

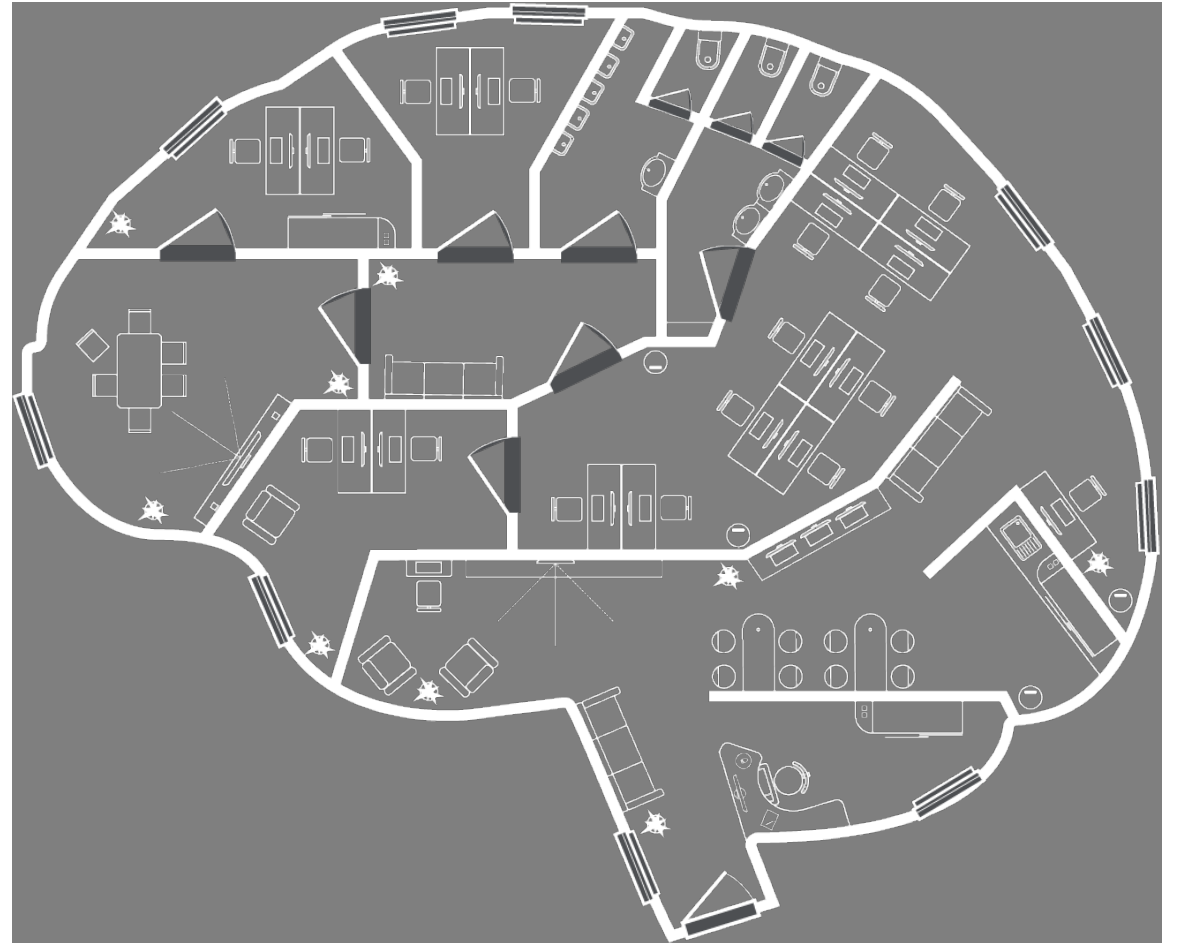


Innovative Real Estate **in the Co-Working, Living, and Gathering Space**

Julie Augustyn, Joe Brady & Greg Gould

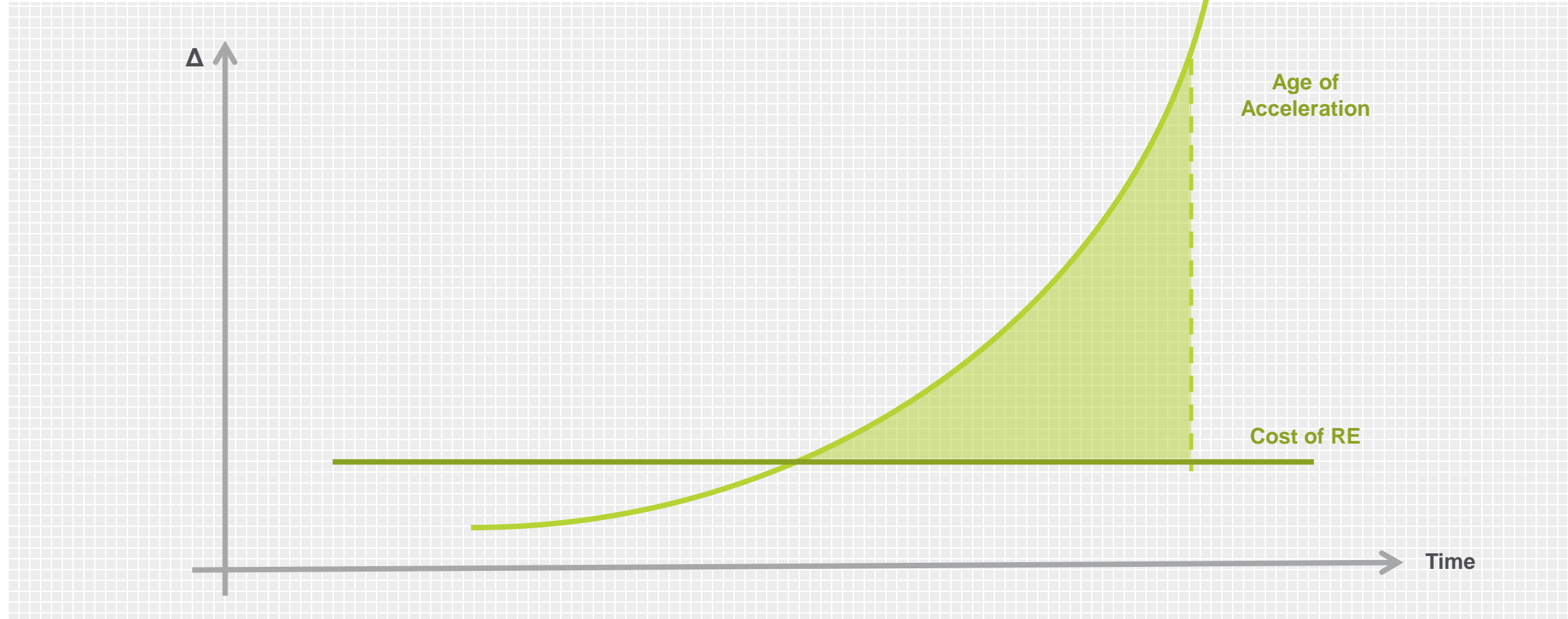
UF 2020 Real Estate Trends and Strategies Conference

