

Regus plc (société anonyme)

Annual accounts
for the year ended 31, December 2009

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

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

**Central Administration (Head Office):
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L-2449 Luxembourg
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To the Shareholders of
Regus plc (société anonyme)
26, Boulevard Royal
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REPORT OF THE REVISEUR D'ENTREPRISES

Report on the annual accounts

We have audited the accompanying annual accounts of Regus plc (société anonyme), which comprise the balance sheet as at 31 December 2009 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' responsibility for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the Réviseur d'Entreprises

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the Institut des Réviseurs d'Entreprises. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgement of the Réviseur d'Entreprises, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

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

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of Regus plc (société anonyme) as of 31 December 2009, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Report on other legal and regulatory requirements

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

Luxembourg, 22 March 2010

KPMG Audit S.à r.l.
Réviseurs d'Entreprises



Thierry Ravasio

Regus plc (société anonyme)
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Directors' report and financial statements

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MANAGEMENT REPORT

The Directors present their report and the audited financial statements for the year ended 31 December 2009.

Introduction

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

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

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

Business review

During the year the Company was assigned or transferred certain assets by Regus Limited by way of an interim dividend paid to the Company. In addition the Company incurred expenditure in relation to its listing on the main market of the London Stock Exchange and related costs with both external suppliers and other group companies.

In December 2009, the Chairman of the Company, Mr John Matthews and Senior Non-executive director Mr Martin Robinson announced their intention to retire from the Board of directors of the Company at the 2010 AGM. At this point Mr Douglas Sutherland, currently a Non-executive director on the Board will become Chairman.

The Board is proposing a final dividend of 1.6p per ordinary share for the year ending 31, December 2009 (1.2p: 2008). This is in addition to the interim dividend of 0.8p per share paid in October 2009. Subject to the approval of shareholders at the 2010 AGM, it is anticipated that the final dividend will be paid on Friday 28 May 2010 to shareholders of record at the close of business on Friday 30 April 2010 *(other than to those who are paid such dividend by a subsidiary of the Company resident for tax purposes in the United Kingdom pursuant to elections made or deemed to have been made in accordance with article 142 of the Company's memorandum and articles of association)*.

The Company has continued to act as the ultimate parent company of the Regus Group and has increased its investment holdings, during the year, in other group companies.

Acquisition of own shares

In the period from 14 October 2008 to 31 December 2008, the Company re-purchased 3,200,000 of its own shares in the open market and held these shares as treasury shares. In addition, the Company acquired 2,750,000 shares that were issued on the formation of the Company and also held these as treasury shares. These shares were acquired and held as treasury shares for the purposes of the share option plans operated for employees of subsidiaries of the Company and the Company's share buy-back programme. The 5,950,000 treasury shares were acquired for a total consideration of £1.4 million (nominal value £59,500) and represented 0.6% of the issued share capital of the Company.

During the year to 31 December 2009, the Company utilised 4,373,502 of its treasury shares to satisfy the share option remunerations awarded to employees. This reduced the number of treasury shares held by the Company to 1,576,498 shares.

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

Result for the year

The profit for the financial year ended 31, December 2009 was £13.4m

Directors

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

Executive directors

Mark Dixon
Stephen Gleadle

Non-executive directors

John Matthews (Chairman)
Martin Robinson
Douglas Sutherland
Ulrich Ogiermann
Lance Browne

Auditors

Following registration of the Company with the Luxembourg Registre de Commerce et des Sociétés on 21, August 2008, the following Réviseur d'entreprises were appointed to audit the Company, and were re-appointed at the Company's 2009 AGM on 19 May 2009

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

Regus plc (société anonyme)

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Balance Sheet

As at 31 December 2009

(expressed in millions of GBP)

ASSETS	Notes	2009	2008
C. FIXED ASSETS			
III. Financial assets	3		
1. Shares in affiliated undertakings		287.4	295.2
2. Loans to affiliated undertakings		563.1	552.2
D. CURRENT ASSETS			
II. Debtors			
2. Amounts owed by affiliated undertakings becoming due and payable within one year		3.9	-
III. Transferable securities			
2 Own shares (1,576,498 shares of GBP 0.01 per share) / (2008: 5,950,000 shares)		0.4	1.4
IV. Cash at bank and in hand		0.1	0.2
E. PREPAYMENTS		0.6	-
TOTAL ASSETS		855.5	849.0

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

Regus plc (société anonyme)

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Balance Sheet (continued)

As at 31 December 2009

(expressed in millions of GBP)

