

Q & A

1. What spurred the decision to create a real estate crowdfunding platform?

Well, I love financial technology (fintech) and I think that I've been waiting for fintech to marry real estate development investment and that's what real estate crowdfunding ultimately is. So, I have been looking for this opportunity for a very long time but haven't seen or come up with what I thought was a good solution. Now, I certainly think this is the solution moving forward.

I think that from a real estate investor's point of view, it's very frustrating if you don't have tens of millions of dollars to do deals and generally, most people might want to invest into real estate once or twice in their lifetime by buying their own house. However, they may not have enough cash to buy one.

So, what we're doing is breaking down into much smaller shares so you can diversify your investment portfolio and also be part of very large investment projects with great returns.

Large developers have large money, great bank financing, the best sites in town, the best teams, the best professionals, so we believe there should be a position for investors of all sizes, not just the guy who has USD50 million.

Developers too get a whole new diversification of capital; they get publicity for their project; and the technology handles all of the paperwork and all of the previous headaches of having a lot of investors on board. Everything's monitored, updated, clear and transparent by the use of the website.

Unlike private equity where everything's private, crowdfunding really puts all the information out there, so it reduces the elements of developers being able to run away with the money. The transparency behind it all is really a whole new approach to this type of investing.

2. In one of your interviews, you mentioned that Asia is about 7 years behind the US in the practice of crowdfunding. Why did it take so long to catch on?

I think it's a combination of a few elements and one of the elements is the technology issues. Smartphones have only started to dominate throughout Asia 7- 10 years ago. Five to 7 years ago, there were almost zero start-ups. A lot of things are happening, all in a positive way but I think it won't take us seven or eight years to catch up. I think we'll catch up in about three.

Some emerging markets have leapfrogged from landlines to smartphones; and they have the fastest internet on the planet. So, I can get faster internet in Sri Lanka than I can anywhere in the developed world, and it's much, much cheaper. Regulations is another big issue.

3. How has crowdfunding changed the real estate investment landscape in Asia?

At the moment, very little because it's brand new. It's very, very early days. The number one change is access. You'll have a lot more people able to access deals that have been previously out of their reach. And you can much more easily invest across different countries and across borders because you're being guided through that by the platforms that have outlined how to do this, where there's a clear description of the taxation and the legal ramifications of the investment if it doesn't work as planned. If people are going to do a bad deal, it will be the end of them forever. They will be tracked down across social media platforms, and their businesses and reputation will be destroyed.

4. Which are the Asian countries currently in the lead?

If you look at the regulations as the number one roadblock, Malaysia's just issued six equity crowdfunding licenses. Thailand is also about to do the same. Singapore looks like they will embrace equity crowdfunding. I think that in the whole Asia-Pacific region, New Zealand changed their laws to implement crowdfunding rules so as to positively support the growth of the new industry. As a result, they are way ahead.

If you don't do that, then the platforms will gravitate towards the countries that do support the business model, so in my mind, it's inevitable that over the years, you'll see every single country change their regulations to support crowdfunding.

Even China's doing it now. They're very supportive. Beijing wants more individuals to fund and more businesses to start. They want more businesses to create more jobs and more taxes, as well as to take the burden off the state and off the banks.

5. How many projects have you successfully crowdfunded so far?

Two residential projects in Sydney. We have projects listing now in Brisbane and Melbourne. London is up and coming and we have a deal going on in New York. So, Sydney, London and New York have 95% of our focus.

6. Could you name us some of these projects?

The Sydney apartment was the renovation of the old Wrigley's chewing gum factory into 99 loft apartments. The other Sydney project is a greenfield site for the development of 123 one and two-bedroom units. The Brisbane site includes a 58-apartment residential, and a development approved for 298 apartments. In London, we have plans for 80 apartments. We're looking for the biggest projects in town by the best developers. We're not interested in small projects as we think they're too risky.

7. Any plans for Asia?

Yes, we have a lot of plans for Asia. We're looking at some Singaporean and Malaysian projects. We are very cautious of finding trustworthy, transparent developers with good projects. Asia's always had a problem where you either have very large developers with no need for any capital, or we have much smaller developers where there are a lot of questions around their ability to execute.

You also have very difficult foreign ownership structures in a lot of these countries as well. On the other hand, markets like Hong Kong and Singapore have very clear rules and regulations, transparency, and protection for investors. The problem is, you need huge money to do a small deal and the returns are small, flat or looking like they're negative for the next couple of years.

So, there's a lot of things to look at when assessing a market. So, our first phase of the business is developing in developed and sought-after locations and then as we grow, we will add deals in Asia for Asians, as well as foreign investors.

8. Asia has been experiencing an explosive growth in real estate crowdfunding lately. How do you set yourself apart from other crowdfunding platforms?

Size, location and quality of projects. We're now focusing on the best international cities in the world for our Asian investor base. We need to know people there. I'm from Sydney. My partner's from America - she's a real estate lawyer. We've got strong contacts in London. So, that's the key difference-we're not offering people small shares in small projects; we're offering them shares in the best deals on the street. We also have a lot of large investors that we work with that bring huge resources to the table both in terms of funds and projects' due diligence, as well as the projects themselves. ■

