

The New Regus Directors, whose names appear on page 17 of this Prospectus, and New Regus, whose registered office is 22 Grenville Street, St. Helier, Jersey JE4 8PX, are responsible for the information given in this Prospectus. The New Regus Directors and New Regus declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

Application will be made to the UK Listing Authority for the New Regus Ordinary Shares to be admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities. If the Scheme proceeds as presently envisaged, it is expected that admission to the Official List of the New Regus Ordinary Shares will become effective, and that dealings in New Regus Ordinary Shares on the London Stock Exchange's main market for listed securities will commence, on 14 October 2008.

This document comprises a prospectus relating to New Regus prepared in accordance with the Prospectus Rules and has been approved as such by the Financial Services Authority under section 73A of the Financial Services and Markets Act 2000, as amended.

No New Regus Ordinary Shares have been marketed to, nor are any available for purchase or exchange, in whole or in part, by, the public in the United Kingdom or elsewhere in connection with the admission to the Official List. This Prospectus does not constitute an offer or invitation to any person to subscribe for or purchase or exchange any securities in New Regus or to become a member of New Regus.

**A LIST OF THE RISK FACTORS RELATING TO NEW REGUS AND THE NEW REGUS ORDINARY SHARES IS SET OUT IN THE SECTION OF THIS PROSPECTUS HEADED "RISK FACTORS".**



## **Regus plc**

(incorporated in Jersey with registered number 101523 and having its place of central administration (head office) in Luxembourg and accordingly being registered as a *société anonyme* under number RCS Luxembourg B 141159)

Introduction of up to 1,050,000,000 New Regus Ordinary Shares of 1 pence each to the Official List

Sponsored by Dresdner Kleinwort Limited

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Dresdner Kleinwort Limited, which is authorised and regulated by the Financial Services Authority, is acting for Old Regus and New Regus and no-one else in relation to the Proposals and will not be responsible to anyone other than Old Regus and New Regus for providing the protections afforded to clients of Dresdner Kleinwort Limited or for providing advice in relation to the Proposals or any other matter referred to in this document.

The date of this Prospectus is 8 September 2008.

The distribution of this Prospectus in jurisdictions other than the United Kingdom may be restricted by law and therefore this Prospectus may not be distributed or published in any jurisdiction except under circumstances which result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

**THIS PROSPECTUS DOES NOT CONSTITUTE AN INVITATION OR OFFER TO SELL OR EXCHANGE OR THE SOLICITATION OF AN INVITATION OR OFFER TO BUY OR EXCHANGE ANY SECURITY OR TO BECOME A MEMBER OF NEW REGUS. NONE OF THE SECURITIES REFERRED TO IN THIS PROSPECTUS SHALL BE SOLD, ISSUED, EXCHANGED OR TRANSFERRED IN ANY JURISDICTION IN CONTRAVENTION OF APPLICABLE LAW.**

Securities may not be offered or sold in the United States unless they are registered under the US Securities Act of 1933, as amended, or are exempt from such registration. The New Regus Ordinary Shares will not be, and are not required to be, registered with the US Securities and Exchange Commission under the US Securities Act of 1933, as amended, in reliance on the exemption from registration provided by Section 3(a)(10) thereof. **Neither the SEC nor any other US federal or state securities commission or regulatory authority has approved or disapproved the New Regus Ordinary Shares or passed an opinion on the adequacy of this document. Any representation to the contrary is a criminal offence in the United States.**

#### **INFORMATION FOR UNITED STATES SHAREHOLDERS**

In the United States, this Prospectus is being furnished to Old Regus Ordinary Shareholders solely to explain the Proposals and describe the action recommended to be taken by Old Regus Ordinary Shareholders in relation to the Court Meeting and General Meeting. This Prospectus is personal to each Old Regus Ordinary Shareholder and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire New Regus Ordinary Shares. This Prospectus is not an offer of securities for sale in the United States. The New Regus Ordinary Shares to be issued to Old Regus Ordinary Shareholders in connection with the Scheme will not be, and are not required to be, registered with the SEC under the US Securities Act in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) of that Act. For the purpose of qualifying for the Section 3(a)(10) exemption with respect to the New Regus Ordinary Shares issued pursuant to the Scheme, Old Regus will advise the High Court that it will rely on the Section 3(a)(10) exemption based on the High Court's sanctioning of the Scheme, which will be relied upon by Old Regus as an approval of the Scheme following a hearing on its fairness to Old Regus Ordinary Shareholders at which hearing all such Old Regus Ordinary Shareholders will be entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification has been or will be given to all such shareholders.

#### **NOTICE TO NEW HAMPSHIRE RESIDENTS**

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT, ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

3:00 p.m. on 22 September 2008 . . .	Latest time for receipt by Registrars of blue form of proxy from Old Regus Ordinary Shareholders for the Court Meeting <sup>1</sup>
3:15 p.m. on 22 September 2008 . . .	Latest time for receipt by Registrars of white form of proxy from Old Regus Ordinary Shareholders for the General Meeting
6:00 p.m. on 22 September 2008 . . .	Voting record time for the Court Meeting and the General Meeting <sup>2</sup>
3:00 p.m. on 24 September 2008 . . .	Court Meeting
3:15 p.m. on 24 September 2008 . . .	General Meeting <sup>3</sup>
13 October 2008 . . . . .	Court Hearing of claim form to sanction the Scheme
13 October 2008 . . . . .	Last day of dealings in Old Regus Ordinary Shares <sup>4</sup>
6:00 p.m. on 13 October 2008 . . . . .	Scheme Record Time <sup>4</sup>
14 October 2008 . . . . .	Scheme Effective Date <sup>4</sup>
8:00 a.m. on 14 October 2008 . . . . .	Delisting of Old Regus Ordinary Shares, admission and listing of New Regus Ordinary Shares, crediting of New Regus Ordinary Shares in uncertificated form to CREST accounts and commencement of dealings in New Regus Ordinary Shares on the London Stock Exchange's main market for listed securities <sup>4</sup>
Shortly after the Scheme becomes effective . . . . .	Court hearing of claim form to confirm the Old Regus Reduction of Capital <sup>4</sup>
Within 10 Business Days of the Scheme Effective Date . . . . .	Despatch of share certificates in respect of New Regus Ordinary Shares <sup>4</sup>
23 October 2008 . . . . .	Jersey Court Hearing of claim form to confirm the New Regus Reduction of Capital <sup>4</sup>
24 October 2008 . . . . .	New Regus Reduction of Capital becomes effective <sup>5</sup>

All references to time in this document are to London time unless otherwise stated. The dates given are based on the Directors' expectations and may be subject to change.

<sup>1</sup> Blue forms of proxy for the Court Meeting not returned by this time may be handed to the Chairman or the Registrars at the Court Meeting prior to the vote being taken (to be valid, white forms of proxy for the General Meeting must be lodged at least 48 hours before the time appointed for the General Meeting).

<sup>2</sup> If either the Court Meeting or the General Meeting is adjourned, the voting record time for the adjourned meeting will be 6:00 p.m. on the date falling two days before the adjourned meeting.

<sup>3</sup> To commence at the time fixed or as soon thereafter as the Court Meeting concludes or is adjourned.

<sup>4</sup> These times and dates are indicative only and will depend, amongst other things, on the date on which the Court sanctions the Scheme.

<sup>5</sup> This date is indicative only and will depend on, amongst other things, the date on which the Jersey Court confirms the New Regus Reduction of Capital and the Jersey registrar of companies registers the court order and approved minute.

## SUMMARY

### **THE FOLLOWING INFORMATION SHOULD BE READ AS AN INTRODUCTION TO THIS PROSPECTUS. ANY DECISION AS TO WHETHER TO INVEST IN NEW REGUS ORDINARY SHARES SHOULD BE BASED ON CONSIDERATION OF THIS PROSPECTUS AS A WHOLE.**

Where a claim relating to the information contained in this Prospectus is brought before a court, you might, under the national legislation of the European Economic Area member states, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches to the New Regus Directors and New Regus who are responsible for this summary, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

#### **1. Introduction, reasons for and background to the Proposals**

On 29 August 2008, Old Regus announced details of the Proposals. If the Scheme is implemented, a new holding company of the Regus Group incorporated in Jersey, with its place of central administration (head office) and tax residence in Luxembourg, New Regus, will be put in place through a High Court approved scheme of arrangement under sections 895 to 899 of the Companies Act. New Regus will be called Regus plc, have its primary listing on the main market of the London Stock Exchange and, upon listing, will be included in FTSE's UK Index Series. There will be no substantive changes to corporate governance and investor protection measures. In particular, upon implementation of the Scheme, the Takeover Code will apply to New Regus and New Regus intends to comply with the Combined Code to the same extent that Old Regus does currently.

The Regus Group has become, and will continue to develop as, a truly international business. The Regus Group is currently spread across a global footprint of over 900 locations, in 400 cities and 71 countries. As a result, for the 6 months ended 30 June 2008, more than 78 per cent. of the Regus Group's global revenue and 84 per cent. of the Regus Group's gross profit was generated outside the United Kingdom.

As a result of this, the Board believes that the future growth of the Regus Group would be assisted by:

- greater international diversity at Board level, to reflect the growing breadth and diversity of the Regus Group's operations; and
- having an international holding company and a group structure that is designed better to facilitate the Regus Group's financial management and which will also help protect the Regus Group's taxation position given the ongoing uncertainty surrounding the UK tax treatment of international groups whose holding company is UK tax resident.

In order to implement this, the Directors believe that the most appropriate structure is for New Regus to have its head office in Luxembourg (which involves New Regus having its place of central management and tax residence in Luxembourg). Luxembourg has been chosen as it meets all necessary commercial criteria including providing both greater certainty and stability for the Regus Group's taxation position as the Regus Group continues to develop worldwide.

The Proposals also provide the opportunity to reduce the overall tax rate of the Regus Group, in particular as a result of providing the opportunity to reduce the effective rate of taxation on income from key group assets. It is expected that the Proposals will be earnings enhancing from 2009 onwards.

In order to achieve the objective of greater international diversity at Board level and to ensure New Regus' place of central administration (head office) and tax residence is Luxembourg, it will be necessary to make certain changes. These changes include the appointment of three new non-executive directors to the New Regus Board who are not currently serving as non-executive directors of Old Regus, namely Douglas Sutherland, Lance Browne and Ulrich Ogiermann (the "**New NEDs**"). Each of the New NEDs has relevant experience at international companies and will help to achieve greater international diversity at Board level. In addition, Rudy Lobo, Stephen East and Roger Orf intend to resign from the Old Regus Board with effect from the Scheme Effective Date and will not be appointed to the New Regus Board.

#### **2. Summary of the Proposals**

##### **2.1 The Scheme**

If the Scheme is approved and becomes effective, it will result in holders of Old Regus Ordinary Shares holding New Regus Ordinary Shares in the same proportions in which they hold Old Regus Ordinary

Shares immediately prior to the Scheme becoming effective and in Old Regus becoming a wholly-owned subsidiary of New Regus. Under the Scheme, Old Regus Ordinary Shareholders at the Scheme Record Time will receive, in exchange for their Old Regus Ordinary Shares, New Regus Ordinary Shares on the following basis:

**for every one Old Regus Ordinary Share**

**one New Regus Ordinary Share**

Accordingly, immediately upon the Scheme becoming effective, a New Regus Ordinary Shareholder will effectively have the same proportionate interest in the profits, net assets and dividends of the Regus Group as they will have as an Old Regus Ordinary Shareholder immediately prior to the Scheme becoming effective.

## **2.2 Old Regus Reduction of Capital**

Old Regus intends to implement the Old Regus Reduction of Capital. The purpose of the Old Regus Reduction of Capital is to re-characterise the non-distributable reserves standing to the credit of Old Regus' non distributable profit and loss reserve as a distributable reserve that will be available to be distributed by Old Regus to those New Regus Shareholders who wish to receive their entitlement to New Regus dividends from a UK source in accordance with the IAS arrangements or to any other lawful purpose to which such a reserve may be applied.

## **2.3 New Regus Reduction of Capital**

New Regus intends to implement the New Regus Reduction of Capital. The purpose of the New Regus Reduction of Capital is to create a distributable reserve that will be available to be distributed as dividends to New Regus Ordinary Shareholders from time to time or for any other lawful purpose to which such a reserve may be applied (including share buybacks).

## **2.4 IAS arrangements**

New Regus intends to put into place IAS arrangements. To the extent that they are operated, these arrangements will mean that New Regus Ordinary Shareholders are able to choose whether they receive dividends from New Regus (i.e. a company resident for tax purposes in Luxembourg) or from a company resident for tax purposes in the United Kingdom (i.e. Old Regus or another UK subsidiary of New Regus).

## **2.5 Conditions**

Implementation of the Scheme is conditional (amongst other things) upon:

- approval of the Scheme at the Court Meeting;
- approval of the resolutions required to facilitate the implementation of the Scheme at the General Meeting; and
- sanction of the Scheme by the High Court.

## **3. Key information**

### **3.1 Information on the Regus Group**

The Regus Group is the world's largest global serviced office provider with products and services ranging from fully equipped offices to professional meeting rooms, business lounges and a network of videoconference studios.

### **3.2 Summary historical financial information**

The selected consolidated financial information presented below has been extracted without material adjustment from the audited consolidated financial statements of the Regus Group for the financial years ended 31 December 2007, 31 December 2006 and 31 December 2005 and the unaudited interim financial information for the six months ended 30 June 2008 and 30 June 2007, each prepared in accordance with IFRS.

*Consolidated income statement*

	6 months ended 30 June 2008	6 months ended 30 June 2007	Year ended 31 Dec 2007	Year ended 31 Dec 2006	Year ended 31 Dec 2005
	£m	£m	£m	£m	£m
<b>Revenue</b> . . . . .	507.5	411.5	862.4	680.0	463.3
Cost of sales . . . . .	(357.3)	(294.0)	(610.5)	(495.9)	(346.1)
<b>Gross profit (centre contribution)</b> . . . . .	150.2	117.5	251.9	184.1	117.2
Administration expenses . . . . .	(75.8)	(61.1)	(129.3)	(101.9)	(69.9)
<b>Operating profit</b> . . . . .	74.4	56.4	122.6	82.2	47.3
Share of post-tax profit/(loss) of joint venture . . . . .	1.2		0.8	(0.1)	(0.2)
Share of post-tax profit of associate . . . . .	—		—	1.2	0.2
<b>Profit before financing costs</b> . . . . .	75.6	56.4	123.4	83.3	47.3
Finance expense . . . . .	(3.5)	(4.2)	(8.1)	(8.0)	(10.8)
Finance income . . . . .	2.4	1.4	4.1	2.2	2.2
<b>Profit before tax for the period</b> . . . . .	74.5	53.6	119.4	77.5	38.7
Tax (charge)/credit . . . . .	(20.0)	(9.1)	(15.8)	4.8	6.1
<b>Profit after tax for the period</b> . . . . .	<u>54.5</u>	<u>44.5</u>	<u>103.6</u>	<u>82.3</u>	<u>44.8</u>
Attributable to:					
Equity shareholders of the parent . . . . .	54.0	44.5	103.1	82.3	44.5
Minority interests . . . . .	0.5	—	0.5	—	0.3
	<u>54.5</u>	<u>44.5</u>	<u>103.6</u>	<u>82.3</u>	<u>44.8</u>
<b>Earnings per ordinary share (EPS)</b>					
Basic (p) . . . . .	5.7	4.5	10.5	8.4	4.5
Diluted (p) . . . . .	5.6	4.5	10.4	8.3	4.5

*Consolidated balance sheet*

	As at 30 June 2008	As at 30 June 2007	As at 31 Dec 2007	As at 31 Dec 2006	As at 31 Dec 2005
	£m	£m (Restated)	£m	£m (Restated)	£m (Restated)
Non-current assets . . . . .	542.9	465.4	527.1	448.0	272.0
Current assets . . . . .	<u>380.9</u>	<u>252.0</u>	<u>334.4</u>	<u>232.0</u>	<u>161.9</u>
Total assets . . . . .	923.8	717.4	861.5	680.0	433.9
Current liabilities . . . . .	(481.2)	(353.3)	(448.2)	(340.8)	(229.9)
Non-current liabilities . . . . .	<u>(102.6)</u>	<u>(112.0)</u>	<u>(103.5)</u>	<u>(114.7)</u>	<u>(51.2)</u>
Total liabilities . . . . .	<u>(583.8)</u>	<u>(465.3)</u>	<u>(551.7)</u>	<u>(455.5)</u>	<u>(281.1)</u>
Total assets less liabilities . . . . .	<u>340.0</u>	<u>252.1</u>	<u>309.8</u>	<u>224.5</u>	<u>152.8</u>
Total equity and liabilities . . . . .	923.8	717.4	861.5	680.0	433.9

*Consolidated cash flow statement*

	6 months ended 30 June 2008	6 months ended 30 June 2007	Year ended 31 Dec 2007	Year ended 31 Dec 2006	Year ended 31 Dec 2005
	£m	£m	£m	£m	£m
Profit before tax for the period . . . . .	74.5	53.6	119.4	77.5	38.7
Operating cash flows before movements in working capital . . . . .	102.5	76.3	168.7	121.6	71.3
Cash generated from operations . . . . .	123.4	85.1	211.1	132.8	78.1
Net cash inflow from operating activities . . . . .	108.3	76.7	190.8	120.5	69.0
Net cash outflow from investing activities . . . . .	(45.5)	(36.5)	(95.1)	(132.7)	(31.9)
Net cash (outflow)/inflow from financing activities . . . . .	(40.7)	(31.6)	(37.1)	23.0	(47.5)
Cash and cash equivalents at end of period . . . . .	168.6	88.9	142.9	80.9	74.1



### **3.3 Capitalisation and indebtedness**

As at 30 June 2008, the Regus Group had outstanding borrowings and indebtedness in the nature of borrowings of £28.4 million. The value of the Old Regus share capital as at 30 June 2008 was £49.2 million.

As at 5 September 2008, New Regus had no outstanding indebtedness. As at 5 September 2008, New Regus' total capitalisation was £27,500.

### **3.4 Listing and Admission**

Application has been made for the New Regus Ordinary Shares to be admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that admission of New Regus Ordinary Shares will become effective, and that dealings in New Regus Ordinary Shares will commence, by no later than 8:00 a.m. on 14 October 2008.

### **3.5 Dividend policy and share repurchase policies**

Following the implementation of the Scheme, the New Regus Directors intend New Regus to adopt the existing dividend and share repurchase policies of Old Regus.

## **4. Risk factors**

You should consider carefully the risks and uncertainties listed below. They are not the only ones facing the Regus Group. If they occur, the price of New Regus Ordinary Shares could decline.

### **4.1 Risks relating to restructuring in relation to the Proposals**

- There are certain risks relating to taxation in connection with the Proposals and the intra-group reorganisation.
- New Regus will be subject to laws and regulations in different jurisdictions which may give rise to conflicts.

### **4.2 Risks relating to the Regus Group's business**

- If demand for the business of the Regus Group's services falls, the profitability of the Regus Group will be disproportionately affected due to the long-term nature of the Regus Group's lease commitments.
- The working capital cycle may exacerbate the cash position as the nature of the Regus Group's business is such that a reduction in revenues, with no immediate decline in cost base, may lead to significant funding shortfalls in the business in the longer term.
- Traditional office space may become a greater competitive threat in difficult economic conditions as landlords may be willing to offer incentives such as rent free periods or shorter leases.
- The Regus Group is dependent on its Chief Executive, Mark Dixon, and if the Regus Group loses Mark Dixon without a suitable replacement, the business and future operations of the Regus Group may be adversely affected.
- A significant proportion of the Regus Group's leases contain upward only rent reviews that could adversely impact the Regus Group's cost base.
- The Regus Group is exposed to foreign exchange, interest rate, economic and, in some instances, political risks as well as other geographical risks related to the 71 countries in which the Regus Group operates, which could cause an adverse impact on the business of the Regus Group.
- The Regus Group is exposed to limited foreign currency exchange rate risk.
- The Regus Group's debt is held at variable interest rates. Movements in interest rates could therefore have a significant impact on the Regus Group's revenue and operating profit.
- The Regus Group may incur significant costs related to the refurbishment of its centres or the reinstatement of the properties it rents.
- Holders of New Regus Ordinary Shares may have difficulty assessing the business of the Regus Group because the serviced office market is a developing and rapidly evolving sector and there are very few other public companies in this sector.



- The Regus Group is subject to the significant influence of Mark Dixon.
- Substantial sales of New Regus Ordinary Shares could cause the price to decline.
- An economic downturn in the countries or regions in which the Regus Group operates could adversely affect the Regus Group's operating revenues.
- If the current credit problems persist, it is likely that the costs incurred by the Regus Group in the event it needs to raise additional finance may be materially more than those experienced on similar issues of debt capital in the recent past.

#### **4.3 Risks relating to the serviced office industry**

- The Regus Group faces competition and if the Regus Group is unable to compete effectively it may be unable to maintain or expand its network of centres in the future and it may lose customers.
- The concept of serviced offices may not be widely accepted in all markets.
- Current drivers of the growth of the serviced office market may not develop as expected and could hinder market demand for serviced offices.
- Changes in the structure of the property industry could reduce demand for serviced offices.
- Changes in work practices and certain technological advances could be detrimental to the business of the Regus Group.
- Technological advances could require the Regus Group to make substantial investments to maintain its competitive position.

#### **4.4 Risks relating to the New Regus Ordinary Shares**

- The price of New Regus Ordinary Shares may fluctuate.
- The ability of New Regus to declare future dividends cannot be guaranteed.
- The IAS arrangements may be suspended or terminated.
- There is a low risk that buy-backs could be subject to withholding tax in Luxembourg.

### **5. Current trading and prospects**

Given the current forward order book the outlook for the remainder of 2008 remains unchanged.

Looking towards 2009, whilst the Regus Group is seeing a softening in one or two of its leading indicators, the Board believes that the Regus Group's business model with its broad range of customers and geographies and the flexibility in its cost base and lease portfolio is well placed to meet these challenges.

Additionally the strong balance sheet and ongoing cash generation ensures that the Regus Group is well positioned to exploit opportunities to drive continued growth.

### **6. Additional information**

#### **6.1 Directors**

The Board of New Regus comprises the Directors set out below:

John Matthews	—	Chairman
Mark Dixon	—	Chief Executive Officer
Stephen Gleadle	—	Chief Financial Officer
Martin Robinson	—	Senior Independent Non-Executive Director
Lance Browne	—	Non-Executive Director
Ulrich Ogiermann	—	Non-Executive Director
Douglas Sutherland	—	Non-Executive Director

#### **6.2 Memorandum and articles of association**

There are a number of differences between the Old Regus Articles and the New Regus Articles. These arise by reason of New Regus being a company incorporated in Jersey and not in England and by virtue of New Regus having its place of central administration (head office) in Luxembourg.

Where appropriate and subject to the Jersey Companies Law, provisions have been incorporated into the New Regus Articles to enshrine certain rights that are not conferred by the Jersey Companies Law but which shareholders in a London listed company would normally expect.

## RISK FACTORS

An investment in New Regus Ordinary Shares is subject to a number of risks. Accordingly, investors and prospective investors in New Regus Ordinary Shares should carefully consider all the information set out in this document, in particular those risks set out below. If any of the of the following risks actually materialise, the Regus Group's business, financial condition, prospects and share price could be materially and adversely affected to the detriment of the Regus Group and its shareholders. Additional risks and uncertainties currently unknown to New Regus, or which New Regus deems immaterial, may also have an adverse effect on the financial condition or business of the Regus Group. In any such case, the market price of the New Regus Ordinary Shares may decline and investors may lose all or part of their investment. Some of these risk factors are specific to the Regus Group, and others are more generally applicable to the serviced office industry in which the Regus Group operates. These risk factors should be carefully considered before any investment is made in New Regus.

### 1. Risk factors relating to restructuring in connection with the Proposals

#### ***It is intended to carry out a reorganisation of the Regus Group which involves a low risk that a significant tax liability could arise***

In order to create the desired group structure beneath New Regus, it is necessary to carry out a reorganisation of the existing Regus Group. As is often the case with reorganisations of international groups, there is a risk that a significant tax liability could arise. However, having taken appropriate advice, the Directors believe that this risk is low. Furthermore, while the New Regus Directors expect that New Regus will be regarded as tax resident solely in Luxembourg, if New Regus were, nonetheless, to be treated as tax resident in any other jurisdiction, this could lead to an increase in the overall effective tax rate and tax compliance costs of the Regus Group. This could impair the Regus Group's ability to realise the expected benefits of the Proposals.

Please note that the summaries of anticipated tax treatment contained in Part 4 are based on the assumption that New Regus will be treated as tax resident solely in Luxembourg and that, if New Regus were not treated as tax resident solely in Luxembourg, those summaries may not be correct.

#### ***New Regus will be subject to laws and regulations in different jurisdictions which may give rise to conflicts***

As a Jersey-incorporated company having its place of central administration (head office) in Luxembourg and being tax resident in Luxembourg, New Regus will be required to comply with both Jersey law and Luxembourg law, where applicable. It is possible that conflicts may arise between the obligations of New Regus under the laws of each of these jurisdictions. If an irreconcilable conflict were to occur then New Regus might not be in a position to comply fully with the laws of both jurisdictions and it is possible that this could result in New Regus no longer being able to maintain its status as a company tax resident in Luxembourg. Further, because all of the New Regus Ordinary Shares will be admitted to listing on the Official List of the UKLA and admitted to trading on the main market of the London Stock Exchange, conflicts may arise between the obligations of New Regus under applicable laws and the Listing Rules. If an irreconcilable conflict were to occur it is possible that this too could result in New Regus no longer being able to comply fully with all applicable laws and regulations and this could result in New Regus no longer being able to maintain its status as a company tax resident in Luxembourg. Further, it is possible that an irreconcilable conflict could arise between the laws or regulations in the UK and Luxembourg which might apply to New Regus in relation to mergers and takeovers (by way of scheme of arrangement or otherwise) and related matters. This could impair the Regus Group's ability to realise the expected benefits of the Proposals. However, having taken appropriate advice, the New Regus Directors believe that under the current laws and regulations of each of these jurisdictions, the risk of material and irreconcilable conflicts is low.

### 2. Risk factors related to the Regus Group's business

#### ***If demand for the business of the Regus Group's services falls, the profitability of the Regus Group will be disproportionately affected due to the long-term nature of the Regus Group's lease commitments***

The Regus Group leases a substantial proportion of its properties. The length of the leases or the period after which the Regus Group can exercise any break option in the leases is nearly always longer, and

usually significantly longer, than the duration of the Regus Group's contracts with customers, the majority of which are for the short term leasing of serviced office space between 3 and 18 months. If demand falls, the Regus Group may be unable to build or maintain either occupancy, rates or prices. If revenues decline, the Regus Group may not immediately be able to reduce its lease cost base. Some of the Regus Group's leases contain restrictions that prevent the Regus Group from transferring the lease or assigning the premises. Additionally, significant costs could be incurred if the Regus Group disposes of unprofitable centres.

#### ***Working capital cycle exacerbates cash position***

The terms upon which the Regus Group earns revenues from customers and pays suppliers (principally landlords) have generally been matched to reduce working capital needs. However, the nature of the Regus Group's business is such that a reduction in revenues, with no immediate decline in cost base, may lead to significant funding shortfalls in the business. Although the Regus Group has committed bank facilities in place, the Regus Group may need to seek external funding or sell further assets in the longer term.

#### ***Traditional office space may become a greater competitive threat in difficult economic conditions***

In more difficult economic conditions, landlords may be willing to offer incentives such as rent free periods or shorter leases. This is particularly the case in markets which have substantial excess capacity. In addition, many companies may seek to reduce their costs by subletting, in many cases at below market rents.

#### ***The Regus Group is dependent on its Chief Executive***

The Regus Group believes that the future success of the Regus Group depends on the continued service of Mark Dixon, the Chief Executive and founder of the Regus Group's business. While the Regus Group has an employment agreement with him, this agreement does not prevent him from terminating his employment at any time on 12 months' notice. If the Regus Group loses Mark Dixon without suitable replacement, the business and future operations of the Regus Group may be adversely affected.

#### ***The Regus Group's leases contain upward only rent reviews that could adversely impact the Regus Group's cost base***

All of the Regus Group's UK leases, together with a small number of other leases, contain provisions for upward only rent reviews linked to open market rents that could adversely impact the Regus Group's cost base. These rent reviews have potential increased cost implications in periods of relatively high rents. If open market rents were to decrease, the rent payable by the Regus Group under these leases could stay the same as that for the prior period and would not decrease in line with open market rents. The Regus Group cannot guarantee that it will be able to maintain its margins in these circumstances. Likewise, in the event of reduction in the prices that the Regus Group charges its customers, whether as a result of a reduction in demand for serviced offices or otherwise, the Regus Group would not be entitled to reduce the rent payable by the Regus Group, even following rent reviews. In addition, the majority of the Regus Group's other leases contain upward only rent reviews which are fixed or are linked to the consumer price index or other inflation-related indices.

#### ***The Regus Group is exposed to foreign exchange, interest rate, economic and, in some instances, political risks as well as other geographical risks related to the 71 countries in which the Regus Group operates, which could cause an adverse impact on the business of the Regus Group***

The Regus Group operates business centres in 71 countries around the world and its overall success as a global business depends, in part, upon its ability to succeed in differing economic, social and political conditions. The Regus Group is confronted with different legal and regulatory requirements in many jurisdictions. These include, but are not limited to, different tax regimes, laws relating to health and safety and laws relating to the repatriation of funds or nationalisation of assets. The Regus Group's international operations also expose the Regus Group to different local business risks and challenges, such as exchange rate risks in translating non-sterling profits, management and control of an international organisation and other political risks.

### ***Foreign currency exchange rate risk***

The principal exposures of the Group are to the US dollar and the euro, with approximately 37 per cent. of the Regus Group's revenues being attributable to the US dollar and 20 per cent. to the euro respectively.

Given that transactions generally take place in the functional currency of the Regus Group companies, the Regus Group's exposure to transactional foreign exchange is limited. However, the translation into sterling of overseas profits and net assets will be affected by prevailing exchange rates. In the event that either the US dollar or euro were to depreciate or appreciate significantly against sterling, this would have an adverse or beneficial impact to the Regus Group's reported performance and position respectively. For example, a one per cent. adverse movement in exchange rates would reduce profits by approximately £0.1 million.

### ***Interest rate risk***

The Regus Group's cash and debt are held at variable interest rates. Whilst the Regus Group has considerably more cash than debt, movements in interest rates could therefore have a significant impact on the Regus Group's revenue and profit.

### ***The Regus Group may incur significant costs related to the refurbishment of its centres or the reinstatement of the properties it rents.***

The terms of most building leases require the Regus Group to ensure that a property is kept in repair throughout the lease term and that alterations carried out to the premises are reinstated at the end of the lease term. The Regus Group cannot guarantee that reinstatement costs and, if the Regus Group has failed to comply with its repairing obligations during the lease term, full repairing costs may not be incurred on termination of such leases, causing an adverse impact on its results of operations and financial condition. However, landlords often regard the nature of the changes made to properties by the Regus Group as improvements and so the Regus Group estimates that any material dilapidation costs are unlikely.

### ***Holders of New Regus Ordinary Shares may have difficulty assessing the business of the Regus Group because the serviced office market is a developing and rapidly evolving sector and there are very few other public companies in this sector***

Holders of New Regus Ordinary Shares may have difficulty assessing the business of the Regus Group because the serviced office market is a developing and rapidly evolving sector and there are very few other public companies in this sector. In addition, the Regus Group believes that none of these other public companies is comparable to the Regus Group for reasons related to their geographical focus and corporate structure. Performance and trends are therefore more difficult to assess than in many other more established sectors.

### ***The Regus Group is subject to the significant influence of Mark Dixon***

The Chief Executive, Mark Dixon, is expected to own approximately 37.9 per cent. of the New Regus Ordinary Shares (assuming no Old Regus Ordinary Shares are issued prior to the Scheme becoming effective) immediately upon the Scheme becoming effective. As a major shareholder of the Regus Group, he will be able to exercise significant influence over the Regus Group's operations, including the election of the Board, the declaration of some dividends, the approval or disapproval of major corporate transactions and the determination of other matters to be decided by the holders of New Regus Ordinary Shares. The Regus Group's business goals and those of Mr Dixon may not always remain aligned. As a result, the market price of New Regus Ordinary Shares could be adversely affected. However, Mr Dixon, in his capacity as a Director, is under a fiduciary duty at law to act in the best interests of the Regus Group.

### ***Substantial sales of New Regus Ordinary Shares could cause the price to decline***

There can be no assurance that the Directors and executive officers of the Regus Group, including Mark Dixon, will not elect to sell their New Regus Ordinary Shares at some point in the future. The market price of New Regus Ordinary Shares could decline as a result of any sales of such shares by the Directors or executive officers of the Regus Group or the perception that these sales could occur. If these, or any other, sales were to occur, the Regus Group may have difficulty in offering or selling securities in the future at a time or at a price it deems appropriate.

### ***Economic downturn in significant markets***

A number of countries and regions provide significant markets for the Regus Group, including the United States of America, the EMEA region, the Asia Pacific region and the UK. An economic downturn in these countries or regions could adversely affect the Regus Group's operating revenues thereby reducing operating performance or, in an extreme downturn, resulting in operating losses.

### ***Credit risk***

The current credit problems that are impacting the debt capital markets generally for all borrowers have resulted in the cost of credit increasing significantly over the period since the summer of 2007 and have also generally made the terms of new debt capital more onerous.

If the current credit problems persist and the Regus Group needs to raise additional finance it is likely that the costs associated with this would be materially more than those experienced on similar issues of debt capital in the recent past. This would increase the cost of funding for the Regus Group and reduce profits.

### ***The Regus Group relies on a centrally managed applications and systems environment***

The Regus Group has moved to a centrally managed applications and systems environment. The resultant effect is that all systems and applications are housed in the Regus Group's data centre. Should the Regus Group's data centre be impacted as a result of circumstances outside of its control there could be an impact to the Regus Group's operations.

## **3. Risk factors related to the serviced office industry**

### ***The Regus Group faces competition and if the Regus Group is unable to compete effectively it may be unable to maintain or expand its network of centres in the future and it may lose customers***

Barriers to entry into the serviced office market at the local level are low. Although barriers to establishing a national or international network are higher, the Regus Group cannot guarantee that these barriers will remain or will deter new entrants or existing competitors. In addition, there is the potential for local operators to overcome these barriers to establishing wider networks by forming alliances. There is also the potential for property companies, hotel operators or other companies to enter the market, either alone or in collaboration with service providers such as the Regus Group. If the Regus Group is unable to respond adequately to the competitive challenges it faces or to establish a sustainable competitive advantage, it may be unable to maintain its network of centres and it may lose market share. In addition, in more competitive markets there is pressure on the Regus Group's prices causing an adverse impact on its revenue and profitability.

### ***The concept of serviced offices may not be widely accepted in all markets***

The acceptance of the concept of serviced offices is at varying stages of development across the different geographical regions in which the Regus Group operates. Whilst the majority (by revenue) of the Regus Group's customer base is in more mature markets (e.g. the US and Western Europe) the development of the serviced office business in less mature markets may become increasingly important for the Regus Group. Even in the more developed markets, the serviced office market represents only a small percentage of the entire office market and in those less developed countries, where serviced offices are a relatively new concept, replacing the traditional office market may still be difficult. The Regus Group cannot guarantee that the concept will increasingly be accepted around the world. If the concept is not more widely accepted in areas in which the Regus Group operates its centres, the Regus Group's revenue and profitability could be adversely affected.

### ***Current drivers of the growth of the serviced office market may not develop as expected and could hinder market demand for serviced offices***

There can be no assurance that the factors that the Regus Group expects to drive the long-term growth of the serviced office market in the future will in fact do so. For example, the trends towards globalisation of trade and increased outsourcing of office and related services may not develop as expected.



***Changes in the structure of the property industry could reduce demand for serviced offices***

In some markets, the attraction of the Regus Group's products derives in part from the long term of leases for traditional office space. A shortening of normal lease terms or other changes in the property market could make serviced offices less attractive to customers.

***Changes in work practices and certain technological advances could be detrimental to the business of the Regus Group***

Changes in work practices could occur which would be detrimental to the business of the Regus Group, such as a move away from office infrastructure. In addition, technological advances could occur that facilitate this shift to working at home. For example, improvements in the connectivity of homes around the world could allow current employees of the potential customers of the Regus Group to participate in videoconferences at home or participate in virtual meetings from home using broadband internet or other technologies.

***Technological advances could require the Regus Group to make substantial investments to maintain its competitive position***

The Regus Group provides its customers with access to information technology and telecommunications equipment and infrastructure for use in their businesses. The Regus Group cannot guarantee that there will not be significant developments in the technology which businesses use that would require the Regus Group to make a further substantial investment in new technology to maintain its competitive position or which would adversely affect the attraction of the products of the Regus Group.

**4. Risk factors relating to New Regus Ordinary Shares**

***The price of New Regus Ordinary Shares may fluctuate***

The price of Old Regus Ordinary Shares has fluctuated and the price of the New Regus Ordinary Shares may continue to do so. The price of New Regus Ordinary Shares may fluctuate as a result of a variety of factors including: the financial performance of the Regus Group; the operating and share price performance of other companies in the industry and markets in which the Regus Group operates; speculation about the Regus Group's business in the press, media or the investment community; changes to the Regus Group's sales or profit estimates; the publication of research reports by analysts; and general market conditions. The price of New Regus Ordinary Shares may go down as well as up and investors may, therefore, not recover their original investment.

Although the New Regus Directors are not currently aware of any reason to do so, New Regus may issue additional shares in the future, which may adversely affect the price of New Regus Ordinary Shares in the longer term.

***The ability of New Regus to declare future dividends cannot be guaranteed***

New Regus' future dividends to be received by New Regus Ordinary Shareholders will depend on the progress of the business, New Regus' continuing ability to be profitable and cash received from its subsidiaries.

***The IAS arrangements may be suspended or terminated***

The payment of dividends under the IAS arrangements may be suspended or terminated at any time and for any reason and is subject to the Regus Group having sufficient distributable reserves in the United Kingdom for such purposes. If the IAS arrangements are not terminated or suspended the New Regus Directors expect that dividends will be paid to New Regus Ordinary Shareholders who make (or are deemed to make) an IAS Election through the IAS arrangements but there can be no certainty that dividends will be paid in this way. If dividends are not received under the IAS arrangements, New Regus Ordinary Shareholders, whether or not they have made (or are deemed to have made) an IAS Election, will be paid dividends by New Regus which may be subject to Luxembourg withholding tax at the rate of 15 per cent., as described in paragraph 2.2 of Part 4 of this Prospectus. Further, there is a low risk that share buy-backs undertaken by New Regus could be subject to Luxembourg withholding tax at a rate of 15 per cent. However, having taken advice, the Board do not anticipate that this withholding tax will apply.



## IMPORTANT NOTICE

### Cautionary statement regarding forward-looking statements

This Prospectus contains certain “forward-looking statements”, including statements about current beliefs and expectations of the New Regus Directors. In particular, the words “expect”, “anticipate”, “estimate”, “may”, “should”, “plans”, “intends”, “will”, “believe” and similar expressions (or in each case their negative and other variations or comparable terminology) can be used to identify forward-looking statements. These statements are based on the New Regus Board’s expectations of external conditions and events, current business strategy, plans and the other objectives of management for future operations, and estimates and projections of Old Regus’ financial performance. Although the New Regus Board believes these expectations to be reasonable at the date of this document they may prove to be erroneous. Forward-looking statements involve known and unknown risks and uncertainties and speak only as of the date they are made. Investors are hereby cautioned that certain important factors could cause actual results, outcomes, performance or achievements of Old Regus or New Regus or industry results to differ materially from those expressed or implied in forward-looking statements. These factors include, but are not limited to, those described in the “Risk Factors” section of this Prospectus.

Save as required by the FSA, the London Stock Exchange or applicable law, including, without limitation, the Prospectus Rules, the Listing Rules or the Disclosure and Transparency Rules, neither Old Regus nor New Regus undertakes any obligation to publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Board’s expectations or to reflect events or circumstances after the date of this Prospectus.

### Enforceability of judgments

Old Regus is a public limited company incorporated under the laws of England and Wales and New Regus is a public company limited by shares incorporated under the laws of Jersey and is tax resident in Luxembourg. All of the Directors of New Regus and Old Regus are citizens or residents of countries other than the United States. Substantially all or a significant portion of the assets of such persons and a significant proportion of the assets of the Regus Group are located outside the United States. As a result, it may not be possible to effect service of process within the United States upon such persons or New Regus and/or Old Regus, or to enforce against them judgments of US courts, including judgments predicated upon civil liabilities under the securities laws of the United States or any state or territory within the United States. There is substantial doubt as to the enforceability in the United Kingdom of original actions or of actions for enforcement of judgments of US courts, based on the civil liability provisions of US federal securities laws.

### Presentation of information

All references in this Prospectus to “pounds sterling”, “pounds”, “£”, “p” or “pence” are to the lawful currency of the United Kingdom. All references in this Prospectus to “\$”, “dollars”, “US dollar(s)”, “US\$”, “c” and “US cent(s)” are to the lawful currency of the United States. All references in this Prospectus to “euro” or “EUR” are to the lawful single currency of member states of the European Union that adopt or have adopted the Euro as their currency in accordance with the legislation of the European Union relating to European Monetary Union.

### Notice to US Shareholders

The financial information included in this document has been prepared in accordance with accounting standards applicable in the United Kingdom that may not be comparable to the financial statements of US companies. US generally accepted accounting principles (US GAAP) differ in certain significant respects from IFRS. None of the financial information in this document has been audited in accordance with auditing standards generally accepted in the United States or the auditing standards of the Public Company Accounting Oversight Board (United States).

**DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS**

<b>NEW REGUS DIRECTORS</b>	John Matthews Mark Dixon Stephen Gleadle Martin Robinson Lance Browne Ulrich Ogiermann Douglas Sutherland	Chairman Chief Executive Officer Chief Financial Officer Senior Independent Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director	
<b>COMPANY SECRETARY</b>	Tim Regan	<b>REGISTERED OFFICE</b>	22 Grenville Street St. Helier Jersey JE4 8PX
		<b>CENTRAL ADMINISTRATION (HEAD OFFICE)</b>	26, Boulevard Royal L-2449 Luxembourg
<b>SPONSOR AND FINANCIAL ADVISER</b>	Dresdner Kleinwort Limited 30 Gresham Street London EC2V 7PG	<b>LEGAL ADVISERS ON ENGLISH LAW</b>	Slaughter and May One Bunhill Row London EC1Y 8YY
<b>REPORTING ACCOUNTANTS</b>	KPMG LLP One Canada Square London E14 5AG	<b>LEGAL ADVISERS ON LUXEMBOURG LAW (OTHER THAN TAX LAW)</b>	Elvinger Hoss & Prussen 2 Place Winston Churchill L-2014 Luxembourg
<b>AUDITOR</b>	KPMG Audit S.à.r.l 9 allée Scheffer L-2520 Luxembourg	<b>LEGAL ADVISERS ON JERSEY LAW</b>	Mourant du Feu & Jeune 22 Grenville Street St. Helier Jersey JE4 8PX
<b>REGISTRARS OF OLD REGUS</b>	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA	<b>LEGAL ADVISERS TO THE SPONSOR AND FINANCIAL ADVISER</b>	Norton Rose LLP 3 More London Riverside London SE1 2AQ
<b>REGISTRARS OF NEW REGUS</b>	Equiniti (Jersey) Limited PO Box 63 11-12 Esplanade St Helier Jersey JE4 8PH	<b>UK TAX ADVISERS</b>	Deloitte & Touche LLP 2 Hardman Street Manchester M60 2AT
		<b>LUXEMBOURG TAX ADVISERS</b>	Deloitte SA 560, rue de Neudorf L-2220 Luxembourg

## PART 1 — INFORMATION ON NEW REGUS AND THE REGUS GROUP

### 1. The Proposals

On 29 August 2008, Old Regus announced details of the Proposals. If the Scheme is implemented, a new holding company of the Regus Group incorporated in Jersey, with its place of central administration (head office) and tax residence in Luxembourg, New Regus, will be put in place through a High Court approved scheme of arrangement under sections 895 to 899 of the Companies Act. New Regus will be called Regus plc, have its primary listing on the main market of the London Stock Exchange and, upon listing, will be included in FTSE's UK Index Series. There will be no substantive changes to corporate governance and investor protection measures. In particular, upon implementation of the Scheme, the Takeover Code will apply to New Regus and New Regus intends to comply with the Combined Code to the same extent that Old Regus does currently.

The Regus Group has become, and will continue to develop as, a true international business. The Regus Group is currently spread across a global footprint of over 900 locations, in 400 cities and 71 countries. As a result, for the 6 months ended 30 June 2008, more than 78 per cent. of the Regus Group's global revenue and 84 per cent. of the Regus Group's gross profit was generated outside the United Kingdom.

As a result of this, the Board believes that the future growth of the Regus Group would be assisted by:

- greater international diversity at Board level, to reflect the growing breadth and diversity of the Regus Group's operations; and
- having an international holding company and a group structure that is designed better to facilitate the Regus Group's financial management and which will also help protect the Regus Group's taxation position given the ongoing uncertainty surrounding the UK tax treatment of international groups whose holding company is UK tax resident.

In order to implement this, the Directors believe that the most appropriate structure is for New Regus to have its head office in Luxembourg (which involves New Regus having its place of central management and tax residence in Luxembourg). Luxembourg has been chosen as it meets all necessary commercial criteria including providing both greater certainty and stability for the Regus Group's taxation position as the Regus Group continues to develop worldwide.

The Proposals also provide the opportunity to reduce the overall tax rate of the Regus Group, in particular as a result of providing the opportunity to reduce the effective rate of taxation on income from key group assets. It is expected that the Proposals will be earnings enhancing from 2009 onwards.

In order to achieve the objective of greater international diversity at Board level and to ensure New Regus' place of central administration (head office) and tax residence is Luxembourg, it will be necessary to make certain changes. These changes include the appointment of three new non-executive directors to the New Regus Board who are not currently serving as non-executive directors of Old Regus, namely Douglas Sutherland, Lance Browne and Ulrich Ogiermann (the "**New NEDs**"). Each of the New NEDs has relevant experience at international companies and will help to achieve greater international diversity at Board level. In addition, Rudy Lobo, Stephen East and Roger Orf intend to resign from the Old Regus Board with effect from the Scheme Effective Date and will not be appointed to the New Regus Board.

Following the implementation of the Scheme, the New Regus Directors intend New Regus to adopt the existing dividend and share repurchase policies of Old Regus.

If the Scheme is approved and becomes effective, it will result in holders of Old Regus Ordinary Shares holding New Regus Ordinary Shares in the same proportions in which they hold Old Regus Ordinary Shares immediately prior to the Scheme becoming effective and in Old Regus becoming a wholly-owned subsidiary of New Regus. Under the Scheme, Old Regus Ordinary Shareholders at the Scheme Record Time will receive, in exchange for their Old Regus Ordinary Shares, New Regus Ordinary Shares on the following basis:

**for every one Old Regus Ordinary Share**

**one New Regus Ordinary Share**

Accordingly, immediately upon the Scheme becoming effective, a New Regus Ordinary Shareholder will effectively have the same proportionate interest in the profits, net assets and dividends of the Regus Group as they have as an Old Regus Ordinary Shareholder immediately prior to the Scheme becoming effective. New Regus will have substantially the same business and operations immediately after the Scheme Effective Date as Old Regus has immediately before the Scheme Effective Date. The assets and liabilities

of the Regus Group immediately after the Scheme Effective Date will not substantially differ from the assets and liabilities it had before the Scheme Effective Date.

Application will be made for the New Regus Ordinary Shares to be admitted to the Official List and to be traded on the London Stock Exchange's main market for listed securities.

Old Regus intends to make an application to the High Court to implement the Old Regus Reduction of Capital. It is expected that the Old Regus Reduction of Capital will become effective shortly after the Scheme Effective Date.

Subject to the approval of the Old Regus Reduction of Capital by Old Regus Ordinary Shareholders at the General Meeting, it is intended that the amount standing to the credit of Old Regus' non-distributable profit and loss reserve, be capitalised by issuing A Shares of an aggregate nominal value of such amount to New Regus.

Subject to the confirmation of the High Court, the A Shares will then be cancelled and the reserve arising from such cancellation will become a distributable reserve in Old Regus.

The purpose of the Old Regus Reduction of Capital is to create additional distributable reserves in Old Regus that will be available to be distributed by Old Regus to those New Regus Shareholders who wish to receive their entitlement to New Regus dividends from a UK source in accordance with the IAS arrangements as further described in paragraph 7 of Part 6 or for any other lawful purpose to which such a reserve may be applied.

New Regus intends to make an application to the Jersey Court to implement the New Regus Reduction of Capital. It is expected that the New Regus Reduction of Capital will become effective on or around 24 October 2008.

The New Regus Ordinary Shares to be issued pursuant to the Scheme will have a nominal value of 1 pence each but will be recorded at fair value (being equal to the Closing Price of the Old Regus Ordinary Shares on the day prior to their delisting). This will give rise to the creation of a substantial share premium account in New Regus. Subject to the approval of the New Regus Reduction of Capital by Old Regus Ordinary Shareholders at the General Meeting (which is conditional on all other resolutions proposed at the General Meeting being passed), the Scheme becoming effective and fully implemented and the sanction of the Jersey Court, £520 million or, if less, all amounts standing to the credit of New Regus' share premium account will be re-characterised as a distributable reserve. On the basis of the market capitalisation of Old Regus as at close of trading on 5 September 2008 (the latest practicable date prior to the publication of this document), the New Regus Reduction of Capital would leave New Regus with approximately £9,500,000 of share capital and approximately £226,723,000 of share premium.

The purpose of the New Regus Reduction of Capital is to create a distributable reserve that will be available to be distributed as dividends, at the discretion of the Directors and subject to the approval of the New Regus Ordinary Shareholders, to New Regus Ordinary Shareholders from time to time or for any other lawful purpose to which such a reserve may be applied (including share buybacks). The New Regus Reduction of Capital is designed to create in New Regus a significant level of distributable reserves to enable New Regus to continue Old Regus' existing dividend and share repurchase policies in a financially and operationally efficient manner.

The New Regus Reduction of Capital is a legal and accounting adjustment and will not of itself have any direct impact on the market value of the New Regus Ordinary Shares or the number of New Regus Ordinary Shares held by each New Regus Ordinary Shareholder.

The necessary shareholder resolution for New Regus to implement the New Regus Reduction of Capital has already been passed (conditional upon the Scheme becoming effective and being fully implemented) by the holders of the New Regus Initial Ordinary Shares. Confirmatory approval relating to the New Regus Reduction of Capital is being sought from the Old Regus Ordinary Shareholders as one of the special resolutions to be proposed at the General Meeting. The New Regus Reduction of Capital will also require the confirmation of the Jersey Court.

## **2. History and development**

The Regus business ("**Regus**") was founded in 1989 by Mark Dixon, the Chief Executive, shortly before Regus opened its first business centre in Brussels. Regus merged its operations with a slightly larger organisation owned by Reinhold City A.B., in 1990. In 1992 an investment vehicle owned by Mark Dixon,

Maxon Investments, bought out the majority shareholder. By the end of 1992, Regus operated 11 centres in 8 countries through operating companies owned by Regus Business Centre B.V.

In July 1998, Regus reorganised its operations by inserting a UK holding company, Regus Business Centres plc, between Regus Business Centre B.V. and Maxon Investments. In July 2000, Regus Business Centres plc changed its name to "Regus plc".

In October 2000, Regus plc completed an initial public offering of 128,829,075 shares raising approximately £254 million for Regus and £81 million for certain selling shareholders. At that time, Regus plc listed its ordinary shares on the London Stock Exchange and American Depository Shares ("**ADSs**") on the Nasdaq.

In November 2002, Regus voluntarily delisted its ADSs from the Nasdaq in view of the relatively small number of ADSs outstanding at the time and the low levels of trading volumes on the Nasdaq. On 11 August 2004, Regus deregistered from the SEC.

In December 2002, Regus plc sold a 58 per cent. stake in its UK business to Rex 2002 Limited, a company beneficially owned by Alchemy Partners.

In January 2003, certain Regus companies filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code in the Court of the Southern District of New York in order to re-organise the loss making divisions of Regus. In August 2003 Regus plc announced a plan of re-organisation which would lead to the group's successful exit from Chapter 11.

As part of the re-organisation process, Regus plc inserted a new group holding company, Old Regus, through a court approved scheme of arrangement under section 425 of the Companies Act 1985 (the predecessor to what are now sections 895 to 899 Companies Act), which was completed in December 2003. In addition, a related 1 for 3 rights issue of up to 195,873,430 shares at a price of 28 pence per share in Old Regus was carried out.

In August 2004, Old Regus completed the acquisition of the entire issued share capital of HQ Global Holdings, Inc. (the "**HQ Acquisition**"), a leading provider of out-sourced office solutions in the US, for a total consideration of up to £163.5 million and a related placing and open offer on a 1 for 4 basis at 62.25p per new ordinary share to raise approximately £119 million to finance part of the cash consideration for the acquisition.

In March 2006, Old Regus entered into a £100 million committed revolving credit facility to give the Regus Group a more efficient capital structure and the potential to continue expansion.

In April 2006, the Regus Group reached agreement with Rex 2002 Limited for the acquisition of the 58 per cent. stake in the UK business which it had sold to them in December 2002, for a cash consideration of £88 million to be part funded by the £100 million committed revolving facility and part funded by a new £50 million acquisition facility (the "**Regus UK Acquisition**").

### **3. Business overview**

#### **3.1 Business review**

##### *3.1.1 Introduction*

The Regus Group is the world's largest global serviced office provider with products and services ranging from fully equipped offices to professional meeting rooms, business lounges and a network of videoconference studios.

Multinational corporations and thousands of growing small and medium businesses outsource their office and workplace requirements to the Regus Group allowing them to focus on their core business.

The Regus Group's facilities are spread across a global footprint of over 900 locations, in 400 cities and 71 countries.

##### *3.1.2 Strategy*

The Regus Group's strategic approach seeks to ensure continued profitable growth and cash generation driven by a scalable business model with considerable potential for further development. With a substantial existing footprint of established, performing centres forming a network across 71 countries the Regus



Group has been able to leverage these assets for long term growth and value creation for shareholders and also to continue to grow in line with strategic short and longer term goals.

Central to this strategy is driving continued improvement in the Regus Group's brand and products. The Regus Group continues to develop and refine its product and service portfolio to recognise that its customers' needs are continually changing. Its core business continues to be driven by regionally targeted campaigns which focus on both local and global strategies. Examples of such targeted campaigns include 1.2 million mail shots to homes in the UK and 870,000 targeted e-mail communications to prospective office customers across the 41 countries in Europe, the Middle East and Africa (EMEA).

In addition, during 2007 the Regus Group launched its Business Lounge concept in both the UK and US and has continued to invest in its Membership Card initiative (as described further in paragraph 3.1.3 below).

### *3.1.3 Products and services*

The Regus Group has an international network of business centres allowing its customers to outsource, in whole or in part, their office requirements. The Regus Group's serviced business centres represent an alternative to the traditional office space offering including a mix of products as detailed below.

#### **Offices**

The Regus Group provides office options ranging from single person offices, team rooms and hot-desking to large open-plan offices with multiple workstations. Locations are available throughout a network of over 900 offices in 71 countries. Offices are provided with services including business support (copying and printing services, administrative support and reception and concierge services), telecommunications (Smart number technology, telephone PABX system and support and maintenance systems) and IT connectivity (secure, high speed internet connections, storage space and hosted email services).

#### **Meeting rooms**

The Regus Group has approximately 3,000 business meeting rooms, training rooms and conference rooms available by the half hour, half day or day. Each meeting room is provided with professional support including secretarial services, photocopying, technical support and executive catering. Meeting rooms include complimentary extras such as high speed internet access and local and national telephone calls.

#### **Virtual offices**

Virtual offices provide an opportunity for home businesses or business entering into emerging markets to establish an office presence. Virtual offices provide call handling and mail forwarding services. In addition, copying and printing services, administrative support and reception and concierge services are also available.

#### **Memberships**

The Regus Group Membership Card initiative gives access to professional day offices, business lounges and cafés in any of the Regus Group business centres in 400 cities across 71 countries worldwide. Four levels of membership are available (namely Blue, Gold, Platinum and Platinumplus) providing customers with a variety of services from meeting room discounts and professional support services to unlimited access to private meeting rooms.

#### **Disaster recovery**

The Regus Group provides dedicated working environments, communications technology and support services to minimise the interruption to customers' businesses caused by facilities failure, workplace disturbance or building emergency. Various levels of service are available from low cost recovery options for every day business interruptions to bespoke recovery arrangements.

#### **Workstyles**

The Regus Group provides a range of "workstyle" solutions providing customers with the offices services products they require according to whether they are predominantly in the office, work from home or are regular travellers.

### 3.1.4 Markets

The total revenues for each market by geographical location in which the Regus Groups operates in respect of the periods covered by the historical financial information is as follows. All revenue is derived from the provision of the serviced office products described in paragraph 3.1.3 above.

<u>Region</u>	<u>6 months ended 30 June 2008</u> (£m)	<u>6 months ended 30 June 2007</u> (£m)	<u>Year ended 31 December 2007</u> (£m)	<u>Year ended 31 December 2006</u> (£m)	<u>Year ended 31 December 2005</u> (£m)
Americas . . . . .	190.5	162.0	336.3	305.9	261.6
United Kingdom . . . . .	111.2	100.1	208.1	126.6	N/A*
EMEA . . . . .	150.8	114.5	240.3	195.9	165.5
Asia Pacific . . . . .	55.0	34.9	77.7	50.9	33.6
<b>TOTAL . . . . .</b>	<b>507.5</b>	<b>411.5</b>	<b>862.4</b>	<b>679.3</b>	<b>460.7</b>

\* The United Kingdom was only recorded as a separate revenue item from the year ending 31 December 2006.

#### **Americas**

The business in the Americas comprises Canada, USA and South America, encompassing 496 centres across 14 countries. The main business in the USA operates 416 centres. During the first half, the Regus Group added 32 centres and closed 29 centres (including 22 non-consolidated centres), which increased the average number of consolidated workstations from 58,594 in 2007 to 68,944 in 2008. The Regus Group acquired its first centre in the new market of El Salvador. The region delivered revenues of £190.5 million — up 17.6% on 2007 and average mature occupancy of 87% during the period (2007: 85%).

Through the remainder of 2008 the Regus Group will continue to pursue opportunities through the identification of new and existing markets where the Regus Group currently has a limited presence. In addition the Regus Group will continue to focus on maximising margins in its existing centres through maximising its occupancy and maintaining a robust control on its costs.

#### **United Kingdom**

The business in the UK encompasses 127 centres, with the opening of 11 centres and the closure of seven managed centres during the period, which increased the average number of consolidated workstations from 27,509 in 2007 to 29,685 in 2008. The growth in workstations principally reflected the completion of the acquisition of three high quality city centre locations in Manchester, Birmingham and Reading previously operated by Stonemartin during the period. The region delivered revenues of £111.2 million — up 11.1% on 2007 and achieved an average mature occupancy of 85% (2007: 82%).

The Regus Group will continue to pursue low risk growth opportunities to expand its business into new regional markets.

#### **EMEA**

The business in EMEA encompasses 223 centres across 41 countries. During the half year the Regus Group opened 17 new centres and closed four centres, which increased the average number of consolidated workstations from 28,598 in 2007 to 31,331 in 2008. Centres were opened in emerging markets including an additional four centres in Eastern Europe and two centres in the Middle East, with a continued focus on low-risk transactions. The region continued to deliver strong performance, with revenues of £150.8 million — up 31.7% on 2007 — and achieved an average mature occupancy of 90% (2007: 86%). Mature occupancy traded above 90% for first time during H1.

Looking ahead, the Regus Group will continue to focus expansion into new emerging markets across the region whilst consolidating its position in more mature markets.

#### **Asia Pacific**

The business in Asia operates in 104 centres across 14 countries. During the half year the Regus Group opened 12 new centres, which increased the number of workstations from 13,157 in 2007 to 19,127 in 2008. The region delivered revenues of £55.0 million — up 57.6% on 2007 and achieved an average mature occupancy of 84% (2007: 79%).



Looking ahead, the Regus Group will continue to pursue its focused and controlled growth plans across the region, developing its position as the largest provider of serviced offices across all the Asia Pacific markets. As growth in the region continues the Regus Group will continue to leverage its scale efficiencies within its support functions.

### **3.2 Intellectual property**

The Regus Group owns intellectual property that is important to its success. This intellectual property can be categorised as the brands held by the Regus Group and the systems and processes required for the operation of the Regus Group.

The Regus Group's brands comprise its two main brands, "Regus", the original brand under which the majority of the Regus centres operate, and "HQ Global Work Places", the Regus Group's main brand in the United States. The Regus Group also holds secondary brands including "Business Meeting Places". These brands are important to the success of the Regus Group as they generate customer recognition and loyalty which is important in maintaining the Regus Group's position as the market leader in its field.

The Regus Group's intellectual property contained in its systems and processes includes the business strategies, product offerings, operations knowledge and network of centres which create the Regus Group. Specifically, this comprises the business strategies required to operate the world's largest network of serviced offices, the ability to develop products in a fast moving industry, the knowledge of the processes required to evaluate the markets for business centres and then to open and operate such business centres and the benefits which exist through the operation of the business centres as a group, such as referrals.

The Regus Group also makes significant investments in new technologies, specifically in communications and IT related technologies.

### **3.3 Principal investments**

During the period covered by the historical information and up to the date of this Prospectus the only principal investment made by the Regus Group was the Regus UK Acquisition (further described in paragraph 2 of Part 1).

### **3.4 Property, plant and equipment**

The Regus Group leases its office space and does not consider any particular individual site to be material by itself to the Regus Group as a whole.

### **3.5 Employees**

For the period covered by the historical financial information, the average number of persons employed by the Group (including executive directors), analysed by category and geography, was as follows:

	<u>2008*</u> Average full time equivalents	<u>2007</u> Average full time equivalents	<u>2006</u> Average full time equivalents	<u>2005</u> Average full time equivalents
Centre staff . . . . .	4,019	3,613	2,888	2,043
Sales staff . . . . .	388	333	244	209
Finance staff . . . . .	338	299	233	170
Other staff . . . . .	<u>592</u>	<u>485</u>	<u>367</u>	<u>183</u>
Total . . . . .	<u>5,337</u>	<u>4,730</u>	<u>3,732</u>	<u>2,605</u>
Americas . . . . .	2,311	2,035	1,702	1,443
EMEA . . . . .	1,356	1,246	1,080	909
United Kingdom . . . . .	780	775	468	—
Asia Pacific . . . . .	765	595	421	208
Corporate functions . . . . .	<u>125</u>	<u>79</u>	<u>61</u>	<u>45</u>
Total . . . . .	<u>5,337</u>	<u>4,730</u>	<u>3,732</u>	<u>2,605</u>

\* Figures calculated to 30 June 2008.

#### 4. Selected historical financial information

Set out below is selected historical financial information in respect of the Regus Group. This has been extracted without material adjustment from the audited annual report and accounts of the Regus Group for the years ended 31 December 2005, 2006 and 2007 and the unaudited interim results for the 6 months ended 30 June 2008, which are incorporated by reference into this document. Investors should read in full the financial information set out in these annual reports and accounts and interim statement and should not rely solely on the information summarised below.

##### *Consolidated income statement*

	6 months ended 30 June 2008	6 months ended 30 June 2007	Year ended 31 Dec 2007	Year ended 31 Dec 2006	Year ended 31 Dec 2005
	£m	£m	£m	£m	£m
<b>Revenue</b> . . . . .	507.5	411.5	862.4	680.0	463.3
Cost of sales . . . . .	(357.3)	(294.0)	(610.5)	(495.9)	(346.1)
<b>Gross profit (centre contribution)</b> . . . . .	150.2	117.5	251.9	184.1	117.2
Administration expenses . . . . .	(75.8)	(61.1)	(129.3)	(101.9)	(69.9)
<b>Operating profit</b> . . . . .	74.4	56.4	122.6	82.2	47.3
Share of post-tax profit/(loss) of joint venture . . . . .	1.2	—	0.8	(0.1)	(0.2)
Share of post-tax profit of associate . . . . .	—	—	—	1.2	0.2
<b>Profit before financing costs</b> . . . . .	75.6	56.4	123.4	83.3	47.3
Finance expense . . . . .	(3.5)	(4.2)	(8.1)	(8.0)	(10.8)
Finance income . . . . .	2.4	1.4	4.1	2.2	2.2
<b>Profit before tax for the period</b> . . . . .	74.5	53.6	119.4	77.5	38.7
Tax (charge)/credit . . . . .	(20.0)	(9.1)	(15.8)	4.8	6.1
<b>Profit after tax for the period</b> . . . . .	54.5	44.5	103.6	82.3	44.8
Attributable to:					
Equity shareholders of the parent . . . . .	54.0	44.5	103.1	82.3	44.5
Minority interests . . . . .	0.5	—	0.5	—	0.3
	54.5	44.5	103.6	82.3	44.8
<b>Earnings per ordinary share (EPS)</b>					
Basic (p) . . . . .	5.7	4.5	10.5	8.4	4.5
Diluted (p) . . . . .	5.6	4.5	10.4	8.3	4.5

##### *Consolidated balance sheet*

	As at 30 June 2008	As at 30 June 2007	As at 31 Dec 2007	As at 31 Dec 2006	As at 31 Dec 2005
	£m	£m (Restated)	£m	£m (Restated)	£m (Restated)
Non-current assets . . . . .	542.9	465.4	527.1	448.0	272.0
Current assets . . . . .	380.9	252.0	334.4	232.0	161.9
Total assets . . . . .	923.8	717.4	861.5	680.0	433.9
Current liabilities . . . . .	(481.2)	(353.3)	(448.2)	(340.8)	(229.9)
Non-current liabilities . . . . .	(102.6)	(112.0)	(103.5)	(114.7)	(51.2)
Total liabilities . . . . .	(583.8)	(465.3)	(551.7)	(455.5)	(281.1)
Total assets less liabilities . . . . .	340.0	252.1	309.8	224.5	152.8
Total equity and liabilities . . . . .	923.8	717.4	861.5	680.0	433.9

The financial information in the consolidated balance sheets as at 30 June 2007, 31 December 2006 and 31 December 2005 above is taken from the restated balance sheets from the interim statements for the period ending 30 June 2008 and the annual report and accounts for the years ended 31 December 2007 and 31 December 2006 respectively. The reasons for such restatements are set out below:

- Certain amounts included in the interim statements for the period ending 30 June 2007 relating to business acquisitions completed prior to that date were included in those financial statements on a provisional basis. These provisional amounts were finalised during the 12 month period following the acquisition. Adjustments to the acquisition accounting have been reflected as if they had been recognised at the acquisition date.

- Certain amounts included in the financial statements for the period ended 31 December 2006 relating to business acquisitions completed in that period were included in those financial statements on a provisional basis. These provisional amounts were finalised during the 12 month period following the acquisition. Adjustments to the acquisition have been reflected as if they had been recognised at the acquisition date.
- In order to provide more detailed disclosures, certain presentational changes were made to the financial statements for the year ending 31 December 2006 and as a result the comparative information for the year ended 31 December 2005 was restated so that they were presented on a comparative basis.

### **Consolidated cash flow statement**

	6 months ended 30 June 2008	6 months ended 30 June 2007	Year ended 31 Dec 2007	Year ended 31 Dec 2006	Year ended 31 Dec 2005
	£m	£m	£m	£m	£m
Profit before tax for the period . . . . .	74.5	53.6	119.4	77.5	38.7
Operating cash flows before movements in working capital . . . . .			168.7	121.6	71.3
Cash generated from operations . . . . .	102.5	76.3	211.1	132.8	78.1
Net cash inflow from operating activities . . . . .	123.4	85.1	190.8	120.5	69.0
Net cash outflow from investing activities . . . . .	108.3	76.7	(95.1)	(132.7)	(31.9)
Net cash (outflow)/inflow from financing activities . . . . .	(45.5)	(36.5)	(37.1)	23.0	(47.5)
Cash and cash equivalents at end of period . . . . .	(40.7)	(31.6)	142.9	80.9	74.1
	168.6	88.9			

## **5. Capitalisation and indebtedness**

### **5.1 Capitalisation and indebtedness of the Regus Group**

The following tables show the capitalisation and the total indebtedness and net indebtedness of the Regus Group as at 30 June 2008. There have been no material changes to the capitalisation figures since 30 June 2008. The financial information below has been extracted without material adjustment from the unaudited interim results for the half year ended 30 June 2008 which were announced on 29 August 2008.

<b><u>Total equity</u></b>	<b>At 30 June 2008</b>
	<b>£m</b>
Share capital . . . . .	49.2
Share premium account . . . . .	—
Revaluation reserve . . . . .	10.0
Treasury shares . . . . .	(30.8)
Cumulative exchange reserve . . . . .	(20.0)
Retained earnings . . . . .	<u>330.6</u>
Shareholder equity . . . . .	<b>339.0</b>
Minority interest . . . . .	<u>1.0</u>
<b>Total equity</b> . . . . .	<b>340.0</b>
<b><u>Total indebtedness</u></b>	<b>At 30 June 2008</b>
	<b>£m</b>
Current	
— guaranteed . . . . .	—
— secured . . . . .	15.0
— unguaranteed/unsecured . . . . .	0.3
Non-current debt	
— guaranteed . . . . .	—
— secured . . . . .	13.0
— unguaranteed/unsecured . . . . .	<u>0.1</u>
<b>Total indebtedness</b> . . . . .	<b>28.4</b>

The following table shows the net financial indebtedness of the Group as at 30 June 2008.

<u>Net financial indebtedness</u>	<u>At 30 June 2008</u>
	£m
Cash . . . . .	168.6
Cash equivalents . . . . .	—
Trading securities . . . . .	—
<b>Liquidity</b> . . . . .	<b>168.6</b>
Current bank debt . . . . .	14.4
Other current financial debt . . . . .	0.9
<b>Current financial debt</b> . . . . .	<b>15.3</b>
<b>Net current financial indebtedness</b> . . . . .	<b>153.3</b>
Non-current bank loans . . . . .	12.0
Bonds issued . . . . .	—
Other non-current financial debt . . . . .	1.1
<b>Non-current financial indebtedness</b> . . . . .	<b>13.1</b>
<b>Net financial indebtedness</b> . . . . .	<b>140.2</b>

#### *Contingent and indirect indebtedness*

Certain companies within the Regus Group have, in the past, given guarantees in respect of other Regus Group companies obligations; most of these guarantees were provided by Regus Limited and Regus Business Centres B.V.

#### **5.2 Capitalisation and indebtedness of New Regus**

As at 5 September 2008, New Regus had no outstanding indebtedness.

As at 5 September 2008, New Regus' total capitalisation was £27,500 consisting of 2,750,000 issued and fully paid up ordinary shares of 1 pence each.

#### **6. Working capital**

New Regus is of the opinion that, after taking into account the available banking facilities, the New Regus Group has sufficient working capital for its present requirements, that is, for at least the next twelve months from the date of publication of this Prospectus.

#### **7. Dividend policy**

In 2006 the Old Regus Board approved a progressive dividend policy. For the year ended 31 December 2007 Old Regus declared a dividend of 1.0p per Old Regus Ordinary Share (2006: 0.6p; 2005: 0.0p). On 29 August 2008, Old Regus announced that the Old Regus Board is expecting to pay a maiden interim dividend of 0.6p per Old Regus Ordinary Share. The interim dividend will be paid on 13 October 2008 to Old Regus Ordinary Shareholders on the register at the close of business on 12 September 2008. New Regus intends to adopt the same dividend policy as Old Regus.

#### **8. Current trading and prospects**

Given the current forward order book the outlook for the remainder of 2008 remains unchanged.

Looking towards 2009, whilst the Regus Group is seeing a softening in one or two of its leading indicators, the Board believes that the Regus Group's business model with its broad range of customers and geographies and the flexibility in its cost base and lease portfolio is well placed to meet these challenges.

Additionally the strong balance sheet and ongoing cash generation ensures that the Regus Group is well positioned to exploit opportunities to drive continued growth.

## PART 2 — OPERATING AND FINANCIAL REVIEW

The section that follows should be read in conjunction with Part 1 “Information on New Regus and the Regus Group” and Part 3 “Historical Financial Information”. Investors should read the whole of this document and the documents incorporated herein by reference and should not rely on the summary operating and financial information set out in this Part 2. Unless otherwise stated, the financial information for the Regus Group considered in this Part 2 has been extracted without material adjustment from the consolidated financial statements of the Regus Group for the years ended 31 December 2007, 31 December 2006 and 31 December 2005 and the unaudited interim financial information for the six months ended 30 June 2008, which are incorporated into this document by reference. The financial statements for the years ended 31 December 2007, 31 December 2006 and 31 December 2005 have been prepared in accordance with IFRS. The comparative financial statements for the year ended 31 December 2004 were restated in the 31 December 2005 financial statements reflecting the adoption of IFRS by the Regus Group.

The principal risks and uncertainties facing the Regus Group’s business that may cause a difference in the Regus Group’s actual results include, but are not limited to, those discussed in the section of this document headed “Forward-looking statements” and “Risk Factors”.

### 1. Management discussion and analysis of financial condition and operating results

#### 1.1 Business overview

The Regus Group’s principal revenue stream for the three years ended 31 December 2007 and the six months ended 30 June 2008 was derived from the provision of serviced offices, which generated revenue from continuing operations of £862.4 million and operating profit from continuing operations of £122.6 million for the year ended 31 December 2007 and revenue from continuing operations of £507.5 million and operating profit from continuing operations of £74.4 million for the six months ended 30 June 2008.

#### 1.2 General factors which affect operating results and financial condition

For a summary of the industry-related factors which have had and are likely to continue to have a material effect on the Regus Group’s please refer to the section of this document headed “Risk Factors”.

#### 1.3 Operating results for the 6 months ended 30 June 2008 compared with the 6 months ended 30 June 2007

The financial table below indicates the development of the Regus Group’s business over the course of the two six month periods ended 30 June 2007 and 30 June 2008 in terms of revenue, costs, operating profit, profit before taxation and earnings per share. All numbers are stated on a comparable basis in accordance with IFRS.

	6 months ended 30 Jun 2008 £m	6 months ended 30 Jun 2007 £m
<b>Revenue</b> . . . . .	<b>507.5</b>	411.5
Cost of sales . . . . .	<b>(357.3)</b>	(294.0)
<b>Gross profit (centre contribution)</b> . . . . .	<b>150.2</b>	117.5
Administration expenses . . . . .	<b>(75.8)</b>	(61.1)
<b>Operating profit</b> . . . . .	<b>74.4</b>	56.4
Share of post-tax profit/(loss) of joint ventures . . . . .	<b>1.2</b>	—
Share of post-tax profit of associate . . . . .	—	—
<b>Profit before financing costs</b> . . . . .	<b>75.6</b>	56.4
Finance expense . . . . .	<b>(3.5)</b>	(4.2)
Finance income . . . . .	<b>2.4</b>	1.4
<b>Profit before tax for the year</b> . . . . .	<b>74.5</b>	53.6
Tax charge . . . . .	<b>(20.0)</b>	(9.1)
<b>Profit after tax for the year</b> . . . . .	<b>54.5</b>	44.5
Attributable to:		
Equity shareholders of the parent . . . . .	<b>54.0</b>	44.5
Minority interests . . . . .	<b>0.5</b>	—
	<b>54.5</b>	44.5
<b>Earnings per ordinary share (EPS):</b>		
Basic (p) . . . . .	<b>5.7</b>	4.5
Diluted (p) . . . . .	<b>5.6</b>	4.5

Revenue for the Regus Group rose 23.3 per cent. to £507.5 million (H1, 2007: £411.5 million) and gross profit (centre contribution) increased 27.8 per cent. to £150.2 million (H1, 2007: £117.5 million).

Sterling weakened in value between the first half of 2007 and the first half of 2008 against the euro by an average of 15.0 per cent., although this was partially offset by a strengthening of sterling against the US dollar. This increased the Regus Group's revenue by £19.7 million and contribution by £6.0 million. This exchange effect formed only part of the overall improvement in the business. The Regus Group's mature or "like for like" business increased its revenues by £26.0 million and contribution by £18.2 million driven by improvements in occupancy and price. Centres added in 2007 contributed a further £44.9 million of revenue and £13.5 million of contribution, reflecting the improving occupancy and ability to improve pricing as centres mature. New centres added in 2008, both organic and by acquisition, contributed a further £6.7 million of revenue but reduced contribution by £4.7 million due to the normal start up losses incurred in establishing new centres. The year on year impact of centre closures was to reduce revenue by £1.3 million and contribution by £0.3 million.

Contribution margins improved from 28.6 per cent. to 29.6 per cent.

Administrative expenses increased by £14.7 million to £75.8 million in the first half of 2008 compared to the first half of 2007 although remained broadly unchanged at 14.9 per cent. of revenues (H1, 2007: 14.8 per cent.).

The increase in administrative expenses reflects the investment in the Regus Group's infrastructure, people and process efficiencies that commenced in the second half of 2007. The focus of this investment has been to leverage savings in procurement and centre operations and a considerable investment in enhancing our marketing capabilities.

Operating profit was £74.4 million (H1, 2007: £56.4 million), representing a margin of 14.7 per cent. (H1, 2007: 13.7 per cent.).

In the period ended 30 June 2008, the share of joint venture profits attributable to the Regus Group increased to £1.2 million (H1, 2007: £nil). This reflected improving profitability in mature joint ventures in Americas and EMEA combined with the profitability generated from new joint ventures opened in late-2006 and early 2007 in the Middle East.

The lower interest payable reflects the reduction in the Regus Group's average debt over the period, including the £12 million scheduled repayment in April 2008. The average Libor rate for the first half of 2008 was 5.56 per cent. compared to 5.51 per cent. for 2007.

The £1.1 million increase in interest receivable reflects the increase in the Regus Group's average free cash balance to £132.8 million (H1, 2007: £69.3 million) and the increase in the effective interest rates on the Group's cash year over year. The movement in the cash balance has been explained in the cash flow section below.

Underlying finance lease costs have remained unchanged reflecting new finance leases offsetting the repayment of older leases. The amortisation of deferred financing fees relates to loan arrangement costs incurred for the new credit facilities entered into during 2006 to fund the Regus UK Acquisition. The unwinding of discounted fair value adjustments on the Regus UK Acquisition resulted in a non cash net financing charge of £1.1 million in the period to 30 June 2008.

The continued improvements in the Regus Group's results have meant that there are less unrecognised losses available to be offset in the income statement against rising current tax charges. Consequently the Regus Group has recognised a £20.0 million tax charge for the period (representing an accounting tax rate of 27 per cent. of profit before tax) compared to a charge of £9.1 million (17 per cent.) in the comparative period.

The current tax charge for the period was £13.5 million (H1, 2007: £8.8 million), an increase from 16 per cent. to 18 per cent. of profit before tax. Deferred tax was a £6.5 million charge in the period (H1, 2007: £0.3 million charge). On a cash tax basis the Group paid £12.9 million in tax. Cash tax represents approximately 17.3 per cent. of profit before tax compared to 11.4 per cent. in the same period in 2007.

Earnings per share for the half year increased 26.7 per cent. from 4.5p to 5.7p. The average number of shares in issue during the first half reflected the re-purchase of Old Regus Ordinary Shares under the share buy-back programme and reduced to 952,704,784 (H1, 2007: 984,382,474).



#### 1.4 Operating results for the financial year ended 31 December 2007 compared with prior financial year

The financial table below indicates the development of the Regus Group's business over the course of the two years ended 31 December 2007 in terms of revenue, costs, operating profit, profit before taxation and earnings per share. All numbers are stated on a comparable basis in accordance with IFRS.

	Year ended 31 Dec 2007	Year ended 31 Dec 2006
	£m	£m
<b>Revenue</b> .....	<b>862.4</b>	680.0
Cost of sales .....	<b>(610.5)</b>	(495.9)
<b>Gross profit (centre contribution)</b> .....	<b>251.9</b>	184.1
Administration expenses .....	<b>(129.3)</b>	(101.9)
<b>Operating profit</b> .....	<b>122.6</b>	82.2
Share of post-tax profit/(loss) of joint ventures .....	<b>0.8</b>	(0.1)
Share of post-tax profit of associate .....	—	1.2
<b>Profit before financing costs</b> .....	<b>123.4</b>	83.3
Finance expense .....	<b>(8.1)</b>	(8.0)
Finance income .....	<b>4.1</b>	2.2
<b>Profit before tax for the year</b> .....	<b>119.4</b>	77.5
Tax (charge)/credit .....	<b>(15.8)</b>	4.8
<b>Profit after tax for the year</b> .....	<b>103.6</b>	82.3
Attributable to:		
Equity shareholders of the parent .....	<b>103.1</b>	82.3
Minority interests .....	<b>0.5</b>	—
	<b>103.6</b>	82.3
<b>Earnings per ordinary share (EPS):</b>		
Basic (p) .....	<b>10.5</b>	8.4
Diluted (p) .....	<b>10.4</b>	8.3

Revenue for the Regus Group rose 26.8 per cent. to £862.4 million (2006: £680.0 million) and gross profit (centre contribution) increased by 36.8 per cent. to £251.9 million (2006: £184.1 million).

Sterling strengthened in value against the US dollar by an average of 8.7 per cent. in 2007 when compared to 2006, although this was partially offset by a weakening of sterling against the euro. This reduced the Regus Group's revenue by £24.8 million and contribution by £7.1 million. However, this exchange impact was then more than offset by improvements in the underlying business.

The Regus Group's mature or "like for like" business increased its revenues by £61.1 million and contribution by £41.5 million driven by improvements in occupancy and price. Centres that were added in 2006 contributed a further £115.7 million of revenue and £39.7 million of contribution, heavily driven by the impact of the Regus UK Acquisition and its continued growth. New centres added in 2007, both organic and by acquisition, contributed a further £36.6 million of revenue but reduced contribution by £4.7 million due to the normal start-up losses incurred in establishing new centres. The year on year impact of centre closures was to reduce revenue by £6.2 million and contribution by £1.6 million.

Administrative expenses increased by £27.4 million in 2007 compared to 2006 although remained at a constant 15 per cent. of revenues. This investment reflects the year on year impact of the Regus UK Acquisition as well as substantial and continued investment in the Regus Group's infrastructure, people and process efficiencies. In addition, there was considerable investment in enhancing the Regus Group's marketing capabilities, incorporating a re-launch of the Regus Group's website, recruitment of a core number of sector experts and a strengthening of regional teams to ensure a consistent marketing message globally.

Operating profit was £122.6 million (2006: £82.2 million) representing a margin of 14.2 per cent. (2006: 12.1 per cent.).

In the 12 months ended 31 December 2007, the share of joint venture profits attributed to the Regus Group increased to £0.8 million (2006: £0.1 million loss). This reflected the improving profitability in mature joint ventures in the Americas and EMEA regions as well as improved performance from joint ventures in the Middle East that commenced trading at the end of 2006. These improvements were partially offset by



normal losses from new joint ventures commenced in 2007. During the period 1 January 2006 to 19 April 2006, the UK business was equity accounted as an associate. Following the Regus UK Acquisition on 19 April 2006 the business became fully consolidated as a subsidiary.

Financing costs were reduced due to the substantial increase in interest receivables, reflecting a continued increase in the Regus Group's average free cash balance and the average increase in global interest rates year over year. In addition, underlying finance lease costs fell in line with the reduction in finance leases.

The continued improvements in the Regus Group's results meant that there were less unrecognised losses available to be offset in the income statement against rising current tax charges. Consequently, the Regus Group recognised a £15.8 million tax charge for the year ended 31 December 2007 (representing an accounting tax rate of 13 per cent. of profit before tax) compared to a credit of £4.8 million in the previous year.

The current tax charge for the period was £22.3 million (2006: £8.1 million charge) — an increase from 10 per cent. to 19 per cent. of profit before tax. Deferred tax was a £6.5 million credit in the period (2006: £12.9 million credit) which includes the adverse impact of the reduction in the UK corporation tax rate on the deferred tax asset.