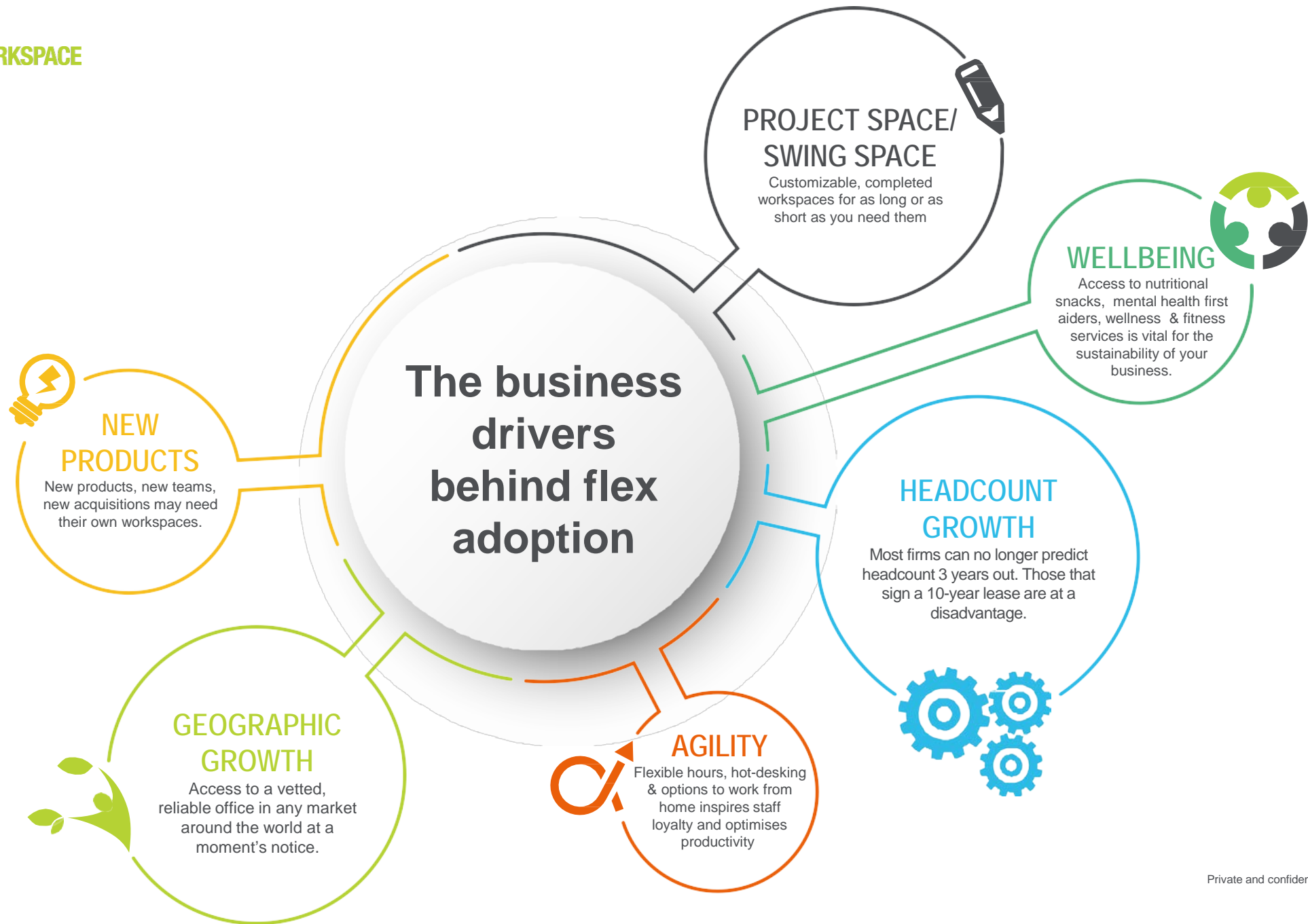
Innovative Real Estate in the Co-Working,
Living, and Gathering Space



Instant
RETHINKING WORKSPACE

Moore's Law meets CRE...





What is the flexible market made up of?



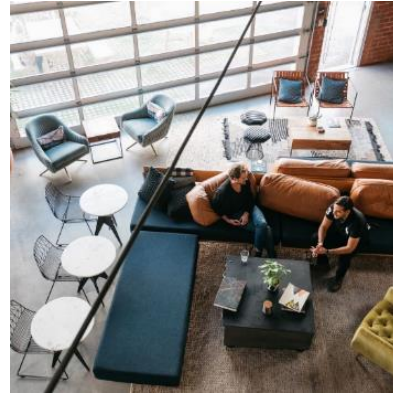
• Coworking

- Coworking spaces involve a shared environment where individuals not employed by the same company work side-by-side, and which is charged on a monthly membership basis.



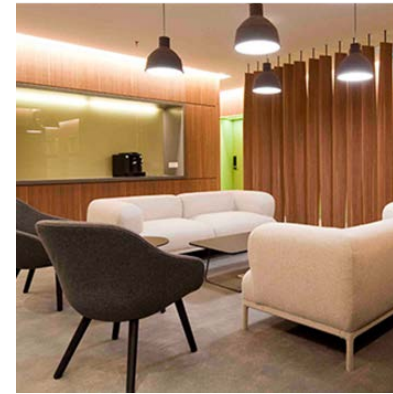
• Serviced Office

- A serviced office is an office that is fully equipped and managed by a specialist operator, which then rents individual offices or floors to other companies on a cost per desk basis.



• Hybrid Space

- Hybrid space refers to an amalgam of coworking spaces and serviced offices in the same office building.



Workspace-as-a-service

Office space that is completely tailored and customized to the client's needs but procured on flexible terms



• Flex Space

- Flexible workspace (or “flex space”) is an umbrella term referring to any type of space outside of the conventional lease market.

