

FLEXIBLE WORK SPACE

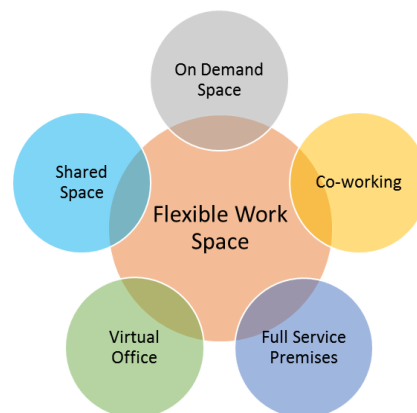
Commercial Real Estate Update

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The U.S. market for flexible office space continues to expand as companies look to pay for office accommodations, where and when needed, in parallel with the size and location of their employee work force. The flexible work space industry affords businesses viable options to reduce rent expenses and offers cost effective solutions for geographically dispersed office requirements.

Dependent upon defined flexible work space parameters, flex office space SF currently represents approximately 2% of the total commercial real estate office market with sufficient demand for growth. As the flexible work space industry matures, variations in the forms of accommodation, and range of business support (administrative) services, are being introduced into the market. Subject to the flexible work space service provider, there are a myriad of business support services available in addition to the customer's basic requirement for physical office space.



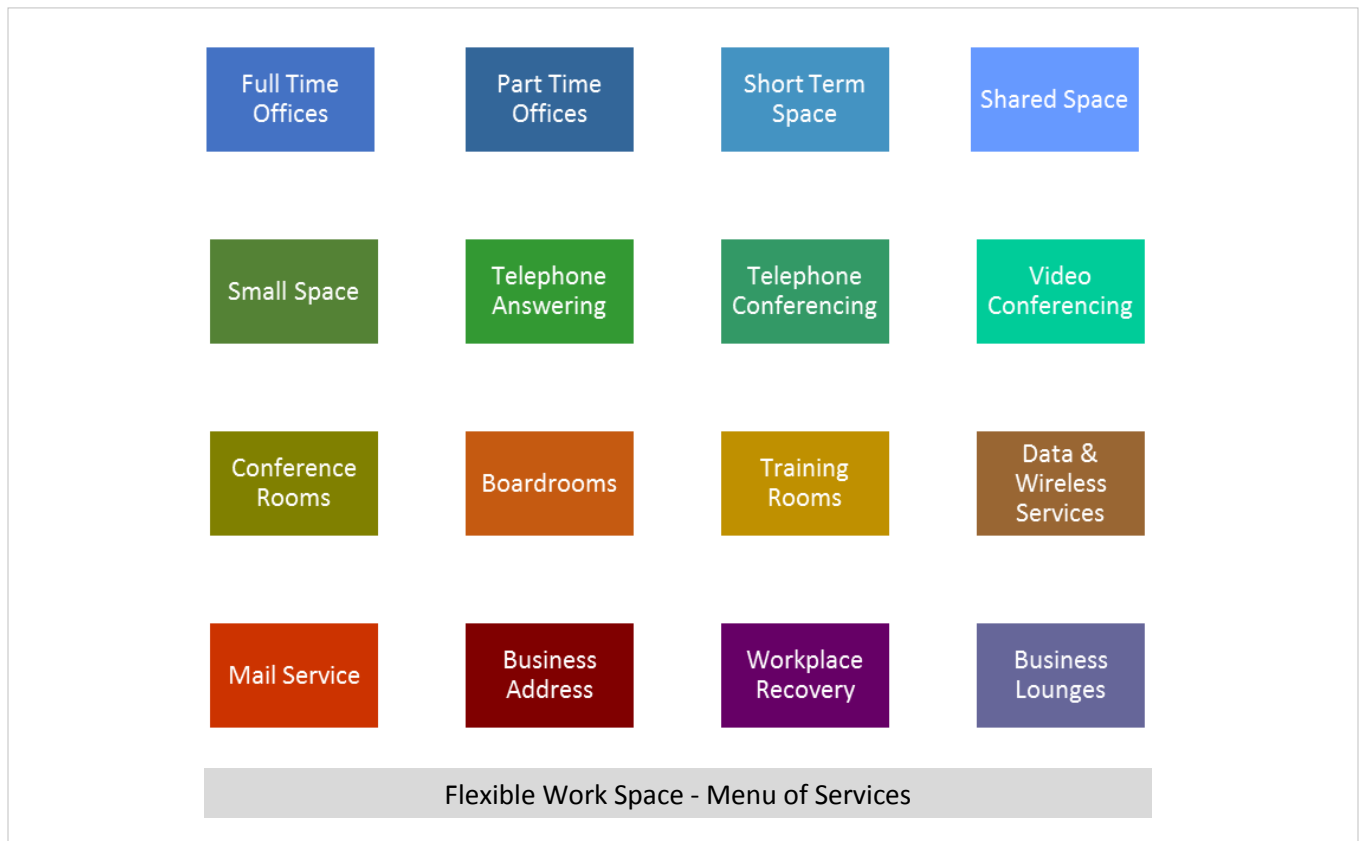
Flexible Work Space Benefits

Some of the company benefits, associated with flexible working space, includes reductions in fixed rent and other lease liabilities associated with longer term leases, elimination of employee associated fixtures, furniture & equipment (FF&E) expenses and increased employee productivity.

Flexible Work Space - 2015 Update

With the internet’s enabling capacity, in connecting suppliers and consumers, additional companies are expanding into the flexible work space market. A recent web search ‘flexible work space’, and a subsequent review of representative companies’ web-site, highlights the following:

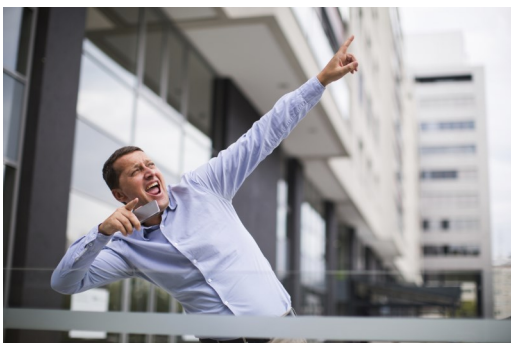