Earnings per share for the year increased 25.0 per cent. from 8.4p to 10.5p. The average number of shares in issue during the year reduced to 980,961,569 (2006: 984,791,524) reflecting the re-purchase of 12,853,001 Old Regus shares in June and December 2007.

### **1.5 Operating results for the financial year ended 31 December 2006 compared with prior financial year**

The financial table below indicates the development of the Regus Group's business over the course of the two years ended 31 December 2006 in terms of revenue, costs, operating profit, profit before taxation and earnings per share. All numbers are stated on a comparable basis in accordance with IFRS.

	Year ended 31 Dec 2006	Year ended 31 Dec 2005
	£m	£m
<b>Revenue</b> . . . . .	<b>680.0</b>	463.3
Cost of sales before non-recurring costs . . . . .	<b>(495.9)</b>	(346.2)
Non-recurring cost of sales . . . . .	<b>—</b>	0.1
Cost of sales . . . . .	<b>(495.9)</b>	(346.1)
<b>Gross profit (centre contribution)</b> . . . . .	<b>184.1</b>	117.2
Administration expenses before non-recurring expenses . . . . .	<b>(101.9)</b>	(64.9)
Non-recurring administration expenses . . . . .	<b>—</b>	(5.0)
Administration expenses . . . . .	<b>(101.9)</b>	(69.9)
<b>Operating profit</b> . . . . .	<b>82.2</b>	47.3
Share of post-tax loss of joint ventures . . . . .	<b>(0.1)</b>	(0.2)
Share of post-tax profit of associate . . . . .	<b>1.2</b>	0.2
<b>Profit before financing costs</b> . . . . .	<b>83.3</b>	47.3
Finance expense . . . . .	<b>(8.0)</b>	(10.8)
Finance income . . . . .	<b>2.2</b>	2.2
<b>Profit before tax for the year</b> . . . . .	<b>77.5</b>	38.7
Tax credit . . . . .	<b>4.8</b>	6.1
<b>Profit after tax for the year</b> . . . . .	<b>82.3</b>	44.8
Attributable to:		
Equity shareholders of the parent . . . . .	<b>82.3</b>	44.5
Minority interests . . . . .	<b>—</b>	0.3
	<b>82.3</b>	44.8
<b>Earnings per ordinary share (EPS):</b>		
Basic (p) . . . . .	<b>8.4</b>	4.5
Diluted (p) . . . . .	<b>8.3</b>	4.5

Revenue for the Regus Group rose 46.8 per cent. to £680.0 million (2005: £463.3 million) and centre contribution (excluding non-recurring items) increased 57.2 per cent. to £184.1 million (2005: £117.1 million).

The mature business, defined as those centres owned and operated at least 12 months prior to 1 January 2006, increased revenue by £39.9 million principally driven through improvement in occupancy, which increased from 79 per cent. to 84 per cent. Centres added in 2005 contributed a further £33.8 million of revenue and £12.7 million of contribution. This was due to both underlying improvements in the performance of these sites and the impact of including them for a full 12 months. Expansions in 2006 include the Regus UK Acquisition and a number of bolt-on acquisitions and new centres. These contributed a further £147.6 million of revenue and contribution of £20.2 million. Taken together, contribution margin (excluding non-recurring items) improved from 25.3 per cent. to 27.1 per cent.

Administration expenses (excluding non-recurring items incurred in 2005) increased to 15.0 per cent. of revenue for the full year (2005: 14.0 per cent.). This increase arose principally from the impact of growth related investments incurred in the second half of 2005 and the first half of 2006 ahead of the full revenue impact of growth. These growth related costs focus on marketing, supporting the growing scale of the business and costs necessarily incurred to secure workstation growth in a controlled and efficient manner.

As the growth benefits have been delivered, administration expenses as a proportion of revenue fell from 16.1 per cent. in the first half of 2006 to 14.1 per cent. in the second half of 2006.

In 2005, the Regus Group incurred £4.9 million of non-recurring costs (net), which primarily relate to the integration of HQ. No similar costs have been incurred in 2006.

Operating profit was £82.2 million (2005: £47.3 million) representing a margin of 12.1 per cent. (2005: 10.2 per cent.).

In the year ended 31 December 2006, the share of joint venture losses attributable to Old Regus reduced to £0.1 million (2005: £0.2 million loss). The underlying improvement in the Regus Group's mature joint ventures were masked by the impact of newly opened joint ventures, which recognised losses of £0.3 million in the period due to the recognition of start up costs. During the period 1 January 2006 to 19 April 2006, the UK business was equity accounted as an associate. The Regus Group's 42 per cent. shareholding resulted in a profit after tax for the period to 19 April 2006 of £1.2 million (2005 full year: £0.2 million).

Financing costs fell despite a higher average debt balance in 2006 as a result of refinancing the Regus Group's senior credit facility in March 2006 on more favourable terms. In addition, underlying finance lease costs fell in line with the reduction in finance leases.

As the Regus Group's performance strengthened, it became necessary to recognise in the balance sheet an asset for a greater proportion of the value of the tax losses that the Regus Group holds. Accordingly in 2006, a credit of £12.9 million (2005: £15.0 million) was recognised in the income statement, reflecting the increased deferred tax asset in the balance sheet. This was partially offset by an £8.1 million tax charge (2005: £8.9 million), which resulted in a net tax credit of £4.8 million (2005: £6.1 million) to the income statement.

Basic earnings per share for the year rose to 8.4p (2005: 4.5p). This is based on weighted average number of shares of 984,792,040. This was unchanged on 2005. Diluted earnings per share rose by 3.8p to 8.3p (2005: 4.5p).

## 1.6 Operating results for the financial year ended 31 December 2005 compared with prior financial year

The financial table below indicates the development of the Regus Group's business over the course of the two years ended 31 December 2005 in terms of revenue, operating profit, profit before taxation and earnings per share. All numbers are stated on a comparable basis in accordance with IFRS.

	Year ended 31 Dec 2005	Year ended 31 Dec 2004
	£m	£m
<b>Revenue</b> .....	<b>463.3</b>	312.2
Costs of sales before non-recurring costs .....	(346.2)	(258.2)
Non-recurring cost of sales .....	0.1	(6.6)
Cost of sales .....	<b>(346.1)</b>	<b>(264.8)</b>
<b>Gross profit (centre contribution)</b> .....	<b>117.2</b>	47.4
Administration expenses before non-recurring expenses .....	<b>(64.9)</b>	(44.2)
Non-recurring administration expenses .....	<b>(5.0)</b>	(2.0)
Administrative expenses .....	<b>(69.9)</b>	<b>(46.2)</b>
<b>Profit from operations</b> .....	<b>47.3</b>	1.2
Share of loss of joint ventures .....	<b>(0.2)</b>	(0.7)
Share of profit/(loss) of associate .....	<b>0.2</b>	<b>(3.0)</b>
<b>Profit/(loss) before financing costs</b> .....	<b>47.3</b>	(2.5)
Financial expense .....	<b>(10.8)</b>	(3.7)
Financial income .....	<b>2.2</b>	1.3
<b>Profit/(loss) before tax</b> .....	<b>38.7</b>	(4.9)
Tax credit .....	<b>6.1</b>	2.6
<b>Profit/(loss) after tax</b> .....	<b>44.8</b>	(2.3)
Attributable to: .....	<b>44.5</b>	(2.4)
Equity shareholders .....	<b>0.3</b>	0.1
Minority interest .....	<b>44.8</b>	<b>(2.3)</b>
<b>Earnings/(loss) per ordinary share (EPS):</b>		
Basic EPS (p) .....	<b>4.5</b>	(0.3)
Diluted EPS (p) .....	<b>4.5</b>	(0.3)

Revenue for the Regus Group rose 48 per cent. to £463.3 million (2004: £312.2 million) and centre contribution (before non-recurring items) increased 117 per cent. to £117.1 million (2004: £54.0 million).

The mature business, defined as those centres owned and operated at least 12 months prior to the start of the financial year, increased revenue by £31.9 million driven by occupancy and price. This revenue increase was almost completely reflected in contribution gains supported both by a fall in depreciation and the full year effect of cost savings achieved in the mature business following the integration of HQ. Centres added in 2004 (principally as a result of the HQ Acquisition) contributed a further £111.4 million of revenue and £30.9 million of contribution. This was due to both underlying improvements in the performance of these sites and the impact of accounting for them for a full 12 months. New centres added in 2005, both organic and by acquisition, contributed a further £10.8 million of revenue and a small loss of contribution of £0.1 million. This loss reflects start up costs and low rates of occupation when new centres are opened.

Administration expenses before non-recurring items increased by £20.7 million to £64.9 million. The full year effect of the HQ Acquisition together with other acquisitions contributed £11.0 million of the increase. A further £3.3 million related to the cost of enhancing the Regus Group's business support functions and £6.4 million was spent on growth related activities. As a percentage of revenue, administrative expenses (before non-recurring items) fell slightly to 14.0 per cent. of revenue (2004: 14.2 per cent.).

Results for the year include net non-recurring costs of £4.9 million (2004: £8.6 million). In 2005 these costs primarily relate to the integration of HQ. In 2004 they primarily relate to impairment of fixed assets and provisions on onerous leases.

The share of joint venture losses attributed the Regus Group reduced to £0.2 million (2004: £0.7 million) as the joint ventures benefited from better trading conditions. The Regus Group's UK associate reported £0.5 million profit after tax (2004: £7.2 million loss on a restated international Financial Reporting Standard (IFRS) basis) in the 12 month period ended 31 December 2005. The Regus Group's 42 per cent.

shareholding resulted in a £0.2 million profit (2004: £3.0 million loss) being credited to the profit and loss account. Improved pricing and cost savings contributed to this performance.

Financial expenses increased following the arrangement of a US\$155 million loan facility in August 2004 to fund the acquisition of HQ. This was partially offset by increasing interest receivables following the Regus Group's strong cash generation. Deferred financing fees were also incurred following the accelerated repayment of the loan and in anticipation of the repayment of the remainder early in 2006 the Regus Group wrote off the remaining deferred financing fees consistent with the effective rate method. Underlying finance lease costs fell year on year by £0.8 million after taking account of a one-off adjustment of £1.2 million in 2004. This is consistent with the net movement of finance leases.

Operating profit was £47.3 million (2004: £1.2 million) representing a margin of 10.2 per cent. (2004: 0.3 per cent.).

As the Regus Group's performance strengthened, it became necessary to recognise in the profit and loss account a greater proportion of the value of the tax losses that the Regus Group held. Accordingly in 2005, £15.0 million was credited to the profit and loss account. This has been partially offset by an £8.9 million (2004: £0.9 million) tax charge which resulted in a net tax credit of £6.1 million (2004: £2.6 million).

Basic earnings per share for the year rose to 4.5p (2004: 0.3p loss). This is based on weighted average number of shares of 984,792,040 (2004: 859,702,000).

## 2. Liquidity and capital resources

### 2.1 6 months ended 30 June 2008 compared with the 6 months ended 30 June 2007

The financial table below indicates the development of the Regus Group's consolidated cashflows for the two six month periods ended 30 June 2008 and 30 June 2007. All numbers are stated on a comparable basis in accordance with IFRS.

	6 months ended 30 Jun 2008	6 months ended 30 Jun 2007
	£m	£m
<b>Profit before tax for the year</b> .....	<b>74.5</b>	53.6
Adjustments for:		
Net finance costs .....	1.1	2.8
Net share of profit on joint ventures and associate .....	(1.2)	—
Depreciation charge .....	25.5	17.8
Loss on disposal of property, plant and equipment .....	—	—
Amortisation of intangible assets .....	3.0	3.2
Decrease in provisions .....	(2.9)	(3.3)
Other non-cash movements — share based payments .....	2.5	2.2
<b>Operating cash flows before movements in working capital</b> .....	<b>102.5</b>	<b>76.3</b>
Increase in trade and other receivables .....	(14.9)	(18.0)
Increase in trade and other payables .....	35.8	26.8
<b>Cash generated from operations</b> .....	<b>123.4</b>	<b>85.1</b>
Interest paid on finance leases .....	(0.1)	(0.1)
Interest paid on credit facilities .....	(2.1)	(2.2)
Tax paid .....	(12.9)	(6.1)
<b>Net cash inflow from operating activities</b> .....	<b>108.3</b>	<b>76.7</b>
<b>Investing activities</b>		
Purchase of subsidiary undertakings (net of cash acquired) .....	(9.0)	(5.0)
Purchase of interest in joint ventures .....	—	(0.1)
Dividends received from joint ventures .....	0.6	—
Sale of property, plant and equipment .....	—	0.1
Purchase of property, plant and equipment .....	(37.6)	(32.3)
Purchase of intangible assets .....	(1.7)	(0.3)
Interest received .....	2.2	1.1
<b>Net cash outflow from investing activities</b> .....	<b>(45.5)</b>	<b>(36.5)</b>

	6 months ended 30 Jun 2008	6 months ended 30 Jun 2007
	£m	£m
<b>Financing activities</b>		
Net proceeds from issue of loans . . . . .	—	1.3
Repayment of loans . . . . .	(13.4)	(14.4)
Repayment of capital elements of finance leases . . . . .	(0.4)	(2.1)
Purchase of treasury shares . . . . .	(17.4)	(10.5)
Payment of ordinary dividend . . . . .	(9.5)	(5.9)
<b>Net Cash (outflow)/inflow from financing activities</b> . . . . .	<b>(40.7)</b>	<b>(31.6)</b>
Net increase in cash and cash equivalents . . . . .	22.1	8.6
Cash and cash equivalents at beginning of year . . . . .	142.9	80.9
Effect of exchange rate fluctuations on cash held . . . . .	3.6	(0.6)
Cash and cash equivalents at end of year . . . . .	168.6	88.9

Strong operating cash flow remains a prime feature and continued objective of the Regus Group. Driven by the improvement in operating profit and an improved working capital performance, operating cash flow increased by £38.3 million to £123.4 million (H1, 2007: £85.1 million).

The strong cash performance has enabled the Regus Group to invest in growth. Specifically, during the first six months, 48 new centres were opened at a cost of £25.5 million. A further 24 business centres were acquired for a net cash consideration of £9.0 million (including £6.0 million for the purchase of the former Stonemartin plc centres).

During the half year to 30 June 2008, the Regus Group repaid £26.9m to its investors through both its share-buyback and dividend activity and reduced debt by £13.8m.

## 2.2 Year ended 31 December 2007 compared with prior financial year

The financial table below indicates the development of the Regus Group's consolidated cashflows for the two years ended 31 December 2007. All numbers are stated on a comparable basis in accordance with IFRS.

	Year ended 31 Dec 2007	Year ended 31 Dec 2006
	£m	£m
<b>Profit before tax for the year</b> . . . . .	<b>119.4</b>	77.5
Adjustments for:		
Net finance costs . . . . .	4.0	5.8
Net share of profit on joint ventures and associate . . . . .	(0.8)	(1.1)
Depreciation charge . . . . .	39.2	31.8
Loss on disposal of property, plant and equipment . . . . .	0.2	0.4
Amortisation of intangible assets . . . . .	6.4	6.0
Decrease in provisions . . . . .	(4.2)	(0.6)
Other non-cash movements — share based payments . . . . .	4.5	1.8
<b>Operating cash flows before movements in working capital</b> . . . . .	<b>168.7</b>	121.6
Increase in trade and other receivables . . . . .	(28.2)	(31.3)
Increase in trade and other payables . . . . .	70.6	42.5
<b>Cash generated from operations</b> . . . . .	<b>211.1</b>	132.8
Interest paid on finance leases . . . . .	(0.2)	(0.5)
Interest paid on credit facilities . . . . .	(4.0)	(5.2)
Tax paid . . . . .	(16.1)	(6.6)
<b>Net cash inflow from operating activities</b> . . . . .	<b>190.8</b>	120.5
<b>Investing activities</b>		
Purchase of subsidiary undertakings (net of cash acquired) . . . . .	(17.8)	(88.5)
Purchase of interest in joint ventures . . . . .	(0.3)	—
Sale of property, plant and equipment . . . . .	0.3	0.3
Purchase of property, plant and equipment . . . . .	(79.2)	(46.3)
Purchase of intangible assets . . . . .	(1.5)	(0.4)
Interest received . . . . .	3.4	2.2
<b>Net cash outflow from investing activities</b> . . . . .	<b>(95.1)</b>	(132.7)

	Year ended 31 Dec 2007	Year ended 31 Dec 2006
	£m	£m
<b>Financing activities</b>		
Net proceeds from issue of loans . . . . .	—	62.7
Repayment of loans . . . . .	(14.5)	(33.5)
Repayment of capital elements of finance leases . . . . .	(2.5)	(5.0)
Facility arrangement fees . . . . .	—	(1.2)
Purchase of treasury shares . . . . .	(14.7)	—
Payment of ordinary dividend . . . . .	(5.9)	—
Exercise of share options . . . . .	0.5	—
<b>Net Cash (outflow)/inflow from financing activities</b> . . . . .	<b>(37.1)</b>	<b>23.0</b>
Net increase in cash and cash equivalents . . . . .	58.6	10.8
Cash and cash equivalents at beginning of year . . . . .	80.9	74.1
Effect of exchange rate fluctuations on cash held . . . . .	3.4	(4.0)
Cash and cash equivalents at end of year . . . . .	142.9	80.9

Strong operating cash flow remained a prime feature and continued objective of the Regus Group. The improvement in operating profit and an improved working capital performance resulted in the operating cash flow increasing by £78.3 million to £211.1 million (2006: £132.8 million).

The strong cash performance enabled the Regus Group to invest in growth. Specifically, during 2007, 101 new centres were opened at a cost of £50.9 million. A further 43 business centres plus 2 joint ventures were acquired for a net cash consideration of £17.8 million.

During the 12 months ended 31 December 2007, the Regus Group repaid £20.6 million to investors through both share-buyback and dividend activity, reduced debt by £17.0 million and ended the year with an increased cash position.

### 2.3 Year ended 31 December 2006 compared with prior financial year

The financial table below indicates the development of the Regus Group's consolidated cashflows for the two years ended 31 December 2006. All numbers are stated on a comparable basis in accordance with IFRS.

	Year ended 31 Dec 2006	Year ended 31 Dec 2005
	£m	£m
<b>Profit before tax for the year</b> . . . . .	<b>77.5</b>	<b>38.7</b>
Adjustments for:		
Net finance costs . . . . .	5.8	8.6
Net share of profit on joint ventures and associate . . . . .	(1.1)	—
Depreciation charge . . . . .	31.8	25.6
Loss on disposal of fixed assets . . . . .	0.4	0.3
Amortisation of intangible assets . . . . .	6.0	3.8
Decrease in provisions . . . . .	(0.6)	(5.7)
Other non-cash movements — share based payment . . . . .	1.8	0.8
<b>Operating cash flows before movements in working capital</b> . . . . .	<b>121.6</b>	<b>72.1</b>
Increase in trade and other receivables . . . . .	(31.3)	(17.8)
Increase in trade and other payables . . . . .	42.5	23.8
<b>Cash generated from operations</b> . . . . .	<b>132.8</b>	<b>78.1</b>
Interest paid on finance leases . . . . .	(0.5)	(1.0)
Interest paid on credit facilities . . . . .	(5.2)	(5.5)
Tax paid . . . . .	(6.6)	(2.6)
<b>Net cash inflow from operating activities</b> . . . . .	<b>120.5</b>	<b>69.0</b>
<b>Investing activities</b>		
Purchase of subsidiary undertakings (net of cash acquired) . . . . .	(88.5)	(16.7)
Purchase of interest in joint ventures . . . . .	—	(0.1)
Sale of tangible fixed assets . . . . .	0.3	0.2
Purchase of tangible fixed assets . . . . .	(46.3)	(17.0)
Purchase of intangible assets . . . . .	(0.4)	(0.5)
Interest received . . . . .	2.2	2.2
<b>Net cash outflow from investing activities</b> . . . . .	<b>(132.7)</b>	<b>(31.9)</b>



	Year ended 31 Dec 2006	Year ended 31 Dec 2005
	£m	£m
<b>Financing activities</b>		
Net proceeds from issue of loans . . . . .	62.7	—
Repayment of loans . . . . .	(33.5)	(39.4)
Repayment of capital elements of finance leases . . . . .	(5.0)	(8.1)
Facility arrangement fees . . . . .	(1.2)	—
<b>Net cash inflow/(outflow) from financing activities</b> . . . . .	<b>23.0</b>	<b>(47.5)</b>
Net increase/(decrease) in cash and cash equivalents . . . . .	10.8	(10.4)
Cash and cash equivalents at beginning of year . . . . .	74.1	82.3
Effect of exchange rate fluctuations on cash held . . . . .	(4.0)	2.2
<b>Cash and cash equivalents at end of year</b> . . . . .	<b>80.9</b>	<b>74.1</b>

Strong operating cash flow remained a core feature of the Regus Group. Driven by the improvement in operating profit and an improved working capital performance, operating cash flow increased by £54.7 million to £132.8 million (2005: £78.1 million).

This cash flow enabled further funding of growth, and during 2006, the Regus Group completed the Regus UK Acquisition and undertook 27 further acquisitions for a net consideration of £88.5m. In addition to these acquisitions, £26.7 million was spent on opening 32 new fully-owned centres — 15 in Asia, 9 in the Americas and 8 in EMEA. Another 6 centres were opened through joint venture, management and franchise agreements. This growth was part financed by net borrowings of £23.0 million.

During the 12 months ended 31 December 2006, the Regus Group reduced debt by £38.5 million and ended the year with an improved cash position.

#### **2.4 Short-term liquidity**

Short-term liquidity requirements are met from the Regus Group's normal operating cashflow. As at 30 June 2008 the Group had net cash of £140.2m (£168.6m cash less £28.4m debt). For cash generated in the six months to 30 June 2008 see paragraph 2.1 above.

#### **2.5 Long-term liquidity**

The Regus Group currently has a £150 million syndicated debt facility in place. This comprises a Sterling term loan facility in an aggregate amount of £50 million (the “**Term Loan**”) and a multicurrency revolving loan facility in an aggregate amount of £100 million (the “**RCF**” and, together with the Term Loan, the “**Facilities**”)

As at 31 August 2008 there was £24.0 million outstanding under the Term Loan and £37.3 million outstanding under the RCF. The Term Loan is due to expire on 19 April 2010. Based on current utilisation, repayments of approximately £12 million each will fall due on 19 April 2009 and 19 April 2010. The RCF will expire on 13 March 2011 and amounts outstanding will be due for repayment at that date.

Utilisation of the Term Loan falls in line with the repayment schedule described above and may not be redrawn. Utilisation of the RCF rises and falls in line with centre openings and closures. As a result of this, utilisation under the Facilities is not seasonal.

Funds of £62.7 million are currently available under the RCF. This is considered adequate for the Regus Group's foreseeable requirements. The Regus Group expects to be able to conclude negotiations to renew or replace the Facilities, as appropriate, prior to their expiry.

#### **2.6 Financial covenants**

The Facilities are subject to a number of covenants. In particular, Old Regus must ensure that the ratio of Net Debt to EBITDA does not exceed 2.0:1; that the ratio of Cash Flow to Net Debt Service (i.e. scheduled repayments and interest on finance charges) will not be less than 1.1:1; and the ratio of EBITDAR (EBITDA plus Rental Charges) to Net Interest and Rental Charges will not (a) before 31 December 2008 be less than 1.35:1 and (b) after 31 December 2008 be less than 1.40:1 for each period of 12 months ending on the last day of each accounting quarter. It is an event of default if these requirements are not satisfied.

Old Regus must ensure that the aggregate of the unconsolidated EBITDA and unconsolidated turnover of the Guarantors exceeds 75 per cent. of the consolidated EBITDA and consolidated turnover of the Old Regus Group.

These covenants are monitored and reported in the monthly Board report (which is distributed to the lenders) and a quarterly compliance certificate, signed by a Director, is provided.

There have been no breaches of the covenants under the Facilities.

### **3. Qualitative and quantitative disclosures on market risk**

#### **3.1 General**

Exposure to credit, interest rate and currency risks arise in the normal course of business. The principal financial instruments used by the Regus Group to finance its operations are cash and loans.

#### **3.2 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 Regus Group's cash deposits.

A diversified customer base and requirement for customer deposits and payments in advance on workstation contracts which contribute the majority of the Regus Group's revenue minimises the Regus Group's exposure to customer credit risk. No single customer contributes a material percentage of the Regus Group's revenue. The Regus 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 Regus 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.

#### **3.3 Liquidity risk**

The Regus Group manages liquidity risk by reviewing its global cash position on a weekly basis and expects to have sufficient liquidity to meet its financial obligations as they fall due. In addition to free cash (excluding blocked cash) of £153.8 as at 30 June 2008 the Regus Group has a senior committed facility of £64.4 million.

#### **3.4 Interest rate risk**

The Regus Group's debt is held at variable interest rates because further early repayment of the debt is probable. Surplus cash balances are invested to achieve maximum interest returns on a day to day basis. Whenever possible, and subject to the operational requirements of the Regus Group, cash is repatriated to the parent company and managed by the Regus Group Treasury department.

#### **3.5 Foreign currency risk**

The Regus Group's exposure to currency risk at a transactional level is minimal as the majority of day to day transactions of overseas subsidiaries are carried out in local currency. The majority of the Regus Group's net assets are in pounds sterling, US dollars and euros. The Regus Group does not hedge the translation effect of exchange rate movements on the income statement. The Regus Group's investments in subsidiaries are generally not hedged as these currency positions are considered to be long term in nature.

#### **3.6 Derivative financial instruments**

Historically the Regus Group has occasionally used derivative financial instruments to hedge its exposure to foreign currency and interest rate fluctuations, although natural hedges limit the exposure to these risks. At 30 June 2008, there were no derivative financial instruments outstanding. No transactions of a speculative nature are undertaken.

#### **3.7 Other market risks**

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

#### **3.8 Other risks**

For a discussion of further risks faced by the Regus Group which may affect results of operations, please refer to the section of this document headed "Risk Factors".

## PART 3 — HISTORICAL FINANCIAL INFORMATION

### 1. Basis of financial information

The financial information of the Regus Group included in the 2005 annual report and accounts, 2006 annual report and accounts and 2007 annual report and accounts, together with the audit reports thereon are incorporated by reference into this document. The audit reports for each of the financial years ending 31 December 2005, 2006 and 2007 were unqualified.

The financial statements for the year ended 31 December 2007, 31 December 2006 and 31 December 2005 (including the restated comparative figures for the year ended 31 December 2004) were prepared in accordance with IFRS.

### 2. Cross reference list

The following list is intended to enable investors to identify easily specific items of information which has been incorporated by reference into this document.

#### ***2.1 Financial Statements for the year ended 31 December 2005 and the audit report thereon***

The page numbers below refer to the relevant pages of the 2005 annual report and accounts:

- Group consolidated income statement — page 30
- Group consolidated balance sheet — page 31
- Group cash flow statement — page 32
- Group statement of changes in equity — pages 33
- Notes to the accounts — pages 34 to 59
- Independent auditors' report — page 29
- Accounting policies — pages 34 to 36

#### ***2.2 Financial Statements for the year ended 31 December 2006 and the audit report thereon***

The page numbers below refer to the relevant pages of the 2006 annual report and accounts:

- Group consolidated income statement — page 36
- Group consolidated balance sheet — page 37
- Group cash flow statement — page 38
- Group consolidated statement of changes in equity — pages 39
- Notes to the accounts — page 40 to 68
- Independent auditors' report — page 35
- Accounting policies — pages 40 to 43

#### ***2.3 Financial Statements for the year ended 31 December 2007 and the audit report thereon***

The page numbers below refer to the relevant pages of the 2007 annual report and accounts:

- Group consolidated income statement — page 44
- Group consolidated balance sheet — page 45
- Group cash flow statement — page 46
- Group consolidated statement of changes in equity — page 47
- Notes to the accounts — pages 48 to 81
- Independent auditors' report — page 42 to 43
- Accounting policies — page 48 to 51

### 3. Unaudited interim historical financial information relating to the Group

Unaudited historical financial information prepared under IFRS for the six months ended 30 June 2008 is set out in the interim results of the Regus Group for the six months ended 30 June 2008 which is incorporated by reference into this document.

## PART 4 — TAXATION

### 1. Jersey Taxation

The following summary of the anticipated treatment of New Regus and holders of New Regus Ordinary Shares (other than holders who are tax resident in Jersey) is based on Jersey taxation law as it is understood to apply at the date of this Prospectus. It does not constitute legal or tax advice. New Regus Ordinary Shareholders should consult their professional advisers on the implications of acquiring, buying, holding, selling or otherwise disposing of New Regus Ordinary Shares under the laws of the jurisdictions in which they may be liable to taxation. New Regus Ordinary Shareholders should be aware that tax laws, rules and practice and their interpretation may change.

#### 1.1 Income tax

##### *New Regus*

Under the Income Tax (Jersey) Law 1961 (the “**Jersey Income Tax Law**”), New Regus will be regarded as not resident in Jersey under Article 123(1) of the Jersey Income Tax Law provided that (and for so long as) it satisfies the conditions set out in that provision, in which case New Regus will not (except as noted below) be liable to Jersey income tax.

If New Regus derives any income from the ownership or disposal of land in Jersey such income will be subject to tax at the rate of 20 per cent. It is not expected that New Regus will derive any such income.

##### *Holders of New Regus Ordinary Shares*

New Regus will be entitled to pay dividends to holders of New Regus Ordinary Shares without any withholding or deduction for or on account of Jersey tax. Holders of New Regus Ordinary Shares (other than holders who are tax resident in Jersey) will not be subject to any tax in Jersey in respect of the holding, sale or other disposition of such New Regus Ordinary Shares.

#### 1.2 Goods and services tax

New Regus is an “international services entity” for the purposes of the Goods and Services Tax (Jersey) Law 2007 (the “**GST Law**”). Consequently, New Regus is not:

- (a) a taxable person pursuant to the GST Law;
- (b) required to charge goods and services tax in Jersey in respect of any supply made by it; or
- (c) (subject to limited exceptions that are not expected to apply to New Regus) required to pay goods and services tax in Jersey in respect of any supply made to it.

#### 1.3 Stamp duty

No stamp duty is payable in Jersey on the issue or on any transfer of New Regus Ordinary Shares otherwise than on death.

Upon the death of a holder of New Regus Ordinary Shares, a grant of probate or letters of administration will be required to transfer the New Regus Ordinary Shares of the deceased person, except that where the deceased person was domiciled outside of Jersey at the time of death, New Regus may (at its discretion) dispense with this requirement where the value of the deceased’s movable estate in Jersey does not exceed £10,000.

Upon the death of a holder of New Regus Ordinary Shares, Jersey stamp duty will be payable on the registration in Jersey of a grant of probate or letters of administration, which will be required in order to transfer or otherwise deal with:

- (a) (where the deceased person was domiciled in Jersey at the time of death) the deceased person’s personal estate wherever situated (including any New Regus Ordinary Shares) if the net value of such personal estate exceeds £10,000; or
- (b) (if the deceased person was domiciled outside of Jersey at the time of death) the deceased person’s personal estate situated in Jersey (including any New Regus Ordinary Shares) if the net value of such personal estate exceeds £10,000.

The rate of stamp duty payable is:

- (i) (where the net value of the deceased person's relevant personal estate does not exceed £100,000) 0.50 per cent. of the net value of the deceased person's relevant personal estate; or
- (ii) (where the net value of the deceased person's relevant personal estate exceeds £100,000) £500 for the first £100,000 plus 0.75 per cent. of the net value of the deceased person's relevant personal estate which exceeds £100,000.

In addition, application and other fees may be payable.

## **2. Luxembourg Taxation**

**The following is a summary of the anticipated treatment of holders of New Regus Ordinary Shares who are not resident in Luxembourg for tax purposes.**

**This description is based on Luxembourg tax law as it is understood to apply at the date of this Prospectus. It does not constitute legal or tax advice and it is not supposed to be a comprehensive description of all of the tax considerations that may be relevant to a decision to acquire, hold or dispose of New Regus Ordinary shares.**

**New Regus Ordinary Shareholders should consult their professional advisers on the implications of acquiring, buying, holding, selling or otherwise disposing of New Regus Ordinary Shares under the laws of the jurisdictions in which they may be liable to taxation. New Regus Ordinary Shareholders should be aware that tax laws, rules and practice and their interpretation may change.**

### **2.1 Capital duty**

Luxembourg tax-resident companies are subject to a 0.5 per cent. capital duty on share capital issued on incorporation and capital increases. The duty is due on the subscribed capital and on the share premium. It has been announced that the capital duty will be abolished as from 1 January 2009.

New Regus may benefit from a capital duty exemption applicable to share for share transactions. Assuming that:

- (a) the Scheme is effective before 1 January 2009 (which it is anticipated to be); and
- (b) New Regus and Old Regus have their statutory seats or places of effective management in an EU member state (which is anticipated to be the case),

this capital duty exemption will apply provided that New Regus keeps all of the shares in Old Regus acquired pursuant to the Scheme for an uninterrupted period of 5 years, and that within this period, its shareholding in Old Regus does not drop below 65 per cent (which is intended to be the case). Otherwise, capital duty would be applied retroactively. It should be noted that the exemption remains available if during the 5 years the shares are transferred through a transaction which would itself benefit from an exemption (for instance, a new share for share exchange, or a contribution of all assets and liabilities) or if the transfer were upon the liquidation of New Regus.

### **2.2 Withholding tax on dividends, buybacks and liquidation proceeds distributions**

A 15 per cent. withholding tax applies to gross dividends paid by a Luxembourg company, unless the requirement is reduced by an applicable double tax treaty, or certain conditions are met. For certain shareholders the conditions referred to are the requirement to hold at least 10 per cent. of the ordinary share capital of New Regus, or a shareholding with an original acquisition cost amounting to at least EUR 1.2 million. This means that dividends paid by New Regus to a UK tax resident holder of New Regus Ordinary Shares who owns less than 10 per cent. of the issued share capital of New Regus and whose acquisition price of the shareholding was less than EUR 1.2 million will generally be paid after the deduction of Luxembourg withholding tax at the rate of 15 per cent (although no withholding tax should apply in respect of dividends paid under the IAS).

Luxembourg withholding tax at 15 per cent. would also normally be applicable on any buyback of shares by New Regus. However, it is intended that any share buybacks will in future be funded from the reserves of Old Regus rather than those of New Regus. On this basis, it is anticipated that Luxembourg withholding tax should not be relevant, and that no withholding should accordingly arise.



Any liquidation proceeds distributed by New Regus would not be subject to withholding tax.

### **2.3 Luxembourg taxation on capital gains realised by non residents**

New Regus Shareholders who are not resident in Luxembourg will be taxable in Luxembourg on capital gains realised on the sale or cancellation of their shares in New Regus, if the shares sold or cancelled represent more than 10 per cent. of the capital of New Regus at any time during the 5 years preceding the year of disposal and they are sold or cancelled:

- (a) within 6 months of this acquisition; or
- (b) more than 6 months after this acquisition if the New Regus Shareholder was a Luxembourg resident for more than 15 years and became non resident less than 5 years before the sale.

Such capital gain will be subject to Luxembourg tax at the rate of 22.88 per cent. in the case of non-resident companies and to a progressive rate in the case of non-resident individuals (15.4 to 39 per cent.), subject to the availability of relief under a relevant Double Tax Treaty.

### **2.4 Luxembourg estate and gift tax**

The transfer of New Regus Ordinary Shares upon the death of a New Regus Shareholder who is not tax resident in Luxembourg will not give rise to any liability to Luxembourg inheritance tax.

A gift of New Regus Ordinary Shares will not be subject to Luxembourg gift tax unless it is made pursuant to a notarial deed signed before a Luxembourg notary or mandatorily registered by use in an official document, in court or in front of any duly constituted authority.

### **2.5 Other Luxembourg tax considerations**

No Luxembourg stamp duty should be levied on the transfer of New Regus Ordinary Shares.

## **3. UK Taxation**

**The following paragraphs, which are intended as a general guide only and not a substitute for detailed tax advice, are based on current legislation and on what is understood to be current HM Revenue and Customs practice. They summarise certain limited aspects of the UK taxation consequences of holding and disposing of New Regus Ordinary Shares. Unless otherwise expressly stated, they apply only to New Regus Ordinary Shareholders who are resident or ordinarily resident in the UK for taxation purposes, who hold their New Regus Ordinary Shares as an investment (other than under a personal equity plan or an individual savings account), who are the absolute beneficial owners of their New Regus Ordinary Shares and who have not (and are not deemed to have) acquired their New Regus Ordinary Shares by virtue of an office or employment (whether current, historic or prospective). In addition, these comments may not apply to certain classes of New Regus Ordinary Shareholder such as collective investment schemes and insurance companies. If you are in any doubt about your tax position, you should consult your own professional adviser without delay.**

### **3.1 UK taxation consequences of disposing of New Regus Ordinary Shares**

A disposal of New Regus Ordinary Shares by a New Regus Ordinary Shareholder may, depending on individual circumstances, give rise to a chargeable gain or allowable loss for the purposes of UK taxation of chargeable gains.

A disposal of New Regus Ordinary Shares by a New Regus Ordinary Shareholder who is not resident in the UK for tax purposes but who carries on a trade, profession or vocation in the UK through a branch, agency or permanent establishment and has used, held or acquired the New Regus Ordinary Shares for the purposes of such trade, profession or vocation or such branch, agency or permanent establishment may, depending on their individual circumstances, give rise to a chargeable gain or allowable loss for the purposes of UK taxation of chargeable gains.

A New Regus Ordinary Shareholder who is an individual not domiciled in the UK may, if all relevant claims are made and charges paid, be liable to UK capital gains tax only to the extent that chargeable gains made on the disposal of New Regus Ordinary Shares are remitted or deemed to be remitted to the UK.



A New Regus Ordinary Shareholder who is an individual and who is temporarily non-resident in the UK may, under anti-avoidance legislation, still be liable to UK taxation on a chargeable gain realised on the disposal or part disposal of New Regus Ordinary Shares during the period when he is non-resident.

For corporate shareholders only, indexation allowance on the relevant proportion of the original allowable cost should be taken into account for the purposes of calculating a chargeable gain (but not an allowable loss) arising on a disposal or part disposal of their New Regus Ordinary Shares.

No indexation allowance or taper relief will be available to individual shareholders on disposals of their New Regus Ordinary Shares.

### **3.2 UK taxation of dividends**

#### *(A) Dividends paid by New Regus on the New Regus Ordinary Shares*

#### **New Regus Ordinary Shareholders who are individuals who own less than a 10 per cent. shareholding in New Regus**

A New Regus Ordinary Shareholder who is an individual will, if he owns less than 10 per cent. of the issued share capital in New Regus, be entitled to a tax credit equal to one-ninth of the dividend received from New Regus. Such an individual will be taxable on the total of the dividend before deduction of any Luxembourg tax withheld and the related tax credit (the “**gross dividend**”), which will be regarded as the top slice of the individual’s income.

Provided that the relevant individual New Regus Ordinary Shareholder is not claiming the remittance basis of taxation, the tax credit will be treated as discharging the individual’s liability to UK income tax in respect of the gross dividend, unless and except to the extent that the gross dividend falls above the threshold for the higher rate of income tax, in which case the individual will, to that extent, pay UK income tax on the gross dividend of 32.5 per cent. of the gross dividend less the related tax credit. So, for example, a dividend of £80 will carry a tax credit of £8.89 and the UK income tax payable on the dividend by an individual liable to income tax at the higher rate would be 32.5 per cent. of £88.89, namely £28.89, less the tax credit of £8.89, leaving a net tax charge of £20, less the amount of any withholding tax which has been deducted in respect of Luxembourg dividend withholding tax.

If the relevant individual New Regus Ordinary Shareholder is eligible to and is claiming the remittance basis of taxation and remits a dividend paid on the New Regus Ordinary Shares, the individual will pay UK income tax on the gross dividend of 20 per cent. of the gross dividend less the related tax credit, unless and except to the extent that the gross dividend falls above the threshold for the higher rate of income tax, in which case the individual will, to that extent, pay UK income tax on the gross dividend of 40 per cent. of the gross dividend less the related tax credit, less the amount of any withholding tax which has been deducted in respect of Luxembourg dividend withholding tax.

#### **New Regus Ordinary Shareholders who are individuals who own a 10 per cent. or greater shareholding in New Regus**

An individual New Regus Ordinary Shareholder who owns 10 per cent. or more of the issued share capital in New Regus is not currently entitled to a tax credit in respect of dividends received from New Regus. Such an individual will generally be subject to UK income tax on the total of the dividend paid by New Regus (before deduction of any Luxembourg tax withheld) at the dividend ordinary rate (currently 10 per cent.) (or if he is eligible to and claiming the remittance basis of taxation, the basic rate (currently 20 per cent.)), unless and except to the extent that the gross dividend falls above the threshold for the higher rate of income tax, in which case the individual will, to that extent, pay UK income tax on the total of the dividend paid (before deduction of any Luxembourg tax withheld) at the dividend upper rate (currently 32.5 per cent.) (or if he is claiming the remittance basis of taxation the higher rate (currently 40 per cent.)). The UK Government has announced proposals — to take effect from 2009 — to extend the availability of a tax credit to individuals who own 10 per cent. or more of the issued share capital in distributing non-UK resident companies if the company paying the dividend satisfies certain conditions.

#### **Corporate New Regus Ordinary Shareholders**

A corporate New Regus Ordinary Shareholder who is resident in the UK or who carries on a trade in the UK through a permanent establishment in connection with which its New Regus Ordinary Shares are held will

generally be subject to UK corporation tax on the gross amount of any dividends paid by New Regus before deduction of any Luxembourg tax withheld.

### **Credit for Luxembourg withholding tax**

As noted in the paragraph on Luxembourg dividend withholding tax above, Luxembourg dividend withholding tax at the rate of 15 per cent. will generally be withheld from dividends paid by New Regus to UK tax resident New Regus Ordinary Shareholders, subject to the availability of any exemption. HM Revenue and Customs will generally give credit for any Luxembourg withholding tax withheld from the payment of a dividend and which is not recoverable from the Luxembourg tax authorities against UK income tax or UK corporation tax payable by New Regus Ordinary Shareholders on the dividend.

#### *(B) Dividends paid on an IAS*

If a New Regus Ordinary Shareholder receives dividends on an IAS, such a New Regus Ordinary Shareholder should be treated as receiving dividends from the relevant IAS Issuer.

