that this gives rise to a liquidity risk. A large proportion of the net current liabilities comprise non-cash liabilities such as deferred income which will be recognised in future periods through the income statement. Although the Group holds customer deposits of £290.4m (2013: £239.5m) these are spread across a large number of customers and no deposit held for an individual customer is material. Therefore the Group does not believe the balance represents a liquidity risk. The net current liabilities, excluding deferred income, were £98.6m at 31 December 2014 (2013: £109.3m).

Market risk

The Group is exposed to market risk primarily related to foreign currency exchange rates, interest rates, and the market value of our investments in financial assets. These exposures are actively managed by the Group treasury department in accordance with a written policy approved by the Board of Directors. The Group does not use financial derivatives for trading or speculative reasons.

Interest rate risk

The Group manages its exposure to interest rate risk through the relative proportions of fixed rate debt and floating rate debt. The surplus cash balances are invested short term, and at the end of 2014 no cash was invested for a period exceeding three months.

Foreign currency risk

The Group is exposed to foreign currency exchange rate movements. The majority of day-to-day transactions of overseas subsidiaries are carried out in local currency and the underlying foreign exchange exposure is small. Transactional exposures do arise in some countries where it is local market practice for a proportion of the payables or receivables to be in other than the functional currency of the affiliate. Intercompany charging, funding and cash management activity may also lead to foreign exchange exposures. It is the policy of the Group to seek to minimise such transactional exposures through careful management of non-local currency assets and liabilities, thereby minimising the potential volatility in the income statement. Net investments in Regus affiliates with a functional currency other than pound sterling are of a long-term nature and the Group does not normally hedge such foreign currency translation exposures.

From time to time the Group uses short-term derivative financial instruments to manage its transactional foreign exchange exposures where these exposures cannot be eliminated through balancing the underlying risks. No transactions of a speculative nature are undertaken.

The foreign currency exposure arising from open third party transactions held in a currency other than the functional currency of the related entity is summarised as follows:

	2014			
£m	GBP	JPY	EUR	USD
Trade and other receivables	**0.1**	**–**	**5.7**	**11.4**
Loans	**–**	**–**	**(7.0)**	**–**
Trade and other payables	**(0.9)**	**(2.2)**	**(26.9)**	**(12.9)**
Net statement of financial position exposure	**(0.8)**	**(2.2)**	**(28.2)**	**(1.5)**

	2013			
£m	GBP	JPY	EUR	USD
Trade and other receivables	–	–	4.9	13.0
Loans	–	–	–	–
Trade and other payables	(0.3)	(3.5)	(6.7)	(12.0)
Net statement of financial position exposure	(0.3)	(3.5)	(1.8)	1.0

Other market risks

The Group does not hold any available-for-sale equity securities and is therefore not subject to risks of changes in equity prices in the income statement.

Sensitivity analysis

For the year ending 31 December 2014 it is estimated that a general increase of one percentage point in interest rates would have theoretically decreased the Group's profit before tax by approximately £0.9m (2013: decrease of £0.2m) with a corresponding increase in total equity.

It is estimated that a five percentage point weakening in the value of the US dollar against pound sterling would have theoretically decreased the Group's profit before tax by approximately £3.1m for the year ended 31 December 2014 (2013: £3.3m). It is estimated that a five percentage point weakening in the value of the euro against pound sterling would have decreased the Group's profit before tax by approximately £0.1m for the year ended 31 December 2014 (2013: decrease of £0.1m).

It is estimated that a five percentage point weakening in the value of the US dollar against pound sterling would have theoretically decreased the Group's total equity by approximately £11.7m for the year ended 31 December 2014 (2013: £12.6m). It is estimated that a five percentage point weakening in the value of the euro against pound sterling would have decreased the Group's total equity by approximately £6.4m for the year ended 31 December 2014 (2013: £0.4m).

Capital management

The Group's parent company is listed on the UK stock exchange and the Board's policy is to maintain a strong capital base. The Chief Financial Officer monitors the diversity of the Group's major shareholders and further details of the Group's communication with key investors can be found in the corporate governance report on pages 29 to 33. In 2006, the Board approved the commencement of a progressive dividend policy to enhance the total return to shareholders.

The Group's Chief Executive Officer, Mark Dixon, is the major shareholder of the Company and all executive members of the Board hold shares in the Company. Details of the Directors' shareholdings can be found in the report of the Remuneration Committee on pages 38 to 45. In addition, the Group operates various share option plans for key management and other senior employees.

In the year ended 31 December 2014 Regus plc purchased nil (2013: 1,464,685) of its own shares in the open market to satisfy employee share awards. Regus plc also purchased 9,484,516 (2013: nil) of its own shares in the open market to hold as treasury shares. 1,858,441 (2013: 3,724,759) treasury shares held by the Group were utilised to satisfy the exercise of share awards by employees. As at 3 March 2015, 12,883,455 shares were held as treasury shares.

The Company declared an interim dividend of 1.25p per share (2013: 1.1p) during the year ended 31 December 2014 and proposed a final dividend of 2.75p per share (2013: 2.5p per share), a 10% increase on the 2013 dividend.

The Group's objective when managing capital (equity and borrowings) is to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. The Group has a net debt position of £138.0m (2013: £57.2m) at the end of 2014 and £256.6m (2013: £167.9m) of committed undrawn borrowings.

Effective interest rates

In respect of financial assets and financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they mature. Interest payments are excluded from the table.

The undiscounted cash flow of these instruments is not materially different from the carrying value.

As at 31 December 2014

	Effective interest rate %[a]	Carrying value £m	Contractual cash flow £m	Less than 1 year £m	1-2 years £m	2-5 years £m	More than 5 years £m
Cash and cash equivalents	0.3%	72.8	72.8	72.8	–	–	–
Trade and other receivables	–	345.9	354.1	307.3	21.5	25.3	–
Financial assets[b]		418.7	426.9	380.1	21.5	25.3	–
Non-derivative financial liabilities[a]:							
Finance lease liabilities	0.7%	(0.1)	(0.1)	(0.1)	–	–	–
Bank loans & corporate borrowings	3.7%	(209.3)	(209.3)	–	(2.2)	(207.1)	–
Other loans	14.6%	(1.4)	(1.4)	(1.4)	–		
Customer deposits	–	(290.4)	(290.4)	(290.4)	–	–	–
Trade and other payables	–	(271.5)	(271.5)	(268.8)	(2.7)	–	–
Derivative financial liabilities:							
Cross currency interest rate swaps							
– Outflow	–	(7.0)	–	–	–	–	–
– Inflow	–	–	–	–	–	–	–
Interest rate swaps							
– Outflow	–	(0.7)	–	–	–	–	–
– Inflow	–	–	–	–	–	–	–
Financial liabilities		(780.4)	(772.7)	(560.7)	(4.9)	(207.1)	–

(a) All financial instruments are classified as variable rate instruments.

(b) Financial assets are all held at amortised cost.

23. Financial instruments and financial risk management (continued)

As at 31 December 2013

	Effective interest rate %[a]	Carrying value £m	Contractual cash flow £m	Less than 1 year £m	1-2 years £m	2-5 years £m	More than 5 years £m
Cash and cash equivalents	1.1	84.7	84.7	84.7	–	–	–
Trade and other receivables	–	279.0	286.0	252.7	15.1	18.2	–
Financial assets[b]		363.7	370.7	337.4	15.1	18.2	–
Non-derivative financial liabilities[a]:							
Finance lease liabilities	3.9	(0.1)	(0.1)	(0.1)	–	–	–
Bank loans & corporate borrowings	2.6	(140.6)	(140.9)	(0.4)	(1.4)	(139.1)	–
Other loans	9.9	(1.2)	(1.2)	(1.0)	(0.2)	–	–
Customer deposits	–	(239.5)	(239.5)	(239.5)	–	–	–
Trade and other payables	–	(237.1)	(237.1)	(234.5)	(2.6)	–	–
Derivative financial liabilities:							
Cross currency interest rate swaps							
– Outflow	–	–	–	–	–	–	–
– Inflow	–	–	–	–	–	–	–
Interest rate swaps							
– Outflow	–	(0.1)	–	–	–	–	–
– Inflow	–	–	–	–	–	–	–
Financial liabilities		(618.6)	(618.8)	(475.5)	(4.2)	(139.1)	–

(a) All financial instruments are classified as variable rate instruments.

(b) Financial assets are all held at amortised cost.