RETHINKING WORKSPACE

The Global Flexible Office Market

GLOBAL MARKET SIZE



\$26 billion based on industry revenue



30,000+ flexible office centers

GLOBAL MARKET ESTIMATE BASED ON 29,807 "INSTANT KNOWN" CENTRES

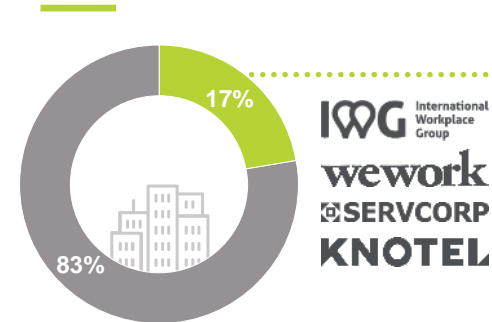


22,400 coworking spaces by end of 2019

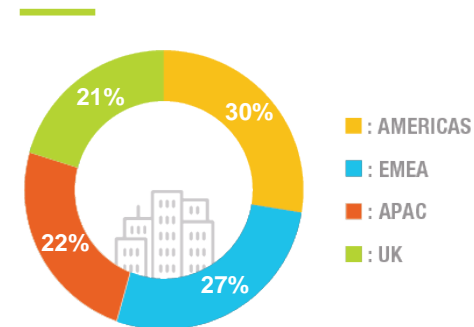


Growth of 15% per annum

LARGEST OPERATORS BY NUMBER OF LOCATIONS



CENTER SPLIT BY REGION



The Global Flexible Office Market

EMEA

OF CENTRES 8,179
OF OPERATORS 4,701

UK

OF CENTRES 6,327
OF OPERATORS 3,237

LONDON

AVERAGE DESK RATE \$844

13% GROWTH

BERLIN

AVERAGE DESK RATE \$618

9% GROWTH

PARIS

AVERAGE DESK RATE \$792

11% GROWTH

HONG KONG

AVERAGE DESK RATE \$659

17% GROWTH

ASIA PACIFIC

OF CENTRES 6,465
OF OPERATORS 3,241

SYDNEY

AVERAGE DESK RATE \$597

13% GROWTH

AMERICAS

OF CENTRES 8,868
OF OPERATORS 4,604

NEW YORK

AVERAGE DESK RATE \$867

22% GROWTH

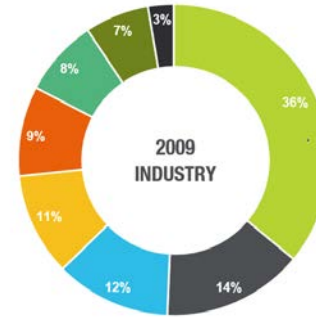
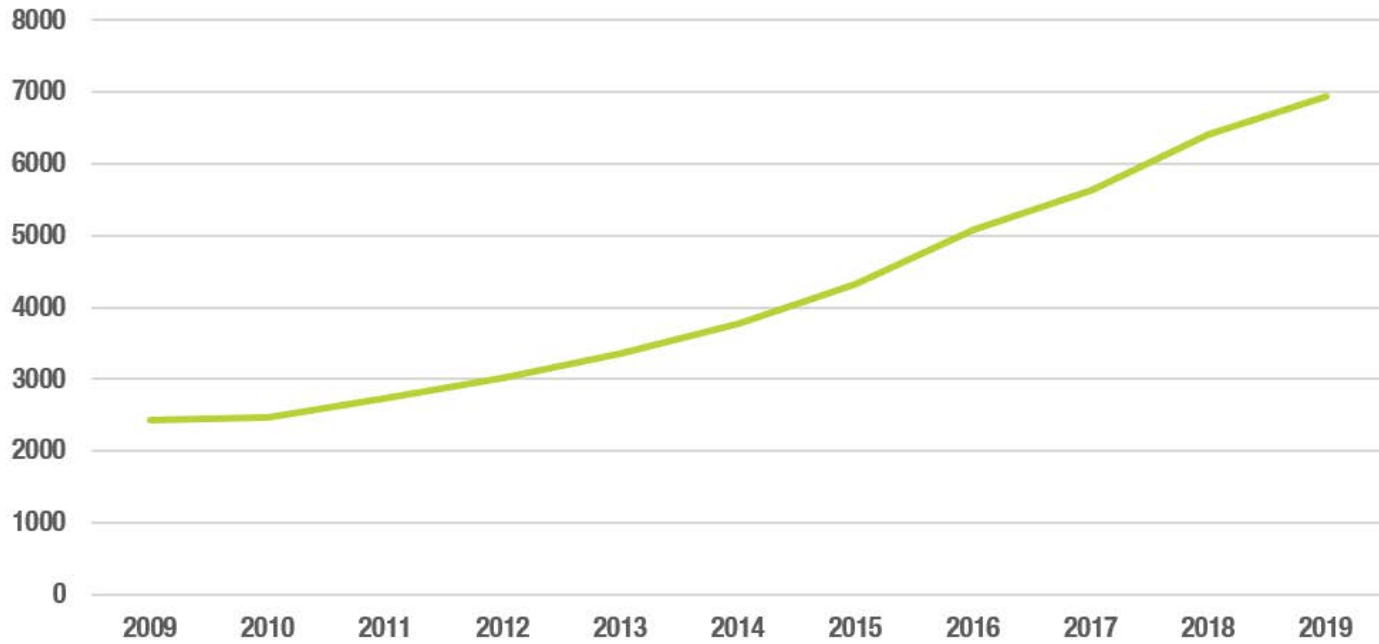
MEXICO CITY

AVERAGE DESK RATE \$314

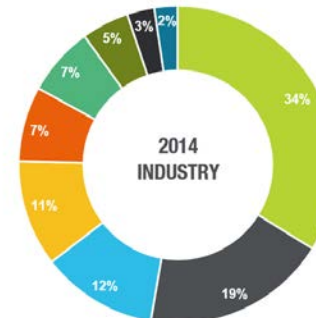
19% GROWTH

The Last Decade

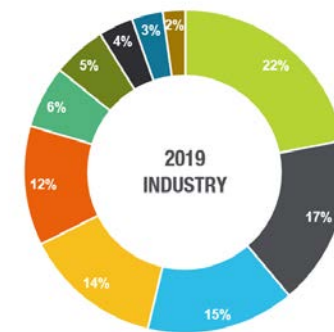
US CENTER SUPPLY



- Financials
- Technology
- Industrial
- Professional Services
- Consumer Services
- Consulting
- Health Care
- Business Process Outsourcing

