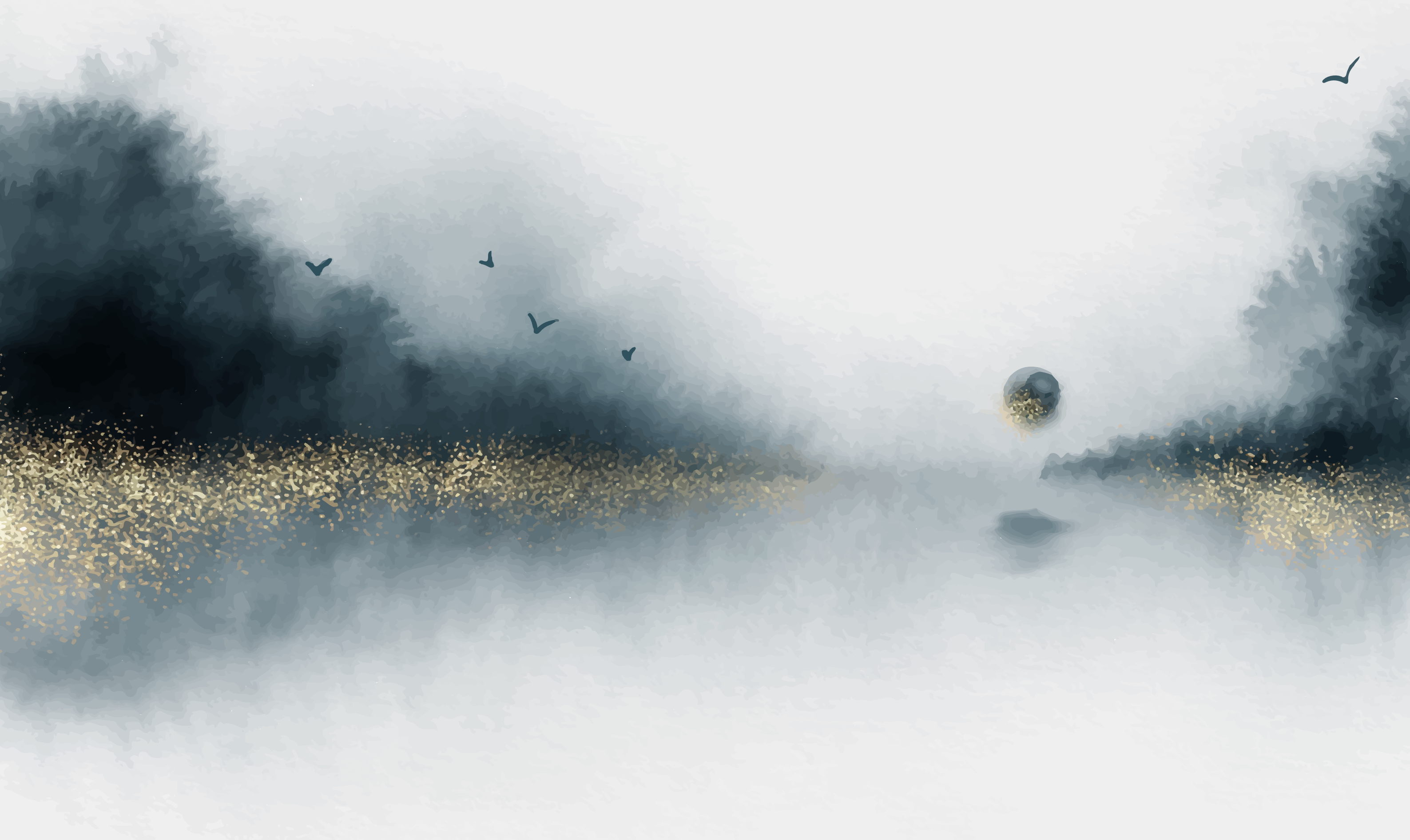
MCM

BOOK OF BLOGS

# THE JOURNEY



A TRULY INSPIRATIONAL BOOK
FOR FUTURE INVESTORS

## NOW EVERYONE CAN INVEST, GLOBALLY

THERE ARE NO LIMITS TO
WHAT WE CAN ACHIEVE

MCM BOOK OF BLOGS II.