Fair value disclosures

The fair values together with the carrying amounts shown in the balance sheet are as follows:

31 December 2014	Carrying amount				Fair value			
£m	Loans and receivables	Other financial liabilities	Fair value – hedging instruments	Total	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	**72.8**	**–**	**–**	**72.8**	**–**	**–**	**–**	**–**
Trade and other receivables	**345.9**	**–**	**–**	**345.9**	**–**	**–**	**–**	**–**
Finance lease liabilities	**–**	**(0.1)**	**–**	**(0.1)**	**–**	**–**	**–**	**–**
Bank loans & corporate borrowings	**–**	**(209.3)**	**–**	**(209.3)**	**–**	**–**	**–**	**–**
Other loans	**–**	**(1.4)**	**–**	**(1.4)**	**–**	**–**	**–**	**–**
Customer deposits	**–**	**(290.4)**	**–**	**(290.4)**	**–**	**–**	**–**	**–**
Trade and other payables	**–**	**(271.5)**	**–**	**(271.5)**	**–**	**–**	**–**	**–**
Derivative financial liabilities	**–**	**–**	**(7.7)**	**(7.7)**	**–**	**(7.7)**	**–**	**(7.7)**
	418.7	**(772.7)**	**(7.7)**	**(361.7)**	**–**	**(7.7)**	**–**	**(7.7)**
Unrecognised gain								**–**

31 December 2013	Carrying amount				Fair value			
£m	Loans and receivables	Other financial liabilities	Fair value – hedging instruments	Total	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	84.7	–	–	84.7	–	–	–	–
Trade and other receivables	279.0	–	–	279.0	–	–	–	–
Finance lease liabilities	–	(0.1)	–	(0.1)	–	–	–	–
Bank loans & corporate borrowings	–	(140.6)	–	(140.6)	–	–	–	–
Other loans	–	(1.2)	–	(1.2)	–	–	–	–
Customer deposits	–	(239.5)	–	(239.5)	–	–	–	–
Trade and other payables	–	(237.1)	–	(237.1)	–	–	–	–
Derivative financial liabilities	–	–	(0.1)	(0.1)	–	(0.1)	–	(0.1)
	363.7	(618.5)	(0.1)	(254.9)	–	(0.1)	–	(0.1)
Unrecognised gain								–

During the years ended 31 December 2014 and 31 December 2013, there were no transfers between levels for fair value measured instruments, and no financial instruments requiring level 3 fair value measurements were held.

Valuation techniques

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

The following tables show the valuation techniques used in measuring level 2 and level 3 fair values, as well as the significant unobservable inputs used:

Type	Valuation technique
Cash and cash equivalents, trade and other receivables/payables and customer deposits	For cash and cash equivalents, receivables/payables with a remaining life of less than one year and customer deposits, the book value approximates the fair value because of their short-term nature.
Finance lease liabilities	The fair value of finance leases has been calculated by discounting future cash flows at an appropriate discount rate which reflects current market assessments and the risks specific to such liabilities.
Loans and overdrafts	The fair value of bank loans, overdrafts and other loans approximates the carrying value because interest rates are at floating rates where payments are reset to market rates at intervals of less than one year.
Foreign exchange contracts and interest rate swaps	The fair values are based on a combination of broker quotes, forward pricing and swap models.

There was no significant unobservable input used in our valuation techniques.

Derivative financial instruments

The following table summarises the notional amount of the open contracts as at 31 December 2014:

	2014 EUR m	2013 EUR m
Derivatives used for cash flow hedging	**210.0**	–

Committed borrowings

	2014 Facility £m	2014 Available £m	2013 Facility £m	2013 Available £m
"Schuldschein" loan note	**163.6**	**–**	–	–
Revolving credit facility	**320.0**	**256.6**	320	167.9
Guarantee and letter of credit facility	**95.0**	**15.5**	95.0	17.5
Total	**578.6**	**272.1**	415.0	185.4

In May 2014 the Group issued debt securities for a total amount of EUR 210.0m (£163.6m) using the German "Schuldschein" framework for debt issuance. These securities consisted of EUR 165.0m of three year notes and EUR 45.0m of five year notes, and were sold to a number of banks and institutional investors. These securities are subject to covenants which are similar to our banking facilities. The Group is in compliance with these covenant requirements.

The underlying interest obligation on these debt securities is floating rate and in Euro, however, as part of the Group's balance sheet management and to protect against a future increase in interest rates, EUR 165.0 million was swapped into a fixed rate GBP liability and EUR 45.0 million was swapped into a fixed rate Euro liability. While providing the Group with protection against higher interest rates, given the current positive yield curve, the immediate impact of this hedging is a modest increase in financing expense.

The Group maintains a £320m revolving credit facility and a £95m bank guarantee and letter of credit facility both with a final maturity in September 2017. Both facilities are subject to financial covenants relating to operating cash flow, net debt to EBITDA, and EBITDA plus rent to interest plus rent. The Group is in compliance with all covenant requirements.

24. Share-based payment

There are two share-based payment plans, details of which are outlined below:

Plan 1: Regus Group Share Option Plan

During 2004 the Group established the Regus Group Share Option Plan that entitles Executive Directors and certain employees to purchase shares in Regus plc (previously Regus Group plc). In accordance with this programme, holders of vested options are entitled to purchase shares at the market price of the shares at the day before the date of grant.

The Regus Group also operates the Regus Group Share Option Plan (France) which is included within the numbers for the Regus Share Option Plan disclosed above. The terms of the Regus Share Option Plan (France) are materially the same as the Regus Group Share Option Plan with the exception that they are only exercisable from the fourth anniversary of the date of grant assuming the performance conditions have been met.

24. Share-based payment (continued)

Reconciliation of outstanding share options

	2014		2013	
	Number of share options	Weighted average exercise price per share	Number of share options	Weighted average exercise price per share
At 1 January	**26,841,120**	**125.20**	27,211,499	89.53
Granted during the year	**1,845,500**	**187.20**	10,514,000	176.94
Lapsed during the year	**(4,407,566)**	**155.91**	(7,856,529)	96.86
Exercised during the year	**(1,058,359)**	**98.81**	(3,027,850)	57.81
Outstanding at 31 December	**23,220,695**	**121.05**	26,841,120	125.20
Exercisable at 31 December	**2,118,056**	**103.62**	775,333	86.29

Date of grant	Numbers granted	Weighted average exercise price per share	Lapsed	Exercised	At 31 Dec 2014	Exercisable from	Expiry date
23/07/2004	4,106,981	57.00	–	(4,106,981)	–	23/07/2007	23/07/2014
23/03/2010	3,986,000	100.50	(3,476,001)	(154,866)	355,133	23/03/2013	23/03/2020
28/06/2010	617,961	75.00	(546,198)	(15,340)	56,423	28/06/2013	28/06/2020
01/09/2010	160,646	69.10	(146,728)	(8,126)	5,792	01/09/2013	01/09/2020
01/04/2011	2,400,000	114.90	(954,402)	(160,622)	1,284,976	01/04/2014	01/04/2021
30/06/2011	9,867,539	109.50	(4,874,777)	(577,116)	4,415,646	30/06/2014	30/06/2021
31/08/2011	300,000	67.00	–	–	300,000	31/08/2014	31/08/2021
02/09/2011	1,000,000	74.35	(92,667)	–	907,333	01/09/2014	02/09/2021
13/06/2012	11,189,000	84.95	(3,508,058)	–	7,680,942	13/06/2015	13/06/2022
12/06/2013	7,741,000	155.60	(2,866,750)	–	4,874,250	12/06/2016	12/06/2023
18/11/2013 (Grant 1)	1,053,000	191.90	(338,000)	–	715,000	18/11/2016	17/11/2023
18/11/2013 (Grant 2)	600,000	191.90	–	–	600,000	18/11/2016	17/11/2023
18/12/2013 (Grant 1)	200,000	195.00	–	–	200,000	18/12/2016	17/12/2023
18/12/2013 (Grant 2)	1,000,000	195.00	–	–	1,000,000	18/12/2016	17/12/2023
20/05/2014	1,845,500	187.20	(1,020,300)	–	825,200	20/05/2017	19/05/2024
Total	46,067,627	112.76	(17,823,881)	(5,023,051)	23,220,695		

311,828 options awarded during the year under the Regus Share Option Plan (France) are included in the above table (2013: 280,000), 162,250 lapsed during the year (2013: 479,620) and 5,044 were exercised during the year (2013: 3,325).

Performance conditions for share options

July 2004 share option plan

The options awarded in 2004 included certain performance criteria that needed to be met in order for the share options to vest. The share options vested based on the basic earnings per share (adjusted for non-recurring items and goodwill and intangible amortisation) that exceeded the targets linked to the Retail Price Index. The basic earnings per share for performance purposes was 1p. 100% of the options awarded in July 2004 vested during 2007.

