

LIMITED EDITION

INVESTMENT STRATEGIES FOR GLOBAL REAL ESTATE

How to make **BIG** money
with **SMALL** capital?



24

MAXSHANGKAR
Author / International Real Estate Investor / Speaker / Advisor

Dear Tun Dr. Mahathir,

Thanks for your contribution
to the nation developments
& being the role model of

GLOBAL LEADER

with Love,

Max

4/4/2015

WYSK

AUTHOR'S BIOGRAPHY



MAXSHANGKAR

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He is the founder and C.E.O. of Max Capital Management Group of Companies, providing specialised corporate advisory services and strategic planning for both local and internationally renowned property developers, marketing and sales strategies for real estate agencies, agents, private equity companies and high net worth investors for global real estate investment.

He currently handles several portfolios comprising Malaysia, Hong Kong, Germany, Canada, U.S., UK, New Zealand, St. Kitts, etc. with a combined GDV of more than USD500 million. He is also a regular speaker at many private investment seminars to high net worth investors, property seminars, conferences and exhibitions.

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“How you do anything, is how you do everything!”

PUSTAKA PERDANA

- T. Harv Eker -



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“Real estate investing, even on a very small scale, remains a tried and true means of building an individual’s cash flow and wealth.”

- Robert Kiyosaki -

DEDICATION

This book is affectionately dedicated to:

My late father, **Chandra**, who taught me to be a resilient and robust man.

My mother, **Pang Seow Pong**, who has been a role model to me on being a better person who generously share knowledge with others.

My siblings **Ramesh** and **Karla**, who have been ardent supporters of my venture.

My supportive partner, **Twiggy Low**, who is my constant and continual source of support and encouragement.

Choo Kok Choy who trained me to be a competitive bodybuilder for Mr. Selangor and Mr. Malaysia in 1999.

Mr and Mrs Wong Chew Wah and fellow **Elkenians**, who supported me during my earlier Elken network marketing business.

This book is also dedicated to all the dream fighters out there...

Winners Never Quit, Quitters Never Win!



Riding bike to work



With beloved mother



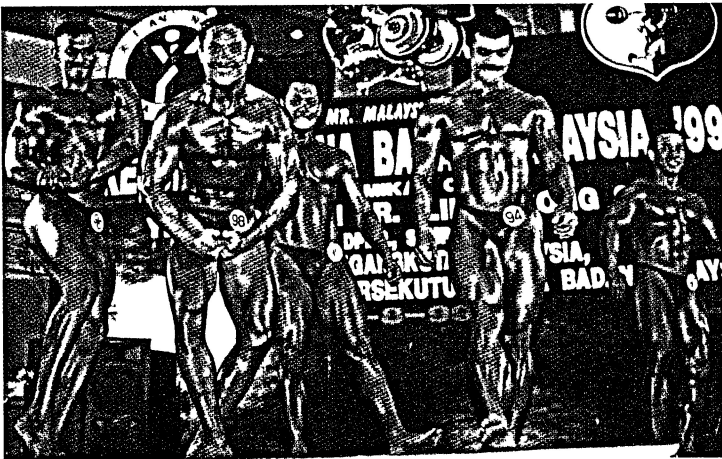
Picture with wife, Twiggy



Picture with Elken Mentors



Picture with Choo Kok Choy



Mr. Malaysia Bodybuilding Competition in 1999

"Don't ever let someone tell you, you can't do something. Not even me. You got a dream, you got to protect it. People can't do something themselves, they want to tell you that you can't do it. You want something, go get it. Period."

- Will Smith, Pursuit of Happiness -

PREFACE

The opportunity to travel extensively to major cities of the world and getting to know many successful entrepreneurs from many different industries have shown me that there is one common thing among them; they always talk about Real Estate Investment (REI), either in their own country or abroad. This has motivated me to look into the industry seriously, eventually venturing into REI with my mentors, renowned entrepreneurs and acquiring proven and tested knowledge in REI.