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Chapter One

# Who is Maxshangkar?

To say that **Maxshangkar** has far-reaching ambitions would be an understatement; he has global aspirations - and he's started achieving them. Where other property investors would be content to ***buy*** and ***sell*** properties in their own towns or the next state, or, at most, the neighboring countries, **Maxshangkar** takes it further: he goes to completely different continents, and in some cases, to places not usually connected with real estate.

He holds firm to the belief that owning property is akin to owning gold - **but he didn't get to where he is today, just by hanging on to tradition. He rolled up his sleeves, did his homework, clocked up his hours, experienced ups and downs, and took his chances** - and amid this full, buzzing life, he also managed to write a book and earn an MBA from University of East London offered through WIM College.


His early career gave no indication of what direction he would eventually take. He did, however, insist on doing things his own way right from the start despite family objections.

> **"Right after I graduated, I sold healthcare products and water purification system,"** - *he recounted.* - **"I had lots of opportunity to hone my soft skills over four years, and I developed a good customer global network base."**

From healthcare products and network marketing, he moved to commodity trading, buying petroleum products and selling it in various countries with contracts worth millions and billions. It was hard work with a lot of travelling involved which took him to new territory, where he faced many challenges.

In **2009**, he decided on a career business change, and moved to property investment.

**"My main motivation for getting into real estate was the property boom that occurred just after the 2008 global economic downturn,"** *- he explained.*

Not many people realized this; what they saw was primarily unpaid debt resulting from owners' inability to repay loans, but as the old saying goes, every cloud has a silver lining and in this case, the silver lining was that many properties that had not been in the market before, were now becoming attainable and at affordable rates, as their owners tried to sell off quickly to avoid having to service their housing loans.

Realizing that he knew very little about the field, he threw all his energy into reading up on it and understanding it thoroughly.


**"Many people who buy property don't do their homework,"** - *he remarked.*

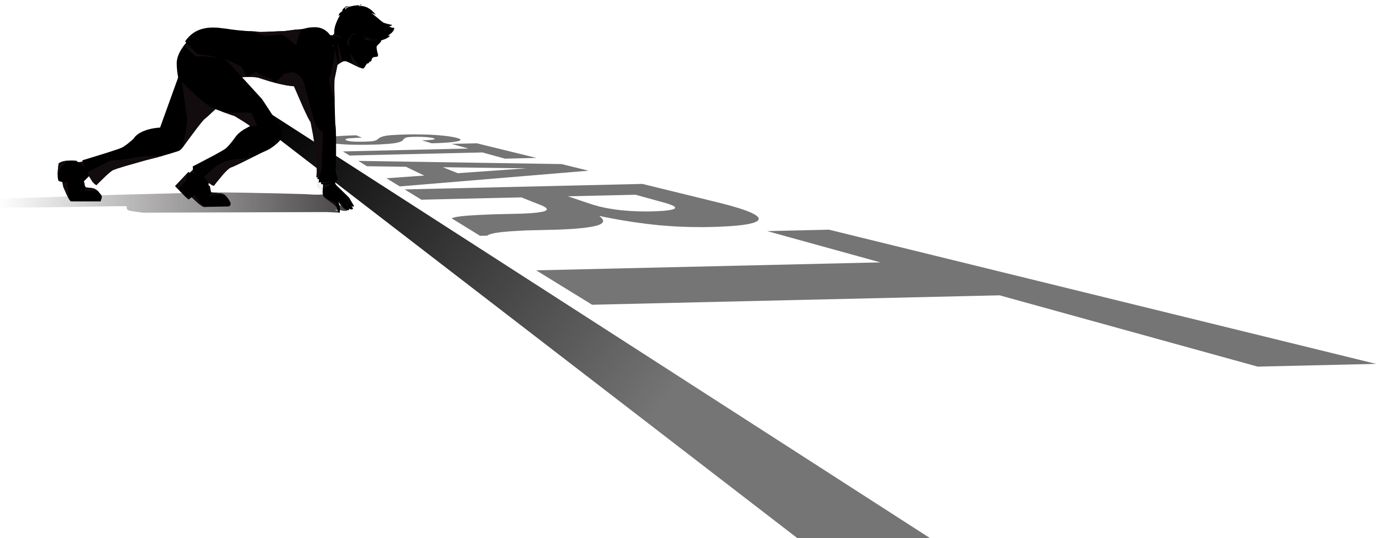
**"They don't do proper research and planning, so they don't know when to invest and million-dollar question: when and how to exit!"**

