

claire brown
r e a l t y
LUXED UP



harnessing growth in south east asia...



...through the acquisition of selected real estate

for us it is all about...

- market knowledge
- exhaustive due diligence
- understanding what happens behind the scenes in real estate
- creating the best terms for our clients and the safest environment
- being first in line...



due diligence

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core fundamentals for buying overseas

- look at the facts
- don't get "sold to"
- take your time
- do your homework
- check stats and facts independently



generic economic conditions...

- national GDP growth
- strength of the currency
- political stability
- property market activity
- tourism arrivals



we are focused on asia...

Asia GDP	Av. 2007, 2008 & 2009	“the West” GDP	Av. 2007, 2008 & 2009
China	10.3%	US	0.1%
India	7.7%	UK	-1.7%
Malaysia	3%	Germany	-1.2%
Thailand	1.9%	France	0.4%
Philippines	4.2%	Spain	0.9%
Indonesia	5.64%	Italy	-7.3%
Cambodia	5.97%	Croatia	2.7%
Laos	7.14%	Turkey	0%
Average 2007, 8 & 9	5.74%	Average 2007,8 & 9	-0.7%
Average 2010	7.1%	Average 2010	-1.9%

...for obvious reasons

understanding the legals...

- ownership situation for off shore investors (i.e. leasehold or freehold)
- land title registry process
- transfer tax, stamp duty, vat
- capital gains tax
- capital controls (money out!)
- business tax on rental income?
- what is the optimum ownership method?



- always request a land title search
- always request evidence that all permits and licences have been granted
- be aware that satisfactory legal due diligence is just one aspect of research
- don't be pressured into buying without having completed legal DD

only be prepared to pay *refundable* deposits until you
have successfully completed your legal due diligence

the developer...

- who are they?
- what have they done before?
- how are they funded?



questions for the developer...

- do you 100% own the land or is it optioned?
- are you relying on property sales to fund construction?
- do you have the financial capacity to complete the project in no more sales?
- which firm is contracted to do the construction – can we see previous builds?
- what happens post construction – what about rental management?
- how are your current projects performing in terms of rental?
- what provision is there for maintenance and what are the costs?



- be alarmed if the developer or agent cannot answer your questions in detail
- ask to talk to existing clients of the developer or agent
- don't accept vague answers
- don't feel uncomfortable asking about the developer's finances
- find out how much your agent really knows about projects it's promoting

be concerned if you hear “don't worry about that” and
be prepared to walk away if you are not satisfied

rental management and income...

- be cautious of rental yield projections, work to conservative scenarios
- reject long term guaranteed rental programmes (1% or 2%?? no thank you!)
- ask searching questions regarding the commercial and operational project plans
- is the rental income pooled or is there a fair usage policy?
- drill down on contractual items (insurances, currency)
- be in a financial position to make mortgage payments in void periods



- how robust is the resale market?
- who is buying? Where are they from?
- is the market held up by investors?
- is everyone trying to “flip” with no real buyers in sight?
- how does your purchase price stack up against comparables?
- if you buy well, you should be able to exit with relative ease at any time!

understand your exit strategy before you invest...

if you don't know how you are going to get out,

don't get in!

time for purchase ...

- do not wire any money until you are 100% clear on the opportunity
- the seller and buyer must sign contracts *before* money is wired
- make sure you have security at each stage of the payment cycle
- be comforted if 25% of the funds (or more) are not payable until completion
- do not take out finance based on rental income (even if 'guaranteed')



the benefits of investing overseas...

- accelerated capital appreciation
- higher than average yields
- building your wealth
- lifestyle enhancement



thank you very much!



www.clairebrownrealty.com