



PRESS RELEASE

Embargoed until 12:00 noon GMT, 7:00 am EST 28th December 2001

REGUS ANNOUNCES PROPOSED £40 MILLION CONVERTIBLE BOND ISSUE

Chertsey, UK, 28th December 2001, Regus plc, the international serviced office provider (LSE:RGU.L, NASDAQ:REGS), announces that it has issued £40 million of non-convertible bonds and that, subject to shareholder consent, these bonds will be exchanged for unsecured convertible debentures and warrants. Taking into account the uncertain outlook of the global economy in 2002, this fundraising strengthens the Company's financial position and will allow it to take advantage of any short term opportunities that may arise.

The non-convertible bonds have been subscribed by three institutional investors. The 5 per cent unsecured, senior convertible debentures are to be amortised in 10 equal instalments from March 2002 until December 2002. At the Company's option, the convertible debentures may be either redeemed for cash or (subject to some conditions) converted at 95 per cent of the average share price during the instalment month, subject to any floor price the Company may specify. The Company may (subject to some conditions) elect to redeem the convertible debentures early at 105 per cent of the outstanding principal, plus accrued and unpaid interest.

At the option of the holder, the convertible debentures may be converted at any time at a fixed price of 86.32p per share, representing a premium of 60 per cent to the share price at the close of business on 27th December 2001. Holders of the convertible debentures will also receive warrants over 5 million shares with an exercise price of 5p per share.

As of the 30th September 2001, and prior to receipt of the £40 million subscription, the Company had cash at bank of £86.0 million, of which £62.9 million was free cash and £23.1 million was held by banks as collateral for bank guarantees to support operating lease commitments and overdrafts. At the same date, the Company had bank loans and overdraft balances of £12.0 million and finance lease commitments of £39.3 million. The proceeds from the issue of convertible debentures will be used for general corporate purposes.

A circular convening an Extraordinary General Meeting of shareholders is expected to be despatched in January and the meeting held in early to mid-February. If the necessary resolutions are not approved at that meeting, the bonds would have to be repaid.

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