Over the span of 3 years, I have travelled extensively to many countries that can potentially offer a secured, calculated risk, attractive Return on Investment (ROI) and ultimately defined exit strategies. With strong support from our trusted networks, we have expanded our portfolio not only in our home country Malaysia, but also to Hong Kong, Canada, Germany, United Kingdom, United States, St. Kitts and soon to follow, many other potential countries such as Thailand, Philippines, Indonesia, Spain, Portugal, etc.

Throughout this journey, I have come across many fresh real estate investors voicing their disappointment on their local portfolio, either the appreciation is below expectation (below double digit), or they are making losses as the rental yield is not enough to cover the outgoing costs like mortgage interest, maintenance fee, property tax, quit rent, etc. or worse, not rented out at all.

I have also frequently come across many who have invested abroad, complaining that despite the real estate price appreciating over the years, they are still making losses due to the high up-keeping cost, exit cost and their weakening currency against the country they have invested in.

I also noticed that there are very few books on global REI where the authors have pre-tested the opportunities or share proven investment strategies.

Hence, I have always wanted to write a book, sharing about sound methods to seize investment opportunities in various countries, with valuable pre-tested opportunities as case studies to caution fresh investors and first time global

real estate investors, I have also included some of the most common mistakes that I noticed people usually make when investing in real estate.

The main reason I am writing this book, is to share some of my hard earned experience especially dedicated to young entrepreneurs with humble beginnings and also facing challenges in their life and yet, not giving up the fight to realise their dreams. As Sylvester Stallone once said: ***“Life’s not about how hard you can hit, but it’s about how hard you can get hit and keep moving forward. It’s how much you can take and keep moving forward. That’s how winning is done!”***

Resilience is the key to life achievements. Staying focused and remaining robust at all times are the fundamental traits of a discerning investor. Sometimes in life, you may make a wrong investment decision that can put you in a very bad situation, requiring years to recover.

Take myself as an example; within the 1st year doing network marketing business, I was already earning an income way above many at my age.

I was too ambitious then and thought I could achieve the same success story when a close friend of mine approached me for a commodity trading business that I invested in with all my hard-earned savings. After 3 years, I not only lost all that I had, but was left with a debt of close to half a million owing to credit cards; I was struggling with the monthly minimum repayments and was left with very little for basic living expenses like petrol for my motorcycle, and allowances for my aged parents. I almost gave up the most valuable thing in my life – belief in possibilities! My world was closing in on me to a point I felt that my destiny was just to repay my debts.

Luckily, after meeting several people who had gone through worse lessons in life than me and with strong moral support from my buddies, I decided to give myself a chance. A chance to make a breakthrough with life lessons learnt in the past and to avoid falling into similar pitfalls. I’m not encouraging playing too safe in life because in business you need to take calculated risks and a fair amount of courting with danger. It was then that I ventured into the real

estate industry, in marketing and sales. In those years, I only had time and the ability to put in the effort.

Within the first 3 years, not only did I fully pay off my debts, but by the end of the 3rd year I was able to acquire a few properties locally and later, another few properties overseas.

Another reason that motivated me to write this book is more personal, that I believe in encouraging young entrepreneurs from small towns to believe in themselves; if they have the determination to improve, nothing can stop them. I was born in a small village called Batu Arang in Selangor, Malaysia. I also wanted to make my parents proud, although my beloved father died very suddenly many years ago.

Coming from humble beginnings, I had to work part time in a furniture factory since the early age of 12 to indulge in things like a bicycle that my parents couldn't afford. During my university days, I had to work part time as a teacher to partially pay for my course fees and cost of living.

With the desire to take better care of my family when I graduated at the age of 23, I was determined not to work for others to achieve other people's dreams, but rather I chose to work towards fulfilling my own dreams. Thus after graduation despite being offered a lucrative starting salary as a network engineer, I rejected the offer and ventured full time into network marketing business and later to commodity trading business and now global REI.

It has always been my passion to share my experience and insights that have helped me to transform my life and my family's life. I hope this book can also add value to many others, the same way many have added value to my life when I needed guidance.

