

PURCHASE MEMORANDUM

# BAR WORKS

GET YOUR SEAT IN THE HOTTEST PROPERTY SUB-SECTOR IN TOWN

Last year the US Bureau of Labor Statistics said that by 2020 some “65 million Americans will be freelancers, temps, independent contractors and solopreneurs, making up about 40% of the workforce”.

**Bar Works at Times Square, New York – The latest property from Bar Works the growing work space provider**

**WEALTHBUILDER PROGRAM**  
THE HASSLE-FREE WAY TO  
BUILD WEALTH FAST



**Own a workspace and make up to 16% yearly from rents in a booming market**





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*Bar Works on 39th Street, Manhattan.*



# LETTER FROM THE DIRECTORS

## DEAR INVESTOR,

Work space units/serviced offices are now the fastest growing sub-sector of the commercial property market in cities around the world. Bar Works Inc. has been established to exploit what the founders believe to be a true gap in that market.

We believe we have identified two key flaws in the current work space product – accessibility and cost.

In Central Manhattan right now, for example, anyone wanting a work space has to book up a month in advance – often more – because the demand is so great and supply relatively limited.

Big firms such as WeWork and Regus have millions of square feet of work units in Manhattan alone, and are charging not less than US\$600 a month for their use, and they are still fully booked. But on top of that, all providers are hitting their customers with monthly service costs as well – for basic services such as internet access and phone calls, copying and faxes. Such ‘extras’ can push monthly work space costs up by over 50%, and many users find themselves paying US\$700 upwards.

We know this to be the case because the founders of Bar Works Inc. have over 20 years’ experience of using temporary work and office units in cities around the world, and we have the bills to prove it!  
For many entrepreneurs, freelancers and contract workers such hefty ‘service’ charges can be a real shock, and the difference between financial success and failure.

In response, our Bar Works model offers members a fixed monthly all-in fee of not more than US\$600 at the two sites in Manhattan that we already have under lease.

And here’s the next big difference Bar Works will make. We are picking up sites that already have full restaurant and bar licenses, so we offer our members full entertaining/event facilities that most other work space offerings just don’t have. So our members will get discounted beverages too, and all in one place.

These former catering sites also have another big advantage – on street frontage and accessibility. Combined with the fact that we will have capacity for ‘passing trade’, this means Bar Works will be a very visible and easy to access brand.

We are eager to roll out our model as fast as possible, and in many other major cities. We and our real estate advisers are already checking out sites in Boston, Chicago, London and San Francisco.

We opened our first Bar works in October 2015 at 47 W 39th Street, Manhattan. This property is already profitable.

Our Second Bar Works is due to open in February at 41 W 46th Street, Manhattan, located near the famous Times Square.

**Bar Works’ Wealthbuilder Program is the brand owned by Bar Works Inc. in which investors can purchase their own workspace on a 10 year lease and lease this back to Bar Works Management Inc. (Its wholly owned subsidiary) for a fixed rental income.**

Bar Works launched in October 2015 offering a limited number of leases to investors in its first location. The response to this investment was tremendous and as a result all the available leases were sold by December 2015.

Bar Works is releasing further workspaces from its latest location located in Times Square. We are also offering our investors a life-time Worldwide membership to Bar Works, which will allow you to use any Bar Works in our growing network.

Bar Works itself has just completed its first round of equity fund raising where we raised \$1.5m. This will allow Bar Works to continue the rollout of new venues without the requirement of additional capital.

This Purchase Memorandum sets out our offer to investors who are looking for solid, double-digit income returns over the next decade. Thank you for your time in considering this proposal, and we look forward to you joining the Bar Works network!!



**Jonathan Black**  
Chief Executive, Bar Works Inc.

# KEY PARTIES

<b>Company Name:</b>	Bar Works, Inc 47W 39th Street New York 10018 USA
Website of the Company:	<a href="http://www.barworks.nyc">www.barworks.nyc</a>
<b>Management Corporation:</b>	Bar Works Management Inc. 41W 46th Street New York 10036 USA
<b>Attorney:</b>	Thompson Bukher LLP 369 Lexington Avenue New York 10017 USA
<b>Property Attorney</b>	Reznick Law 900 Third Avenue, 17th Floor New York, NY 10022 USA
<b>Bankers:</b>	JP Morgan Chase Columbus Circle New York City New York USA
<b>Auditor to the Company:</b>	ProTax Center 1312 Kings Highway New York 11229 USA



*Bar Works on 39th Street, Manhattan.*



# WEALTH BUILDER PROGRAM EXPLAINED

After the success of the first Bar Works lease program the company has acquired a second venue, located in New York's, famous Times Square. Bar Works is again only releasing a limited number of workspaces to investors.

