



Future of Capital Raising

By Tan Kok Keong, Co-founder, Fundplaces

How do you raise capital for real estate projects?

How do you raise US\$800 million?

How do you raise that in 3 days?

MANUTD.COM

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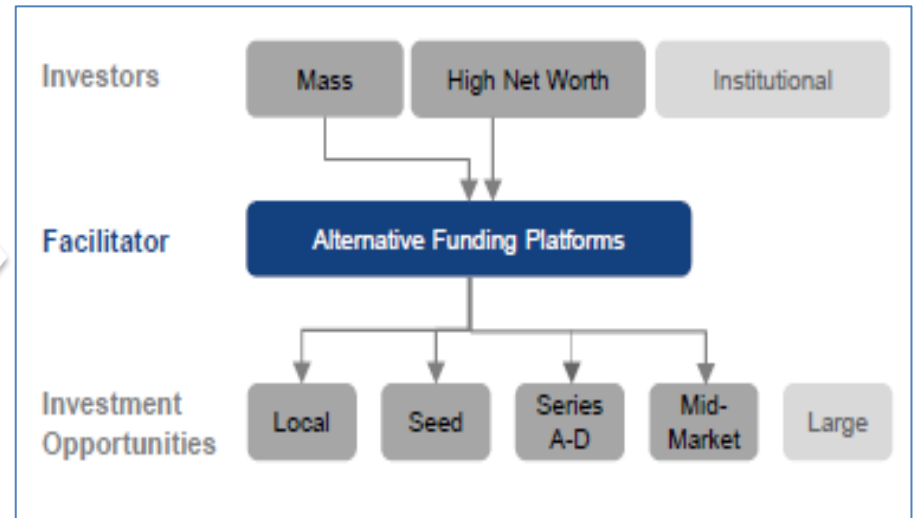
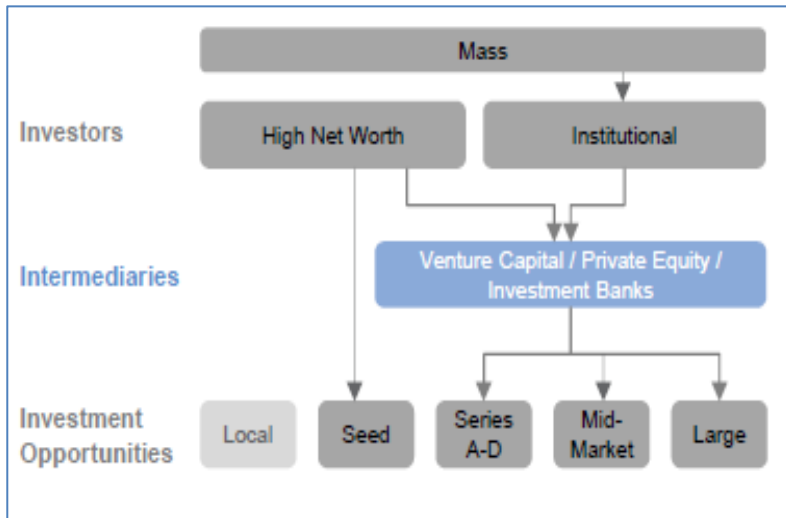
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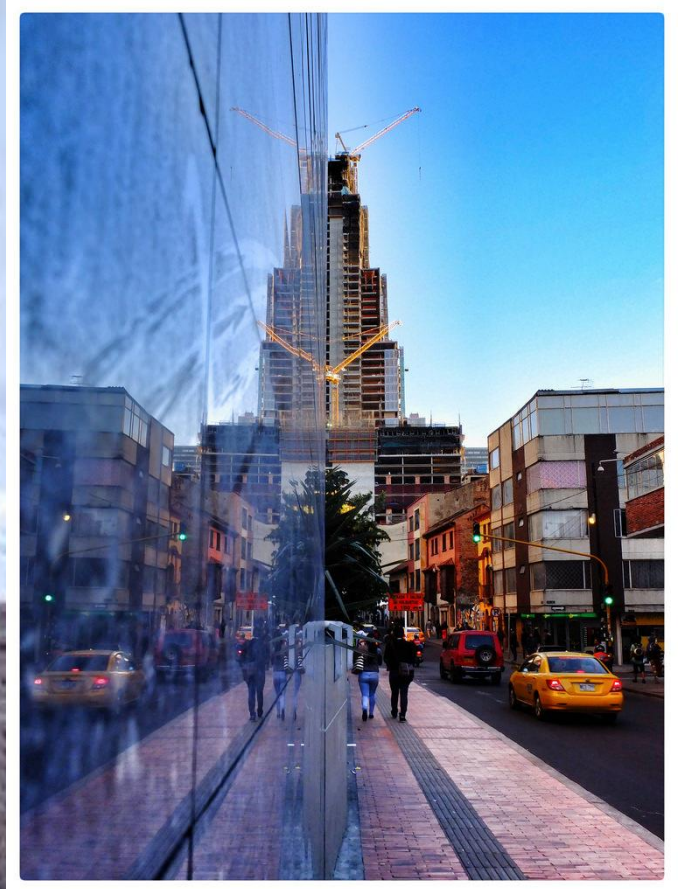
CHANGING CAPITAL RAISING. CROWDFUNDING



<p>Crowd Based</p> <ul style="list-style-type: none"> Alternative funding platforms provide a marketplace for individual investors to directly discover and invest in investment opportunities Investment opportunities are typically only funded when a pre-determined target is met, to weed out less credible or less promising opportunities through "crowd's approval" 	<p>Empowering Individuals</p> <ul style="list-style-type: none"> Some alternative funding platforms leverage the expertise of more experienced individual investors in certain fields (e.g., angel investors) by providing them an opportunity to lead funding for desired investments Some platforms allow these "lead" investors to gain additional income through fees, similar to carries paid to general partners of private equity firms 	<p>Customisation</p> <ul style="list-style-type: none"> Alternative funding platforms provide a number of customisable parameters for businesses to adjust and easily design funding options desirable for them (e.g., term, equity share) Moreover, some platforms allow businesses to build in unique clauses, such as rewards, to make them appealing to investor segments



BD Bacata, Bogota, Columbia
Estimated Cost: US\$245 million
Crowdfunded : US\$190 million



Prodigy Network

Raised US\$40 million for conversion project in New York City

Location

NoMad, Manhattan

The Assemblage / 25th Street is located on 114 East 25th Street, at the heart of NoMad, short for North of Madison Square Park. This location is conveniently surrounded by Flatiron, Kips Bay, Chelsea and Midtown South.