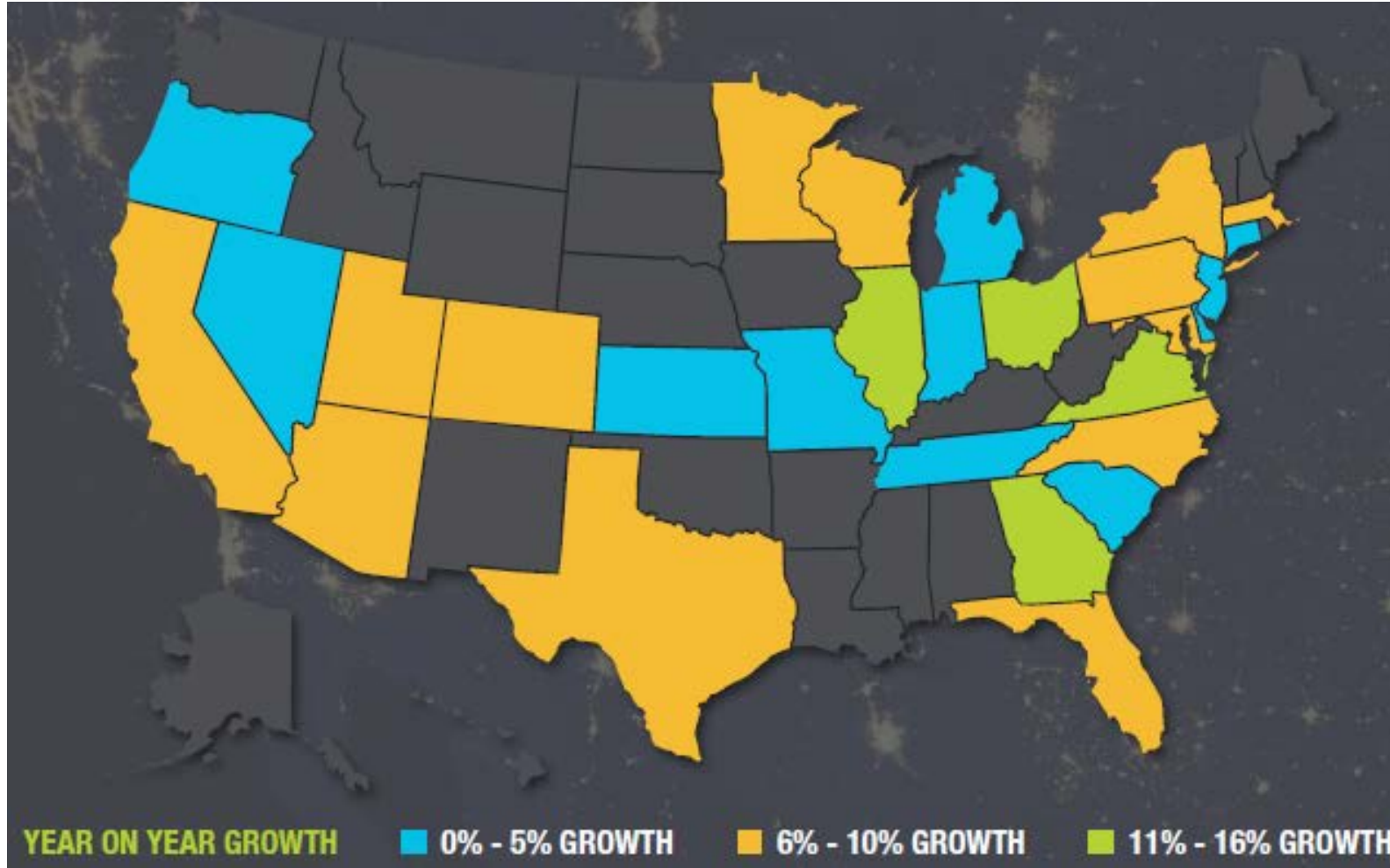


- Financials
- Technology
- Consumer Services
- Consulting
- Industrial
- Professional Services
- Health Care
- Business Process Outsourcing
- Telecommunications



- Technology
- Professional Services
- Consulting
- Financials
- Health Care
- Consumer Services
- Telecommunications
- Consumer Goods
- Industrial
- Business Process Outsourcing

State by State View



In the states that have 30 or more centers (29 states in total including Washington D.C.), we see growth up to 15% with Washington D.C. and Georgia leading the charge.

RETHINKING WORKSPACE

Florida

The average cost per desk in Florida is \$661.



Supply has increased 8% from 2018 to 2019

Florida has 451 flexible office centers



Latin America



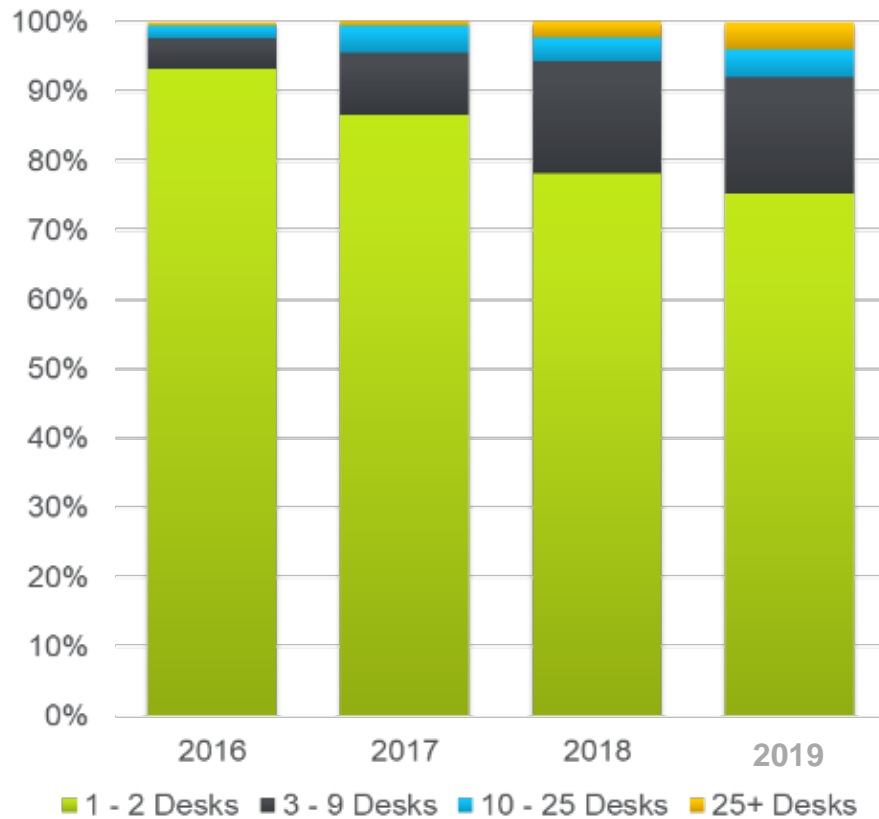
(OCT 2018 - OCT 2019)

COUNTRY	CENTERS	% GROWTH
MEXICO	497	16%
COSTA RICA	35	6%
PANAMA	39	3%
COLOMBIA	173	12%
PERU	64	36%
CHILE	85	5%
BRAZIL	446	7%
ARGENTINA	102	6%



RETHINKING WORKSPACE

The rise of large requirements



In a recent survey **64%** of operators said they expect to see 50+ requirements growing going forward but just **9%** said that this is an area that they can cater for at present

What are our clients commonly looking for when finding office space?

