

## Regus Group would pay \$302.5 million for Addison office company

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After three merger attempts, Regus Group PLC, a British temporary office provider, said Friday that it had reached an agreement to acquire Addison-based HQ Global Workplaces Inc., for \$302.5 million.

The acquisition of privately held HQ is expected to close in mid-August; following approval by shareholders of Regus, which is listed on the London Stock Exchange.

It is unclear whether Addison will be the U.S. headquarters for the proposed new company or whether there will be any staff cuts, Regus spokesman Stephen Jolly said.

The U.S. unit of Regus and HQ were buffeted by the souring economy, and they have both emerged from bankruptcy protection in the last year.

On Friday, Regus billed itself as ahead of a cost-cutting trend for office outsourcing, which it says will become a major industry by 2010. The proposed acquisition "is critical to our long-term success as the world's No. 1 office outsourcing and business services provider," said Regus Group chairman and chief executive Mark Dixon.

Turning the corner?

Under the proposed agreement, Mr. Dixon would remain chairman. He recently moved to Stamford, Conn. U.S. operations provide about a quarter of Regus' revenues.

It is still unclear who will become CEO, Mr. Jolly said.

HQ "fought hard through the industry downturn and survived," said chairman Ed Casas. "We emerged healthy and energized and are ready for new opportunities as part of the Regus Group."

HQ referred phone calls about the acquisition to Regus.

Regus had tried to acquire HQ twice previously, and one attempt included a bid, Mr. Jolly said. Details of the current deal, including the extent of job cuts so common in mergers, have yet to be finalized.

In revenue and employees, HQ is now half as big as it was in 2000. In 2003, it had \$320 million in revenue and about 1,200 employees. Its roots go back to 1962, when it was known as Omni Offices. In 1999, its name changed to HQ Global.

The firm has had a relatively low profile in Texas. Until the summer of 2001, its CEO was Gary Kusin, who took over the helm of the copying giant Kinko's Inc. and moved its headquarters from Ventura, Calif., to Dallas. One of HQ's high-profile investors is billionaire and philanthropist George Soros, who holds the HQ franchise license in the United Kingdom, Mr. Jolly said.

'Compelling deal'

Both Regus and HQ offer furnished offices and shared resources such as conference rooms, video-conferencing studios and administrative support.

"This is a very compelling deal from the point of view of customers," Mr. Jolly said. "It means you have access to 51 other countries. It is all seamless, and it will be fantastic."

Regus had 2003 revenue of \$460 million, excluding its UK operations, which are 58 percent owned by a private financial concern.