Finally, by supporting this book, you have indirectly helped support a few charitable organizations (but not limited to) such as **World Vision Malaysia's 30-Hour Famine Campaign** and **Rainbow Home** towards which proceeds from the sales of this book will be donated to.

ACKNOWLEDGEMENT

There are many people to whom I am indebted to for their help in writing this book, although the responsibilities for its contents, and for any remaining errors, are entirely mine.

Special thanks to **Gerry Robert** who inspired me to make the FINAL DECISION to write this book when I attended one of his “*Publish A Book & Grow Rich*” workshop.

My sincere gratitude also goes to all my mentors like **Tan Sri Lim Wee Chai** of Top Glove Corporation Berhad and **Tan Sri Desmond Lim** of Pavilion REI Berhad who remain my success role models and **Dato’ Sri Gavin Tee** who inspired me to be a strategic global real estate investor.

I am also grateful to **Marco Goh** for his creative ideas when I am writing this book, **Hui Jin** and **Kenson** for making all the notes and references, **Angie Choo** and **BNI Sierra Team** for editing and proof reading. I am appreciative of **Ho Chin Soon** (Malaysia’s Map King) for his contribution on the latest maps and aerial photos.

My partners and business associates in **MCM, Proses, 3M** and **CA**, like **Ayden Too, Felicia Kwong, Ivy Yee, Adnan Aziz, Louis Loh** and buddies like **Bobby Yeoh, Chris Tan, Shan Saeed, Dato’ Dany Mun**, and many more too numerous to mention due to space constraint - you know who you are!

BECAUSE OF YOU, I AM WHO I AM TODAY!

“THANK YOU!”

from the bottom of my heart!



With Gerry Robert during "Publish A Book & Grow Rich" workshop



With Gavin Tee, Ahyat Ishak, Charles, Michael Yeoh at Property Outlook 2012



At the Selangor Excellence Business Awards 2014 for "Industry Class in Investment & PR of Real Estate & Property"



Editing with Twiggy, Hui Jin and Kenson

International New York Times

OW

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Source: <http://www.inytenergyfortomorrow.com/evening-reception.aspx>
 (International New York Times, 19-20 Nov. 2014)

READ WITH DISCERNMENT

As always, I would like to remind my kind readers: ***“All information provided in this book is based on my personal experience and please do your own due diligence before adopting the investment strategies outlined in this book”***. This book is written to provide only basic information and guidelines on Investment Strategies for Global Real Estate.

As publisher and author, I do not offer any legal or other professional advice; please consult with your own trusted reliable experts before investing in any opportunities that you may find suitable and attractive for you. Always ask yourself, ***“If this is too good to be true, would they first invest in these themselves?”***

This book is not all encompassing in every situation or specific scenarios; hence, every effort has been made to make this book as accurate as possible in the context of conveying case studies drawn on actual experience.

However, there may be information contained in this book that is outdated or not so relevant with the times. Therefore, this book should serve only as a general guideline and not as the ultimate source of information.

HAPPY READING!



v V t w Bernama Today for Global REI 2014

INTRODUCTION

BE AWARE... PROPERTY BUBBLES MAY BURN YOUR HANDS!

This is the common statement I always hear when I share about real estate investment, which can be a useful tool to grow your wealth. This is totally understandable in view of the current uncertainty of the world economy where financial institutions are beginning to be more stringent in approving loans to potential borrowers to finance the purchase of properties or to develop a project. The valuations of properties are also becoming more conservative to support their collateral to the financial institutions.

Central Banks in many countries are also beginning to be stricter in their lending policies as they want to curb speculation and also to prevent the real estate market overheating and eventually crashing, like the recent U.S. Credit Crunch Crisis in 2007.

For example, in Malaysia, the Loan to Value (LTV) or Margin of Finance (MOF) for any 3rd residential property or thereafter has already been reduced from 90% to 70% or lesser than present property value. In Singapore, the MOF even slashed the rate to 50% or lesser for a 2nd residential property. Moreover, assessments of the credit rating of borrowers are also based on their net income rather than gross income, as previously practised.