The Bar Works Wealth Builder Program allows investors who are seeking income combined with capital appreciation the chance to purchase a 10-year lease on workspace units in Manhattan's Times Square on a fixed rental including the benefit of any rent increases derived from the lease.

The units available will be amongst those set aside for full-time and long-term members of Bar Works Inc. who will pay US\$600 per month all-inclusive for their use.

The cost of each work space is US\$25,000, plus you receive a free life time worldwide membership to Bar Works.

	Premium	Monthly Rent	% return per year
Single Workspace	\$25,000	\$292	14%
Wealth Starter (2 workspaces)	\$50,000	\$625	15%
Wealth Accelerator (3 workspaces)	\$75,000	\$969	15.5%
Wealth Builder (5 workspaces)	\$125,000	\$1,667	16%

The Wealthbuilder Program has been structured to maximize your income and capital.

We do not encourage the purchase of single units as by purchasing multiple units your rental income and returns increase.

All income payments will be paid monthly from the point of investment – so you start receiving income just 14 days after taking up this offer. You will see a steady flow of income for the whole time you hold your lease.

In addition, Bar Works Inc. has an option to buy back your lease at 125% of initial cost – i.e., US\$31,250. However, Bar Works Inc. will offer the right to buy back at that level at any point after the second anniversary of investment. In addition at the end of the lease term there is a reversionary interest which pays back the investor the sum of their initial investment.

**Bar Works Inc. will also offer a matched bargain facility where leaseholders can sell their lease units at any time if required – and perhaps buy more too!**

*Bar Works on 39th Street, Manhattan.*



# INTRODUCTION: THE BUSINESS MODEL FOR BAR WORKS INC.

The founders of Bar Works Inc. believe they have identified two key flaws in the current inner city work space model – accessibility and price.

None of the current work space operators offer an easy access facility, their premises usually requiring pre-booking. In major city centers, and particularly in New York, facilities are almost always booked up for at least a month or more in advance.

Costs of using space with all operators are also not limited to a monthly rent. Phone, internet and other services are generally extra costs, and can raise the monthly bill by as much as 50% or more.

In addition, competing work space locations do not have full catering and alcohol licenses, so that their users are forced to eat and entertain elsewhere. The Bar Works model means that members can use the premises for all their business-related needs, and network much more effectively in comfort and in contact with their data and resources.

Bar Works work spaces have a unique vibrancy, based on people rather than simply on architecture or décor making these venues ideal for events and networking. Bar Works has already held a number of successful Meet Ups ([www.meetup.com](http://www.meetup.com)) which as well as charging a fee ensures there is a regular flow of people to Bar Works who in turn take up membership.

Bar Works also promotes itself heavily online featuring on a number of websites which has also attracted membership including [www.liquidspace.com](http://www.liquidspace.com), [www.instantoffice.com](http://www.instantoffice.com), [www.loopnet.com](http://www.loopnet.com) and [www.getcroissant.com](http://www.getcroissant.com)

Bar Works continues to promote its brand to ensure a continual flow of members and to promote public awareness. It has recently entered into

an agreement to promote its brand at the largest office supplies retailer Staples in its number one US store in Union Square. Please see below one of the joint promotions which Bar Works is offering its member base in return for promoting Bar Works in store where there are over 4,000 shoppers a day. This constant promotion has ensured that the first unit that Bar Works has opened is already profitable

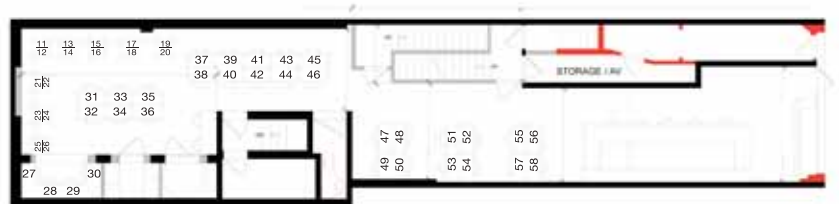
Services available for each monthly membership payment will include the following:

- Free internet
- Free photocopying
- Free phone connection and national calls
- Free meeting room use (subject to pre-booking and availability)
- Free networking
- No notice period
- No deposit

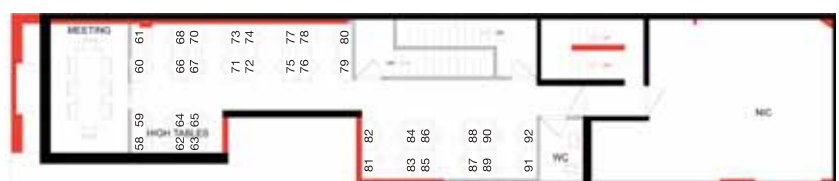
## FLOORPLAN OF BAR WORKS TIMES SQUARE



Basement



First floor



Second floor

*Bar Works on 39th Street, Manhattan.*



- Free coffee
- Heavily discounted alcoholic drinks (beer and wine licenses)
- Free subscription to The Search
- Free technical support
- Free fax

Bar Works offers a Limited Membership or Full Membership and Virtual Office options. For example, at the West 39th Street facility there is a capacity for approximately 200 members, with 64 permanent work spaces (usually for full members), 134 flexible spaces (for part-time and temporary members) and 50 additional spaces for virtual office/ad hoc/per day usage.

The new Times Square venue Bar Works will have 75 permanent work spaces with capacity for 220 members .

**“An energizing environment is rare to find in a co-working space. A trendy building or beautiful architecture doesn’t make the atmosphere. The people do. The best way to encourage that energy is through our bar environment. You will get a real opportunity to network with your fellow entrepreneurs. Many of the good ideas are generated in such surroundings and this atmosphere is present 24/7.”**

*Bar Works on 39th Street, Manhattan.*





# BACKGROUND – CHANGING WORK PATTERNS

Last year the US Bureau of Labor Statistics said that by 2020 some “65 million Americans will be freelancers, temps, independent contractors and solopreneurs, making up about 40% of the workforce”. Similar trends can be seen in other developed and developing economies, and this suggests that demand for work spaces will continue to rise in the coming years around the world.

In addition, the latest issue of the Harvard Business Review (HBR) reports that large corporates are also now encouraging their employees to use remote co-working spaces because of the benefits all companies and workers can derive from the model.

HBR says:

**“There seems to be something special about co-working spaces. As**

**researchers who have, for years, studied how employees thrive, we were surprised to discover that people who belong to them report levels of thriving that approach an average of 6 on a 7-point scale. This is at least a point higher than the average for employees who do their jobs in regular offices, and something so unheard of that we had to look at the data again.**

**It checked out. So we were curious: What makes co-working spaces – defined as membership-based workspaces where diverse groups of freelancers, remote workers, and other independent professionals work together in a shared, communal setting – so effective? And are there lessons for more traditional offices?”**

HBR cites several examples of how employees of large corporates are using the co-working model, including using actual remote work spaces. (<https://hbr.org/2015/05/why-people-thrive-in-coworking-spaces>). And the journal concludes that co-working spaces enhance success for three main reasons: people who use co-working spaces see their work as meaningful; they have more job control; they feel part of a community.

Thus, the work space model is now also serving a growing number of major corporates as they realize the benefits it brings in terms of worker wellbeing and productivity. And whilst many big corporations may decide to refit their own offices to copy the model, they also seem to be active in co-working memberships for their staff.

The work-life balance appears to be shifting for employees as well as the self-employed.



# MARKET FOR TEMPORARY WORK SPACE – THE ‘HOT WORK SPACE’

Whilst the changes in how and where people work are behind the huge success of companies such as Regus and WeWork, it looks likely that there will be many more such success stories from every continent in the years ahead. (Market leader WeWork raked in revenues of US\$150 million (£96 million) in 2014, and is taking its US model to Europe and the Middle East.)

Globally, the co-working business is in a major uptrend. According to industry tracker Deskmag.com, flexible working spaces around the world grew five times during 2010-13. That’s just three years.

In its most recent published report (2014), Deskmag.com also said that:

**“Seven out of ten co-working facilitators report that the availability of desk space in co-working spaces can’t keep up with the public’s demand in general. The current need for co-working spaces outweighs the availability of vacant spots. Taken as a whole, the co-working economy has paralleled this positive outlook, with more than one in two co-working spaces planning to expand in this year alone. Success stories with this kind of market value are few and far between. Compared to co-working, many other industries see less growth on average.”**

In India, for example, the India Times reported this summer that, “With the blossoming of India’s start-up ecosystem, entrepreneurs are not the only ones making big business - so are the people running the spaces they work out of. Co-working spaces, which are growing in demand by the day, are proving to be a profitable and even scalable venture.”