They may not even know if they are making enough from their regular jobs, to be able to service the housing loan that they sign up for, and their dream property turns into a nightmare!

He took a different approach, recognizing from the outset that there was NO "one-size-fits-all" strategy, he founded the **Property Investment Life Cycle (PILC)** strategies as different strategies worked in different markets at different stages of economic cycles, so he decided that he needed to run a real estate business inside as well as outside the country.

Having culled a wealth of experience in a multitude of risky businesses over almost a decade, he took the plunge once again and set up **Max Capital Management (MCM)**, a group of companies that together provided services encompassingevery aspect of property development, from conceptualising individual development projects, to sales and marketing, and providing project management consultancy services, including land acquisition, renovation, refurbishment and maintenance, for the finished buildings.

> **Push yourself, because no one else is going to do it for you!**



## Chapter Two

# How Maxshangkar Became a Global Investor.

Not only did **Maxshangkar** venture into the Malaysian property market; he daringly cast his investment net further abroad and put down money in regions where few investors had even considered venturing.

Among the projects **MCM** handles today are projects in ***Malaysia***, ***Hong Kong, Germany***, the ***UK, US, Australia, New Zealand, Indonesia, China, Russia, Dubai*** and ***India***. He readily admits that the risks are enormous, but so are the returns. As a global investment holding and projects management consultant firm, **MCM** is currently managing projects valued at about **USD10 billion** since 2012 but **Maxshangkar's** aim is to grow it to ten times its current size. That means a major juggling act, since each country requires a different strategy.

> **“Sometimes a project in a certain country doesn’t need development – it needs renovation or refurbishment, as in the case of our property redevelopment projects in New Zealand,”** *- he clarified.*

> **“After the earthquake a few years ago, we found that it would be more viable to refurbish and redevelop, rather than develop from scratch.”**

In the case of the **UK**, he has turned his hand to investing car park facilities; while in **Russia**, the strategy has been to set up a commodity business and consultation services.

Never miserly about providing insights into the markets where he has done extensive research, he readily discusses regions like the **US** and **Germany** - areas where most investors are wary of treading. Unlike the **US**, where the sub-prime problem could be turned into a golden opportunity, some areas in the **Germany** environment offered run-down, dilapidated buildings that could be purchased at reasonable prices and remodeled as trendy, upmarket accommodation or office space, which could command significantly higher returns.

Additionally, there could be government incentives offered for the re-purposing of some of the heritage buildings, many of which may be sited in what are now prime commercial areas, provided someone would undertake their redevelopment.

**MCM’s** projects also includes developments in **Hong Kong**, probably one of the most difficult markets in the world. Population density, land scarcity and off-the-charts growth make it an extremely complex one, but **MCM** has managed to gain a foothold with a strategy of land bank acquisition, ie, acquiring small tracts of land with an eye to future development, taking into consideration the political, social, environmental and cultural realities of **Hong Kong**.