LIABILITIES	Notes	2009	2008
A. CAPITAL AND RESERVES	4		
I. Subscribed capital		9.5	9.5
II. Share premium account		53.7	53.7
IV. Reserves			
1. Legal reserve		0.9	-
2. Reserve for own shares		0.4	1.4
4. Other reserves		519.6	518.6
V. Profit or loss brought forward		251.9	-
VI. Profit or loss for the financial year/period		13.4	261.5
B. PROVISIONS FOR LIABILITIES AND CHARGES	5		
3. Other provisions		0.2	0.2
C. CREDITORS			
4. Trade creditors			
becoming due and payable within one year		0.1	0.1
6. Amounts owed to affiliated undertakings			
becoming due and payable within one year		5.8	3.4
becoming due and payable after more than one year		-	0.5
9. Other creditors			
becoming due and payable within one year		-	0.1
TOTAL LIABILITIES		855.5	849.0

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

Regus plc (société anonyme)

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Profit and loss account

For the year from 1 January to 31 December 2009
(expressed in millions of GBP)

	Notes	1 January to 31 December 2009	8 August to 31 December 2008
A. CHARGES			
2. b) Other external charges	6	2.2	2.5
3. Staff costs	7	0.1	-
5. Other operating charges	8	2.6	0.3
6. Value adjustments in respect of financial assets and of transferable securities held as current assets	3	22.6	388.2
13. Profit for the financial year/period	4	13.4	261.5
TOTAL CHARGES		40.9	652.5

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

Regus plc (société anonyme)

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Profit and loss account

For the year from 1 January to 31 December 2009
(expressed in millions of GBP)

B. INCOME	Notes	1 January to 31 December 2009	8 August to 31 December 2008
5. Income from participating interests			
a) Derived from affiliated undertakings	9	40.9	652.5
TOTAL INCOME		40.9	652.5

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

Regus plc (société anonyme)

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Notes to the accounts

For the year ended 31, December 2009

1 General

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

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

The Company’s financial year starts on 1, January and ends on 31, December each year with the exception of the first period which started on 8 August 2008 and ended on 31 December 2008.

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

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

2 Significant accounting policies

2.1 *Basis of preparation*

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

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

2.2 *Formation expenses*

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

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2 Significant accounting policies (continued)

2.3 *Tangible assets*

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

2.4 *Financial assets*

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

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

2.5 *Debtors*

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

2.6 *Transferable securities*

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

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2 Significant accounting policies (continued)

2.7 *Foreign currency translation*

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

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

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

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

2.8 *Prepayments and accrued income*

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

2.9 *Creditors*

Creditors are recorded at their nominal value.

2.10 *Accruals and deferred income*

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

2.11 *Value adjustments*

Value adjustments are deducted directly from the related asset.

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For the year ended 31 December 2009

3 Financial assets

The financial assets of the Company are represented by:

In millions of GBP	<u>Shares in affiliated undertakings</u>	<u>Loans to affiliated undertakings</u>	<u>Total</u>
Acquisition costs			
Opening balance	683.4	552.2	1,235.6
Additions	14.7	10.9	25.6
Closing balance	698.1	552.2	1,235.6
Value adjustments			
Opening balance	388.2	-	388.2
Value adjustments for the period	22.5	-	22.5
Closing balance	410.7	-	410.7
Net book value			
Opening balance	295.2	552.2	847.4
Closing balance	287.4	563.1	850.5

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

<u>Name of undertaking</u>	<u>Carrying amount GBP</u>	<u>Ownership %</u>	<u>Currency of undertaking</u>
Regus Limited S.à r.l.*	6,676,770	100	GBP
Regus Management Limited	70,897,571	100	GBP
Regus Group Limited	195,001,605	100	GBP
Regus No.1 S.à r.l.	12,500	100	GBP
Regus Middle East S.à r.l.	-	100	EURO
Regus No.2 S.à r.l.	12,500	100	GBP
Regus Businessworld (Luxembourg) S.à r.l.	12,500	100	GBP
RBC Estonia OU	-	100	EEK
Business Centres Management Estonia OU	-	100	EEK
Regus Egypt LLC	1,062	99	EGP
Regus Business Centre Italia Srl	13,204,626	100	EUR
Regus Service Centre Philippines BV	143,408	100	EUR
Regus Asia Pacific Management Limited	796	100	HKD
Regus Business Centre LLC	118,470	50	OMR
Regus IAS Limited	1	100	GBP
Regus (Nottingham Citygate) Limited	1	100	GBP

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3 Financial assets (continued)

<u>Name of undertaking</u>	<u>Carrying amount</u> <u>GBP</u>	<u>Ownership %</u>	<u>Currency of</u> <u>undertaking</u>
Regus (Orchard Lea) Limited	1	100	GBP
Regus (Thames Court) Limited	1	100	GBP
Regus (London 1 Broadgate) Limited	1	100	GBP
Regus Management (UK) Limited	1,300,000	100	GBP
Danebury Capital Limited	1	100	GBP

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

*The original investment cost of Regus Limited has been subject to an impairment adjustment during the year of GBP 22,581,145 due to a permanent diminution in its carrying amount.