No IAS Issuer will be required to withhold at source any amount in respect of UK tax from dividend payments it makes on an IAS regardless of who receives the payment.

A New Regus Ordinary Shareholder who is an individual and who receives a dividend from the IAS Issuer on an IAS will be entitled to a tax credit equal to one-ninth of the dividend. The individual will be taxable on the total of the dividend and the related tax credit (the “**gross dividend**”), which will be regarded as the top slice of the individual's income. The tax credit will, however, be treated as discharging the individual's liability to UK income tax in respect of the gross dividend, unless and except to the extent that the gross dividend falls above the threshold for the higher rate of income tax, in which case the individual will, to that extent, pay UK income tax on the gross dividend of 32.5 per cent. of the gross dividend less the related tax credit. So, for example, a dividend of £80 will carry a tax credit of £8.89 and the UK income tax payable on the dividend by an individual liable to income tax at the higher rate would be 32.5 per cent. of £88.89, namely £28.89, less the tax credit of £8.89 leaving a net tax charge of £20.

A New Regus Ordinary Shareholder who is within the charge to corporation tax will not generally be taxable on any dividend it receives from an IAS Issuer on an IAS.

A New Regus Ordinary Shareholder who is not liable to tax on dividends received on an IAS will not be entitled to claim payment of the tax credit in respect of those dividends.

A New Regus Ordinary Shareholder who is an individual and who is resident but not domiciled in the UK or who is resident but not ordinarily resident in the UK should note that he will be liable for UK income tax on dividends paid on an IAS whether or not those dividends are remitted or deemed to be remitted to the UK.

The right of a New Regus Ordinary Shareholder who is not resident for tax purposes in the UK to a tax credit in respect of a dividend received from the IAS Issuer on an IAS and to claim payment of any part of that tax credit will depend on the existence and terms of any double taxation treaty between the UK and the country in which the New Regus Ordinary Shareholder is resident. A New Regus Ordinary Shareholder who is not solely resident in the UK should consult his own tax adviser concerning his tax liabilities on dividends received on an IAS, whether he is entitled to claim any part of the tax credit and, if so, the procedure for doing so.

### **3.3 UK stamp duty and SDRT on transfers of New Regus Ordinary Shares**

In practice, UK stamp duty should generally not need to be paid on an instrument transferring New Regus Ordinary Shares.

No UK SDRT will generally be payable in respect of any agreement to transfer New Regus Ordinary Shares.

The statements in this paragraph summarise the current position on stamp duty and SDRT and are intended as a general guide only. They assume that the New Regus Ordinary Shares will not be registered in a register kept in the UK by or on behalf of New Regus. New Regus has confirmed it does not intend to keep such a register in the UK.

## PART 5 — FURTHER INFORMATION RELATING TO THE SCHEME

### 1. Description of the Proposals

The establishment of a new holding company for the Regus Group entails a number of steps.

The principal steps involved in the Scheme are as follows:

#### 1.1 Cancellation of Scheme Ordinary Shares

Under the Scheme, all the Scheme Ordinary Shares will be delisted and cancelled on the Scheme Effective Date (which is expected to be 14 October 2008).

In consideration of the cancellation of the Scheme Ordinary Shares, holders of the Scheme Ordinary Shares will receive, in respect of any Scheme Ordinary Shares held as at the Scheme Record Time (expected to be 6:00 p.m. on 13 October 2008):

**for each Scheme Ordinary Share cancelled                      one New Regus Ordinary Share**

With effect from the Scheme Effective Date, the rights attaching to the New Regus Ordinary Shares will be substantially the same as those attaching to the existing Old Regus Ordinary Shares. Upon the implementation of the Scheme, a New Regus Ordinary Shareholder will effectively have the same proportionate interest in the profits, net assets and dividends of the Regus Group as he currently has as an Old Regus Ordinary Shareholder. A summary of the rights attaching to the New Regus Ordinary Shares is set out in paragraph 5 of Part 6 of this Prospectus.

#### 1.2 Establishing New Regus as the new holding company of the Regus Group

Following the cancellation of the Scheme Ordinary Shares, the share capital of Old Regus will be restored to its former nominal amount and the credit arising in the books of Old Regus as a result of the cancellation will be applied in paying up in full new shares in Old Regus such that the aggregate nominal value of those shares equals the aggregate nominal value of the Old Regus Ordinary Shares cancelled. The new shares in Old Regus will be issued to New Regus. As a result, New Regus will become the holding company of Old Regus and the Regus Group.

#### 1.3 Issue of the New Regus Scheme Shares and subscription and contribution agreement

The Board (or a duly authorised committee of the Board) will appoint a person to execute a subscription and contribution agreement in respect of the Scheme Ordinary Shares on behalf of the holders of the Scheme Ordinary Shares immediately after the Scheme becomes effective. The subscription and contribution agreement, which will be governed by Luxembourg law and subject to the jurisdiction of the Luxembourg Courts will, among other things, provide that:

- (A) such person as is appointed by the Board (or a duly authorised committee) will subscribe for the New Regus Ordinary Shares on behalf of the holders of the Scheme Ordinary Shares; and
- (B) the holders of the Scheme Ordinary Shares and New Regus agree that the cancellation of the Scheme Ordinary Shares, on terms that the amount arising out of the cancellation of such shares is applied in paying up the new shares in Old Regus to be issued to New Regus, will satisfy the consideration for the New Regus Ordinary Shares.

Further Old Regus Ordinary Shares may have to be allotted before the Scheme comes into effect (for example, because of the exercise of rights granted by Old Regus under the Old Regus Share Schemes). In some cases, the precise timing of their allotment could leave them outside the scope of the Scheme. In order to ensure that this does not occur, it is proposed that the Old Regus Articles should be amended in such a way as to ensure that: (i) any Old Regus Ordinary Shares which are issued after the Scheme is approved but prior to confirmation by the High Court of the reduction of Old Regus' ordinary share capital provided for under the Scheme will be allotted and issued subject to the terms of the Scheme and that the holders of such shares will be bound by the Scheme accordingly; (ii) any Old Regus Ordinary Shares which are allotted otherwise than to New Regus (or to a nominee of New Regus) after confirmation by the High Court of the reduction of capital of Old Regus provided for under the Scheme will be acquired by New Regus in exchange for the issue of New Regus Ordinary Shares to the allottees; and (iii) in the event that any Old Regus Ordinary Shares are allotted to any person within (ii) above following variation in the share capital of either Old Regus or New Regus or such other event as the New Regus Directors consider

fair and reasonable after the Scheme Effective Date, the number of New Regus Ordinary Shares to be issued to that person will be adjusted in an appropriate manner, provided Old Regus' auditors have confirmed the adjustment is fair and reasonable. In this way the allottees in question will receive New Regus Ordinary Shares instead of Old Regus Ordinary Shares.

## **2. Conditions to and implementation of the Proposals**

### **2.1 The Scheme**

The Scheme will not become effective and binding unless:

- (i) the Scheme is approved at the Court Meeting;
- (ii) the special resolution set out in the notice of the General Meeting to approve the Scheme, the cancellation of the Scheme Ordinary Shares, the creation of New Regus Ordinary Shares, the allotment of New Regus Ordinary Shares by the Directors (pursuant to the Scheme) and certain amendments to the Old Regus Articles is passed, which is conditional upon the passing of all the other resolutions set out in the notice of the General Meeting;
- (iii) the Scheme is sanctioned by the High Court and the High Court confirms the reduction of Old Regus' ordinary share capital which occurs as a result of the cancellation of Old Regus Ordinary Shares as part of the Scheme; and
- (iv) a copy of the order of the High Court sanctioning the Scheme and confirming the reduction of Old Regus' ordinary share capital under the Scheme has been delivered to the registrar of companies for England and Wales for registration and the order and relevant minutes are registered by him.

The Court Hearing (at which it is proposed that the High Court sanctions the Scheme) is expected to be held on or around 13 October 2008. Shareholders or creditors who wish to oppose the Scheme will be informed by advertisement in a newspaper with national distribution in the United Kingdom of their right to appear in person, or be represented by counsel, at the Court Hearing.

In addition, the Directors will not take the necessary steps to enable the Scheme to become effective unless, at the relevant time, the following conditions have been satisfied:

- (v) the UK Listing Authority has agreed to admit (subject to the satisfaction of conditions (i)-(iv) above, save to the extent already satisfied) the New Regus Ordinary Shares to be issued in connection with the Scheme to the Official List and its agreement has not been withdrawn prior to the Scheme Effective Date; and
- (vi) the London Stock Exchange has agreed to admit the New Regus Ordinary Shares to be issued in connection with the Scheme to trading on its main market for listed securities and its agreement has not been withdrawn prior to the Scheme Effective Date.

If the Scheme is sanctioned by the High Court and conditions (v) and (vi) above are satisfied, the Scheme is expected to become effective and dealings in the New Regus Ordinary Shares to be issued pursuant to the Scheme are expected to commence on 14 October 2008.

If the Scheme has not become effective by 31 March 2009 (or such later date as the High Court may allow), it will lapse, in which event the Scheme will not proceed, Old Regus Ordinary Shareholders will remain holders of Old Regus Ordinary Shares and the Old Regus Ordinary Shares will continue to be listed on the Official List and admitted to trading on the main market of the London Stock Exchange.

The Scheme contains a provision for Old Regus and New Regus jointly to consent on behalf of all persons concerned to any modification of or addition to the Scheme or to any condition which the High Court may think fit to approve or impose. Old Regus has been advised by its legal advisers that the High Court would be unlikely to approve or impose any modification of, or addition or condition to, the Scheme which might be material to the interest of Old Regus Ordinary Shareholders unless Old Regus Ordinary Shareholders were informed of any such modification, addition or condition. If the High Court does approve or impose a modification of, or addition or condition to, the Scheme which, in the opinion of the Directors, is such as to require consent of the Old Regus Ordinary Shareholders, the Directors will not take the necessary steps to enable the Scheme to become effective unless and until such consent is obtained.

## **2.2 Old Regus Reduction of Capital**

Old Regus intends to make an application to the High Court to implement the Old Regus Reduction of Capital. It is expected that the Old Regus Reduction of Capital will become effective shortly after the Scheme Effective Date.

Subject to the approval of the Old Regus Reduction of Capital by Old Regus Ordinary Shareholders at the General Meeting, it is intended that the amount standing to the credit of Old Regus' non-distributable profit and loss reserve, be capitalised by issuing A Shares of an aggregate nominal value of such amount to New Regus shortly after the Scheme Effective Date.

Subject to the confirmation of the High Court, the A Shares will then be cancelled and the reserve arising from such cancellation will become a distributable reserve in Old Regus.

The purpose of the Old Regus Reduction of Capital is to create additional distributable reserves in Old Regus that will be available to be distributed by Old Regus to those New Regus Shareholders who wish to receive their entitlement to New Regus dividends from a UK source in accordance with the IAS arrangements as further described in paragraph 7 of Part 6 or for any other lawful purpose to which such a reserve may be applied.

## **2.3 New Regus Reduction of Capital**

New Regus intends to make an application to the Jersey Court to implement the New Regus Reduction of Capital. It is expected that the New Regus Reduction of Capital will become effective on or around 24 October 2008.

The New Regus Ordinary Shares to be issued pursuant to the Scheme will have a nominal value of 1 pence each but will be recorded at fair value (being equal to the Closing Price of the Old Regus Ordinary Shares on the day prior to their delisting). This will give rise to the creation of a substantial share premium account in New Regus. Subject to the approval of the New Regus Reduction of Capital by Old Regus Ordinary Shareholders at the General Meeting (which is conditional on all other resolutions proposed at the General Meeting being passed), the Scheme becoming effective and fully implemented and the sanction of the Jersey Court, £520 million or, if less, all amounts standing to the credit of New Regus' share premium account will be re-characterised as a distributable reserve. On the basis of the market capitalisation of Old Regus as at close of trading on 5 September 2008 (the latest practicable date prior to the publication of this document), the New Regus Reduction of Capital would leave New Regus with approximately £9,500,000 of share capital and approximately £226,723,000 of share premium.

The purpose of the New Regus Reduction of Capital is to create a distributable reserve that will be available to be distributed as dividends, at the discretion of the Directors and subject to the approval of the New Regus Ordinary Shareholders, to New Regus Ordinary Shareholders from time to time or for any other lawful purpose to which such a reserve may be applied (including share buybacks). The New Regus Reduction of Capital is designed to create in New Regus a significant level of distributable reserves to enable New Regus to continue Old Regus' existing dividend and share repurchase policies in a financially and operationally efficient manner.

The New Regus Reduction of Capital is a legal and accounting adjustment and will not of itself have any direct impact on the market value of the New Regus Ordinary Shares or the number of New Regus Ordinary Shares held by each New Regus Ordinary Shareholder.

The necessary shareholder resolution for New Regus to implement the New Regus Reduction of Capital has already been passed (conditional upon the Scheme becoming effective and fully implemented) by the holders of the New Regus Initial Ordinary Shares. Confirmatory approval relating to the New Regus Reduction of Capital is being sought from the Old Regus Ordinary Shareholders as one of the special resolutions to be proposed at the General Meeting. The New Regus Reduction of Capital will also require the confirmation of the Jersey Court.

## **3. Admission and dealings**

Application will be made to the UK Listing Authority for up to 1,050,000,000 New Regus Ordinary Shares of 1 pence each to be admitted to the Official List and to the London Stock Exchange for such shares to be admitted to trading on the London Stock Exchange's main market for listed securities. The ISIN number of the New Regus Ordinary Shares will be JE00B3CGFD43.



The last day of dealings in Old Regus Ordinary Shares is expected to be 13 October 2008. The last date for registration of transfers of Old Regus Ordinary Shares is expected to be 13 October 2008.

At the Scheme Effective Date, share certificates for the Old Regus Ordinary Shares in certificated form will cease to be valid and, with respect to the Old Regus Ordinary Shares held in uncertificated form, Euroclear will be instructed to cancel the entitlements of the relevant Old Regus Ordinary Shareholders in respect of those Old Regus Ordinary Shares. Admission of the New Regus Ordinary Shares to the Official List is expected to become effective and dealings in the New Regus Ordinary Shares is expected to commence at 8:00 a.m. on 14 October 2008. These dates may be deferred if it is necessary to adjourn any meeting required to approve the Scheme or if there is any delay in obtaining the High Court's sanction of the Scheme. In the event of a delay, the application for the Old Regus Ordinary Shares to be delisted will be deferred, so that the listing will not be cancelled until immediately before the Scheme takes effect.

No New Regus Ordinary Shares have been marketed to, nor are any available for purchase or exchange, in whole or in part, by the public in the United Kingdom or elsewhere in connection with the admission to the Official List.

New Regus Ordinary Shares can be held in certificated or uncertificated form. It is expected that certificates for New Regus Ordinary Shares in certificated form will be despatched within ten Business Days of the Scheme Effective Date.

Pending the despatch of certificates for New Regus Ordinary Shares, transfers of New Regus Ordinary Shares in certificated form will be certified against the share register of New Regus. Temporary documents of title have not been, and will not be, issued in respect of New Regus Ordinary Shares in certified form.

It is expected that New Regus Ordinary Shares in uncertificated form will be credited to CREST accounts on 14 October 2008.

All documents, certificates, cheques or other communications sent by or to shareholders will be sent at their own risk and may be sent by post.

All mandates in force at the Scheme Record Time relating to payment of dividends on Old Regus Ordinary Shares and all instructions then in force relating to notices and other communications will, unless and until varied or revoked, be deemed from the Scheme Effective Date to be valid and effective mandates or instructions to New Regus in relation to the corresponding holding of New Regus Ordinary Shares.

## **4. Overseas Shareholders**

### **4.1 General**

Overseas Shareholders may be affected by the laws of other jurisdictions in relation to the Scheme. Overseas Shareholders should inform themselves about and observe all applicable legal requirements.

It is the responsibility of any person into whose possession this Prospectus comes to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with the allotment and issue of New Regus Ordinary Shares following the Scheme becoming effective, including the obtaining of any governmental, exchange control or other consents which may be required and/or compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes or levies due in such jurisdiction.

If, in respect of any Overseas Shareholder, New Regus is advised that the allotment and issue of New Regus Ordinary Shares would or might infringe the laws of any jurisdiction outside Jersey, Luxembourg or the United Kingdom, or would or might require New Regus to obtain any governmental or other consent or effect any registration, filing or other formality, New Regus may determine that no New Regus Ordinary Shares shall be allotted and issued to such shareholder but instead that those New Regus Ordinary Shares shall be allotted and issued to a nominee appointed by New Regus as trustee for such shareholder, on terms that they shall be sold on behalf of such shareholder as soon as reasonably practicable after the Scheme becomes effective, with the net proceeds of sale being remitted to the Overseas Shareholder concerned at the risk of such shareholder. Alternatively, New Regus may determine that the New Regus Ordinary Shares shall be allotted and issued to that Overseas Shareholder and sold, with the net proceeds of sale being remitted to the Overseas Shareholder at the Overseas Shareholder's risk.

This Prospectus has been prepared for the purpose of complying with English law and the rules of the UK Listing Authority and the information disclosed may not be the same as that which would have been



disclosed if this Prospectus had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

**THIS PROSPECTUS DOES NOT CONSTITUTE AN INVITATION OR OFFER TO SELL OR EXCHANGE OR THE SOLICITATION OF AN INVITATION OR OFFER TO BUY OR EXCHANGE ANY SECURITY OR BECOME A MEMBER OF NEW REGUS, NOR SHALL THERE BE ANY SALE, ISSUANCE, EXCHANGE OR TRANSFER OF THE SECURITIES REFERRED TO IN THIS PROSPECTUS IN ANY JURISDICTION IN CONTRAVENTION OF APPLICABLE LAW.**

**Overseas Shareholders should consult their own legal and tax advisers with respect to the legal and tax consequences of the Scheme in their particular circumstances.**

#### **4.2 United States**

The New Regus Ordinary Shares will not be, and are not required to be, registered under the US Securities Act and will be issued pursuant to the Scheme in reliance on the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) of that Act. For the purpose of qualifying for the Section 3(a)(10) exemption with respect to the New Regus Ordinary Shares issued pursuant to the Scheme, New Regus will advise the High Court that it will rely on the Section 3(a)(10) exemption based on the High Court's sanctioning of the Scheme, which will be relied upon by New Regus as an approval of the Scheme following a hearing on its fairness to Old Regus Ordinary Shareholders at which hearing all such Old Regus Ordinary Shareholders will be entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification has been or will be given to all such shareholders.

The New Regus Ordinary Shares will not be registered under the securities laws of any state of the United States, and will be issued pursuant to the Scheme in reliance on available exemptions from such state law registration requirements or the pre-emption of such requirements by the US Securities Act.

Neither the SEC nor any other US federal or state securities commission or regulatory authority has approved or disapproved of the New Regus Ordinary Shares or passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

Old Regus Ordinary Shareholders who are citizens or residents of the United States should consult their own legal and tax advisers with respect to the legal and tax consequences of the Scheme and in their particular circumstances.

#### **4.3 Canada**

This Prospectus is not, and under no circumstances is to be construed as, an offer to any person in Canada and an advertisement or a public offering of the securities described herein. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this Prospectus or the merits of the securities described herein and any representation to the contrary is an offence in Canada.

**Old Regus prepares its financial statements in UK pounds sterling, the official currency of the United Kingdom.** The financial information included in this Prospectus has been prepared in accordance with IFRS. IFRS differs significantly in certain material respects from generally accepted accounting principles in Canada ("Canadian GAAP"). Old Regus will not provide Canadian investors with any reconciliation of their respective financial statements or any other information contained in this Prospectus to Canadian GAAP. Accordingly, Canadian investors should consult their own legal and financial advisers for additional information regarding New Regus' and Old Regus' financial information included in this Prospectus and should refer to Part 3 contained in this Prospectus for additional information.

The New Regus Ordinary Shares will be issued in Canada pursuant to the Scheme and the issuance of the New Regus Ordinary Shares will be exempt from the requirement that New Regus prepare and file a prospectus with the relevant Canadian regulatory authorities pursuant to section 2.11 of National Instrument 45-106 — Prospectus and Registration Exemptions. Accordingly, any resale of the New Regus Ordinary Shares must be made in accordance with applicable securities laws which may require resales to be made pursuant to exemptions from registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the New Regus Ordinary Shares outside of Canada. Canadian investors are advised to seek legal advice prior to any resale of the New Regus Ordinary Shares.

New Regus is not, and does not intend to become, a "reporting issuer", as such term is defined under applicable Canadian securities legislation, in any province or territory of Canada in which the New Regus

Ordinary Shares will be offered and there is currently no public market for the New Regus Ordinary Shares in Canada and no such market may ever develop. Under no circumstances will New Regus be required to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the New Regus Ordinary Shares to the public in any province or territory of Canada. Canadian investors are advised that New Regus currently does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the New Regus Ordinary Shares to the public in any province or territory of Canada.

Any discussion of taxation and related matters contained in this Prospectus does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire the New Regus Ordinary Shares and, in particular, does not address Canadian tax considerations. Shareholders who are Canadian residents should consult their own legal, financial and tax advisers with respect to the tax consequences of the Proposals in their particular circumstances.

New Regus is incorporated under the Jersey Companies Law and has its central administration (head office) registered in Luxembourg as a société anonyme. All or substantially all of the New Regus Directors and officers may be located outside of Canada and, as a result, it may not be possible for Canadian investors to effect service of process within Canada upon New Regus or such persons. All or a substantial portion of the assets of New Regus and such other persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against New Regus or such persons in Canada or to enforce a judgment in Canadian courts against New Regus or persons outside of Canada.

Upon receipt of this document, each Canadian investor confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. French translation: Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

## PART 6 — ADDITIONAL INFORMATION

### 1. Introduction

The New Regus Directors whose names appear on page 17 of this Prospectus, and New Regus, whose registered office is 22 Greville Street, St Helier, Jersey JE4 8PX, Channel Islands, are responsible for the information given in this Prospectus. The New Regus Directors and New Regus declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

### 2. Incorporation and activity of New Regus

- 2.1 New Regus was incorporated and registered in Jersey on 8 August 2008 under the Jersey Companies Law as a private company limited by shares under the name Regus Limited with registered number 101523. Its name was changed to Regus plc and it was re-registered as a public company on 15 August 2008 pursuant to special resolutions passed that day. On 21 August 2008, New Regus transferred its place of central administration (head office) to Luxembourg and was registered as a société anonyme with registered number RCS Luxembourg B 141159.
- 2.2 New Regus operates under the Jersey Companies Law and subordinated legislation made under the Jersey Companies Law. In addition, as New Regus has its central administration registered in Luxembourg, it is also subject to the Luxembourg Companies Law.
- 2.3 The registered office of New Regus is at 22 Greville Street, St. Helier, Jersey JE4 8PX, Channel Islands (Telephone: 0044 (0)1534 609 000). The head office of New Regus is at 26, Boulevard Royal, L-2449 Luxembourg.
- 2.4 New Regus has not traded since incorporation. KPMG Audit Sàrl whose address is 9 allée Scheffer, L-2520 Luxembourg, are the independent auditors of New Regus for the purposes of Luxembourg Law and (subject to approval of the Jersey Financial Services Commission to KPMG Audit Sàrl so acting) the statutory auditor of New Regus for the purposes of the Jersey Companies Law and have been the only auditors of New Regus since its incorporation.
- 2.5 KPMG Audit Plc, whose address is 8 Salisbury Square, London, EC4Y 8BB are the auditors of Old Regus and audited the financial statements of Old Regus for the years ended 31 December 2005, 31 December 2006 and 31 December 2007. The reports in respect of the financial statements for each of the three years to 31 December 2007 were unqualified. KPMG Audit Plc is a member of the Institute of Chartered Accountants in England and Wales.

### 3. Share capital and New Regus

- 3.1 On incorporation, the authorised share capital of New Regus was £50,000 divided into 5,000,000 ordinary shares of £0.01 each. Of such shares, one was subscribed by each of the subscribers to the memorandum of association of New Regus, Juris Limited and Lively Limited.
- 3.2 On 18 August 2008 a further 2,749,998 ordinary shares were issued fully paid by New Regus, 1,374,999 being issued to each of the subscribers.
- 3.3 By written resolutions passed on 20 August 2008:
- (A) the New Regus Articles were adopted; and
- (B) the authorised share capital at New Regus was increased from £50,000 made up of 5,000,000 ordinary shares of £0.01 each to £80,000,000 made up of 8,000,000,000 ordinary shares of £0.01 each;
- 3.4 Accordingly, as at 5 September 2008, the latest practicable date prior to the publication of this Prospectus, the authorised and issued share capital of New Regus is, and immediately prior to implementation of the Scheme will be (assuming no other issue of share capital by New Regus between the date of this Prospectus and the Scheme Record Time), as follows:

<u>Class</u>	<u>Authorised number</u>	<u>Aggregate nominal value</u>	<u>Issued and fully paid number</u>	<u>Issued and fully paid aggregate nominal value</u>
New Regus Ordinary Shares . . . . .	8,000,000,000	£80,000,000	2,750,000	£27,500

- 3.5 On 20 August 2008, New Regus passed a special resolution to authorise the purchase of 1,375,000 New Regus Ordinary Shares from each of Juris Limited and Lively Limited, subject

to the Scheme becoming effective. On 20 August 2008, New Regus entered into contracts to repurchase 1,375,000 New Regus Ordinary Shares from each of Juris Limited and Lively Limited on the Scheme Effective Date or such later date as may be agreed. Upon the purchases taking effect Juris Limited and Lively Limited will hold no New Regus Ordinary Shares.

- 3.6 On 20 August 2008, New Regus also passed an ordinary resolution that New Regus be authorised to hold as treasury shares any shares purchased or contracted to be purchased by New Regus prior to the conclusion of New Regus' first annual general meeting if the New Regus Directors resolve to hold as treasury shares any shares so purchased or contracted to be purchased.
- 3.7 Under the Scheme, New Regus will issue New Regus Ordinary Shares, credited as fully paid, to Old Regus Ordinary Shareholders on the basis of one New Regus Ordinary Share for every Old Regus Ordinary Share held at the Scheme Record Time.
- 3.8 At an extraordinary general meeting held before a public notary in Luxembourg on 21 August 2008, the members of New Regus approved the following:
- (A) the confirmation of the passing of a written resolution on 20 August 2008 whereby the members of New Regus resolved to create an authorised (unissued) share capital of an amount of eighty million pounds sterling (£80,000,000) represented by eight billion (8,000,000,000) ordinary shares with a nominal value of one sterling pence (£0.01) each, all of which shares are at the disposal of the Board for the period ending 14 October 2013 pursuant to article 11 of the New Regus Articles;
  - (B) the passing of an Authorising Resolution (as defined in article 11 of the New Regus Articles) thereby authorising the Board of Directors to proceed to issue shares within the authorised (unissued) share capital for a consideration in cash, in kind or by way of capitalisation of any available premium or reserves or otherwise pursuant to the terms and conditions determined by the Board or its delegate(s) and to waive and disapply any pre-emptive or preferential subscription rights under the Luxembourg Companies Laws (as defined in the New Regus Articles) which arise where shares are issued within the authorised (unissued) share capital, (including any related procedures, formalities or actions) for a period starting on the day of this resolution and ending on the fifth anniversary of the day of publication of the deed recording the extraordinary general meeting recording this Authorising Resolution in the Luxembourg Official Gazette, noting that articles 11 and 12 of the New Regus Articles and the resolutions at (D) and (E) below limit (a) the authorisation granted to the Board to allot and issue the entire authorised (unissued) share capital of the Company and (b) provide for certain preferential subscription rights for existing shareholders;
  - (C) the acknowledgement of a report pursuant to article 32-3(5) of Luxembourg Companies Law on the circumstances and prices of issues of shares for cash without any pre-emptive subscription rights (and related procedures) as provided for by Luxembourg Companies Law for the period of five years as referred to in resolution (B) above;
  - (D) the passing of a special resolution that the directors be generally and unconditionally authorised to exercise all or any of the powers of New Regus pursuant to the New Regus Articles to allot and issue Relevant Securities (as defined in article 11(H)(viii) of the New Regus Articles) and to allot and issue shares in pursuance of an employee share scheme (including any employee share scheme of any company that is or becomes a subsidiary of New Regus):
    - (i) up to an aggregate nominal amount of ten million five hundred thousand pounds sterling (£10,500,000.00) as required for the purposes of the Scheme;
    - (ii) up to an aggregate nominal amount of five hundred and forty three thousand pounds sterling (£543,000.00) as required for the purposes of arrangements requiring the Company to satisfy the entitlements of participants in the Old Regus Share Schemes (or those of any subsidiary of Old Regus) who are expected to have entitlements to New Regus Ordinary Shares after implementation of the Scheme; and
    - (iii) up to an aggregate nominal amount of three million two hundred thousand pounds sterling (£3,200,000.00) (representing approximately one fifteenth of the issued ordinary share capital of Old Regus as at 18 August 2008),

for a period expiring (unless previously renewed, varied or revoked by New Regus in general meeting) on the conclusion of the annual general meeting of New Regus to be held in May 2009, save that New Regus may before such expiry make an offer or agreement which would or might require Relevant Securities (or shares in pursuance of an employee share scheme) to be allotted and issued after such expiry and the directors may allot and issue Relevant Securities (or shares in pursuance of an employee share scheme) pursuant to such offer or agreement as if the authority conferred hereby had not expired;

- (E) acknowledging the inclusion of preferential subscription rights of existing shareholders in the New Regus Articles (to the exclusion of pre-emptive rights existing under the Luxembourg Companies Law) for any issue of shares (excluding any shares or options which may be granted in accordance with the New Regus Share Schemes (or any employee share scheme of any company that becomes a subsidiary of New Regus) or the issue of shares pursuant to the exercise of any such options) for cash by the Board within the authorised share capital of New Regus and that subject to, and conditional upon, the Scheme becoming effective, a special resolution is passed whereby the directors be empowered pursuant to the New Regus Articles to allot and issue equity securities (as defined in article 11(H)(iv) of the New Regus Articles) wholly for cash pursuant to the authority conferred by resolution (D) above and/or where such allotment and issue constitutes an allotment and issue of equity securities by virtue of article 11(H)(i) of the New Regus Articles as if article 12 thereof did not apply to such allotment and issue, provided that this power:
- (i) shall expire on the conclusion of the annual general meeting of New Regus to be held in May 2009, save that New Regus may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted and issued after such expiry and the directors may allot and issue equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired;
  - (ii) shall be limited to:
    - (a) the allotment and issue of equity securities in connection with a rights issue, open offer or pre-emptive offer in favour of holders of ordinary shares (excluding any shares held by New Regus as treasury shares) where the equity securities respectively attributable to the interests of such holders of ordinary shares on a fixed record date are proportionate (as nearly as may be) to the respective numbers of ordinary shares subject to any exclusions or other arrangements as the directors may deem necessary or expedient to deal with equity securities representing fractional entitlements and/or to deal with legal or practical problems arising under the laws of, or requirements of, any recognised regulatory body or any stock exchange in any territory or any other matter whatsoever; and
    - (b) the allotment and issue of equity securities wholly for cash otherwise than pursuant to paragraph (a) above up to an aggregate nominal amount of four hundred and seventy four thousand seven hundred and thirty five pounds sterling (£474,735.00) (representing approximately one per cent. of Old Regus' issued ordinary share capital as at 18 August 2008).

3.9 At an extraordinary general meeting of New Regus held in Luxembourg on 27 August 2008, the members of New Regus approved the following:

- (A) subject to and conditional upon:
- (i) the passing of all resolutions set out in the notice of meeting to be dated on or about 8 September 2008 of Old Regus relating to the general meeting of Old Regus to be held on or about 24 September 2008 in connection with the Scheme;
  - (ii) the New Regus Ordinary Shares required to be allotted and issued by New Regus pursuant to the Scheme having been allotted and issued and registered in the names of the persons entitled to such New Regus Ordinary Shares in the New Regus register of members; and
  - (iii) the Scheme becoming effective and fully implemented,



the amount standing to the credit of the New Regus share premium account (including the amount arising upon the allotment and issue of the New Regus Ordinary Shares pursuant to the Scheme) be reduced by transferring the sum of £520,000,000 (or, if less, all amounts standing to the credit of the New Regus share premium account) from the New Regus share premium account and crediting it to a reserve of profit to be available to New Regus to be:

- (i) distributed by New Regus from time to time as dividends in accordance with Article 115 of the Companies (Jersey) Law 1991 and the New Regus Articles; or
  - (ii) applied by New Regus from time to time toward any other lawful purpose to which such a reserve may be applied;
- (B) without prejudice to any existing resolutions passed by the shareholders of New Regus authorising New Regus to make off-market purchases of New Regus Ordinary Shares, subject to and conditional upon the Scheme becoming effective, the board of directors be generally and unconditionally authorised pursuant to Article 57 of the Companies (Jersey) Law 1991, Article 49-2 of the Luxembourg Companies Law (as defined in the New Regus Articles) and the New Regus Articles, to make market purchases of New Regus Ordinary Shares, provide that:
- (i) the maximum number of New Regus Ordinary Shares authorised to be purchased is 94,884,382 (representing approximately 10 per cent. of Old Regus' issued share capital at the date of the resolution) provided that no purchase shall be made from time to time if such purchase would exceed 10 per cent. of the nominal value of the issued share capital (including shares held in treasury) of New Regus at that time;
  - (ii) the minimum price, exclusive of any expenses, which may be paid for a New Regus Ordinary Share is £0.01;
  - (iii) the maximum price, exclusive of any expenses, which may be paid for a New Regus Ordinary Share shall be the higher of:
    - (a) an amount equal to five per cent. above the average of the middle market quotations for New Regus Ordinary Shares taken from the London Stock Exchange Official List for the five business days immediately preceding the day on which such shares are contracted to be purchases; and
    - (b) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange Daily Official List at the time the purchase is carried out; and
  - (iv) the authority hereby conferred shall expire on the earlier of the conclusion of the annual general meeting of New Regus to be held in May 2009 and 31 December 2009 (except that New Regus may make a contract to purchase New Regus Ordinary Shares under this authority before the expiry of this authority, which will or may be executed wholly or partly after the expiry of this authority, and may make purchases of New Regus Ordinary Shares in pursuance of any such contract as if such authority had not expired);
- (C) that the secretary, deputy secretary or any director of New Regus be authorised to:
- (i) make all necessary amendments to the provision of the New Regus Articles which states the issued share capital of New Regus on the last day of each calendar month to reflect increases in the issued share capital of New Regus from time to time; and
  - (ii) make (or cause to be made) all necessary:
    - (a) entries in the records and accounts of New Regus; and
    - (b) all other formalities, actions, deed and filings in Jersey or Luxembourg,
- in connection with each such amendment to the New Regus Articles; and



- (D) that an increase in Mark Dixon's shareholding in New Regus (without giving rise to any requirement on the part of Mark Dixon to make a general offer for the remaining shares of New Regus) be approved where that increase arises from:
- (i) any repurchase by New Regus of its own ordinary shares where Mark Dixon does not participate pro rata to his existing interest; or
  - (ii) any exercise by Mark Dixon of any of the options previously granted to him in respect of New Regus Ordinary Shares except for those granted under the Regus Group plc 2008 value creation plan.

3.10 Save as disclosed in this paragraph 3, at the date of this Prospectus:

- (A) there has been no issue of shares or loan capital of New Regus since its incorporation; and
- (B) no share or loan capital of New Regus is under option or agreed to be put under option.

At the date of this prospectus New Regus has no subsidiaries and accordingly, there has been no material issue of share or loan capital by any subsidiary undertaking of New Regus for cash or other consideration.

- 3.11 The New Regus Ordinary Shares will, when issued, be in registered form and will be capable of being held in uncertificated form. No temporary documents of title have been or will be issued in respect of the New Regus Ordinary Shares. The New Regus Ordinary Shares will rank *pari passu* for dividends.
- 3.12 The New Regus Ordinary Shares have not been marketed and are not available in whole or in part to the public otherwise than pursuant to the Scheme.
- 3.13 No commissions, discounts, brokerages or other special terms have been granted in respect of the issue of any share capital of New Regus.
- 3.14 As at 5 September 2008, being the last practicable date prior to the publication of this prospectus, New Regus held no treasury shares. No New Regus Ordinary Shares have been issued other than fully paid.
- 3.15 Accordingly, the proposed authorised, issued and fully paid share capital of New Regus as it will be immediately following the New Regus Reduction of Capital becoming effective (assuming no issue of share capital by Old Regus or New Regus between 5 September 2008 and the New Regus Reduction of Capital) is as follows:

<u>Class</u>	<u>Authorised number</u>	<u>Aggregate nominal value</u>	<u>Issued and fully paid number</u>	<u>Issued and fully paid aggregate nominal value</u>
New Regus Ordinary Shares . . . . .	8,000,000,000	£80,000,000	948,219,822	£9,482,198.22

#### **4. Summary of the principal differences between the Old Regus Articles and the New Regus Articles**

As a company incorporated, existing and registered in Jersey with its registered office in Jersey which has its place of central administration (head office) in Luxembourg and is accordingly registered as a *société anonyme*, New Regus will be required to comply with both Jersey and Luxembourg law, where applicable.

Under the Jersey Companies Law, the corporate objects of a Jersey company are not limited by anything contained in its memorandum or articles of association. The Luxembourg Companies Law does, however, require New Regus to have defined corporate objects and, accordingly, the New Regus Articles include a corporate objects clause. The corporate objects of New Regus are set out in full in Clause 8 of the memorandum of association of New Regus, which under Luxembourg law forms part of the New Regus Articles which are available for inspection as set out in paragraph 26 below.

The principal differences between the Old Regus Articles and the New Regus Articles are explained below. Some of these differences arise by reason of New Regus being a company incorporated, existing and registered in Jersey instead of in England and some differences arise by reason of New Regus having its place of central administration (head office) in Luxembourg and accordingly being registered as a *société anonyme*. As further described in paragraph 6 of this Part, there are a number of differences

between the Jersey Companies Law, the Luxembourg Companies Law and the Companies Acts which may impact on the rights of holders of Old Regus Ordinary Shares when they become holders of New Regus Ordinary Shares. As such, where appropriate and subject to the Jersey Companies Law and the Luxembourg Companies Law, as applicable, provisions have been incorporated into the New Regus Articles to enshrine certain rights which shareholders in a company listed on the London Stock Exchange would normally expect to have.