## But how do projects on other continents compare to what MCM is doing in Malaysia?

Despite having already established viable businesses in more than ten countries, and being able to show healthy profits in most of them, **Maxshangkar** is still bullish about the place he calls home.

He believes there are many areas where both local and foreign investors can invest their funds for very healthy returns on investment.

> **"We tend to believe that we need a lot of money to invest, but it's not always true,"**
> *- he opines.*

> “But it can be done. You have to be able to make different kinds of investment, like investing time in doing proper research, and learning about markets, that will help you make well-informed decisions and taking calculated risk. Be consistent. Your attitude towards small things should be the same as your attitude towards big ones.”

Acknowledging that he was driven by the desire to make it on his own and not work for others, his advice to budding entrepreneurs is:

> “If you are avalanched by adversity, hold on. Don’t give up; rebuild. Make decisions and stick to them.”

# GREAT THINGS

*never came from*

# COMFORT

# — ZONES —

## Chapter Three

# Be Aware... Property Bubbles Might Burn Your Hands!

This is the common statement. We often hear when sharing 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 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.

## There Is Always Two Sides To A Coin

## Chapter Four

# How to See Light in The Dark?

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 globalization 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 non-conventional investment collaborations.

Another catalyst for the global REI (Real Estate Investment) 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 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 the future.

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

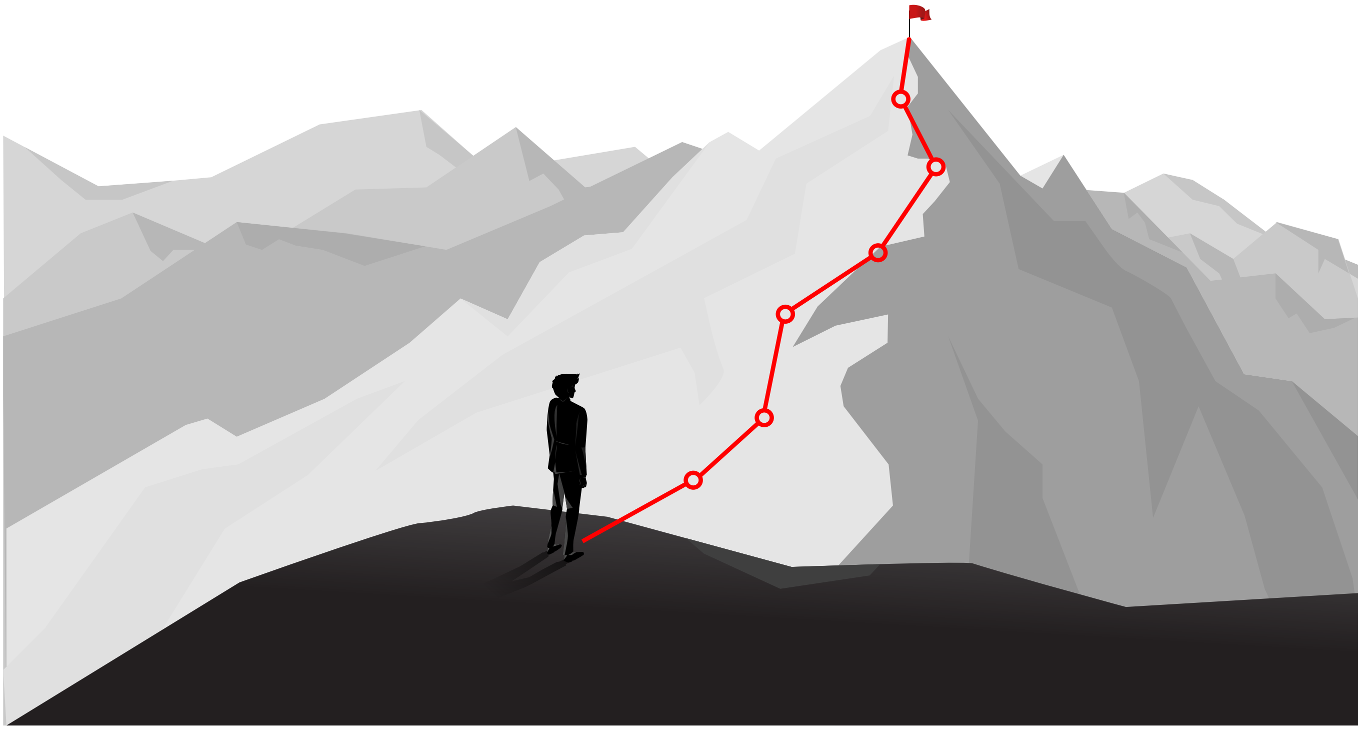
The awareness of global REI is also driven by international real estate agencies and developers who have aggressively organised road shows and awareness campaigns in foreign countries to entice foreigners to invest in another country.