March, June and September 2010 share option plan

The Group and regional performance targets for the options awarded in March, June and September 2011, based on a combination of EPS and the Regus Total Shareholder Return ('TSR') % achieved relative to the FTSE All Share Total Return index is at least at the median over the performance period for the year ending 2010, were partially met. Those options that are eligible to vest will vest as follows:

	Proportion to vest
2013	1/3
2014	1/3
2015	1/3

April 2011 share option plan

The performance targets for the options awarded in April 2011, based on pre-growth profit for the year ending 31 December 2011, were partially met. Those options that are eligible to vest will vest as follows:

	Proportion to vest
April 2014	1/3
April 2015	1/3
April 2016	1/3

June 2011 share option plan
The Group and regional performance targets for the options awarded in June 2011, based on pre-growth profit for the year ending 31 December 2011, were partially met. Those options that are eligible to vest will vest as follows:

	Proportion to vest
June 2014	1/3
June 2015	1/3
June 2016	1/3

August 2011 share option plan
The options awarded in August 2011 are conditional on the ongoing employment of the related employee for a specified period of time. Once this condition is satisfied those options that are eligible to vest will vest as follows:

	Proportion to vest
August 2014	1/3
August 2015	1/3
August 2016	1/3

September 2011 share option plan
The performance targets based on the consensus operating profit for the options awarded in September 2011, were partially met. Those options that are eligible to vest will vest as follows:

	Proportion to vest
September 2014	1/3
September 2015	1/3
September 2016	1/3

June 2012 share option plan
The Group performance targets based on pre-growth profit for the options awarded in June 2012 were partially met.

Once performance conditions are satisfied those options that are eligible to vest will vest as follows:

	Proportion to vest
June 2015	1/3
June 2016	1/3
June 2017	1/3

June 2013 share option plan
The Group performance targets based on Group operating profit for the options awarded in June 2013 were partially met. Those options that are eligible to vest will vest as follows:

	Proportion to vest
June 2016	1/3
June 2017	1/3
June 2018	1/3

November 2013 (Grant 1) share option plan
The options awarded in November 2013 (Grant 1) are conditional on the ongoing employment of the related employees for a specified period of time. Once this condition is satisfied those options that are eligible to vest will vest as follows:

	Proportion to vest
November 2016	1/3
November 2017	1/3
November 2018	1/3

November 2013 (Grant 2) share option plan
The options awarded in November 2013 (Grant 2) are partly subject to a performance target based on the earnings before tax for the years ending 31 December 2016 and 31 December 2017, such that the number of shares vesting will be subject to the satisfaction of a pre-determined earnings before tax target in 2016 and 2017.

Once performance conditions are satisfied those options that are eligible to vest will vest on the anniversary of the grant date in the year following achievement of one or more of the target thresholds. Those options not subject to the performance targets are eligible to be exercised in three equal tranches from the third anniversary of the grant date.

24. Share-based payment (continued)

December 2013 (Grant 1) share option plan

The options awarded in December 2013 (Grant 1) are conditional on the ongoing employment of the related employee for a specified period of time. Once this condition is satisfied those options that are eligible to vest will vest as follows:

	Proportion to vest
December 2016	1/3
December 2017	1/3
December 2018	1/3

December 2013 (Grant 2) share option plan

The options awarded in December 2013 (Grant 2) are subject to a performance target based on the earnings before tax for the years ending 31 December 2018 and 31 December 2021, such that the number of shares vesting will be subject to the satisfaction of a pre-determined earnings before tax target in 2018 and 2021.

Once performance conditions are satisfied those options that are eligible to vest will vest on the anniversary of the grant date in the year following attainment of one or more of the target thresholds.

May 2014 share option plan

The options awarded in May 2014 are conditional on the ongoing employment of the related employees for a specified period of time. Once this condition is satisfied those options that are eligible to vest will vest as follows:

	Proportion to vest
May 2017	1/3
May 2018	1/3
May 2019	1/3

Measurement of fair values

The fair value of the rights granted through the employee share purchase plan was measured based on the Monte Carlo simulation or the Black-Scholes formula. The expected volatility is based on the historic volatility adjusted for any abnormal movement in share prices.

The inputs to the model are as follows:

	May 2014	December 2013 (Grant 2)	December 2013 (Grant 1)	November 2013 (Grant 2)	November 2013 (Grant 1)	June 2013	June 2012	September 2011
Share price on grant date	**191.00p**	195.00p	195.00p	191.90p	191.90p	158.00p	88.55p	72.50p
Exercise price	**187.20p**	195.00p	195.00p	191.90p	191.90p	155.60p	84.95p	74.35p
Expected volatility	**27.30%–41.91%**	32.91%	32.91%	32.69%	32.69%	40.31%–48.98%	47.87%–52.74%	52.59%–46.08%
Number of simulations	**–**	–	–	–	–	30,000	30,000	30,000
Number of companies	**–**	–	–	–	–	–	–	–
Option life	**3–5 years**	5–8 years	3–5 years	3–5 years	3–5 years	3–5 years	3–5 years	3–5 years
Expected dividend	**2.00%**	1.46%	1.46%	1.46%	1.46%	2.03%	3.27%	3.66%
Fair value of option at time of grant	**30.80p–59.63p**	52.41p – 65.95p	40.56p–52.41p	45.73p	39.63p–51.24p	39.21p–58.39p	29.88p–31.12p	22.89p–22.71p
Risk free interest rate	**0.99%–1.47%**	1.57%–2.30p	0.85%–1.57%	1.22%	0.85%–1.57%	0.67%–1.20%	0.65%–1.11%	1.16%–1.75%

	August 2011	June 2011	April 2011		September 2010		June 2010	
			EPS	TSR	EPS	TSR	EPS	TSR
Share price on grant date	75.90p	110.70p	70.60p	70.60p	73.20p	73.20p	94.00p	94.00p
Exercise price	67.00p	109.50p	69.10p	69.10p	75.00p	75.00p	100.50p	100.50p
Expected volatility	52.61%–46.13%	51.55%–44.99%	50.28%–45.61%	50.28%–45.61%	46.18%–54.32%	46.99%–56.36%	47.02%–64.82%	46.74%–55.98%
Number of simulations	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Number of companies	–	FTSE All Share Index	FTSE All Share Index	FTSE All Share Index	FTSE All Share Index	FTSE All Share Index	FTSE All Share Index	FTSE All Share Index
Option life	3–5 years	3–5 years	3–5 years	3–5 years	3–5 years	3–5 years	3–5 years	3–5 years
Expected dividend	3.49%	2.35%	3.40%	3.40%	3.28%	3.28%	2.55%	2.55%
Fair value of option at time of grant	27.32p–27.01p	39.41p–40.96p	22.80p–23.60p	21.51p–21.51p	35.20p–42.70p	12.40p–17.40p	45.49p–61.77p	19.50p–26.30p
Risk free interest rate	1.29%–1.91%	1.81%–2.57%	1.51%–2.17%	1.51%–2.17%	2.76%–3.05%	2.76%–3.05%	3.07%–3.38%	3.07%–3.38%

Plan 2: Regus plc Co-Investment Plan (CIP) and Long Term Incentive Plan (LTIP)

The CIP operates in conjunction with the annual bonus whereby a gross bonus of up to 50% of basic annual salary will be taken as a deferred amount of shares ("Investment Shares") to be released at the end of a defined period of not less than three years, with the balance paid in cash. Awards of Matching Shares are linked to the number of Investment Shares awarded and will vest depending on the Company's future performance. The maximum number of Matching Shares which can be awarded to a participant in any calendar year under the CIP is 200% of salary. As such the maximum number of Matching Shares which can be awarded, based on Investment Shares awarded, is in the ratio of 4:1.

The LTIP provides for the Remuneration Committee to make stand-alone long-term incentive awards without reference to the annual bonus up to a maximum of 100% of salary per calendar year.

Reconciliation of outstanding share options

	2014 Number of awards	2013 Number of awards
At 1 January	**9,377,249**	14,742,932
CIP awards granted during the year	**809,610**	1,521,470
LTIP awards granted during the year	**–**	–
Lapsed during the year	**(3,056,082)**	(4,725,549)
Exercised during the year	**(1,370,488)**	(2,161,604)
Outstanding at 31 December	**5,760,289**	9,377,249
Exercisable at 31 December	**24,424**	–

The weighted average share price at the date of exercise for share awards and options exercised during the year ended 31 December 2014 was 221.64p (2013: 170.22p).

