

Regus Acquiring HQ Global Workplaces for \$302M

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CHERTSEY, ENGLAND-Two executive suites companies are becoming one. Locally based and publicly traded Regus Group plc, already the world's largest executive suites company, has agreed to acquire its US competitor **HQ Global Workplaces** for up to \$302 million. Regus says it will fund the purchase by raising 119 million pounds (\$220 million) in a share sale and borrowing at least \$110 million from Bear Stearns & Co.

Scheduled to close in mid-August, the merger will give Regus 100 new US locations and a total of 650 business centers across 52 countries. Regus says the deal is being driven by a significant growth in the number of companies choosing to outsource their office and business service needs, including short- and long-term office space, meeting rooms, and training and conference facilities. As well, it says the US is a key component of its global strategy.

"Recent research from Corenet and Gallup has shown that by 2010 office outsourcing will be a major industry in its own right," says Regus chief executive Mark Dixon in a prepared statement. "We are at the forefront of that trend and we believe that the acquisition of **HQ Global Workplaces** is critical to our long-term success"

A source at Regus tells GlobeSt.com that there is no significant overlap in the portfolios and that the synergies would come in the purchasing, IP and administrative arenas. Regus' US unit, which accounts for about 25% of its revenue, came out of Chapter 11 bankruptcy protection last year. **HQ** also struggled after the dotcom crash. The company has been significantly restructured and in the process closed 17 US centers and 26 international ones.

"We fought hard through the industry downturn and survived. We looked hard at redundancies, adjusted our operating model, eliminated costs and refinanced our balance sheet ... ," says HQ Global chairman Ed Casas. "We emerged healthy and energized, and are ready for new opportunities as part of the Regus Group."

Founded in Brussels, Belgium in 1989, Regus operates 400 centers in 52 countries. In the US, Regus also operates the Stratis brand. **HQ Global** has a network of more than 300 business centers in the US and worldwide.