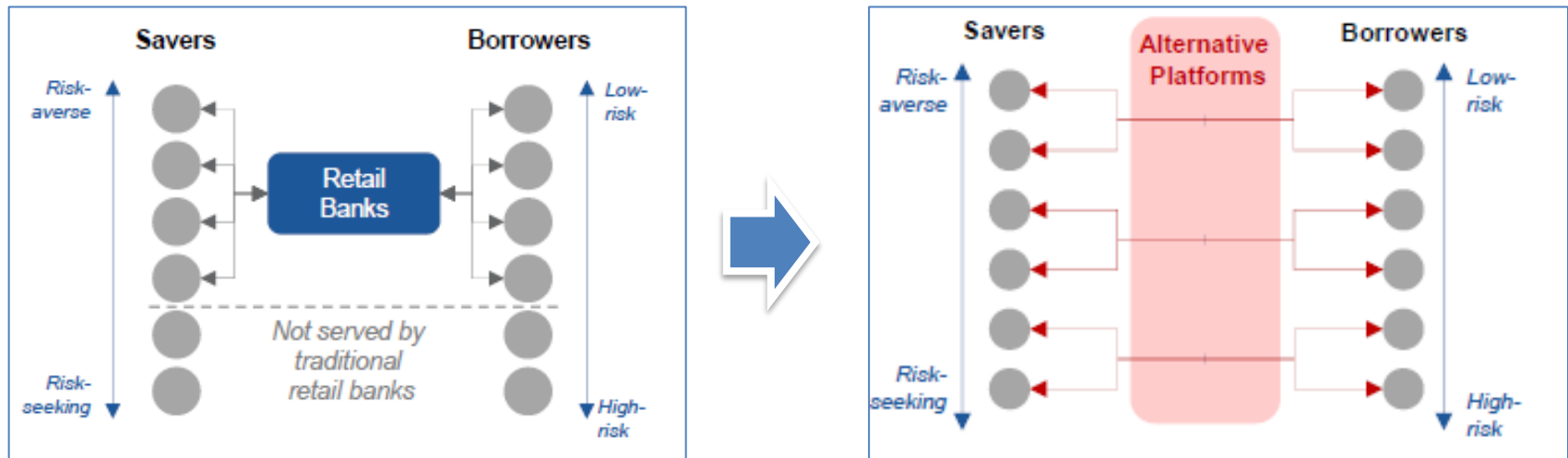
The building is well located as part of Midtown South's office and residential districts in close proximity to mass transit at 23rd Street and high quality lifestyle amenities, including Madison Square Park.




In the last few years, this neighborhood has become the popular destination for luxury boutique hotels and coveted restaurants such as Gramercy Tavern, Eataly and 11 Madison.



Source: Google Earth

CHANGING SOCIAL TREND. EMPOWERMENT



<p> P2P</p> <ul style="list-style-type: none"> Alternative lenders leverage online platforms and legal contracts to provide direct matching of funds between savers and borrowers By acting as online marketplaces P2P lenders facing lower funding costs than traditional depository lenders <p>Funding Circle 宜信 CreditEase LendingClub</p>	<p> Alternative adjudication</p> <ul style="list-style-type: none"> Alternative lending platforms assess the creditworthiness of borrowers based on metrics beyond the credit scores used by traditional lenders (e.g., social data) Most alternative lenders also refine their risk engine more frequently than traditional lenders to incorporate feedback based on empirical analysis <p>A M P Lenddo Kabbage</p>	<p> Lean, automated processes</p> <ul style="list-style-type: none"> Alternative lending platforms are free of legacy processes and technologies, allowing them to onboard and assess borrowers and lenders in a more streamlined fashion At most alternative platforms, assessment of borrowers is at least partly automated against predefined rules for fast, transparent processing <p>zopa OnDeck PROSPER^P</p>
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Wanda Group

China's Wanda Group Raises \$805 Million in Crowdfunding Push

Chinese companies increasingly are looking into online investment products to raise funds



Pedestrians walk past the Tongzhou Wanda Plaza shopping mall, operated by Dalian Wanda Group in

SHANGHAI—Chinese conglomerate Dalian Wanda Group said Friday it has raised a total of five billion yuan (\$805 million) from its crowdfunding app and from an online payments site, indicating ample appetite from investors for such online financial-investment products.

Chinese companies, including property developers, recently have been looking into online investment products and crowdfunding as a way to raise funds, apart from more conventional means such as bank loans and bond issuances.

Wanda jointly launched the product, called “Stable Earner No. 1,” with online payment-service provider 99Bill on June 12, and individual investors can invest as little as 1,000 yuan, the company said in a news release. Investors choose to invest in the

Individual investors made up 500 million yuan, and institutional investors contributed the remaining 4.5 billion yuan. The firm took three days to raise five billion yuan, which is slated to be used for the construction of five Wanda Plaza commercial property projects.

“Stable Earner No. 1” offers a yield of 6% each year, and could possibly be listed as a real-estate investment trust in the future, the company said.

Wanda Group, which is controlled by billionaire Wang Jianlin, is known across China for its more than 100 Wanda Plaza properties. It has two property units listed on the Hong Kong stock exchange, Dalian Wanda Commercial Properties Co., and Wanda Hotel Development Co.

Crowdfunding in China

Wanda Stable Earner No 1 – the app by 99bill.com



Loss in Revenue for Banks

Potentially US\$10.9 bn profit pool at risk in U.S.A.

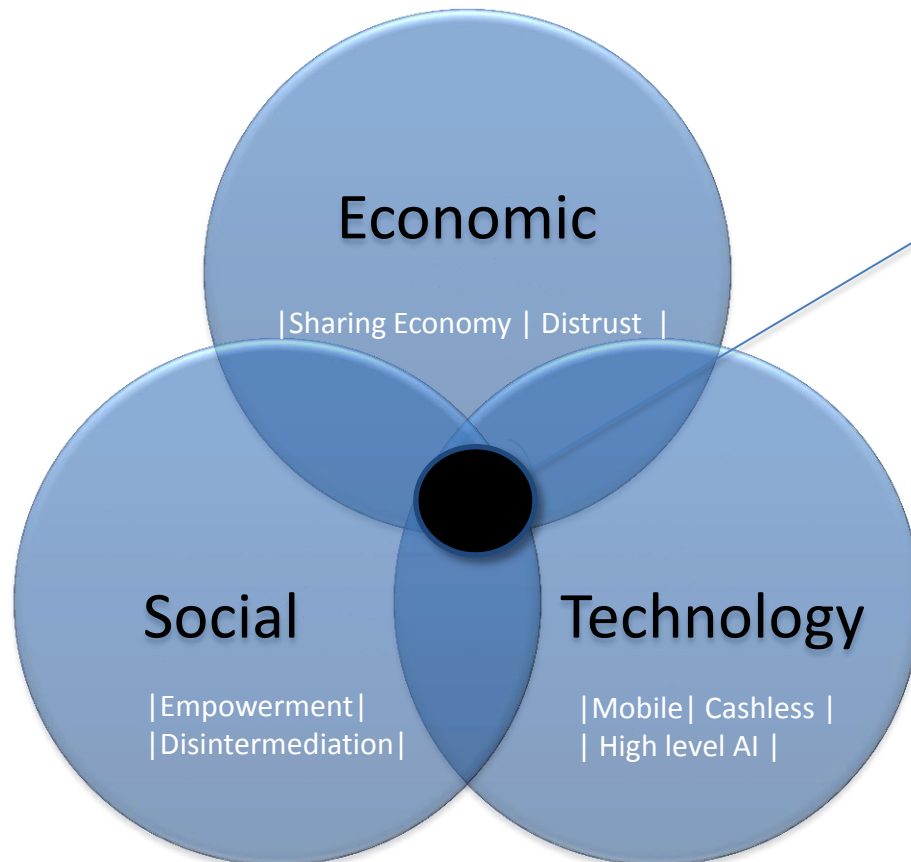
Exhibit 84: \$2.2bn of mortgage banking profit may be at risk