A sub 3 year portfolio that:

Proactively supports their continued growth

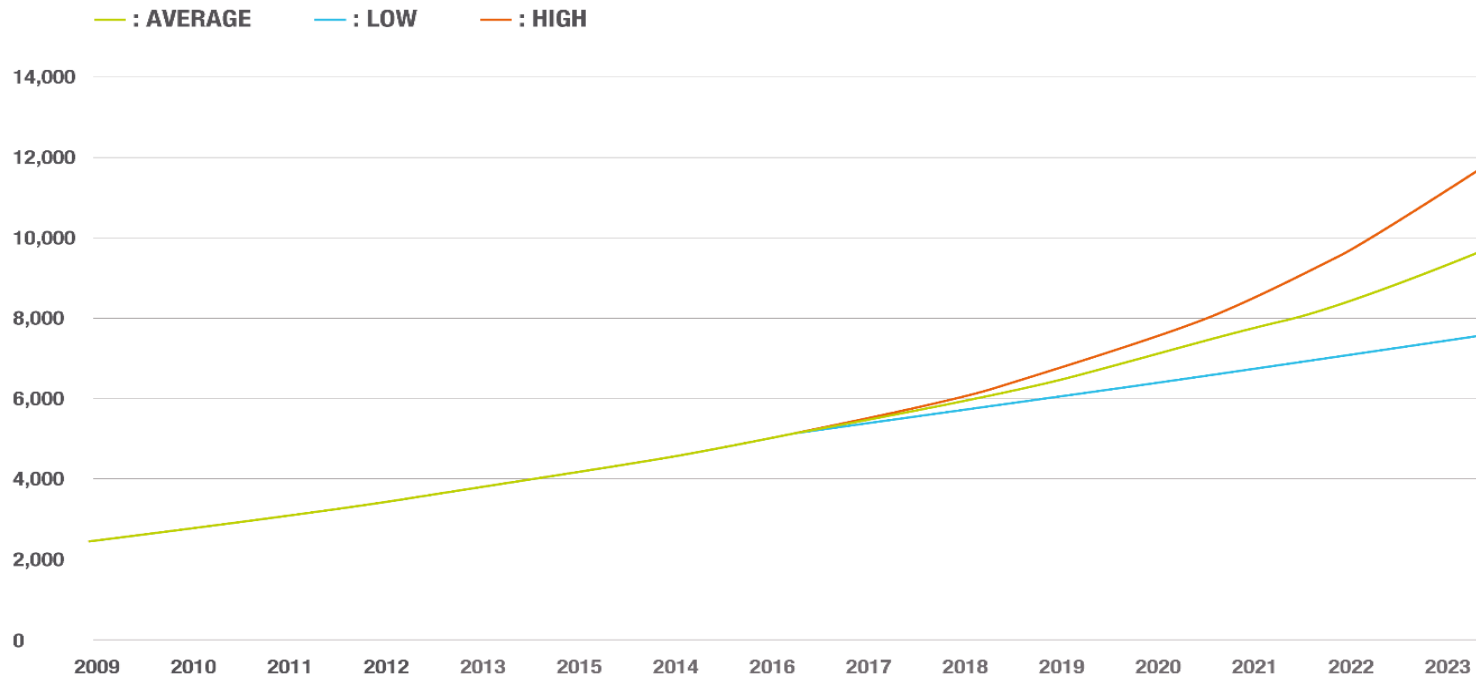
Optimizes speed to market in all regions

Enhances flexibility and occupational efficiency

And that...

- ✓ Delivers best price and best value
- ✓ Compliments the HQ workplace and drive a consistent sense of place to the workforce
- ✓ Drives consistency across brand, systems, access and security
- ✓ Consolidates and simplifies processes
- ✓ Reduces administrative burden
- ✓ Promotes collaboration and innovation

The Next Stage of Growth



On the high end, Instant is predicting almost 12,000 flexible space centers in the US in the next three years.

What will new buildings look like in 2020?

- Large buildings should be;
 - Flexible & integrated
 - Networks that provide a competitive advantage to customers
 - Designed around the customer journey (individual and their business needs)
- Asset managed proactively with a customer mindset and digital demand generation
- Workplace product and amenity services that are cohesive and easy to consume
- Operator / Service Provider / Delivery partner structures in place to manage customer experience and maximize revenue





QUARTERS

CO-LIVING

THE GLOBAL LEADER
IN THE EMERGING CO-LIVING MARKET

QUARTERS COMPANY SNAP-SHOT

- Company founded in 2012. Robust business model tried and tested for over 7 years. Scalability and high growth.
- **Quarters** converts multi-family residential structures to Co-living and/ or aligns with development partners to “purpose build” Co-Living.
- **Co-Living** increases density/rent per square foot – reduces cost to tenant fulfilling the unmet demand.
- **Offer flexibility, convenience and affordability – key drivers to growth.** “Live your Passion” a desire for community and a change in Millennial consumption habits.

- **Quarters** curates a living experience that **combines property technology, design and social interaction** for Millennials and Gen-Z.
- Integrated App software platform **builds community and drives operational efficiency**, customer experience and scalability.
- Seasoned management team – **deep rooted experience, execution strength.**
- Asset light business model, no significant Capex, capture the arbitrage.





**19
CITIES**

**>2,800
ROOMS**

are under lease
to tenants

**9
MONTHS**

average lease
duration

**>20%
PROFIT
MARGIN**

on stabilized portfolio

**4
COUNTRIES**

**>4,000
ROOMS**

additional signed
and committed

**97%
OCCUPANCY
RATE**

on average

**25,000
UNITS**

in the pipeline



PROVEN DEMAND

Co-Living has gained main street prominence. We believe the industry will show **strong resilience** during recessionary periods as it provides an essential service – an **affordable housing alternative**.

“Demand is proven. We believe over the next 5 years significant capital will be deployed toward delivery of (tens) of thousands of more beds across the globe” ...

“Co-Living has past the early stages and is now a fully fledged niche asset class.”

61%

of the population will live in urban areas by 2030, with an increase of 1 billion people.

79MM

millennials in the US.

65%

of the renting population is <35 years old.

40%

are highly educated under the age of 30 and have combined student loan debt & low savings.

74MM

Gen-Z in the US and growing.

7,000

beds is approximately the current global supply for Co-Living.