Plan	Date of grant	Numbers granted	Lapsed	Exercised	At 31 Dec 2014	Release date
LTIP	03/11/2005	3,723,235	(1,092,818)	(2,605,993)	**24,424**	03/11/2008
LTIP	23/03/2010	2,900,472	(2,304,207)	(596,265)	**–**	23/03/2013
		6,623,707	(3,397,025)	(3,202,258)	**24,424**	

Plan	Date of grant	Numbers granted	Lapsed	Exercised	At 31 Dec 2014	Release date
CIP: Investment shares	18/03/2008	1,557,391	(86,956)	(1,470,435)	**–**	18/03/2011
CIP: Matching shares	18/03/2008	5,922,916	(3,735,446)	(948,026)	**1,239,444**	See below(1)
CIP: Investment shares	23/03/2009	2,212,734	(172,835)	(2,039,899)	**–**	23/03/2012
CIP: Matching shares	23/03/2009	8,614,284	(5,424,213)	(1,401,385)	**1,788,686**	See below(1)
CIP: Investment shares	06/03/2013	304,294	–	–	**304,294**	06/03/2016
CIP: Matching shares	06/03/2013	1,217,176	–	–	**1,217,176**	See below(2)
CIP: Investment shares	05/03/2014	161,922	–	–	**161,922**	05/03/2017
CIP: Investment shares	05/03/2014	647,688	–	–	**647,688**	See below(3)
		20,638,405	(9,419,450)	(5,859,745)	**5,359,210**	

(1) As indicated in the Remuneration Report in the Annual Report for the year ended 31 December 2009, the Remuneration Committee felt it inappropriate to set specific performance conditions for Matching Shares under the CIP which were awarded in March 2008 and March 2009.

(2) The release dates for the three tranches of the March 2013 CIP matching shares are 6 March 2016, 6 March 2017 and 6 March 2018 respectively.

(3) The release dates for the three tranches of the March 2014 CIP matching shares are 5 March 2017, 5 March 2018 and 5 March 2019 respectively.

24. Share-based payment (continued)

Measurement of fair values

The fair value of the rights granted through the employee share purchase plan was measured based on the Monte Carlo simulation.

The inputs to the model are as follows:

	05/03/2014	06/03/2013	23/03/2010	23/03/2009	18/03/2008
	CIP	CIP	LTIP(a)	CIP(b)	CIP(b)
Share price on grant date	**253.30p**	**143.50p**	108.10p	65.50p	80.50p
Exercise price	**Nil**	**Nil**	Nil	Nil	Nil
Number of simulations	**250,000**	**250,000**	250,000	200,000	200,000
Number of companies	**32**	**32**	32	32	36
Award life	**3 years**	**3 years**	3 years	3 years	3 years
Expected dividend	**1.66%**	**2.23%**	2.22%	2.72%	1.19%
Fair value of award at time of grant	**83.11p–214.33**	**83.11p–134.21p**	47.00p	47.97p	61.21p
Risk free interest rate	**0.99%–1.47%**	**0.35%**	1.86%	1.92%	3.86%

(a) The LTIP awards have a release date of 23 March 2013. There is no expiry date and therefore remaining contractual life is on the basis that the awards release immediately. The LTIP options have a vesting date of 23 March 2013 and an expiry of 23 March 2020. The performance conditions are set out below.

(b) The CIP Matching Shares and Share Option Plan awards made in 2008 and 2009 did not have performance conditions set by the Remuneration Committee at the date of the award. A valuation was performed for those awards based on the terms that applied to similar awards made in previous years. The Remuneration Committee set the performance conditions for the awards made in 2008 and 2009 effective from 22 March 2010 and the valuation of these awards was updated in the year ended 31 December 2010.

It is recognised by the Remuneration Committee that the additional EPS targets represent a highly challenging goal and consequently in determining whether they have been met the Committee will exercise its discretion. The overall aim is that the relevant EPS targets must have been met on a run rate or underlying basis. As such an adjusted measure of EPS will be calculated designed to assess the underlying performance of the business.

While the Remuneration Committee reserves the right to adjust EPS as it sees fit at the time, by way of example, the following adjustments may be considered for the 2008 and 2009 grants:

- In a growth company such as Regus, costs are necessarily incurred in one year to drive profits in future years. Thus it is important to ensure management is not incentivised to cut back on these investments to meet EPS targets in any one year. Accordingly, those costs, incurred in the vesting year, which it considers necessary to drive future growth, will be excluded from the EPS calculation. These would include, inter alia, the costs of the business development departments, excess marketing expenditures and current year losses from investing in new locations.
- Any one-off or non-recurring costs will be excluded.
- It is expected that in the relevant periods the cash tax rate will rise as cumulative tax losses are utilised, thereby increasing progressively the challenge of achieving a 14p EPS target. This will then be further complicated by the need to recognise deferred tax assets as the business strengthens reducing the accounting rate of tax in one year and increasing it in the next. To provide greater clarity and incentive to management EPS will be calculated based upon the cash tax rate up to a maximum of 30%.
- The Remuneration Committee is of the opinion that the EPS and performance targets are a transparent and accurate measure of the Company's performance at this time and are the key corporate metrics for driving long-term shareholder value. In addition, the TSR condition will ensure that executives are encouraged to focus on ensuring that the Company's return to shareholders is competitive compared to comparable companies.

The performance conditions are as follows:

2008 and 2009 CIP Investment and matching grants

The Remuneration Committee agreed to the following modifications to the awards made in 2008 and 2009 and that the following performance conditions would apply to these awards effective from 22 March 2010.

The total number of matching awards made in 2008 and 2009 to each participant was divided into three separate equal amounts and was subject to future performance periods of three, four and five years respectively. Thus, conditional on meeting the performance targets, the first amount vested in March 2013, the second vested in March 2014 and the third vests in March 2015. These vesting dates relate to the financial years ending 31 December 2012, 31 December 2013 and 31 December 2014 respectively. The vesting of these awards is subject to the achievement of challenging corporate performance targets. 75% of each of the three amounts is subject to defined earnings per share (EPS) targets over the respective performance periods. The remaining 25% of each will be subject to relative total shareholder return (TSR) targets over the respective periods. The targets are as follows:

	EPS targets for the financial years ending		
% of awards eligible for vesting	2012	2013	2014
25%	15p	17p	18p
50%	16p	20p	22p
75%	17p	23p	26p
100%	18p	26p	30p

No shares will vest in each respective year unless the minimum EPS target for that year is achieved.

% of awards eligible for vesting	Regus TSR % achieved relative to FTSE All Share Total Return index[(a)]
Nil	100%
25%	Above 100% but below 101%
Increments of 0.75%	For each complete 1% above 100%
100%	200% or above

(a) over the three, four or five year performance period.

2013 CIP Investment and matching grants

The total number of matching awards made in 2013 to each participant was divided into three separate equal amounts and is subject to future performance periods of three, four and five years respectively. Thus, conditional on meeting the performance targets, the first amount will vest in March 2016, the second will vest in March 2017 and the third will vest in March 2018. These vesting dates relate to the financial years ending 31 December 2015, 31 December 2016 and 31 December 2017 respectively. The vesting of these awards is subject to the achievement of challenging corporate performance targets. 75% of each of the three amounts is subject to defined earnings per share (EPS) targets over the respective performance periods. The remaining 25% of each will be subject to relative total shareholder return (TSR) targets over the respective periods. The targets are as follows:

	EPS targets for the financial years ending		
% of awards eligible for vesting	2015	2016	2017
25%	12.0p	14.0p	16.0p
50%	12.6p	14.6p	16.6p
75%	13.3p	15.3p	17.3p
100%	14.0p	16.0p	18.0p

No shares will vest in each respective year unless the minimum EPS target for that year is achieved.

% of awards eligible for vesting	Regus TSR % achieved relative to FTSE All Share Total Return index[(a)]
Below index	0%
Equal to index	25%
Equal to index + 15% p.a.	100%

(a) over the three, four or five year performance period.

2014 CIP Investment and matching grants

The total number of matching awards made in 2014 to each participant was divided into three separate equal amounts and is subject to future performance periods of three, four and five years respectively. Thus, conditional on meeting the performance targets, the first amount will vest in March 2017, the second will vest in March 2018 and the third will vest in March 2019. These vesting dates relate to the financial years ending 31 December 2016, 31 December 2017 and 31 December 2018 respectively. The vesting of these awards is subject to the achievement of challenging corporate performance targets. 75% of each of the three amounts is subject to defined earnings per share (EPS) targets over the respective performance periods. The remaining 25% of each will be subject to relative total shareholder return (TSR) targets over the respective periods. The targets are as follows:

	EPS targets for the financial years ending		
% of awards eligible for vesting	2016	2017	2018
25%	14.3p	16.1p	17.1p
50%	15.2p	17.4p	18.9p
75%	16.1p	18.8p	20.7p
100%	17.0p	20.2p	22.5p

No shares will vest in each respective year unless the minimum EPS target for that year is achieved.