Type	Total market size	Market size type	% inside banking system	Amount in banking system	% in banking system at risk of leaving	Amount at banks at risk of leaving	Total banking profit pool at risk	Select disruptors / new entrants	Competitive advantage?
Unsecured personal lending	\$843bn	Loans O/S	81%	\$683bn	31%	\$209bn	\$4.6bn	Lending Club, Prosper	Lower capital requirement, technology
Small business loans	\$186bn	Loans O/S	95%	\$177bn	100%	\$177bn	\$1.6bn	OnDeck, Kabbage	Technology (drives time, convenience)
Leveraged lending	\$832bn	Loans O/S	7%	\$57bn	34%	\$19bn	\$0.9bn	Alternative AM, BDCs	Regulatory
Student lending	\$1,222bn	Loans O/S	5%	\$65bn	100%	\$65bn	\$0.7bn	SoFi, Earnest, CommonBond	Regulatory, technology, convenience
Mortgage origination	\$1,169bn	Ann'l volume	58%	\$678bn	100%	\$678bn	\$2.1bn	Quicken, PFSI, Freedom	Regulatory, convenience
Mortgage servicing	\$6,589bn	Loans O/S	73%	\$4810bn	6%	\$300bn	\$0.1bn	OCN, NSM, WAC	Regulatory, cost
CRE lending	\$2,354bn	Loans O/S	56%	\$1,322bn	9%	\$118bn	\$0.8bn	Comm. mREITS, alt. lenders	Regulatory, market dislocation
Total	\$13,195bn		59%	\$7,792bn	20%	\$1,566bn	\$10.9bn		

Source: Goldman Sachs Global Investment Research estimates, 2015

Why the surge in appetite for crowdfunding?

Inflexion point of social, economic, technology changes

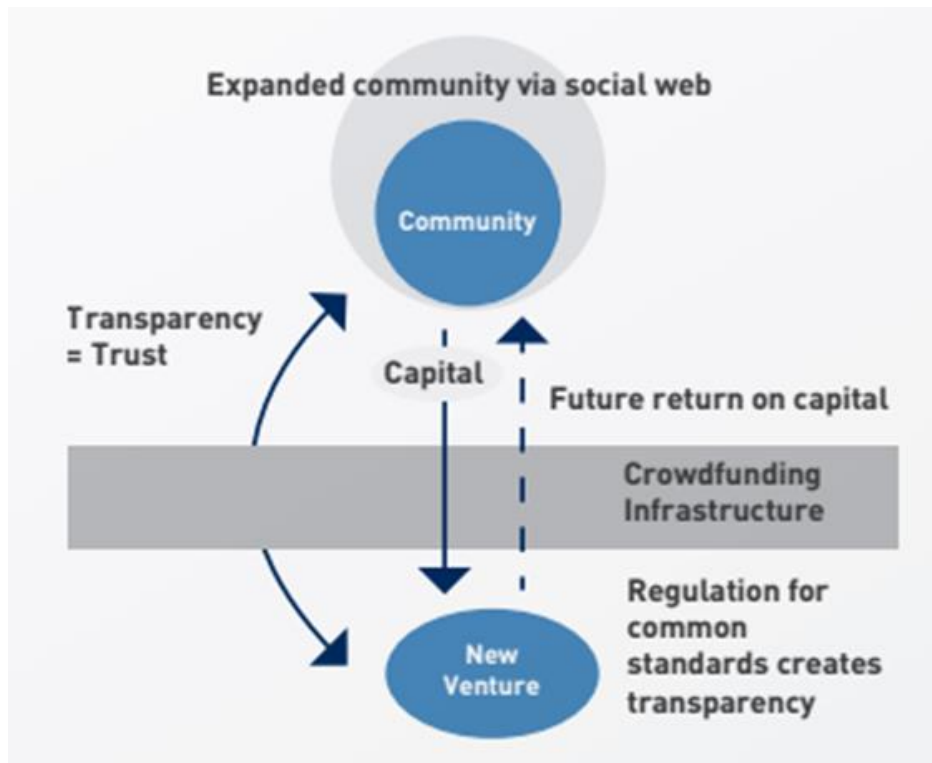


Disruptive enterprises

Transport – Uber
Hospitality – AirBnB
Marketing – Facebook
Employment – LinkedIn
Office use - wework
Business Loans – Lending Club
Real estate – Prodigy Network

How Crowdfunding Platform Works?

Community and technology makes the difference



Key drivers

1. Community-based policing
2. Dis-intermediation
3. Speed of execution
4. Empowerment

Source: Crowdfunding's Potential for the Developing World by the World Bank

Being a developer

Some key pain points



What consumers want?



Why not ask and get commitment prior to designing?

Exhibitions / Seminars



What's the return on investment? Repeat investors?

BANK LOAN APPLICATIONS



A better situation

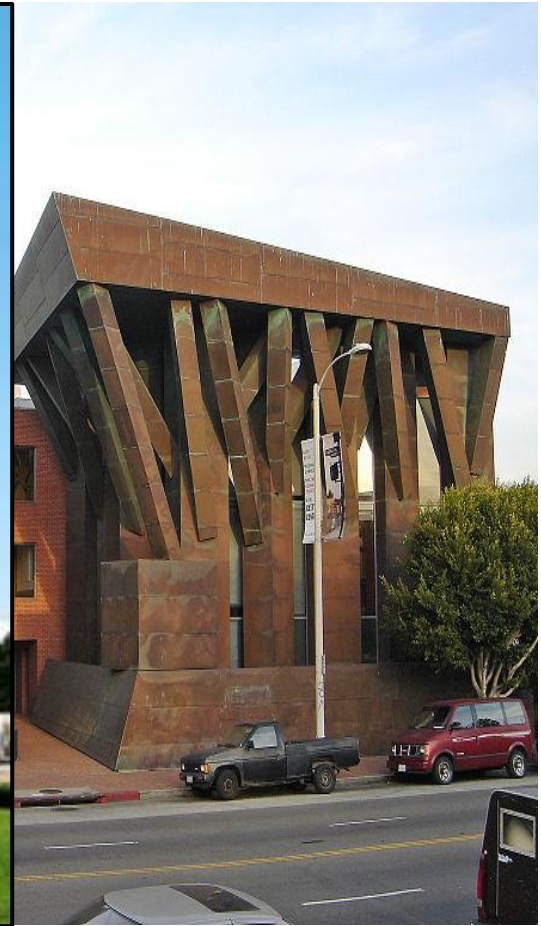
Focus on delivering the right product



Create visionary projects

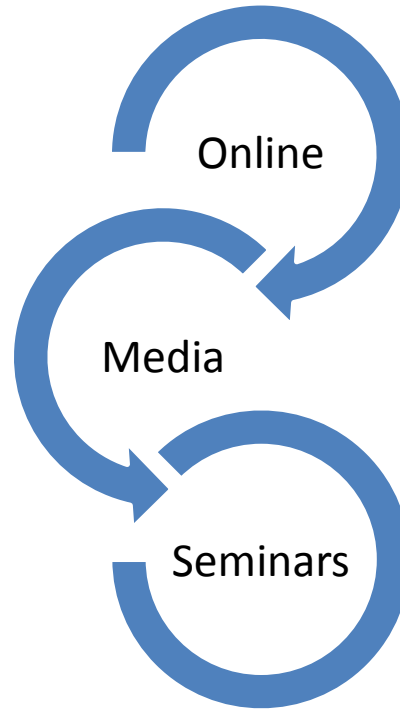


Legacy projects



Bringing the crowd to you

Leveraging on technology and traditional media



THE AUSTRALIAN PROPERTY INVESTMENT REPORT | AUGUST 2014 | PAGE 20

PROPERTY TAKE | If you wish to contribute columns, please write to propertytake@ipfinvest.com.au

Lure of property investment Down Under

Sydney has been the hotbed of residential property investment in Australia for the past few years as they seek to diversify their investment portfolios. Over the last half year, the rapid increase in residential property prices in Australia have highlighted the market risk, but market prices appear distant to the sustainability of the system.

