



“ Work Labs ”

PARTE 2 – ANÁLISIS ORGANIZATIVO y FINANCIERO

**PLAN DE NEGOCIOS PARA OPTAR AL GRADO DE
MAGÍSTER EN ADMINISTRACIÓN**

Alumno: David Antonio Rodríguez.

Profesor Guía: Máximo Errázuriz.

Santiago, Julio 2014

Table of Contents

1. Executive Summary.....	5
2. Product / Service Overview	7
2.1. Describe the distinct aspects of the business	8
2.2. What opportunity/necessity does this tend to?	9
2.3. How will it attract clients? (What and whose needs does it satisfy?).....	10
2.4. What market does this business aim to?	11
2.5. Identify the business and briefly describe its mission vision and objective:	11
3. Industry and Competitor Analysis	12
3.1. Define the industry	12
3.2. Identify macro segments (tendencies)	12
3.3. Serviced Office Market Tendencies in Chile.....	13
3.4. External Factors & Environment	14
3.5. Porter Five Forces Analysis.....	15
3.6. Competitor Analysis	17
3.7. How do we differentiate from the competition?.....	17
3.8. How do we compare in price?	18
3.9. What is our Competitive Edge?.....	18
3.10. Strengths and Weaknesses of Competitors.....	18
4. Target Market & Demand Forecast	19
4.1. Target Market, Determination of Market Size, and Market Research Methodology	19
4.2. Market Trends.....	21
5. Internal Analysis.....	25
5.1. Value Chain	25
5.2. Resources.....	27
5.3. Infrastructure	28
8. Production & Operations	28
8.1. Technology, Processes, Key Resources and Job Descriptions	28
8.2. Technology, Processes, Key Resources and Job Descriptions	31
8.3. Operations Cycle & Basic Operation Requirements	32
8.4. Legal Aspects & Regulations that can affect business	35
9. Organization and Human Resource Management	38
9.1. Organizational Structure.....	38

9.2.	Compensation and Incentive packages (salaries and benefits)	38
9.3.	Organizational Structure.....	39
10.	Financials	39
10.1.	Financial Projections & Valuations	39
10.2.	Financing.....	40
11.	Risks, Problems, and Critical Assumptions.....	41
11.1.	Difficulties and possible risks, and how to face them	41
11.2.	Strategic and financial scenarios (simulations)	42
12.	Final Conclusions	43
13.	Attachments	44
14.	Bibliography	80

Illustration Index

Figure 1: Summarized Financials	6
Figure 2: Total Target Market.....	19
Figure 3: Target Market Definition Summary	20
Figure 4: Latin America Serviced Office Market Snapshot 2013.....	23
Figure 5: Service Offices in Las Condes - Source Google Maps	24
Figure 6: Value Chain Strategy 1.....	26
Figure 7: Value Chain Strategy 2.....	27
Figure 8: Organizational Chart	27
Figure 11: Virtual Office Operations Cycle.....	34
Figure 12: Serviced Office Membership Cycle	35
Figure 13: Employee Costs (Cost to Company)	39
Figure 14: Financial Valuation (USD\$).....	40
Figure 15: Investor Capital Table	40
Figure 16: Financial Risk Scenarios	43

1. Executive Summary

WorkLabs is a startup serviced office company that is dedicated to providing its members with a quality workspace, business solutions, and other services designed to satisfy all of their needs, so they can focus on excelling in their core business.

Based in Santiago, Chile, WorkLabs aims to build a broad and loyal consumer base among small to mid-sized businesses that are looking to establish a presence in the city's most important business hub. As both visionaries and users, the founders bring their industry experience, a diverse network of friends and colleagues from around the world, and their formal business knowledge together in order to solve a pressing need for most any business: a workspace that best fits their businesses needs, so they can focus on being the best in their respective fields.

To be incorporated in Santiago, Chile, its founding members will each hold an equal stake in the company. David Rodríguez Hernández, a manager at On-Site/Facilities services giant Sodexo, and previously at consumer goods multinational Procter & Gamble, and Alessandra Castillo, associate director of Alumni Affairs and Corporate Giving, partnered to form WorkLabs. Additionally, an operational manager and sales manager will join the team, bringing experience and ideas that can help boost company growth from the start.

WorkLabs provides a full range of services to businesses and individuals looking for a place to do business. We provide our “plug and play offices”, shared 100-megabit fiber-optic high-speed internet access, phone service with options for unlimited long distance, bilingual call management/messaging services (English/Spanish), along with a host of other services designed to create a productive and enjoyable workspace.

The serviced office market has experienced tremendous growth worldwide, with Latin America exhibiting the highest percentage growth over the past year of any region worldwide, increasing by 37.5% with a net increase of 45 new centers in the region, the majority of the growth coming from Brazil and Mexico. The Chilean market has also seen tremendous increase in size, as companies like Regus, and other smaller competitors, attempt to establish a major presence in the country's capital by establishing new centers.

Although the serviced office market has grown tremendously, of the overall small to mid-size business market of size of USD \$21B in sales, made up of 89,715 individual companies, and employing 464,455 people the serviced office market is still very much in its initial stages of

growth, totaling an estimated 3,198 companies, a total market of \$11,944MM. The outlook for the serviced office market is very promising, given the current size and growth rates of the market.

WorkLabs aims to position itself as a top tier competitor, pricing itself slightly below market leader, Regus, pegged at (0.95) index. This will place it below the rates offered by the largest rival, and above co-working providers with a more limited product offering. Our rates begin at 3uf/month for virtual offices, and go up to 129uf/month for a 10-person set-up¹, with an additional charge for supplementary services above base plans, depending on membership type.

The anticipated revenue for the WorkLabs venture is \$556M, representing a 4.69% market share of the serviced office industry, with a projected average yearly growth rate of +11.32%. Before tax profit margins have been forecasted at 17%, with a 10-year NPV of \$734M, making it an attractive investment opportunity.

Dividend from Retained Earnings	100%
Net Present Value	734,075
Discount Rate (CAPM)	17.5%
IRR	38.3%
Point of Equilibrium	462,654
Payback Period (Years)	3.93
Residual Value / Terminal Value	3,861,368

Figure 1: Summarized Financials

Being part of the WorkLabs project is an opportunity to enter into an industry that not only exhibits rapidly growing demand, a clear market need, and high financial yields, it also presents an opportunity to be at the heart of a changing workforce demanding greater quality and agility. WorkLabs' unique positioning in the serviced office industry will allow its investors to play a key role in its development, and benefit financially from its differentiated approach to the modern workplace.

¹ See Attachment 3: WorkLabs Competition Comparison for details.

2. Product / Service Overview

WorkLabs is a full-service, shared office space that seeks to provide workspace and business solutions to micro, small, and mid-sized businesses in financial intermediation, real estate activities, leasing, and general business activities – all those that benefit from a comprehensive full-service, plug & play office spaces. We provide our community with a space that is engineered to allow its members maximum potential for productivity from the moment they walk in the door. When surveying potential clients, results showed that these are real problems that the market has not yet provided a solution for, at least in Chile².

The products and services we offer are:

1. Office Space (shared and exclusive).
 - 24/7 access (with security keycard)
 - Shared 100 megabit fiber-optic high speed internet access
 - Phone service w/unlimited long distance (extra charge)
 - e-fax service
 - Conference rooms with LCD monitors or digital projectors
 - Regular office cleaning services
 - Security cameras throughout building
 - Shared color printer/copier
 - Call Management/Messaging Services (English/Spanish)
2. Business Services (internal and through affiliated partners).
 - Mail handling
 - FedEx / UPS / ChilePost messenger deliveries
 - Catering Services
3. Non-Core & Additional Services: Apart from our commitment to delivering high quality office space and business services, WorkLabs is also invested in the development of its community of users.
 - Meetups on a diverse range of topics of interest
 - Networking events
4. For this Business Plan, we are considering a base full-service product (Work-Hub & Full-Time Open Single: Forecast 13 clients) encompassing a set of minimum services including:
 - Workstation
 - Ergonomic executive work seat
 - High-Speed internet access
 - Skype Business Video Conferencing
 - Fax/Scan
 - B&W and Color Printing

² See Attachment 1: Worklabs Survey Results

- Limited conference room time
- Mail Handling
- Phone Answering & Messaging Service

2.1. Describe the distinct aspects of the business

WorkLabs provides the right environment and tools for micro to medium sized companies and independent professionals to be productive and operate effectively. We offer a workspace that has been created by experts in office design and engineering, internet access, printing, business services, concierge services, catering and superior customer service.

WorkLabs members benefit in two ways. First, the space provides access to the basic needs of any small to medium sized business or freelance professional at a fixed rate that they can incorporate into a yearly budget. Second, they have access to business products and services that allow them to maximize their potential from day one.

Market research shows that 21% of small and medium businesses are dissatisfied with their current office situation³. WorkLabs tends to the pressing need for these businesses to make their office space and general office services as simple as possible, with a level of quality and service that would be unavailable to them through existing alternatives.

Sources of Revenue

Potential revenue will come from the following sources:

1. Membership fees⁴.
2. Sale of additional services: these services can be use of spaces or business solution services that are not included in the base plan. For more details, see annex “WorkLabs Competition and Comparisons” spreadsheet. Custom packages are also available for companies that are interested in forming a long-term alliance with WorkLabs.
 - Advertising revenue and/or commission fees: Since WorkLabs serves as a business hub for a number of businesses in the Santiago area; we are open to working with consulting and professional service companies that wish to offer their services to our community of users, charging for advertising and commission in the case that they acquire new clients through us. - Revenue from advertising has not been built into our financials as this service will not be offered until the third year of operation. This represents a potential upside for our future cash flows.

³ See Attachment 1: Worklabs Survey Results

⁴ See Attachment 2: Fee & Service Schedule

2.2. What opportunity/necessity does this tend to?

Today's workforce is different than that of previous decades. The old, static, office concept is no longer a practical option for an effective workplace. WorkLabs satisfies the various needs of successful professionals of the 21st century that work in financial intermediation, real estate, leasing, and other general business activities that are located in Santiago.

WorkLabs recognizes that for these professionals, there is no time to waste setting up an office, but they also need something more than coffee shops, business centers, co-working spaces, or home offices. Furthermore, many new businesses are not ready to invest in the right office equipment and technology, nor do they have time to do so during the early stages of development. Businesses need to focus on the quality and timeliness of their own products and services, and using a co-working space, home office, or trying to get an office up and running on their own can stunt growth and limit business opportunities.

They need access to a space that accommodates them and allows them to feel comfortable from the moment they walk in the door. Companies within the target market rely on strong relationships with their clients for their success, and WorkLabs provides them with the tools and infrastructure to provide their clients with the best possible service. Whether they need a place to come back to after a day of visiting clients all over the city or an impressive place to receive clients, WorkLabs is there to support them. For these companies, every dropped video call, broken printer, failing Wi-Fi signal, or uncomfortable employee is money lost. WorkLabs is here to make sure that details are taken care of, so businesses can worry about doing what they do best.

Apart from the basic needs of our members, WorkLabs strives to meet their emotional needs. We provide members of our community with a space that is engineered to promote productivity, inspire businesses, and accommodate even their most demanding client. We don't want clients that don't aim for excellence, which is why we also provide exclusive access and invitations to participate in local networking opportunities, seminars, and other activities that provide them with pertinent business knowledge and contacts that they can apply to their businesses immediately.

People surveyed responded favorably to our proposed product offering. These are some of the responses we received when we asked people what they liked about the WorkLabs value proposition:

- “Working from home an office space is at times essential. With all those services, it might just be much better than getting an office.”
- “Gives me everything I need for my tiny business”
- “All services by one provider.”

As repeat users of multiple office services in numerous locations around the world, we (the founders of WorkLabs) know how difficult it can be to find the right workspace, and we also know what it is we value in a shared serviced office. Through this venture we aim to fulfill our clients' needs in a holistic fashion, because we are not just running the business, we are users ourselves.

2.3. How will it attract clients? (What and whose needs does it satisfy?)

WorkLabs is an attractive option for professionals and small businesses that are looking for custom business solutions in Santiago, Chile.

In Santiago, the options are limited for micro to medium sized business owners, and with a rapidly increasing price on real estate, it is harder than ever for businesses to budget commercial rentals and may not be ready to invest in purchasing commercial real estate.

If a business is not in the position to rent an office all for themselves, they are left to operate out of their homes, coffee shops, or co-working spaces. Many times, these options aren't sufficient, leaving them with the option to go to the industry leader in serviced offices, or stay home. WorkLabs is attractive to business owners and freelance professionals because it is an option for the serious business owner, who has a clear vision of where they want their company to go and needs the operational assistance to get there. Our offer includes prime location in the city's top business district, an office space designed by professionals, state-of-the-art IT services, competitive membership plans, and the opportunity to stay informed of important networking events and educational opportunities.

Our expectations from our marketing investment come from the fact that 15% of potential customers consider our proposal attractive, while 50% consider it a very good to excellent deal. As such, we consider that we will be able to generate considerable awareness through the execution of our marketing plan⁵.

Marketing & Networking:

WorkLabs will attract clients through strategic alliances, advertising, and word-of-mouth. First, it is important that WorkLabs team up with local organizations to attract new clients. WorkLabs will ally with CORFO and Sercotec, so that WorkLabs is mentioned to entrepreneurs that have been awarded funding for their businesses. We will also team up with local universities, specifically with their small business incubators and Angel Investors, such as, the "Angel Mentors" of 3IE (Universidad Técnica Federico Santa María), IncubaUC (Pontificia Universidad Católica de Chile), Ventures UDD (Universidad del Desarrollo), Novos (Universidad de Chile), and Octanis (Universidad Adolfo Ibañez). WorkLabs will position itself as the smart option for

⁵ See Section 7: Marketing Plan for details.

entrepreneurs, recommended to them by their investors and directors. Not only will WorkLabs team up with the areas of universities dedicated to innovation, but it will also ally with the career services and departmental directors in the Law Schools at the Universidad de Chile and PUC, in order to offer WorkLabs as an option for lawyers looking to start their own practice or consulting services in Santiago, Chile.

Next, WorkLabs will invest in online advertising. We will make a point to be present on all websites that serve as search engines for services offices and hotdesking. We will also set a budget for advertising with Google AdWords and on social media (LinkedIn and Facebook). Finally, WorkLabs understands the importance of word-of-mouth advertising and will focus on building a reputation as a high quality workspace service for small businesses. Once the first clients are acquired, we will create the space and opportunity for clients to share their experience with peers and stakeholders. This is what will set us apart from the competition.

2.4. What market does this business aim to?

The target market for WorkLabs can be broadly defined as micro, small, and mid-sized businesses operating in the in the Metropolitan Region of Santiago, Chile, and whose business can be defined as financial intermediation, real estate activities, leasing, and general business activities (as defined by the Chilean Revenue Service – S.I.I.). This makes up a total target market size of USD \$21B in sales, made up of 89,715 individual companies, and employing 464,455 people⁶.

Targets: New and experienced entrepreneurs, small yet rapidly growing businesses, and foreign companies coming to Chile. The person or business who knows what they want to do and recognizes that they are still missing tools to be able to make their business dreams a reality.

2.5. Identify the business and briefly describe its mission vision and objective:

Mission: The mission of WorkLabs is to improve the lives of business owners and freelance professionals through our custom business solutions and a professionally designed work environment, where they can focus on doing what they do best, while we take care of the details.

Vision: To be recognized as an effective and innovative workspace platform for accelerating the success of micro-medium sized businesses on a national and international level.

Objective:

Short-term objectives

- Deliver double-digit sales growth (%) for 5 consecutive years after start-up
- Become profitable by second year of operations

⁶ See Section 4.1: Description of Target Market for details

Long-term objectives

- Become the 2nd largest serviced office player in Chile (in revenue)
- 100% average occupancy at all locations 5 years post startup of each location
- Double-digit before tax profit margins
- To be recognized as the service leader in serviced offices

3. Industry and Competitor Analysis

3.1. Define the industry

WorkLabs operates in the Serviced Offices & Custom Business Solutions industry in Santiago, Chile.

3.2. Identify macro segments (tendencies)

Global Tendencies

- Size: Companies in this industry usually have a minimum of four locations. The majority of competitors do not have more than one location per city, except in the case of industry leaders. Small competitors have anywhere from four to 100 locations, medium sized have 101-800 locations, and large companies have 801 or more locations around the world.
- Geographical Location: Most companies in the industry are based in the United States and the UK, with locations throughout the U.S., Asia, Europe and Brazil. Only one of the industry competitors is present in Chile. More competitive companies in the industry have locations in more than one continent. Only the industry leader has presence in South America in countries besides Brazil, while many competitors are present in Sao Paulo.

General Market Characteristics

- Usage Rate: Members have a moderate to heavy usage of services, but this is dependent on memberships and contracts in many cases.
- Product/Service Application: All competitors offer office space and serviced offices through membership packages. Other secretarial and IT services may or may not be offered. There is an increase in IT services provided, and a decrease in traditional secretarial services (such as post mail). Other business solutions and consulting services are available in some cases, and usually only in international firms.
- Category: Most companies in the industry compete in price and efficiency, and not for quality of products or services provided.
- End Market Served: Independent professionals, international organizations.
- Value-in-use: Serve their purpose for efficiency and price, but this industry is not valued for quality of services, products, or infrastructure.

- Profitability: Most competitors are acquired by the industry leader for their physical presence and established operations, regardless of profitability (ex. HQ was acquired by Regus for USD \$302MM cash for its 652 office centers – including Chile – after it filed for bankruptcy), competitive, or in emerging markets that are attractive to the industry leader. The majority of serviced office companies have not closed, although some have declared and recovered from bankruptcy.

3.3. Serviced Office Market Tendencies in Chile

- Size: Market tendencies observed in Chile are similar to what is being experienced globally. The differentiating factor for Chile has largely been as a result of industry maturity and scale. The Serviced office market in Chile has grown rapidly, but continues to be in the Growth Stage of the market cycle. As such, operations have yet to reach the scale of other more mature markets.
On the global level, industry leaders have four or more locations per city. In Chile, the two industry leaders, Regus and Alta Business Center, have 3-4 locations in Santiago, and are planning to grow through the acquisition of smaller competitors. The majority of other competitors in Chile do not have more than one location per city.
- Geographic Locations: The majority of Chilean competitors are located in Santiago. Within Santiago, the majority of competitors are located in the Las Condes district, with a few competitors in Providencia and the downtown sectors of Santiago. Only one competitor in Santiago has locations outside of Chile. Although this would hint at possible saturation of the Las Condes business district, the demand for these services still outweighs supply, as new businesses continue to move into the area.