The principal differences are:

- 4.1 to reflect the requirements of Jersey and Luxembourg law that any alteration to the authorised share capital of New Regus requires the sanction of a special resolution (see paragraph 6 of this Part in relation to the majority required for a special resolution under the Jersey Companies Law and the Luxembourg Companies Law);
- 4.2 as the Jersey Companies Law does not contain an equivalent to section 80 of the Companies Act 1985 and the Luxembourg Companies Law contains different provisions on authority to allot shares, provision is made in the New Regus Articles to replicate the position under the Companies Act 1985 whereby directors must not exercise any power to allot shares unless they are authorised to do so by ordinary resolution in a general meeting. In addition, as permitted by Luxembourg law, the New Regus Articles will set a maximum level of authorised but unissued share capital which can be allotted by the Board with a requirement for that maximum level to be renewed by special resolution every five years;
- 4.3 as the Jersey Companies Law and the Luxembourg Companies Law specify different formalities in relation to the purchase by New Regus of its own shares, the principal conditions to be fulfilled in relation to any purchase of own shares have been set out in the New Regus Articles, including that the purchase must first be authorised by special resolution and, for the purposes of the Jersey Companies Law, the directors must make a solvency statement prior to the purchase of shares;
- 4.4 as required by the Luxembourg Companies Law, the New Regus Articles will include a provision which sets out the current issued share capital of New Regus which will be amended to reflect any changes to the number of New Regus Ordinary Shares (or any other class of shares subsequently issued by New Regus) in issue on a monthly basis so that this provision states the current number of New Regus Ordinary Shares (or any other class of shares subsequently issued by New Regus) in issue following any increases of New Regus' issued share capital within the maximum authorised unissued share capital of New Regus);
- 4.5 as the Jersey Companies Law does not confer any statutory pre-emption rights on the allotment of shares for cash and there are different provisions for pre-emption rights under the Luxembourg Companies Law, the New Regus Articles will include pre-emption provisions that are broadly similar to the pre-emption rights contained in section 89 of the Companies Act 1985 (and New Regus will waive the application of the pre-emption rights set out in the Luxembourg Companies Law every five years by special resolution accompanied by a report of the Board in relation to the disapplication of Luxembourg pre-emption rights);
- 4.6 as the Luxembourg Companies Law only permits a variation of the rights of a particular class of members with the sanction of a special resolution approved in an extraordinary general meeting at which the relevant quorum and majority requirements for the passing of a special resolution are met in respect of each class of members of New Regus, there will be no provision for a separate class meeting or written consent procedure for the variation of class rights;
- 4.7 to include provisions to cater for the IAS arrangements which may be implemented (as further described in paragraph 7 of this Part). In particular, to provide that, where any amount paid by way of dividend by a subsidiary of New Regus resident for tax purposes in the UK is received by the IAS Trustee and paid on to New Regus Ordinary Shareholders who have made (or are deemed to have made) an IAS Election, the entitlements of those New Regus Ordinary Shares to be paid any amount in respect of dividends declared by New Regus will be reduced by the amount that has been paid to the holder of such New Regus Ordinary Shares by the IAS Trustee;
- 4.8 as the Jersey Companies Law and the Luxembourg Companies Law do not have an equivalent to section 793 of the Companies Act, the New Regus Articles incorporate provisions that are based on section 793 of the Companies Act which entitle New Regus to serve notices on persons in order to establish details of ownership of its shares;

- 4.9 as the Jersey Companies Law and the Luxembourg Companies Law do not expressly provide for electronic communications with shareholders, to include in the New Regus Articles provisions to enable New Regus to communicate with, and supply information to, shareholders by electronic means in substantially the same manner as provided for under the Companies Act;
- 4.10 as the Jersey Companies Law and the Luxembourg Companies Law do not provide for a nominee holder of shares to require that 'information rights' (the right to receive a copy of all communications sent by a company to its shareholders) be granted to the underlying beneficial owner, as permitted by section 146 of the Companies Act, the New Regus Articles will include information rights provisions similar to those contained in the Companies Act;
- 4.11 as the Jersey Companies Law and the Luxembourg Companies Law do not expressly provide for the independent scrutiny of any poll taken, the New Regus Articles include provisions entitling an independent scrutiny of any poll taken, or to be taken, at a general meeting, so as to replicate the position under the Companies Act;
- 4.12 as the Jersey Companies Law makes no provision regarding the circulation of members' resolutions and statements, and the Luxembourg Companies Law provides members with only a limited right to request the addition of a point to the agenda of a general meeting, the New Regus Articles will include certain provisions relating to shareholders' rights to require New Regus to circulate members' resolutions proposed to be moved at the next annual general meeting and to circulate explanatory statements relating to resolutions to be dealt with at a meeting, as well as the right for the shareholders to have published on New Regus' website statements setting out any matters concerning the audit of New Regus' accounts in circumstances in which an auditor ceases to hold office, replicating the position under the Companies Act;
- 4.13 as the Luxembourg Companies Law requires all voting by members on resolutions to be carried out by way of poll (except in certain circumstances for resolutions which are of minor procedural importance), the New Regus Articles will contain provisions on voting to this effect;
- 4.14 to the extent permitted by the Jersey Companies Law and the Luxembourg Companies Law, to replicate broadly the provisions of sections 215 to 222 of the Companies Act which require the approval of the members for any payment made by the company to a Director (or a person connected to him) as compensation for loss of office because the Jersey Companies Law and the Luxembourg Companies Law do not expressly permit or prohibit such payments;
- 4.15 to provide that Board meetings be held only outside the United Kingdom and that all board resolutions in writing must be signed outside the United Kingdom and must be signed personally by every director in office; further, the New Regus Articles will not permit the authorisation of Directors' conflicts of interest by board resolution and will only permit the Board to appoint Directors to fill a vacancy;
- 4.16 to provide that a majority of the directors of New Regus be persons resident outside of the United Kingdom for tax purposes and that a meeting of the Board is only quorate where a majority of directors present are not resident in the United Kingdom for tax purposes;
- 4.17 to increase the permitted aggregate level of directors' fees from £750,000 to £1,500,000 subject to any increase by ordinary resolution;
- 4.18 to provide that the majority of persons on any committee or sub-committee (formed by the Board and to which powers are delegated) must be directors and, in accordance with the Luxembourg Companies Law, to provide that the Board will report each year to the annual general meeting of New Regus on the salary, fees and any advantages granted to directors to which day-to-day management power is delegated;
- 4.19 as a scheme of arrangement is not a concept under Luxembourg law, to provide in the articles that New Regus may implement a scheme of arrangement in accordance with the provisions of the Jersey Companies Law and to set out what the conditions to the implementation of a scheme of arrangement between New Regus and its members and/or creditors would be (see further paragraph 5.20 of this Part 6);
- 4.20 as the compulsory acquisition procedure set out in the Luxembourg Takeover Law does not apply to New Regus, the New Regus Articles include provisions which confirm that in the event of a takeover offer for the entire issued share capital, New Regus will be subject to compulsory acquisition

procedures set out in the applicable provisions of the Jersey Companies Law; that is, an offeror would have “squeeze-out” rights as against New Regus Shareholders and New Regus Shareholders would have “sell-out rights” as against an offeror as more fully described in paragraph 5.21 of this Part;

- 4.21 to clarify that the directors of New Regus are not accountable for any benefit by virtue of insurance taken out in favour of the directors against any liability and otherwise to provide for New Regus to indemnify its directors in the circumstances permitted by the Jersey Companies Law and the Luxembourg Companies Law;
- 4.22 to provide for uncertificated shares in New Regus to be held in dematerialised form in CREST pursuant and subject to the Jersey CREST Regulations;
- 4.23 as under both the Jersey Companies Law and the Luxembourg Companies Law members holding at least 10 per cent. of the issued share capital by voting rights may require the directors to convene a general meeting, a provision to this effect will be included in the New Regus Articles setting a limit of one month within which a requisitioned meeting must be held;
- 4.24 to adopt the Jersey and Luxembourg requirements which are more favourable to members in relation to giving notice of general meetings, as a general rule the New Regus Articles will require 16 clear days’ notice of general meetings to be given to shareholders and two notices to be published eight clear days apart (with the second notice being published at least eight clear days before the date of the meeting) in the Luxembourg Official Gazette and in one Luxembourg newspaper in advance of any general meeting. However, should an extraordinary general meeting or the annual general meeting not meet the quorum requirements of the Luxembourg Companies Law (that is, members representing at least fifty per cent. of the issued share capital shall be present in person or by proxy at the meeting), the meeting must be dissolved and may be reconvened as if it were the original meeting except that the notice requirements in respect of the reconvened meeting shall be 30 clear days’ notice with the publications in the Luxembourg Official Gazette and two Luxembourg newspapers being 15 clear days apart with the second notice being published at least 15 clear days before the meeting;
- 4.25 as the Luxembourg Companies Law does not expressly provide for the appointment of corporate representatives, the New Regus Articles will permit corporate shareholders of New Regus to elect a representative to attend general meetings on their behalf;
- 4.26 in relation to general meetings, the New Regus Articles will provide, inter alia, that all general meetings be held in Luxembourg; that New Regus keep the original minutes of all proceedings at general meetings (as signed by the bureau of the meeting which consists of the chairman of the meeting, the company secretary or, if different, the secretary of the meeting and one or more scrutineers elected by the meeting) at the registered office in Jersey; that extraordinary general meetings and annual general meetings are, to the extent required, held before a Luxembourg public notary (who will also sign the minutes) and certified copies of all extraordinary general meeting minutes (or, as the case may be, extracts thereof) must, to the extent required by Luxembourg law, be filed with the Luxembourg RCS and published in the Luxembourg Official Gazette;
- 4.27 the New Regus Articles will provide that the register of members be kept and maintained in Jersey and that an electronic copy of the register of members be made available in Luxembourg to any member who requests access to it;
- 4.28 in order to enshrine a requirement of the Luxembourg Companies Law in the New Regus Articles, there will be a provision confirming that each year New Regus must allocate at least five per cent. of its net profits to an undistributable legal reserve until that reserve represents one tenth of the nominal value of the issued share capital of New Regus (one tenth of the nominal value of the issued share capital of Old Regus as at 21 August 2008 would amount to £4,744,219.11);
- 4.29 as the concept of adjournment under the Luxembourg Companies Law is different to the concept of adjournment under English and Jersey law, the New Regus Articles will provide for two distinct procedures allowing for (i) the prorogation of a general meeting, which reflects the Luxembourg concept that the Board can decide to “prorogue” a general meeting to a date which is four weeks (or such longer period as may be permitted by the Luxembourg Companies Law) after the date on which that general meeting was held or be asked by do so by members holding at least one fifth of the issued share capital and reconvene the meeting by giving notice in the same way as for the

original meeting; all resolutions already passed at that meeting being deemed void; and (ii) the temporary adjournment or “suspension” of a general meeting, which broadly reflects the English and Jersey law procedure for adjournment of a meeting at the discretion of the chairman or with the consent of the general meeting in certain circumstances where he believes that the general meeting cannot be properly held, as is provided for in the Old Regus Articles, but to comply with Luxembourg law, the New Regus Articles set a limit on the period of time within which an adjourned or “suspended” meeting can be continued without the board having to reconvene it as a new general meeting which is 48 hours;

- 4.30 as the power of the Board to announce interim dividends is subject to certain conditions under the Luxembourg Companies Law, the principal conditions have been set out in the New Regus Articles; and
- 4.31 to comply with requirements of the Luxembourg Companies Law, to set out a specific date, time and location for New Regus’ annual general meetings.

Notwithstanding the differences between the New Regus Articles and the Old Regus Articles outlined above, with effect from the Scheme Effective Date, the voting rights relating to New Regus Ordinary Shares will be substantially the same as the Old Regus Ordinary Shares and the New Regus Ordinary Shares will rank *pari passu* for dividends and in all respects with other fully paid New Regus Ordinary Shares in issue on the Scheme Effective Date.

The provisions of the New Regus Articles are further described in paragraph 5 of this Part. Copies of the Old Regus Articles and the New Regus Articles are also available for inspection as described in paragraph 26 of this Part.

## **5. Summary of the New Regus Articles**

The New Regus Articles include, amongst other things, provisions to the following effect:

### **5.1 Alteration of share capital**

New Regus may by special resolution increase its authorised share capital by such sum to be divided into shares of such amount as the resolution shall prescribe and alter its share capital in any manner permitted by the Jersey Companies Law and the Luxembourg Companies Law, provided that at all times all shares in the company, whether in issue or not, have the same nominal value. Subject to the provisions of the Jersey Companies Law and the Luxembourg Companies Law, New Regus may by special resolution reduce its share capital, share premium account, capital redemption reserve or other undistributable reserve in any way.

### **5.2 Purchase of own shares**

Subject to the Jersey Companies Law and the Luxembourg Companies Law and to any rights attached to existing shares, New Regus may purchase or may enter into a contract under which it will or may purchase all or any of its own shares of any class, and may redeem redeemable shares. Any such purchase or redemption of shares must be approved by special resolution of New Regus and, in accordance with the Jersey Companies Law, the directors must make a solvency statement before any such purchase or redemption.

### **5.3 Share rights**

Subject to the Jersey Companies Law and the Luxembourg Companies Law, and subject to and without prejudice to any rights attached to any existing shares, any share in New Regus may be issued with or have attached to it such rights and restrictions as New Regus may by special resolution decide, or if no such resolution has been passed or so far as the resolution does not make any specific provision, as the Board may decide.

Subject to the Jersey Companies Law, the Luxembourg Companies Law and to any rights attached to any existing shares, New Regus may issue redeemable shares which are, or at the option of New Regus or the holder are liable to be, redeemable. The terms and conditions of redemption of any shares so issued or converted must be set out in the New Regus Articles.



#### **5.4 Allotment of securities and pre-emption rights**

Subject to the provisions of the Jersey Companies Law, the Luxembourg Companies Law, the New Regus Articles and any resolution passed by New Regus conferring authority on the Directors to allot shares, and without prejudice to any rights attached to existing shares, all unissued shares are at the disposal of the Board which may offer, allot, grant options over or otherwise deal with or dispose of them to persons at such time and for such consideration and on such terms as the Board may decide. The authority of the Board to allot unissued shares is subject to the passing of an ordinary resolution which will determine the proportion of the authorised share capital that the Board is authorised to allot during the allotment period specified in that ordinary resolution (which, in practice, will be the period between the passing of such an ordinary resolution and the following annual general meeting of New Regus). In addition, the amount of authorised share capital (unissued shares) of New Regus and the related authorities of the Board as to the waiver and suppression of pre-emption rights provided for in the Luxembourg Companies Law must be confirmed at least once every five years by special resolution to ensure compliance with the Luxembourg Companies Law.

The Jersey Companies Law does not provide any statutory pre-emption rights and the Luxembourg Companies Law provides for pre-emption rights which differ from the position under the Companies Act 1985. The New Regus Articles therefore permit New Regus to waive and disapply Luxembourg statutory pre-emption rights to the extent permitted by Luxembourg law and then provide that shares issued wholly for cash by New Regus must first be offered to existing shareholders, unless a special resolution permits otherwise, in proportion to their respective holdings of New Regus Ordinary Shares (i.e. the provisions relating to statutory pre-emption rights under the Companies Acts have been broadly replicated in the New Regus Articles).

#### **5.5 Disclosure of interests in shares**

New Regus may by notice in writing require any person whom the Company knows or has reasonable cause to believe to be interested in any class of shares of New Regus, or to have been interested any time during the last three years, to confirm that fact or indicate whether or not it is the case and to give such further information as may be required.

#### **5.6 Share certificates**

Every person (except a person to whom New Regus is not by law required to issue a certificate) whose name is entered on the New Regus register of members as the holder of shares in certificated form is entitled, without payment, to one certificate in respect of all shares of any class held by him. In the case of joint holders, delivery of a certificate to one of the joint holders shall be sufficient delivery to all.

#### **5.7 Forfeiture and lien**

Subject to the Jersey Companies Law and the Luxembourg Companies Law, the Board may from time to time make calls upon the members in respect of any moneys unpaid on their shares, subject to the terms of issue of such shares. Each member shall (subject to being given at least 14 days' notice in writing specifying where and when payment is to be made) pay to New Regus the specified amount called on his shares. If any call or instalment of a call remains unpaid on or after the due date for payment, the Board may at any time thereafter serve a notice in writing on the holder requiring payment of such unpaid amount together with any interest accrued thereon and any expense incurred by New Regus by reason of such non-payment. Interest shall accrue on any sums which are unpaid from the day appointed for payment thereof to the time of actual payment at such rate as the Board may decide (although this shall not exceed the Bank of England base rate by more than five percentage points). The notice shall state that in the event of non-payment in accordance with the notice, the shares on which the call has been made will be liable to be forfeited.

New Regus shall have a first and paramount lien on every share (not being a fully-paid share) for all amounts payable to New Regus (whether presently payable or not) in respect of such share. The Board may waive any lien which has arisen. New Regus may sell, in such manner as the Board may decide, any share on which New Regus has a lien if any sum in respect of which the lien exists is presently payable and is not paid within 14 days after a notice demanding payment and stating that the share may be sold for non-compliance with such notice shall have been given to the holder of the share.



## **5.8 Variation of rights**

Subject to the provisions of the Jersey Companies Law and the Luxembourg Companies Law, and to any rights attached to existing shares, all or any of the rights attached to any class of shares may be varied by the sanction of a special resolution passed at a general meeting at which the provisions of the New Regus Articles in relation to the quorum and majority required for a special resolution are fulfilled in respect of the relevant class(es) of shareholders (excluding holders of treasury shares).

## **5.9 Transfer of shares**

- (A) Any member may transfer all or any of his certificated shares by an instrument of transfer in writing in any usual or in any other form which the Board may approve. An instrument of transfer shall be signed by or on behalf of the transferor and by or on behalf of the transferee.
- (B) Any member may transfer all or any of his shares which are in uncertificated form, subject to the Jersey CREST Regulations, by means of a relevant system.
- (C) The Board may, subject to applicable law, refuse to register any transfer of shares in certificated form, which are not fully-paid shares.
- (D) The Board may also refuse to register the transfer of a share in certificated form unless the instrument of transfer:
  - (i) is left at the registered office of New Regus (or at another place as the Board may determine from time to time) accompanied by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
  - (ii) is in respect of one class of share only; and
  - (iii) in the case of a transfer to joint holders, is in favour of not more than four persons.
- (E) No fee shall be charged for the registration of any instrument or transfer or other document relating to or affecting the title to a share, or for making any other entry in the register.

## **5.10 General meetings**

- (A) The Board shall convene and New Regus shall hold general meetings and annual general meetings in accordance with the Jersey Companies Law and the Luxembourg Companies Law. General meetings (other than the annual general meeting) at which special resolutions are proposed are extraordinary general meetings. All other general meetings (other than the annual general meeting) are ordinary general meetings.
- (B) The Board may convene general meetings whenever it thinks fit. The annual general meeting will be held every year in Luxembourg either at the head office or where indicated in the notice of meeting, at eleven a.m. on the third Tuesday in May. All general meetings shall take place in Luxembourg.
- (C) All general meetings of New Regus shall be called on not less than 16 clear days' written notice or such shorter period as may be permitted by Jersey and Luxembourg Law. In addition, two notices of any meeting shall be published in the Luxembourg Official Gazette and one Luxembourg newspaper with a minimum interval of eight clear days between the notices and the second of the notices being published a maximum of eight clear days before the meeting. In the case of the reconvening of an extraordinary general meeting or the annual general meeting at which a quorum of 50 per cent. of the issued share capital was not present, more stringent requirements shall apply and such a meeting shall be called on not less than 30 clear days' written notice and the notice shall be published in the Luxembourg Official Gazette and two Luxembourg newspapers with a minimum interval of 15 clear days between the notices and the second of the notices being published a minimum of 15 clear days before the meeting. Subject to the provisions of the Jersey Companies Law and the Luxembourg Companies Law, the provisions of the New Regus Articles and to any restrictions imposed on any shares, the notice shall be sent to all the members, to each of the directors and to the auditors.
- (D) The notice shall specify the place, day and time of the meeting, the agenda and the general nature of the business to be transacted at the meeting.
- (E) In the case of an annual general meeting, the notice shall specify the meeting as such.

- (F) In the case of an extraordinary general meeting, the notice shall specify the agenda for the meeting and indicate any proposed amendments to the text of the New Regus Articles.
- (G) In accordance with the Luxembourg Companies Law, the directors shall add a point to the agenda of a general meeting on receiving a request to do so from one or more members holding at least one tenth of the issued share capital of New Regus.
- (H) Members representing at least 5 per cent. of the total voting rights of all members who are entitled to vote on the resolution at the annual general meeting to which their request relates, or not less than 100 members who have a relevant right to vote on such resolution and who hold shares in New Regus on which there has been paid up an average sum, per member of at least £100, may require New Regus to circulate notice of a resolution which is intended to be moved at that annual general meeting to members.
- (I) Members representing at least 5 per cent. of total voting rights of all members who, in relation to a proposed resolution, are entitled to vote on that resolution at the meeting to which their request relates, or not less than 100 members who have a relevant right to vote and on which there has been paid up an average sum, per member, of at least £100, may require New Regus to circulate to members a members' explanatory statement of not more than 1,000 words with respect to a matter referred to in the proposed resolution to be dealt with at the meeting to which the request relates, or to any other business to be dealt with at that meeting.
- (J) A member may nominate a person on whose behalf he holds shares to enjoy rights to receive a copy of all communications that New Regus sends to its members (that is, the provisions of sections 146 to 149 of the Companies Act have been broadly replicated in the New Regus Articles).
- (K) An extraordinary general meeting shall be quorate where members representing at least fifty per cent. of the issued share capital of New Regus (excluding shares without a right to attend and vote at general meetings) are present in person or by proxy. If the meeting is not quorate, a second meeting may be called for which the quorum shall be two members present in person or by proxy.
- (L) All Substantive Resolutions shall be decided on a poll. Other Resolutions shall be decided on a show of hands unless a poll is demanded by:
  - (i) the chairman of the meeting;
  - (ii) at least five members present in person or by proxy and entitled to vote on the resolution;
  - (iii) a member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote on the resolution; or
  - (iv) a member or members present in person or by proxy and holding shares in New Regus conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

A Substantive Resolution is any resolution that is not an Other Resolution. An Other Resolution is any decision put to a general meeting which is of a minor procedural nature.

- (M) A poll shall be taken in such manner as the chairman of the meeting shall direct.
- (N) At each general meeting, to the extent required by Luxembourg law, a bureau composed of the Chairman, a Secretary and one or more scrutineers shall be appointed;
- (O) A director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the capital of New Regus.
- (P) To the extent required by Luxembourg or Jersey law, extraordinary general meetings and the annual general meeting must be held before an appropriate notary public and the minutes shall be recorded by notarial deed. The notary public must be present for the entire duration of the meeting and must sign the minutes of the meeting along with the bureau of the meeting.

#### **5.11 Power to require website publication of audit concerns**

Where so requested by members representing at least 5 per cent. of the total voting rights of all the members who have a right to vote at the general meeting at which the accounts of New Regus are laid, or by at least 100 members who have such a right to vote and hold shares in New Regus on which there has

been paid up an average sum, per member, of at least £100, New Regus shall, subject to anti-abuse provisions, publish on its website a statement setting out any matter relating to the audit of New Regus' accounts or any circumstances connected with an auditor of New Regus ceasing to hold office.

### **5.12 Voting rights and restrictions**

Subject to any special terms as to voting attached to any shares and to the New Regus Articles, on a show of hands every member who is present in person or by proxy shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder. On a poll, a member who is present in person or by proxy and who is entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way. A member may appoint more than one proxy.

No member shall be entitled to vote at any general meeting unless all moneys presently payable by him in respect of shares in New Regus have been paid. A shareholder who has been duly served with a disclosure notice (similar to a notice under section 793 of the Companies Act for UK companies), or who has not provided to New Regus information required to be notified under the Disclosure and Transparency Rules, and who has not complied with such notice, or who has not supplied New Regus with the information required, either within a period of 14 days or the relevant period stipulated by the Disclosure and Transparency Rules respectively, shall not be entitled to attend or vote personally or by proxy at shareholders' meetings.

### **5.13 Independent poll**

The directors are required to obtain an independent report on any poll taken or to be taken at a general meeting if they receive requests to do so from members representing not less than 5 per cent. of the total voting rights of all the members who are entitled to vote on the matter to which the poll relates or no fewer than 100 members who are entitled to vote on the matter to which the poll relates and hold shares in New Regus on which there has been paid up an average sum, per member, of not less than £100.

### **5.14 Corporate representatives**

Any body corporate which is a member of New Regus may by board resolution authorise such person as it thinks fit to act as its representative at any general meeting and may exercise the same powers on behalf of such body corporate as the body corporate could exercise if it were an individual member of New Regus.

### **5.15 Directors**

#### **(A) Appointment of directors**

Unless otherwise determined by ordinary resolution, the number of directors shall be not less than three and no more than 12. A majority of the directors shall, at all times, not be resident in the United Kingdom for tax purposes. Directors may be appointed by ordinary resolution or, where the appointment is to fill a vacancy, by the Board, provided that there remains a majority of directors not resident in the United Kingdom for tax purposes at all times. Subject to the provisions on rotation of directors, a director appointed by the Board holds office only until the next following annual general meeting and if not re-appointed at such annual general meeting, shall vacate office at its conclusion.

#### **(B) No share qualification**

A director shall not be required to hold any shares in the capital of New Regus by way of qualification.

#### **(C) Retirement of Directors by rotation**

Each Director (i) who has been appointed by the Board since the last annual general meeting to fill a vacancy, or (ii) whose term in office, as determined by the ordinary resolution which appointed him, has expired; (iii) who held office at the time of the two preceding annual general meetings and who did not retire at either of them; or (iv) who held office with New Regus, other than employment or executive office, for a continuous period of six years or more at the date of the meeting, shall retire at the annual general meeting and may offer himself for reappointment by the members.

(D) Remuneration of Directors

The emoluments of any director for his services in holding executive office shall be determined by the Board.

The ordinary remuneration of the directors who do not hold executive office for their services shall be limited to £1,500,000 per annum, or such higher amount as may be determined by ordinary resolution (including amounts payable under any other provision of the New Regus Articles).

Any director who performs services, which in the opinion of the Board, goes beyond the ordinary duties of a director, may be paid such extra remuneration as the Board may, in its discretion, determine.

In addition to any remuneration to which the directors are entitled under the New Regus Articles, they may be paid all reasonable expenses as they may incur in attending and returning from meetings of the directors or of any committee of the directors or shareholders meetings or otherwise in connection with the business of New Regus.

The Board or any other committee may exercise all the powers of New Regus to provide benefits, whether by payment of gratuities or pensions or by insurance or in any other manner for any director or former directors or relations or dependants of, or persons connected to, any director or former director.

(E) Compensation for loss of office

New Regus has reflected the provisions contained in sections 215 to 221 of the Companies Act in relation to payments made to directors (or a person connected to such directors) for loss of office and the circumstances in which such payments would require the approval of members in the New Regus Articles.

(F) Permitted interests of Directors

Subject to the provisions of the Jersey Companies Law and the Luxembourg Companies Law and provided that where a director, to his knowledge, is in any way directly or indirectly interested in a contract, transaction or arrangement, he has disclosed to the Board the nature and extent of his interest, a director notwithstanding his office:

- (i) is not disqualified by his office from contracting with New Regus in any manner, nor is any contract in which he is interested liable to be avoided, and any director who is so interested is not liable to account to New Regus or the members for any benefit realised by the contract by reason of the director holding that office or of the fiduciary relationship thereby established;
- (ii) may be or become a director or other officer of, or otherwise interested in, or contract with any company promoted by New Regus or in which New Regus may be interested and shall not be liable to account to New Regus or its members for any benefit received by him, nor shall any such contract be liable to be avoided; and
- (iii) may act by himself or his firm in a professional capacity for New Regus (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director.

A director may hold any other office or place of profit with New Regus (except that of auditor) in conjunction with his office of director and may be paid such extra remuneration for so doing as the Board may decide, either in addition to or in lieu of any remuneration provided for by other articles.

Any director who has an interest in a transaction submitted for approval to the Board, unless it relates to the current operations entered into under normal conditions, which conflicts with the interests of New Regus, shall, in accordance with the Luxembourg Companies Law, be obliged to advise the Board of that interest and to cause a record of his statement to be included in the minutes of the meeting. He may not take part in deliberations in relation to the approval of this transaction. At the next following general meeting, before any other resolution is put to the vote, a special report shall be made on any transactions in which any of the directors have had an interest which conflicts with that of New Regus.

(G) Restrictions on voting

Except as otherwise provided in the New Regus Articles, a director shall not count in the quorum in relation to or vote or deliberate on any resolution of the Board concerning a contract, transaction or arrangement in which he has an interest which (taken together with any interests of any person connected with him) is to his knowledge a material interest, but these prohibitions shall not apply to:

- (i) the giving to him of any guarantee, indemnity or security in respect of money lent or obligations undertaken by him for the benefit of New Regus or any of its subsidiaries;
- (ii) the giving to a third party of any guarantee, indemnity or security in respect of a debt or obligation of New Regus or any of its subsidiaries which he has himself guaranteed, indemnified or secured in whole or in part;
- (iii) the giving to him of any other indemnity where all other directors are being offered indemnities on substantially the same terms;
- (iv) the subscription or purchase by him of securities of New Regus or of any of the subsidiaries pursuant to any offer or invitation in which the director is or may be entitled to participate as a holder of securities;
- (v) the underwriting or sub-underwriting by him or any securities of New Regus or any of its subsidiaries;
- (vi) any contract in which he is interested by virtue of his interest in shares or debentures or other securities of New Regus or by reason of any other interest in or through New Regus;
- (vii) any contract with any other company (not being a company in which the director owns 1 per cent. or more) in which he is interested directly or indirectly;
- (viii) any contract concerning the adoption, modification or operation of a pension fund, superannuation or similar scheme, or retirement, death or disability benefits scheme or employees' share scheme which relates to both the directors and employees of New Regus, or any of its subsidiaries, and does not provide in respect of any director in his capacity as such any privilege or advantage not accorded to the employees to whom such scheme or fund related;
- (ix) any contract for the benefit of employees of New Regus or any of its subsidiaries under which he benefits in a similar manner to the employees and which does not accord to any director as such any privilege or advantage not accorded to the relevant employees; and
- (x) any contract for the purchase or maintenance of insurance against any liability for, or for the benefit of, any director or directors or for, or for the benefit of, persons who include directors.

New Regus may by ordinary resolution suspend or relax the above provisions to any extent or ratify any contract not duly authorised by reason of a contravention of such provisions.

(H) Board meetings

Board meetings shall not take place in the United Kingdom. The directors may participate in a Board meeting by conference telephone or other communication equipment provided that such meeting is validly convened only if all the directors participating are located outside the UK. To be valid and effectual, written resolutions of the Board must be signed outside the UK and must be signed by all the directors. A director may appoint another director as a proxy to attend and vote at a Board meeting on their behalf.

(I) Borrowing powers

The Board may exercise all the powers of New Regus to borrow money and to mortgage or charge all or any part of the undertaking, property, assets (present and future) and uncalled capital of New Regus, and, subject to the Jersey Companies Law and the Luxembourg Companies Law, to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of New Regus or of any third party.

The directors must restrict the borrowings of New Regus so that the aggregate amount outstanding in respect of borrowings by New Regus shall not, without an ordinary resolution of New Regus, exceed an amount equal to three times the adjusted capital and reserves of the company. The



adjusted capital and reserves of New Regus equals the paid up issued share capital (including treasury shares) and the amount standing to the credit of the reserves of the company, less any debit balance on retained earnings and other variations in the amount of the paid up share capital and reserves since the date of the audited balance sheet which is being referred to for the purposes of this calculation.

(J) Indemnity of officers

Subject to the provisions of the Jersey Companies Law and the Luxembourg Companies Law any director of New Regus or any of its subsidiaries may be indemnified out of the assets of New Regus against any liability incurred by him by reason of having been a director of New Regus or any of its subsidiaries.

**5.16 Register of members**

The directors shall keep and maintain a register of members in Jersey and may rely upon the information provided by the CREST operator for the purposes of keeping this register up to date.

A copy of the register shall be made available in electronic form to any member who requests to examine it at the head office of New Regus in Luxembourg. No copy of the register kept or maintained outside Jersey shall constitute the register of members of New Regus.

**5.17 Dividends and other distributions**

- (A) At the end of each annual accounting period, at least five per cent. of New Regus' net profits will be allocated to a non-distributable reserve to the extent required by the Luxembourg Companies Law until (and as long as) such reserve is equal to one tenth of the nominal value of the issued share capital. The remaining balance of the net profit, together with other available distributable reserves, shall be at the disposal of the general meeting.
- (B) Subject to the provisions of the Jersey Companies Law and the Luxembourg Companies Law, the Board may pay fixed and interim dividends if and in so far as appears to the directors to be justified by the financial position of New Regus. At each annual general meeting, the members of New Regus will approve any interim dividends paid in the previous year and the declaration of a final dividend on the end of year results. The members may require New Regus to declare a dividend which exceeds the Board's recommendation, provided that there are distributable reserves available.
- (C) If the Board acts in good faith, it shall not incur any liability to the holders of any shares for any loss they may suffer by the payment, on any other class of shares having rights ranking after or pari passu with those shares, of any such fixed or interim dividend.
- (D) Except as otherwise provided by the rights attaching to or terms of issue of any shares, or the terms of issue thereof or pursuant to the IAS arrangements, all dividends shall be apportioned and paid pro rata to shareholders according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid.
- (E) No dividend or other moneys payable in respect of a share shall bear interest against New Regus.
- (F) The directors may deduct from any dividend or other moneys payable to a holder of shares on or in respect of such shares all sums of money (if any) presently payable by the holder to New Regus on account of calls or otherwise in relation to such shares.
- (G) Any dividend unclaimed after a period of twelve years from the date on which such dividend was declared or became due for payment shall be forfeited and revert to New Regus.
- (H) Subject to the Luxembourg Companies Law and the Jersey Companies Law, the directors may, if authorised by an ordinary resolution of New Regus, offer any holder of shares (excluding treasury shares) the right to elect to receive shares by way of scrip dividend instead of cash.
- (I) As further described in paragraph 7 of this Part, New Regus Ordinary Shareholders may elect to receive their dividends from the IAS Issuers under the IAS arrangements which are intended to be put in place. Any New Regus Ordinary Shareholder may elect to receive their dividends this way and a New Regus Ordinary Shareholder who holds 25,000 or fewer New Regus Ordinary Shares (i) at the time he first becomes a New Regus Ordinary Shareholder pursuant to the Scheme or (ii) if he



becomes a New Regus Ordinary Shareholder after the Scheme becomes effective, at the first dividend record date after he first becomes a New Regus Ordinary Shareholder, will be deemed to have so elected unless he notifies New Regus in writing to the contrary. However, there can be no certainty that those who have elected or are deemed to have elected to receive their dividends in such manner will be able to do so, as the directors of each IAS Issuer will have absolute discretion to decide on whether or not to pay dividends on the IAS and on the level of any dividends so paid and will have to consider, inter alia, the financial condition and distributable reserves of the relevant IAS Issuer before paying any dividend on the IAS. Pursuant to the New Regus Articles, where any dividends paid on an IAS are received by the IAS Trustee and are paid on by the IAS Trustee to New Regus Ordinary Shareholders who have made or are deemed to have made an IAS Election, the entitlements of such New Regus Ordinary Shareholders to be paid any amount in respect of a dividend declared by New Regus shall be reduced by an amount equal to the amount paid to them and to the extent dividends are not paid to such New Regus Ordinary Shareholders by the IAS Trustee then the shortfall will be made up out of dividends on New Regus Ordinary Shares. In such circumstances there will be no grossing up by New Regus in respect of, and New Regus and the IAS Issuer will not compensate the New Regus Ordinary Shareholder for, any adverse consequences including Luxembourg withholding tax. The IAS arrangements may be suspended or terminated at any time and for any reason by New Regus, without financial recompense.

### **5.18 Winding up**

Except as provided by the rights and restrictions attached to any class of shares, the holders of New Regus Ordinary Shares will be entitled to participate in any surplus assets in a winding up in proportion to their shareholdings. Any liquidator appointed by New Regus in a general meeting or by the Board may, with the sanction of a special resolution and any other sanction required by the Jersey Companies Law or the Luxembourg Companies Law, divide among its members in kind the whole or any part of the assets of New Regus, setting such values as it deems fair upon any property to be so divided and determining how the division shall be carried out between different classes of members.

### **5.19 Disclosure of beneficial ownership**

If at any time any member, or any other person (as appropriate) has been served with a disclosure notice from New Regus and has not complied with such notice or supplied the information required to New Regus within a period of 14 days following service of the disclosure notice, then the Board may, in its absolute discretion by notice in writing (a "restriction notice") to such member direct that:

- (A) in respect of the shares in relation to which the restriction notice relates which shall include any share issued after the date of the notice in respect of such share) the member shall not, with effect from service of the restriction notice be entitled to vote either personally or by proxy at a shareholders' meeting or to exercise any other right conferred by membership in relation to shareholder meetings; and
- (B) in the case of a restriction notice served on a person who holds shares which represent 0.25 per cent. or more of the issued shares of the class in question, the restriction notice may additionally direct that in respect of those shares:
  - (i) no payment shall be made by way of dividend and no share shall be allotted in lieu of payment of a dividend; and
  - (ii) the Board may decline to register a transfer of any of the shares (which are in Certificated form) unless the transfer is pursuant to a bona fide sale of the shares to a party unconnected with the holder or any other person appearing to be interested in such shares.

Any restriction notice shall cease to have effect in relation to any shares transferred by such member in accordance with the provisions described in paragraph 5.19(B)(ii) above.

### **5.20 Schemes of arrangement**

New Regus may implement a scheme of arrangement in accordance with the relevant provisions of the Jersey Companies Law provided that it has obtained (i) approval by a majority in number representing three-fourths (in value) of the creditors or (as appropriate) three-fourths (in voting rights) of the members (or any class of them) who are entitled to vote at a meeting convened by the Jersey court (which may be held in Luxembourg); and (ii) approval of the Jersey court. In the case of a scheme of arrangement

between New Regus and its members (or any class of them), at the court meeting the members (or any class of them) would be asked to approve the scheme of arrangement.

New Regus would also convene an extraordinary general meeting at which members would be asked to approve the scheme of arrangement and such other resolutions as may be required to implement it. Once approved by the members in a general meeting, the court meeting and the Jersey court, the scheme of arrangement would be binding on all members or creditors, whether or not they voted in favour of the scheme of arrangement.

### **5.21 Compulsory acquisition of shares**

Under the Jersey Companies Law if a takeover offer is made for the company and the offeror obtains acceptances of at least nine-tenths in nominal value of the shares (or class of shares) it is offering to buy in the company, subject to the provisions of the Jersey Companies Law, it can compulsorily acquire the shares (or class of shares) of the non-accepting members on the terms of the offer by notice given to the non-accepting members in accordance with the Jersey Companies Law. In such circumstances, payment for the shares of the non-accepting members shall be made, and the shares of the non-accepting members shall be transferred to the bidder, in accordance with the provisions of the Jersey Companies Law. A holder of any shares who receives a notice of compulsory acquisition may (within six weeks from the date on which such notice was given) apply to the Jersey court for an order that the bidder not be entitled and bound to purchase the holder's shares or that the bidder purchase the holder's shares on terms different to those of the offer.

In addition, where before the end of the period within which the takeover offer can be accepted, the offeror has by virtue of acceptances of the offer acquired or contracted to acquire not less than nine-tenths in nominal value of all of the shares (or all of the shares of a particular class) of the company, the holder of any shares (or class of shares) to which the offer relates who has not accepted the offer may, by written notice to the offeror, require the offeror to compulsorily acquire the holder's shares subject to and in accordance with the provision of the Jersey Companies Law. The offeror shall (subject to the requirements of the Jersey Companies Law) be entitled and bound to acquire the holder's shares. Where a holder gives the offeror a notice of compulsory acquisition, each of the offeror and the holder of the shares is entitled to apply to the Jersey Court for an order that the terms on which the offeror is entitled and bound to acquire the holder's shares shall be such as the court thinks fit.

## **6. Differences between English, Jersey and Luxembourg company law and implications of New Regus being a Jersey incorporated company which has its place of central administration (head office) in Luxembourg and is accordingly registered as a société anonyme**

There are a number of differences between the Companies Act, the Jersey Companies Law and the Luxembourg Companies Law which may impact upon the rights of Old Regus Ordinary Shareholders when they become New Regus Ordinary Shareholders. However, where it was thought appropriate to confer similar rights on and protections to holders of New Regus Ordinary Shares, and where permitted under the Jersey Companies Law and the Luxembourg Companies Law, provisions which broadly replicate the position under English law have been incorporated into the New Regus Articles, as described in the summary setting out the principal differences between Old Regus Articles and New Regus Articles at paragraph 4 of this Part. A fuller description of certain provisions of the New Regus Articles is set out in paragraph 5 of this Part.

The principal differences between the Companies Acts, the Jersey Companies Law and the Luxembourg Companies Law include:

- 6.1 the Jersey Companies Law does not confer statutory pre-emption rights on shareholders relating to new share issues and the Luxembourg Companies Law contains different pre-emption rights; New Regus will dis-apply the Luxembourg law pre-emption rights in favour of adopting a set of provisions on pre-emption rights in the New Regus Articles which are broadly based on the provisions of the Companies Act 1985; New Regus will propose a special resolution every five years for the purposes of renewing this dis-application of Luxembourg pre-emption rights and related procedures;

- 6.2 directors of a company do not need the sanction of the shareholders to issue and allot shares under Jersey and Luxembourg law in the same manner as under English law, but the requirement to obtain similar sanctions as to those required under section 80 of the Companies Act 1985 has been enshrined in the New Regus Articles, adapted where appropriate to comply with Jersey and Luxembourg law; for instance, the authorised share capital amount will be confirmed at least every five years by special resolution as under Luxembourg law the directors may allot, subject to the authority to allot provisions in the New Regus Articles, all unissued shares in the authorised share capital if an authorised share capital is fixed in the New Regus Articles but any unissued shares and certain related authorisations will “lapse” under Luxembourg law unless renewed after five years;
- 6.3 under both Jersey and Luxembourg law, any alteration in the authorised share capital of a company requires a special resolution (two-thirds majority) rather than an ordinary resolution (a simple majority);
- 6.4 under Luxembourg law, a company must state not only its authorised share capital but also its issued share capital in its articles of association; under Jersey law, there is no such requirement. To comply with Luxembourg law in this regard, it is intended that on a monthly basis New Regus will update the statement of its issued share capital in the New Regus Articles to reflect any increase in the number of New Regus Ordinary Shares (or any class of shares in New Regus which are subsequently issued) in issue by the Board requesting that a Luxembourg notary public make this change and file the New Regus Articles, as amended, with the Luxembourg RCS and have a notice published in the Luxembourg Official Gazette. In order to ensure that equivalent information is available at the Jersey Companies Registry, New Regus will also file updated New Regus Articles in Jersey on a monthly basis and each year at the annual general meeting will ask members to approve (by special resolution) the updating and filing of the New Regus Articles in Jersey in this way during the forthcoming year (but will not pass a separate special resolution in relation to each update of the issued share capital clause in the New Regus Articles);
- 6.5 a special resolution is required to be passed by two-thirds of the votes cast by members present (in person or by proxy) at the relevant meeting under both Jersey and Luxembourg law (compared with a three-quarters majority required under English law). Thus, for example, a buy-back of shares requiring the sanction of a special resolution will only require a two-thirds majority of the votes cast instead of a three-quarters majority. However, there are certain additional Luxembourg law requirements for the passing of a special resolution which New Regus must adhere to, such as a more onerous quorum requirement (that is, members present in person or by proxy representing at least 50 per cent. of the issued share capital); where required, the holding of certain extraordinary general meetings (and the annual general meeting, where any amendments to the New Regus Articles are proposed) in front of a notary public and the recording of the minutes of certain meetings by notarial deed; and, where required, the filing and publication of the notarial deed recording an extraordinary general meeting (or the annual general meeting) with the Luxembourg RCS and in the Luxembourg Official Gazette;
- 6.6 in the event that an extraordinary general meeting or the annual general meeting at which special resolutions are to be proposed to the members of New Regus is not quorate, under Luxembourg law the meeting must be dissolved and reconvened in accordance with certain notice formalities (which have been incorporated into the New Regus Articles, as summarised at paragraph 5 of this Part 6); at the reconvened meeting (under Luxembourg law, “the meeting of second call”), there is no quorum requirement but the New Regus Articles will incorporate the Jersey law requirement that two members must be present (in person or by proxy) for a general meeting to be quorate;
- 6.7 whilst Jersey law provides for the same formalities for a variation of class rights as under English company law, Luxembourg law does not allow a written consent of members of a class to approve a variation of rights of that particular class; under Luxembourg law, class rights can only be varied by way of a special resolution for which the quorum and majority requirements for a special resolution have to be fulfilled also in relation to each relevant class of members, and not just at a separate class meeting of the members of the class whose rights are being varied; this has been reflected in the New Regus Articles;
- 6.8 the circumstances in which the Jersey Companies Law permits a Jersey company to indemnify its directors in respect of liabilities incurred by the directors in carrying out their duties are limited, albeit in a slightly different manner to English companies. There is however no general prohibition on the granting of loans by a company to its directors under either Jersey or Luxembourg law (but directors

remain subject to fiduciary duties when considering the grant of any such loans) and any costs incurred in defending any proceedings which relate to anything done or omitted to be done by that director in carrying out his duties may be funded by way of loans. The Luxembourg Companies Law also permits a company to indemnify its directors but the articles of association of a company must exclude indemnification under certain circumstances such as, for example, wilful misfeasance, bad faith, gross negligence or if a director is convicted of a criminal offence;

- 6.9 neither Jersey nor Luxembourg law requires that shareholders approve compensation payments made to directors for loss of office, whereas under English law, a payment by a company for loss of office to a director of a company or its holding company, or their connected persons, must be approved by a resolution of shareholders. The position under English law has been replicated in the New Regus Articles notwithstanding the fact that a clause providing for approval of such payments may conflict with the Luxembourg principle of “ad nutum” (at will) removal of director;
- 6.10 the Jersey Companies Law and the Luxembourg Companies Law do not require the directors of a company to disclose to the company their beneficial ownership of any shares in the company (although they must disclose to the company the nature and extent of any direct or indirect interest which conflicts, or may conflict to a material extent with, a transaction into which the company or any of its subsidiaries is proposing to enter). However, as a company listed on the London Stock Exchange, New Regus and shareholders in New Regus will be required to comply with the Disclosure and Transparency Rules which contain such requirements (Chapter 3 of the Disclosure and Transparency Rules require the disclosure of such interests by the directors);
- 6.11 neither the Jersey Companies Law nor the Luxembourg Companies Law grants the directors a statutory power to request information concerning the beneficial ownership of shares, but powers based on section 793 of the Companies Act have been incorporated into the New Regus Articles entitling the directors to request information to establish details of interests in shares in New Regus;
- 6.12 both Jersey and Luxembourg law allow members holding at least 10 per cent. of the issued share capital (by voting rights) to require the holding of a general meeting. The Luxembourg Companies Law requires that such a meeting be convened so as to be held within one month whilst the Jersey Companies Law requires such a meeting to be held within two months. The New Regus Articles therefore adopts the Luxembourg standard and provides for a requisitioned meeting to be convened within one month of a members’ requisition;
- 6.13 neither the Jersey Companies Law nor the Luxembourg Companies Law confers on members the right to an independent scrutiny of a poll taken, or to be taken, at a general meeting, nor does it confer rights on members to require a company to circulate resolutions proposed to be moved by members at the next annual general meeting, or to circulate explanatory statements relating to any matter relating to a proposed resolution at a general meeting (the Luxembourg Companies Law does, however, grant members the right to require the Board to add items to the agenda of a general meeting), or rights for a nominee holder of shares to have information rights granted to the underlying beneficial owner of the shares, but all of these rights have been incorporated into the New Regus Articles, as described in paragraph 5 of this Part;
- 6.14 there is no express restriction on donations by a company to political organisations under Jersey law or Luxembourg law;
- 6.15 under the Jersey Companies Law, at a meeting of shareholders, a poll may be demanded in respect of any question by: (i) no fewer than five shareholders having the right to vote on the question; or (ii) a shareholder or shareholders representing not less than one tenth of the total voting rights of all shareholders having the right to vote on the question whereas, in addition, under the Companies Act, a shareholder or shareholders representing 10 per cent. of the total sum paid up on all shares giving the right to vote may also demand a poll; under the Luxembourg Companies Law, all votes on resolutions put to a general meeting must be by way of poll, except in certain circumstances for resolutions which relate to minor procedural matters. The New Regus Articles have therefore provided for this as described in paragraph 5 of this Part;
- 6.16 under Jersey law, it is harder for shareholders to bring a derivative claim against a company than is the case under the Companies Act. However, Jersey law includes an equivalent provision relating to protection of shareholders against unfair prejudice (which, in English law, has not changed substantially between the Companies Act 1985 and the Companies Act) and Jersey has (subject to certain exceptions) a broadly similar position under customary law to the common law position



under English law; Luxembourg law does not recognise the concept of a derivative claim but a shareholder or other third party can bring an action against New Regus for damages incurred individually as a result of actions by the Board and different from the prejudice suffered by the company and all other shareholders, or for unfair prejudice against minority shareholders;

- 6.17 there is no concept of a scheme of arrangement under Luxembourg law but New Regus could implement a scheme of arrangement under the Jersey Companies Law (which is broadly the same as equivalent provisions in the Companies Act); in order to facilitate New Regus being able to implement a valid scheme of arrangement in future, should it be in the interests of New Regus to do so, certain elements of the procedure which would be followed in order to implement a scheme of arrangement have been enshrined in the New Regus Articles, as described in more detail in paragraph 5 of this Part; and
- 6.18 the provisions of the Luxembourg Takeover Law which allow for a compulsory acquisition procedure in the event of a takeover offer for a company do not apply to New Regus; the provisions of the Jersey Companies Law which set out a compulsory acquisition procedure (that is, “squeeze-out” and “sell-out” rights similar to those in the Companies Act) do apply to New Regus; to make it that such provisions are applicable the key procedural elements of the relevant Jersey Companies Law provisions have been enshrined in the New Regus Articles;
- 6.19 under Jersey law, the two procedures for dissolving a Jersey company are winding up and *désastre*. Concepts such as receivership, administration and voluntary arrangements do not exist under Jersey law. The concept of a winding up is broadly similar to that under English law, except that under Jersey law, a winding up may only be commenced by the Jersey company and not by one of its creditors. If the company is solvent the winding up will be a summary winding up. If the company is insolvent, the winding up will be a creditors’ winding up. A creditor wishing to dissolve a Jersey company would seek to have the company’s property declared *en désastre* (literally meaning “in disaster”). If the company’s property is declared *en désastre*, all of the powers and property of the company (whether present or future or situated in Jersey or elsewhere) are vested in the Viscount (an officer of the court). The role of the Viscount is similar to that of a liquidator. The Viscount’s principal duty is to act for the benefit of the company’s creditors. He is not under an obligation to call any creditors’ meetings, although he may do so.