MILLENNIALS' LIFESTYLE DRIVES CO-LIVING



ENTREPRENEURIAL
•
DIVERSE
•
PROGRESSIVE
•
INDIVIDUALISTIC



DIGITAL
NATIVES



LONELY,
CRAVE SOCIAL
INTERACTION



HIGH STUDENT
LOAN DEBT
•
LOW SAVINGS



FLEXIBILITY &
OPTIONALITY –
FREQUENT JOB
CHANGES



MARRIAGE &
FAMILY FORMATION
DELAYED



LACK OF
AFFORDABLE
HOUSING
•
RENTAL GROWTH
OUTPACING
HOUSEHOLD INCOME
•
INCREASED RENT
BURDENSHP

173MM MILLENNIALS

in US & EU

25MM

Americans live with
roommates +20% in the last
10 years.

**CO-LIVING IS
THE NEW NORM.**

72%

prefer experience over
physical things

(Change in
consumption habits)



WHAT DIFFERENTIATES QUARTERS

TECHNOLOGY PLATFORM

drives scalability

MEMBER APP

drives connectivity and
community – higher rents
less turnover

SOLVED THE VARIABLE-EQUATION

market rent, product appeal,
technology, community.
Quarters brand



GEOGRAPHIC REACH

only Co-Living company that
operates in the US and EU.
Targeting 40 cities US & Europe

EXPERIENCE

Company founded in 2012
– experienced management
team, demonstrated
execution strength














MEMBER ENGAGEMENT

Curate a vibrant living experience

STRATEGIC PARTNERSHIP

with W5 and Corestate

COMPETITIVE ANALYSIS

COMPETITOR	HQ	COUNTRIES AVAILABLE	TOTAL BEDS	LOCATIONS	BUSINESS MODEL
QUARTERS CO-LIVING	Berlin	 US, NL, GER, UK	2,866/6,866	23/52	Asset Light
 common	New York	 US	900	18	Managed Model Asset Light
 SOCIAL COMMUNITIES	New York	 US	683	3	Owner Operator
 THE COLLECTIVE	London	 UK	662	6	Owner Operator
 ollie	New York	 US	651	3	Managed Model
 homefully	Frankfurt	 GER	429	134	Asset Light
 twelve	New York	 US	421	2	Asset Light

Source: Public information December 2018

(Quarters has a total of 2,866 leased beds/6,866 leased and committed beds. Quarters is currently active in 23 locations/52 active and committed locations).

ABUNDANT CO-LIVING CONVERSION OPPORTUNITIES

Disciplined and focused approach to vet suitable conversions – Glo PRA

**BUILDING
CLASS A**

**DEFINED MARKET
40 CITIES LIST**

**BUILDING QUALITY
INTERIOR DESIGN
ADAPTABILITY**

**MINIMAL
CONSTRUCTION
CONVERSION
REQUIREMENTS**

**LOCATION
REMAINS A KEY DRIVER**

**SMART
CONVERSION
TECHNOLOGY
ENABLED**

**BUILDING CAPACITY
40-500 BEDROOMS**

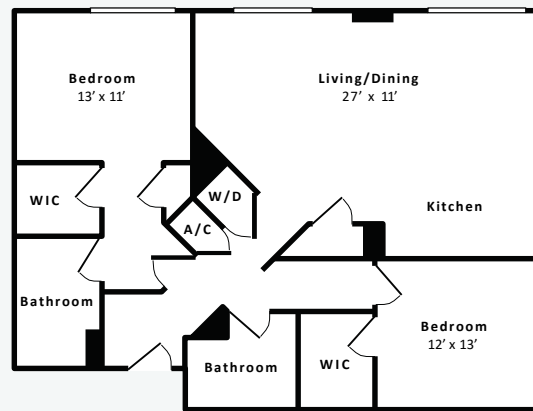
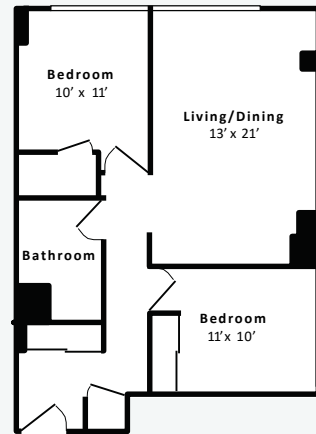
**REGULATORY
COMPLIANCE**

**UNITS
1-5 BEDROOMS**

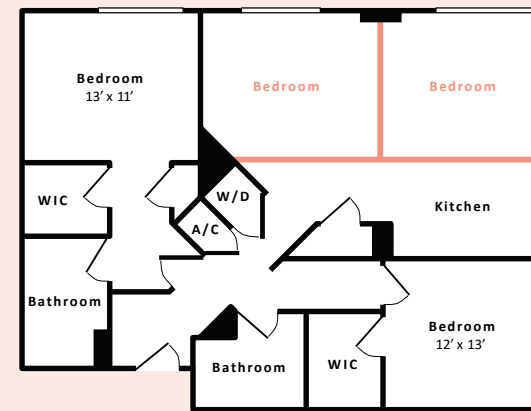
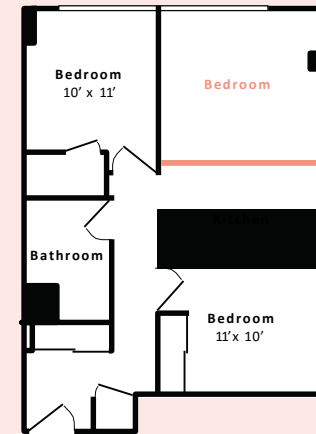