General Chilean Market Characteristics

- Usage Rate: Similar to the global tendency, all competitors have a moderate to heavy usage of services, but this is dependent on memberships and contracts in many cases. With industry leaders, the majority of members have contracted their services abroad, and are only using the Chile location temporarily (examples: Apple, Google, and Motorola were all Regus clients before they entered Chile).
- Product/Service Application: All competitors offer office space and serviced offices either through membership packages or through a rental contract. Other IT or business consulting services may or may not be offered. In Chile, additional IT services are somewhat limited compared to foreign competitors, and the traditional secretarial services (such as receptionist and other support roles) continue to be in high demand.
- Category: Most companies in the local industry compete in efficiency and location, but not as much in price as competitors abroad. As a result of the recent climb in Santiago real estate prices, organizations do not generally compete in price, especially if they are located in a prime neighborhood or building (for example, the W Hotel in the El Golf

neighborhood). The high-end segment of this market tends to be relatively price-inelastic.

- **End Market Served:** In Chile, serviced offices are used by independent professionals and international organizations, but unlike other global trends, serviced offices are also used by entrepreneurs and high-risk projects in Chile.
- **Value-in-use:** Value is where the Chilean market most differs from global trends. The international market values serviced offices companies for their efficiency and price, whereas in Chile, they are valued for their efficiency, service, and location. In Chile, there are differences in the service provided to members compared to the United States or UK. For example, in Chile, all membership plans at Regus include coffee service twice a day - brought to you at your desk. This type of service is a cultural norm for Chilean companies, but for international clients is seen as a special treatment. In Santiago, clients also find location extremely valuable, maybe even more than other major cities such as Sao Paulo, New York, or London. Globally, the serviced offices industry obviously has a strong presence in major cities, but also competes in more suburban areas, especially in the United States. In Chile, the majority of the country's population lives in the Metropolitan Region, and most business is done in Santiago. All businesses must have presence here to be able to compete, which increases their *willing-to-pay* for an office address in key neighborhoods. The benefit of being located in certain buildings or neighborhoods in Santiago is invaluable for the success of many organizations. In Santiago, the difference between inviting a potential business partner to a meeting in the W Hotel in El Golf, in the Las Condes district compared to an older office space in an industrial district such as Quilicura can affect respect, credibility, and the final outcome of a business deal.
- **Profitability:** As in other global markets, the Chilean market has seen a move towards consolidation; Global industry leaders have acquired the majority of smaller competitors. It is easier for larger serviced office firms to acquire competitors than attempt to enter an emerging market. Smaller operations in emerging markets tend to be much more profitable than international competitors who have gained their position in the market based on territory covered and number of established operations rather than profit margins. Generally, it is uncommon that a serviced office company close, but some major competitors have had to file for bankruptcy. The survival rate for serviced office companies in Chile is exceptionally high; no serviced office that has managed to establish a presence in the local market has had to file for bankruptcy or close down operations.

3.4. External Factors & Environment

- **Political:** Over the past few years, Chile has made great efforts to attract foreign businesses and investors to come to Chile. Laws and regulations regarding investment

and establishing a new business have been changed so that Chileans and foreigners alike benefit. These political changes, along with government sponsored programs such as Startup Chile and other CORFO (Development Fund)-backed innovation programs provide great opportunities to entrepreneurs and foreign companies of all sizes to enter the Chilean market.

- **Social**: As previously stated, a productive work environment is not what it was ten years ago. Today businesses are moving faster than ever, and although may not need to be in the office 40 hours per week, they need to make the most of the time they are there. Professionals today, especially millennials, look to hit the ground running with any new venture, and are concerned with investing the time, funds, and risk associated with opening an office. New businesses today want to focus on their core business, which is why they need an all-inclusive work space where they can interact with colleagues and business partners in a professional manner from day one.
- **Economic**: The upward price trend of Chilean real estate makes it very difficult for a small or even medium sized business owner to buy or rent a commercial space. Making economic/pricing conditions a strong driver to the serviced office market, as it offers the opportunity for smaller businesses of having a workspace, in a prime location, on a realistic budget, with lower risk.
- **Technology**: Many professionals may work remotely, but need a physical place to receive mail, use as an address, have a landline, or host meetings/events. A fast internet connection, video conferencing, and reliable database systems are also imperative to business success. These are all items that are necessary yet hard to budget/not worth the investment for a team of three, but at WorkLabs, clients can still have access.

3.5. Porter Five Forces Analysis

- **Threat of New Entrants: Medium** – Given that the only major competitor in Santiago, Chile is the industry leader, Regus, with four spaces in prime locations; the threat of new entrants is relatively high. Nevertheless, there are a number of local competitors entering the low-end of the market, especially in the virtual office and co-working segments. Despite this, is the fact that most of new entrants have focused on these two segments, which tend to a different niche, make the threat of new entrants into our segment of the market a medium, rather than a high threat. Additionally, the industry leader, Regus, is mainly focused on the corporate/multinational segment.
- **Bargaining Power of Suppliers: High** – Although the bargaining power of suppliers in internet/phone services, post mail, furniture, and other basics is relatively fixed, the power held by the owners of the physical real estate where WorkLabs operates is high, and ultimately an important factor in the success of the WorkLabs venture.
- **Bargaining Power of Clients: Medium** – Although there are options in the market, the switching costs related to switching offices can be significant, as it implies a change in

phone number (potentially solved by portability laws in Chile -not in place throughout Latin America), business address, and a potential interruption in the business itself.

- **Threat of Substitutes:** High – Clients have a wide variety of known options that they can consider: renting an office themselves, renting a spot in a co-working space, work out of a coffee shop, or work from home⁷.
- **Industry Competition:** High – As a result of the above, we can conclude that there is a high level of industry rivalry, as there is a high threat of substitutes and limited suppliers to choose from.

Conclusions from Five Forces Analysis:

Although industry competition is relatively high, the serviced office market continues to be very attractive, because the industry has not reached a stage of maturity that would affect competition. Secondly, “substitutes” in the broad sense being used in the analysis can only compete in a fraction of the services required to fulfill the requirements for an effective workspace (ex. cafes).

The serviced office industry is expected to become a more important part of commercial and corporate real estate portfolios because it solves a basic need for almost any business: physical workspace and workspace productivity. As companies grow, and entrepreneurs develop, businesses need to invest in “where” to work, serviced office spaces provide an attractive solution to businesses that are either unable to invest in a proper workspace, do not have sufficient critical mass in a certain geographic location, or simply wish to outsource their facilities and facilities management services in order to focus on their core business.

Based on the five forces analysis, WorkLabs can conclude that they will always need to focus on the relationship between themselves, their clients and their competition in order to succeed. With a medium threat of new entrants and a high threat of substitutes, there is a risk of losing clients if WorkLabs’ product offering is not differentiated enough from that of the competition. It is crucial that competitors’ services are not seen as a like-for-like substitute and that consumers are not driven to base their purchase decision solely on price.

There will be ongoing pressure to control fixed costs in the serviced office industry. Although this will be less challenging in some areas, such as human resources, technology, and office furnishings, it will be an area of focus in for items such as rent, due to the high bargaining power of suppliers and the rapidly rising real estate prices in Santiago.

Sustainable long-term success will require WorkLabs to develop a solid base of clients with a fixed set of needs, in addition to those whose needs will grow and change over time, so as to ensure an efficient use of resources through pooling services among alike consumers, and

⁷ See Attachment 3: WorkLabs Competition Comparison for details

providing a continuous set of services that remain constant over time. For example, independent accountants and consultants are more likely to have similar and less-changing business needs for the entirety of their careers. This will provide a stable stream of revenue for WorkLabs over the long terms.

On the other hand, a client that has changing and increasing needs over time provides the opportunity for WorkLabs to create new and incremental product/service offerings that increase customer loyalty and allow for potentially higher profit margins to offset increases in real estate costs.

3.6. Competitor Analysis

Who are the main competitors? Serviced offices and co-working spaces are the biggest competitors for WorkLabs.

- **Serviced Office and Business Solutions:** Regus, Alta Business Center, Infini Office, Instant Offices, Chile Office, The Office Providers, & Anderss.
- **Co-working Spaces:** In February of 2012, there were 1,320 co-working spaces in the world. In Latin America, there were 79, a 167% increase from 2011. At this time, Sao Paulo was the leading city for co-working spaces – Brazil is home to 44 of the 79 LA coworking spaces, and 1/3 of them are in Sao Paulo. Chile is on the rise with five co-working spaces in Santiago, which are: Maker Space, Co-Work, Exosphere, Urban Station, and Conectas⁸.

3.7. How do we differentiate from the competition?

There are two factors that set WorkLabs apart from the crowd. The first difference is on a physical level: office spaces where appearance and functional quality are key elements. Our spaces are designed by professionals, with our customers in mind, differing from the stale concept of serviced offices of the past. The second differentiating factor is our level of technical service. We believe that in order to bring a company from start-up to a market leader, you need to have the proper tools and environment. At WorkLabs, we strive to make sure that our space allows businesses with an office environment conducive to the success of the business, even if it is only for a few hours per week.

⁸ See Attachment 3: WorkLabs Competition Comparison for details

3.8. How do we compare in price?

WorkLabs' rates occupy a space that is above co-working rates, but will be pegged at (0.95) index below the rates offered by large rival, Regus, as part of our price indexing strategy. Our rates begin at 3uf/month for virtual offices, and go up to 129uf/month for a 10-person set-up⁹.

In addition to our base rates, WorkLabs will charge for additional services, such as meeting room rentals, office equipment, and more. Charges will depend on the membership type¹⁰.

As we move forward, we will conduct thorough pricing analysis every quarter-end to ensure our pricing strategy is effective. Competitive actions taken by the competition will be analyzed and countered on a case-by-case basis.

3.9. What is our Competitive Edge?

Focus on service sets us apart from the rest. WorkLabs strives to create an atmosphere that is professional, and open to collaboration when necessary, but that also provides the space to be able to focus. Our competitive advantage lies in our focus on quality of service, as 45% of surveyed small and mid-sized businesses are unsatisfied or neutral about the services offered at their current offices. This number increases dramatically to 60% when considering respondents who expressed they "Definitely Would Contract" our services.

3.10. Strengths and Weaknesses of Competitors

Strengths:

- Location: The competition has prime real estate locations in Santiago, Chile.
- Alliances: Co-working spaces are very strong in their alliances with Start-Up Chile and Movistar Innova. Serviced offices have a global network of clients and over twenty years in the market to work with.

Weaknesses:

- Reputation: Co-working spaces have a reputation for being unprofessional. Serviced offices are perceived as a poor quality service, with often times misleading contracts and charges.
- Price: Both competitors have cost issues, as rent and general inflation tend to outpace their ability to adjust prices. Setting a single price for services in a market where prices are always rising puts a high amount of pressure on profit margins.

⁹ See Attachment 3: WorkLabs Competition Comparison for details.

¹⁰ See Attachment 2: Fee & Service Schedule

4. Target Market & Demand Forecast

4.1. Target Market, Determination of Market Size, and Market Research Methodology

The first step to calculating the total volume of WorkLabs' target market was determining the methodology and data sources. For this exercise, four main sources were chosen:

1. Chilean Revenue Service (S.I.I.)
2. Industry Research Centers: Colliers International, Instant Office, Regus, CBRE
3. Research & Surveys - A survey was conducted to 67 decision makers in small to large companies to determine the purchase/contract intent of potential consumers, along with other characteristics and preferences of these consumers¹¹.
4. Expert Opinion: To validate market research, two experts were consulted:
 - Hilary Brown - Senior Real Estate Valuation Analyst for Colliers International - Chile
 - Cristian Lorca - Facilities & Real Estate Management at Jones Lang LaSalle

The target market for WorkLabs can be broadly defined as micro, small, and mid-sized businesses operating in the Metropolitan Region of Santiago, Chile, and whose business can be defined as financial intermediation, real estate activities, leasing, and general business activities (as defined by the Chilean Revenue Service – S.I.I.). This makes up a total target market size of USD \$21B in sales, made up of 89,715 individual companies, and employing 464,455 people¹². Within this broader market, there are a group of existing users, who are knowledgeable of the general serviced office product offering and can be considered a key target market for our services.

Total Target Market				
	# Companies	Sales (UF)	Sales (USD \$M)	# of Employees
Micro 1	19.189	1.548.593	71.288	4.838
Micro 2	16.158	6.615.247	304.526	7.196
Micro 3	24.801	34.514.184	1.588.826	32.186
Small 1	11.271	41.811.602	1.924.755	39.683
Small 2	7.728	57.704.631	2.656.375	55.217
Small 3	6.164	101.948.719	4.693.107	96.043
Medium 1	2.676	98.216.806	4.521.312	106.567
Medium 2	1.727	127.008.470	5.846.708	122.725
Total Target	89.715	469.368.251	21.606.898	464.455

Figure 2: Total Target Market

Based on the available data, a broad industry target was defined to include micro to mid-sized business in the industries that are most likely to contract WorkLabs' services (financial intermediation, real estate activities, leasing, and general business activities). This results in a total of **89,715 companies**.

¹¹ See WorkLabs Survey for details.

¹² Servicio de Impuestos Internos: <http://www.sii.cl/estadisticas/empresas.htm>

To refine the sought after market, we then use available market studies indicating that a total of **10 full-serviced office centers** (9 current +1 new) exist in the Santiago area¹³. This does not include centers providing limited services or co-working centers. Assuming that each center has an average of 115 clients, we arrive at a Current Target Market of 1,150 companies. Based on our empirical research (based on avg. number of users observed per center and price lists), we estimate an average sale per center of \$1,194M - a total market of \$11,944M (Reference: Regus worldwide average sales per center \$1.43MM/Center). Based on this information, we can infer a total Serviced Office use rate of 3.56% of the total market of small to mid-sized businesses whose activities are of interest to WorkLabs.

Assuming that we are able to reach and make aware of our product offering ~30% of the total 3,198 companies in the direct Target Market through our marketing efforts, and that 15% of the aware population is Definitely Willing to Contract our services (DWC - Based on the WorkLabs Survey), we arrive at a **target client portfolio of 150 clients in year 1** (50 in-office / 100 virtual), **representing a revenue of \$560M, and a market share of 4.69% for WorkLabs**¹⁴.

We validated this data through local real estate investment experts at Colliers International.

Target Market Definition Summary

Total Target Market (Companies)	89,715
Full Service Centers in Santiago	10
Current Target Market (Existing Serviced Office Customers)	3,198
Aware	1,000
Definitely Would Buy	15%
Total Clients Year 1	150
Market Share	4.69%
Annual Average Sales per Center	1,194,376
Total Market USD\$	11,943,760
Serviced Office Use Rate of Total Target Market	3.56%

Figure 3: Target Market Definition Summary

For the sake of this analysis, we are considering a single-site business. Although the mid-term plan includes expansion to more than one property, we are considering a single-site analysis as the basis for all plans, given that we expect every center to be fully functional and sustainable on its own. Additional centers should be considered a plus versus the base plan, since this would allow for additional benefits to come in the form of synergies among the properties.

¹³ Instant Emerging Markets Serviced Office Review <http://www.slideshare.net/jonathanbenn1/serviced-offices-emerging-markets-review>.

¹⁴ See Attachment 5: Market Size & Demand Forecast for more details

4.2. Market Trends

Regional Perspective

The serviced office market in Latin America has experienced the highest percentage growth over the past year of any region worldwide, increasing by 37.5% with a net increase of 45 new centers. The majority of the growth has come from the region's two largest economies, Brazil and Mexico.

Regional growth has been led by Mexico City, growing 32% with a net gain of 11 serviced office centers. Apart from being the fastest growing market in the region, Mexico City is also the most competitive with 9 different service providers operating a total of 45 serviced office centers. In terms of country growth, Brazilian cities have provided a boost to the region by growing by 50%, totaling 40 centers across 10 different cities. Much of this growth can be attributed to Regus, who have expanded rapidly in Brazil by opening new centers and acquiring local competitors. As a result, there is now a healthy supply of quality serviced office space throughout the country, but Brazil is also one of the least competitive markets.

The vast majority of serviced offices throughout Latin America are located in new business districts which have generally developed outside of the congested city centers. These areas offer modern facilities and infrastructure in a secure environment, although their peripheral locations may not always be suitable for companies requiring convenient access to governmental and financial institutions.

With a total of 165 serviced office centers spread across the region, the market in Latin America is not a highly competitive market. With the exception of British player Regus, which has established a dominant position with 119 centers, there are only a few players actively participating in the market, and even less with an established competitive position¹⁵.

A study of Latin American businesses concluded that:¹⁶

- 47% thought that paying for unnecessary office space had contributed to corporate distress during the recent economic downturn
- 39% said reducing fixed workspace helps save cost without damaging growth prospects

¹⁵ Instant Emerging Markets Serviced Office Review <http://www.slideshare.net/jonathanbenn1/serviced-offices-emerging-markets-review>.

¹⁶ Officing Today – Regus Research: <http://www.officingtoday.com/2012/06/latin-america-offers-business-center-opportunity/>

- 39% pointed to strategies like wider distribution of customers
- 38% pointed to strategies like more remote working
- 37% pointed to access to cost-effective capital
- 35% pointed to outsourcing of non-core activities
- 70% of businesses worldwide believe that flexible working leads directly to increased productivity

Regus

With USD \$1.93B in sales globally and 1500 locations, Regus is the biggest player in the worldwide serviced office industry. In Latin America Regus is by far the largest competitor with 119 centers from Mexico to Santiago, representing 72% of the market in terms of physical locations.