Under Luxembourg law, the procedure for the dissolution and liquidation of a company involves three steps, each of which requires the holding of a general meeting of the shareholders of the company (a “GM”). The first GM will be for the purposes of passing a special resolution in front of a public notary and recorded in notarial deed to resolve to dissolve and put into liquidation the company and to appoint liquidators and determine their powers and remuneration. The purpose of the second GM, at which only ordinary resolutions will be passed, is to hear the report of the liquidators on the progress of the liquidation, to appoint auditors to report on the liquidation and to fix the date of the third GM. The final GM, which will also pass only ordinary resolutions, will hear the auditors’ report, approve the liquidation accounts, grant discharge (*quitus*) to the liquidators and auditors to the liquidation, determine the place where the corporate books and documents are to be lodged and retained for five years and close the liquidation procedure. The company will then cease to exist. There is no involvement of creditors in the GMs of a voluntary liquidation procedure. However, insolvency proceedings may be commenced by New Regus’ unpaid creditors (and shall be commenced by the Board) if it can be shown that New Regus is both unable to pay its creditors and unable to raise credit. If the Luxembourg Court is satisfied that these conditions are met, the Court will declare New Regus bankrupt (“faillite”).

This list is intended to be illustrative only and does not purport to be exhaustive or to constitute legal advice. Any Old Regus Ordinary Shareholder wishing to obtain future information regarding his rights as a New Regus Ordinary Shareholder under Jersey and /or Luxembourg law should consult his Jersey and/or Luxembourg legal advisers.

Following and subject to Admission, New Regus will be required to comply with the Listing Rules, (including the Model Code, rules relating to related party transactions, and class transactions) and the Disclosure and Transparency Rules. In certain of the instances where the Listing Rules and the Disclosure and Transparency Rules apply differently to an overseas company, provision has been made in the New Regus Articles to apply the rules as if New Regus was a company incorporated in the UK. For example, the requirement for any proposed employee share schemes and long term incentive plans to be approved by shareholders under Listing Rule 9.4 has been enshrined in the New Regus Articles, and the



New Regus Articles provide that shareholders must comply with the rules contained in DTR 5 of the Disclosure and Transparency Rules relating to disclosure of major shareholdings and other controlling voting rights in New Regus as if it were a UK-incorporated company.

New Regus intends, upon implementation of the Scheme, to comply with the Combined Code to the same extent that Old Regus does.

New Regus will continue to be subject to the provisions of the City Code on Takeovers and Mergers. The insider dealing legislation set out in the UK Criminal Justice Act 1993, as well as provisions relating to market abuse, will apply to New Regus and dealings with New Regus Ordinary Shares, alongside the parallel provisions of Jersey law and Luxembourg law, to the extent that they are applicable.

## **7. IAS arrangements**

New Regus intends to put into place, after completion of the Scheme, IAS arrangements. To the extent that they are operated, these arrangements will mean that New Regus Ordinary Shareholders are able to choose whether they receive dividends from New Regus (i.e. a company resident for tax purposes in Luxembourg) or from a company resident for tax purposes in the United Kingdom under the IAS arrangements.

Where a New Regus Ordinary Shareholder holds New Regus Ordinary Shares in more than one designated account, each designated account shall be considered separately for the purposes of any IAS election made or deemed to have been made. References to a "New Regus Ordinary Shareholder" should be read as references to the New Regus Ordinary Shareholder in respect of a particular designated account.

### **7.1 Mechanics of the arrangement**

To the extent that the IAS arrangements are effected and operated, each IAS Issuer will issue one IAS which will be held by the IAS Trustee pursuant to the IAS Trust. The IAS Trust will be constituted pursuant to a trust deed which will provide that inter alia:

- (A) the IAS Trustee will hold any dividends paid (not just declared) on the IAS on trust for the New Regus Ordinary Shareholders who have elected (or are deemed to have elected) to receive dividends pursuant to these arrangements;
- (B) the IAS themselves will be held on trust for New Regus; and
- (C) each registered holder of New Regus Ordinary Shares on a dividend record date who has made (or is deemed to have made) a valid IAS Election will be entitled to receive from the IAS Trustee an amount equal to the dividend it would have received from New Regus, to the extent the IAS Trustee has actually received amounts equal to such amount by way of dividends from the IAS Issuers.

To ensure compliance with technical trust law rules, the period during which the IAS Trust may continue will be restricted. However, the IAS Trust should be able to continue for 80 years.

### **7.2 Articles of association**

This mechanism will be reflected in the articles of association of both New Regus and each IAS Issuer so that the mechanics of the IAS arrangements will be as follows.

The New Regus Articles provide that if (i) a dividend is announced or declared by New Regus on the New Regus Ordinary Shares, (ii) amounts are paid by the IAS Issuers by way of a dividend on the IAS to the IAS Trustee, and (iii) such amounts are paid by the IAS Trustee to the New Regus Ordinary Shareholders who have elected (or are deemed to have elected) to receive dividends under these arrangements, the dividend which would otherwise be payable by New Regus to such New Regus Ordinary Shareholders will be reduced by an amount equal to the amounts paid to such New Regus Ordinary Shareholders by the IAS Trustee.

If the dividends paid on the IAS to the IAS Trustee and on-paid by the IAS Trustee to the New Regus Ordinary Shareholders are less than the total amount of the dividend announced or declared by New Regus on the New Regus Ordinary Shares in respect of which an election has been made (or is deemed to have been made) to receive dividends under these arrangements, New Regus will be obliged to pay a dividend on the New Regus Ordinary Shares to those New Regus Ordinary Shareholders who have so elected (or are deemed to have so elected) of the amount of the shortfall. In such a case, any dividend

paid on the New Regus Ordinary Shares will generally be subject to Luxembourg withholding tax at the rate of 15 per cent. and the recipient will receive such amount net of such withholding tax. Further details on Luxembourg withholding tax are set out in paragraph 2.2 of Part 4 of this Prospectus.

### **7.3 IAS Elections**

A New Regus Ordinary Shareholder will be entitled to make an IAS Election such that, to the extent that the IAS arrangements are effected and operated, he will receive his dividends (which would otherwise be payable by New Regus) under these arrangements from the IAS Issuers.

A New Regus Ordinary Shareholder who holds 25,000 or fewer New Regus Ordinary Shares at the time he becomes a New Regus Ordinary Shareholder pursuant to the Scheme, and who does not make a contrary election, will be deemed to have made an election (pursuant to the New Regus Articles) such that, to the extent that the IAS arrangements are effected and operated, he will receive his dividends under these arrangements from the IAS Issuers.

Equally, a New Regus Ordinary Shareholder who first acquires his New Regus Ordinary Shares after the Scheme Effective Date, who holds 25,000 or fewer New Regus Ordinary Shares on the first dividend record date after he becomes a New Regus Ordinary Shareholder, and who does not make a contrary election, will be deemed to have made an election (pursuant to the New Regus Articles) such that, to the extent that the IAS arrangements are effected and operated, he will receive his dividends under these arrangements from the IAS Issuers.

The forms for making an IAS Election (or for opting out of the IAS Election for those New Regus Ordinary Shareholders who would otherwise be deemed to have made the IAS Election) have been sent to Old Regus Ordinary Shareholders with the Scheme Circular and are also available from the Registrars and from New Regus' registered office.

Subject to paragraph 7.4 below, any IAS Election (made or deemed to have been made) shall remain effective unless and until a contrary election is made and notified to New Regus. Any New Regus Ordinary Shareholder will be able to elect at any time to change a previous IAS Election made or deemed to have been made by notifying New Regus in writing to that effect. Such notification must be made in writing to Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

### **7.4 Payment of dividends via the IAS**

It is the expectation, although there can be no certainty, that the IAS Issuers will distribute dividends on the IAS to the IAS Trustee for the benefit of all New Regus Ordinary Shareholders who make (or are deemed to make) an IAS Election in an amount equal to what would have been such New Regus Ordinary Shareholders' entitlement to dividends from New Regus in the absence of the IAS Election. To the extent that any dividends paid on the IAS to the IAS Trustee and on-paid by the IAS Trustee to the New Regus Ordinary Shareholders are of an aggregate amount which is less than the amount which would have been such New Regus Ordinary Shareholders' entitlement to dividends from New Regus in the absence of the IAS Election, the dividends on the IAS received by the IAS Trustee will be allocated pro rata to such New Regus Ordinary Shareholders and New Regus will pay the balance by way of dividend. In such circumstances, there will be no grossing up by New Regus in respect of, and New Regus and the IAS Issuers will not compensate those New Regus Ordinary Shareholders for, any adverse consequences including any Luxembourg withholding tax consequences.

### **7.5 Termination**

The IAS arrangements may be suspended or terminated at any time, in which case the full New Regus dividend will be paid directly by New Regus to those New Regus Ordinary Shareholders who have made (or are deemed to have made) an IAS Election. In such circumstances, there will be no grossing up by New Regus in respect of, and New Regus and the IAS Issuers will not compensate those New Regus Ordinary Shareholders for, any adverse consequences including any Luxembourg withholding tax consequences.

### **7.6 Tax**

Summaries of certain tax implications for certain classes of New Regus Ordinary Shareholders of these arrangements are set out in Part 4 of this Prospectus.

## **8. Share capital of Old Regus**

As at 5 September 2008, being the latest practicable date prior to the publication of this Prospectus, the authorised share capital of Old Regus comprised 1,600,000,000 Old Regus Ordinary Shares of 5p each and 50,000 redeemable preference shares of £1 each. At that date the issued share capital of Old Regus comprised 948,219,822 Old Regus Ordinary Shares (excluding the Old Regus Ordinary Shares held in treasury). In addition, 36,571,702 Old Regus Ordinary Shares were held by Old Regus in treasury.

## **9. New Regus Directors and Senior Managers**

- 9.1 The business address of each of the New Regus Directors and Senior Managers is 26, Boulevard Royal, L-2449 Luxembourg. Their full names and functions within the Regus Group are as set out below. Certain directors of Old Regus (John Matthews, Mark Dixon, Stephen Gleadle and Martin Robinson) have been appointed as directors of New Regus.
- 9.2 Brief biographical details of the Directors and Senior Managers are as follows:

### **John Matthews — *Chairman***

John (63, British) was appointed Chairman of Old Regus in July 2002 and had previously been an independent director since joining the Regus Group in 1995. He is currently an independent director of Diploma plc, Minerva plc, and SDL plc. A Chartered Accountant, he was, until 2007, Chairman of Crest Nicholson plc, and prior to that had been a Managing Director of County Natwest and Deputy Chairman of Beazer plc. John is Chairman of the Nomination Committee. He was appointed as Chairman of New Regus on 27 August 2008.

### **Mark Dixon — *Chief Executive Officer***

Mark (48, British, resident in Monaco) founded the Regus Group in 1989 and has been Chief Executive for over 18 years, leading the Regus Group's worldwide expansion programme and the development of pioneering workplace solutions. Prior to 2007, Mark was located in the USA overseeing the integration of the HQ Global Workplaces acquisition and has now relocated to Europe to oversee the development of the business in the UK and its full integration back into the Regus Group. Prior to the Regus Group, he established businesses in the retail and wholesale food industry. He was appointed as director of New Regus on 18 August 2008.

### **Stephen Gleadle — *Chief Financial Officer***

Stephen (49, British) joined the Regus Group as Chief Financial Officer in October 2005. Prior to the Regus Group he was Group Financial Controller of Tarmac plc and Finance Director at both Synstar plc and lastminute.com plc. Stephen is a Chartered Accountant. He was appointed as director of New Regus on 18 August 2008.

### **Martin Robinson — *Independent senior non-executive director***

Martin (45, British) was appointed independent senior non-executive director of New Regus on 27 August 2008 and has been a non-executive director of the Regus Group since August 2002. Martin is Chairman of Centre Parcs UK, Chairman of Alta Velocita, a director of Figaro LLP and a director of the Supervisory Board of EuroDisney SCA. Until 2007, he was Chairman of Health Club Holdings and is a former CEO and Chairman of Centre Parcs Europe. He has previously held senior management positions with Scottish and Newcastle plc, Sara Lee Corporation and worked as a Management Consultant for four years with McKinsey & Co. Inc. Martin is Chairman of the Remuneration Committee.

### **Lance Browne — *Non-executive director***

Lance Browne (59, British, resident in Shanghai) was appointed a non-executive director of New Regus on 27 August 2008. Lance is Vice Chairman of Standard Chartered Bank (China) Limited. Previously Lance was Director of Business Development at Powergen International (HK). Lance is also the Chairman of China Goldmines plc, China Senior Advisor to the City of London and non-executive director of IMI plc.

**Ulrich Ogiermann — *Non-executive director***

Ulrich (49, German, resident in Luxembourg) was appointed a non-executive director of New Regus on 27 August 2008. Ulrich is President and Chief Executive of Cargolux. Ulrich previously held a senior position with Lufthansa.

**Douglas Sutherland — *Non-executive director***

Douglas (52, United States citizen, resident in Luxembourg) was appointed a non-executive director of New Regus on 27 August 2008. Douglas was previously Chief Financial Officer of Skype during its acquisition by eBay in October 2005 and was also Chief Financial Officer at SecureWave during its acquisition by PatchLink in July 2007. Prior to this, Douglas enjoyed a career of over 20 years with Arthur Andersen (as a partner for over a decade). Douglas is Chairman of the Audit Committee.

**Paulo Dias — *CEO Regus EMEA***

Prior to joining the Regus Group in 1993, Paulo Dias obtained a Master degree on International Economics. He was first appointed Sales Manager for Paris, Brussels, Lisbon, Sao Paulo, and then became Development Manager before being Sales Manager for France and Southern Europe. In 1998, Paulo Dias was appointed General Manager for France and in 1999 General Manager for Southern Europe. In 2003, Paulo Dias ascended to the position of Chief Executive Officer for Europe, the Middle East and Africa.

**Guillermo Rotman — *President, the Regus Group Americas***

Guillermo Rotman oversees all aspects of The Regus Group Network in the United States, Canada and Latin America. He joined the Regus Group in 2001 as vice president, Latin America. Prior to the Regus Group, Guillermo held senior management positions with international retail giants such as Blockbuster and PepsiCo/Pizza Hut, where he led the start up and operations of new stores in Latin America and other emerging markets. Guillermo also held various positions at Kraft Inc., including vice president of marketing and sales for Latin America.

**Filippo Sarti — *Chief Executive Officer — Asia-Pacific***

Filippo Sarti is Regus Chief Executive Officer for Asia-Pacific. He has been with the Regus Group for 8 years guiding the developments of the Asia Pacific market and is responsible for its operations across fourteen countries and 35 cities. Before joining the Regus Group in June 2000, Filippo worked for Symonds Group Ltd for 10 years in the facilities management industry, helping to establish its UK business. He worked as both the Regional Director and Commercial Director for Symonds Facilities Management PLC in the UK, and as Managing Director of its subsidiary joint venture Charter Services Ltd.

9.3 The details of those companies and partnerships outside the Regus Group of which the New Regus Directors or Senior Managers are currently directors or partners, or have been directors or partners at any time during the previous five years prior to the date of this Prospectus, are as follows:

<b><u>Name of New Regus Director/Senior Manager</u></b>	<b><u>Current directorships and partnerships</u></b>	<b><u>Previous directorships and partnerships</u></b>
John Matthews . . . . .	P. Matthews Limited Forest School, Essex Media Systems Limited SDL plc Minerva plc Diploma plc	Crest Nicholson PLC Goodmigrations Limited Center Parcs (UK) Group Limited Rotork PLC
Mark Dixon . . . . .	None	K-Capital Limited
Stephen Gleadle . . . . .	None	Synstar Limited Lancare UK Limited Hewlett-Packard CDS Limited Synstar Business Continuity Limited Synstar Holdings Limited Synstar International Limited Computer Disaster Recovery Europe Limited Computer Disaster Recovery Limited Knowledge Technology Limited Synstar Europe Synstar Computer Services Holdings Limited Synstar Desktop Management Limited Synstar Staff Ownership Participation Plan Limited
Martin Robinson . . . . .	Center Parcs Limited Center Parcs (Operating Company) Limited Center Parcs (Block 1) Limited Center Parcs (Block 2) Limited  Center Parcs (UK) Group Limited Center Parcs SPA Division Holdings Limited Forest Refico Limited Forest Bidco Limited Forest Hold Regus Limited Forest Midco Limited Sun CP Newmidco Limited Sun CP Newtopco Limited Alta Velocita Limited	3D Education and Adventure Limited Carp (E) Health Club Holdings Limited Holmes Place Holdings Limited Holmes Place Health & Fitness Holdings Limited  Holmes Place International Holdings Limited  Redmirror Limited Health Club Group PLC
Lance Browne . . . . .	IMI plc China Goldmines plc China-Britain Business Council	None
Ulrich Ogiermann . . . . .	Champ Cargo Services S.A. SITA Inc. The International Air Cargo Association Cargolux Airlines International S.A.	Luxfuel S.A. International School of Luxembourg
Douglas Sutherland . . . . .	None	Skype Limited Tomkins Overseas Holdings S.à.r.l. Tomkins Holdings Luxembourg S.à.r.l. Tomkins Luxembourg S.à.r.l. Tomkins American Investments S.à.r.l. Tomkins Overseas Financing S.à.r.l. Tomkins Overseas Funding S.à.r.l. Schrader Investments Luxembourg S.à.r.l. Skimton Ireland Company Tomkins International Holdings B.V.
Paulo Dias . . . . .	Yellowstone Holdings Luxembourg S.à r.l.	None
Guillermo Rotman . . . . .	None	GER & Associates, an S corporation
Filippo Sarti . . . . .	None	None



- 9.4 No New Regus Director or Senior Manager has any potential conflicts of interest between any of his duties to New Regus and his private interests or other duties.
- 9.5 None of the New Regus Directors or Senior Managers in the five years preceding the date of this Prospectus has:
- (A) had any convictions in relation to fraudulent offences;
  - (B) been associated with any bankruptcies, receiverships, or liquidations acting in the capacity of any of the positions set out against the relevant New Regus Director's or Senior Manager's name in paragraph 9.3 above;
  - (C) been the subject of any official public incrimination or sanctions by any statutory or regulatory authorities (including, where relevant, designated professional bodies); or
  - (D) been disqualified by a court from acting as a member of the administrative management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

## 10. New Regus Director and Senior Manager interests in Regus Group

- 10.1 On the Scheme becoming effective, assuming that no further Old Regus Ordinary Shares have been purchased or issued after 5 September 2008 (being the latest practicable date prior to the publication of this Prospectus), certain of the New Regus Directors and Senior Managers will have the following beneficial interests in New Regus Ordinary Shares by virtue of the effect of the Scheme on their Old Regus Ordinary Shares.

<u>Director</u>	<u>Number of Old Regus Ordinary Shares</u>	<u>Number of New Regus Ordinary Shares</u>	<u>Percentage of issued share capital of New Regus</u>
John Matthews . . . . .	940,821	940,821	0.10%
Mark Dixon . . . . .	359,058,783	359,058,783	37.87%
Stephen Gleadle . . . . .	121,500	121,500	0.01%
Martin Robinson . . . . .	141,587	141,587	0.01%
Paulo Dias . . . . .	26,927	26,927	0.00%
Lance Browne . . . . .	—	—	0.00%
Ulrich Ogiermann . . . . .	—	—	0.00%
Douglas Sutherland . . . . .	100,000 <sup>(1)</sup>	100,000	0.01%
Guillermo Rotman . . . . .	12,927	12,927	0.00%
Filippo Sarti . . . . .	30,857	30,857	0.00%

(1) These shares are legally and beneficially owned by Douglas Sutherland's spouse.

The interests in Old Regus Ordinary Shares of the New Regus Directors and the Senior Managers together represent approximately 38.0 per cent. of the issued share capital of Old Regus as at 5 September 2008, the latest practicable date prior to publication of this Prospectus.

- 10.2 In addition to their having an interest in 360,433,402 Old Regus Ordinary Shares as detailed in paragraph 10.1 above, certain of the New Regus Directors and Senior Managers also have interests in Old Regus Ordinary Shares as at the date referred to in paragraph 10.1 above as a result of their participation in the Old Regus Share Schemes.

These interests were as follows:

### **Regus Group share option plan**

<u>New Regus Director/ Senior Manager</u>	<u>Grant date</u>	<u>Interest in options and awards over Old Regus Ordinary Shares</u>	<u>Exercise price (pence)</u>	<u>Date from which exercisable</u>	<u>Expiry date</u>
Mark Dixon . . . . .	08/09/2004	1,708,108	64.75	08/09/2007	08/09/2014
Paulo Dias . . . . .	23/07/2004	587,827	57.00	23/07/2007	23/07/2014
Guillermo Rotman . . . . .	23/07/2004	804,324	57.00	23/07/2007	23/07/2014
Filippo Sarti . . . . .	23/07/2004	647,850	57.00	23/07/2007	23/07/2014

**Regus Group plc co-investment plan**

<u>New Regus Director/ Senior Manager</u>	<u>Interest in options and awards over Old Regus Ordinary Shares</u>	<u>Grant date</u>	<u>Exercise price (pence)</u>	<u>Exercise date</u>	<u>Expiry date</u>
<b>Mark Dixon</b>					
CIP — Investment shares . . .	193,473	21/03/2006	—	21/03/2009	21/03/2016
CIP — Matching shares . . . .	773,892	21/03/2006	—	21/03/2009	21/03/2016
CIP — Investment shares . . .	179,396	21/03/2007	—	21/03/2010	21/03/2017
CIP — Matching shares . . . .	717,584	21/03/2007	—	21/03/2010	21/03/2017
CIP — Investment shares . . .	316,770	18/03/2008	—	18/03/2011	18/03/2018
CIP — Matching shares . . . .	1,267,080	18/03/2008	—	18/03/2011	18/03/2018
	<b>3,448,195</b>				
<b>Stephen Gleadle</b>					
CIP — Investment shares . . .	87,832	21/03/2007	—	21/03/2010	21/03/2017
CIP — Matching shares . . . .	351,328	21/03/2007	—	21/03/2010	21/03/2017
CIP — Investment shares . . .	155,279	18/03/2008	—	18/03/2011	18/03/2018
CIP — Matching shares . . . .	621,116	18/03/2008	—	18/03/2011	18/03/2018
	<b>1,215,555</b>				
<b>Paulo Dias</b>					
CIP — Investment shares . . .	62,480	21/03/2006	—	21/03/2009	21/03/2016
CIP — Matching shares . . . .	249,920	21/03/2006	—	21/03/2009	21/03/2016
CIP — Investment shares . . .	64,519	21/03/2007	—	21/03/2010	21/03/2017
CIP — Matching shares . . . .	258,076	21/03/2007	—	21/03/2010	21/03/2017
CIP — Investment shares . . .	146,628	18/03/2008	—	18/03/2011	18/03/2018
CIP — Matching shares . . . .	586,512	18/03/2008	—	18/03/2011	18/03/2018
	<b>1,368,135</b>				
<b>Guillermo Rotman</b>					
CIP — Investment shares . . .	92,910	21/03/2006	—	21/03/2009	21/03/2016
CIP — Matching shares . . . .	371,640	21/03/2006	—	21/03/2009	21/03/2016
CIP — Investment shares . . .	72,818	21/03/2007	—	21/03/2010	21/03/2017
CIP — Matching shares . . . .	291,272	21/03/2007	—	21/03/2010	21/03/2017
CIP — Investment shares . . .	139,821	18/03/2008	—	18/03/2011	18/03/2018
CIP — Matching shares . . . .	559,284	18/03/2008	—	18/03/2011	18/03/2018
	<b>1,527,745</b>				
<b>Filippo Sarti</b>					
CIP — Investment shares . . .	82,458	21/03/2006	—	21/03/2009	21/03/2016
CIP — Matching shares . . . .	329,832	21/03/2006	—	21/03/2009	21/03/2016
CIP — Investment shares . . .	64,152	21/03/2007	—	21/03/2010	21/03/2017
CIP — Matching shares . . . .	256,608	21/03/2007	—	21/03/2010	21/03/2017
CIP — Investment shares . . .	121,540	18/03/2008	—	18/03/2011	18/03/2018
CIP — Matching shares . . . .	486,160	18/03/2008	—	18/03/2011	18/03/2018
	<b>1,340,750</b>				

**Regus Group plc long term incentive plan**

<u>New Regus Director</u>	<u>Interest in awards over Old Regus Ordinary Shares</u>
Mark Dixon . . . . .	337,398
Stephen Gleadle . . . . .	325,203
Paulo Dias . . . . .	142,697
Guillermo Rotman . . . . .	213,967
Filippo Sarti . . . . .	189,998

**Regus Group plc 2008 value creation plan**

<u>Name</u>	<u>Old Regus Ordinary Shares subject to value creation plan awards</u>
Mark Dixon . . . . .	3,500,000
Stephen Gleadle . . . . .	3,000,000
Paulo Dias . . . . .	2,500,000
Guillermo Rotman . . . . .	2,500,000
Filippo Sarti . . . . .	2,500,000

10.3 The above interests are based upon the interests of the New Regus Directors and Senior Managers in Old Regus Ordinary Shares which (a) have been notified by each New Regus Director or Senior Manager to Old Regus pursuant to Chapter 3 of the Disclosure and Transparency Rules before 5 September 2008 (the latest practicable date prior to publication of this Prospectus), or (b) are interests of a connected person (within the meaning of the Disclosure and Transparency Rules) of a New Regus Director or Senior Manager which have been notified to Old Regus by each connected person (within the meaning of the Disclosure and Transparency Rules) pursuant to Chapter 3 of the Disclosure and Transparency Rules before such date.

10.4 Save as set out above, no New Regus Director or Senior Manager (nor any person connected with them) has any interests (beneficial or non-beneficial) in the share capital of Old Regus. Save as set out above, no New Regus Director or Senior Manager (nor any person connected with them) holds an interest in any other securities of the Regus Group.

10.5 Save as disclosed above, none of the New Regus Directors had a beneficial interest in any contract to which Old Regus or New Regus or another member of the Regus Group was a party during the financial year.

10.6 There are no outstanding loans or guarantees granted or provided by New Regus or Old Regus or another member of the Regus Group for the benefit of any of the Directors.

**11. New Regus Directors' service agreements**

11.1 The aggregate emoluments, excluding pensions, of the New Regus Directors and the Senior Managers for the year ended 31 December 2007 are set out below:

	<u>Salary</u>	<u>Fees</u>	<u>Benefits</u>	<u>Bonus</u>	<u>Total</u>
	£'000	£'000	£'000	£'000	£'000
<b>Chairman</b>					
John Matthews . . . . .		190.0			190.0
<b>Executive</b>					
Mark Dixon . . . . .	510.0	—	101.5	382.5	994.0
Stephen Gleadle . . . . .	250.0	—	15.4	187.5	452.9
<b>Non-Executive</b>					
Martin Robinson . . . . .		41.0			41.0
<b>Senior Managers</b>					
In aggregate . . . . .	642.6	—	108.9	481.3	1,232.8
<b>Total</b> . . . . .	1,402.6	231.0	225.8	1,051.3	2,910.7

11.2 The Regus Group does not operate a defined benefit scheme and has no plans to introduce such a scheme. The pension contributions made by Old Regus in respect of the New Regus Directors and Senior Managers for the year ended 31 December 2007 are set out below:

<u>New Regus Director/Senior Manager</u>	<u>Pension contribution for the year ended 31 December 2007</u>
	£
Mark Dixon . . . . .	39,600
Stephen Gleadle . . . . .	17,500
Senior Managers (in aggregate) . . . . .	10,052

11.3 Each of the New Regus Directors will enter into a new service agreement and/or letter of appointment on substantially the same terms to their existing arrangements. The only significant difference between the arrangements in place in respect of the Old Regus Directors and those to

take effect with respect to the New Regus Directors is that Stephen Gleadle will enter into (i) a letter of appointment as a director of New Regus governing his activities when making decisions relating to the central management and control of New Regus; and (ii) a service agreement with Regus Management Limited (“**RML**”) regarding his employment relationship with RML. As a result of this, Stephen Gleadle will receive a salary from RML under his service contract (see paragraph 11.6 below) and a fee from New Regus under his letter of appointment (see paragraph 11.7 below). The aggregate remuneration he receives from RML and New Regus will not exceed that which he is currently entitled to from RML and Old Regus (subject to any future increases following a recommendation by the Remuneration Committee).

- 11.4 Mark Dixon will enter into a service agreement with New Regus. Mark Dixon commenced employment with the Regus Group on 1 September 1989, and will be employed as chief executive officer of New Regus. Mr Dixon will be entitled to receive an annual salary (initially at the rate of £522,750) and will be entitled to receive a bonus at the discretion of the Remuneration Committee. Mr Dixon will also be entitled to receive a housing allowance of £100,000 per year or such higher amount as the Remuneration Committee may determine. Mr Dixon’s contract will be a continuing contract and is subject to termination by either party giving the other not less than 12 months’ written notice. However following a change of control, Mr Dixon may terminate his employment by giving 1 month’s notice in writing within 6 months from the date on which the change of control occurs and will then be entitled to receive 12 months’ salary and his bonus for any year ending within the next 12 months. Mr Dixon is entitled to receive private health insurance and death in service benefits and pension benefits. He is eligible to participate in any employee share schemes established by the Regus Group. Mr Dixon is entitled to 25 days holiday in addition to the usual bank and public holidays.
- 11.5 New Regus is entitled to terminate Mr Dixon’s service agreement if, amongst other things he is prohibited by law from being a director or he is guilty of misconduct or a serious or persistent breach of any of his obligations to his employer or he becomes a patient of a mental health institution or he is convicted of a criminal offence which results in a term of imprisonment. For a period of 12 months following termination of Mr Dixon’s employment Mr Dixon may not solicit or entice away the business of any customer of New Regus or any member of the Regus Group, have any business dealings with any such customer, or offer employment or entice away from New Regus or any member of the Regus Group any senior employee. For this period Mr Dixon must not compete with any business with which he was materially involved during the period of 12 months ending on the date of the termination of his employment.
- 11.6 Stephen Gleadle will enter into a service agreement with RML. Particulars of the terms of, and remuneration payable under, the service agreement are set out below. Stephen Gleadle commenced employment with RML on 31 October 2005, and will be employed as finance manager of New Regus. Mr Gleadle will be entitled to receive an annual salary (initially at a rate of £260,000) and will be entitled to an annual bonus at the discretion of the Remuneration Committee. He will also be entitled to a monthly car allowance of £833.33. Mr Gleadle’s contract is a continuing contract and is subject to termination by either party giving the other not less than 12 months’ written notice except that, following a change of control, Mr Gleadle may terminate his employment by giving 1 month’s notice in writing within 6 months from the date on which the change of control occurs and will then be entitled to receive 12 months’ salary and his bonus for any year ending within the next 12 months. Mr Gleadle is entitled to receive WPA (or similar) private health insurance benefits for himself and his immediate family. In addition, he will be entitled to participate in the RML pension scheme or alternatively receive contributions to a recognised UK pension plan. Mr Gleadle may also be a member of RML’s death in service benefit scheme operated by the American Life Insurance Company. He is eligible to participate in any employee share schemes established by the Regus Group. Mr Gleadle is entitled to 25 days holiday in addition to the usual bank and public holidays.
- 11.7 RML will be entitled to terminate Mr Gleadle’s service agreement if, amongst other things, he is prohibited by law from being a director or he is guilty of misconduct or a serious or persistent breach of any of his obligations to his employer or he becomes a patient under the Mental Health Act 1983 or he is convicted of a criminal offence which results in a term of imprisonment. For a period of 12 months following termination of Mr Gleadle’s employment, he may not solicit or entice away the business of any customer of RML or any member of the Regus Group, have any business dealings with any such customer, or offer employment or entice away from RML or any member of the Regus Group any senior employee. For this period Mr Gleadle must not compete with any business with

which he was materially involved during the period of 12 months ending on the date of the termination of his employment.

- 11.8 Stephen Gleadle will enter into a letter of appointment with New Regus by which he will be appointed as director of New Regus with effect from the Scheme Effective Date. He will be entitled to an annual fee of £40,000 and reimbursement of out of pocket expenses. Mr Gleadle's appointment is subject to termination by either party giving to the other notice of not less than 12 months in writing. New Regus may terminate the appointment at any time by paying Mr Gleadle a sum equal to the fee that would have been payable to him for a 12 month period or, if less, the period to the date when Mr Gleadle reaches the age of 65.
- 11.9 The following non-executive New Regus Directors will enter into letters of appointment with New Regus:
- (A) John Matthews will enter into a letter of appointment with New Regus by which will be appointed as chairman with effect from the Scheme Effective Date. He will be entitled to a basic annual fee of £190,000, subject to a pay rise currently being considered by the Remuneration Committee and expected to take effect within the next few months, and reimbursement of out of pocket expenses. Mr Matthews' appointment is for an initial term of 3 years subject to early termination by either party.
  - (B) Martin Robinson will enter into a letter of appointment with New Regus by which he will be appointed a non-executive Director with effect from the Scheme Effective Date. He will be entitled to a basic annual fee of £40,000 and reimbursement of out of pocket expenses. In addition, he will receive annual fees of £6,000 for his role as Senior Independent Non-Executive Director, £6,000 for his role as Chairman of the Remuneration Committee and £7,500 for repatriation expenses. Mr Robinson's appointment is for an initial term of 3 years subject to early termination by either party.
  - (C) Lance Browne will enter into a letter of appointment with New Regus by which he will be appointed a non-executive Director with effect from the Scheme Effective Date. He will be entitled to a basic annual fee of £40,000 and reimbursement of out of pocket expenses. In addition, he will receive an annual fee of £7,500 for repatriation expenses. Mr Browne's appointment is for an initial term of 3 years subject to early termination by either party.
  - (D) Ulrich Ogiermann will enter into a letter of appointment with New Regus by which he will be appointed a non-executive Director with effect from the Scheme Effective Date. He will be entitled to a basic annual fee of £40,000 and reimbursement of out of pocket expenses. Mr Ogiermann's appointment is for an initial term of 3 years subject to early termination by either party.
  - (E) Douglas Sutherland will enter into a letter of appointment with New Regus by which he will be appointed a non-executive Director with effect from the Scheme Effective Date. He will be entitled to a basic annual fee of £40,000 and reimbursement of out of pocket expenses. In addition, he will receive an annual fee of £6,000 for his role as Chairman of the Audit Committee. Mr Sutherland's appointment is for an initial term of 3 years subject to early termination by either party.

The above fees for the non-executive New Regus Directors may be paid in currencies other than pounds sterling.

- 11.10 No non-executive New Regus Director is provided with any benefit upon the termination of his employment.
- 11.11 There will be no variation to the total emoluments receivable by the New Regus Directors as a result of the Scheme becoming effective.
- 11.12 There is no arrangement under which any of the New Regus Directors has agreed to waive future Old Regus or New Regus emoluments nor have there been any such waivers during the financial year immediately preceding the date of this Prospectus.



## 12. Old Regus employee share schemes

As at 5 September 2008 (being the latest practicable date prior to the publication of this Prospectus), inclusive of the options granted to New Regus Directors disclosed above, employees and former employees of the Regus Group hold options over the Old Regus Ordinary Shares as set out below.

### 12.1 Regus Group plc share option plan

<u>Date of grant</u>	<u>Weighted average exercise price per share</u>	<u>Number of Old Regus Ordinary Shares under option at 05.09.2008</u>	<u>Exercisable from</u>	<u>Expiry date</u>
23/07/2004 .....	57.00	3,370,139	23/07/2007	23/07/2014
08/09/2004 .....	64.75	2,986,486	08/09/2007	08/09/2014
21/03/2007 .....	131.50	1,834,193	21/03/2010	21/03/2017
20/04/2007 .....	146.50	434,469	20/04/2010	20/04/2017
18/03/2008 .....	80.50	4,269,530	18/03/2011	18/03/2018
<b>Total</b> .....		<b>12,894,817</b>		

### 12.2 Regus Group plc co-investment plan

<u>Plan</u>	<u>Date of grant</u>	<u>Number of Old Regus Ordinary Shares subject to awards at 05.09.2008</u>	<u>Vesting date</u>
Investment shares .....	21/03/2006	772,196	21/03/2009
Matching shares .....	21/03/2006	3,088,784	21/03/2009
Investment shares .....	21/03/2007	805,306	21/03/2010
Matching shares .....	21/03/2007	3,126,076	21/03/2010
Investment shares .....	18/03/2008	1,557,391	18/03/2011
Matching shares .....	18/03/2008	5,922,916	18/03/2011
<b>Total</b> .....		<b>15,272,669</b>	

### 12.3 Long term incentive plan

<u>Date of grant</u>	<u>Number of Old Regus Ordinary Shares subject to awards at 05.09.2008</u>	<u>Vesting date</u>
03/11/2005 .....	3,446,678	03/11/2008
28/09/2006 .....	140,184	28/09/2009
	<b>3,586,862</b>	

### 12.4 Regus Group plc 2008 value creation plan

<u>Date of Grant</u>	<u>Exercise price of value creation plan options available under value creation plan awards</u>	<u>Number of Old Regus Ordinary Shares subject to value creation plan awards at 05.09.2008</u>	<u>Vesting date</u>
23/05/2008 .....	£1.07	22,500,000	31/03/2010 to 31/03/2013
<b>Total</b> .....		<b>22,500,000</b>	

### 12.5 Effect of the Proposals on the Old Regus employee share schemes

Under each of the plans set out above, options and awards will not vest or become exercisable as a consequence of the Scheme. Participants in each of these plans will be offered the opportunity to exchange their options or awards for options or awards over New Regus Ordinary Shares of equivalent value and on the same terms.