Loans to affiliated undertakings correspond to a 0% interest coupon note raised between the Company and Regus No.1 (Société à responsabilité limitée) due to mature on its 75th anniversary.

4 Capital and reserves

4.1 Subscribed capital

The Company was incorporated as a private company in Jersey on 8, August 2008 and its share capital of GBP 27,500, represented by 2,750,000 shares of GBP 0.01 per share, was owned by Lively Limited and Juris Limited.

Under a scheme of arrangement which became effective on 14, October 2008, the Company acquired the entire share capital of Regus Group Plc, formerly the ultimate holding company of the Regus Group, as consideration for the issue of new shares in the Company on the basis of one share in the Company for one share previously held in Regus Group plc.

Consequently, the Company became the ultimate holding company of the Regus Group.

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

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

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

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4 Capital and reserves (continued)

4.2 Share premium account

The movements on the "Share premium account" item during the period are as follows:

In millions of GBP	2009	2008
Opening balance	53.7	-
Movements in the period		
Initial subscription	-	573.7
Transfer to distributable reserves*	-	(520.0)
Closing balance	53.7	53.7

*On 27, August 2008, Juris Limited and Lively Limited, being the only shareholders of the Company on that date, passed a special resolution at an extraordinary general meeting of the Company (the "**Reduction Resolution**") approving the proposed reduction of the Company's share premium account. The Company's reduction of its share premium account was in order to create a reserve of profit, which would be available for distribution by the Company from time to time as dividends, or applied towards any other lawful purpose to which such a reserve may be applied

4.3 Movement on reserves and profit and loss items

In millions of GBP	<u>Reserve for own shares</u>	<u>Legal reserve</u>	<u>Other reserves</u>	<u>Profit brought forward</u>	<u>Profit & loss for the financial year</u>	<u>Total</u>
Balance as at 1, January 2009	1.4	-	518.6	-	261.5	781.5
Allocation of prior period profit		0.9		251.9	(252.8)	-
Dividend payment					(8.7)	(8.7)
Profit for the year			-		13.4	13.4
Allocation to reserve for own shares	(1.0)		1.0		-	-
Closing balance as at 31, December 2009	0.4	0.9	519.6	251.9	13.4	786.2

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4 Capital and reserves (continued)

4.4 Legal reserve

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

4.5 Reserve for own shares

During the year the Company utilised 4,373,502 of its treasury shares held as assets to satisfy the share option remuneration awarded to employees. This reduced the number of own shares held to 1,576,498 shares.

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

5 Provisions for liabilities and charges

The Company has made provisions for its liabilities for ongoing professional fees, based on estimates of work carried out since incorporation.

6 Other external charges

Other external charges are broken down as follows:

In millions of GBP	Year 2009	Period 2008
Management fees	1.6	2.3
Legal and professional fees	0.6	0.2
Total other external charges	2.2	2.5

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For the year ended 31, December 2009

7 Staff costs

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

In GBP	Year 2009	Period 2008
Wages and salaries	89,073	21,959
Social security costs accruing by reference to wages and salaries	12,157	2,735
Total staff costs	101,230	24,694

The average number of employees for the period was one.

8 Other operating charges

Other operating charges are broken down as follows:

In millions of GBP	Year 2009	Period 2008
Directors fees	0.5	0.1
Share registration costs	0.1	0.1
Result on own shares	1.4	-
Realised and unrealised losses on foreign exchange	0.2	-
Shareholder and investor relations	0.2	-
Other business charges	0.2	0.1
Total other operating charges	2.6	0.3

9 Income derived from affiliated undertakings

The income for the period consists of the following.

In millions of GBP	Year 2009	Period 2008
Dividends received from affiliated undertakings	40.4	652.5
Profit on disposal of shares in affiliated undertakings	0.5	-
Total income derived from affiliated undertakings	40.9	652.5