Market		Centre details				Indicative workstation rate			
Country	Location	Centre count	City centre locations	Business district locations	Grade A centres	Price range	Local currency	Local rate	USD rate
Argentina	Buenos Aires	7				\$\$	USD	695	\$695
Brazil	Belo Horizonte	1				\$\$\$	BRL	1,775	\$875
	Brasília	2				\$\$\$\$	BRL	2,270	\$1,120
	Curitiba	2				\$	BRL	790	\$390
	Fortaleza	1				\$\$\$\$	BRL	2,540	\$1,245
	Porto Alegre	1				\$\$	BRL	1,245	\$615
	Recife	2				\$\$\$	BRL	1,830	\$900
	Rio de Janeiro	9				\$\$\$\$	BRL	2,945	\$1,480
	Salvador	2				\$\$\$	BRL	1,625	\$800
	Sao Paulo	21				\$\$\$\$	BRL	2,220	\$1,190
	Vitoria	1				\$\$\$	BRL	1,670	\$825
Chile	Santiago	9				\$\$	CLP	305,000	\$630
Colombia	Bogota	7				\$\$	COP	1,163,500	\$850
	Medellin	1				\$	COP	850,250	\$475
Costa Rica	San Jose	6				\$	USD	400	\$400
Ecuador	Guayaquil	1				\$\$	USD	730	\$730
	Quito	1				\$\$	USD	625	\$625
El Salvador	San Salvador	1				\$\$	USD	570	\$570
Guatemala	Guatemala City	7				\$	USD	210	\$210
Mexico	Guadalajara	7				\$	MXN	4,200	\$320
	Mexico City	45				\$\$	MXN	7,200	\$550
	Monterrey	12				\$	MXN	5,450	\$415
	Puebla	2				\$	MXN	4,265	\$325
	Tijuana	2				\$	MXN	5,850	\$450
Panama	Panama City	5				\$\$	USD	645	\$645
Paraguay	Asuncion	1				\$	USD	490	\$490
Peru	Lima	5				\$\$	USD	525	\$525
Uruguay	Montevideo	3				\$\$	USD	515	\$515
Venezuela	Caracas	1				\$\$\$\$\$	VEF	9,650	\$2,250

<p>Category Key</p> <p>Shaded portion shows the percentage of centres that fall into the category, for example:</p> <p> shows 20% of centres are located in the city centre</p> <p> shows 60% of centres are in business district locations</p> <p> shows 80% of centres are in Grade A buildings</p>	<p>Price range</p> <p>\$\$\$\$\$ More than \$1500</p> <p>\$\$\$\$ \$1500 - \$1001</p> <p>\$\$\$ \$1000 - \$751</p> <p>\$\$ \$750 - \$500</p> <p>\$ less than \$500</p>
--	---

Figure 4: Latin America Serviced Office Market Snapshot 2013

Chile

Business activity in Chile is highly concentrated in its capital, Santiago, where roughly 40% of all transactions take place. This highly centralized business climate has resulted in a very competitive office rental market, with exceptionally low vacancy rates, as low as 1% for Class A office space. Even with a boom in the construction of office buildings, the office rental market continues to operate with low vacancies, with an outlook not much different, as the country continues to grow, and demand for office space continues to rise.

As seen in the image below, the majority of serviced offices in Santiago, Chile are located in the Las Condes neighborhood, with a few exceptions. The main competitor in Santiago is Regus, with 4 locations in the capital city.

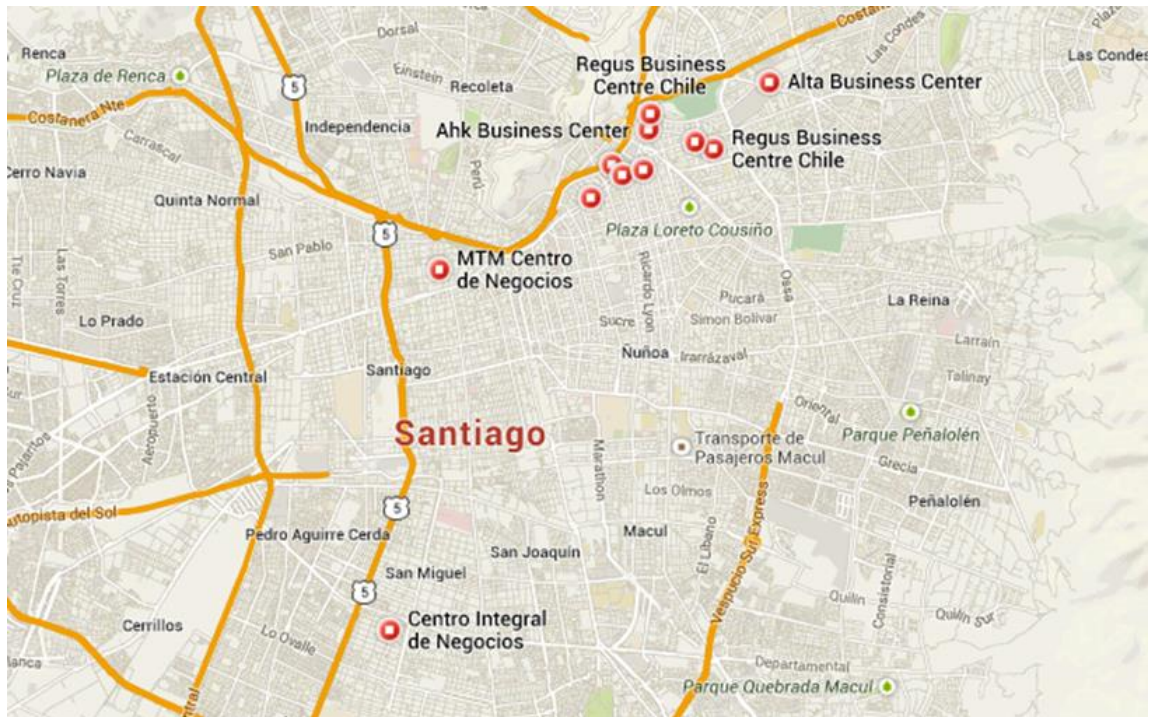


Figure 5: Service Offices in Las Condes - Source Google Maps

The United Nations states in their 2013 World Investments Report¹⁷ that Chile is now ranked at #11 on the list of Top 20 Host Economies for foreign direct investment (ranking based on billions of dollars invested in the country during 2012), a significant jump from their spot at #17 in the previous year. In this same report, Chile makes it into the Top 20 Investor Economies for the first time at #17 (Ranked #21 in 2011).

¹⁷ UNCTAD World Investment Report: http://unctad.org/en/publicationslibrary/wir2013_en.pdf

Most market research and international economic reports predict that in the near future, Chile will continue to be attractive for international business, as it has seen stable economic growth over the past two decades and has structures and economic systems that reward investment. Additionally, the financial and political risks associated with investing in Chile are the lowest in Latin America, and align with that of developed nations.

The stable increase in foreign companies coming to do business in Chile means that over the next 3-5 years, more businesses will need to get up and running quickly in Santiago and there will be an increased demand for a space like WorkLabs. Additionally, there are many Chilean companies specifically related to exports that are expected to grow over the next decade thanks to their investments abroad. Not only will the export business itself need space in Santiago, so will the related tax and legal services.

5. Internal Analysis

5.1. Value Chain

Customers know what to expect from a basic serviced office company, but unlike competitors, WorkLabs' business strategy goes above and beyond a comfortable chair and working telephone. We understand that customers need superior service and a space that is designed to increase productivity, and we are committed to creating an environment that our customers value, not one that just meets their minimum expectations for an office.

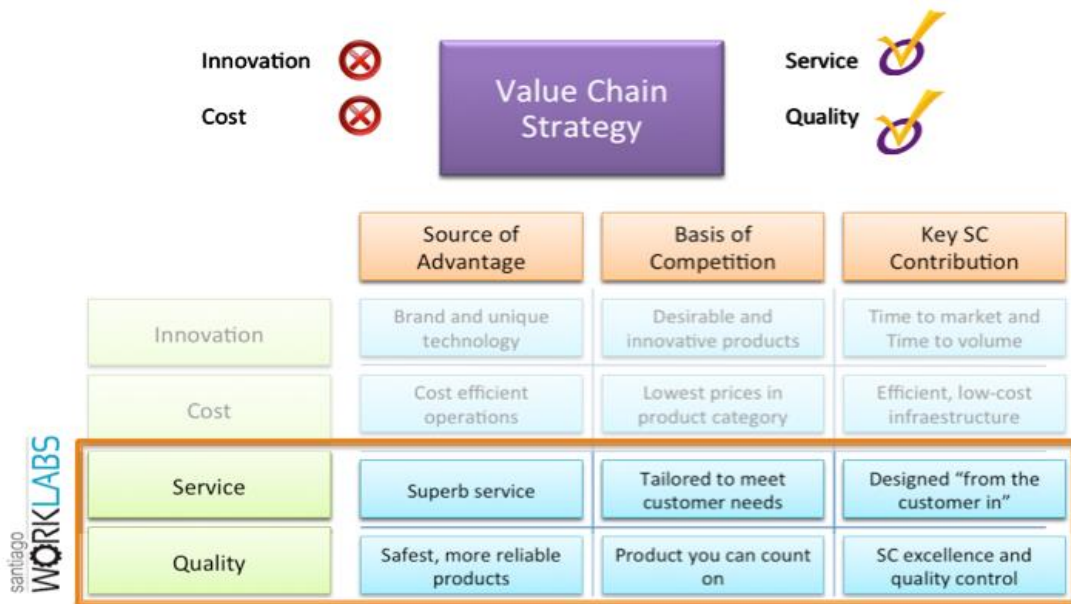


Figure 6: Value Chain Strategy 1

With this in mind, our operation can be described through the following five main components:

- **Operations** –WorkLabs services are “*Configured to Order*”, meaning that our workstations are built around the needs of clients. Spaces can be modified depending on the number of required workstations, privacy needs, and even group dynamics. Our center managers are fully equipped to understand our members and help design a space that best suits their needs.
- **Outsourcing Strategy** – WorkLabs will leverage the use of outsourcing in non-core activities, such as accounting, tax, and legal, as well as some activities that are core to the business but not an innate capability of the business; these include architecture & design, building & maintenance services, concierge services and catering.
- **Channel Strategy** - Our main distribution channel is our WorkLabs center, where most of our business will take place. This includes our workstation services, as well as cross-selling of other complementary such as food services and external products or services that advertise with WorkLabs.
- **Customer Service** – At the very core of our service, and how we truly generate value is our expertise in designing a work environment that promotes a positive experience for our members. Our focus is on knowing the business of great workplaces with all the extras that lead to a better, more productive business environment.

- **Asset Network** – For the time being, our asset network is strictly local, based in the Metropolitan Region of Santiago.

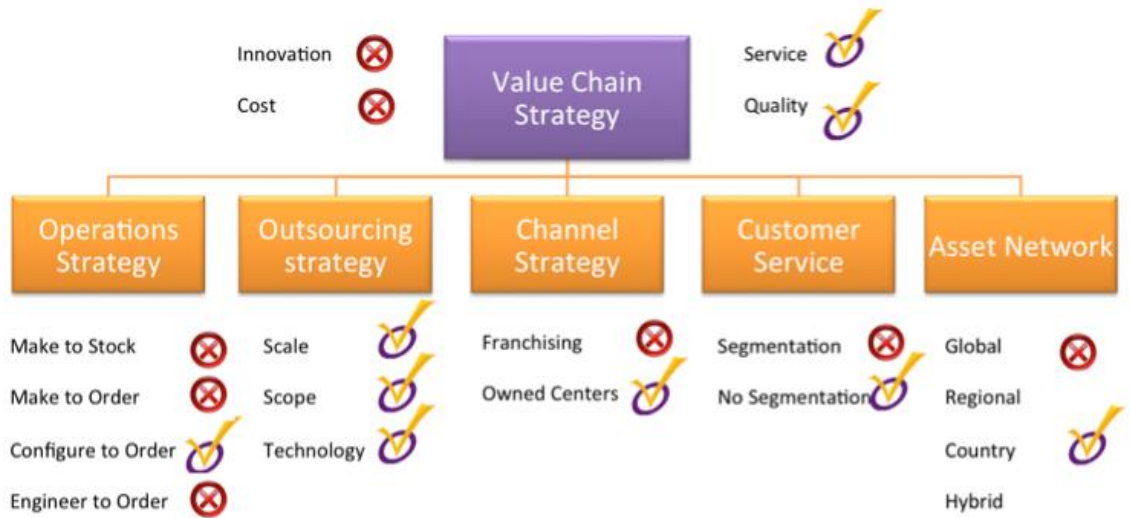


Figure 7: Value Chain Strategy 2

5.2. Resources

The WorkLabs business model seeks to be as lean as possible, focusing on the necessary people to serve our members. Our organizational structure consists of the following for a single center operation¹⁸:

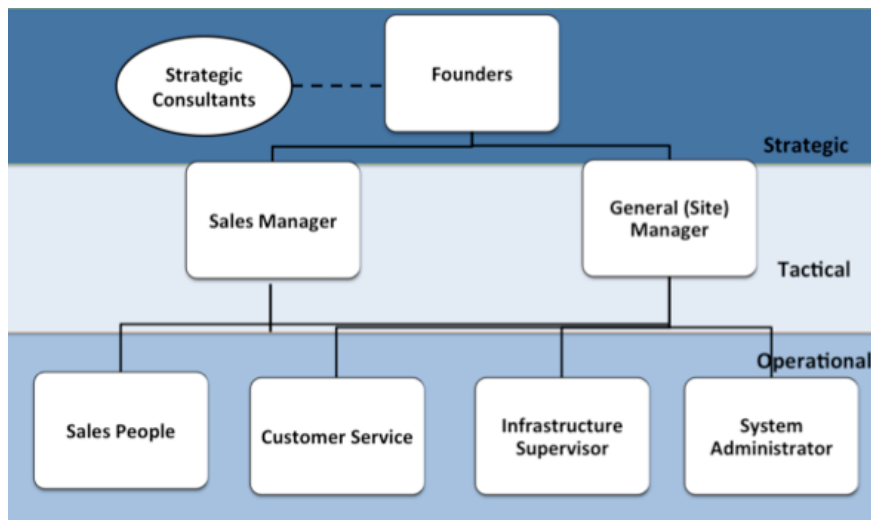


Figure 8: Organizational Chart

¹⁸ See Section 8.1 Key Resources and Job Descriptions for more details

5.3. Infrastructure

The WorkLabs model for its initial center revolves around a 348m² office in a prime location (El Golf 99), rated between Class A and Class B real estate. A Class A location is defined by the Building Owners and Managers Association International as the most prestigious buildings competing for premier office users with rents above average for the area, whereas Class B offices are considered to be fair to good quality for the area and are typically much less expensive than Class A offices. Class B “Boutique” office space is considered ideal for the WorkLabs center.

8. Production & Operations

8.1. Technology, Processes, Key Resources and Job Descriptions

I. Technology: WorkLabs relies on their database systems, telephone services, and a high-speed Internet connection in order to function.

- Database Systems & Communication: When considering what database service to use, WorkLabs has to make a decision based on present needs as well as future needs (estimated by projected growth). Right now, WorkLabs is a single 348 M² location with less than ten full-time employees, but as the organization grows, their needs will change. If they make the correct decision on which service or software to use now, they can avoid problems that will slow down productivity later on, such as migrating servers or systems, or outdated technology. WorkLabs must also consider their clients when making these decisions, since they must cover all of the client’s basic needs. Although there are many local and more economic options for WorkLabs, the smartest decision at this time is to use Microsoft 365 for their e-mail and database services. This is a reasonably priced option for small businesses¹⁹, but is also compatible with SQL and with what most potential clients use. Additionally, Microsoft 365 can be used in any country in the world and most major cities in the Americas and Europe have local consultants and customer service teams.
- Telephone Services: Answering services and virtual offices rely on an excellent telephone service. We will use IP business telephones that are compatible with Microsoft Lync services²⁰. Depending on the prices, we will purchase Cisco or HP phones²¹. This will provide a great advantage over a traditional telephone service, since most of our clients will need international telephone use on a daily basis. IP phones allow us to significantly cut phone costs, and can even link with Skype, allowing us to provide a stable and unlimited telephone service to clients.

¹⁹ <http://www.pcmag.com/article2/0,2817,2361501,00.asp>

²⁰ <http://www.agileit.com/business/other/agilevoip/>

²¹ See Attachment 11: IP Telephony Comparison for details

- **Internet:** A high-speed Internet connection is a basic necessity for any business today. If a client gets set-up at WorkLabs to find anything less, they will want their money back. At WorkLabs, there will be Wi-Fi for visitors, but there will be one Ethernet connection per workstation, so that connections never slow down.

II. Processes: There are a number of processes that will be created in order to conduct business at WorkLabs. All processes and procedures will be documented in an official manual of processes & procedures, which will be part of the training process for all employees. All processes can be organized within four categories: people, technology, efficiency, and sustainability. This manual should be considered a living document, and be modified as the company grows and its purpose is to keep WorkLabs on track, efficient, and differentiate themselves from the competition.

- **People Category Processes:**
 1. **Customer Service:** No major industry competitor is valued for customer service – in fact, top competitor Regus has a mediocre reputation at best. If WorkLabs can formalize customer service standards from the start, they will have a stronger competitive edge than local competitors. As the company grows, having a standardized customer service process will allow WorkLabs to maintain the same quality service in new locations, and earn a position as industry leader in customer service.
 2. **Trainings & Performance Reviews:** As a company that is expected to grow, WorkLabs plans to hire high potential professionals that are interested in growing with the company. All WorkLabs employees, regardless of the position they have been hired for, will participate in a standard company orientation, and then will be trained for their specific role. In this section of the manual, WorkLabs will clearly state what the expected learning curve is, and when employees are expected to start contributing to the success of the company. Annual performance reviews will be conducted, and the key performance indicators for each job will be clearly stated in this section, in order to prevent any confusion. As WorkLabs grows, we hope to create a career path (job ladder) for employees, which will be incorporated into the document when appropriate and feasible.
 3. **Management Responsibilities:** Along with trainings and performance reviews, we will also clearly explain the responsibilities of each management role. This allows WorkLabs to hold their leadership team accountable for their actions, and provides the transparency for, stakeholders and colleagues to understand the reasoning for business decisions.
 4. **Sales Practices:** The sales practices portion of this manual works hand-in-hand with trainings and customer service processes. Sales practices allow all employees, sales and operations alike, to understand ethical business practices, company limits in what one

can and can't offer (example: how much of a discount/deal can actually be offered AND delivered in order to close a deal).

- Technology Category Processes:

1. **IT Processes:** Since WorkLabs relies heavily on IT for basic operations; IT processes need to be company-wide knowledge. Having minimum standards for technology will also allow WorkLabs to maintain a quality connection in any future location. For example, if WorkLabs decides to expand to country that is not as developed as Chile, they can reference the IT processes of the company as a standard that all new locations must be able to meet.

2. **Online Sales Practices, Online Marketing & Promotion:** WorkLabs strives to reach an international market, even though they are only starting in Santiago, Chile. Online sales, marketing, and promotion are where WorkLabs will attract the majority of their first clients and will be one of the most active and fast-moving parts of the business. Having a standardized process for this area will help team members in this area align their work with the company's identity.