The new options and awards will become exercisable or vest at the same time as the existing options or awards would have become exercisable or vested and the same performance conditions will apply. The rules of the relevant existing plan will continue to apply with minor changes required to reflect the status of New Regus as a Jersey incorporated company with its place of central administration (head office) in Luxembourg.

### 13. New Regus employee share schemes

The following is a summary of the main provisions of the new employee share schemes which will have been adopted by New Regus by the Scheme Effective Date subject to Old Regus shareholder approval at the General Meeting. The operation of each scheme will be governed by the rules of that scheme.

#### 13.1 The Regus plc Share Option Plan (the “Share Option Plan”)

The Share Option Plan will be, in all material respects, in the same form as the existing Regus Group share option plan. The following terms apply to the Share Option Plan:

##### *Administration*

Overall responsibility for the operation and administration of the scheme will be vested in the Remuneration Committee.

##### *The sub-schemes*

The scheme is divided into a number of sub-schemes as follows:

- a share option scheme which has been designed to qualify for approval under the Income Tax (Earnings and Pensions) Act 2003;
- a share option scheme which is not so designed and which therefore allows options to be granted above the limit required by the Income Tax (Earnings and Pensions) Act 2003;
- a share option scheme which has been designed to permit the grant of tax-favoured options in the USA;
- a share option scheme which has been designed to permit the grant of options to non-executive directors;
- a share appreciation rights scheme under which participants are entitled to a cash payment calculated by reference to the value of shares. For the purposes of the limits on an individual's participation, such rights will be treated as options; and
- a share option scheme which has been designed to permit the grant of options in France.

The Remuneration Committee may set up further sub-schemes, including ones for employees working overseas.

##### *Eligibility*

Participants in the scheme will be selected by the Remuneration Committee. Participants will be limited to employees and executive directors of the New Regus Group and their family members or family trusts.

##### *Options*

Options will entitle the holder to acquire New Regus Ordinary Shares. Options may either be options to subscribe for New Regus Ordinary Shares to be issued by New Regus or options to purchase existing New Regus Ordinary Shares from an employee benefit trust (the “**Employee Trust**”).

Options may be granted either by New Regus or by the Employee Trust. In the latter case, New Regus may grant the Employee Trust a corresponding option to subscribe for New Regus Ordinary Shares or the Employee Trust may purchase the necessary New Regus Ordinary Shares in the market.

Options will be personal to the participant and may not be transferred except, with the consent of the committee, to family members or a family trust. No payment will be required for the grant of an option.

##### *Timing*

Options may be granted from time to time as the Remuneration Committee may decide.

##### *Exercise price*

The exercise price may not be less than an amount equal to the market value of a New Regus Ordinary Share, determined in accordance with the Taxation of Chargeable Gains Act 1992, for the dealing day

immediately preceding the date of grant or, where options are granted pursuant to an invitation, the date of the invitation.

#### *Individual limit*

The maximum number of New Regus Ordinary Shares over which an employee may be granted an option on any date under the approved share option scheme will be limited so that the aggregate cost of exercise does not exceed the relevant statutory limit (currently £30,000).

#### *Scheme limit*

The scheme will be subject to the limit that on any date, the aggregate nominal amount of New Regus Ordinary Shares in respect of which options may be granted may not, when added to the nominal amount of New Regus Ordinary Shares allocated in the previous 10 years under all employee share schemes of the Regus Group, exceed 10 per cent. of the equity share capital of New Regus.

Shares in Old Regus which were issued under share plans of Old Regus prior to the Scheme Effective Date will count towards this limit, as if they were New Regus Ordinary Shares.

For these purposes, New Regus Ordinary Shares are allocated when rights to acquire or obtain them are granted and otherwise when they are issued. Rights which lapse, by reason of non-exercise or otherwise, cease to count. No account is taken of New Regus Ordinary Shares which are acquired by purchase rather than by subscription except where such New Regus Ordinary Shares were first issued to an Employee Trust for the purpose of satisfying a participant's rights. No account is taken of New Regus Ordinary Shares which an employee purchases at market value using his own funds.

Options may not be granted over more than 10 million New Regus Ordinary Shares, minus the number of Old Regus Ordinary Shares over which options were granted under the equivalent section of the existing Regus Group plc share option plan prior to the Scheme Effective Date, under that part of the scheme which allows for the grant of tax-favoured options to participants in the USA.

No options will be granted after the tenth anniversary of the date on which the Regus Group share option plan is adopted.

#### *Performance targets*

Options may be granted subject to a performance target which, in normal circumstances, will be measured over a period of not less than three years. The achievement of the performance target will normally be a condition precedent to the right of exercise. The Remuneration Committee may set different targets from year to year. The Remuneration Committee may also change the performance target from time to time if events happen which make it fair and reasonable to do so but not so as to make the performance target, in the opinion of the Remuneration Committee, materially easier or more difficult to satisfy than it was when the option was first granted. A summary of the performance targets for options granted to the executive directors of New Regus will be disclosed in the annual report each year.

#### *Exercise of options*

Options will normally be exercisable in whole or in part not earlier than three years and not later than 10 years after grant and only if and to the extent that they have vested (that is, the performance target has been met).

#### *Termination of employment*

If the participant dies, his personal representatives may exercise his options granted under the approved part. If a participant ceases to be employed within the Regus Group for any reason other than cause, the participant may exercise his options to the extent the performance target is satisfied within 6 months of the cessation date, and otherwise to the extent the Remuneration Committee so decides in the 42 months following the termination of his employment. If a participant ceases to be employed in circumstances where his employer was entitled to terminate his employment for cause, his options will lapse.

#### *Change of control*

In the event of a change of control, a scheme of arrangement between New Regus and its shareholders or a liquidation of New Regus, unvested options may only be exercised if and to the extent that the

Remuneration Committee so decides dependant on the proportionate satisfaction of the performance condition (taking into account the length of the period which has expired). In the event of a change of control of New Regus, participants may surrender their options in return for substitute options over shares in the acquiring company.

### *Listing*

Application will be made for admission to the Official List of New Regus Ordinary Shares issued under the Share Option Plan and for permission to trade in those New Regus Ordinary Shares. New Regus Ordinary Shares issued on the exercise of options will rank equally in all respects with existing New Regus Ordinary Shares except for rights attaching to New Regus Ordinary Shares by reference to a record date prior to the date of allotment. New Regus will at all times keep available sufficient authorised and unissued share capital to satisfy outstanding options to subscribe for New Regus Ordinary Shares.

### *Variation of capital*

In the event of a variation in the share capital of New Regus or in such other circumstances as the New Regus Board considers appropriate, it may adjust options in such manner as it determines to be appropriate. Options under the approved part may only be adjusted if there is a variation in the share capital and with the approval of Her Majesties Revenue and Customs.

### *Benefits non-pensionable*

Benefits under the scheme will not form part of a participant's remuneration for pension purposes.

### *Amendments*

The Remuneration Committee may make such amendments to the scheme and to any option as may be necessary or desirable to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Regus Group.

Except as described above or for amendments designed to ease the administration of the scheme or to correct clerical errors, no amendment which is to the advantage of employees or participants may be made to those provisions dealing with eligibility, individual or scheme limits, the terms of options or the adjustment of options without the prior approval of New Regus in general meeting.

## **13.2 The Regus plc Co-Investment Plan (the "CIP")**

The CIP will be, in all material respects, in the same form as the existing Regus Group plc co-investment plan. The following terms apply to the CIP:

### *Administration*

The Remuneration Committee will administer the CIP.

### *Eligibility*

Any employee of a Regus Group company with a minimum period of 6 months' continuous service with a Regus Group company (or such other period as determined by the Remuneration Committee) will be eligible to receive awards under the CIP at the discretion of the Remuneration Committee.

### *Structure of awards*

The Remuneration Committee may grant any of three types of award:

1. an award of investment shares ("Investment Shares");
2. an award of matching shares ("Matching Shares"); and/or
3. an award pursuant to the long term incentive plan (an "LTIP Award").

The Remuneration Committee may grant any of the awards as conditional shares or as nil cost options.

### *Grant of awards*

Awards are granted at the discretion of the Remuneration Committee. Any award cannot be granted later than the tenth anniversary of the adoption of the CIP. Awards may be granted at any time during this period, except in any period in which the eligible employee is prohibited from dealing in shares.

### *Overall limits to awards*

The total number of New Regus Ordinary Shares over which awards of Matching Shares or LTIP Awards may be granted shall, together with New Regus Ordinary Shares already issued under the CIP and any other New Regus share plan during the preceding 10 years, not exceed 10 per cent. of the number of New Regus Ordinary Shares in issue on the date of grant of the award. For awards granted to executive directors of New Regus this limit will be 5 per cent.

Shares in Old Regus which were issued under share plans of Old Regus prior to the Scheme Effective Date will count towards this limit as if they were New Regus Ordinary Shares.

Awards of Investment Shares will not be satisfied by any subscription or transfer of treasury shares. For the other awards, if they are satisfied by the transfer of treasury shares then the Remuneration Committee will decide whether these will be treated as shares for the purposes of the overall limits above.

### *Individual limits to the granting of awards*

The maximum value of an award of Matching Shares which may be granted to any employee in any calendar year cannot exceed 200 per cent. of that employee's base salary.

The maximum value of an LTIP Award which can be granted to any employee in any calendar year cannot exceed 100 per cent. of that employee's base salary.

An award of Investment Shares will be based on a bonus target achieved under an annual bonus plan operated by New Regus on such terms and conditions as the Remuneration Committee shall determine.

### *Release of awards*

Any award of Investment Shares, Matching Shares or LTIP Award will be released at the end of a holding period, subject to the satisfaction of performance requirements and any other terms and conditions applicable to the award. The 'holding period' will be a period set by the Remuneration Committee during which the employee must generally remain employed by a Regus Group company. The Remuneration Committee can determine any performance requirements or conditions that must normally be satisfied before any award may be released.

Prior to the release of any award, or the exercise of the award in the case of a nil cost option, the employee will not be entitled to any voting rights or rights to receive dividends in respect of the New Regus Ordinary Shares to be awarded.

On cessation of employment or change of control of New Regus there may be an earlier date of release (see below).

### *Cessation of employment*

If an employee who has received an award ceases to be employed by a Regus Group company for any reason, the following rules will apply:

- (A) Investment Shares — the proportion of any award of Investment Shares which has not already been released on the leaving date will be released, in proportion to the relevant holding period completed on the date of cessation (unless the Remuneration Committee in its absolute discretion determines otherwise).
- (B) Matching Shares or LTIP Award — the Remuneration Committee may in its absolute discretion determine if any award will be released on cessation. The proportion of any award which it does determine should be released will be dependant on the proportionate satisfaction of the performance requirements and the proportion of the relevant holding period completed on the date of cessation.



### *Change of control of New Regus and other events*

In the event of a change of control, a scheme of arrangement or a person becoming bound or entitled to acquire New Regus Ordinary Shares compulsorily in New Regus the following shall occur:

- (A) any award of Investment Shares shall be released.
- (B) any award of Matching Shares or LTIP Awards shall be released, the proportion of any such awards released being dependant on the degree of satisfaction of the performance requirements on such date and (in the Remuneration Committee's discretion) the length of any holding period completed.

If New Regus merges with another company or any of the businesses of the group are demerged the Remuneration Committee shall have discretion as to whether to release or adjust any reward.

If an acquiring company has obtained control an awardholder may, by agreement with the acquiring company, cancel any existing award in exchange for a new award. The new award shall be over shares in the acquiring company (or a company which has control of the acquiring company) and shall be on identical terms to the old award. The new award will be treated as having been acquired on the same date as the old award.

On a summary or compulsory winding up of New Regus all awards shall be released.

### *Lapse of awards*

Any existing award will lapse on any of the following events:

- (A) to the extent that it is not otherwise exercisable (as described above), on a cessation of employment or change of control;
- (B) when it is determined that performance requirements or other terms are not satisfied;
- (C) the tenth anniversary of the date of grant of the award;
- (D) the relevant participant being adjudicated as bankrupt; or
- (E) in the case of a nil cost option, the expiry of the period during which the award remains exercisable as determined by the Remuneration Committee.

### *Listing*

Application will be made for admission to the Official List of New Regus Ordinary Shares issued under the CIP and for permission to trade in those New Regus Ordinary Shares. New Regus Ordinary Shares issued under the CIP will rank equally in all respects with existing New Regus Ordinary Shares except for rights attaching to New Regus Ordinary Shares by reference to a record date prior the date of the allotment. New Regus will at all times keep available, where necessary for issue, sufficient authorised and unissued New Regus Ordinary Shares to satisfy outstanding awards to subscribe for New Regus Ordinary Shares.

### *Variation of capital*

If a variation of capital takes place then the number of New Regus Ordinary Shares subject to any award and the terms and conditions applying to such awards may be adjusted in such a manner and with effect from such date as the Remuneration Committee may determine to be appropriate and as the auditors of New Regus shall have confirmed in writing to be in their opinion fair and reasonable.

### *Amendments*

The Remuneration Committee shall have the power to amend the plan from time to time provided that:

- (A) no amendment can be made to the advantage of participants in respect of the provisions governing eligibility, equity dilution, share utilisation and individual participation limits and adjustments following a variation of capital without the prior approval of shareholders in general meeting (except for minor amendments to benefit the administration of the plan, to take account of a change of legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the plan or for any group company); and
- (B) except for amendments to comply with securities, exchange control or taxation laws or other relevant regulations, no alteration shall be made which would materially affect any subsisting rights

of participants without the prior consent of the majority of the number of participants who respond to notification by New Regus of such alteration.

#### *Benefits non-pensionable*

No benefit under the CIP shall be pensionable.

### **13.3 The Regus plc 2008 Value Creation Plan (the “VCP”)**

The VCP will be, in all material respects, in the same form as the existing Regus Group plc 2008 value creation plan. The following terms apply to the VCP:

#### *Administration*

The Remuneration Committee will administer the VCP.

#### *Eligibility*

Any employee of a Regus Group company with a minimum period (as determined by the Remuneration Committee) of continuous service with a Regus Group company will be eligible to receive an award under the VCP at the discretion of the Remuneration Committee.

#### *Structure of awards*

An employee may be granted an entitlement to receive a maximum number of New Regus Ordinary Shares (a “**VCP Entitlement**”) subject to performance targets. The employee can then earn the shares subject to the VCP Entitlement through the conversion of the VCP Entitlement into an option or a series of options (“**VCP Options**”).

VCP Options will vest and become exercisable in instalments. A VCP Option is a right to purchase a number of New Regus Ordinary Shares subject to the satisfaction of certain terms and the payment of an exercise price.

#### *Grant of awards*

Awards are granted at the discretion of the Remuneration Committee. The Remuneration Committee may grant a VCP Entitlement at any of the following times:

- (A) within any 42 day period following the announcements of New Regus’ results for any period;
- (B) at any other time when the Remuneration Committee considers that exceptional circumstances exist.

No awards shall be granted after the tenth anniversary of the date on which the VCP was adopted.

Following the conversion of a VCP Entitlement in accordance with the terms of the performance targets, a VCP Option will be granted on the next dealing day following that conversion (or if New Regus is in a close period, the end of that close period).

#### *Conversion to VCP Option*

A VCP Entitlement will convert to a VCP Option on the date on which objective performance requirements set by the Remuneration Committee are considered satisfied. A matrix sets out the details of the dates and the extent to which a VCP Entitlement will convert (i.e. the number of shares) based on the satisfaction of these performance requirements. There are other circumstances, such as cessation of employment and change of control of New Regus, which will also cause the conversion of a VCP Entitlement.

The Remuneration Committee will determine the exercise price, the vesting dates and other terms applying to the VCP Options.

#### *Overall limits*

The total number of New Regus Ordinary Shares over which VCP Entitlements or VCP Options may be granted will, together with shares already in issue under the VCP and any other share plan adopted by New Regus, not exceed 10 per cent. of the number of New Regus Ordinary Shares in issue on the date of grant,

when added to the number of New Regus Ordinary Shares already issued or remaining issuable under such plans during the preceding ten years. For executives of New Regus this limit shall be 5 per cent.

Shares in Old Regus which were issued under share plans of Old Regus prior to the Scheme Effective Date will count towards this limit as if they were New Regus Ordinary Shares.

#### *Individual limits*

The total number of shares over which an employee may be granted a VCP Entitlement cannot exceed 3,500,000 New Regus Ordinary Shares.

#### *Exercise of a VCP Option*

Following the vesting of a VCP Option (at the specified vesting date) an employee may exercise his VCP Option before either the seventh anniversary of the date of the grant of the VCP Option or the end of the relevant period following cessation of employment or a change of control. A VCP Option may be exercised in whole or in part by the giving of notice to New Regus in a form prescribed by the Remuneration Committee, sent with the VCP Option certificate and the appropriate remittance. When this is satisfied, New Regus will allot and issue, or cause to be transferred, shares according to the employee's entitlement within 30 days of the exercise.

#### *Cessation of employment*

If an employee ceases to be employed by a Regus Group company then any VCP Entitlement shall lapse unless the Remuneration Committee in its absolute discretion decides otherwise. If the Remuneration Committee does decide that some or all of the VCP Entitlement will convert then it shall determine the number of shares to convert and grant a VCP Option over them.

A VCP Option which has not vested at the date of cessation shall lapse unless the Remuneration Committee decides otherwise. If the Remuneration Committee determines that the VCP Option shall vest, or the VCP Option had already vested, then the employee shall have a period as set by the Remuneration Committee within which to exercise any such VCP Option.

#### *Change of control and other events*

When any of the following events occur the Remuneration Committee will notify any relevant employee, any VCP Entitlement shall convert to a VCP Option subject to the satisfaction of the performance requirements measured to the relevant date, and all VCP Options shall vest and be exercisable (in a period as determined by the Remuneration Committee). The relevant events are a change of control, a scheme of arrangement which amounts to such a change, a person becoming bound or entitled to acquire New Regus Ordinary Shares compulsorily or a summary or compulsory winding up of New Regus.

There are provisions for awards to be cancelled in exchange for new replacement awards over shares in the acquiring company (or a company with control of it) with the participant's agreement.

#### *Lapse of awards*

Any existing VCP Option will lapse on any of the following events:

- (A) cessation of employment, unless the Remuneration Committee decides otherwise;
- (B) change of control at the end of a period to exercise VCP Options as determined by the Remuneration Committee;
- (C) the seventh anniversary of the date of grant of the VCP Option;
- (D) the relevant employee being adjudicated as bankrupt; or
- (E) the expiry of a period during which the VCP Option remains exercisable.

#### *Listing*

Application will be made for admission to the Official List of New Regus Ordinary Shares issued under the VCP and for permission to trade in those New Regus Ordinary Shares. New Regus Ordinary Shares issued under the plan will rank equally in all respects with existing New Regus Ordinary Shares except for rights attaching to New Regus Ordinary Shares by reference to a record date prior the date of the

allotment. New Regus will at all times keep available, where necessary for issue, sufficient authorised and unissued New Regus Ordinary Shares to satisfy outstanding options to subscribe for New Regus Ordinary Shares.

#### *Variation of capital*

If a variation of capital takes place then the number of New Regus Ordinary Shares subject to a VCP Entitlement or VCP Option and the terms and conditions applying to such awards may be adjusted in such a manner and with effect from such date as the Remuneration Committee may determine to be appropriate and as the advisers of New Regus shall have confirmed in writing to be in their opinion fair and reasonable.

#### *Benefits non-pensionable*

Benefits under the plan will not form part of a participant's remuneration for pension purposes.

#### *Amendments*

The Remuneration Committee shall have the power to amend the VCP from time to time provided that:

- (A) no amendment can be made to the advantage of participants in respect of the provisions governing eligibility, limits, the basis for determining a participant's entitlement to shares and the rights in relation to a variation of capital without the prior approval of shareholders in general meeting (except for minor amendments to benefit the administration of the plan, to take account of a change of legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the plan or for any Regus Group company); and
- (B) no alteration shall be made which would materially affect any subsisting rights of participants without the prior consent of the majority of the number of participants who respond to notification by New Regus of such alteration.

### **13.4 The Employee Trust**

The schemes may, as described above, be operated in conjunction with one or more Employee Trusts. Each such trust will be a general discretionary trust whose beneficiaries will include employees of the Regus Group and their dependants. There is an existing Employee Trust, although it does not currently hold any shares.

The principal purpose of such a trust will be to encourage and facilitate the holding of New Regus Ordinary Shares by or for the benefit of employees of the Regus Group. This will be achieved by the trust acquiring New Regus Ordinary Shares and distributing them in accordance with the schemes and other employee share schemes of the Regus Group.

An Employee Trust may acquire New Regus Ordinary Shares by purchase or, subject to the limits mentioned above, by subscription at a price not less than the nominal value of a New Regus Ordinary Share. The funds for the acquisition of New Regus Ordinary Shares may be provided by loans and/or contributions by New Regus and other members of the Regus Group. Alternatively, funds may be obtained from third party sources and guaranteed by New Regus and/or other Regus Group companies.

No New Regus Ordinary Shares will be acquired by an Employee Trust if to do so would cause the trust or trusts to control more than 5 per cent. of the New Regus Ordinary Shares. For this purpose, any New Regus Ordinary Shares which a trust holds as nominee for another person shall be ignored.

### **14. Related party transactions**

Save as disclosed in the financial information set out in the related party transactions note to the financial statements of the Regus Group for the years ended 31 December 2005, 2006 and 2007 and in the interim results of the Regus Group for the six months ended 30 June 2008, incorporated by reference into this document, the Regus Group entered into no material transactions with related parties during the financial years ended 31 December 2005, 2006 and 2007 and during the period between 1 January 2008 and 5 September 2008, the latest practicable date prior to the publication of this Prospectus.

## **15. Board practices**

### **15.1 Compliance with Combined Code**

Old Regus has applied and complied with, and New Regus will apply and comply with, the principles and provisions of the Combined Code.

### **15.2 Board committees**

The Board of New Regus has established, amongst others, the following committees, each of which will be operated with terms of reference that have been approved by the Board and which are substantially in the form of the equivalent terms of reference in place for Old Regus.

#### *(A) Audit Committee*

The Audit Committee's members are Douglas Sutherland (Chairman of the committee), Lance Browne, Ulrich Ogiermann and Martin Robinson. The Board is satisfied that Douglas Sutherland has recent and relevant financial experience and that all members have extensive commercial experience and are independent within the meaning of the Combined Code. Appointments to the committee will be made by the Board on the recommendation of the Nomination Committee in consultation with the Audit Committee Chairman. A majority of the members of the Audit Committee are resident outside of the United Kingdom for tax purposes.

The Audit Committee's principal duties include the following:

- to monitor the integrity of the financial statements of New Regus, including its annual and interim reports, preliminary results' announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain. The committee shall also review summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature;
- to review and challenge where necessary:
  - the consistency of, and any changes to, accounting policies both on a year on year basis and across the Regus Group;
  - the methods used to account for significant or unusual transactions where different approaches are possible;
  - whether New Regus has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
  - the clarity of disclosure in New Regus' financial reports and the context in which statements are made; and
  - material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management);
- to review the annual financial statements of the pension funds where not reviewed by the Board as a whole;
- to keep under review the effectiveness of New Regus' internal controls and risk management systems;
- to review and approve the statements to be included in the annual report concerning internal controls and risk management;
- to review New Regus' arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- to monitor and review the effectiveness of the New Regus' internal audit function in the context of the company's overall risk management system;
- to approve the appointment and removal of the head of the internal audit function;



- to consider and approve the remit of the internal audit function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The committee shall also ensure the function has adequate standing and is free from management or other restrictions;
- to review and assess the annual internal audit plan;
- to review promptly all reports on New Regus from the internal auditors;
- to review and monitor management's responsiveness to the findings and recommendations of the internal auditor;
- to meet the head of internal audit at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out. In addition, the head of internal audit shall be given the right of direct access to the Chairman of the Board and to the committee;
- to consider and make recommendations to the Board, to be put to shareholders for approval at the annual general meeting, in relation to the appointment, re-appointment and removal of New Regus' external auditor. The committee shall oversee the selection process for new auditors and if an auditor resigns the committee shall investigate the issues leading to this and decide whether any action is required;
- oversee the relationship with the external auditor including (but not limited to):
  - approval of their remuneration, including fees for audit or non audit services, and that the level of fees is appropriate to enable an adequate audit to be conducted;
  - approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
  - assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non audit services;
  - satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and New Regus (other than in the ordinary course of business);
  - agreeing with the Board a policy on the employment of former employees of New Regus' auditor, then monitoring the implementation of this policy;
  - monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by New Regus compared to the overall fee income of the firm, office and partner and other related requirements; and
  - assessing annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures;
- meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The committee shall meet the external auditor at least once a year, without management being present, to discuss their remit and any issues arising from the audit;
- review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
- review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
  - a discussion of any major issues which arose during the audit,
  - any accounting and audit judgements, and
  - levels of errors identified during the audit.
- review any representation letter(s) requested by the external auditor before they are signed by management;
- review the management letter and management's response to the auditor's findings and recommendations; and

- develop and implement a policy on the supply of non audit services by the external auditor taking into account any relevant ethical guidance on the matter.

The committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. The committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed. The Committee shall compile a report to shareholders on its activities to be included in New Regus' annual report and accounts.

*(B) Remuneration Committee*

The Remuneration Committee's members are Martin Robinson (Chairman of the committee), Lance Browne, Ulrich Ogiermann and Douglas Sutherland. All are non-executive Directors determined by the Board to be independent in accordance with the Combined Code. Appointments to the committee are made by the Board on the recommendation of the Nomination Committee in consultation with the Remuneration Committee Chairman. A majority of the members of the Remuneration Committee are resident outside of the United Kingdom for tax purposes.

The Remuneration Committee's principal duties include the following:

- to determine and agree with the Board the framework or broad policy for the remuneration of New Regus' Chief Executive, Chairman, the New Regus executive Directors, the Company Secretary and such other members of the executive management as it is designated to consider (currently any person who earns or who it is proposed will earn a base salary, including any guaranteed bonus, in excess of £150,000). The remuneration of New Regus non-executive Directors shall be a matter for the Chairman and the executive members of the Board. No New Regus Director or manager shall be involved in any decisions as to their own remuneration;
- in determining such policy, take into account all factors which it deems necessary. The objective of such policy shall be to ensure that members of the executive management of New Regus are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of New Regus;
- to review the ongoing appropriateness and relevance of the remuneration policy;
- to approve the design of, and determine targets for, any performance related pay schemes operated by New Regus and approve the total annual payments made under such schemes;
- to review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to New Regus executive directors and other senior executives and the performance targets to be used;
- to determine the policy for, and scope of, pension arrangements for each New Regus executive Director and other senior executives;
- to ensure that contractual terms on termination, and any payments made, are fair to the individual, and New Regus, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive as appropriate, determine the total individual remuneration package of each New Regus executive Director and other senior executives including bonuses, incentive payments and share options or other share awards;
- in determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in the Combined Code and the UK Listing Authority's Listing Rules and associated guidance;
- to review and note annually the remuneration trends across New Regus or the Regus Group;
- to oversee any major changes in employee benefits structures throughout the Regus Group;
- to agree the policy for authorising claims for expenses from the Chief Executive and Chairman;
- to ensure that all provisions regarding disclosure of remuneration including pensions, as set out in applicable law and regulation are fulfilled; and

- to be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee and to obtain reliable, up-to-date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.

The committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. The committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

*(C) Nomination Committee*

The members of the Nomination Committee are John Matthews (Chairman of the committee), Martin Robinson, Lance Browne, Ulrich Ogiemann and Douglas Sutherland. As such, the majority of the members of the committee are New Regus non-executive Directors determined by the Board to be independent in accordance with the Combined Code. A majority of the members of the Nomination Committee are resident outside of the United Kingdom for tax purposes.

The Nomination Committee's principal duties include the following:

- to review regularly the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any changes;
- to give full consideration to succession planning for Directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing New Regus, and what skills and expertise are therefore needed on the Board in the future;
- to be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;
- before making an appointment, evaluate the balance of skills, knowledge and experience on the Board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the committee shall:
  - use open advertising or the services of external advisers to facilitate the search;
  - consider candidates from a wide range of backgrounds; and
  - consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
- to keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- to keep up to date and fully informed about strategic issues and commercial changes affecting New Regus and the market in which it operates;
- to review annually the time required from non-executive Directors. Performance evaluation should be used to assess whether the non-executive Directors are spending enough time to fulfil their duties;
- to ensure that on appointment to the Board, non-executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings;
- to make recommendations to the Board concerning:
  - plans for succession for both executive and non-executive Directors and in particular for the key roles of Chairman and Chief Executive;
  - suitable candidates for the role of senior independent director;
  - membership of the audit and remuneration committees, in consultation with the chairman of those committees;
  - the re-appointment of any non-executive Director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
  - the continuation (or not) in service of any Director who has reached the age of 65;

- the re-election by New Regus Ordinary Shareholders of any Director under the “retirement by rotation” provisions in the New Regus Articles having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
- any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an executive Director as an ex-employee of New Regus subject to the provisions of the law and their service contract; and
- the appointment of any Director to executive or other office other than to the positions of Chairman and Chief Executive, the recommendation for which would be considered at a meeting of the full Board.

The committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. The committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

## 16. Subsidiaries and associated undertakings

Immediately upon implementation of the Scheme, New Regus will own 100 per cent. of the issued share capital of Old Regus and will be the holding company of the Regus Group. The following table shows what will be the principal subsidiary and associated undertakings of New Regus being those which New Regus considers likely to have a significant effect on the assessment of the assets and liabilities, the financial position and/or the profits and losses of Regus Group and the percentage interest in those companies held by the Regus Group.

<u>Subsidiary undertakings</u>	<u>Country of incorporation and registered office</u>	<u>Principal activity</u>	<u>Proportionate holding and voting power</u>
Regus Business Centre SA . . . . .	Argentina	Trading company	100
Regus Clarence Street Pty Ltd . . . . .	Australia	Trading company	100
Regus Business Centre Melbourne Pty Ltd . . . . .	Australia	Trading company	100
Regus Macquarie House Pty Ltd . . . . .	Australia	Trading company	100
Regus Bridge Street Pty Ltd . . . . .	Australia	Trading company	100
Regus Riverside Pty Ltd . . . . .	Australia	Trading company	100
Regus North Sydney Pty Ltd . . . . .	Australia	Trading company	100
Regus 303 Collins Street Pty Limited . . . . .	Australia	Trading company	100
Regus 267 St Georges Terrace Pty Ltd. . . . .	Australia	Trading company	100
Regus Council House Pty Ltd . . . . .	Australia	Trading company	100
Regus Bondi Junction Pty Ltd . . . . .	Australia	Trading company	100
Regus Queens Road Pty Ltd . . . . .	Australia	Trading company	100
Regus Como Pty Ltd . . . . .	Australia	Trading company	100
Regus Centres Pty Ltd . . . . .	Australia	Trading company	100
Regus Business Centre GmbH . . . . .	Austria	Trading company	100
Regus Business Centre WLL . . . . .	Bahrain	Trading company	100
Regus Business Centre NV . . . . .	Belgium	Trading company	100
Skyport Bruxelles NV . . . . .	Belgium	Trading company	100
Regus Belgium NV . . . . .	Belgium	Trading company	100
Regus Stephanie Square BVBA . . . . .	Belgium	Trading company	100
Regus Astrid Plaza BVBA . . . . .	Belgium	Trading company	100
Regus Schuman BVBA . . . . .	Belgium	Trading company	100
Regus Rubens BVBA . . . . .	Belgium	Trading company	100
Regus Pegasus BVBA . . . . .	Belgium	Trading company	100
Regus Parc Atrium BVBA . . . . .	Belgium	Trading company	100
Regus Braine L'Alleud BVBA . . . . .	Belgium	Trading company	100
Regus Leopold Square de Meeus BVBA. . . . .	Belgium	Trading company	100
Regus do Brasil Ltda. . . . .	Brazil	Management company	100
Regus H Holdings Inc . . . . .	British Virgin Islands	Investment holding company	100
Regus Bulgaria EOOD . . . . .	Bulgaria	Trading company	100
Oceanic Business Centre Inc . . . . .	Canada	Trading company	100
Guardian Financial Corp Inc . . . . .	Canada	Trading company	100
Pacific Business Centre Inc . . . . .	Canada	Trading company	100
Richmond Executive Centre Inc . . . . .	Canada	Trading company	100
Willingdon Business Centre Inc . . . . .	Canada	Trading company	100
Regus Canadian Holding Corporation . . . . .	Canada	Investment holding company	100

<u>Subsidiary undertakings</u>	<u>Country of incorporation and registered office</u>	<u>Principal activity</u>	<u>Proportionate holding and voting power</u>
RGN — Toronto Limited Partnership . . . . .	Canada	Trading company	100
0798853 B.C. Ltd . . . . .	Canada	Investment holding company	100
RGN — Calgary Limited Partnership . . . . .	Canada	Trading company	100
Regus Business Centre Ltd . . . . .	Canada	Investment holding company	100
Regus Business Centre Canada LLP . . . . .	Canada	Trading company	60
Insignia Partnership . . . . .	Canada	Investment holding company	100
Insignia Office Centres (Vancouver) Inc . . . . .	Canada	Trading company	100
1176513 Alberta Ltd . . . . .	Canada	Investment holding company	100
1176515 Alberta Ltd . . . . .	Canada	Investment holding company	100
Regus Business Centre de Chile SA . . . . .	Chile	Trading company	100
Regus Business Centre de Chile II SA . . . . .	Chile	Trading company	100
Regus Business Centre de Chile III SA . . . . .	Chile	Trading company	100
Regus Business Centre de Chile IV SA . . . . .	Chile	Trading company	100
Regus Business Centre Chile Ltda . . . . .	Chile	Investment holding company	100
Regus Business Services (Shanghai) Ltd. . . . .	China	Trading company	100
Regus Centres Services Co Ltd . . . . .	China	Trading company	80
Regus Business Centre (Shanghai) Ltd . . . . .	China	Trading company	100
Regus Business Services (Beijing) Ltd . . . . .	China	Trading company	100
Regus Business Services (Dalian) Ltd . . . . .	China	Trading company	100
Regus Business Services (Shenzhen) Ltd . . . . .	China	Trading company	100
Regus Strategic Consulting (Shanghai) Ltd. . . . .	China	Trading company	100
Regus Executive Serviced Office (Shanghai) . . . . .	China	Trading company	100
Regus Business Consultancy (Beijing) Ltd. . . . .	China	Trading company	100
Regus Business & Conference Centre (Shanghai) Ltd. . . . .	China	Trading company	100
Regus Business Consulting Guangzhou Ltd . . . . .	China	Trading company	100
Regus Executive Serviced Office (Beijing) . . . . .	China	Trading company	100
Regus Executive Service (Chengdu) Ltd . . . . .	China	Trading company	100
Beijing Huanya Business & Conference Centre Ltd. . . . .	China	Trading company	100
Union Plaza Consulting Co. Ltd. . . . .	China	Trading company	100
Allied Pacific Investment Limited . . . . .	China	Trading company	100
Huanya Shang Wu Fu Wu Limited . . . . .	China	Trading company	100
Regus Columbia Ltda . . . . .	Columbia	Trading company	100
Regus Costa Rica S.R.L. . . . .	Costa Rica	Trading company	100
Regus Business Centre sro . . . . .	Czech Republic	Trading company	100
Regus Empiria sro . . . . .	Czech Republic	Trading company	100
Regus Burzovni Palac sro . . . . .	Czech Republic	Trading company	100
Regus BRNO Spielberk sro . . . . .	Czech Republic	Trading company	100
Regus Sydhavn Aps . . . . .	Denmark	Trading company	100
Regus Denmark Holding AS . . . . .	Denmark	Investment holding company	100
Regus Kobenhavn Aps . . . . .	Denmark	Trading company	100
Regus Tuborg Aps . . . . .	Denmark	Trading company	100
Regus Business Centre Trading FZCO . . . . .	Dubai	Trading company	100
Regus Business Centre LLC (Egypt) . . . . .	Egypt	Trading company	100
Regus Ltd . . . . .	England	Trading company	100
Regus Management Ltd . . . . .	England	Management company	100
Regus Centres Ltd . . . . .	England	Investment holding company	100
Regus Investments Ltd . . . . .	England	Investment holding company	100
Regus Business Centres (Holding) . . . . .	England	Investment holding company	100
Regus Business Centres (Trading) Ltd . . . . .	England	Investment holding company	100
Regus H Holdings . . . . .	England	Investment holding company	100
Regus H (UK) . . . . .	England	Investment holding company	100
Regus G Ltd . . . . .	England	Trading company	100



<b>Subsidiary undertakings</b>	<b>Country of incorporation and registered office</b>	<b>Principal activity</b>	<b>Proportionate holding and voting power</b>
Regus Management (UK) Ltd . . . . .	England	Management company	100
Regus PLP (UK) Limited . . . . .	England	Trading company	100
Regus Surrey (Mayfair) Ltd . . . . .	England	Trading company	100
Regus Centres UK Ltd . . . . .	England	Investment holding company	100
Longford Business Centres Ltd . . . . .	England	Trading company	100
Regus Holdings UK Ltd . . . . .	England	Investment holding company	100
Regus (UK) Ltd . . . . .	England	Trading company	100
Regus Business Centres (UK) Ltd . . . . .	England	Trading company	100
Regus City Limited . . . . .	England	Trading company	100
Regus Business Services Ltd. . . . .	England	Trading company	100
MOS Ltd . . . . .	England	Trading company	100
Regus (GB) Ltd . . . . .	England	Trading company	100
Regus South Ltd. . . . .	England	Trading company	100
Regus Caledonia Ltd. . . . .	England	Trading company	100
Nuclei Limited. . . . .	England	Trading company	49
Regus Finland Oy . . . . .	Finland	Trading company	100
Regus Paris SAS . . . . .	France	Trading company	100
Regus Roissy SAS . . . . .	France	Trading company	100
Regus Opera SAS . . . . .	France	Trading company	100
Regus Holdings France SAS . . . . .	France	Investment holding company	100
Regus Centre D’Affaires SAS . . . . .	France	Trading company	100
Regus Business Centre SAS . . . . .	France	Management company	100
Regus Vendome SAS . . . . .	France	Trading company	100
Regus Grand Arch SAS. . . . .	France	Trading company	100
Regus Sophie Antipolis SAS . . . . .	France	Trading company	100
Regus Montpellier SAS . . . . .	France	Trading company	100
Regus Provence SAS . . . . .	France	Trading company	100
Regus Germany Holding GmbH & Co. KG . . . . .	Germany	Investment holding company	100
Regus GmbH & Co KG . . . . .	Germany	Trading company	100
RBC Deutschland GmbH . . . . .	Germany	Trading company	100
Regus Netspace Germany GmbH & Co KG . . . . .	Germany	Trading company	100
Regus Germany Holding GP GmbH . . . . .	Germany	Trading company	100
Regus Munchen Laim GmbH . . . . .	Germany	Trading company	100
Regus Hamburg Spitalerhof GmbH. . . . .	Germany	Trading company	100
Regus Dusseldorf Airport GmbH . . . . .	Germany	Trading company	100
Regus Management GmbH . . . . .	Germany	Investment holding company	100
Regus Hamburg Valentiskamo GmbH & Co KG . . . . .	Germany	Trading company	100
Regus Munchen Artemis GP GmbH & Co KG . . . . .	Germany	Trading company	100
Regus Hamburg Chilehaus GP GmbH & Co KG . . . . .	Germany	Trading company	100
Regus Hellas SA . . . . .	Greece	Trading company	100
Regus Guatemala S.R.L. . . . .	Guatemala	Trading company	100
Regus Guatemala II S.R.L. . . . .	Guatemala	Trading company	100
Regus Business Centre Ltd . . . . .	Hong Kong	Trading company	100
Regus Business Services (Hong Kong) Ltd . . . . .	Hong Kong	Trading company	100
Regus Hong Kong Ltd . . . . .	Hong Kong	Trading company	100
Regus Services (Hong Kong) Ltd . . . . .	Hong Kong	Trading company	100
Regus Kalman Kft. . . . .	Hungary	Trading company	100
Regus EMKE Kft. . . . .	Hungary	Trading company	100
Regus Kft. . . . .	Hungary	Trading company	100
Regus Business Centre Pvt Ltd . . . . .	India	Trading company	100
Regus Office Centre Services Pvt Ltd. . . . .	India	Trading company	100
Regus Business Centre Bangalore Pvt Ltd . . . . .	India	Trading company	100
Regus Business Centre Gurgaon Pvt Ltd . . . . .	India	Trading company	100