% of awards eligible for vesting	Regus TSR % achieved relative to FTSE All Share Total Return index[(a)]
Below index	0%
Median	25%
Upper quartile or above	100%

(a) over the three, four or five year performance period.

25. Retirement benefit obligations

The Group accounts for the Swiss pension plans as defined benefit plans under IAS 19 Revised – Employee Benefits.

The reconciliation of the net defined benefit asset/(liability) and its components is as follows:

£m	31.12.2014	31.12.2013
Fair value of plan assets	**3.2**	3.1
Present value of obligations	**(3.4)**	(3.3)
Net funded obligations	**(0.2)**	(0.2)

26. Acquisitions

During the year ended 31 December 2014 the Group made a number of immaterial acquisitions for a total consideration of £104.2m.

£m	Book value	Provisional Fair value adjustments	Provisional Fair value
Net assets acquired			
Intangible assets	0.1	1.1	1.2
Property, plant and equipment	61.2	(2.3)	58.9
Cash	9.8	–	9.8
Other current and non-current assets	9.4	–	9.4
Current liabilities	(21.5)	–	(21.5)
Non-current liabilities	(7.1)	(1.5)	(8.6)
	51.9	(2.7)	49.2
Goodwill arising on acquisition			55.0
Total consideration			104.2
Less: Fair value adjustment of historical investment in acquired joint venture			(2.7)
Less: Deferred consideration			(1.7)
			99.8
Cash flow on acquisition			
Cash paid			99.8
Net cash outflow			99.8

The goodwill arising on the above acquisitions reflects the anticipated future benefits Regus can obtain from operating the businesses more efficiently, primarily through increasing occupancy and the addition of value adding products and services. £13.3m of the above goodwill is expected to be deductible for tax purposes.

If the above acquisitions had occurred on 1 January 2014, the revenue and net retained profit arising from these acquisitions would have been £18.7m and £2.4m respectively. In the year the equity acquisitions contributed revenue of £16.0m and net retained loss of £1.2m.

There was £1.7 contingent consideration arising on the above acquisitions.

The acquisition costs associated with these transactions were £1.3m, recorded within administration expenses within the consolidated income statement.

The Group continued to complete acquisition transactions subsequent to 31 December 2014, which will be accounted for in accordance with IFRS 3. Due to the timing of these transactions, it is not practical to disclose the information associated with the initial accounting for these acquisitions.

During the year ended 31 December 2013 the Group made the following acquisitions:

Name	Region	Purchase consideration £m	Percentage of equity and voting rights acquired	Date of acquisition
Equity share capital business acquisition				
MWB Business Exchange Plc	UK	49.4	75.22	20 February 2013

The remaining 24.78% MWB Business Exchange Plc share capital was subsequently acquired on 22 March 2013 for a purchase consideration of £16.3m.

In addition to the above, a further £56.8m of purchase consideration was paid to complete a further 12 business and net asset acquisitions during the year ended 31 December 2013.

The completion of business or net asset acquisitions is a key component of our strategic aim to expand our network.

MWB Business Exchange Plc acquisition

On 20 February 2013, the Group acquired 75.22% of MWB Business Exchange Plc. The remaining non-controlling interest (NCI) of 24.78% was subsequently acquired on 22 March 2013. The subsequent acquisition of this NCI was accounted for under the present-access method, resulting in an equity transaction of £16.3m. The total purchase consideration for MWB Business Exchange Plc was £65.7m.

£m	Book value	Provisional Fair value adjustments	Provisional Fair value	Final Fair value adjustments	Final Fair value
Net assets acquired					
Intangible assets	–	0.9	0.9	(0.9)	–
Property, plant and equipment	34.9	(9.4)	25.5	–	25.5
Cash	6.8	–	6.8	–	6.8
Other current and non-current assets	25.9	(7.6)	18.3	–	18.3
Current liabilities	(53.0)	(17.9)	(70.9)	(1.2)	(72.1)
Non-current liabilities	(23.1)	11.5	(11.6)	–	(11.6)
	(8.5)	(22.5)	(31.0)	(2.1)	(33.1)
Non-controlling interests (24.78%) recognised in the acquired net assets and liabilities of MWB Business Exchange Plc[(a)]			7.7		7.7
Goodwill arising on acquisition			72.7		74.8
Total consideration			49.4		49.4
Cash flow on acquisition					
Cash paid			49.4		49.4
Net cash outflow			49.4		49.4

(a) The remaining NCI of 24.78% was subsequently acquired on 22 March 2013. This subsequent acquisition was accounted for under the present-access method, resulting in an equity transaction of £16.3m.

The goodwill arising on the above acquisition reflects the anticipated future benefits the Group can obtain from operating the business more efficiently, primarily through savings on overheads. None of the above goodwill is expected to be deductible for tax purposes.

There was no contingent consideration arising on this acquisition.

The external acquisition costs associated with this transaction were £3.9m, recorded within selling, general and administration expenses within the consolidated income statement.

MWB Business Exchange was fully integrated into the overall operations of the Group during 2013. The Group is therefore unable to determine the contribution of MWB Business Exchange on the consolidated revenue and operating profit of the Group.

Other immaterial acquisitions, aggregated:

£m	Book value	Provisional Fair value adjustments	Provisional Fair value	Final Fair value adjustments	Final Fair value
Net assets acquired					
Intangible assets[(a)]	–	0.3	0.3	–	0.3
Property, plant and equipment	11.3	(1.8)	9.5	(0.9)	8.6
Cash	6.4	–	6.4	(0.6)	5.8
Other current and non-current assets	9.3	(2.1)	7.2	(0.2)	7.0
Current liabilities	(15.8)	2.2	(13.6)	(1.3)	(14.9)
Non-current liabilities	(10.7)	3.3	(7.4)	(1.3)	(8.7)
	0.5	1.9	2.4	(4.3)	(1.9)
Goodwill arising on acquisition[(b)]			55.3		60.0
Total consideration			57.7		58.1
Less: Deferred consideration			0.9		0.9
			56.8		57.2
Cash flow on acquisition					
Cash paid			56.8		57.2
Net cash outflow			56.8		57.2

(a) Intangible assets comprise the fair value of customer contracts or, in the case of managed centres, the fair value of the management contract acquired.

(b) The goodwill arising on acquisition includes negative goodwill of £2.5m. The Group received £2.8m compensation in respect of potential dilapidations costs. The negative goodwill has been recognised as part of the selling, general and administration expenses line item in the consolidated income statement.

26. Acquisitions (continued)

The goodwill arising on the above acquisitions reflects the anticipated future benefits Regus can obtain from operating the businesses more efficiently, primarily through increasing occupancy and the addition of value adding services. £9.1m of the above goodwill is expected to be deductible for tax purposes.

There was no material contingent consideration arising on the above acquisitions.

The external acquisition costs associated with these transactions were £1.4m, recorded within selling, general and administration expenses within the interim consolidated income statement.

27. Capital commitments

	2014 £m	2013 £m
Contracts placed for future capital expenditure not provided for in the financial statements	**26.3**	14.4

These commitments are principally in respect of fit-out obligations on new centres opening in 2013. In addition, our share of the capital commitments of joint ventures amounted to £nil at 31 December 2014 (2013: £nil).

28. Non-cancellable operating lease commitments

At 31 December 2014 the Group was committed to making the following payments in respect of operating leases:

	2014			2013		
	Property £m	Motor vehicles, plant and equipment £m	Total £m	Property £m	Motor vehicles, plant and equipment £m	Total £m
Lease obligations falling due:						
Within one year	**594.1**	**6.9**	**601.0**	516.3	5.1	521.4
Between two and five years	**1,659.9**	**12.5**	**1,672.4**	1,482.1	10.6	1492.7
After five years	**684.0**	**2.9**	**686.9**	544.2	0.6	544.8
	2,938.0	**22.3**	**2,960.3**	2,542.6	16.3	2,558.9

Non-cancellable operating lease commitments exclude future contingent rental amounts such as the variable amounts payable under performance based leases where the rents vary in line with a centre's performance.