3. **Usage Regulations:** WorkLabs hopes to recruit a team of professionals that share the same values as the stakeholders, but in order to avoid conflict and protect the organization in the event of any dispute with employees, all regulations regarding the use of technology, information, and infrastructure will be documented and communicated to all employees. During orientation, it will be clearly communicated that violation of any of the regulations in this section are grounds for immediate termination, regardless of employee performance. Supervisors will also remind their teams of these regulations on an annual basis.

- Efficiency Category:

1. **Record Keeping:** In order for WorkLabs to conduct their daily business, it is important that all record keeping is done regularly and systematically. All record keeping processes must be clearly explained in the WorkLabs manual, and should not only be accessible to all employees, but all full-time employees should have a working knowledge of how records are kept, and should cooperate/respect all processes, even if they have an administrative staff to assist them.

2. **Energy Efficiency:** In the business of serviced offices, energy efficiency can greatly impact costs. It is important to conduct energy audits on a regular basis, and constantly strive to create a space that creates the smallest carbon footprint possible.

- Sustainability Category:

1. **Environmental Considerations:** For WorkLabs, it is important not to participate in significant destruction of any community where we are present, and although the "green movement" is not part of our marketing strategy or core business, the possible

environmental impacts of the organization should be considered and included in the standards of business practice. For example, in the eventual upgrade of computers or telephones, devices would not be thrown away, but donated to a local school or organization.

2. Collaboration with the local market: WorkLabs strives to differentiate themselves from the competition through design, and one way to be truly unique is by using providers from the communities where we are present. The organization will make their best effort to use local providers for furniture, carpeting, decorations, light fixtures, and other design related details. In order to establish fair business practices, this section of the manual will state how WorkLabs will go about picking local providers and what quality and safety standards each provider must meet.

III. Key Resources and Job Descriptions: One of the biggest challenges for WorkLabs is going to be keeping fixed costs as low as possible, which is why the organizational structure must be efficient. At the strategic level, there will be only be the founders (for now).

The WorkLabs General Manager (Site Manager) will be responsible for taking the vision that the founders have for WorkLabs and make it happen. This person will ensure that all actions align with the company's vision and mission, and that the company reaches financial stability as quickly as possible. This leadership role serves as the liaison between the operational and strategic staff.

At the operational level, the General Manager will lead a team of four: a system administrator, two office attendants, and an infrastructure supervisor. This is the staff that is responsible for the day-to-day tasks necessary to keep WorkLabs running as smooth as possible. As the company grows, the WorkLabs organizational structure will make changes as necessary.

8.2. Technology, Processes, Key Resources and Job Descriptions

Offices: WorkLabs will be based in El Golf N° 99 local 101, Las Condes, in the El Golf Business District of Santiago. Since our products and services are part of the location itself, there is no need for an additional sales offices or a corporate office.

The El Golf location is ideal for our operation given the high volume of business people that transit the area naturally every day, and the high visibility it will give our first location

Storage: Storage space will be considered as a last resort, and should be a red flag in measuring the business's success. If there is a need for storage, it should be temporary (if a certain location is undergoing renovations, updating furniture or technology, etc.).

8.3. Operations Cycle & Basic Operation Requirements

Basic Operations Requirements:

In order for WorkLabs to begin conducting business (marketing, sales, recruiting, etc.), they need to meet the following basic requirements:

- To be legally established as a company
- Business bank account
- A secure location (mailing address) – ideally with a lease for a minimum of 2 years
- Contracts with telephone and internet service providers
- An end date for all construction, contractors, furniture installation, etc. (this allows us to provide a start date for potential clients).
- Sales and marketing staff

In order to deliver our products and services to clients we need:

- Functional office – infrastructure and IT services
- Administrative staff and support staff

Operations Cycles:

There are many operations cycles to consider, but in this plan we will look at a timeline to get the first WorkLabs location up and running, as well as the operations cycles for both a virtual office membership and a serviced offices membership.

#1: Business Start-Up Operations Timeline – Transforming the idea of WorkLabs into reality:

9-12 MONTHS PRIOR TO START-UP

- Planning – form a business plan.
- Decide on form of business organization and file papers.
- Define Initial Investments and create shareholder agreement.
- Prepare preliminary financial models.
- Identify helpful membership organizations to form alliances with and contact them.
- Visit with others in your network: attorneys, bankers, universities, business incubators, consultants, and even competition.
- Decide on business location.
- Obtain licenses.

6-9 MONTHS PRIOR TO START-UP

- Check zoning ordinances.
- Check utility requirements.
- Determine office and plant layout and design.

- Review leases and contracts with attorney and advisors.
- Obtain bids on major business equipment.
- Arrange delivery of equipment.

4-6 MONTHS PRIOR TO START-UP

- Prepare advertising/marketing plan.
- Prepare final budget and review with banker.
- Order business systems: receivables, payroll system.
- Purchase databases to find potential clients.
- Hire marketing and online sales staff.

0-4 MONTHS PRIOR TO START-UP

- Make sure business filings and license applications are complete (trademark, copyright).
- Arrange for insurance (business and health).
- Arrange for telephone service installation.
- Arrange for business announcement ads in local papers.
- Order announcements for office opening.
- Arrange to give talks to community groups.
- Prepare job descriptions for employees.
- Write policy manual for office employees.
- Check local resources for personnel.
- Begin screening process for new personnel.
- Review tax requirements with your accountant.
- Order office supplies.
- Schedule utilities to be turned on.
- Train office personnel.
- Plan an open house.
- Call everyone you know and let them know you are in business.

#2: Virtual Office Membership Operations Cycle:

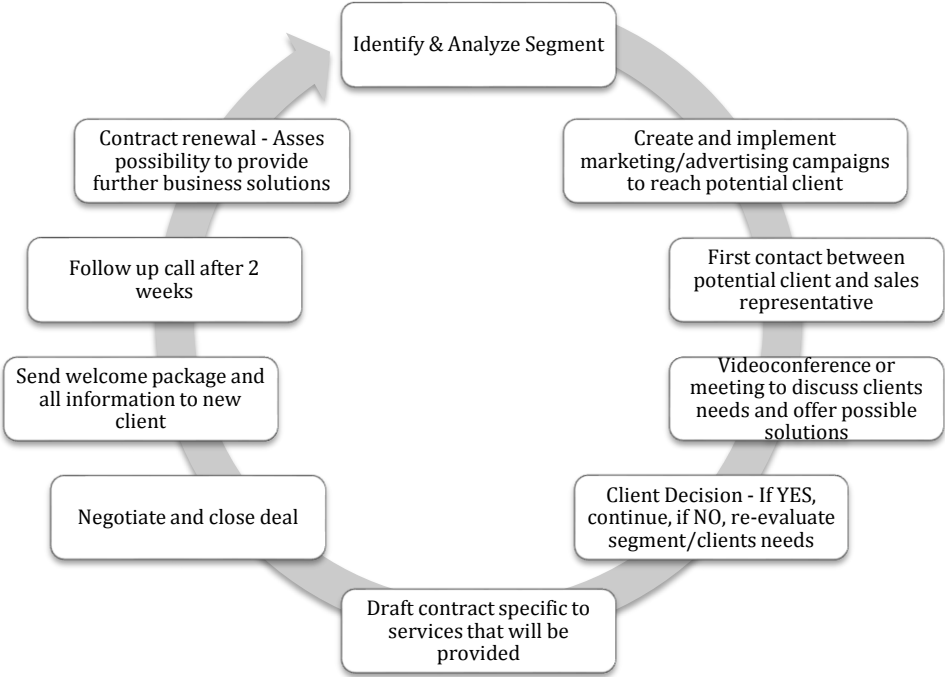


Figure 9: Virtual Office Operations Cycle

#3: Serviced Offices Membership Operations Cycle:

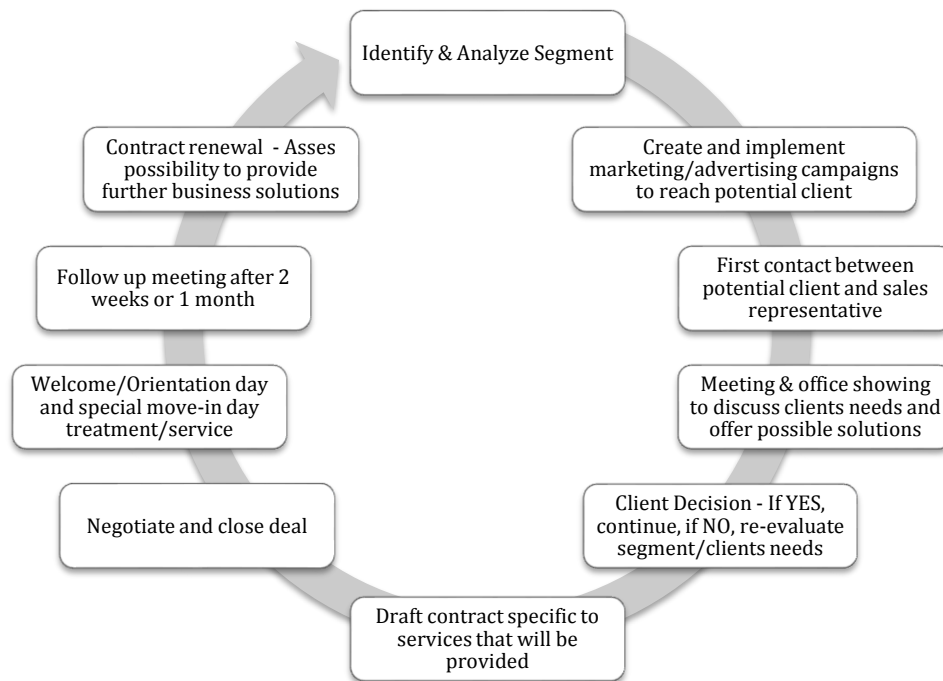


Figure 10: Serviced Office Membership Cycle

8.4. Legal Aspects & Regulations that can affect business

In order to determine the basic legal aspects associated with starting WorkLabs and its first few years of operation, we have investigated the basic legal processes relevant to the business, as well as consulted with experts. Since WorkLabs plans on someday expanding internationally, we have consulted with a U.S. and Chilean lawyer.

- Nance Kriscenski, Licensed attorney U.S.A
- Sergio Ponce Muñoz, Licensed attorney Chile

Forming the Business: In order for WorkLabs to start doing business, we must establish ourselves as a legal entity. Since our business falls into the start-up category in Chile, we will identify ourselves as a “Sociedad por Acciones”, following the Chilean law N° 20.190.

Shareholder Agreement: Apart from the legal establishment of the business, both founders will establish a shareholder agreement. This allows both parties to clearly define their respective financial investments in the company, and expected benefits. In the shareholder agreement, it should be clearly stated how much capital and time (weekly time commitment) will be invested in the business on behalf of each owner, and should establish a buy-out scenario in the event that either founder is no longer capable of participating in the business (illness or death). Finally, it will state the legal rights and obligations of each partner in the case of future disputes regarding the legal business entity as stated in the Chilean law N° 18.046.

Trademark Recognition: It is very important that WorkLabs determine trademark/service mark recognition, as well as formalize the rights to their desired domain name. Since we are starting our business in Chile, we will make sure that our company name, logo, and overall brand identification is lawful, and in the event that a legal dispute arises between WorkLabs and another company in the future, that the Chilean law N° 19.039 and the Lanham Act § 45 (15 U.S.C. § 1127) in the United States are easily able to protect our organization.

Since the brand seeks to attract international clients, it is important that WorkLabs register their trademark and domain name through the International Corporation for Assigned Names and Numbers (ICANN) at some point during their first year of operations. WorkLabs should also familiarize themselves with international trademark treaties, such as the Paris Agreement and Madrid Agreement (Trademark Law Treaty), which involve most countries around the globe.

Commercial Lease Space: WorkLabs cannot open for business without locking in a lease for a commercial space. The price will be in UF/M2, and will be adjusted according to IPC annually. The contract will renew automatically for an additional 365 days at the adjusted rate if WorkLabs does not give a minimum 60 day notice that they are leaving. Renters insurance will be addressed within the lease, in order to protect WorkLabs in the case of fire, earthquakes, and coverage in the case of any other catastrophic event. The lease will also include insurance for “business interruption”, and will be paid out depending on the company’s average sales during the 3 months prior to any event that keeps WorkLabs from conducting business as usual. This document must also contain a clause that permits WorkLabs to modify the configuration of the leased space, under the condition that they remove all improvements at the moment of contract termination.

Until WorkLabs has the financial stability to purchase a commercial property, they are dependent on the availability of rented space in order to function on the most basic level. To protect the company in the case of a change in ownership of the property (landlord), rental contracts will obligate the present owner to ensure that any business transaction regarding the property (sale, repossession, etc.) transfer all rental contracts, and that the new owner must maintain the conditions of the present contract for an additional 365 days after any closing. If the new owner does not comply, both parties involved in the transaction will be responsible for paying “business interruption” insurance for one year, where the amount paid will be determined on the company’s average sales during the 3 months prior to the illegal transaction.

Since WorkLabs cannot control security staff and concierge services provided by the landlord, it is the landlord’s responsibility to ensure the safety of WorkLabs employees and their clients 24/7. All building maintenance is responsibility of the landlord, and the lease must state that the

landlord ensures that all maintenance work and other tenants allow WorkLabs to their right to quiet enjoyment.

Contracts: Besides the commercial lease, the majority of contracts will be between WorkLabs and third-party vendors or clients.

A. Vendors: The following points will be covered in each contract with vendors (both local and international), in order to ensure quality products and services:

- Warranty of fitness to standards or model agreed on between WorkLabs and goods or service provider.
- All goods and services will be delivered and installed within established timelines. Contracts will include a penalty clause that stipulates reduced payment amount for late or unsatisfactory delivery. Time is of the essence with regard to all goods and services.
- In order to comply with Work Lab's mission to collaborate with local markets, all local vendors must certify that products are manufactured in Chile (raw materials do not need to be sourced from Chile), and that the company ownership is at least 50% by Chilean(s). All local products must have a 5-year warranty and post-sale service.

B. Clients/Memberships: The following points will allow both WorkLabs and their clients to protect themselves, and have a clear understanding of conditions and fees upon entering a business relationship:

- All contracts will be written in Spanish and translated to English.
- Currency for payment will be that of the local office (Santiago will be in Chilean Pesos, but if WorkLabs expands to another country, payments will always be made in local currency).
- Contract disagreements will always be negotiated using Chilean laws, and any breach of contract will be subject to suit under Chilean law as well. Breach of contract includes but is not limited to: damages, costs, interest and reasonable attorney's fees.
- Terms and payments vary based on service but will be stipulated in each contract.
- WorkLabs reserves the right to require letter of credit for long-term contracts, all other payment is in advance or installments. For all clients that use a physical space in WorkLabs, they must pay the full monthly rate as stipulated in their contract within the first five days of each month. All other services will be billed with a 30 day invoice, and all clients are expected to pay within that period of time.
- All clients must declare that they are responsible for ensuring that their business is law abiding, and that they meet all legal requirements to conduct business in Chile. In the case of international businesses, it is their responsibility to make sure that they are not breaking any laws in Chile or their country of origin. WorkLabs is not responsible for any aspect of the client's business.

9. Organization and Human Resource Management

9.1. Organizational Structure

As shown in Illustration 5, WorkLabs has a vertical organization structure that allows us to clearly and reasonably allocate responsibilities among all members of the organization. Initially, there will be limited positions available, but as the company and client base grows, so will the number of available positions as well as the possibility for career development and professional growth.

All Strategic decision-making will be made by the two founders who will each be responsible for certain aspects of the business:

David Rodríguez: Finance, Infrastructure & Real Estate, Procurement, Corporate Business Development

Alessandra Castillo: Human Resources, Marketing & Product Development, Entrepreneur & Institutional Networks.

Reporting to the founders will be a General Manager, with oversight over day-to-day operations and a Sales Manager, responsible for executing sales and promotional activities. An ex-Jones Lang LaSalle facilities management specialist has been recruited to take on the role as our first General Manager. Compensation for the general manager will be a mix of salary and stock (2%).

Also reporting to the founders will be a Sales Manager, in charge of executing all sales and promotional efforts. The person taking over the role is an ex member of the Alumni Affairs office at the Universidad Santa Maria. Compensation for the sales manager will be a mix of salary, sales commission, and stock (2%).

Compensation in the form of stock for the two founding managers (GM & Sales) will come from the founding partners' stake.

All management, customer service, and sales staff is expected to be fluent in Spanish and speak functional English (will be evaluated by the founders).

9.2. Compensation and Incentive packages (salaries and benefits)

WorkLabs compensation strategy has been built to match the market for similar roles (including sales commissions for our sales force). WorkLabs will honor all national holidays and offer 15 vacation days per year. For a detailed list of Full Time Employee cost please see the illustration below:

	WorkLabs Employee Costs	
	Monthly	Yearly
Salaries USD\$		
CEO - Founder	1,484.6	17,815.1
COO - Founder	1,484.6	17,815.1
Site Manager	2,061	24,736
System Admin.	1,519	18,226
Sales Manager	1,531	18,371
Sales	1,379	16,549
Sales	1,379	16,549
Customer Service	1,302	15,623
Infrastructure	542	6,509
Total Salaries	12,683	152,193

Figure 11: Employee Costs (Cost to Company)

9.3. Organizational Structure

At WorkLabs, we hope that all employees grow with the company, and have the opportunity to develop their skills and knowledge base. Apart from our initial employee training and orientation mentioned in processes, we will also use annual review meetings to develop a personal career plan for each employee. This way, we are training each employee based on their specific strengths and weaknesses, making sure they become or continue to be an asset to the organization.

10. Financials

10.1. Financial Projections & Valuations

The WorkLabs business model is designed so that each office location is independent and self-sufficient. As such financials have been built on a one-site business. Financial considerations related to the opening of future locations can be considered variations of the financial forecasts enclosed in this Business Plan.

As a result of the financial models and forecasts, the WorkLabs project resulted in an NPV of USD \$734,075, and an Internal Rate of Return of 38.3%. The initial investment of USD \$385,164 will be paid back in a little under four years - 3 years and 11 months (3.93). Future cash flows were estimated using a discount rate based on the Capital Asset Pricing Model plus an additional project risk adjustment equal to the estimated country risk²².