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**



## Chapter Five

# Experience From Maxshangkar

The opportunity to travel extensively to major cities of the world (more than **50** countries at the age of **40**) and getting to know many successful entrepreneurs from many different industries have shown me that there is one common things 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 projects not only in our home country **Malaysia**, but also to **Hong Kong, Germany, United Kingdom, United States, Australia, New Zealand, Indonesia, Dubai,** and soon to follow manyother potential countries.

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, 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 **high up-keeping cost**, exit cost and their **weakening currency** against the country they have invested in.

A major factor to consider before investing abroad is their local property law, 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.

Another area that should be taken into consideration is the **tax system.** Generally, there are **2 common strategies** when investing in property, **directly and indirectly**. Both strategies involve different financial issues, and one of those is tax.

One should understand the tax system in each particular country against the property investment portfolio to able to get the most out of the investment. Direct property investment in most countries is subject to **Capital Gains Tax (CGT)** including Malaysia. Disposals of Malaysian real property is subject to **Real Property Gains Tax (RPGT).**

**RPGT** is levied at progressive rates, depending on the property's ownership period or holding period prior to its sale.

“Behind every success there is an unseen hard work, sacrifice, and persistence.”


Now Everyone Can Invest, Globally!

Chapter Six

# How Men and Women Invest Differently?

We at **MCM** always looking to find that **"gap"** that we can fill with knowledge. When it comes to investing whether it's in **PROPERTY** or a **BUSINESS** with potential there is no bulletproof formula that would just simply work in every scenario. At the first meeting I ever attended when I joined **MCM**, **Maxshangkar** said something that has stuck in my head ever since:

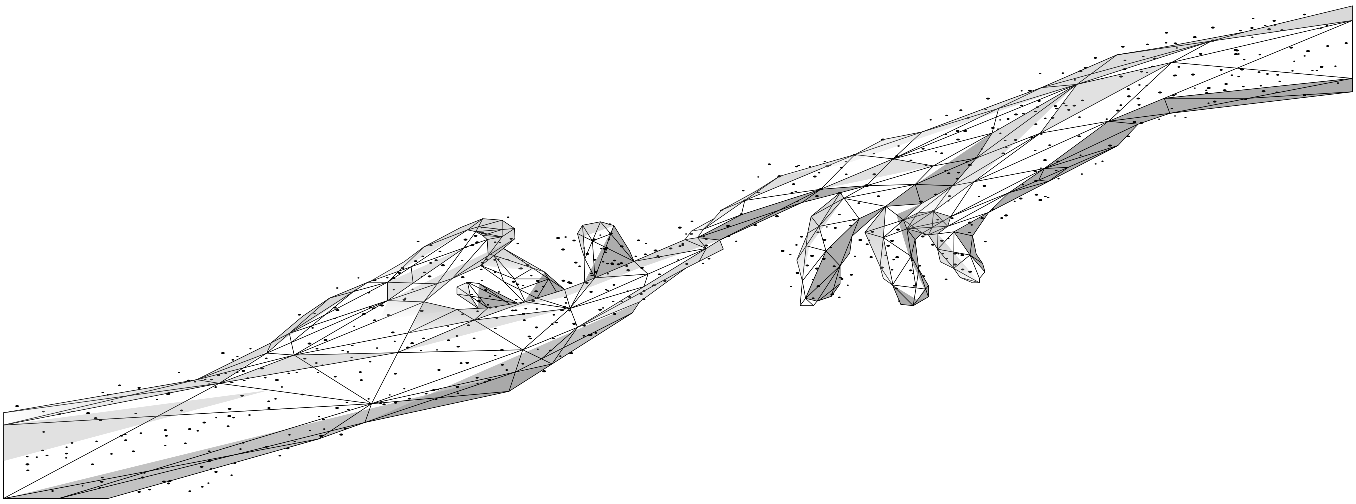
***"In our line of work, we can't get comfortable thinking that we know everything, we need to constantly learn about new trends, change in economy or a 'switch' in people's mindset. To be able to see through and predict the possible outcomes when an opportunity presents itself, we need to be ready and understand it almost immediately.***