On 3 March 2014, there have been headline-grabbing coverage over the country's housing market and the potential weakness of its economy. The New 1, Treasury Secretary John Fraser was quoted as saying that Sydney was in the midst of a property bubble, with Australia experiencing an housing boom as a result of overly low interest rates. There has also been suggestions of over-optimism of higher residential investment and contributions to some city centres, such as Melbourne, and unsustainable price increases in Sydney, which has made home ownership less affordable for locals.

Despite these news, investors have generally remained positive on the Australian property market. However, foreign buyers' appetite remains strong despite recent attempts by the Australian government to curb foreign purchases. This article provides an analysis of the drivers of positive investor sentiment towards residential property and highlights our preferred investment destinations for residential property.

Resilience of the Australian economy
On a long-term basis, Australia's economy is one of the most resilient among developed countries, with no annual recession recorded in the past 23 years. By end-2013, Australia is expected to be the 13th-largest economy in the world. According to the International Monetary Fund (IMF), the country's economy is expected to grow at an average of 2.8% per annum over the next three years, which is above the expected growth rate of 2.1% among the advanced economies.

The caution question we are asked is how 2014 is going to play out, with the unemployment rate continuing to rise from Australia, the real gross value-add of the mining sector was only 0.8%.

A report issued by the Department of Australia's economic growth, according to data from Australia, the real gross value-add of the mining sector was only 0.8%.

Other than mining, Australia's investment fund management is ranked the third largest in the world by the Investment Company Institute's report, *Worldwide Mutual Fund Assets and Flows*. Australia is also ranked fourth in the number of foreign students territory education by Thomson, the top 15 in the world for educational exports by the World Education Centre (WEC) and has the eighth-highest international tourist expenditure (2013), according to the United Nations World Tourism Organization. In essence, the Australian economy, while no doubt affected by the domestic recession-based indicators, has other drivers that have helped and will help to continue to help it weather adverse economic conditions.

Sydney residential prices
Residential property prices have generally been increasing across all major cities since 2003 (see Chart 1). In Sydney, residential property prices registered a 60% increase since 2003.

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Foreign investment a key driver of growth
By and large, the price growth of residential property in major cities can be attributed to the increased investment appetite from foreign purchasers and continued cashflow injections. The statistics are available on the total purchase of residential property by foreigners. However, we can get an idea of the scale of foreign investment interest by looking at movements in residential property. A recent report by RPA's Global Property Group (RPA's Global Property Group) indicates that Chinese investors have bought 108.4 million (18.1 billion worth) of residential real estate in 2014 (66% of the total investment in Australia by the Chinese). The purchase of residential properties, other than the purchase of making financial returns, has become a form of saving for their children's education, as a hedge from inflation, or a necessary investment in their home countries and to secure permanent visas. In the meantime, investors should also consider whether such investment opportunities will be sustainable and which cities would be less susceptible to sharp corrections in the event of a downturn.

Go where the people are and will be
For sustainable investment returns, we suggest that investors look at cities where there would be sustainable population growth. The blue ring could be the relative attractiveness of the city as a place to live in Australia in the next 20 years as measured by the number of people that will be added to the population. Based on the Australian Migration List, a country's population growth is measured as the net change in population over the period. The population growth in Perth, Brisbane and Melbourne has been above average, while Sydney has lost population since 2008. Based on market feedback and latest prices of recent projects, it appears that the price increase could be sustained, though at a more moderate pace.

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Low-risk, medium-to-long-term investment
At the end of the day, property investment is a long-term game and other than trying to catch the price rally, we advise investors to select the fundamental drivers (such as price growth). In addition, they should bear in mind local government and "local affordability" as they are only allowed to invest property in Australia. In addition, how the law has been applied between different states. Overall, there are some bad news when the risk of uncertainty increases the risk of investing. For the residential sector, our preference is property in the city centres of Perth and Brisbane and the suburbs of Melbourne and Sydney that have good amenities. In our opinion, on the whole, residential residential property could be considered a relatively low-risk, medium-to-long-term investment that can serve as a part of your portfolio for medium- to long-term hold.

Chart 1: Australia's real gross value-added by industry (Annual value ended June, 2013-2014)

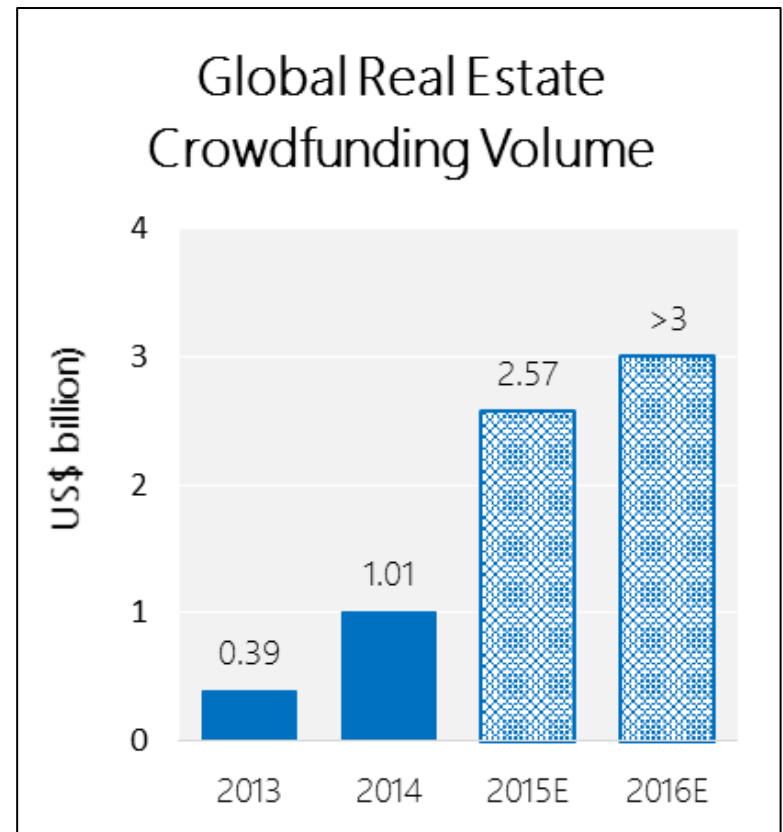
Industry	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
Manufacturing	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1
Services	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1
Construction	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1
Government	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1
Health	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1
Education	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1
Transport	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1
Retail	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1
Food	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1
Healthcare	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1
Education	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1
Transport	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1
Retail	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1
Food	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1
Healthcare	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1