²² See Attachment 6: CAPM Assumptions Detail

Net Present Value	734,075
Discount Rate (CAPM)	17.5%
IRR	38.3%
Point of Equilibrium	462,654
Payback Period (Years)	3.93
Residual Value / Terminal Value	3,861,368

Figure 12: Financial Valuation (USD\$)

10.2. Financing

Startup of operations for WorkLabs will require an investment of USD \$385,164²³. 40% of the initial startup capital (USD \$154,066) will be provided by the two founders in equal parts (20% each). For the remaining 60%, we will require an investment from angel investors. In return for the investment, the investors will be awarded a 30% stake in the company.

Investors	Invested Capital (USD\$)	Invested Capital (%)	Ownership (%)
David Rodriguez (Founding Partner)	77,033	20.0%	35.0%
Alessandra Castillo (Founding Partner)	77,033	20.0%	35.0%
Angel Investor	231,099	60.0%	30.0%
Total	385,164	100%	100%

Figure 13: Investor Capital Table

The investment will be required prior to the start of operations, as they will be used to finance the Company startup, investment in fixed assets, and working capital for the first year of operations. As shown in our balance sheet forecast²⁴, we will issue our first dividend to shareholders after our second year operations.

As mentioned above, WorkLabs will be incorporated as a “Sociedad Por Acciones”, Chilean equivalent to a Limited Liability Corporation. The partners will be liable under law for the

²³ See Attachment 7: Startup Investment for details

²⁴ See Attachment 6: Financial Forecasts for details

amount of the capital invested. The company will be registered under the name “WorkLabs SpA”. An eventual exit strategy must be defined and agreed to by all shareholders.

11. Risks, Problems, and Critical Assumptions

11.1. Difficulties and possible risks, and how to face them

Although the general market outlook for Chile over the coming years looks positive and with a great deal of economic development, there are many difficulties that WorkLabs will face along during the first years of operation.

Problem 1- Satisfying customers’ needs from the start: WorkLabs is starting small, and with just 348 m2 to work with, there is a good chance that we will not be able to take advantage of every business opportunity. Chilean and foreign businesses will be growing fast, and no matter how well WorkLabs performs during the first few years of operation, there will always be customers that they will not be able to offer their services to. The temptation of agreeing to a business opportunity that WorkLabs isn’t ready for could cause major issues for the organization. The inability to deliver a promised product or service would not only ruin the relationship with the client, but also could be extremely damaging to the company’s reputation. Bigger clients often have more influence on their peers, and the right company could potentially run WorkLabs out of business by sharing their negative experience with the rest of the world.

Solution - Decision Making with Values: When an opportunity arises that is too big or not the right fit for WorkLabs, but tempting because of the potential revenue or influential client, a typical SWOT analysis or other traditional decision-making model can be tweaked to favor the wrong choice - the potential gains will always be more attractive than being a responsible service provider. In order to avoid making poor business decisions, the general manager should pitch every potential new client to the founders, and explain how taking on the new client gets WorkLabs closer to their vision, contributes to the organization’s mission, and makes a realistic estimate as to how much closer the client will bring them to achieving both short and long term objectives. If a strong argument is made, and the value of our company will not be compromised, then the client is worth the risk.

Problem 2 - Legal restrictions and liability: One of the major obstacles that WorkLabs will face, especially in the early stages of growth, are legal restrictions and liability. First, there are many ideas that WorkLabs will want to materialize, but as newcomers in the industry, they will find legal roadblocks. Liability could also come to be a major problem. WorkLabs needs to protect themselves against possible lawsuits and be cautious that the places they decide to cut costs will never result in compromised safety or breaches of the law.

Solution - Expert Alliances & Clients: WorkLabs can effectively avoid major accidents and lawsuits without overspending. If they effectively form alliances and are able to create a community, they will see that they have plenty of people willing to help. They should first look to their clients. Many members of their target market are experts in taxes, law, risk assessment, architecture, and other fields. Creating a community with a free flow of communication and openness to constructive criticism could create a space for clients to help WorkLabs. This would not only benefit the company in the obvious, but would also make clients feel as if they are a part of something, and improve their loyalty and positive perception of WorkLabs. Additionally, alliances with public institutions and local universities will provide access to neutral third parties, researchers, and students - all motivated to apply their academic formation to a real-world project.

Problem 3 - Customer loyalty: Customer loyalty is by and far the most relevant problem to WorkLabs. The serviced offices industry is generally unstable - in a University of Reading study, only 24% of business that use serviced offices said that that it was part of their business strategy and something that they plan to do permanently. The majority of surveyed businesses stated that their rationale for using serviced offices was “for startup/high risk operations - will move into conventional space if business provides successful” and that they “need to get into new market quickly but intend to create more permanent base in non-serviced space”. The challenge for WorkLabs is going to be how to continue to provide valuable services to clients and understand the importance of maintaining positive working relationships with customers, even when the formal business contract has expired.

Solution - Superior Service and Solutions: WorkLabs clients will generally be using products and services for less than one year. If WorkLabs makes the effort to truly listen and understand the client’s needs, we can work on new product development that can last in the long run. Maybe 2 years down the road, our serviced office client hasn’t left, they have just turned into a client of a different one our other business solutions. In order for this type of success to be achieved, WorkLabs has to provide superior customer service from day one. Also, they have to build a working relationship based on trust and follow-through. If WorkLabs delivers what they promised in service and quality, they will open many doors down the road.

11.2. Strategic and financial scenarios (simulations)

To validate the financial stability of the WorkLabs model, we ran two additional scenarios at a -10% and -20% discount to Year 1 Revenue. Results from the simulation returned an NPV of \$289,941 and \$33.396 respectively. The IRR for each scenario were 28% at a -10% discount and 19% at a -20% discount. The resulting positive NPVs and IRR demonstrate the attractive nature of the WorkLabs investment.

	Risk Scenarios	
	-10%	-20%
Net Present Value	289,941	33,396
Discount Rate (CAPM)	17.5%	17.5%
IRR	28%	19%
Payback Period	4.67	8.27
Residual Value / Terminal Value	2,204,396	1,245,901

Figure 14: Financial Risk Scenarios

12. Final Conclusions

Serviced offices support efforts to improve the perception of Chile as an attractive business environment.

The Chilean economy will continue to develop over the coming years, and has become more attractive than ever for foreign investors²⁵. An increase in foreign investment will not only result in a greater international presence in cities like Santiago, but it will also stimulate the local economic growth. Within all of these new or expanding businesses and limited office space in prime locations, there is an opportunity for WorkLabs. A space that provides new companies, growing organizations, freelance professionals, and new-to-Chile projects with quality infrastructure, unique design, excellent location, and superior customer service could significantly speed up a company's insertion in the local market, but that space does not yet exist.

The ideas explored and analyzed in this business plan are realistic, and the opportunities presented are all viable, and with the right investor there are no legal or financial limits that would hinder the success of WorkLabs. The market research and surveys conducted along with

²⁵ <http://www.oecd.org/investment/investmentfordevelopment/2764423.pdf>

modest sales growth projections demonstrate that there is a demand for WorkLabs products and services and that the company will be capable of sustainable growth in the long-term.

Investing in WorkLabs is an exciting opportunity, not only for the financial benefits associated with 40% participation in the company, but also because of the insight and contact with the Chilean business environment. WorkLabs plans to realistically hold 4.69% of the market share in the serviced offices industry, meaning that WorkLabs will have a direct connection to approximately 150 individual small to mid-sized companies conducting a variety of general business activities in Santiago within one year, and a local target market of 1,150 companies. An investment in this company not only provides an opportunity to network with these organizations, but WorkLabs’ performance and the demand for their services directly reflects Santiago’s business climate, providing a great advantage in evaluating possible investments in other companies or industries.

WorkLabs represents an opportunity to be at the center of a growing industry with increasing demand for its services that is at the core of business operations. Furthermore, with a forecasted 10-year NPV of \$734M, it will provide investors with an excellent return on the initial investment.

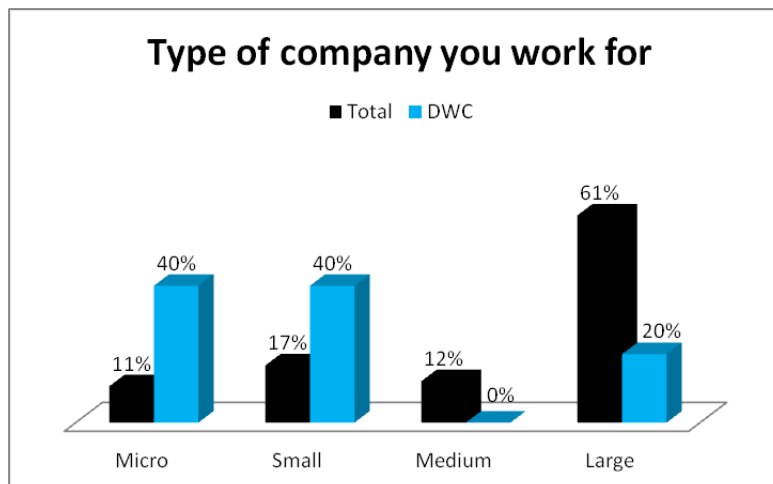
WorkLabs will use this business plan as a roadmap for development and expect to open its first location in Santiago, Chile in 2015.

13. Attachments

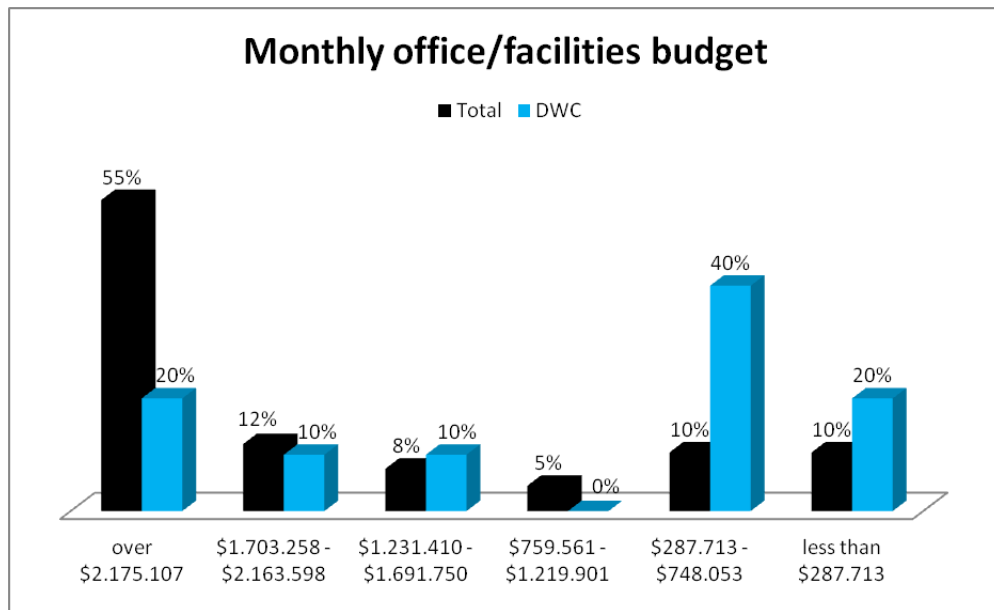
Attachment I: WorkLabs Survey Results

The WorkLabs Survey was administered to 67 respondents that met the criteria of being key decision makers for the contracting of office spaces using the online survey service Survey Monkey. The charts and graphs below show the outcome of this survey.

1. Please select the type of company you work for (in terms of CLP sales)		
Answer Options	Total Response	Among DWC
Micro (up to CLP \$55.240.800)	11%	40%
Small (CLP \$55.240.801 - CLP \$575.425.000)	17%	40%
Medium (CLP \$575.425.001 - CLP \$2.301.700.000)	12%	-
Large (over CLP \$2.301.723.017)	61%	20%

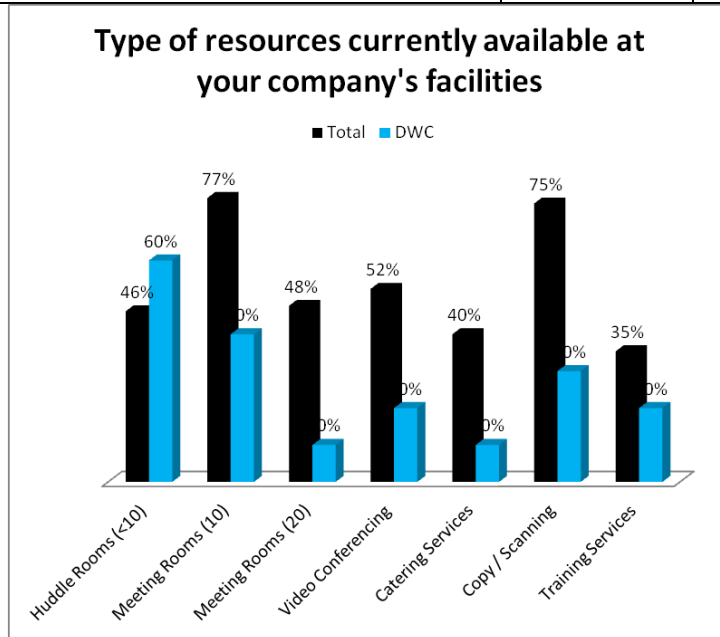


2. Please select the range that better fits your monthly office/facilities budget (rent, services, and maintenance)		
Answer Options	Total Response	Among DWC
over \$2.175.107	55%	20%
\$1.703.258 - \$2.163.598	12%	10%
\$1.231.410 - \$1.691.750	8%	10%
\$759.561 - \$1.219.901	5%	0%
\$287.713 - \$748.053	10%	40%
less than \$287.713	10%	20%



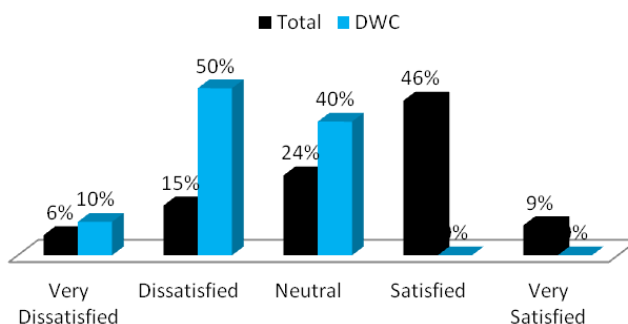
2. Please select the type of resources currently available at your company's facilities		
Answer Options	Total Response	Among DWC
Huddle Rooms (capacity less than 10)	46%	60%
Meeting Rooms (capacity 10)	77%	40%

Meeting Rooms (capacity 20)	48%	10%
Video Conferencing	52%	20%
Catering Services	40%	10%
Copy / Scanning	75%	30%
Training Services	35%	20%



4. Please select how satisfied you are with your company's current facilities		
Answer Options	Total Response	Among DWC
Very Dissatisfied	6%	10%
Dissatisfied	15%	50%
Neutral	24%	40%
Satisfied	46%	0%
Very Satisfied	9%	0%

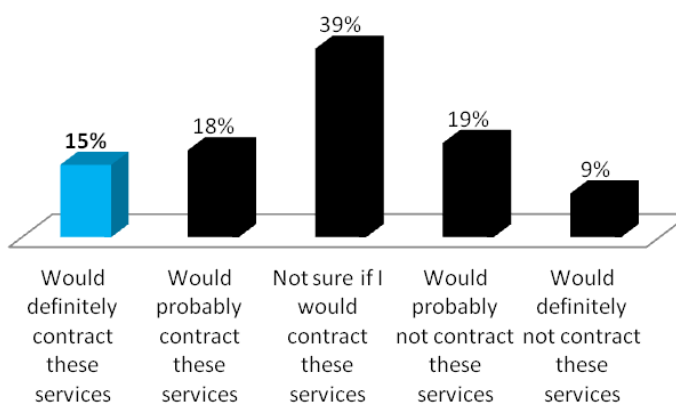
Level of Satisfaction with your company's current facilities



5. Considering the description in #4, how interested would you be in contracting these services?

Answer Options	Total
Would definitely contract these services	15%
Would probably contract these services	18%
Not sure if I would contract these services	39%
Would probably not contract these services	19%
Would definitely not contract these services	9%

WorkLabs Contract Intention



6. Taking into account the description in #4, what do you like about the described services? (Results Among DWC)

Working from home, an office space is at times essential. With all those services, it might just be much better than getting an office.

Gives me everything I need for my tiny business

Full service

Workspace designed by professionals, fast internet, printing, biz service

Good price if good service.

We can outsource the facilities and have a premium service

All services by one provider.

It's an innovating concept, not very massive....specially the training side.

all listed services

Efficiency in communication and work, warm and inviting environment to work.

7. How much would be willing to pay monthly for these services? (Among DWC)

300,000 to 400,000 depending on the quality.

Less than \$300.000

1 MM for 15 employees

500USD and up depending on services, location, space etc

300

Around 2MM for 10pp

250.000 per person

Not sure...it will depend on the surface that you can offer...it seems that the service is targeted to smaller companies.