***This requires you to learn every day, to stay sharp and ready at all times and to have an open mind. Don't ever be too afraid to ask a question even if you think it's 'stupid'."***

It took a couple of days until I was able to understand why he said this and why he continues to say it every time a new person join the company. There are a number of people at **MCM**, who works in a so called “research/study department”. As you can already guess, their job is to carry out complex studies and analyze an incredible amount of data on daily basis so our team can always stay on top of the game with the best possible understanding of investment.

Being **“YOUR RELIABLE GLOBAL INVESTMENT EDUCATION PLATFORM”,** it’s most important to the **GIC** members to be able to share our knowledge and teach our skills to those who want to be a successful investor.“

**“People before profit” – says Maxshangkar with a twinkle in his eye.**



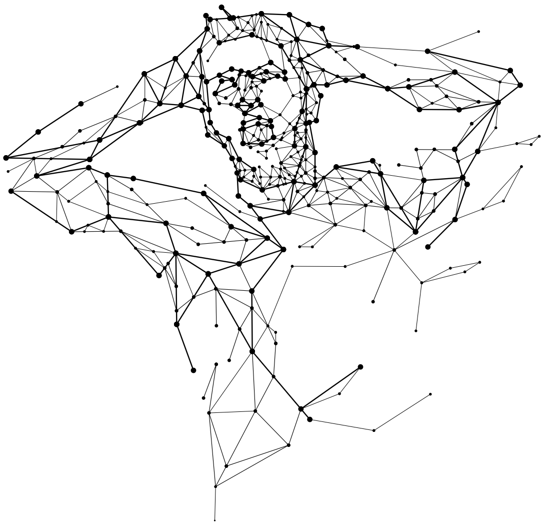
A couple of weeks ago during a brainstorming session one of our team member’s threw in a very interesting question: ***“Is there a difference in the behavior and mindset between man and woman when it comes to creating different investment strategies?“*** – this is exactly that moment when the ***“don’t ever be too afraid to ask a question”*** served as the perfect example.

**This is what I’m going to share with you next:**
We are finally living in a world where gender equality is not from a science fiction book. Yet, we still use common stereotypes and clichés like: “Women always want a new pair of shoes or another pretty dress they don’t need” or “Man, is the provider of the family, the savvy investors who understands money and that’s why they deserve that sports car.” These images are presented to us on social media every day.