Often, even the initial launching property prices by developers cannot be met by the bank's credit risk department as the requirements have now become more stringent.

Although generally the mortgage interest imposed by financiers in many countries are still relatively low compared to the inflation rate, many home buyers are unable or not willing to put down a huge sum of cash down payment as the MOF is offering much lower loans than expected. The purchasers also need to consider the potential renovation costs and move-in

costs for which they have to prepare resources after they purchase the property.

Even sophisticated property investors are also having second thoughts as to whether it is feasible to put down such a huge sum in difference. Those who own luxury properties and have holding power are still not willing to sell their properties marginally lower than earlier expectations and hope that the prices will increase when the world economy becomes bullish again.

Those potential home buyers who are not in urgent need to move into new homes are also holding back as they are hoping property prices will be reduced, especially property owners who do not have holding power when the financiers increase interest rates or when their overpriced properties are unable to be rented out or re-sold.

However it is not all doom and gloom as some developers or real estate investors have come up with a lot of new creative and innovative strategies to sell or to invest even in these challenging times.

During a global economic downturn, like the recent U.S. Credit Crunch Crisis and Eurozone Debt Crisis, those who are not affected by it such as the Asian nations are purchasing more properties in U.S. and European countries, as the properties have become relatively cheaper than before the crisis.

Another driving factor is that globalisation has enabled more people to access information easily via the Internet and travel more frequently due to cheaper air fares. More parents who are sending their children to study overseas are buying local properties for their children's accommodation abroad.

Another game changer is that due to the stringent requirements of borrowing locally and the cheaper properties abroad, many real estate agencies and investors are taking a step further to set up joint ventures or collaborate with developers / builders in these countries to establish cross border real estate buy-sell or establish alternative investment collaborations.

Another catalyst for the global REI is that since the recent uncertainties in the world financial markets, many investors in these markets are transferring their funds to tangible assets like gold and properties as a hedge against future losses.

Despite the potential property bubbles, many parents are still buying properties for their children as future education fund and also worrying that their children may not be able to afford to purchase such properties in future.

Some countries are also allowing foreigners to wholly own freehold properties and even land that are often cheaper than the foreigners' home country, especially if the cost of living in these countries is much lower compared to the foreigner's home country.

The awareness of global REI is also driven by international real estate agencies and developers who have aggressively organised roadshows and awareness campaigns in foreign countries to entice foreigners to invest in another country.

Developers and real estate agencies are forced to become more creative in these challenging times given the slowdown effect upon achieving their sales targets in their home country. Some have even gone as far as organising holiday property trips for their potential purchasers in various investment groups to attract them to purchase properties in their projects.

Therefore, it is very important to understand what is REI, the pros and cons, the capital outlay, the risk, the exit strategies, the real estate governance law, the real estate tax, the property type, and many other areas that are equally important that ultimately determine good or bad investment.

“Your best investment opportunity won't fit into a safety deposit box, but you can live in it.”

- Anonymous -

Legal Factors to Consider in International Real Estate Investment

Chris Tan

Investing in real estate has become increasingly popular nowadays due to the outstanding profit gains vis-à-vis its low risk. Some have even extended their investment portfolio across the national borders, keeping pace with globalisation and spreading the risk in the process.

However, when doing this, investors tends to forget that the property is located on another jurisdiction and easily falls into the trap that owning a property is the same anywhere in the world. There are certain legal criterias one has to look at before making such an important decision to invest overseas. As the saying goes, “when in Rome, behave as the Romans do.”

Legal fundamentals essentially refer to the foundation of the law and principles that regulate the manner in which government power is exercised. Depending on whether a country practices democratic, socialist or monarchy system, property ownership can range from absolute to a periodic lease, and most probably on separate regime for the foreign investors. A country’s legal fundamentals also play an important role relating to the protection of property ownership.

Besides the rights and entitlement of the property owner, the government most often preserves the right to reclaim any property from any individual as long as there is a public policy consideration. Therefore, the risk of buying a property is definitely higher when the property might be “confiscated” without any justification and given chance to appeal or compensated disproportionately to the amount invested.