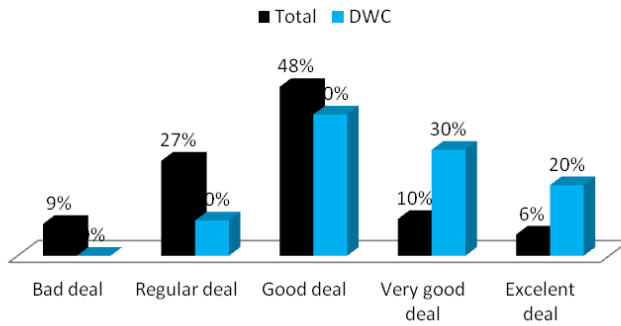
\$200.000 per person

500000 CLP

8. Considering the benefits offered, and a starting price between CLP \$300.000 and CLP \$500.000 per month, would you say this is a:

Answer Options	Total	DWC
Bad deal	9%	0%
Regular deal	27%	10%
Good deal	48%	40%
Very good deal	10%	30%
Excellent deal	6%	20%

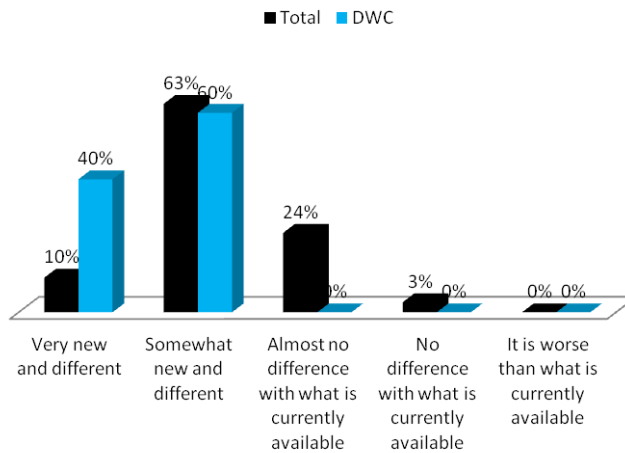
Starting price between CLP \$300.000 and CLP \$500.000 per month, would you say



9. How new and different would you say WorkLabs is compared to what is currently offered in the market?

Answer Options	Total	DWC
Very new and different	10%	40%
Somewhat new and different	63%	60%
Almost no difference with what is currently available	24%	0%
No difference with what is currently available	3%	0%
It is worse than what is currently available	0%	0%

WorkLabs compared to what is currently offered in the market



Attachment 2: Fee and Service Schedule

	Virtual Office	Half Day Pass (5hr)	Day Pass	Flex-Office (half day)	Work Hub	Full Time Open Single
monthly fee - UF	3.00	n/a	n/a	4.0	5.0	6.0
monthly fee	72,000		n/a	96,000	120,000	144,000
daily fee - UF						
daily fee	n/a	22,000	35,000	n/a	n/a	n/a
setup fee	\$0	n/a	n/a		58,500	58,500
security deposit	\$0				1.5mos	1.5mos
included conference room time	1hr/mo				2hrs/mo	5hrs/mo
more conf room time (hr)	26,100	26,100	26,100	26,100	26,100	26,100
high speed internet	inc.	inc.	inc.		inc.	inc.
Skype Business Video Conferencing	n/a	n/a	inc.		inc.	inc.
unlimited phone	n/a	n/a	n/a		n/a	30,000
fax/scan	inc.				inc.	inc.
food - retail						
food - catering						
included b+w prints	n/a					100
included color prints	n/a					20
mail handling	inc.					inc.
messaging/motoboy services availability	unlimited		25		8	5

	Private 1 Person	Private 2 Person	Private 3 Person	Private 4 Person	Private 6 Person	Private 10 Person
monthly fee - UF	9.7	23.0	38.3	69.1	97.0	129.4
monthly fee	231,881	552,051	918,597	1,658,094	2,328,511	3,104,681
daily fee - UF						
daily fee	n/a	n/a	n/a	n/a	n/a	n/a
setup fee	58,500	58,500	58,500	58,500	58,500	58,500
security deposit	1.5mos	1.5mos	1.5mos	1.5mos	1.5mos	1.5mos
included conference room time	10hrs/mo	12hrs/mo	14hrs/mo	16hrs/mo	20hrs/mo	20hrs/mo
more conf room time (hr)	26,100	26,100	26,100	26,100	26,100	26,100
high speed internet	inc.	inc.	inc.	inc.	inc.	inc.
Skype Business Video Conferencing	inc.	inc.	inc.	inc.	inc.	inc.
unlimited phone	30,000	30,000	30,000	30,000	30,000	30,000
fax/scan	inc.	inc.	inc.	inc.	inc.	inc.
food - retail						
food - catering	100	110	113	115	117	117
included b+w prints	100	220	340	460	700	700
included color prints	20	40	60	80	120	120
mail handling	inc.	inc.	inc.	inc.	inc.	inc.
messaging/motoboy services						
availability	4	2	3	1	1	1

	Virtual Office	Half Day Pass (5hr)	Day Pass	Flex-Office (half day)	Work Hub	Full Time Open Single	Private 1 Person
# of Available Memberships	100		25		8	5	4
Active Memberships	100		25		8	5	4
	100	0	25	0	8	5	4
Occupancy	100%		100%		100%	100%	100%
Revenue by Membership Type (mo.)	7,200,000		875,000		960,000	720,000	927,523.40
Unlimited Phone Service						120,000	90,000
#Phone Services						4	3
Extra Conf. Room Hours	261,000		0		313,200	313,200	313,200
#of Hours	10				12	12	12

	Private 2 Person	Private 3 Person	Private 4 Person	Private 6 Person	Private 10 Person	Total
# of Available Memberships	2	3	1	1	1	150
Active Memberships	2	3	1	1	1	150
	2	3	1	1	1	
Occupancy	100%	100%	100%	100%	100%	100%
Revenue by Membership Type (mo.)	1,104,102.13	2,755,792.34	1,658,093.62	2,328,510.64	3,104,680.85	21,633,703
Unlimited Phone Service	30,000	60,000	30,000	30,000	30,000	390,000
#Phone Services	1	2	1	1	1	13
Extra Conf. Room Hours	313,200	313,200	313,200	313,200	313,200	2,766,600
#of Hours	12	12	12	12	12	106
						Total Revenues
						24,790,303

Attachment 3: WorkLabs Competition Comparison

Serviced Office Competition

	Work Labs	Maker Space	Co-Work
Number of Locations in Chile	1	1	1
Office Locations (neighborhood)	Barrio El Golf	Barrio Italia	Barrio El Golf
Type of Building	High End Class B	Gentrified Warehouse	Low End Class B
M ²	835 M ²		
Website		http://stgomakerspace.com/	www.co-work.cl
Event Space	Rooftop Access (Max. 200 people)	No	No
Market Share in Chile			
Virtual Offices	Yes	No	No
Local Address	Yes	No	No
Local Phone Number	Yes	No	No
Mail Forwarding	Yes	No	No
Secretary (Bilingual)	Yes	No	No
Serviced Offices			
Local Address	Yes	No	Yes
Mail Services	Yes	No	No
Secretary (Bilingual)	Yes	No	No
Internet	Yes	Yes	Yes
Multiple Phone Lines	Yes	No	No
Printing	Yes	No	Yes
Fax/Scan	Yes	No	Yes
Included Conference Room Time	Yes	No	No
Additional Conference Room Time	Yes	No	Yes
Skype Business Video Conferencing	Yes	No	No
Food - Retail	Yes	No	No
Food - Catering	Yes	No	No
Cleaning Services	Yes	Yes	Yes
Miscellaneous Services	Yes	Yes (industrial tools, scrap material, locker, coffee)	Yes (free coffee and community workshops)
On-Site Education	Yes	Yes	No
Tax & Legal Assistance	No	No	Yes
Parking	Yes (5 spots)	Street Parking is free	No
24 Hour Access	Yes	No	No
Daily Plans (Price)	\$17,000 CLP	\$14,280 CLP	\$14,000 CLP
Monthly Plans (Price)	\$240,000 CLP/month for shared workspace, \$348,000 Open single,	\$97,580 CLP	\$120,000 CLP limited, \$200,000 CLP unlimited
12-18 Month Plans	Available for 2-10 people	No	No
Virtual Office	\$72,000 CLP/month	No	No

Co-Working Competition

	Exosphere	Urban Station			Conectas
Number of Locations in Chile	1	3			1
Office Locations (neighborhood)	Housing in Barrio Brasil, uses Urban Station	Los Leones	Movistar Innova	La Concepción	Manuel Montt
Type of Building	Housing: Historic, Office: Restored Low End Class B	Restored Low End Class B	Restored Low End Class B	Restored Low End Class B	Low End Class B
M^2	N/A				380 M^2
Website	http://exosphe.re/		http://chile.enjoy		http://conectas.cl/
Event Space	No	1 Indoor Event	Rooftop Event	1 Indoor Event	3
Market Share in Chile					
Virtual Offices	No	Yes	Yes	Yes	No
Local Address	N/A	Yes	Yes	Yes	N/A
Local Phone Number	N/A	Yes	Yes	Yes	N/A
Mail Forwarding	N/A	Yes	Yes	Yes	N/A
Secretary (Bilingual)	N/A	No	No	No	N/A
Serviced Offices					Yes
Local Address	N/A	Yes	Yes	Yes	No
Mail Services	N/A	Yes	Yes	Yes	No
Secretary (Bilingual)	N/A	No	No	No	Yes
Internet	N/A	Yes	Yes	Yes	Yes
Multiple Phone Lines	N/A	No	No	No	No
Printing	N/A	Yes	Yes	Yes	Yes
Fax/Scan	N/A	Yes	Yes	Yes	No
Included Conference Room Time	N/A	No	No	No	No
Additional Conference Room Time	N/A	Yes	Yes	Yes	Yes
Skype Business Video Conferencing	N/A	No	No	No	No
Food - Retail	N/A	No	No	No	No
Food - Catering	Yes	No	Yes	Yes	No
Cleaning Services	Yes	Yes	Yes	Yes	Yes
Miscellaneous Services	Yes	Yes (Laptop locks, lockers)	Yes (Laptop locks, lockers)	Yes (Laptop locks, lockers)	Yes (Free Coffee)
On-Site Education	Yes	No	No	No	No
Tax & Legal Assistance	Yes	No	No	No	Yes, at additional cost
Parking	No	No	No	Bicycle Parking	No
24 Hour Access	N/A	No	No	No	No
Daily Plans (Price)	N/A	\$2,490 CLP/hour	\$2,490 CLP/hour	\$2,490	\$15.990 CLP
Monthly Plans (Price)	N/A	\$249,990 CLP	\$249,990 CLP	\$249,990 CLP	\$206,257 CLP for shared workspace,
12-18 Month Plans	3 Month Program: \$5,000	No	No	No	No
Virtual Office	N/A	/Month	/Month	/Month	No

Virtual Office Competition

	Work Labs	Infini Offices	Virtual Chile	Virtual	G&T
Number of Locations	1	0	1	1	1
Office Locations (neighborhood)	Barrio El Golf			Providencia	Nueva Las
Type of Building	High End Class B			Low End Class B	Low End Class B
Website		http://www.infini-office.com/	http://www.oficinavirtualchile.cl/	http://www.oficinavirtualeconomic	http://www.virtual-office.cl/
Virtual Offices	Yes	Yes	Yes	Yes	Yes
Local Address	Yes	Yes	Yes	Yes	Yes
Local Phone Number	Yes	Yes	Yes	Yes	Yes
Mail Forwarding	Yes	Yes	Yes	Yes	Yes
Secretary (Bilingual)	Yes	Yes	Yes	Yes	Yes
Serviced Offices					
Local Address	Yes	No	Yes	Yes	Yes
Mail Services	Yes	No	Yes	Yes	Yes
Secretary (Bilingual)	Yes	No	Yes	Yes	Yes
Internet	Yes	No	Yes	Yes	Yes
Multiple Phone Lines	Yes	No	Yes	Yes	No
Printing	Yes	No	Yes	Yes	Yes
Fax/Scan	Yes	No	Yes	Yes	No
Included Conference Room Time	Yes	No	No	No	No
Additional Conference Room Time	Yes	No	Yes	Yes	Yes
Skype Business Video Conferencing	Yes	No	No	No	No
Food - Retail	Yes	No	No	No	No
Food - Catering	Yes	No	No	Yes	No
Cleaning Services	Yes	No	Yes	Yes	Yes
Miscellaneous Services	Yes	No	Yes	Yes	Yes
On-Site Education	Yes	No	No	No	No
Tax & Legal Assistance	No	No	Yes	Yes	No
Parking	Yes	No	No	No	No
24 Hour Access	Yes	No	No	No	No
Daily Plans (Price)*	Yes	No	Yes	No	Yes
Monthly Plans (Price)*	Yes	No	No	Yes	Yes
12-18 Month Plans (Price)*	Yes	No	No	No	Yes

Service Plan Comparison

	Work Labs	Regus	Center
Base Plans (workstation)			
Virtual Office (monthly)	\$72,000	\$79,000	\$70,000
1/2 Day Pass	\$9,000	Not available without membership - free with	Not available
Day Pass	\$17,000	Not available without membership - free with	Not available
Monthly Plans			
1 person work hub	\$240,000	\$10,000	\$150,000
1 person shared/open office	\$348,000	\$159,000	\$180,000
1 person private office	\$435,000	\$239,000	\$255,000
2 person private office	\$672,000	\$569,000	\$525,000
3 person private office	\$984,000	\$946,800	\$765,000
4 person private office	\$1,248,000	\$1,709,000	\$1,195,000
6 person private office	\$1,728,000	\$2,400,000	\$1,555,000
10 person private office	\$2,208,000	\$3,200,000	\$2,300,000
Other Services in Plans			
Included Conference Room Time:			
1 person work hub	2 hrs/month	Not Included	Not Included
1 person shared/open office	5 hrs/month	Not Included	Not Included
1 person private office	10 hrs/month	Not Included	Not Included
2 person private office	12 hrs/month	Not Included	Not Included
3 person private office	14 hrs/month	Not Included	Not Included
4 person private office	16 hrs/month	Not Included	Not Included
6 person private office	20 hrs/month	Not Included	Not Included
10 person private office	20 hrs/month	Not Included	Not Included
Virtual Office	1 hr/month	Not Included	Not Included
Additional Conference Room	\$20,000 CLP/hr	\$29,000/hr	\$29,000/hr
Videoconferencing	Included	\$10,000/hr	Not available
Phone Services	Unlimited phone for	\$25,000 per	\$17,000 per
Fax/Scan	Included in all plans	Included in Virtual	Included
B&W Printing	100 pages/month inc.,	\$110/page	Not available
Color Printing	20 pages/month inc.,	\$1,100/page	Not available
Mail Services	Included in all private	\$79,000/month	Not Included
Startup Fees			
Membership Fees	\$40,000 one time fee	\$65,800 one time fee	\$100,000 one time fee
IT Activation Fees	Included	\$99,900 per	\$17,000 per person
Additional Phone Lines	\$20,000 CLP per	\$25,000 per	\$17,000 per person
Miscellaneous Services			
Coffee/Food	Regular self-serve	Regular self-serve	Not available
Food - Retail	Available at additional	Available at additional	Not available
Food - Catering	Available at additional	Available at additional	Available at additional
Office Supplies - Retail	cost	cost	Not available

Attachment 4: WorkLabs Marketing Plan

Marketing Expense by Type	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Website Launch / SEO / Social Media Campaign	5,660	2,830	849	849	849	849
Print Media	2,264		-	2,264		
Event Sponsorship				4,528		
Mailing / POP	3,265	1,633		1,633		
Special Events	4,528					
Total Marketing Expense	15,718	4,463	849	9,274	849	849

Marketing Expense by Type	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	USD\$
Website Launch / SEO / Social Media Campaign	849	849	849	849	849	849	16,981
Print Media		2,264				2,264	9,057
Event Sponsorship						4,528	9,057
Mailing / POP		1,633			1,633		9,796
Special Events	4,528						9,057
Total Marketing Expense	5,377	4,746	849	849	2,482	7,642	53,947

Attachment 5: Market Size & Demand Forecast

Assumptions

- 1 : Market Sales at Year 1 US\$11.9MM based on market size estimates
- 2: Market growth at constant at 7%
- 3: Initial Market Share of 4.35%
- 4: Market share growth at constant 0.25%/year
- 5: FX Constant at 530 CLP/USD

		Market Share & Demand Forecast										
		0	1	2	3	4	5	6	7	8	9	10
Market Size												
Sales Forecast	MMUS\$	-	11,943,760	12,779,824	13,674,411	14,631,620	15,655,833	16,751,742	17,924,364	19,179,069	20,521,604	21,958,116
Market Growth	%	-	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Sales & Market Share												
Market Share	%	-	4.69%	4.69%	4.94%	5.19%	5.44%	5.69%	5.94%	6.19%	6.44%	6.69%
Sales	USD\$	0	560,159	599,370	675,512	759,377	851,673	953,170	1,064,702	1,187,179	1,321,586	1,468,992
Growth %	%		100.00%	7.00%	12.70%	12.42%	12.15%	11.92%	11.70%	11.50%	11.32%	11.15%
Average Sale per Customer	USD\$		3,734	3,734	3,734	3,734	3,734	3,734	3,734	3,734	3,734	3,734
Number of Customers	#		150	161	181	203	228	255	285	318	354	393

Attachment 6: Financial Forecasts

Assumptions

- 1 : Sales growth at consistent with market growth & market share growth
- 2: Statutory Tax Rate = Effective Tax Rate @20%
- 3. No Sales in Year 0
- 4: Startup & Marketing Investment in Year 0

	WorkLabs Profit & Loss Forecast (continued)					
Growth	0,00%	100,00%	7,00%	12,70%	12,42%	12,15%
Corporate Tax Rate	20%	20%	20%	20%	20%	20%

Year	0	1	2	3	4	5
------	---	---	---	---	---	---

	USD\$		%		USD\$		%		USD\$		%		USD\$		%		USD\$		%	
Sales	-		560.159	100%	599.370	100%	675.512	100%	759.377	100%	851.673	100%								
Production Cost	-		187.501	33%	200.626	33%	226.113	33%	254.185	33%	285.079	33%								
Gross Margin	-		372.658	67%	398.744	67%	449.399	67%	505.192	67%	566.594	67%								
General & Administrative Expense	-		182.689	33%	195.478	33%	220.310	33%	247.662	33%	277.763	33%								
Cost of Sales	-		53.947	10%	57.724	10%	65.057	10%	73.133	10%	82.022	10%								
Operating Profit	-		136.021	24%	145.543	24%	164.032	24%	184.397	24%	206.809	24%								
Financial Expense	-		-	0%	-	0%	-	0%	-	0%	-	0%								
Depreciation	-		38.516	7%	41.213	7%	46.448	7%	52.215	7%	58.561	7%								
Before Tax Profit	-		97.505	17%	104.330	17%	117.584	17%	132.182	17%	148.248	17%								
Tax	-		19.501	3%	20.866	3%	23.517	3%	26.436	3%	29.650	3%								
After Tax Profit	-		78.004	14%	83.464	14%	94.067	14%	105.746	14%	118.598	14%								

Assumptions

- 1 : Sales growth at consistent with market growth & market share growth
- 2: Statutory Tax Rate = Effective Tax Rate @20%
- 3. No Sales in Year 0
- 4: Startup & Marketing Investment in Year 0