29. Contingent assets and liabilities

The Group has bank guarantees and letters of credit held with certain banks, substantially in support of leasehold contracts with a variety of landlords, amounting to £115.2m (2013: £109.9m). There are no material lawsuits pending against the Group.

30. Related parties

Parent and subsidiary entities

The consolidated financial statements include the results of the Group and the subsidiaries listed in note 31.

Joint ventures

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

£m	Management fees received from related parties	Amounts owed by related party	Amounts owed to related party
2014			
Joint ventures	**2.2**	**3.5**	**4.6**
2013			
Joint ventures	2.2	5.2	5.2

As at 31 December 2014, none of the amounts due to the Group has been provided for (2013: £nil). All outstanding balances with these related parties are priced on an arm's length basis. None of the balances is secured.

Key management personnel

No loans or credit transactions were outstanding with Directors or officers of the Company at the end of the year or arose during the year, that are required to be disclosed.

Compensation of key management personnel (including Directors):

Key management personnel include those personnel (including Directors) that have responsibility and authority for planning, directing and controlling the activities of the Group:

	2014 £m	2013 £m
Short-term employee benefits	**9.7**	6.7
Retirement benefit obligations	**0.4**	0.4
Share-based payments	**2.2**	0.9
	12.3	8.0

Share-based payments included in the table above reflect the accounting charge in the year. The full fair value of awards granted in the year was £2.7m (2013: £2.5m). These awards are subject to performance conditions and vest over three, four and five years from the award date.

Transactions with related parties

During the year ended 31 December 2014 the Group acquired goods and services from a company indirectly controlled by a Director of the Company amounting to £44,039 (2013: £32,298). There was a £2,723 balance outstanding at the year-end (2013: 10,862).

All outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash. None of the balances is secured.

31. Principal Group companies

The Group's principal subsidiary undertakings at 31 December 2014, their principal activities and countries of incorporation are set out below:

Name of undertaking	Country of incorporation	% of ordinary share and votes held
Principal activity – Trading companies		
Regus do Brasil Ltda	Brazil	100
Regus Paris SAS	France	100
Regus GmbH & Co. KG	Germany	100
Excellent Business Centres GmbH	Germany	100
Regus Business Centres Italia Srl	Italy	100
Regus Japan KK	Japan	100
Regus Management de Mexico,SA de CV	Mexico	100
Regus Amsterdam BV	Netherlands	100
Regus Business Centre LLC	Russia	100
Regus Management Singapore Pte Ltd	Singapore	100
Regus Management Group (Pty) Ltd	South Africa	100
Regus Management España SL	Spain	100
Regus Business Centre SA	Switzerland	100
ABC Business Centres Limited	United Kingdom	100
Acorn Offices Limited	United Kingdom	100
MWB Business Exchange Centres Ltd	United Kingdom	100
Stonemartin Corporate Centre Limited	United Kingdom	100
HQ Global Workplaces LLC	United States	100
Regus Equity Business Centres LLC	United States	100
RGN National Business Centre LLC	United States	100
Office Suites Plus Properties LLC	United States	100
Regus Business Centres LLC	United States	100
Principal activity – Management companies		
Regus Business Centres SAS	France	100
RBW Global Sarl	Luxembourg	100
Pathway Finance Sarl	Luxembourg	100
Pathway IP Sarl	Luxembourg	100
Regus Middle East Sarl	Luxembourg	100
Regus Service Centre Philippines BV	Philippines	100
Regus Global Management Centre SA	Switzerland	100
Regus Group Services Ltd	United Kingdom	100
Regus Management (UK) Ltd	United Kingdom	100
Regus Management Group LLC	United States	100
Regus International Services SA	Uruguay	100

Name of undertaking	Country of incorporation	% of ordinary share and votes held
Principal activity – Holding companies		
RGN Limited Partner Holdings Corp	Canada	100
Regus Holdings SAS	France	100
Regus GmbH & Co. KG	Germany	100
Regus Business Services (HK) Limited	Hong Kong	100
Umbrella Holdings Sarl	Luxembourg	100
Regus Group Limited	United Kingdom	100
Marley Acquisitions Limited	United Kingdom	100
Business Exchange Holdings Limited	United Kingdom	100
Regus Estates UK Limited	United Kingdom	100
Regus Centres UK Limited	United Kingdom	100
Regus Corporation LLC	United States	100
Regus H Holdings LLC	United States	100

32. Key judgemental areas adopted in preparing these accounts

The preparation of consolidated financial statements in accordance with IFRS requires management to make certain judgements and assumptions that affect reported amounts and related disclosures.

Fair value accounting for business combinations

For each business combination, we assess the fair values of assets and liabilities acquired. Where there is not an active market in the category of the non-current assets typically acquired with a business centre or where the books and records of the acquired company do not provide sufficient information to derive an accurate valuation, management calculates an estimated fair value based on available information and experience.

The main categories of acquired non-current assets where management's judgement has an impact on the amounts recorded include tangible fixed assets, customer list intangibles and the fair market value of leasehold assets and liabilities. For significant business combinations management also obtains third-party valuations to provide additional guidance as to the appropriate valuation to be included in the financial statements.

Valuation of intangibles and goodwill

We evaluate the fair value of goodwill and intangibles to assess potential impairments on an annual basis, or during the year if an event or other circumstance indicates that we may not be able to recover the carrying amount of the asset. We evaluate the carrying value of goodwill at the appropriate cash-generating unit level and make that determination based upon future cash flow projections, which assume certain growth projections which may or may not occur. We record an impairment loss for goodwill when the carrying value of the intangible asset is less than its estimated recoverable amount. Further details of the methodology and assumptions applied to the impairment review in the year ended 31 December 2013, including the sensitivity to changes in those assumptions, can be found in note 11.

Tax assets and liabilities

We base our estimate of deferred tax assets and liabilities on current tax laws and rates and, in certain cases, business plans and other expectations about future outcomes. Changes in existing laws and rates, and their related interpretations, and future business results may affect the amount of deferred tax liabilities or the valuation of deferred tax assets over time. Our accounting for deferred tax consequences represents management's best estimate of future events that can be appropriately reflected in the accounting estimates. It is current Group policy to recognise a deferred tax asset when it is probable that future taxable profits will be available against which the assets can be used. The Group considers it probable if the entity has made a taxable profit in the previous year and is forecast to continue to make a profit in the foreseeable future. Where appropriate, the Group assesses the potential risk of future tax liabilities arising from the operation of its business in multiple tax jurisdictions and includes provisions within tax liabilities for those risks that can be estimated reliably. Changes in existing tax laws can affect large international groups similar to Regus and could result in significant additional tax liabilities over and above those already provided for.

Onerous lease provisions

We have identified certain poor performing centres where the lease is considered onerous, i.e. the Group does not expect to recover the unavoidable lease costs up to the first break point. The accounts include a provision for our estimate of the net amounts payable under the terms of the lease to the first break point, discounted at the Group weighted average cost of capital, where appropriate.

Dilapidations

Certain of our leases with landlords include a clause obliging the Group to hand the property back in the condition as at the date of signing the lease. The costs to bring the property back to that condition are not known until the Group exits the property so the Group estimates the costs at each balance sheet date. However, given that landlords often regard the nature of changes made to properties as improvements, the Group estimates that it is unlikely that any material dilapidation payments will be necessary. Consequently, provision has been made only for those potential dilapidation payments when it is probable that an outflow will occur and can be reliably estimated.

Parent company accounts

Summarised extract of Company balance sheet (prepared under Luxembourg GAAP)

	As at 31 Dec 2014 (Luxembourg GAAP) £m	As at 31 Dec 2013 (Luxembourg GAAP) £m
Assets		
C. Fixed assets		
III. Financial assets		
1. Shares in affiliated undertakings	**683.4**	719.3
2. Loans to affiliated undertakings	**–**	–
4. Loans to undertakings with which the Company is linked by virtue of participating interests	**–**	–
D. Current assets		
II. Debtors		
2. Amount owed by affiliated undertakings	**0.9**	1.3
a) becoming due and payable within one year		
III. Transferable securities		
2. Own shares	**19.9**	4.1
(12,883,455 shares of £0.01 per share (2013: 5,257,380 shares))		
IV. Cash at bank and in hand	**–**	–
E. Prepayments	**0.6**	0.1
Total assets	**704.8**	724.8
Liabilities		
A. Capital and reserves		
I. Subscribed capital	**9.5**	9.5
II. Share premium and similar premiums	**53.7**	53.7
IV. Reserves		
1. Legal reserve	**0.9**	0.9
2. Reserve for own shares	**19.9**	4.1
4. Other reserves	**500.1**	515.9
V. Results brought forward	**105.0**	146.8
VI. Results for the financial year	**(9.5)**	(7.7)
VII. Interim dividends	**(11.8)**	(10.4)
	667.8	712.8
C. Provisions		
2. Provisions for taxation	**0.1**	0.1
3. Other provisions	**–**	–
D. Non-subordinated debts		
4. Trade creditors	**0.5**	0.5
a) becoming due and payable within one year		
6. Amounts owed to affiliated undertakings		
a) becoming due and payable within one year	**0.4**	0.4
b) becoming dividend payable after more than one year	**36.0**	11.0
	37.0	11.9
Total liabilities	**704.8**	724.8

Approved by the Board on 3 March 2015

Mark Dixon
Chief Executive Officer

Dominique Yates
Chief Financial Officer

Accounting policies

Basis of preparation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention which differs in material respects from IFRS in both the measurement and presentation of certain transactions.

