3 March 2015

REGUS PLC

NEW POST-TAX CASH RETURN ON NET INVESTMENT CALCULATION

Clarification of new return on investment reporting

Alongside the publication of its full year results, Regus is today providing additional clarification of the new calculation of its post-tax cash return on net investment that has been included within its 2014 annual results.

Focussing on returns and payback is a logical progression in Group reporting. Therefore with its results published today it has disclosed the post-tax cash returns on net investment by individual investment year group from 2007 onwards. In addition, it has provided the combined return on all investments made on or before 31 December 2006. A table of these returns is provided below.

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

Year of opening	06 & earlier	07	08	09	10	11	12	13	14
Post-tax cash return	21.4%	26.8%	18.0%	14.9%	24.3%	15.3%	4.2%	0.0%	(9.5)%
Net growth investment on locations opened in year £m	458.2	49.6	44.1	20.5	53.4	79.7	146.8	250.0	196.1

For the twelve months to 31 December 2014 the Group delivered an annual post tax cash return on net investment of 20.9% in respect of all locations opened on or before 31 December 2011 (and which are therefore more established in respect of their financial performance).

A reconciliation of this aggregated returns performance up to 2011and subsequent year investments to the Group's audited results for 2014 is to be found on page 94 of the Group's 2014 accounts and on page 58 of the 2014 Results RNS, also published today.

These additional disclosures, which provide greater visibility on the Group's performance, have no impact on the Group's consolidated results or cash flow. In connection with the post-tax cash return on net investment calculation, the Regus Board has made two associated changes, which are detailed below:

1. Deduction of net maintenance capital expenditure

The first change is to deduct net maintenance capital expenditure from the return. This will bring it closer to a cash return. The 20.9% post tax cash return on net investments made on or before 31 December 2011 would have been 25.2% before the deduction of maintenance capital expenditure.

2. Simplified overhead allocation

The second change is a simplification of the allocation of overheads between individual year group investments. Accordingly, the allocation is now based on two criteria:

1. Sales & marketing costs are allocated on the basis of new workstation sales made in the period, consistent with the marketing effort being spent on driving enquiries and the sales effort required to convert these enquiries into new workstation sales.

2. All other overheads have been allocated on a time apportioned pro-rata basis by reference to average available workstation numbers, without any weighting for growth.

Post tax cash return on net investment calculation
The return on net investment has been calculated by reference to the post tax cash return and the net growth capital investment. These two data points are defined as:

1. Post tax cash return: This is calculated by taking the EBITDA (excluding the annual release of any partner contribution to the capital investment) and deducting tax and any net maintenance capital expenditure required to maintain the assets.

2. Net growth capital investment: This is the gross growth capital expenditure less any partner capital expenditure contribution, i.e. this represents the net capital investment made by the Group.

$$\text{Returns} = \frac{\text{EBITDA – annual release of partner contributions – tax – net maintenance capex}}{\text{Gross growth capex – partner capex contributions}}$$

Commenting on these changes, Dominique Yates, Chief Financial Officer, said:
"This additional financial information will help stakeholders better evaluate the progress of the Group against its key objectives of generating returns well ahead of its cost of capital and creating long-term shareholder value. These changes have not impacted the Group's profitability or cash generation reported today.

Although we believe it is now appropriate to align our focus on returns and net capital expenditure, we will continue to provide actual data regarding the number of locations and the management segmental analysis by maturity, as we have done again today."

Details of results presentation
Mark Dixon, Chief Executive Officer, and Dominique Yates, Chief Financial Officer, are hosting a presentation today for analysts and investors at 10.30am. The presentation will take place at CityPoint, 1 Ropemaker Street, EC2Y 9HT.

For those unable to attend the presentation, please contact Jessica Ayres to obtain details for the webcast or conference call:
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