

Regus plc (société anonyme)

Annual accounts
for the year ended 31, December 2011

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

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

**Central Administration (Head Office):
26 Boulevard Royal
L-2449 Luxembourg
R.C.S. Luxembourg B 141.159**

Regus plc (société anonyme)
ANNUAL ACCOUNTS 2011

Directors' report and annual accounts

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To the Shareholders of
Regus plc (société anonyme)
26, Boulevard Royal
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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the annual accounts

We have audited the accompanying annual accounts of Regus plc (société anonyme), which comprise the balance sheet as at 31 December 2011 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'Entreprises agréé

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

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

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

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of Regus plc (société anonyme) as of 31 December 2011, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Report on other legal and regulatory requirements

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

Luxembourg, 20 March 2012

KPMG Luxembourg S.à r.l.
Cabinet de révision agréé



Thierry Ravasio

Regus plc (société anonyme)
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DIRECTORS' REPORT

The Directors' present their report and the audited annual accounts for the year ended 31 December 2011.

Introduction

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

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

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

Business review

The Company's full business review for the year is set out in its consolidated Annual Report and Accounts which are available from its registered address located at 22 Grenville Street, St Helier, Jersey JE4 8PX, Channel Islands as well as the central administration (head office) at 26, Boulevard Royal, L-2449 Luxembourg.

Significant events

On 4 March 2011, the Company restructured its investment portfolio. It transferred most of its financial assets to Regus No.4 Société à responsabilité limitée, an affiliated undertaking, in exchange for Class A and Class B shares and share premium.

Corporate Governance statement

The Company has set out its statement on Corporate Governance in its consolidated Annual Report and Accounts which are available from its registered address located at 22 Grenville Street, St Helier, Jersey JE4 8PX, Channel Islands as well as the central administration (head office) at 26, Boulevard Royal, L-2449 Luxembourg.

Acquisition of own shares

In the year from 1 January to 31 December 2011, the Company did not re-purchase any of its own shares in the open market to be held as treasury shares. Therefore the number of treasury shares held by the Company at the financial year end remained at 9,070,906 shares.

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

Result for the year

The loss for the financial year ended 31, December 2011 was £6,824,733 (2010: loss £19,145,446). The Company paid total dividends in the year of £24,960,321 (2010: £8,618,871).

Directors

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

Executive directors

Mark Dixon	
Stephen Gleadle	(resigned 31 August 2011)
Dominique Yates	(appointed 1 September 2011)

Non-executive directors

Douglas Sutherland - Chairman
Lance Browne
Alex Sulkowski
Elmar Heggen

Auditors

Following registration of the Company with the Luxembourg Registre de Commerce et des Sociétés on 21, August 2008, the following Réviseur d'entreprises agréé were appointed to audit the Company, and were re-appointed at the Company's 2011 AGM on 17 May 2011

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

Regus plc (société anonyme)
ANNUAL ACCOUNTS 2011
Balance Sheet
As at 31 December 2011
(expressed in thousands of GBP)

ASSETS	Note	2011	2010
C. FIXED ASSETS			
II. Tangible assets			
3. Other fixtures and fittings, tools and equipment		0.8	0.5
III. Financial assets			
	4		
1. Shares in affiliated undertakings		778,242.6	224,507.6
2. Loans to affiliated undertakings		312.3	578,694.8
4. Loans to undertakings with which the company is linked by virtue of participating interests		251.8	246.7
		778,807.5	803,449.6
D. CURRENT ASSETS			
II. Debtors			
2. Amounts owed by affiliated undertakings			
a) becoming due and payable within one year		14,859.6	20,815.3
3. Amounts owed by undertakings with which the company is linked by virtue of participating interests.			
a) becoming due and payable within one year		10.2	-
4. Other debtors			
a) becoming due and payable within one year		-	2.4
III. Transferable securities			
2 Own shares <i>(9,070,906 shares of GBP 0.01 per share (2010: 9,070,906 shares))</i>		7,119.4	7,119.4
IV. Cash at bank and in hand			
		54.6	590.9
		22,043.8	28,528.0
E. PREPAYMENTS AND ACCRUED INCOME		201.8	658.2
TOTAL ASSETS		801,053.1	832,635.8

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

Regus plc (société anonyme)

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Balance Sheet (continued)

As at 31 December 2011

(expressed in thousands of GBP)