Davinci - virtual offices “partner network system” in over 1,000 locations, across 30 counties, including all 50 U.S. states; **highrise.com** - Jones Lang LaSalle’s “first of its kind marketplace, for leasing (small) office space on line”, launched in Washington, DC this summer; **Preferred Office Network** - national network of executive suites in 350 + locations, throughout the U.S. (21 locations in Mexico & 6 in Canada). Founding members are Washington, DC-based Carr Workplaces (50+ U.S. locations) and Austin, TX-based Business Suites; **Regus** - global leader in flexible office space, business centers, executive suites and corporate offices in over 3,000 locations, across 120 countries; **Servcorp** - executive suites, virtual offices and meeting rooms in 150 locations worldwide, including 22 U.S. locations; **Share Desk** - shared office space in 687 cities in 82 countries; **Uber Offices** - Private offices, open desks & virtual offices in DC, Philadelphia & Chicago (NYC coming soon).





Flex Space to Accommodate a Company's Geographical Network

In a 2013 Bloomberg interview with Regus' CEO Mark Dixon, "*Enterprise Solutions*" was cited as the most successful flexible workspace packages designed and offered to mid to large size companies requiring multiple offices on a regional or national basis. The Enterprise Solutions platform works particularly well with companies having geographically dispersed business operations. The Corporate Workspace Solutions section of Regus' web-site: "We've helped half of the Fortune 500 strategically leverage Regus enterprise solutions to create a regional or global hub-and-spoke office model. Unlike traditional real estate, Regus solutions are flexible and scale with your business needs". With advances in business human resource software technology, companies are also better equipped to remote manage their distributed organization.



Company employees can leverage use of the closest network office, with periodic meetings and collaboration at the company's headquarters location. Employee work-life balance, through reduced commuting, can also be enhanced.