SAMPLE CONVERSIONS - MULTI-FAMILY TO CO-LIVING

CONVENTIONAL LAYOUT

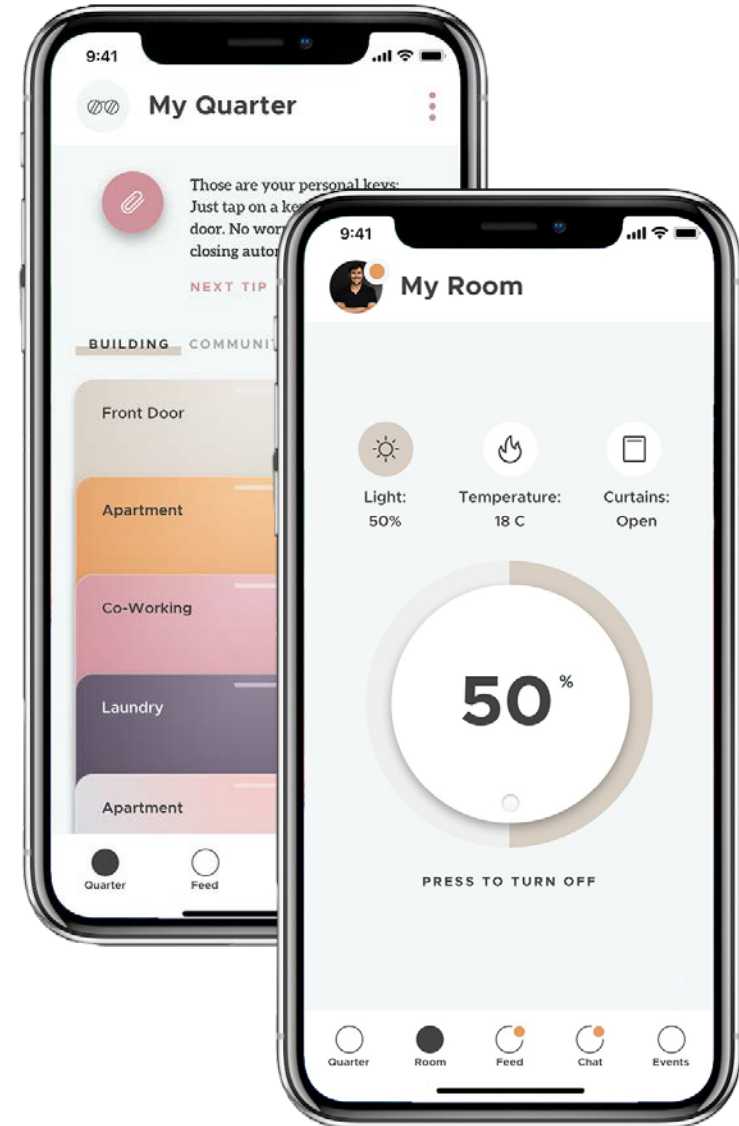


CO-LIVING



OUR TECHNOLOGY ENABLES BOOKING BEDROOMS WITHIN MINUTES AT ANY PROPERTY WORLD-WIDE

- Virtual tours through available units in the portfolio
- Real-time booking through the booking engine
- Digital contract signing & deposit payment
- Move-in 24/7 with no appointments
- Automatic monthly rent payment
- Maintenance support access through the app
- Complementary services booking
- Ongoing property monitoring & security
- Easy deposit pay-out & financial balance check
- Referral program incentivising the marketing of the room once contract expires



BUILDING A GLOBALLY SCALABLE & HIGHLY AUTOMIZED LANDLORD

WEB PORTAL & MOBILE APP

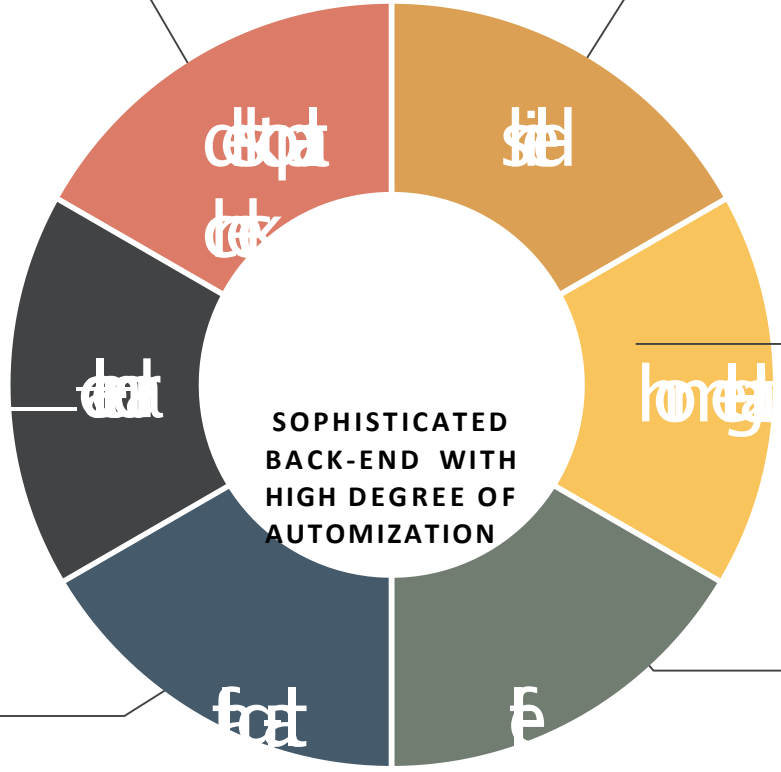
- Fully integrated web portal enables tenants to choose a bedroom based on virtual tours
- No human touch point between tenants and Medici Living Group needed

SCALABLE BOOKING TOOL

- Enables tenants to sign up for a lease around the world as just as easy as booking a hotel room

TENANT MANAGEMENT / CRM

- CRM system allows the tenant and the company to digitally sign and manage their contracts at any time



PROSPECTING & SALES

- Tenants enjoy more flexibility in terms of check-in, payment, damages reviews, access to their contract, bills and the many complementary services

SMART HOME TECHNOLOGY

- Smart home technology enables remote monitoring
- Control of locks, heating, alarms, etc.

DEPOSIT & PAYMENT CONTROL

- Provides an integrated solution for receiving and tracking monthly rent payments

FINANCIAL BENEFITS FOR LANDLORDS AND TENANTS



FOR LANDLORDS

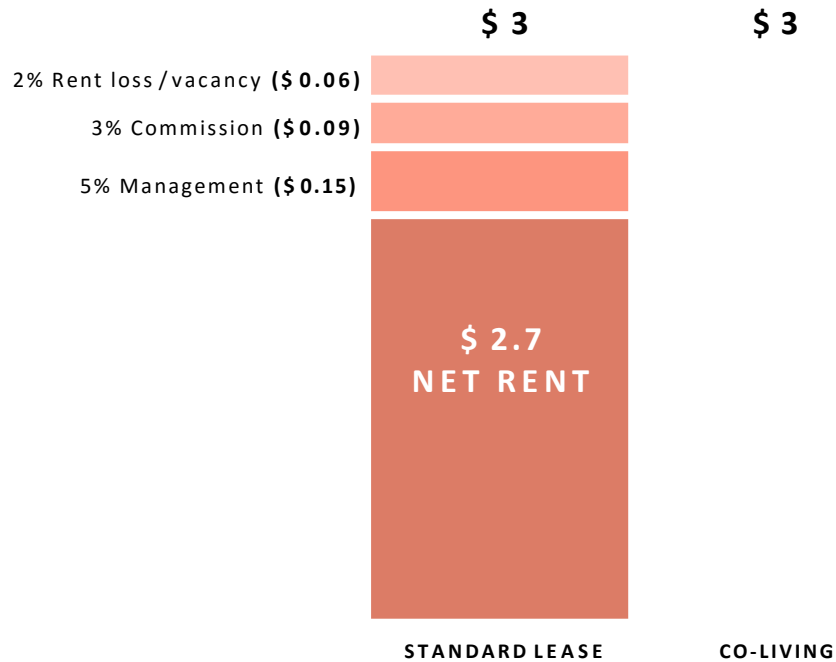
Quarters lease covering all operational expenses resulting in higher net rent/income¹