LIABILITIES	Notes	2011	2010
A. CAPITAL AND RESERVES	5		
I. Subscribed capital		9,509.7	9,509.7
II. Share premium and similar premiums		53,673.0	53,673.0
IV. Reserves			
1. Legal reserve		951.0	951.0
2. Reserve for own shares		7,119.4	7,119.4
4. Other reserves		512,880.6	512,880.6
V. Result brought forward		220,912.5	259,564.3
VI. Result for the financial year		(6,824.7)	(19,145.4)
VII. Interim dividends		(8,477.1)	(3,023.1)
		789,744.4	821,529.5
C. PROVISIONS	6		
3. Other provisions		253.4	329.0
D. NON-SUBORDINATED DEBTS			
IV. Trade creditors			
a) becoming due and payable within one year		326.7	10.3
VI. Amounts owed to affiliated undertakings			
a) becoming due and payable within one year		10,639.5	10,753.5
IX. Other creditors			
a) becoming due and payable within one year		2.0	1.7
		10,968.2	10,765.5
E. ACCRUALS AND DEFERRED INCOME		87.1	11.8
TOTAL LIABILITIES		801,053.1	832,635.8

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

Regus plc (société anonyme)

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Profit and loss account

For the year ended 31 December 2011

(expressed in thousands of GBP)

	Notes	2011	2010
A. CHARGES			
2. Other external charges	7	5,692.6	4,460.0
3. Staff costs	8		
a) Wages and salaries		50.4	77.5
b) Social security costs accruing by reference to wages and salaries		7.6	7.7
4. Value adjustments			
a) on formation expenses and on tangible and intangible fixed assets		0.7	0.5
b) on elements of current assets		-	170.8
5. Other operating charges	9	408.6	459.7
6. Value adjustments on financial fixed assets		15.6	81,644.2
8. Interest payable and similar charges			
a) concerning affiliated undertakings		268.4	38.2
b) other interest payable and similar charges		3.0	4.2
9. Extraordinary charges		0.1	-
10. Tax on profit or loss		44.7	-
11. Other taxes not included in the previous caption		449.2	311.1
TOTAL CHARGES		6,940.9	87,173.9

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

Regus plc (société anonyme)

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Profit and loss account (continued)
For the year ended 31 December 2011
(expressed in thousands of GBP)

B. INCOME	Note	2011	2010
5. Other operating income		46.2	1,760.9
6. Income from financial fixed assets			
a) derived from affiliated undertakings	10	-	66,086.9
8. Other interest and other financial income			
a) derived from affiliated undertakings		20.6	180.7
b) other interest receivable and similar income		0.1	
9. Extraordinary income		49.3	-
10. Loss for the financial year		6,824.7	19,145.4
TOTAL INCOME		6,940.9	87,173.9

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

Regus plc (société anonyme)

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Notes to the accounts

For the year ended 31 December 2011

1 General

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

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

The Company’s financial year starts on 1 January and ends on 31 December each year.

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

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

2 Presentation of the comparative financial data

Since the implementation of the New Law of 10, December 2010 modifying the Law of 19 December 2002, the layout of the balance sheet set forth in article 34 and the profit and loss account set forth in article 46, have been modified. The comparative figures for the financial year ended 2010 previously disclosed under categories 5 and 6 relating to income from financial fixed assets have been combined.

3 Significant accounting policies

3.1 Basis of preparation

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

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

3.2 Formation expenses

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

Regus plc (société anonyme)

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Notes to the accounts (continued)

For the year ended 31 December 2011

3 Significant accounting policies (continued)

3.3 *Tangible assets*

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

3.4 *Financial assets*

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

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

3.5 *Debtors*

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

3.6 *Transferable securities*

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

Regus plc (société anonyme)

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Notes to the accounts (continued)
For the year ended 31 December 2011

3 Significant accounting policies (continued)

3.7 Foreign currency translation

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

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

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

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

3.8 Prepayments and accrued income

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

3.9 Creditors

Creditors are recorded at their nominal value.

3.10 Accruals and deferred income

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

3.11 Value adjustments

Value adjustments are deducted directly from the related asset.