Chart 2: Residential property price index

Current Landscape of RE Crowdfunding

RE Crowdfunding to reach \$2.5b in 2015 and exceed \$3b in 2016

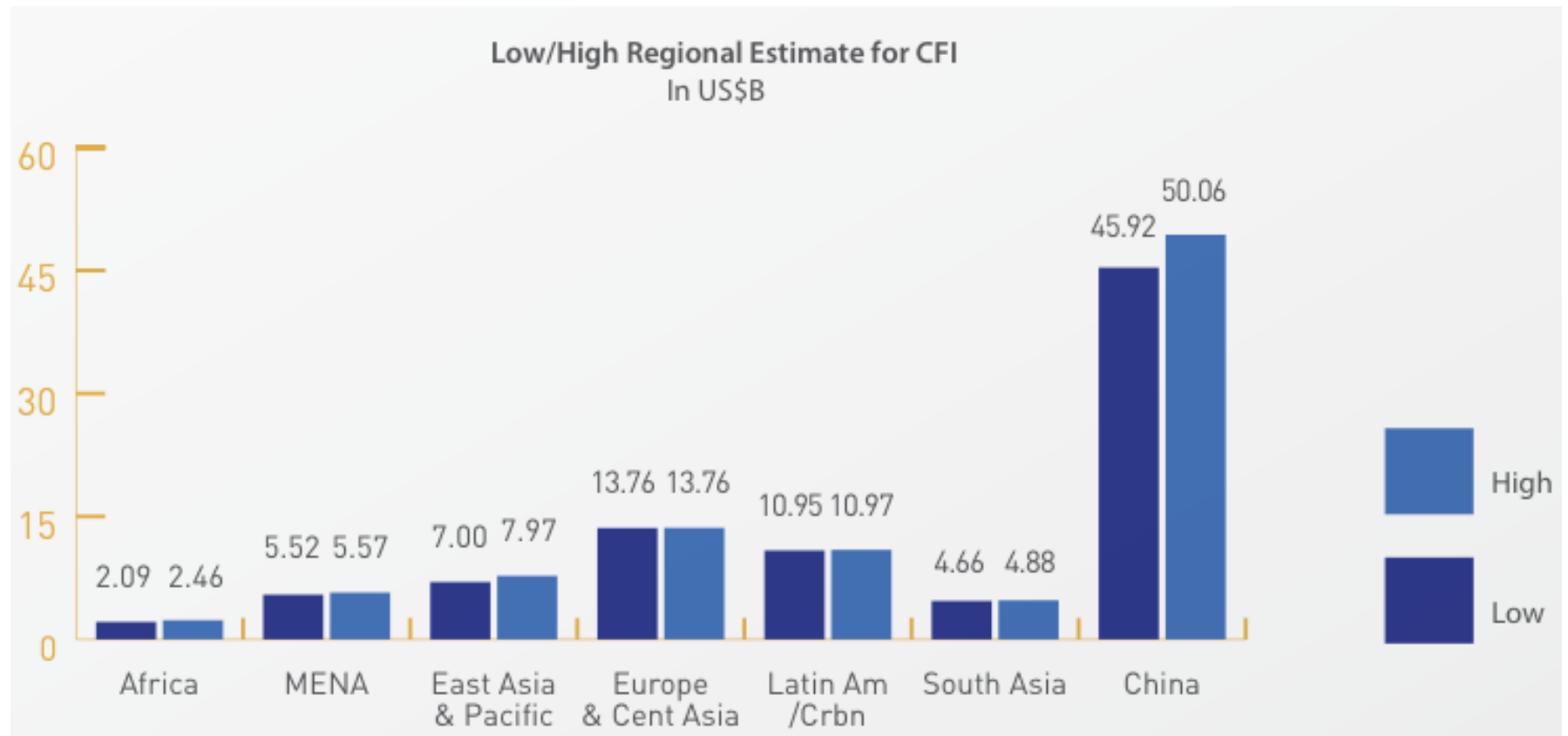
- Strong growth in developed markets like the UK, USA ,Japan and China.
- Real estate crowdfunding experienced a growth of 156% in 2014 to \$1.01billion.
- Projected to **increase by 150 percent in 2015** and exceed 3 billion in 2016.



Source: 2015CF – RE Crowdfunding for Real Estate Report

Market Potential in Crowdfunding

A global market opportunity up to US\$96b by 2025



Source: World Bank Crowdfunding report

Market Potential in Crowdfunding

Regulations still evolving in many countries

Regulatory regime	Description	Countries
UK Model	Platforms need approval from the FCA to operate	UK
Exempt market/unregulated through lack of definition	P2P is either an exempt market or there is a lack of definition in legislation	Brazil, China, Ecuador, Egypt, South Korea, Tunisia, India, Cambodia, Vietnam, Myanmar, Philippines, Laos, Brunei
Intermediary regulation	Regulates P2P lending platform as an intermediary which requires registration and other regulatory requirements	Australia, Argentina, Canada, New Zealand, Singapore, Taiwan, Hong Kong, Thailand, Indonesia, Malaysia(specific), Korea (specific),
Banking regulation	Regulated P2P platforms as banks	France, Germany, Italy
US model	Requires registration of the platform with SEC and State authorisation	USA
Prohibited	Both P2P lending and ECF are banned	Israel

Source: Grant Thornton, FundPlaces

Challenges for crowdfunding

Operating within corporate structures set up long ago

Developers

- Uncertainty of funding
- Increased competition and fragmentation

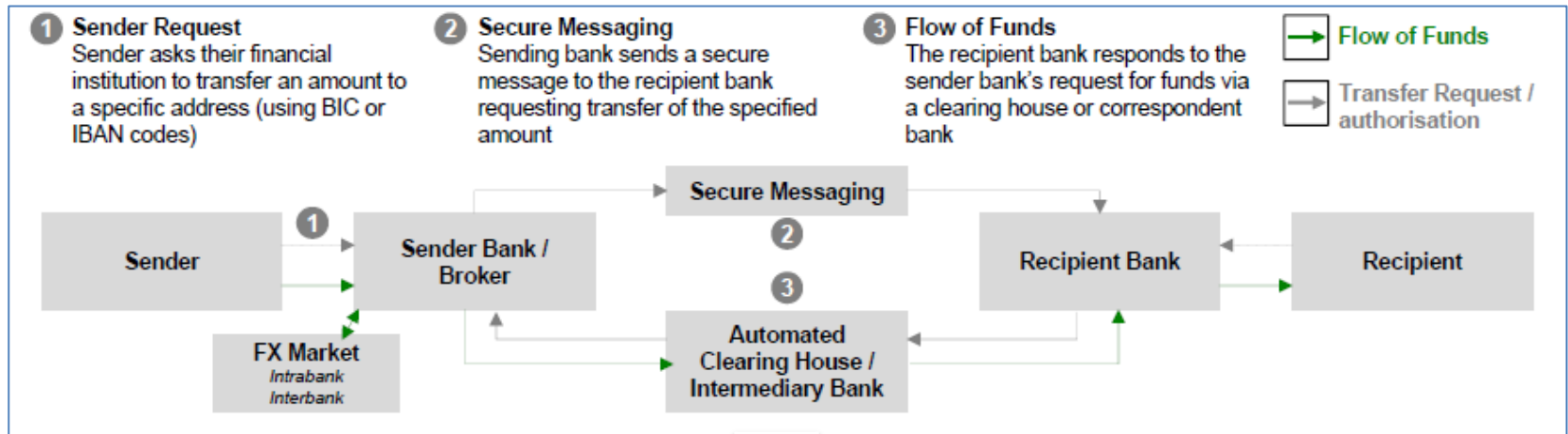
Investors

- Regulatory conditions
- Lack of liquidity

Others

- Disintermediation
- Lower revenue
- Lack of expertise

CHANGING TECHNOLOGY. BLOCKCHAIN



<p>bitcoin</p> <p>Digital currency run on decentralised payment network</p>	<p>ripple</p> <p>Open-source low-cost (~1 / 1000th of a cent) payments protocol and instant exchange of any form of money or value</p>	<p>litecoin</p> <p>Open-source P2P Internet currency enabling instant, near-zero cost payments</p>	<p>nem</p> <p>Decentralised open source information registration and transfer system</p>
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VISION