		WorkLabs Profit & Loss Forecast (continued)									
		11,92%		11,70%		11,50%		11,32%		11,15%	
		20%		20%		20%		20%		20%	
Year		6		7		8		9		10	
		USD\$	%	USD\$	%	USD\$	%	USD\$	%	USD\$	%
Sales		953.170	100%	1.064.702	100%	1.187.179	100%	1.321.586	100%	1.468.992	100%
Production Cost		319.053	33%	356.386	33%	397.382	33%	442.372	33%	491.713	33%
Gross Margin		634.117	67%	708.316	67%	789.797	67%	879.214	67%	977.279	67%
General & Administrative Expense		310.865	33%	347.240	33%	387.185	33%	431.020	33%	479.094	33%
Cost of Sales		91.797	10%	102.538	10%	114.334	10%	127.278	10%	141.474	10%
Operating Profit		231.455	24%	258.538	24%	288.278	24%	320.916	24%	356.710	24%
Financial Expense		-	0%	-	0%	-	0%	-	0%	-	0%
Depreciation		65.540	7%	73.209	7%	81.630	7%	90.872	7%	101.008	7%
Before Tax Profit		165.915	17%	185.329	17%	206.648	17%	230.044	17%	255.702	17%
Tax		33.183	3%	37.066	3%	41.330	3%	46.009	3%	51.140	3%
After Tax Profit		132.732	14%	148.263	14%	165.319	14%	184.035	14%	204.562	14%

Assumptions

- 1 : A/R set at 10% of annual sales
- 2 : 10-year depreciation period
- 3 : A/P set as 10% of annual sale
- 4 : No long-term or short-term debt
- 5 : Equity = Initial Equity+Retained Earnings(Profit) - Dividends
- 6: 100% of retained earnings will be paid out as Dividend to shareholders beginning year 2

Balance Sheet Forecast (continued)

Year	0		1		2		3		4		5	
	USD\$	%	USD\$	%	USD\$	%	USD\$	%	USD\$	%	USD\$	%
BALANCE SHEET												
Assets												
Current Assets												
Cash & Cash Equivalents	(0)	0%	116.520	22%	130.772	25%	124.865	24%	119.414	22%	114.512	21%
Accounts Receivable		0%	56.016	11%	59.937	11%	67.551	13%	75.938	14%	85.167	16%
Inventory		0%	-	0%	-	0%	-	0%	-	0%	-	0%
Total Current Assets	(0)	0%	172.536	33%	190.709	36%	192.416	36%	195.352	36%	199.679	36%
Fixed Assets												
Property / Offices	154.302	40%	154.302	30%	165.103	32%	186.077	35%	209.179	39%	234.603	43%
Land	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Equipment	37.736	10%	37.736	7%	40.377	8%	45.507	9%	51.156	9%	57.374	10%
Furniture	90.132	23%	90.132	17%	96.441	18%	108.693	20%	122.187	23%	137.038	25%
Other Fixed Asset Investments	102.995	27%	102.995	20%	110.204	21%	124.204	23%	139.624	26%	156.594	29%
Depreciation	-	0%	(38.516)	-7%	(79.729)	-15%	(126.177)	-24%	(178.392)	-33%	(236.953)	-43%
Total Fixed Assets	385.164	100%	346.648	67%	332.397	64%	338.304	64%	343.755	64%	348.656	64%
Total Assets	385.164	100%	519.184	100%	523.105	100%	530.720	100%	539.106	100%	548.336	100%
Liabilities												
Accounts Payable	-	0%	56.016	11%	59.937	11%	67.551	13%	75.938	14%	85.167	16%
Short-Term Debt		0%		0%		0%		0%		0%		0%
Total Current Liabilities	-	0%	56.016	11%	59.937	11%	67.551	13%	75.938	14%	85.167	16%
Long-Term Debt		0%		0%		0%		0%		0%		0%
Total Long Term Liabilities	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Total Liabilities	-	0%	56.016	11%	59.937	11%	67.551	13%	75.938	14%	85.167	16%
Capital or Startup Equity	385.164	100%	385.164	74%	463.168	89%	463.168	87%	463.168	86%	463.168	84%
Capital Increase (Undistributed Earnings)		0%		0%		0%		0%		0%		0%
Capital Decrease (Dividen		0%		0%	83.464	16%	94.067	18%	105.746	20%	118.598	22%
Earnings		0%	78.004	15%	83.464	16%	94.067	18%	105.746	20%	118.598	22%
Total Final Equity	385.164	100%	463.168	89%	463.168	89%	463.168	87%	463.168	86%	463.168	84%
Total Assets & Liabilities	385.164	100%	519.184	100%	523.105	100%	530.720	100%	539.106	100%	548.336	100%

Assumptions

- 1 : A/R set at 10% of annual sales
- 2 : 10-year depreciation period
- 3 : A/P set as 10% of annual sale
- 4: No long-term or short-term debt
- 5 : Equity = Initial Equity+Retained Earnings(Profit) - Dividends
- 6: 100% of retained earnings will be paid out as Dividend to shareholders beginning year 2

Balance Sheet Forecast (continued)										
Year	6		7		8		9		10	
	USD\$	%	USD\$	%	USD\$	%	USD\$	%	USD\$	%
BALANCE SHEET										
Assets										
Current Assets										
Cash & Cash Equivalents	110.263	20%	106.782	19%	104.198	18%	102.652	17%	102.303	17%
Accounts Receivable	95.317	17%	106.470	19%	118.718	20%	132.159	22%	146.899	24%
Inventory	-	0%	-	0%	-	0%	-	0%	-	0%
Total Current Assets	205.580	37%	213.252	37%	222.915	38%	234.810	39%	249.202	41%
Fixed Assets										
Property / Offices	262.561	47%	293.284	51%	327.021	56%	364.045	61%	404.650	66%
Land	-	0%	-	0%	-	0%	-	0%	-	0%
Equipment	64.212	11%	71.725	13%	79.976	14%	89.030	15%	98.961	16%
Furniture	153.369	27%	171.315	30%	191.022	33%	212.649	36%	236.367	39%
Other Fixed Asset Investments	175.256	31%	195.763	34%	218.283	38%	242.996	41%	270.099	44%
Depreciation	(302.492)	-54%	(375.701)	-66%	(457.331)	-79%	(548.203)	-92%	(649.211)	-106%
Total Fixed Assets	352.905	63%	356.386	63%	358.971	62%	360.517	61%	360.865	59%
Total Assets	558.485	100%	569.639	100%	581.886	100%	595.327	100%	610.068	100%
Liabilities										
Accounts Payable	95.317	17%	106.470	19%	118.718	20%	132.159	22%	146.899	24%
Short-Term Debt	-	0%	-	0%	-	0%	-	0%	-	0%
Total Current Liabilities	95.317	17%	106.470	19%	118.718	20%	132.159	22%	146.899	24%
Long-Term Debt	-	0%	-	0%	-	0%	-	0%	-	0%
Total Long Term Liabilities	-	0%	-	0%	-	0%	-	0%	-	0%
Total Liabilities	95.317	17%	106.470	19%	118.718	20%	132.159	22%	146.899	24%
Capital or Startup Equity	463.168	83%	463.168	81%	463.168	80%	463.168	78%	463.168	76%
Capital Increase (Undistributed Earnings)	-	0%	-	0%	-	0%	-	0%	-	0%
Capital Decrease (Dividend)	132.732	24%	148.263	26%	165.319	28%	184.035	31%	204.562	34%
Earnings	132.732	24%	148.263	26%	165.319	28%	184.035	31%	204.562	34%
Total Final Equity	463.168	83%	463.168	81%	463.168	80%	463.168	78%	463.168	76%
Total Assets & Liabilities	558.485	100%	569.639	100%	581.886	100%	595.327	100%	610.068	100%

Cash Flow Forecast											
Year	0	1	2	3	4	5	6	7	8	9	10
Cash Flow											
After Tax Profit		78,004	83,464	94,067	105,746	118,598	132,732	148,263	165,319	184,035	204,562
Add Back Depreciation		38,516	41,213	46,448	52,215	58,561	65,540	73,209	81,630	90,872	101,008
Financing Expence (After Tax)		-	-	-	-	-	-	-	-	-	-
Gross Cash Flow		116,520	124,677	140,515	157,960	177,159	198,272	221,472	246,949	274,907	305,570
Change in Working Capital		(116,520)	(14,251)	5,907	5,451	4,902	4,249	3,481	2,585	1,546	349
Change in Fixed Assets		-	(19,752)	(38,355)	(42,245)	(46,492)	(51,127)	(56,183)	(61,695)	(67,705)	(74,253)
Change in Other Assets											
Free Cash Flow		0	90,674	108,067	121,166	135,568	151,394	168,770	187,838	208,748	231,665
Change in Amortization or Debt Interest Net of Taxes		56,016	3,921	7,614	8,386	9,230	10,150	11,153	12,248	13,441	14,741
Tax Differential											
Capital Increase/Decrease											
Flow to Equity		(385,164)	56,016	94,595	115,681	129,552	144,798	179,924	200,086	222,189	246,406

- 1: All initial investment is depreciated
- 2: Investment Grows as % of Sales after Year 2
- 3: Depreciation period = 10 Years
- 4: No new investment after initial investment
- 5: Investment = Starting Capital

Year	Investment Forecast										
	0	1	2	3	4	5	6	7	8	9	10
Investment Growth	0.00%	0.00%	7.00%	12.70%	12.42%	12.15%	11.92%	11.70%	11.50%	11.32%	11.15%
Property / Offices	154,302	154,302	165,103	186,077	209,179	234,603	262,561	293,284	327,021	364,045	404,649.72
Land		-	-	-	-	-	-	-	-	-	-
Equipment/Systems	37,736	37,736	40,377	45,507	51,156	57,374	64,212	71,725	79,976	89,030	98,960.56
Furniture	90,132	90,132	96,441	108,693	122,187	137,038	153,369	171,315	191,022	212,649	236,367.29
New Investments											
Other Investments (legal, misc. real estate, others)	102,995	102,995	110,204	124,204	139,624	156,594	175,256	195,763	218,283	242,996	270,099
Total Investment	385,164	385,164	412,126	464,481	522,146	585,609	655,398	732,087	816,302	908,720	1,010,076

Assumptions

1: growth rate equal to sales growth

2: Cost estimates based on market research, supplier quotes

		Cost of Operations											
Growth		0.0%		100.0%		7.0%		12.7%		12.4%		12.2%	
Year		0		1		2		3		4		5	
		MM\$	%	MM\$	%	MM\$	%	MM\$	%	MM\$	%	MM\$	%
Sales	-			560,159	100%	599,370	100%	675,512	100%	759,377	100%	851,673	100%
Total Cost of Production	-			187,501	33%	200,626	33%	226,113	33%	254,185	33%	285,079	33%
Labor (Production)	-			-	0%	-	0%	-	0%	-	0%	-	0%
General Expenses	-			187,501	33%	200,626	33%	226,113	33%	254,185	33%	285,079	33%
Other	-			-	0%	-	0%	-	0%	-	0%	-	0%
Total General & Admin. Expense	-			182,689	33%	195,478	33%	220,310	33%	247,662	33%	277,763	33%
Salaries	-			171,824	31%	183,851	31%	207,207	31%	232,932	31%	261,243	31%
General Expenses	-			-	0%	-	0%	-	0%	-	0%	-	0%
Other	-			10,866	2%	11,626	2%	13,103	2%	14,730	2%	16,520	2%
Total Cost of Sales	-			53,947	10%	57,724	10%	65,057	10%	73,133	10%	82,022	10%
Salaries	-			-	0%	-	0%	-	0%	-	0%	-	0%
Marketing & Advertising Expense	-			53,947	10%	57,724	10%	65,057	10%	73,133	10%	82,022	10%
Other	-			-	0%	-	0%	-	0%	-	0%	-	0%

Assumptions

1: growth rate equal to sales growth

2: Cost estimates based on market research, supplier quotes

Cost of Operations (continued)										
	11.9%		11.7%		11.5%		11.3%		11.2%	
Year	6		7		8		9		10	
	MM\$	%	MM\$	%	MM\$	%	MM\$	%	MM\$	%
Sales	953,170	100%	1,064,702	100%	1,187,179	100%	1,321,586	100%	1,468,992	100%
Total Cost of Production	319,053	33%	356,386	33%	397,382	33%	442,372	33%	491,713	33%
Labor (Production)	-	0%	-	0%	-	0%	-	0%	-	0%
General Expenses	319,053	33%	356,386	33%	397,382	33%	442,372	33%	491,713	33%
Other	-	0%	-	0%	-	0%	-	0%	-	0%
Total General & Admin. Expense	310,865	33%	347,240	33%	387,185	33%	431,020	33%	479,094	33%
Salaries	292,376	31%	326,587	31%	364,156	31%	405,384	31%	450,600	31%
General Expenses	-	0%	-	0%	-	0%	-	0%	-	0%
Other	18,489	2%	20,653	2%	23,028	2%	25,636	2%	28,495	2%
Total Cost of Sales	91,797	10%	102,538	10%	114,334	10%	127,278	10%	141,474	10%
Salaries	-	0%	-	0%	-	0%	-	0%	-	0%
Marketing & Advertising Expense	91,797	10%	102,538	10%	114,334	10%	127,278	10%	141,474	10%
Other	-	0%	-	0%	-	0%	-	0%	-	0%

Year	Financial Ratios									
	1	2	3	4	5	6	7	8	9	10
Growth										
Revenue Growth	100%	7.0%	12.7%	12.4%	12.2%	11.9%	11.7%	11.5%	11.3%	11.2%
Profitability										
Gross Margin	67%	67%	67%	67%	67%	67%	67%	67%	67%	67%
Before Tax Profit <i>M</i>	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%
After Tax Profit <i>Mc</i>	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%
Debt										
Debt Ratio	0.41	0.44	0.44	0.43	0.43	0.44	0.44	0.45	0.46	0.47
Solvency										
Solvency Ratio	0.705	0.705	0.705	0.705	0.705	0.705	0.705	0.705	0.705	0.705
Debt-equity Ratio	0.12	0.13	0.15	0.16	0.18	0.21	0.23	0.26	0.29	0.32
Liquidity										
Current Ratio	3.77	3.82	3.42	3.08	2.80	2.56	2.36	2.20	2.07	1.96
Acid Test Ratio	3.77	3.82	3.42	3.08	2.80	2.56	2.36	2.20	2.07	1.96

Attachment 6: CAPM Assumptions Details

CAPM	
Ba	0.94 Real Estate (Operations & Services) - Damodaran
Be	0.94
Rf	2.08% Treasury Bond Central Bank of Chile 10 - Year
ERP	5.33% http://pages.stern.nyu.edu/~adamodar/
Ke (US)	7.1%
Riego País	0.90%
Ke (Chile)	7.98%
WACC	7.98%

Rates as of March 04, 2014

B unlevered (Ba) Industria <http://pages.stern.nyu.edu/~adamodar/>

T-Bond <http://www.bcentral.cl/estadisticas-economicas/mediodia/mediodia.htm>

Attachment 7: Startup Investment

	Startup Investment	
	CLP	USD
Security Deposit	7,367,250	13,900
Systems & Hardware	20,000,000	37,736
Office Furniture & Design	47,770,000	90,132
Office Design, Architecture, & Construction	81,780,000	154,302
Web Development	750,000	1,415
Legal Expenses	600,000	1,132
Misc. Startup Costs	3,165,345	5,972
People Cost	20,165,625	38,048
Other Working Capital	22,538,930	42,526
Initial Investment	204,137,150	385,164

Attachment 8: Financials Excluding Depreciation (USD\$)

	WorkLabs P&L	
	Monthly	Yearly
Total Mt2	348	348
Rent	9,267	111,204
Memberships (Individual Memberships)	150	150
Average Membership Fee	272.12	3,265.46
Membership Revenue	40,818	489,820
Additional Revenue	5,956	71,470
Total Revenue	46,774	561,290
Lease	8,487	101,839
Salaries USD\$		
CEO - Founder	1,484.6	17,815.1
COO - Founder	1,484.6	17,815.1
Site Manager	2,061	24,736
System Admin.	1,519	18,226
Sales Manager	1,531	18,371
Sales	1,379	16,549
Sales	1,379	16,549
Customer Service	1,302	15,623
Attendant	-	-
Aseo	-	-
Seguridad	-	-
Infrastructure	542	6,509
Office Logistics	-	-
Total Salaries	12,683	152,193
Professional Services		
Legal	415	4,981
Tax & Accounting	277	3,328
Architecture & Office Design Consultant	472	5,660
Workspace & Facilities Consultant	472	5,660
Total Professional Services	1,636	19,630

	WorkLabs P&L	
	Monthly	Yearly
Marketing, Advertising, & Promotions		
SEM/SEO	943	11,321
Web Development	472	5,660
Print Adv.	755	9,057
Internal Events	755	9,057
Event Sponsoring	755	9,057
Other Marketing	816	9,796
Total Marketing, Adv. & Prom.	4,496	53,947
Building Expenses		
Gastos Comunes	1,445	17,334
Insurance	-	-
Depreciation		
Total Building Costs	1,445	17,334
Services - Infrastructure & Utilities		
Electricity	591	7,091
Heat	438	5,253
Gas	57	679
Wifi/Internet	943	11,321
Phone Service	660	7,925
ID & Security Systems	472	5,660
A/V Systems	189	2,264
Software Licenses & Subscriptions	283	3,396
System Maintenance	189	2,264
Copy/Print	283	3,396
Cleaning & Sanitation	713	8,552
Seguridad	-	-
Other	468	5,613
Total Infrastructure & Utilities	5,285	63,414

	WorkLabs P&L	
	Monthly	Yearly
Supplies		
Office Supplies	283	3,396
Food & Water	126	1,517
Total Supplies	409	4,913
Other		
Other Misc. Expense	468	5,613
Municipal Taxes	438	5,253
Total Other Exp.	905.48	10,865.73
Before Tax Profit	11,429	137,152
<i>BT Margin</i>	<i>24%</i>	<i>24%</i>

Attachment 9: Furniture & Service Cost

Furniture

	CLP	Type/Brand	Qty	CLP
Workstation	500,000	Teknion, Panels, Top, Drawers	66	33,000,000
Chair - Workstation	150,000	Teknion	71	10,650,000
Chair - Meeting Room	70,000	Haworth	10	700,000
Round Table	80,000		3	240,000
Meeting Room Table (1,2 x 3,2)	1,000,000	Hecha a medida	2	2,000,000
Table - Huddle Room	70,000	Hecha a medida	2	140,000
Metallic Locker	130,000	Teknion	8	1,040,000
Subtotal				47,770,000