The Company is included in the consolidated financial statements of Regus plc.

The balance sheet has been extracted from the full accounts of Regus plc for the period ended 31 December 2014 which are available from the Company's registered office, 26 Boulevard Royal, Luxembourg and which will be filed with both the Luxembourg Register of Commerce and the Jersey Register of Companies.

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.

Segmental analysis

Segmental analysis – management basis (unaudited)

	Americas 2014	EMEA 2014	Asia Pacific 2014	United Kingdom 2014	Other 2014	Total 2014
Mature[1]						
Workstations[4]	101,524	42,293	44,058	35,247	–	223,122
Occupancy (%)	82.0%	80.6%	82.6%	83.1%	–	82.0%
Revenue (£m)	579.8	290.9	214.7	219.5	0.6	1,305.5
Contribution (£m)	166.6	77.8	65.5	51.2	1.1	362.2
REVPOW	6,966	8,538	5,900	7,493	–	7,134
2013 Expansions[2]						
Workstations[4]	24,905	12,041	8,515	16,288	–	61,749
Occupancy (%)	67.1%	66.8%	59.6%	84.5%	–	70.6%
Revenue (£m)	85.4	56.6	18.6	130.5	–	291.1
Contribution (£m)	(8.5)	5.8	0.4	31.7	–	29.4
2014 Expansions[2]						
Workstations[4]	4,845	6,510	6,156	7,977	–	25,488
Occupancy (%)	42.7%	49.0%	35.0%	75.5%	–	52.7%
Revenue (£m)	11.6	20.1	8.3	32.8	–	72.8
Contribution (£m)[6]	(8.0)	(3.9)	(5.3)	10.7	–	(6.5)
Closures						
Workstations[4]	391	430	182	525	–	1,528
Occupancy (%)	65.1%	65.0%	52.9%	62.6%	–	62.8%
Revenue (£m)	1.1	1.9	0.4	3.3	–	6.7
Contribution (£m)	(0.8)	(0.7)	–	0.4	–	(1.1)
Total						
Workstations[4]	131,665	61,274	58,911	60,037	–	311,887
Occupancy (%)	77.7%	74.4%	74.2%	82.3%	–	77.3%
Revenue (£m)	677.9	369.5	242.0	386.1	0.6	1,676.1
Contribution (£m)	149.3	79.0	60.6	94.0	1.1	384.0
Unallocated contribution (£m)	–	–	–	–	–	(0.9)
REVPAW (£)	5,149	6,030	4,108	6,431	–	5,374
Period end workstations[5]						
Mature	101,478	42,829	44,341	35,812	–	224,460
2013 Expansions	24,960	12,395	8,631	16,094	–	62,080
2014 Expansions	12,384	15,763	16,607	11,433	–	56,187
Total	138,822	70,987	69,579	63,339	–	342,727

Segmental analysis – management basis (unaudited)

	Americas 2013	EMEA 2013	Asia Pacific 2013	United Kingdom 2013	Other 2013	Total 2013
Mature[1]						
Workstations[4]	101,858	41,929	43,391	35,736	–	222,914
Occupancy (%)	83.2%	80.9%	77.9%	82.6%	–	81.6%
Revenue (£m)	603.9	310.7	219.8	212.6	1.7	1,348.7
Contribution (£m)	171.8	81.3	60.6	49.8	1.6	365.1
REVPOW	7,126	9,160	6,503	7,202	–	7,415
2013 Expansions[2]						
Workstations[4]	10,961	3,548	3,492	13,637	–	31,638
Occupancy (%)	54.6%	52.8%	31.2%	81.2%	–	63.3%
Revenue (£m)	28.4	16.3	4.4	107.7	–	156.8
Contribution (£m)	(14.5)	(1.5)	(3.3)	25.7	–	6.4
Closures						
Workstations[4]	2,165	1,496	305	1,257	–	5,223
Occupancy (%)	73.1%	76.0%	63.2%	85.1%	–	76.2%
Revenue (£m)	7.4	10.9	0.9	8.8	–	28.0
Contribution (£m)	–	0.8	0.3	4.2	–	5.3
Total						
Workstations[4]	114,984	46,973	47,188	50,630	–	259,775
Occupancy (%)	80.3%	78.6%	74.3%	82.3%	–	79.3%
Revenue (£m)	639.7	337.9	225.1	329.1	1.7	1,533.5
Contribution (£m)	157.3	80.6	57.6	79.7	1.6	376.8
Unallocated contribution (£m)	–	–	–	–	–	(3.0)
REVPAW (£)	5,563	7,193	4,770	6,500	–	5,903

Notes:

(1) The mature business comprises centres not opened in the current or previous financial year.

(2) Expansions include new centres opened and acquired businesses.

(3) A closure for the 2013 comparative data is defined as a centre closed during the period from 1 January 2013 to 31 December 2014.

(4) Workstation numbers are calculated as the weighted average for the year.

(5) Workstations available at period end.

(6) 2014 expansions includes any costs incurred in 2014 for centres which will open in 2015.

Post-tax cash return on net investment

The purpose of this page is to reconcile some of the key numbers used in the returns calculation back to the Group's audited statutory accounts, and thereby, give the reader greater insight into the returns calculation drivers. The methodology and rationale for the calculation are discussed in the Chief Financial Officer's review on page 16 of these accounts.

Description	Reference	2011 Aggregation	2012 Expansions	2013 Expansions	2014 Expansions	2015 Expansions	Closed	Total
Revenue	Income statement, p50	1,151.4	154.1	291.1	72.8	0.0	6.7	1,676.1
Centre Contribution	Income statement, p50	334.5	26.8	29.4	(5.7)	(0.8)	(1.1)	383.1
(Profit)/loss on disposal of assets	EBIT Reconciliation (analysed below)	(1.8)	0.0	(0.1)	0.0	0.0	1.0	(0.9)
Underlying centre contribution		**332.7**	**26.8**	**29.3**	**(5.7)**	**(0.8)**	**(0.1)**	**382.2**
Selling, general and administration expenses[1]	Income statement, p50	(166.9)	(29.0)	(57.8)	(24.9)	(0.2)	(0.8)	(279.6)
EBIT	EBIT Reconciliation (analysed below)	**165.8**	**(2.2)**	**(28.5)**	**(30.6)**	**(1.0)**	**(0.9)**	**102.6**
Depreciation and amortisation	Note 5, p62	64.8	15.9	30.7	7.8	0.0	1.4	120.5
Amortisation of partner contributions	Note 5, p62	(16.0)	(2.5)	(6.2)	(1.7)	0.0	(0.2)	(26.6)
Amortisation of acquired lease fair value adjustments	Note 5, p62	(3.2)	0.0	(1.7)	(0.3)	0.0	0.0	(5.2)
Non-cash items		**45.5**	**13.3**	**22.8**	**5.8**	**0.0**	**1.2**	**88.7**
Taxation[2]		**(33.2)**	**0.4**	**5.7**	**6.1**	**0.2**	**0.2**	**(20.5)**
Adjusted net cash profit		**178.1**	**11.6**	**0.0**	**(18.7)**	**(0.8)**	**0.5**	**170.8**
Maintenance capital expenditure	Capital Expenditure (analysed below)	45.4	8.5	0.0	0.0	0.0	0.0	53.8
Partner contributions	Partner Contributions (analysed below)	(14.6)	(3.1)	0.0	0.0	0.0	0.0	(17.7)
Net maintenance capital expenditure		**30.7**	**5.4**	**0.0**	**0.0**	**0.0**	**0.0**	**36.1**
Post-tax cash return		**147.4**	**6.2**	**0.0**	**(18.7)**	**(0.8)**	**0.5**	**134.7**
Growth capital expenditure[3]	Capital Expenditure (analysed below)	800.7	170.1	313.0	240.7	4.3	0.0	1,528.8
Partner contributions[4]	Partner Contributions (analysed below)	(95.2)	(23.3)	(63.0)	(44.6)	0.0	0.0	(226.1)
Net investment		**705.5**	**146.8**	**250.0**	**196.1**	**4.3**	**0.0**	**1,302.7**
Post-tax cash return on net investment		**20.9%**	**4.2%**	**0.0%**	**(9.5%)**	**–**	**–**	**10.3%**