<u>Subsidiary undertakings</u>	<u>Country of incorporation and registered office</u>	<u>Principal activity</u>	<u>Proportionate holding and voting power</u>
Murphy Road BC Pvt Ltd . . . . .	India	Trading company	100
Kasturba Road Business Centre Pvt Ltd . .	India	Trading company	100
Regus Business Centre (Chennai) Pvt Ltd . . . . .	India	Trading company	100
Regus Business Centre (Pune) Pvt Ltd . . .	India	Trading company	100
Regus Centre (Saket) Pvt Ltd . . . . .	India	Trading company	100
Regus Business Centre (Gurgaon) Pvt Ltd . . . . .	India	Trading company	100
Regus Suburb Centre Pvt Ltd . . . . .	India	Trading company	100
East India Business Centre Pvt Ltd . . . . .	India	Trading company	100
Regus Centre Services (Bangalore) Pvt Ltd . . . . .	India	Trading company	100
Regus Business Centre Hyderabad Pvt Ltd . . . . .	India	Trading company	100
Regus Midtown Business Centre Pvt Ltd . . . . .	India	Trading company	100
Regus Business Centre (Delhi) Pvt Ltd . . .	India	Trading company	100
Regus Business Centre (Nagpur) Pvt Ltd . . . . .	India	Trading company	100
Regus Office Centre Services (Chennai) Pvt Ltd . . . . .	India	Trading company	100
Regus Mumbai Metropolitan BC Pvt Ltd . .	India	Trading company	100
Regus Gurgaon Metro BC Pvt Ltd . . . . .	India	Trading company	100
PT Regus Centres (Indonesia) . . . . .	Indonesia	Trading company	100
PT Regus Satrio (Indonesia) . . . . .	Indonesia	Trading company	100
Regus Ireland Ltd . . . . .	Ireland	Trading company	100
Regus Franchise International Ltd . . . . .	Ireland	Trading company	100
Europa Business Centre Ltd . . . . .	Ireland	Trading company	100
Regus Business Centres Ltd . . . . .	Israel	Trading company	100
Regus Business Centre Srl . . . . .	Italy	Trading company	100
Regus Business Centres Italia Srl . . . . .	Italy	Trading company	100
Regus Japan KK . . . . .	Japan	Trading company	100
Regus Business Centre Nagoya KK . . . . .	Japan	Trading company	100
Regus Europe Ltd . . . . .	Jersey	Investment holding company	100
Regus Luxembourg SA . . . . .	Luxembourg	Trading company	100
Regus Centres Sdn Bhd . . . . .	Malaysia	Trading company	100
Regus Malaysia Sdn . . . . .	Malaysia	Trading company	100
Regus Sentral Sdn Bhd . . . . .	Malaysia	Trading company	100
Regus India Holdings Limited . . . . .	Mauritius	Investment holding company	100
Vantas Cd De Mexico, S de RL de CV . . .	Mexico	Investment holding company	100
Regus Business Centre SA de CV . . . . .	Mexico	Trading company	100
Regus Services SA de CV . . . . .	Mexico	Trading company	100
Centro Coporativo de Mexico, Sa de CV . .	Mexico	Trading company	100
Centro do Negocios Ciudad de Mexico Sa de CV . . . . .	Mexico	Trading company	100
Centro do Negocios Polanco, SA de CV . .	Mexico	Trading company	100
Regus Maroc SARL . . . . .	Morocco	Trading company	100
Regus Netherlands BV . . . . .	Netherlands	Investment holding company	100
Regus Business Centres BV . . . . .	Netherlands	Investment holding company	100
Satelite Business Centre Schipol BV . . . .	Netherlands	Trading company	100
Skyport International BV . . . . .	Netherlands	Trading company	100
WTC Zuiplien BV . . . . .	Netherlands	Trading company	100
Skyport Amsterdam BV . . . . .	Netherlands	Trading company	100
Regus Amsterdam BV . . . . .	Netherland	Management company	100
Regus Hojel BV . . . . .	Netherlands	Trading company	100
Regus Weena BV . . . . .	Netherlands	Trading company	100
Regus Atrium BV . . . . .	Netherlands	Trading company	100
Regus Atlas BV . . . . .	Netherlands	Trading company	100
Regus Parkstraat BV . . . . .	Netherlands	Trading company	100
Regus Zen BV . . . . .	Netherlands	Trading company	100
Regus Eindhoven BV . . . . .	Netherlands	Trading company	100

<u>Subsidiary undertakings</u>	<u>Country of incorporation and registered office</u>	<u>Principal activity</u>	<u>Proportionate holding and voting power</u>
Regus Arnhem BV	Netherlands	Trading company	100
Regus Hilversum BV	Netherlands	Trading company	100
Regus Brainpark BV	Netherlands	Trading company	100
Regus Amersfoort BV	Netherlands	Trading company	100
Regus Tetra BV	Netherlands	Trading company	100
Regus Zurich Tower BV	Netherlands	Trading company	100
Regus Breda BV	Netherlands	Trading company	100
Regus Schiphol Rijk BV	Netherlands	Trading company	100
Regus Teleport Tower BV	Netherlands	Trading company	100
Regus Amstel Business Park BV	Netherlands	Trading company	100
Regus Rijswijk BV	Netherlands	Trading company	100
Regus Equinox I BV	Netherlands	Trading company	100
Regus Equinox II BV	Netherlands	Trading company	100
Regus Nijmegen BV	Netherlands	Trading company	100
Regus Tilburg BV	Netherlands	Trading company	100
Regus Shortland Street Ltd	New Zealand	Trading company	100
Regus Business Centre Norge AS	Norway	Investment holding company	100
Regus Business Centre Ibsen AS	Norway	Trading company	100
Regus Business Centre Skogen AS	Norway	Trading company	100
Regus Business Centre Nydalen AS	Norway	Trading company	100
Regus Bahria Karachi	Pakistan	Trading company	100
Regus Business Centre (Panama) SA	Panama	Trading company	100
Regus Business Centre (Peru) SA	Peru	Trading company	100
Regus Net Cube Inc	Philippines	Trading company	100
Regus Business Centre Inc	Philippines	Trading company	100
Regus Business Centre Sp. z o.o.	Poland	Trading company	100
Regus Plaza Sp. z o.o.	Poland	Trading company	100
Regus Wisniowy Sp. z o.o.	Poland	Trading company	100
Regus Mokotow Sp. z o.o.	Poland	Trading company	100
Regus Metropolitan Sp. z o.o.	Poland	Trading company	100
Regus Business Centre Lda	Portugal	Trading company	100
Regus International SRL	Romania	Trading company	100
LLC Regus Business Centre	Russia	Trading company	100
Regus Business Centre Avrora LLC	Russia	Trading company	100
Regus Business Centre Capital Plaza LLC	Russia	Trading company	100
Regus Moscow City LLC	Russia	Trading company	100
St Petersburg (Austrian Business Centre) LLC	Russia	Trading company	100
Regus Business Centre Atrium LLC	Russia	Trading company	100
Regus Business Centre Citydel LLC	Russia	Trading company	100
Regus Singapore Business Centre Pte Ltd	Singapore	Trading company	100
Regus Centres Pte Ltd	Singapore	Trading company	100
Regus NAC Pte Ltd.	Singapore	Trading company	100
Regus Business Services Marina Pte Ltd	Singapore	Trading company	100
Regus Business Centre Bratislava sro	Slovakia	Trading company	100
Regus Southern Africa (PTY)	South Africa	Trading company	100
Regus Business Centre (PTY) Ltd	South Africa	Trading company	100
Regus Business Centre Sandton Pty Ltd	South Africa	Trading company	100
Regus Business Centre Durban Pty Ltd	South Africa	Trading company	100
Regus Business Centre Foreshore Pty Ltd	South Africa	Trading company	100
Regus Business Centre Mowbray Pty Ltd	South Africa	Trading company	100
Regus Business Centre Midrand Pty Ltd	South Africa	Trading company	100
Regus Business Centre Woodmead Pty Ltd	South Africa	Trading company	100
RMG South Africa Pty Ltd	South Africa	Management company	100

<u>Subsidiary undertakings</u>	<u>Country of incorporation and registered office</u>	<u>Principal activity</u>	<u>Proportionate holding and voting power</u>
RBC (Century City) Pty Ltd . . . . .	South Africa	Trading company	100
Regus Korea Ltd . . . . .	South Korea	Trading company	100
Regus Jongro Ltd . . . . .	South Korea	Trading company	100
Regus Samsungdong Limited . . . . .	South Korea	Trading company	100
Regus Business Centre SA . . . . .	Spain	Trading company	100
Regus Miraflores SL . . . . .	Spain	Trading company	100
Regus Valencia SL . . . . .	Spain	Trading company	100
Business Centre Gothenburg AB . . . . .	Sweden	Trading company	100
Business Centre Sweden AB . . . . .	Sweden	Trading company	100
Regus Garda AB . . . . .	Sweden	Trading company	100
Business Centre Lilla Bommen AB . . . . .	Sweden	Trading company	100
Regus Centre Uppsala AB . . . . .	Sweden	Trading company	100
Regus Solna Strand AB . . . . .	Sweden	Trading company	100
Regus Business Centre SA . . . . .	Switzerland	Trading company	100
Regus Centres Ltd . . . . .	Thailand	Trading company	100
Office Advantage Ltd. . . . .	Thailand	Trading company	100
Regus Tunisie SARL . . . . .	Tunisia	Trading company	100
Regus Is Merkezi Isletmeciligi Ltd. . . . .	Turkey	Trading company	100
Regus Business Centre (Ukraine). . . . .	Ukraine	Trading company	100
Regus Corporation LLC . . . . .	United States	Investment holding company	100
Regus H Holdings Corp LLC . . . . .	United States	Investment holding company	100
Stratis Business Centers LLC . . . . .	United States	Trading company	100
Regus Southeast Investments LLC . . . . .	United States	Trading company	100
RGN Northwest LLC . . . . .	United States	Trading company	100
Buffalo Acquisitions Sub LLC . . . . .	United States	Trading company	100
DelVal Acquisition sub LLC . . . . .	United States	Trading company	100
RGN — South Florida, LLC . . . . .	United States	Trading company	100
Florida Business Center Acquisition Sub LLC . . . . .	United States	Trading company	100
Regus Group — North Dallas LLC . . . . .	United States	Trading company	100
RGN — New Jersey LLC . . . . .	United States	Trading company	100
RGN — Midwest LLC . . . . .	United States	Trading company	100
Regus DC, LLC . . . . .	United States	Trading company	100
Regus Management Group LLC . . . . .	United States	Management company	100
RGN — LL LLC . . . . .	United States	Trading company	100
RGN — NorthEast LLC . . . . .	United States	Trading company	100
RGN — Chicago LLC . . . . .	United States	Trading company	100
RGN — South East LLC . . . . .	United States	Trading company	100
RGN — Memphis LLC. . . . .	United States	Trading company	100
RGN — Winderely LLC . . . . .	United States	Trading company	100
HQ Global Holdings LLC . . . . .	United States	Investment holding company	100
HQ Global Workspaces LLC . . . . .	United States	Trading company	100
HQ Subsidiaries LLC. . . . .	United States	Investment holding company	100
HQ Network Systems LLC . . . . .	United States	Trading company	100
Regus Business Center LLC . . . . .	United States	Trading company	100
Regus International Services SA . . . . .	Uruguay	Investment holding company	100
Regus International Services LLC . . . . .	Uruguay	Management company	100
Regus Business Centre Venezuela CA . . . . .	Venezuela	Trading company	100

## 17. Significant changes

There has been no significant change in the financial or trading position of the Regus Group since 30 June 2008 being the date to which the Regus Group prepared its last published interim financial statements.

Since its incorporation on 8 August 2008, New Regus has not traded, nor has there been any significant change in its financial or trading positions.

## 18. Litigation

Set out below is information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Regus Group is aware), which may have, or

have had, during the 12 months preceding the date of this Prospectus, a significant effect on New Regus and/or the Regus Group's financial position or profitability.

Regus Management Group LLC ("RMG"), a member of the Regus Group, entered into an agreement with International Business Machines Corp ("IBM") on 31 March 2006 for the provision of a global information technology solution, including a converged voice, video and data network. On 22 October 2007, following the continued failure of IBM to remedy various breaches and later-discovered misrepresentations, RMG terminated the agreement with IBM and on 25 October 2007 filed a Complaint in the United States District Court for the Northern District of Texas Dallas Division alleging fraudulent inducement, fraud and breach of contract in relation to IBM's failure to deliver a global information technology solution. The damages claimed by RMG could potentially approach \$450 million or more. Whilst RMG believes it has a strong case, given the uncertainties involved in any litigation, no guarantee can be given as to the amount of damages, if any, that will be awarded. On 9 July 2008, the parties entered into the mediation process required by the Northern District of Texas and this is currently ongoing. As previously stated, the Regus Group has made a provision of £2.3 million in respect of the costs involved in taking this claim to trial which is due to take place in October 2009.

## **19. Material contracts**

Set out below is a summary of: (a) each material contract, other than contracts entered into in the ordinary course of business, to which New Regus or any member of the Regus Group is a party, which has been entered into within the two years immediately preceding the date of this Prospectus; and (b) any other contract (not being a contract entered into in the ordinary course of business) entered into by New Regus or any member of the Regus Group which contains a provision under which New Regus or any member of the Regus Group has any obligation or entitlement which is material to the Regus Group as at the date of this Prospectus.

### **19.1 Facility Agreement**

On 13 March 2006, Old Regus entered into a facility agreement as amended and restated on 19 April 2006 (the "**Facility Agreement**") with Lloyds TSB Bank plc and The Royal Bank of Scotland plc as Mandated Lead Arrangers (the "**Arrangers**"); The Royal Bank of Scotland plc acting as Agent; and The Royal Bank of Scotland plc acting as Issuing Bank. The Facility Agreement comprised two credit facilities: (i) a Sterling term loan facility in an aggregate amount of £50 million (the "**Term Loan**"), and (ii) a multicurrency revolving loan facility in an aggregate amount of £100 million (the "**RCF**" and, together with the Term Loan, the "**Facilities**"). The subsidiaries of Old Regus act as Guarantors under the Facility Agreement.

As at 31 August 2008, the Term Loan totalled approximately £24 million as utilised. The Term Loan is due to expire on 19 April 2010. Based on current utilisation, repayments of £12 million and £12 million will fall due on 19 April 2009 and 19 April 2010 respectively.

The RCF may be used for general corporate purposes and matures on 13 March 2011. The RCF may be utilised by way of Letters of Credit to support the business of the Regus Group. As at 31 August 2008, the RCF totalled approximately £37.3 million as utilised. The availability of loans under the RCF is subject to customary conditions, including the absence of any defaults thereunder and the accuracy (in all material respects) of the representations and warranties provided by Old Regus (together with various other Regus Group companies) contained therein.

The Facility Agreement provides that Old Regus must ensure that the ratio of Net Debt to EBITDA does not exceed 2.0:1; that the ratio of Cash Flow to Net Debt Service (i.e. scheduled repayments and interest on finance charges) will not be less than 1.1:1; and the ratio of EBITDAR (EBITDA plus Rental Charges) to Net Interest and Rental Charges will not (a) before 31 December 2008 be less than 1.35:1 and (b) after 31 December 2008 be less than 1.40:1 for each period of 12 months ending on the last day of each accounting quarter. It is an event of default if these requirements are not satisfied.

There are restrictions on the ability of Old Regus to incur debt, create liens or enter into sales of its assets. Neither Old Regus nor any member of the Regus Group may enter into any amalgamation, demerger, merger or corporate reconstruction.

Old Regus must ensure that the aggregate of the unconsolidated EBITDA and unconsolidated turnover of the Guarantors exceeds 75 per cent. of the consolidated EBITDA and consolidated turnover of the Old Regus Group.



Upon the occurrence of an event of default and the expiration of any applicable cure period, the total commitments under the Facilities may be cancelled and/or all or part of the loans (together with accrued interest and all other amounts accrued or outstanding) may become immediately due and payable.

Old Regus may not assign any of its rights or transfer any of its rights or obligations under the Facility Agreement without the consent of all of the Lenders. Upon a change of control of Old Regus, it shall negotiate with the Agent in good faith with a view to agreeing alternative terms for continuing the Facilities. If terms are not agreed with a Lender, then the Facilities will be cancelled and becomes immediately due and payable. On 28 August 2008 New Regus, Old Regus, certain subsidiaries of Old Regus, Lloyds TSB Bank plc and The Royal Bank of Scotland plc as Mandated Lead Arrangers, The Royal Bank of Scotland plc acting as Agent, The Royal Bank of Scotland plc acting as Issuing Bank and certain other financial institutions as Original Lenders entered into an accession and amendment deed (the “**Accession and Amendment Deed**”) to, among other things, amend the change of control provisions in the Facility Agreement in relation to the Proposals. In addition, pursuant to the Accession and Amendment Deed, immediately prior to the Scheme Effective Date, New Regus will accede to the Facility Agreement as a borrower and guarantor.

Expressions used in this paragraph 19.1 that are not defined elsewhere in the Prospectus are as defined in the Facility Agreement.

### **19.2 Sponsor’s Agreement**

On 28 August 2008, an agreement was entered into between New Regus, Old Regus and Dresdner Kleinwort whereby Dresdner Kleinwort agreed to act a sponsor to New Regus in connection with the Proposals. Pursuant to this agreement New Regus and Old Regus have agreed to provide Dresdner Kleinwort with certain customary warranties, undertakings and indemnities in connection with their role as sponsor to New Regus. The indemnities provided by New Regus and Old Regus indemnify Dresdner Kleinwort against claims made against them or loss suffered or incurred in connection with their role as sponsor subject to certain exemptions.

### **20. Information on the CREST settlement system**

CREST, the computerized paperless system for settlement of sales and purchases of shares in the London securities markets, commenced operations in July 1996.

The CREST Regulations provide for the transfer of shares without stock transfer forms, and the evidencing of title to shares without share certificates, through a computer-based system and procedures which are operated by Euroclear.

The New Regus Articles contain specific provisions to enable the New Regus Ordinary Shares to be dematerialized into a computer system, including CREST. A copy of the New Regus Articles is available for inspection.

The Board has resolved to enable any or all of the New Regus Ordinary Shares to join CREST and, accordingly, New Regus Ordinary Shareholders will be able to hold the New Regus Ordinary Shares to which they become entitled in electronic form in an account on the CREST system or in the physical form of certificates. Each New Regus Ordinary Shareholder will be able to choose whether or not to convert his New Regus Ordinary Shares into uncertificated form and the Registrars will continue to register written instructions of transfer and issue share certificates in respect of the New Regus Ordinary Shares held in certificated form.

It is currently anticipated that the New Regus Ordinary Shares will be eligible to join CREST with effect immediately upon Admission.

## 21. Major shareholders

21.1 Insofar as is known to New Regus, based on the existing shareholders of Old Regus as at 5 September 2008 (being the latest practicable date prior to the publication of this Prospectus) determined by reference to relevant notifications made pursuant to the Disclosure and Transparency Rules, on the Scheme becoming effective, assuming that no further Old Regus Ordinary Shares have been purchased or issued after 5 September 2008 (the latest practicable date prior to the publication of this Prospectus) the only persons who will be, directly or indirectly, interested in 3 per cent. or more of the New Regus Ordinary Shares will be:

<u>Name</u>	<u>Holding of Old Regus Ordinary Shares</u>	<u>Number of New Regus Ordinary Shares to be held upon the Scheme becoming effective</u>	<u>Percentage of issued share capital of New Regus</u>
Mr Mark Dixon . . . . .	359,058,783	359,058,783	37.87%
M & G Investment Management . . . . .	88,994,357	88,994,357	9.39%
BlackRock Investment Management . . . . .	81,338,908	81,338,908	8.58%
UBS Global Asset Management . . . . .	47,898,735	47,898,735	5.05%
Standard Life Investment . . . . .	38,853,920	38,853,920	4.10%
Barclays Global Investors . . . . .	36,025,524	36,025,524	3.80%
Legal & General Investment Management . . . . .	32,290,499	32,290,499	3.41%

21.2 None of the shareholders listed above will have voting rights that are different from those of any other holder of New Regus Ordinary Shares.

21.3 Save as disclosed in paragraph 21.1 above, New Regus is not aware of any person who is, or will be, immediately following the Scheme becoming effective directly or indirectly, interested in 3 per cent. or more of the New Regus Ordinary Shares.

21.4 Save as disclosed in paragraph 22.1 below, New Regus is not aware of any person who, immediately following implementation of the Scheme, directly or indirectly, acting jointly or with others or acting alone, could exercise control over New Regus.

## 22. Mark Dixon's shareholding

### 22.1 Control of New Regus

Immediately upon the Scheme becoming effective, the Chief Executive, Mark Dixon is expected to have an interest in 359,058,783 New Regus Ordinary Shares (representing approximately 37.9 per cent. of the issued New Regus Ordinary Shares assuming no additional Old Regus Ordinary Shares or New Regus Ordinary Shares are issued prior to the Scheme becoming effective).

As a major shareholder of Regus Group, he will be able to exercise significant influence over the Regus Group's operations, including the election of the Board, the declaration of some dividends, the approval or disapproval of major corporate transactions and the determination of other matters to be decided by the holders of New Regus Ordinary Shares. The Regus Group's business goals and those of Mr Dixon may not always remain aligned. As a result, the market price of New Regus Ordinary Shares could be adversely affected. However, Mr Dixon, in his capacity as a director, is under a fiduciary duty at law to act in the best interests of the Regus Group.

### 22.2 Consequences under the Takeover Code

By virtue of his expected holding of New Regus Ordinary Shares, the provisions of Rule 9 of the Takeover Code will be relevant to Mr Dixon. These provisions and their application to Mr Dixon are explained in detail under paragraph 23 below.

## 23. Takeover regulation

### 23.1 Mandatory takeover bids

The Takeover Panel will regulate, and the Takeover Code will apply to, takeover bids and merger transactions of New Regus, however effected, including by means of statutory merger or scheme of arrangement. The Takeover Panel will also regulate other transactions which have as their objective or

potential effect obtaining or consolidating control of New Regus as well as partial offers for securities in New Regus.

The Takeover Code operates principally to ensure that shareholders are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders of the same class are afforded equivalent treatment. The Takeover Code provides an orderly framework within which takeovers are conducted.

The Takeover Code is based upon a number of General Principles which are essentially statements of standards of commercial behaviour. General Principle 1 states that all holders of securities of an offeree company of the same class must be offered equivalent treatment and if a person acquires control of a company the other holders of securities must be protected. This is reinforced by Rule 9 of the Takeover Code which requires a person, together with persons acting in concert with him, who acquires, whether by a series of transactions over a period of time or not, an interest in shares carrying voting rights which amount to 30 per cent. or more of the voting rights to make a general offer for the remaining shares of the company. "Voting rights" for these purposes means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting. A general offer will also be required, subject to certain exceptions, where a person who, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting right but does not hold shares carrying more than 50 per cent. of such voting rights, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested.

#### *Mark Dixon's shareholding*

Following implementation of the Scheme, should Mr Dixon's interest in New Regus increase beyond its expected level (set out in paragraph 22 above), and unless (i) such increase falls within an exception to the requirement to make a general offer under Rule 9 of the Takeover Code; (ii) the Takeover Panel otherwise consents; or (iii) such increase falls within the scope of one of the approvals which has already been granted by the independent shareholders of Old Regus (and in respect of which the Takeover Panel has already granted Mr Dixon a waiver from the obligations he would otherwise have incurred pursuant to the provisions of Rule 9 of the Takeover Code) — see below — then Mr Dixon would be required to make a general offer for the remainder of the share capital of New Regus under, and in accordance with the provisions of, Rule 9 of the Takeover Code.

#### *Existing approvals relating to an increase in Mr Dixon's holding*

At general meetings of Old Regus held on 7 December 2007 and 20 May 2008, independent shareholders of Old Regus approved an increase in Mr Dixon's shareholding in Old Regus (without giving rise to any requirement on the part of Mr Dixon to make a general offer for the remaining shares of Old Regus) arising from:

- any re-purchase by Old Regus of its own ordinary shares where Mr Dixon does not participate pro-rata to his existing interest; or
- any exercise by Mr Dixon of any of the options previously granted to him in respect of Old Regus ordinary shares, as set out in paragraph 10.2 above, except for those granted under the Regus Group plc 2008 value creation plan.

The Takeover Panel has confirmed that if Mr Dixon were to increase his interest in shares in Old Regus in either of these circumstances it would waive the obligation on Mr Dixon to make a general offer for the remaining shares of Old Regus under Rule 9 of the Takeover Code.

The Takeover Panel has also confirmed that its waiver of the obligation on Mr Dixon to make a general offer under Rule 9 of the Takeover Code in either of these circumstances will continue to apply in respect of Mr Dixon's holding of interests in New Regus.

Further details of the waivers granted to Mr Dixon in respect of an increase in his interest in shares in the two circumstances referred to above are set out below.

#### *Share re-purchases*

The waiver originally granted to Mr Dixon in respect of share re-purchases applied only in respect of increases in the percentage interest in Old Regus ordinary shares held by Mr Dixon resulting from market purchases by Old Regus pursuant to the authority granted to Old Regus to purchase its shares at its annual

general meeting held on 20 May 2008. It did not apply to other increases in Mr Dixon's percentage interest in Old Regus Ordinary Shares (arising, for example, from market purchases of Old Regus Ordinary Shares by or on behalf of Mr Dixon).

The Takeover Panel has confirmed that following the Scheme becoming effective, the waiver granted to Mark Dixon in respect of his interests in Old Regus Ordinary Shares will apply in the same manner to his New Regus Ordinary Shares and any purchase by New Regus of its own ordinary shares pursuant to its existing authority (which is identical to the authority currently granted to Old Regus). Further, on 27 August 2008, New Regus passed an ordinary resolution to mirror the existing Old Regus ordinary resolution in place which approves any increase in Mr Dixon's shareholding in New Regus arising from a repurchase of shares by New Regus (see paragraph 3.9 of this Part 6 for the text of this resolution).

Assuming (i) full use by New Regus of its existing authority to re-purchase its own shares; (ii) no sales of New Regus Ordinary Shares by Mr Dixon; and (iii) no other person exercising any options or any other rights to subscribe for New Regus Ordinary Shares, Mark Dixon's maximum potential interest in New Regus Ordinary Shares would be as set out in the following table:

<u>Mark Dixon's expected interest in New Regus Ordinary Shares following the Scheme Effective Date</u>	<u>Expected number of New Regus Ordinary Shares in issue following the Scheme Effective Date</u>	<u>Maximum potential number of New Regus Ordinary Shares in issue</u>	<u>Mark Dixon's maximum potential interest in New Regus Ordinary Shares</u>
359,058,783/37.87% . . . . .	948,219,822	853,397,840	359,058,783/42.07%

This waiver will expire at the next annual general meeting of New Regus.

*Options/awards*

The waiver originally granted to Mr Dixon in respect of his options to acquire Old Regus Ordinary Shares only applied to those options granted to him prior to 20 April 2008, namely:

- 1,708,108 options granted under the Regus Group plc share option plan;
- 3,448,195 options granted under the Regus Group plc co-investment plan; and
- an interest in awards over 337,398 Old Regus Ordinary Shares pursuant to the Regus Group plc long term incentive plan.

As set out in paragraph 12.5 above, participants (including Mark Dixon) in each of the Old Regus Share Schemes will be offered the opportunity to exchange their options or awards for options or awards over New Regus Ordinary Shares of equivalent value and on the same terms. Mark Dixon has confirmed his intention to accept this offer. The new options and awards will become exercisable or vest at the same time as the existing options or awards would have become exercisable or vested and the same performance conditions will apply.

The Takeover Panel has confirmed that following the Scheme becoming effective, the waiver granted to Mr Dixon in respect of his interests in options and awards over Old Regus Ordinary Shares will apply in the same manner to the options and awards over New Regus Ordinary Shares he may receive in exchange for his existing options and awards. Further, on 27 August 2008, New Regus passed an ordinary resolution to mirror the existing Old Regus ordinary resolution in place which approves any increase in Mr Dixon's shareholding in New Regus arising from any exercise of Mr Dixon's options in respect of New Regus Ordinary Shares (see paragraph 3.9 of this Part 6 for the text of this resolution).

Assuming (i) full exercise by Mr Dixon of all options and awards over New Regus Ordinary Shares (except those under the VCP), (ii) full use by New Regus of its existing authority to re-purchase its own shares, (iii) no sales of interests in New Regus Ordinary Shares by Mr Dixon in connection with any share purchases and (iv) no other person exercising any options or any other rights to subscribe for interests in New Regus Ordinary Shares, Mr Dixon's maximum potential interest in New Regus Ordinary Shares would be as set out in the following table:

<u>Mark Dixon's expected interest in New Regus Ordinary Shares following the Scheme Effective Date</u>	<u>Expected Number of New Regus Ordinary Shares in issue following the Scheme Effective Date</u>	<u>Maximum potential number of New Regus Ordinary Shares in issue</u>	<u>Mark Dixon's maximum potential interest in New Regus Ordinary Shares</u>
359,058,783/37.87% . . . . .	948,219,822	853,397,840	364,552,484/42.72%

This waiver will continue to apply whilst Mr Dixon holds the options and awards set out above.

### **23.2 Squeeze-out**

The Jersey Companies Law provides that where a person (the “Offeror”) makes a takeover offer to acquire all of the shares (or all of the shares of any class) in a company incorporated in Jersey (other than any shares already held by the Offeror at the date of the offer), if the Offeror has by virtue of acceptances of the offer acquired or contracted to acquire not less than 90 per cent. in nominal value of the shares (or class of shares) to which the offer relates, the Offeror may (subject to the requirements of the Jersey Companies Law), by notice to the holders of the shares (or class of shares) to which the offer relates which the Offeror has not already acquired or contracted to acquire, compulsorily acquire those shares. A holder of any shares who receives a notice of compulsory acquisition may (within six weeks from the date on which such notice was given) apply to the Jersey court for an order that the Offeror not be entitled and bound to purchase the holder’s shares or that the Offeror purchase the holder’s shares on terms different of those of the offer. New Regus has incorporated appropriate provisions in its articles of association (as further described in paragraph 5.21 of this Part 6).

### **23.3 Sell-out**

Where, before the end of the period within which a takeover offer can be accepted, the Offeror has by virtue of acceptances of the offer acquired or contracted to acquire not less than 90 per cent. in nominal value of all of the shares (or all of the shares of a particular class) of the Jersey company, the holder of any shares (or class of shares) to which the offer relates who has not accepted the offer may, by written notice to the Offeror, require the Offeror to acquire the holder’s shares. The Offeror shall (subject to the requirements of the Jersey Companies Law) be entitled and bound to acquire the holder’s shares on the terms of the offer or on such other terms as may be agreed. Where a holder gives the Offeror a notice of compulsory acquisition, each of the Offeror and the holder of the shares is entitled to apply to the Jersey court for an order that the terms on which the Offeror is entitled and bound to acquire the holder’s shares shall be such as the court thinks fit. New Regus has incorporated appropriate provisions in its articles of association (as further described in paragraph 5.21 of Part 6).

### **24. Miscellaneous**

The total cost and expenses of, or incidental to, the Proposals are estimated to be approximately £4 million (exclusive of amounts in respect of VAT).

The auditors of New Regus are KPMG Audit S.à.r.l whose address is 9 allée Scheffer, L-2520 Luxembourg.

The New Regus Ordinary Shares are not marketed to, nor are any available for purchase in whole or in part by, the public in the United Kingdom or elsewhere in connection with their admission to the Official List.

Statutory accounts of Old Regus for each of the three years ended 31 December 2007, have been delivered to the registrar of companies in England and Wales. The auditors of Old Regus have made reports under the relevant provisions in English companies law in respect of these statutory accounts and each such report was an unqualified report.

Where information contained in this Prospectus has been sourced from a third party, New Regus confirms that such information has been accurately reproduced and, so far as the New Regus Directors are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

### **25. Consents**

Dresdner Kleinwort Limited has given and not withdrawn its consent to the inclusion in the Prospectus of its name in the form and context in which it appears.

### **26. Documents available for inspection**

Copies of the following documents may be inspected at the offices of Slaughter and May, at One Bunhill Row, London EC1Y 8YY, the registered office of New Regus at 22 Greville Street, St Helier, Jersey JE4 8PX Channel Islands and the head office of New Regus at 26, Boulevard Royal, L-2449 Luxembourg during normal business hours on any day (Saturday, Sundays and public holidays excepted) until close of



business on the Scheme Effective Date and will also be available for inspection for 15 minutes before and during the Court Meeting and the General Meeting:

- (A) the memorandum of association of Old Regus and the Old Regus Articles in their present form;
- (B) the amendments to the Old Regus Articles proposed at the General Meeting;
- (C) the New Regus Articles;
- (D) the audited consolidated accounts of Old Regus for the last three years ended 31 December 2007;
- (E) the interim results of Old Regus for the six months ended 30 June 2008;
- (F) draft rules of the New Regus Share Schemes referred to in paragraph 13 of this Part;
- (G) consent letter from Dresdner Kleinwort Limited;
- (H) the Scheme Circular; and
- (I) this Prospectus.

## 27. Documents incorporated by reference

The table below sets out the documents which are incorporated by reference into this document and which are available for inspection as set out in paragraph 26 above:

<u>Information incorporated by reference into this document</u>	<u>Location of incorporation into this document</u>	<u>Page numbers in this document</u>
Old Regus' Annual Report and Accounts 2005, including Old Regus' financial statements for the year ended 31 December 2005 the notes and the auditors' report thereon, pages 29 to 59 (inclusive) . . . . .	Part 3 — Historical Financial Information	38
Old Regus' Annual Report and Accounts 2006, including Old Regus' financial statements for the year ended 31 December 2006 the notes and the auditors' report thereon, pages 35 to 68 (inclusive) . . . . .	Part 3 — Historical Financial Information	38
Old Regus' Annual Report and Accounts 2007, including Old Regus' financial statements for the year ended 31 December 2007 the notes and the auditors' report thereon, pages 42 to 81 (inclusive) . . . . .	Part 3 — Historical Financial Information	38
Old Regus' interim results for the 6 months ended 30 June 2008 . . . . .	Part 3 — Historical Financial Information	38

## DEFINITIONS

“Admission”	admission of the New Regus Ordinary Shares to the Official List in accordance with the Listing Rules and to trading on the London Stock Exchange’s main market for listed securities becoming effective in accordance with the Admission and Disclosure Standards;
“Admission and Disclosure Standards”	the requirements contained in the publication ‘Admission and Disclosure Standards’ dated April 2002 and issued by the London Stock Exchange (as amended from time to time) containing, <i>inter alia</i> , the admission requirements to be observed by companies seeking admission to trading on the London Stock Exchange’s main market for listed securities;
“A Shares”	the A shares of 1 pence each in the capital of Old Regus to be allotted to New Regus by capitalising the amount standing to the credit of Old Regus’ non-distributable profit and loss reserve and which are to be cancelled upon confirmation by the Court of the Old Regus Reduction of Capital;
“Board” or “Directors”	the New Regus Directors and/or the Old Regus Directors, as the context may require;
“Business Day”	any day other than a Saturday or Sunday on which banks are open for business in London, other than solely for the purposes of trading and settlement in Euro;
“certified” or “in certificated form”	in relation to shares, means shares which are not held in uncertificated form;
“CIP”	the Regus plc co-investment plan as detailed in paragraph 13.2 of Part 5;
“Closing Price”	the closing middle market quotation of a relevant share, as published in the daily official list of the London Stock Exchange;
“Combined Code”	the Combined Code on Corporate Governance of the Financial Reporting Council dated June 2006 and/or June 2008 (as applicable);
“Companies Act”	the Companies Act 2006;
“Companies Acts”	means the Companies Act 1985 (as amended) and the Companies Act 2006;
“Court Hearing”	the hearing of the claim form to sanction the Scheme;
“Court Meeting”	the meeting of holders of Old Regus Ordinary Shares convened by order of the Court pursuant to sections 895 to 899 of the Companies Act to consider, and if thought fit, approve the Scheme and any adjournment of that meeting;
“CREST”	a computerized system for the paperless settlement of sales and purchases of securities and the holding of uncertificated securities operated by Euroclear in accordance with the CREST Regulations;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (S1 2001 No. 3755), or the Jersey CREST Regulations, as amended from time to time (as applicable);
“Disclosure and Transparency Rules”	the disclosure and transparency rules relating to the disclosure of information in respect of financial instruments which have been admitted to trading on a regulated market or for which a request for admission to trading on such a market has been made;

“Dresdner Kleinwort”	Dresdner Kleinwort Limited;
“EMEA”	Europe, the Middle East and Africa;
“EU”	the European Union, first established by the treaty made at Maastricht on 7 February 1992;
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST;
“FTSE UK Index Series”	the UK series of the FTSE Actuaries Share Indices;
“General Meeting”	the general meeting of Old Regus to be held in connection with the Proposals and any adjournment of that meeting;
“High Court”	the High Court of Justice of England and Wales;
“HQ”	HQ Global Holdings, Inc.;
“HQ Acquisition”	the acquisition of HQ by Old Regus on 20 August 2004;
“IAS”	the income access shares which may be issued by IAS Issuers as described in more detail in paragraph 7 of Part 5 of this document;
“IAS Election”	an election made (or deemed to be made) by a New Regus Ordinary Shareholder to receive dividends paid on the IAS by the IAS Issuers instead of dividends paid on his New Regus Ordinary Shares;
“IAS Issuers”	Old Regus and one or more of the other subsidiaries of New Regus resident for tax purposes in the UK;
“IAS Trust”	the English law trust under which the IAS will be held for the purposes of the IAS arrangements once the IAS arrangements have been implemented;
“IAS Trustee”	the trustee of the IAS Trust;
“IFRS”	the international financial reporting standards as adopted in the EU;
“Jersey Companies Law”	the Companies (Jersey) Law 1991 (as amended);
“Jersey CREST Regulations”	the Companies (Uncertificated Securities) (Jersey) Order 1999 (as amended);
“Listing Rules”	the rules and regulations of the Financial Services Authority made under Part VI of the Financial Services and Markets Act 2000, as amended from time to time;
“London Stock Exchange”	the London Stock Exchange plc;
“Luxembourg Companies Law”	the Luxembourg law on commercial companies of 10 August 1915 (as amended);
“Luxembourg Official Gazette”	means the <i>Mémorial C Recueil des Sociétés et Associations of Luxembourg</i> ;
“Luxembourg RCS”	means the Luxembourg Trade and Companies Registry;
“New Regus”	Regus plc, a public company limited by shares incorporated and existing in Jersey with registered number 101523 and registered office in Jersey and having its central administration (head office) in Luxembourg and accordingly being registered in Luxembourg as a société anonyme under RCS Luxembourg B 141159;
“New Regus Articles”	the memorandum and articles of association of New Regus as adopted or amended from time to time;
“New Regus Directors”	the directors of New Regus whose names appear on page 17 of this Prospectus;

“New Regus Group”	(i) prior to the Scheme Effective Date, New Regus; and (ii) after the Scheme Effective Date, New Regus and its subsidiary undertakings;
“New Regus Initial Ordinary Shares”	the 2,750,000 New Regus Ordinary Shares issued by New Regus prior to the Scheme Effective Date;
“New Regus Ordinary Shares”	the ordinary shares with a nominal value of 1 pence each in the share capital of New Regus;
“New Regus Ordinary Shareholder”	a holder for the time being of New Regus Ordinary Shares;
“New Regus Reduction of Capital”	the proposed reduction of share premium in New Regus as described in paragraph 2.3 of Part 5 of this Prospectus;
“New Regus Share Schemes”	the Share Option Plan, the CIP and the VCP;
“Official List”	the Official List of the UK Listing Authority;
“Old Regus”	Regus Group plc, a public limited company incorporated in England and Wales with registered number 04868977;
“Old Regus Articles”	the articles of association of Old Regus at the date of this Prospectus;
“Old Regus Board” or “Old Regus Directors”	the directors of Old Regus from time to time;
“Old Regus Ordinary Shares”	the ordinary shares of 5 pence each in the share capital of Old Regus;
“Old Regus Ordinary Shareholder”	a holder for the time being of Old Regus Ordinary Shares;
“Old Regus Reduction of Capital”	the proposed reduction of the non-distributable profit and loss reserve of Old Regus as described in paragraph 2.2 of Part 5 of this Prospectus;
“Old Regus Share Schemes”	the Regus Group plc share option plan, the Regus Group plc co-investment plan and the Regus Group plc value creation plan;
“Overseas Shareholders”	Old Regus Ordinary Shareholders resident in, or citizens of, jurisdictions outside the United Kingdom;
“Proposals”	the proposals relating to the implementation of the Scheme, the New Regus Reduction of Capital, the Old Regus Reduction of Capital and the adoption by New Regus of the New Regus Share Schemes;
“Prospectus”	this document;
“Prospectus Rules”	the prospectus rules made by the UK Listing Authority under Part IV of Financial Services and Markets Act 2000;
“Registrars”	Equiniti (Jersey) Limited of PO Box 63, 11-12 Esplanade, St Helier, Jersey JE4 8PH in relation to New Regus and Equiniti Limited of Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA in relation to Old Regus;
“Regus Group” or “Group”	(i) prior to the Scheme becoming effective, Old Regus and its subsidiary undertakings; and (ii) after the Scheme becoming effective, New Regus and its subsidiary undertakings;
“Regus UK Acquisition”	the acquisition of the 58 per cent. stake in the UK business from Rex 2002 Limited on 19 April 2006, which the Regus Group had previously sold to them in December 2002;

“Remuneration Committee”	the remuneration committee of Old Regus or, following the Scheme becoming effective, of New Regus;
“Scheme”	the scheme of arrangement under sections 895 to 899 of the Companies Act between Old Regus and holders of Scheme Ordinary Shares including any modification, addition or condition approved by the High Court, details of which are set out in the Scheme Circular;
“Scheme Circular”	the circular dated 8 September 2008 sent to holders of Old Regus Ordinary Shares containing details of the Proposals;
“Scheme Effective Date”	the date on which the Scheme becomes effective in accordance with its terms, expected to be 14 October 2008;
“Scheme Ordinary Shares”	<p>(a) all Old Regus Ordinary Shares in issue at the date of the Scheme and remaining in issue at the Scheme Record Time;</p> <p>(b) all (if any) additional Old Regus Ordinary Shares in issue 48 hours prior to the Court Meeting at which the Scheme is approved and remaining in issue at the Scheme Record Time; and</p> <p>(c) all (if any) further Old Regus Ordinary Shares which may be in issue immediately prior to the confirmation by the Court of the reduction of capital provided for under the Scheme in respect of which the original or any subsequent holder shall be bound or shall have agreed in writing by such time to be bound by the Scheme and remaining in issue at the Scheme Record Time,</p> <p>but excluding any Old Regus Ordinary Shares held by New Regus;</p>
“Scheme Record Time”	6:00 pm London time on the Business Day immediately preceding the Scheme Effective Date;
“SEC”	the US Securities and Exchange Commission;
“Senior Managers”	Paulo Dias, Guillermo Rotman and Filippo Sarti;
“Share Option Plan”	The Regus plc share option plan as detailed in paragraph 13.1 of Part 5 of this Prospectus;
“Takeover Code”	the UK City Code on Takeovers and Mergers;
“Takeover Panel”	means The Panel on Takeovers and Mergers;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“UK Listing Authority”	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000;
“uncertificated” or “in uncertificated form”	in relation to shares, means recorded on the relevant register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
“US”, “USA” or “United States”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and all other areas subject to its jurisdiction; and
“VCP”	the Regus plc 2008 value creation plan as detailed in paragraph 13.3 of Part 5.