Deskmag.com has also highlighted another trend within the industry, and reported that “more co-working members are switching workspaces”

**“When we last took our survey, 80% of co-working professionals were still at their first co-working space; this time around, that number dropped to just under 70%. More people were also likely to return to their first co-working spaces. There was one exception, however, which significantly increased the frequency of co-working traffic from one space to another. Whereas in the past, co-workers normally remained loyal to their first ever co-working space (even to those with poor ratings), future estimates show that the probability that people will stay put in unsatisfactory work spaces will be much lower.”**

Thus, an element of competition is entering the work space provision market, and end users are becoming more selective about the facilities and

support they want – and they may well be becoming more cost-conscious at the same time.

For work space operators this means a more varied and differentiated offering is needed, even though a key factor for operators is that they keep property and renovation costs under control. This is more easily achieved in countries where property can be leased on long-term contracts and there is good competition in the refit and renovation market.



*Bar Works on 39th Street, Manhattan.*



# SUMMARY OF THE BUSINESS MODEL: BAR WORKS INC.

To provide both a differentiated offering in the work space market, and to keep set-up costs down, Bar Works Inc. has focused on acquiring long-term leases to premises which already have full restaurant and bar licenses as well as under-utilized space.

In addition, in what is anticipated to become an increasingly competitive market, Bar Works Inc. offers its customers an all-inclusive, no deposit fee structure. This aspect of the Company's model is inspired by the long-term experience of its founders, who between them have more than 20 years' experience of using flexible work space in leading cities around the world.

"Too many work space providers hit users with extra charges each month – for phones, internet charges etc. – and

that can be both annoying and damaging to entrepreneurial people. If you are starting a new venture, or working on a fixed price contract, the last thing you need is a big surprise at the end of the month. And some of the surprises can be really big, pushing total space costs up by more than 50% in our experience.

It is time for the work space industry to be more transparent in what it offers and what it charges, and we believe the fixed cost, no deposit model is one that we can make work, and which will have real appeal amongst freelancers, contract workers and others wanting work space in city centers", says Bar Works Inc.'s Chief Executive, Jonathan Black.

The first Bar Works which opened in October 2015 is already profitable and

has attracted members through both word of mouth and various marketing initiatives. It is clear that Bar Works is providing a unique offering in a market which offers very little differentiated product and where there are no Main Street brands except Wework.

Features of the Bar Works model include:

- 1) No deposit and members can leave at any time after the completed month paid for in advance, so no notice period either.
- 2) Networking. 'Happy Hour' is the best time to meet other co-workers, and Bar Works' venues holds a 'Happy Hour' Monday to Friday from 6pm-8pm..
- 3) Events. Bar Works hosts a busy schedule of events with guest speakers each month.

On the costs side, Bar Works Inc. focuses on sites where long leases are available and with pre-set rent review clauses, so that the Company knows exactly what its biggest single outlay is be in the years ahead. Design and refurbishment will also be done on fixed price contracts to avoid large budget overspends.

Staff costs are lower (as a percentage of costs) than for other work space providers due to the multi-function/discipline of the staff.

The Company's plans for expansion include at least eight further sites in New York City, to ensure a recognizable brand within the city, as well as a spread of convenient locations for members. Directors of Bar Works are already researching available and suitable sites in San Francisco, London and elsewhere, with the aim of taking the total number of Bar Works' properties to not less than 15 in the next three years. The Directors and their real estate advisers believe the potential for growth in the Bar Works' portfolio to be substantially higher.





# SUMMARY OF THIS OFFER

Bar Works Inc. has created a more vibrant, accessible and usable work space environment for a variety of user needs – the freelancer, contract worker, entrepreneur and travelling executive. At the same time, the Company will exploit niche venues with full bar and catering licenses in selected and ‘hot’ districts of cities in the US and elsewhere.

The Bar Works model also offers customers a clear and inclusive fee structure – with no hidden extras. The Directors believe this to be another key differentiator of their business model, since established work space providers place additional monthly charges on

their customers even for the very basic services of telephones and internet access.