(1) Including research and development expenses

(2) Based on EBIT at the Group's long term effective tax rate of 20%

(3) The 2013 expansions includes £8.6m of capital expenditure arising in 2014

(4) The 2013 expansions includes £2.6m of partner contributions arising in 2014

(5) 2015 expansions relate to costs and investments incurred in 2014 for centres which will open in 2015

2014

EBIT Reconciliation	Reference	£m
EBIT		102.6
Profit on disposal of assets	Note 5, p62	0.9
Share of profit on joint ventures	Income statement, p50	0.8
Operating profit	Income statement, p50	**104.3**

2014

Partner Contributions	Reference	£m
Opening partner contributions		142.8
• Current	Note 16, p70	25.9
• Non-current	Note 16, p70	116.9
Acquired in the period		1.5
Received in the period		64.9
• 2012 expansions and before		17.7
• 2013 expansions[4]		2.6
• 2014 expansions		44.6
Utilised in the period	Note 5, p62	(26.6)
Exchange differences		7.3
Closing partner contributions		**189.9**
• Current	Note 16, p70	35.2
• Non-current	Note 16, p70	154.7

2014

Capital Expenditure	Reference	£m
Maintenance capital expenditure	CFO review, p18	53.8
Growth capital expenditure	CFO review, p18	
• 2013 expansions[3]		8.6
• 2014 expansions		240.7
• 2015 expansions		4.3
Total capital expenditure		**307.4**
Analysed as		
• Purchase of subsidiary undertakings	Cash flow, p54	91.0
• Purchase of property, plant and equipment	Cash flow, p54 Note 13, p69	205.4
• Purchase of intangible assets	Cash flow, p54 Note 12, p68	11.0

Five year summary

	Full year ended 31 Dec 2014 £m	Full year ended 31 Dec 2013 £m	Full year ended 31 Dec 2012 £m	Full year ended 31 Dec 2011 £m	Full year ended 31 Dec 2010 £m
Revenue	**1,676.1**	1533.5	1,244.1	1,162.6	1,040.4
Cost of sales before non-recurring costs	**(1,293.0)**	(1,159.7)	(923.4)	(883.5)	(823.1)
Non-recurring cost of sales	**–**	–	–	–	(11.9)
Cost of sales	**(1,293.0)**	(1,159.7)	(923.4)	(883.5)	(835.0)
Gross profit (centre contribution)	**383.1**	373.8	320.7	279.1	205.4
Administration expenses before non-recurring expenses	**(270.9)**	(275.9)	(225.7)	(221.6)	(190.7)
Research & development	**(8.7)**	(7.2)	(4.5)	(3.1)	(2.6)
Non-recurring administration expenses	**–**	–	–	–	(3.9)
Administration expenses	**(279.6)**	(283.1)	(230.2)	(224.7)	(197.2)
Operating profit	**103.5**	90.7	90.5	54.4	8.2
Share of post-tax profit/(loss) of joint ventures	**0.8**	0.1	(0.3)	0.1	1.3
Profit before financing costs	**104.3**	90.8	90.2	54.5	9.5
Finance expense	**(17.3)**	(10.5)	(5.9)	(6.4)	(2.1)
Finance income	**0.1**	1.2	0.8	1.3	1.8
Profit before tax for the year	**87.1**	81.5	85.1	49.4	9.2
Tax (charge)/credit	**(17.2)**	(14.6)	(14.2)	(9.0)	(5.9)
Profit after tax for the year	**69.9**	66.9	70.9	40.4	3.3
Attributable to:					
Equity shareholders of the parent	**69.9**	66.9	70.9	41.7	2.9
Minority interests	**–**	–	–	(1.3)	0.4
	69.9	66.9	70.9	40.4	3.3
Earnings per ordinary share (EPS):					
Basic (p)	**7.4p**	7.1p	7.5p	4.3p	0.3p
Diluted (p)	**7.2p**	7.0p	7.5p	4.3p	0.3p
Weighted average number of shares outstanding (‘000’s)	**944,082**	943,775	941,922	941,899	947,463
Balance sheet data (as at 31 December)					
Intangible assets	**549.9**	491.7	363.9	331.3	330.8
Property, plant and equipment	**718.8**	608.7	437.5	333.5	279.5
Deferred tax assets	**40.0**	33.4	33.9	32.2	36.6
Trade and other receivables	**565.2**	423.8	333.9	319.2	299.9
Cash, cash equivalents and liquid investments	**72.8**	84.7	132.3	197.5	204.6
Total assets	**1,946.7**	1,642.3	1,301.5	1,213.7	1,151.4
Current liabilities	**(891.9)**	(758.8)	612.5	578.4	541.8
Non-current liabilities	**(513.1)**	(364.4)	157.0	126.4	105.8
Provisions	**(4.3)**	(4.9)	4.6	8.2	9.8
Equity minority interests	**–**	–	–	–	0.1
Equity shareholders’ funds	**(537.4)**	(514.2)	527.4	500.7	493.9
Total liabilities and shareholders’ funds	**(1,946.7)**	(1,642.3)	1,301.5	1,213.7	1,151.4

Shareholder information

Corporate directory

Secretary and Registered Office
Tim Regan, Company Secretary
Regus plc (Société Anonyme)

Registered Office:	Registered Head Office:
22 Grenville Street	26 Boulevard Royal
St Helier	L-2449 Luxembourg
Jersey	
JE4 8PX	

Registered Number

Jersey	Luxembourg
101523	R.C.S. B 141 159

Registrars
Capita (Registrars) Jersey Limited
12 Castle Street
St Helier
Jersey JE2 3RT

Auditor
KPMG Luxembourg, Société cooperative
39, Avenue John F. Kennedy
L-1855 Luxembourg

Legal advisers to the Company as to English law
Slaughter and May
One Bunhill Row
London EC1Y 8YY

Legal advisers to the Company as to Luxembourg law
MNKS
Vertigo Polaris Building
2 – 4 rue Eugène Ruppert
L-2453 Luxembourg

Corporate stockbrokers
Investec Bank plc
2 Gresham Street
London EC2V 7QP

J.P. Morgan Cazenove
25 Bank Street
Canary Wharf
London E14 5JP

Financial PR advisors
Brunswick Group LLP
16 Lincoln's Inn Fields
London WC2A 3ED

Glossary

Available workstations
The total number of workstations in the Group (also termed Inventory). During the year, this is expressed as a weighted average. At period ends the absolute number is used

Centre contribution
Gross profit comprising centre revenues less direct operating expenses but before administrative expenses

EBITDA
Earnings before interest, tax, depreciation and amortisation

EBITDAR
Earnings before interest, tax, depreciation, amortisation and rent

Enquiries
Client enquiries about Regus products or services

Expansions
A general term which includes new business centres established by Regus and acquired centres in the year

Forward Order Book
The future workstation revenue already contracted with clients at a point in time

Post-tax cash return
EBITDA achieved, less the amortisation of any partner capital contribution, less tax based on the EBIT and after deducting maintenance capital expenditure.

Like for like
The financial performance from centres owned and operated for a full 12 month period prior to the start of the financial year which therefore have a full year comparative

Mature business
Operations owned for a full 12 month period prior to the start of the financial year which therefore have a full year comparative

Occupancy
Occupied workstations divided by available workstations expressed as a percentage

Occupied workstations
Workstations which are in use by clients. This is expressed as a weighted average for the year

REVPAW
Total revenue per available workstation (Revenue/Available workstations)

REVPOW
Total revenue per occupied workstation

WIPOW
Workstation income per occupied workstation

Visit: www.regus.com
for more information

Regus plc S.A.
26 Boulevard Royal
L-2449 Luxembourg
www.regus.com

MIX
Paper from responsible sources
FSC® C022913

The Forest Stewardship Council® (FSC) is an international network which promotes responsible management of the world's forests. Forest certification is combined with a system of product labelling that allows consumers to readily identify timber-based products from certified forests.

Designed and produced by **Black Sun Plc** | www.blacksunplc.com

Printed in England by the **Pureprint Group**