# What do you think, how accurate are these statements?

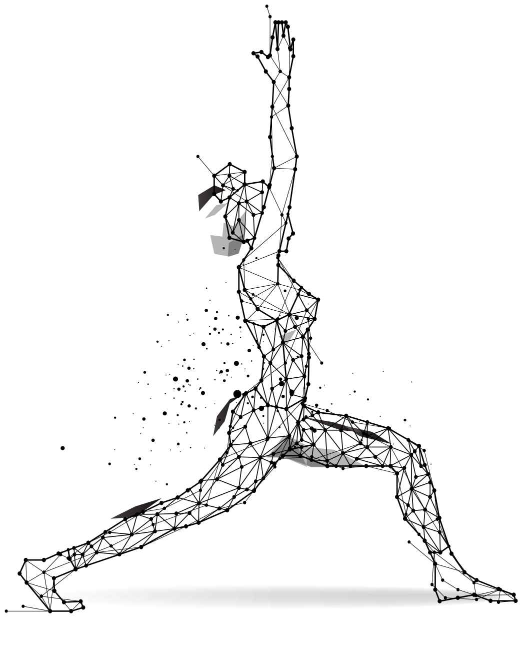
It is clearly stated that it is impossible to generalize in this topic, but we try find out if there are similarities and/or differences in the way men and women handle their money.

## I. Men are most likely to invest



At **MCM** we have managed and hosted over **400** events, workshops and seminars all around the world, in more than **30 cities,** over the past **3 years**. There has always been a male dominance at our events, but more and more ladies are starting to represent themselves. We have found out that women hold most of their assets in **cash** while men keep a lesser in cash, the rest they tend to put towards the future with a long term investment plan.

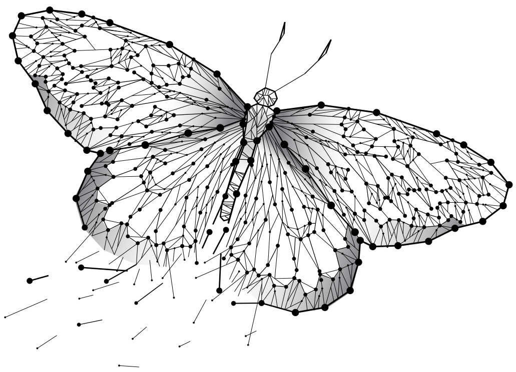
## II. Women are more likely wear modesty



When we surveyed our **GIC** members about how confident they feel about managing their investment plan, almost **70% men** were sure about their  knowledge and have made positive calculationsin the outcome while only less than **50%** of the female investors felt the same way. The remaining **50%** were worried about unfavorable outcomes. This gap is also created by differences in education because more men choose a career in finance than women. **MCM GIC** was created to be able to help everyone who seeks to know more about investments.

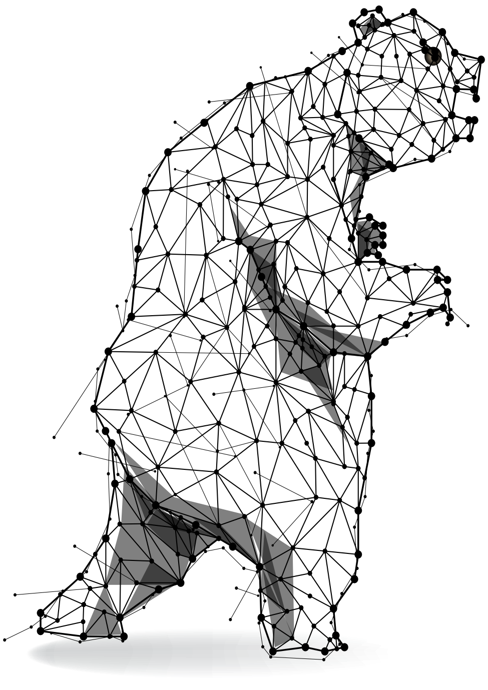
## III. Women earn higher returns

A women's self-doubt about investing is unwarranted when you look at the facts. Several studies have shown that women are better investors than men as a whole. Studies show that women do tend to save more money for rainy days or retirement out of their pay checks. For example, the higher rate of return would mean that a woman who invested **9%** of her salary annually (the average for women) starting at age **22** would end up with **15%** more at age **67** than a man who invested **8.6%** annually (the average for men). *Stated by: SoFi Learn*