Because Bar Works Inc. expects to expand its model rapidly across several major international cities, the Company is willing to sub-let a limited proportion of work spaces via 10-year leases to investors in order to raise additional expansion capital.

In this Purchase Memorandum investors have the opportunity to invest on the following terms:

1) Purchase a workspace on a 10-year lease in Manhattan’s Times Square one of

the prime real estate spots in the world. Select from three options under the Wealthbuilder Program where you can receive returns of up to 16% per year.

2) Purchase price starts at \$50,000 for the Wealth Starter which consists of two workspaces and a return of 15% per year..

3) Income payable monthly from point of purchase – i.e., first income received 14 days from point of purchase completion.

4) Participation in one of the fastest growing commercial property subsectors in the US and overseas.

**BAR WORKS**

**Wealthbuilder™ Program**  
The hassle free way to build wealth fast.

- › Up to 16% return p.a.
- › 25% capital growth potential
- › Prime location investment - Manhattan NYC
- › Hassle free - armchair investment
- › World class product
- › Fast growth industry

Program	Workspaces	Price Range	Return
Wealth BUILDER PRO™	5 Workspaces	Just \$275k or £160k	16% p.a.
Wealth ACCELERATOR™	3 Workspaces	Just \$75k or £50k	15.5% p.a.
Wealth STARTER™	2 Workspaces	Just \$50k or £33k	15% p.a.



W 41 46<sup>th</sup> St  
Sidewalk\_Proposal

5) Bar Works, Inc has completed a round of equity funding which allows the company to expand without the need for further outside equity.

6) The lease has a reversionary interest which pays the investor the sum of their investment at the end of the lease term.

7) The Company offers the option to buy back leases at any time after the second anniversary of purchase at a 25% premium.

8) Matched bargain trading facility will be available to allow earlier exit from the investment, with all income rights transferable and attaching to each lease.

9) Full documentation and title provided for each work space unit.

10) Lifetime and Worldwide membership of Bar Works' network of venues.



# APPLICATION FORM

### HOW TO APPLY

You are required to complete the application form. In addition you will also be sent two agreements which will require signing once there are cleared funds. The first is the Lease Purchase Agreement which is your purchase of a sublease from Bar Works, Inc. The second is the lease agreement you have with Bar Works Management, Inc. (a wholly owned subsidiary of Bar Works, Inc.) which is the company that will enter a lease with the investor and manage the workspace and pay the rentals.

### PLEASE RETURN COMPLETED DOCUMENTS TO:

Bar Works Inc.  
47W 39th St  
New York  
10018  
USA

### PLEASE SEND YOUR WIRE TRANSFER TO:

Bank Name: JPMorgan Chase Bank  
Bank Address:  
Broadway and 61st, New York,  
New York, 10023, USA  
Account Name: Bar Works Inc  
Account Number: 790961622  
SWIFT: CHASUS33  
Routing Number: 021000021  
Address: Lincoln Center, New York,  
New York, 10023, USA.

### BAR WORKS INC. – PURCHASE SUMMARY

Wealthbuilder Program options:

**Wealth Starter – 2 units - \$50,000**

**Wealth Accelerator – 3 units - \$75,000**

**Wealth Builder – 5 units - \$125,000**

Select Option: .....

Total \$ amount to be remitted: .....

INCOME PAYMENT DETAILS – payments direct to:

.....  
.....

Bank: .....

Sort Code/SWIFT: .....

Account Number/IBAN: .....

Routing No (US): .....

Or by check to: .....

### CLIENT INFORMATION

Name: .....

Address: .....

.....  
.....

Telephone: .....

Email: .....

Signature: .....





*Bar Works on 39th Street, Manhattan.*

# BAR WORKS

## Wealthbuilder™ Program The hassle free way to build wealth fast.

- Up to 16% return p.a.
- 25% capital growth potential
- Prime location investment - Manhattan NYC
- Hassle free - armchair investment
- World class product
- Fast growth industry

**Wealth BUILDER PRO™ 16% p.a.**  
5 Workspaces  
Just \$125k or £83k

**Wealth ACCELERATOR™ 15.5% p.a.**  
3 Workspaces  
Just \$75k or £50k

**Wealth STARTER™ 15% p.a.**  
2 Workspaces  
Just \$50k or £33k





Bar Works, Inc  
47W 39th Street  
New York  
10018  
USA  
[www.barworks.nyc](http://www.barworks.nyc)