Our Vision is to create Asia's largest platform for real estate investments

MISSION

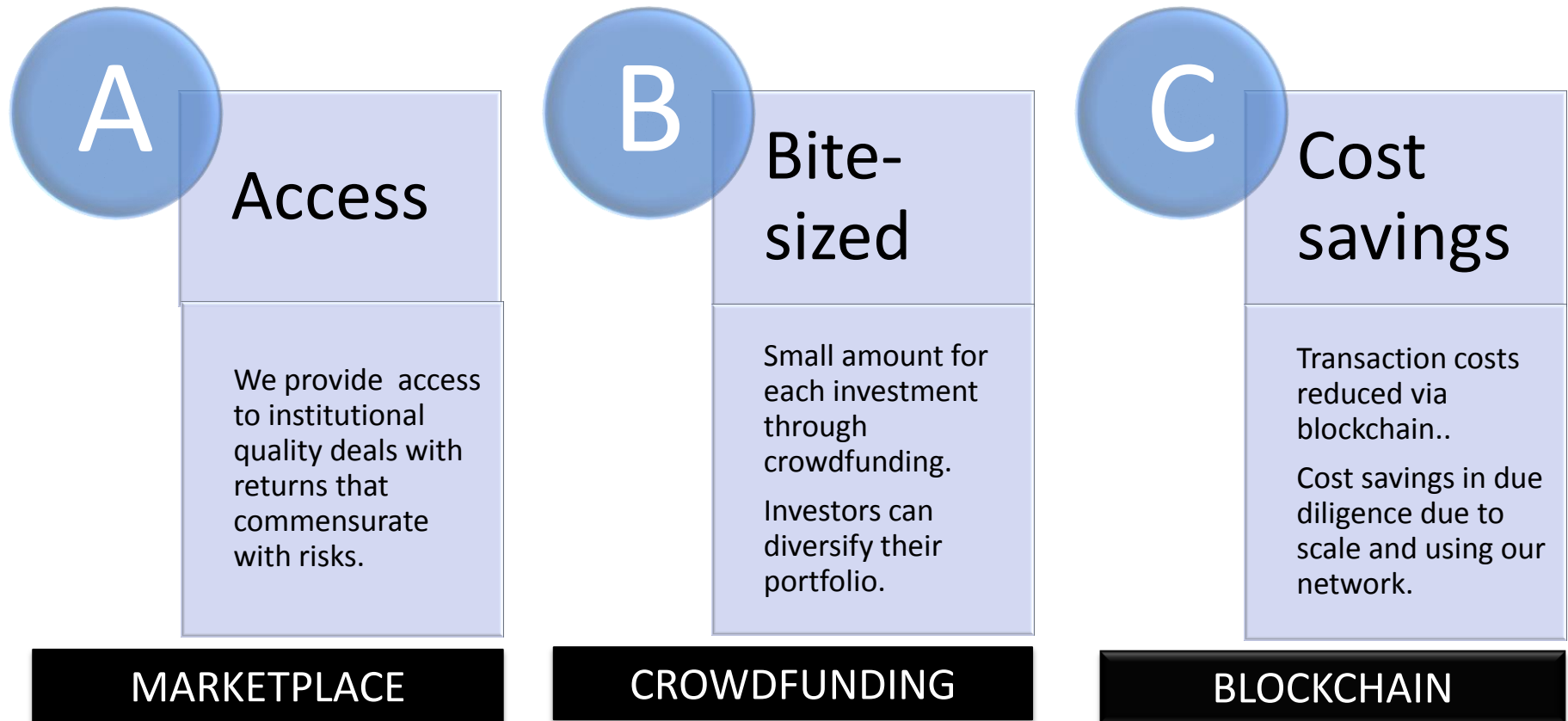
To democratize real estate investing by using technology to connect people and capital in a simple and frictionless way



FUNDPLACES

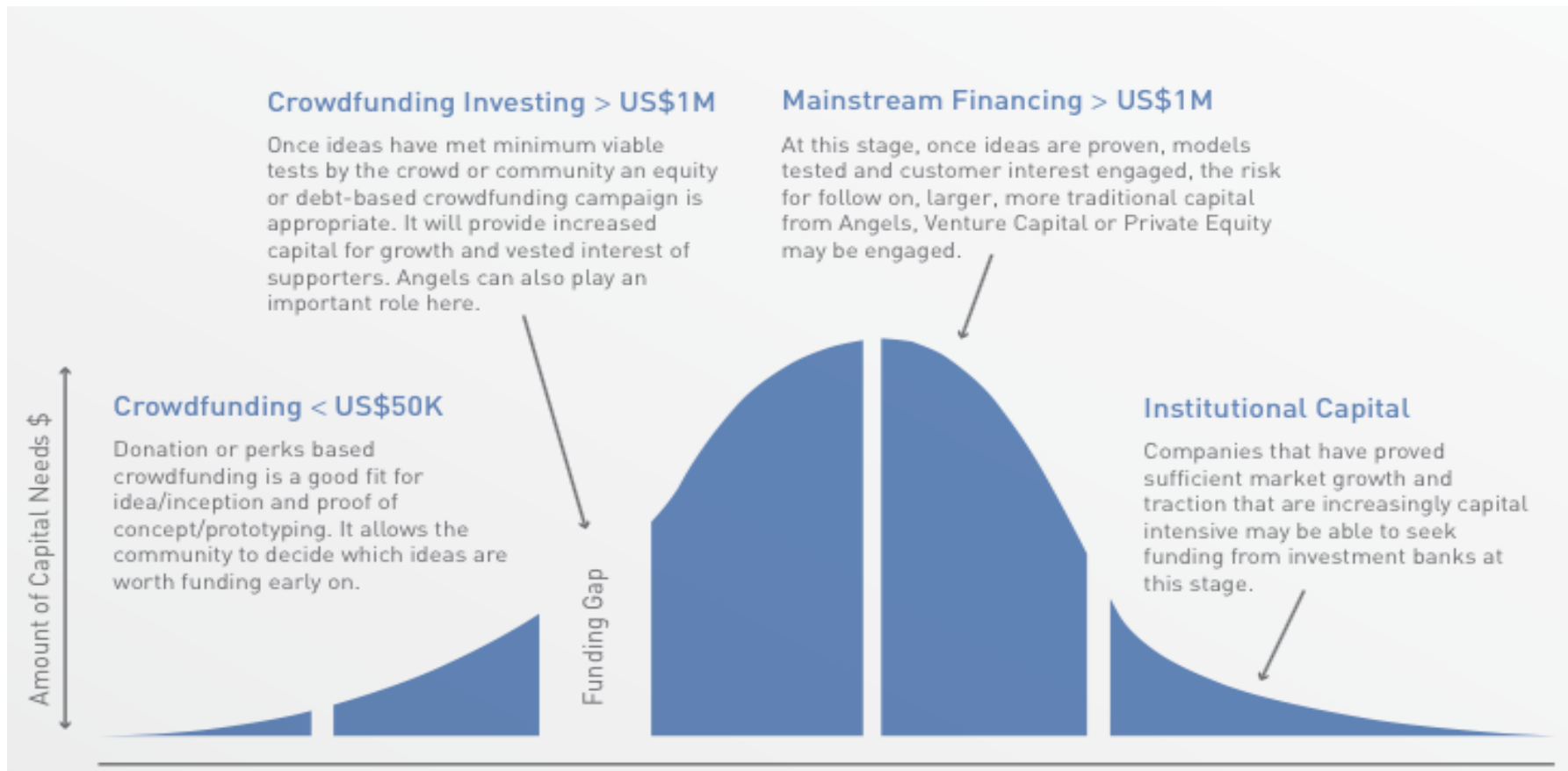
Issuing Asset Backed Currency named TILES