> **"Risk comes from not knowing what you are doing."**
>
> - *Warren Buffet*

## IV. Men vs. risk



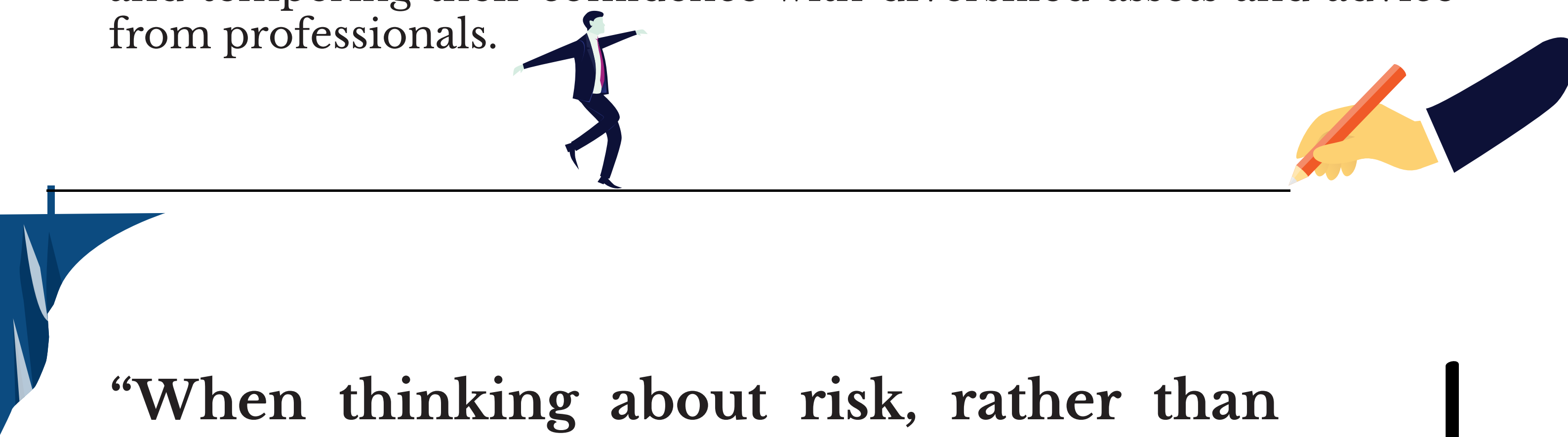
Even when we look at stories from ancient times, when **"hairy cavemen"** were the rulers of the world **"risk"** was the middle name of all men. While the ladies were looking after the fire our primitive ancestors were busy chasing a **Saber Tooth Tiger** with stick and rocks. We can simply say that it just runs in our blood to be a little braver then our female compatriots. Women's discomfort with risk is a **mixed bag**. Overly aggressive investing may make returns more volatile and lead to big losses. But not taking enough risk may mean not earning high enough returns to fund **long-term goals**.

# V. Asking for advice

When it comes to investing, woman are **less shy** about asking for advice than men. This **desire for education** could stem from that pervasive feeling among women that they don't know enough. But a desire for guidance doesn't necessarily translate into action.

Past trends are not a predictor of the future. **Men and women** both have lessons to learn from each other's investing patterns. Generally speaking, women might want to think about investing more and taking lesser risks that are appropriate for their age and **life goals**.

Some men, on the other hand, might want to think about taking a less hands-on approach to buying and selling properties or stocks and tempering their confidence with diversified assets and advice from professionals.



**"When thinking about risk, rather than making things unnecessarily complicated, there are really two main things you should want to know about an investment strategy:**

**1. What is the risk of losing money following that strategy over the long term?**

**2. What is the risk that your chosen strategy will perform worse than alternative or creative strategies over the long term?"**

**- *Joel Greenblatt***

"Behind every success there is an unseen hard work, sacrifice, and persistence"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