It is also important to look at the land registration regime of the country; whether they practice the Deeds system or Torrens system that most are familiar with in the Commonwealth countries, or maybe some other systems. Under the Deeds system, the government does not act as the keeper for all land titles and records unlike Torrens system. It is left to the prospective

purchaser of land to investigate all deeds in the chain of titles before concluding the purchase because the owner as shown on the land registry record does not necessarily mean that he has good title to transfer and the title could be unfeasible in other ways. Due diligence is therefore easier in countries that practice the Torrens system where investors can safely assume ownership recorded in the land registry.

Each country has a different set of foreign threshold for ownership of property. In Australia for instance, foreigners are only allowed to buy real estate to be developed, to be redeveloped or existing only at plan stage provided approval from Foreign Investment Review Board is obtained after taking into account the purpose of purchase. It is not only the question of affordability, but also a question of eligibility to own certain types of property in a foreign country and most of the time, subject to a tier of authority approval. Discriminatory treatment of foreign investors is also common. In Vietnam, a long land tenure currently in existence for the locals would be shortened significantly in the event of disposal to any foreigners.

The goal of real estate investment is to generate profit. This can be achieved either through a long term endeavour such as renting or a short term investment in case of flipping to sell at profit. Whilst determining the best use of property to maximise the value, one has to understand the legitimate disposition to draw a better picture for end investment. For example, under the Residential Property Act in Singapore, any foreign person is prohibited to use the residential property for investment and other income-generating process, but only serve as a dwelling house for own or family occupation. The same issue goes to transfer of property; can the investor simply sell the property to anyone? The answer is negative in Australia, because foreigners can only sell to the locals for every completed project. If the disposal restriction is not clarified before investing, the intended investment plan might just turn upside down. There are sellers who claim exemption from the operating legal regime and this is where caution must be exercised.

Some may not realise that in some countries there is no freehold title unlike Malaysia that has freehold and leasehold tenure in general. Leasehold tenures too, vary according to countries. In Hong Kong, all property is leasehold and

"A Rare Gem in Global Real Estate Investment!"



Tan Sri Lim Wee Chai
Founder & Chairman of Top Glove Corporation Berhad

"I always believe that real estate investment is important to create and grow wealth, and I'm certain many young investors will benefit from Maxshangkar's book on real estate investment."

Dato' Sri Gavin Tee
Founder & President of Swheng Tee International Investment Alliance



"I have worked with Maxshangkar on a few local & overseas property investment projects, and I'm always greatly impressed by his enthusiasm and knowledge in this area and his willingness to share the secrets of how he has made his properties work so successfully for him. I highly recommend him to anyone considering investing in property."



Dato' Dany Mun Weng Sum
Executive Chairman of Woodlandor Holdings Berhad

"I knew Maxshangkar for his determination and creative proven global real estate investment strategies that have helped many ultra-high net worth friends to diversify their investment strategies and make unbelievable profits. I strongly believe this book will definitely help many HNW individual to make their money work harder for them"

Shan Saeed
Chief Economist & Global Investment Strategist at IQI Group Holdings



"I respect Maxshangkar for his knowledge and passion for global real estate investment projects. I am impressed with his in-depth knowledge and I recommend him and his book highly to anyone associated with investments in real estate."



Ho Chin Soon
Director of Ho Chin Soon Research Sdn Bhd

"Maxshangkar is highly enthusiastic and has persistently pursued real estate investment Strategies. He always emphasises "Location-Location-Location" following the advice in my books."

Karunaker Nampalli
Director, Bahrain Middle East Bank



"I admire Maxshangkar for his knowledge and passion for global real estate investment projects. I am impressed with his in-depth knowledge and I recommend him and his book highly to anyone associated with investments in real estate."



Khairul Riza Mohd Rosli
Former C.E.O. of Petronas LNG Ltd.

"I believe that real estate investment is an important avenue to create and grow wealth, and I am certain that many young investors will benefit from Maxshangkar's book on real estate investment."