FOR TENANTS

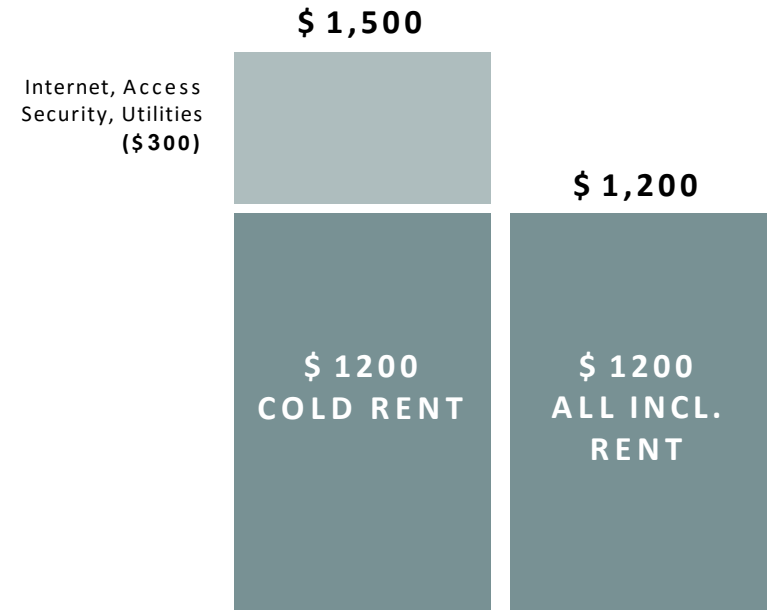
Sharing housing costs saves monthly rent for each tenant²

NET RENTAL INCOME INCREASED BY 11%



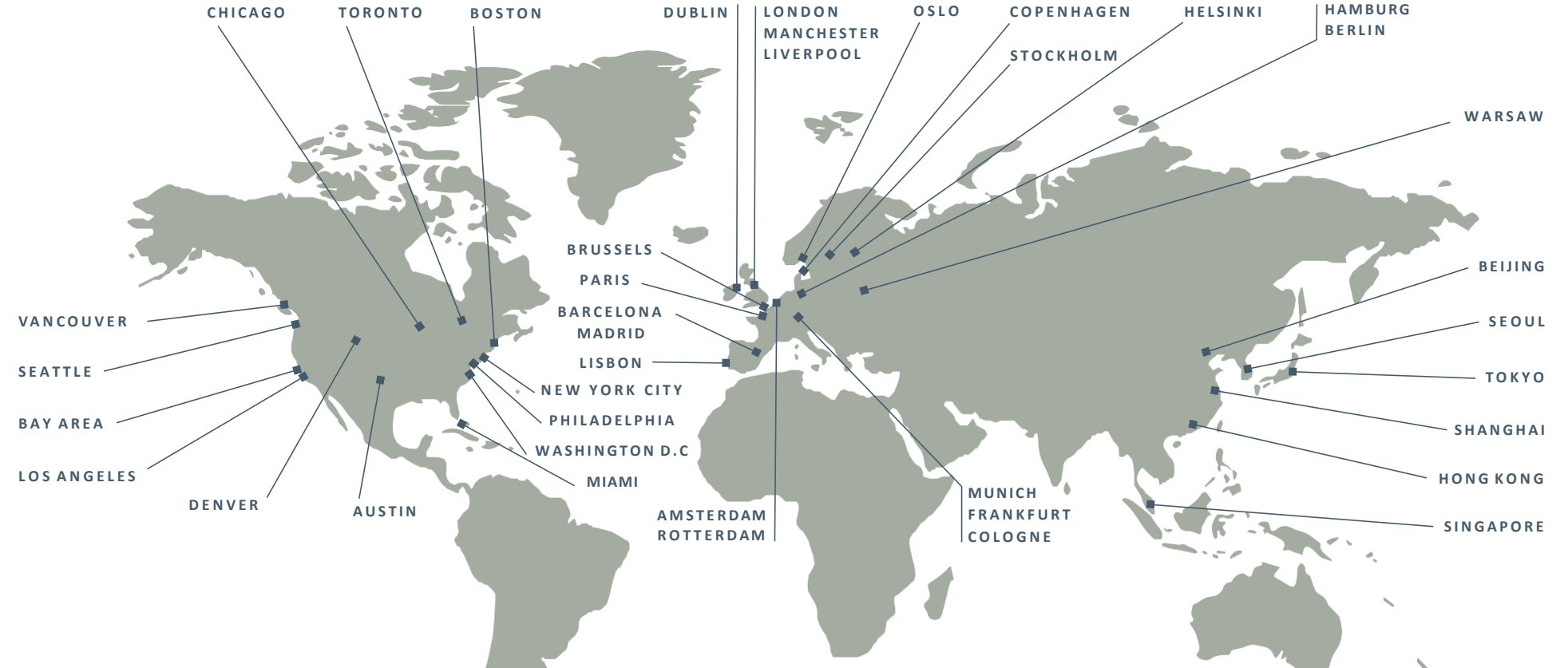
¹Research based on US market – base rent per sqft per month

20% SAVINGS UNLOCKED



² Basis: Studio in US – total monthly housing costs

FUTURE GROWTH WILL BE FURTHER FUELLED BY ADDITIONAL GEOGRAPHICAL EXPANSION



NUMBER OF BEDROOMS	2019	2020	2021	2022	2023
EUROPE	2,080	3,100	5,200	8,800	15,500
NORTH AMERICA	786	1,300	2,400	4,700	9,300
ASIA	-	-	-	2,100	6,200

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Rethinking Workspace.

Founded in 1999, The Instant Group is a workspace innovation company that rethinks workspace on behalf of its clients injecting flexibility, reducing cost and driving enterprise performance. Instant places almost 8,000 companies a year in flexible workspace such as serviced, managed or coworking offices including Amazon, Amex, Barclays, Prudential, Booking.com, Shell, Jaguar Land Rover and Worldpay making it the market leader in flexible workspace.

Its listings' platform "www.instantoffices.com" hosts more than 15,000 flexible workspace centres across the world and is the only site of its kind to represent the global market, providing a service to FTSE 100, Fortune 500, and SME clients.

With offices across the globe including London, Paris, Berlin, New York, Chicago, Dallas, Miami, San Francisco, Hong Kong, Sydney, Singapore and Kuala Lumpur, Instant employs 300 experts and has clients in more than 150 countries. Instant is ranked #28 in the 2019 Sunday Times HSBC International Track 200.

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Instant
RETHINKING WORKSPACE

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