OUR PROPOSITION



Types of Projects

Fill funding gaps of less than \$1 million



Target Projects

Primary targets: United Kingdom, Australia, Germany

Type of project	Target annual returns	Target holding period
Co-development	>15% + 10 year treasury	36 months
Co-financing	10-15% + 10 year treasury	24 months
Co-ownership	2-4% + 10 year treasury	7 years

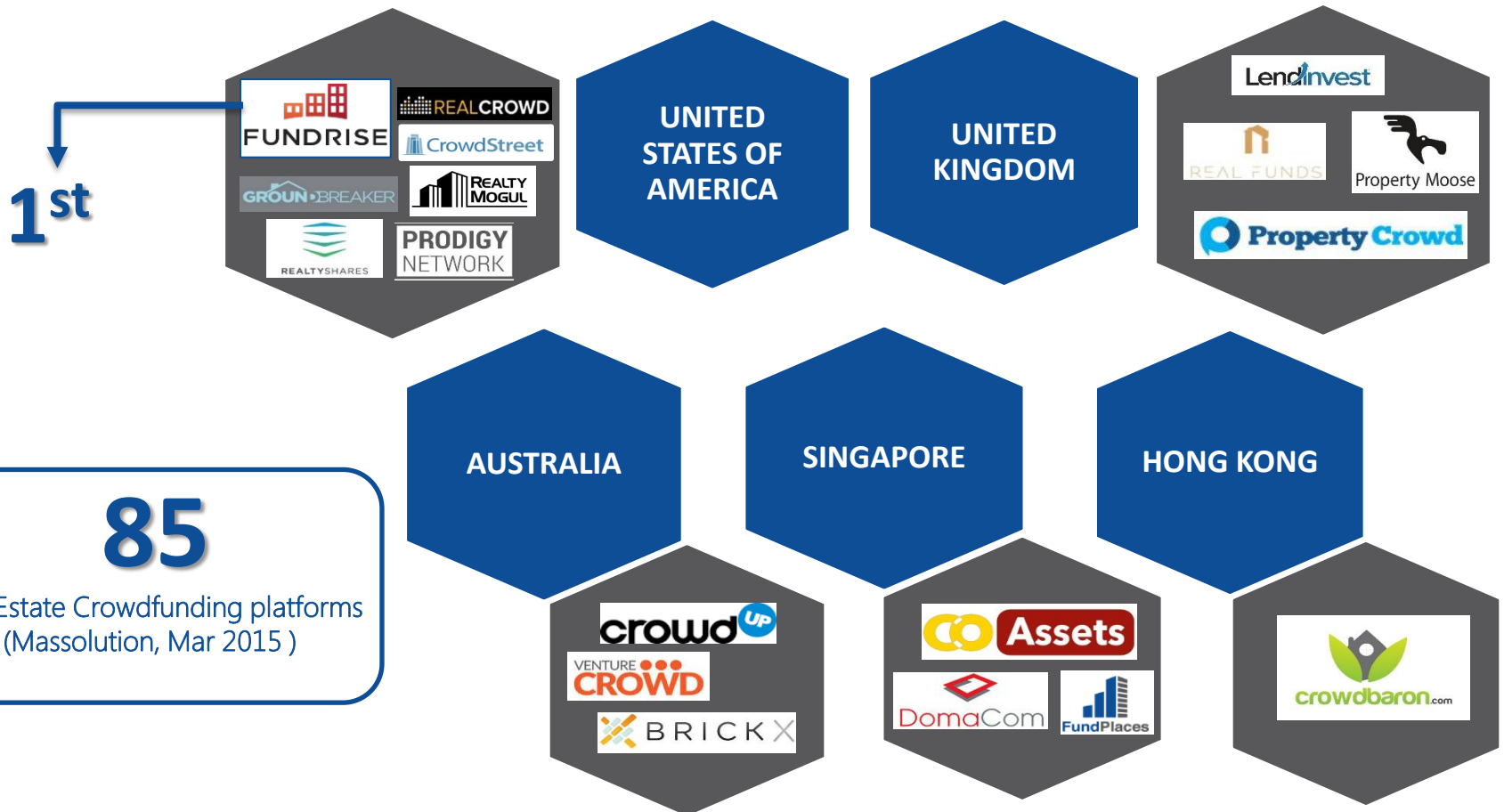
The target return will be adjusted based on the security of the investment, track record of the originator of the deal and expected market conditions.

A vibrant, blue-toned image of a galaxy, likely the Andromeda Galaxy, with the text "ARE WE ALONE?" overlaid in large, white, bold letters. The galaxy is filled with stars and nebulae, creating a sense of vastness and wonder.