Regus plc (société anonyme)

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Notes to the accounts (continued)
For the year ended 31 December 2011

4 Financial assets

The financial assets of the Company are represented by:

In thousands of GBP	<u>Shares in affiliated undertakings</u>	<u>Loans to affiliated undertakings and loans to undertakings with which the Company is linked by virtue of participating interest</u>	<u>Total</u>
Acquisition costs			
Opening balance	716,862.9	578,941.5	1,295,804.4
Additions for the year	803,202.9	312.4	803,515.3
Reimbursement of share premium	(24,960.3)	-	(24,960.3)
Transfers for the year	(645,965.3)	(578,689.7)	(1,224,655)
Closing balance	<u>849,140.2</u>	<u>564.2</u>	<u>849,704.4</u>
Value adjustments			
Opening balance	492,393.7	-	492,393.7
Allocations for the year	-	-	-
Reversals for the year	-	-	-
Transfers for the year	(421,496.1)	-	(421,496.1)
Closing balance	<u>70,897.6</u>	<u>-</u>	<u>70,897.6</u>
Net book value			
Opening balance	224,507.6	578,941.5	803,449.1
Closing balance	<u>778,242.6</u>	<u>564.2</u>	<u>778,806.8</u>

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

<u>Name of undertaking</u>	<u>Carrying amount (in thousands of GBP)</u>	<u>Ownership %</u>	<u>Currency of undertaking</u>
Regus Management Limited S.à r.l.*	-	100	GBP
Regus No.4 S.à r.l.	778,242.6	100	GBP

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

*The original investment cost of Regus Management Limited was subject to a value adjustment in 2010 of GBP 70,897,571 due to a permanent diminution in its carrying amount.

During the year the Company restructured its investment portfolio. It contributed most of its financial assets to Regus No.4 Société à responsabilité limitée, an affiliated undertaking, in exchange for Class A and Class B shares and share premium for an amount of GBP 803,202.9.

Regus plc (société anonyme)

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Notes to the accounts (continued)
For the year ended 31 December 2011

5 Capital and reserves

5.1 Subscribed capital

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

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

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

5.2 Movement on reserves and profit and loss items

In thousands of GBP	<u>Legal reserve</u>	<u>Reserve for own shares</u>	<u>Other reserves</u>	<u>Profit brought forward</u>	<u>Profit & loss for the financial year</u>	<u>Interim dividend paid</u>	<u>Total</u>
Balance as at 1, January 2011	951.0	7,119.4	512,880.6	259,564.3	(19,145.4)	(3,023.1)	758,346.8
Allocation of interim dividend paid				(3,023.1)		3,023.1	-
Allocation of prior year loss				(19,145.4)	19,145.4		-
Dividend payments				(16,483.2)		(8,477.1)	(24,960.3)
Loss for the year					(6,824.7)		(6,824.7)
Closing balance as at 31, December 2011	951.0	7,119.4	512,880.6	220,912.6	(6,824.7)	(8,477.1)	726,561.8

5.3 Legal reserve

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

Regus plc (société anonyme)

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Notes to the accounts (continued)

For the year ended 31 December 2011

5.4 Reserve for own shares

During the year the Company did not carry out any share buybacks nor utilise any treasury shares held as assets to satisfy share option remuneration awarded to employees. The number of own shares held remains at 9,070,906 shares.

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

6 Provisions

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

7 Other external charges

Other external charges are broken down as follows:

In thousands of GBP	Year 2011	Year 2010
Management fees	3,182.9	1,777.6
Legal and professional fees	721.9	470.9
Share registration costs	56.7	85.1
Result on own shares	1,270.6	1,695.7
Shareholder and investor relations	92.4	106.9
Other business charges	368.1	323.8
Total other external charges	5,692.6	4,460.0

8 Staff costs

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

In thousands of GBP	Year 2011	Year 2010
Wages and salaries	50.4	77.6
Social security costs accruing by reference to wages and salaries	7.6	7.7
Total staff costs	58.0	85.2

The average number of employees for the year was one (2010: one).

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Notes to the accounts (continued)
For the year ended 31 December 2011

9 Other operating charges

Other operating charges comprise the following:

In thousands of GBP	Year 2011	Year 2010
Directors fees	408.6	459.7

10 Income derived from financial fixed assets

The income for the year consists of the following.

In thousands of GBP	Year 2011	Year 2010
Dividends received from affiliated undertakings	-	52,116.3
Interest received on Profit Participating Bond	-	13,970.5
Total income derived from affiliated undertakings	-	66,086.8

11 Guarantees and commitments

The Company has outstanding bank guarantees and letters of credit held with certain banks amounting to £89.9 million. (2010: 48.6 million)

12 Post balance sheet events

Subsequent to the financial year end, the Company granted further facility guarantees amounting to £7.5 million.