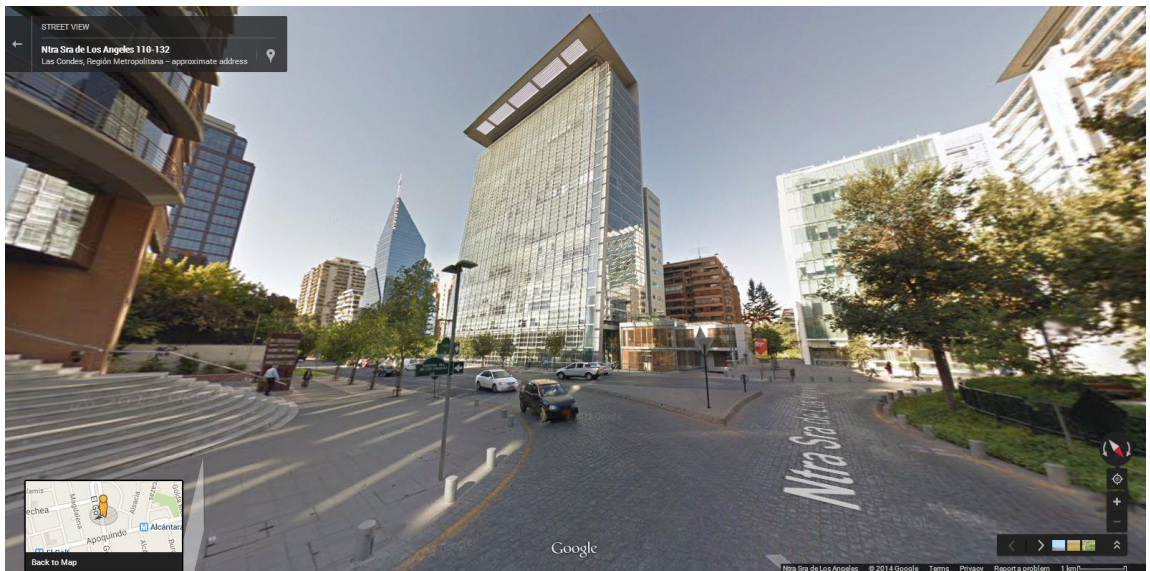
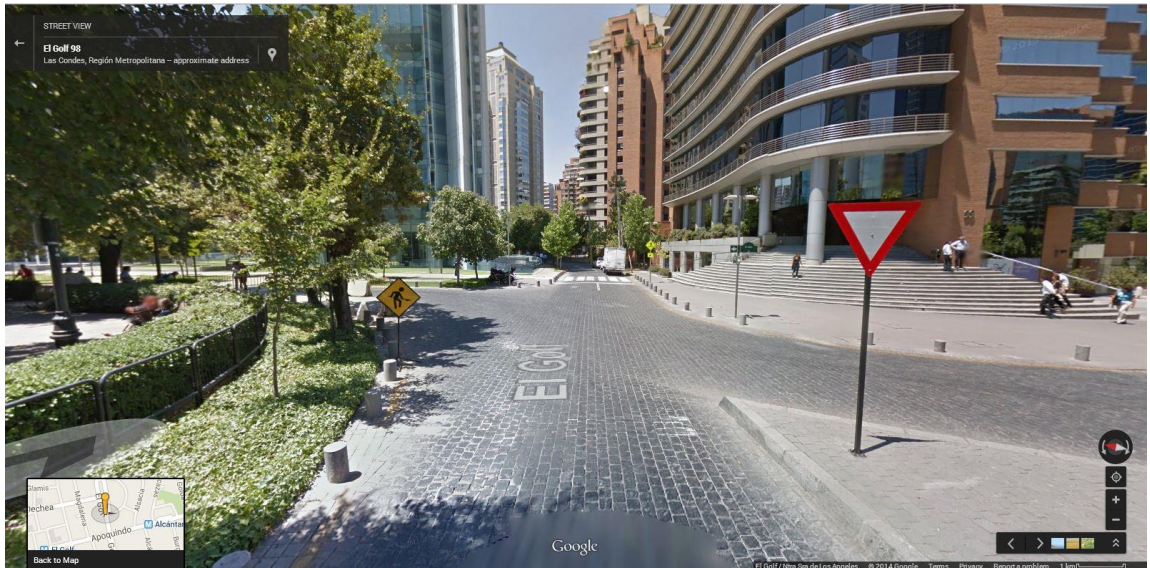
Services

DESCRIPTION	MONTHLY COST - CLP/M2	MONTHLY COST - CLP	TOTAL COST FOR 348m2
Drinking Water Services		17,000	17,000
Sanitizacion de Baños	19		6,767
Servicios de Seguridad	2,289		796,736
Serv. Limpieza	1,066		370,930
Mant Proyectoros	23,500	1 UF PER ITEM	
Mant Aire Ac D Center	211,500	8 UF	211,500
Mantenimiento HVAC	528		183,667
Mantenimiento Plomeria	111		38,667
Mantenimiento Electrico y Datos	278		96,667
Mantenimienton UPS	62		21,653
Materiales Baños	124		43,272
Mantenimiento Circuito cerrado TV	123		42,942

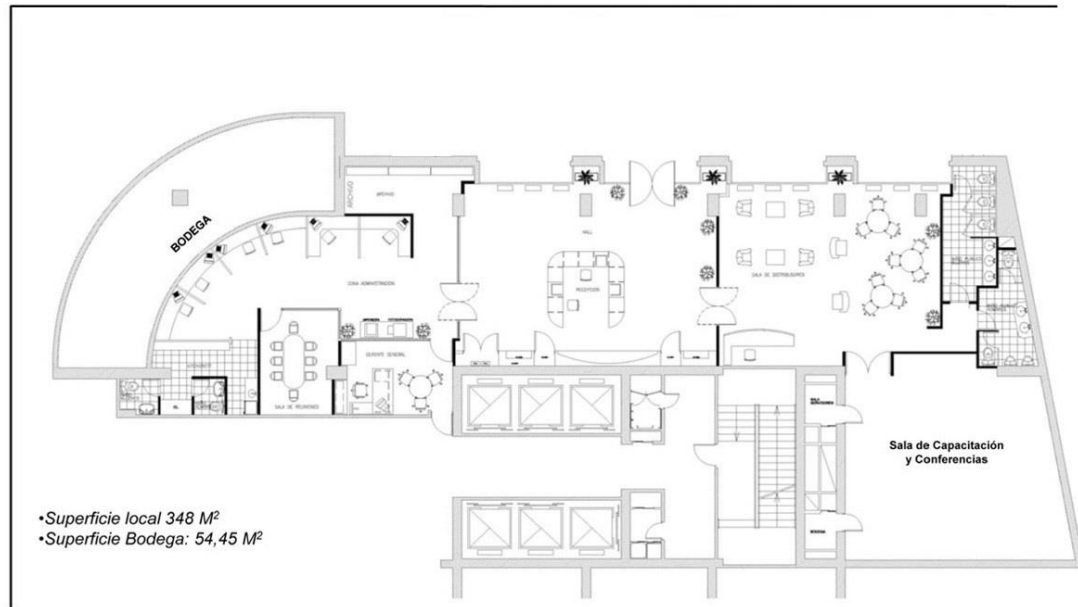
Attachment 10: Top Site Prospect

El Golf 99





■ Plano de planta



Attachment 11: Architecture & Design



Santiago, Enero 2014

REF_ Habilitación Oficinas El Golf
Attn. Sr. David Rodriguez

Estimado David;

A continuación les presentamos la propuesta de honorarios y descripción de los alcances profesionales por concepto de desarrollo del proyecto de Arquitectura, especialidades y estimación de costo por ejecución de proyectos para la habilitación del espacio de oficinas de aproximadamente 348 m2 ubicadas en la comuna de Las Condes, Santiago. El presupuesto está dividido en cuatro partes; Proyecto de Arquitectura, Proyectos especialidades, estimado de costos de ejecución de obras y finalmente una tabla de resumen de los valores más los impuestos.

PROYECTO DE ARQUITECTURA

ANTEPROYECTO DE ARQUITECTURA

- Visita a terreno
- Estudio normativa vigente
- Presentación de alternativas de Layout, Plantas Esc. 1:100
- Presentación de imágenes virtuales del proyecto.
- Estudio y análisis bioclimático y sustentabilidad

PROYECTO DE ARQUITECTURA

- Planta emplazamiento, Esc. 1:250
- Planta de Arquitectura, Esc. 1:50
- Elevaciones, Esc. 1:50
- Cortes, Esc. 1:50
- Detalles constructivos, Esc. 1:20, 1:10
- Detalles de baños y cocinas
- Imágenes virtuales del Proyecto
- Especificaciones Técnicas
- Trámites Municipales (Obtención de permiso de Obra y recepción final)

TABLA DE COSTOS PROYECTO DE ARQUITECTURA

SUPERFICIE APROXIMADA DE PROYECTO	348	m2		
ANTEPROYECTO ARQUITECTURA	0.1125	UF x m2	39.15	UF
PROYECTO DE ARQUITECTURA	0.3	UF x m2	104.4	UF
DOCUMENTOS LICITACIÓN E INSPECCIÓN TÉCNICA DE OBRA (I.T.O.)	0.1	UF x m2	34.8	UF
VISITAS DE OBRA		VALOR GLOBAL	18.75	UF
TOTAL UF (NETO)			197.1	UF

FORMA DE PAGO PROYECTO DE ARQUITECTURA

15 % Anticipo al comienzo del proyecto.

20 % Contra entrega del proyecto de Arquitectura y documentos licitación constructoras

20 % Inicio de las Obras de Construcción

20% Una vez completadas el 50% de las obras de construcción

15 % Al término de las Obras de Construcción

10 % Obtención de recepción final Municipal

Los valores indicados no incluyen los costos de los proyectos de especialidades ni los costos derivados de los permisos de construcción ni derechos Municipales.

Los cambios que afecten la cantidad y forma de la superficie originalmente proyectada, una vez aprobado el proyecto definitivo de Arquitectura serán cobradas separadamente según el criterio de UF x m2 descrito anteriormente.

PROYECTOS DE ESPECIALIDADES

Los proyectos de especialidades serán coordinados y administrados por noü design, Los costos incluyen la tramitación de permisos y obtención de certificados según corresponda a cada especialidad. Estos valores son referenciales y pueden variar según los requerimientos del proyecto definitivo.

TABLA COSTOS PROYECTOS DE ESPECIALIDADES

PROYECTO INGENIERIA ELECTRICA	(Obligatorio)	24 UF
PROYECTO SANITARIO	(Obligatorio)	17.6 UF
PROYECTO DE DOMÓTICA	(Opcional)	0 UF
PROYECTO DE ILUMINACIÓN	(Opcional)	0 UF
PROYECTO DE CLIMA	(Obligatorio)	20 UF
TOTAL UF (NETO)		61.6 UF

FORMA DE PAGO PROYECTOS DE ESPECIALIDADES

30 % Anticipo al comienzo del proyecto.

50% Una vez completadas el 50% de las obras de construcción

20 % Al término de las Obras de Construcción y obtención de certificados.

COSTO ESTIMADO DE EJECUCION DE OBRAS

Se considera un valor estimado para los costos de ejecución de obras de Arquitectura y especialidades, este valor podría variar según las especificaciones del proyecto definitivo de Arquitectura. La forma de pago se acordará una vez aprobado el presupuesto final de obras.

SUPERFICIE APROXIMADA DE PROYECTO	348 m2
EJECUCION OBRAS CIVILES	1948.8 UF
EJECUCION INSTALACIONES ELECTRICAS Y ALUMBRADO	219.24 UF
EJECUCION SISTEMA DE SEGURIDAD (RED DE INCENDIOS)	139.2 UF
EJECUCION INSTALACIONES SANITARIAS	55.68 UF

EJECUCION SISTEMA DE CLIMA (AA)	194.88 UF
SUBTOTAL	2557.8 UF
GASTOS GENERALES	242.73 UF
UTILIDADES	258.912 UF
TOTAL UF (NETO)	3059.442 UF

TABLA RESUMEN DE COSTOS MAS IMPUESTOS

PROYECTO DE ARQUITECTURA	197.1 UF
PROYECTOS DE ESPECIALIDADES	61.6 UF
COSTOS EJECUCION DE OBRAS	3059.442 UF
TOTAL NETO	3318.142 UF
TOTAL + IVA	19% 3,949 UF

Esperamos que los términos de los presupuestos sean de su conformidad, estaremos atentos a cualquier consulta u observación, les saluda atentamente;


Edmundo Vicuña U.

Attachment 12: IP Telephony Comparison (USD\$)

Manufacturer	Product	Description	Hosted or Managed	Business Size	Extensions per unit	Maximum Number of Extensions	VoIP	IP/PBX	Estimated Cost	Lowest Price per User	Auto Attendant	Management	Messaging and Voicemail
3Com	3Com® VCX® Platform	The 3Com® VCX™ IP Telephony module is one of a series of applications in the 3Com Convergence Applications Suite designed to help companies eliminate the boundaries of time and distance.	Managed	Small, Medium	100 / 250	250					Optional	PC and Web Based	Yes
3Com	3Com® NBX® Platform	Three NBX IP telephony platforms are available to meet the needs of SMB organizations. All of them include advanced applications like Automatic Call Distribution, graphical Call Detail Recording and Desktop Call Assistant, and all can support up to 72 ports for Auto-Attendant/Voicemail and 400 hours of message storage.	Managed	Medium, Large	250	1,500	x		\$6,000	\$24	Optional	PC and Web Based	Yes
3Com	V700 Server Series	High performance platform for delivering scalable VCX Enterprise SIP-based multimedia and multisite IP communications applications for up to tens of thousands of users	Managed	Medium, Large, Enterprise	5,000 / 10,000	50,000+					Optional	PC and Web Based	Yes
3Com	V6x00 Branch Location Series	Economical, high-availability IP telephony platforms that deliver carrier-class VCX Enterprise SIP-based services to branch sites with up to 100 users	Managed	Small, Medium, Large	100	100					Optional	PC and Web Based	Yes
8x8 (Formerly Packet8)	Virtual Office (Unlimited Extension)	With Virtual Office, you get all the business features that Fortune 500 companies have come to know and appreciate, including auto attendant, corporate directory, music-on-hold, conference bridge, and ring groups.	Hosted	Small	1	50+	x		\$39.99 +	24.99	Yes	Web Based	Yes, no messaging

14. Bibliography

1. Benn, Jonathan. Serviced Offices: Emerging Markets Review 2013. Rep. Instant Offices, 1 May 2013. Web. <<http://www.slideshare.net/jonathanbenn1/serviced-offices-emerging-markets-review>>.
2. Best, Roger J. Marketing Estratégico. España: Pearson Prentice Hall, 2007. Print.
3. Chile. Biblioteca Del Congreso Nacional De Chile. Buscador De Leyes, Ley Chile. Biblioteca Del Congreso Nacional De Chile. Web. 2013-2014. <<http://www.leychile.cl/>>.
4. Cohen, Shoshanah, and Joseph Roussel. Strategic Supply Chain Management: The Five Disciplines for Top Performance:2nd Revised Edition. New York: Mcgraw-hill Professional, 2013. Print.
5. Estadísticas De Empresas. Servicios De Impuestos Internos Chile, Oct. 2013. Web. <<http://www.sii.cl/estadisticas/empresas.htm>>.
6. Gibson, Virginia A., and Colin M. Lizieri. "CHANGE & FLEXIBILITY: The Role of Serviced Office Space in Office Markets and Corporate Property Portfolios." The University of Reading & Royal Institution of Chartered Surveyors Educational Trust. Web. <<http://centaur.reading.ac.uk/27239/1/0199.pdf>>.
7. Gutierrez Gebauer, Cristian. Market View - Santiago Office. Publication. Santiago: CBRE, Q2 - 2012. Print.
8. Hoejmoose, Stefan, Phd. "Managed Office Solutions: Definitions, Models, Financial Perspectives, and Trends." Portal Group UK. BNP Paribas Real Estate, 2011. Web. <<http://www.portalgroup.uk.com/library/files/white-papers/MOSwhitepaper.pdf>>.
9. Wheelen, Hunger, and Oliva. Administración Estratégica & Política De Empresas. Pearson Education, 2007. Print.
10. Liedtka, Jeanne, and Tim Ogilvie. Designing for Growth: A Design Thinking Tool Kit for Managers. New York: Columbia Business School Pub., Columbia UP, 2011. Print.
11. Lynn, Samara. "20 Top Cloud Services for Small Businesses." PC Magazine. 11 Dec. 2012. Web. <<http://www.pcmag.com/article2/0,2817,2361501,00.asp>>.
12. "Mercado De Arriendo De Oficinas En Santiago." Diario Financiero. Web. 4 Mar. 2014. <http://www.df.cl/prontus_df/site/artic/20130826/pags/20130826210512.html>.
13. Palma Calderón, Pablo, Phd. "Derecho Comercial." Derecho Chile. Palma & Palma Abogados, Jan.-Feb. 2013. Web. <<http://www.derecho-chile.cl/>>.
14. Peltier, Scott. "Analysis of the Supply of Serviced Office Space." Thesis. Massachusetts Institute of Technology, 2001. Print.
15. Poniachik, Karen. Chile´s FDI Policy: Past Experience and Future Challenges. Rep. Shanghai: OECD, 2002. The Organisation for Economic Co-operation and Development. Web. <<http://www.oecd.org/investment/investmentfordevelopment/2764423.pdf>>.
16. Sullivan, Mike. "Latin America Offers Business Center Opportunity." Officing Today: The Global Business Center Resource. N.p., 23 June 2012. Web. <<http://www.officingtoday.com/2012/06/latin-america-offers-business-center-opportunity/>>.

17. Thomas, David C., and Mila B. Lazarova. *Essentials of International Human Resource Management: Managing People Globally*. 3rd ed. London: SAGE Publications, 2011. Print.
18. Vergara, Rodrigo. *Antecedentes Del Sector Inmobiliario En Chile*. Rep. Chile: Banco Central, 2 Jan 2013. Print.
19. Vergara, Rodrigo. *Informe de Estabilidad Financiera 2013.I Rep*. Chile: Banco Central, 5 Jul 2013. Print.
20. "VoIP Phone System for Office 365 | AgileVoIP." *Agile IT*. 2013. Web. <<http://www.agileit.com/business/other/agilevoip/>>.
21. Zacharakis, Andrew, Stephen Spinelli, Jeffry A. Timmons, and Jeffry A. Timmons. *Business Plans That Work: A Guide for Small Business*. New York: McGraw-Hill, 2011. Print.
22. Zahn, James, ed. *UN World Investment Report 2013: Global Value Chains: Investment and Trade for Development*. Rep. Switzerland: United Nations, 2013. *UN World Investment Report 2013: Global Value Chains: Investment and Trade for Development*. United Nations. Web. <http://unctad.org/en/publicationslibrary/wir2013_en.pdf>.