**ARE WE
ALONE?**

Real Estate Crowdfunding

Real Estate Crowdfunding Platforms Globally



BUSINESS NEWS | Wed Aug 24, 2016 | 6:39am EDT

UBS leads team of banks working on blockchain settlement system

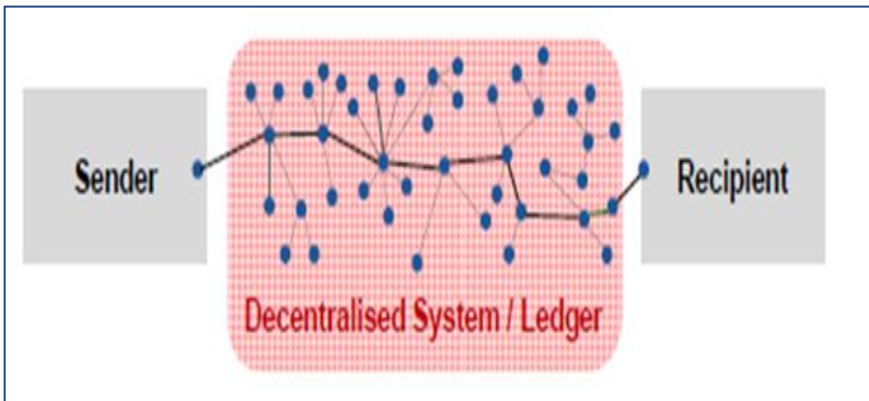
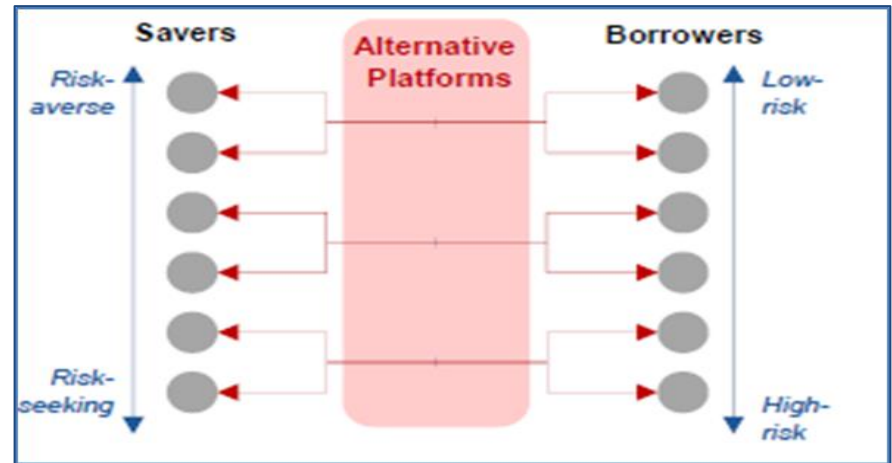
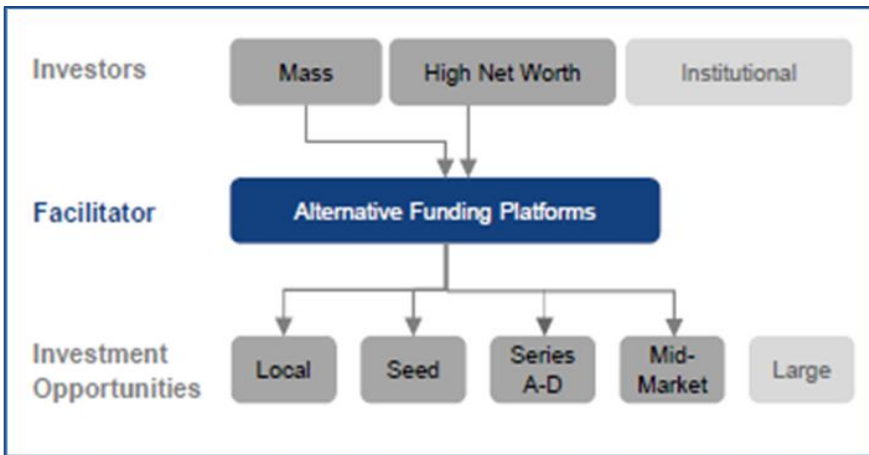


Challenging the theory of time

Engineers at BAE Systems in Australia are helping to develop the world's most accurate clock which will be used to test the foundation theories of physics. The University of Adelaide's Institute for Photonics and Advanced Sensing (IPAS) is currently working on

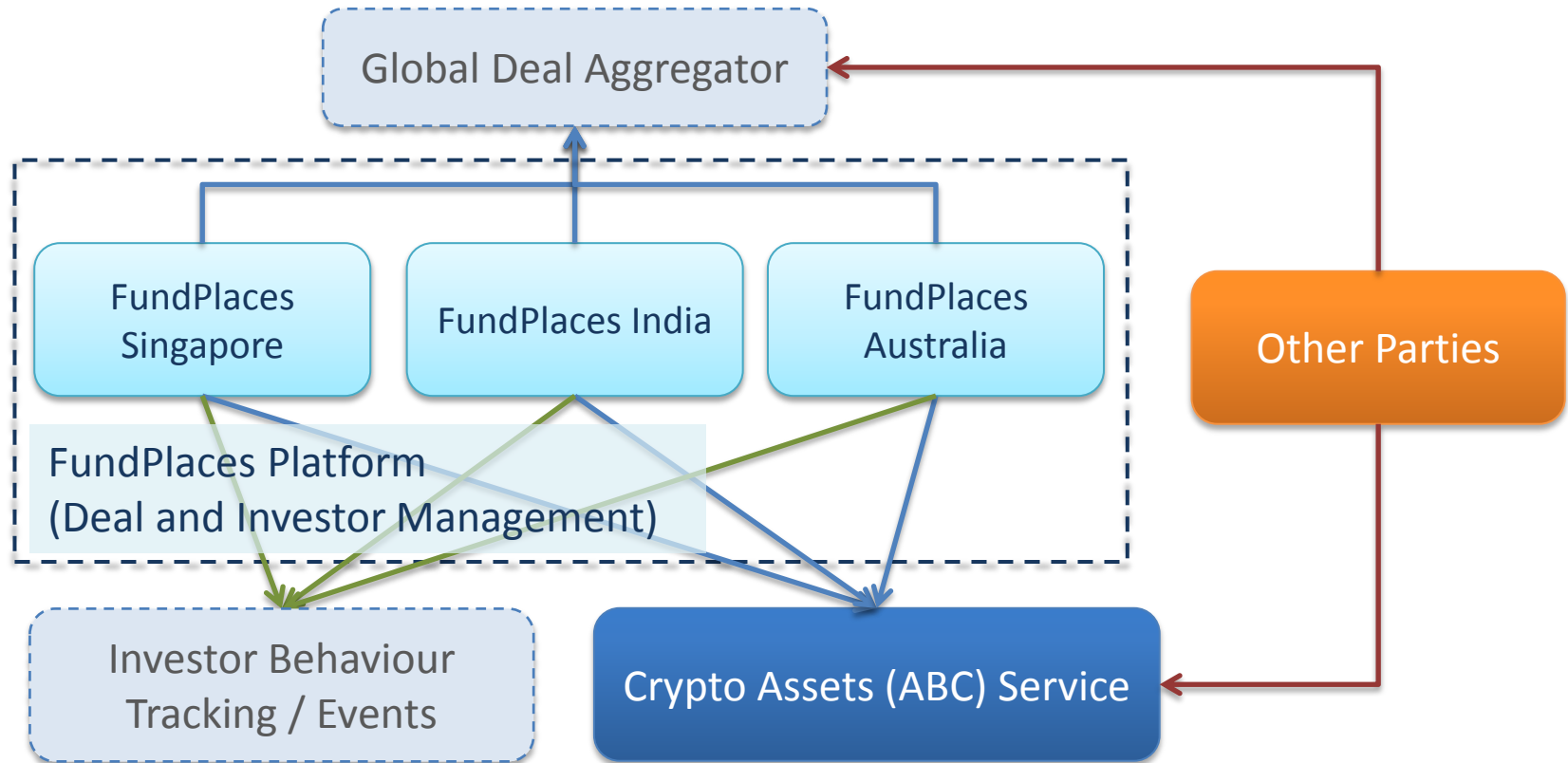
FUNDPLACES

Merging real estate, crowdfunding & blockchain



HOW IT COULD WORK?

Current segregated modules







FUNDPLACES

INVEST A LITTLE, DIVERSIFY A LOT

email me at kk.tan@fundplaces.com