



The Five Keys to Offshore Real Estate Investment Success



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Are you considering investing in offshore real estate? If so, you're not alone as many savvy investors are now looking at offshore properties as viable investment opportunities that add value to their portfolios. If you've already achieved success by investing in your local market, the next logical step is to explore offshore opportunities and build on that momentum. However, making the move to offshore real estate investing requires time and preparation. To help get you started, here are five important things to consider when looking to invest in offshore real estate.

1. GET THE RIGHT INFORMATION

As an offshore real estate investor, you should assimilate all the information you can on current market trends, which will empower you to make informed decisions. Those who don't could find themselves in a precarious situation quickly. About 80% of people who invest in offshore real estate end up losing their money, mainly because they made a decision based on incorrect or incomplete information.

For example, a South African company sold many properties located in a specific Atlanta county at very low costs to foreign investors who thought they were getting a lucrative deal. However, the reality is the properties they invested in had huge vacancies, lower quality tenants and troubled property values. Additionally, the county's education system was recently downgraded, making it even less desirable for tenants to want to live there. Obviously, what seems like a good deal on paper may not actually be the case. This serves as a perfect example as to why gathering as much information about the property and the economic conditions in the area from the beginning is of the utmost importance when it comes to your financial success in offshore real estate.

Unfortunately, this is but one example of many real estate offshore investments that did not turn into profitable ventures in the long run. There have been times when investors believed they were buying in to a valuable property in a thriving country only to discover that there was oversupply in the region, leading to lower returns. Other



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markets are volatile and experience financial turmoil, even bankruptcy in extreme cases. With some information gathering and strategic planning, you can easily research the countries and properties you want to invest in and be better prepared to handle the ups and downs that go hand-in-hand with offshore real estate investing.

As part of your information gathering process, ask your investment company how much time they spend on research and how they communicate this to potential investors. This will demonstrate the company's understanding of the market and how committed they are to providing clients with all the facts they need to make investment decisions. If the company is based in your home country, find out how often they travel to the country where the property is located in order to obtain a first-hand account of current market trends. Finally, request the Economist's¹ reports and data for the specific area of interest, which is widely considered the global authority of facts and figures for all major markets. If a company is unfamiliar with this report, proceed with caution.



2. CHOOSE THE RIGHT PARTNERS

We're all familiar with the saying a chain is only as strong as its weakest link. This definitely applies to offshore real estate investing as you will want to build a team of partners that will contribute to your long-term financial success. Not only is it important to have partners you trust, it is also key to work with people who are committed to this industry and truly add value to your offshore investments.

Many investors make the mistake of investing in real estate simply because they like the salesperson or they are relying on a friend's referral. However, this could lead to less than desirable investments as the partners you're dealing with may not end up having your best interests at heart. Perhaps they lack the experience in overseas investing or simply don't have the communication skills to keep you abreast of your property's status. Every market has its differences, so it is possible for even the most knowledgeable real estate professional

1. <http://www.economist.com/blogs/dailychart/2011/11/global-house-prices?fsrc=scn/tw/te/dc/locatiolocationlocation>

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in your country to not understand the nuances in foreign markets. Whatever the case may be, smart investors should find out more about their potential partners well in advance of any investment ventures offshore.

To help investors choose the best companies to work with, an international organization was created to help regulate these companies and ensure they meet industry standards. The Association of International Property Professionals (AIPP) is a non-profit organization based in London and serves to improve the standards of professionalism in the global real estate market. AIPP members have committed to industry regulation, completed industry standard training and adhere to all aspects of the AIPP Code of Conduct. AIPP membership is considered the “stamp of approval” for international real estate companies, so you should consider working with an organization that is a member.

It’s also advantageous to work with partners who have a presence in both your home country and abroad. It makes a huge difference when you can actually speak to someone locally on the phone, or in person, to discuss your global investment opportunities.

Most importantly, choose an investment company that can answer the tough questions, particularly how they have handled past challenges with other clients. In real estate, problems occur and things don’t always go according to plan. Therefore, one of the most telling questions you can ask is how the company rises to the occasion during challenging times. An investment company should not be judged solely on what they do when things are going well, but also what they do when problems arise.

3. MAKE RENTALS AN IMPORTANT PART OF YOUR PORTFOLIO

There are many structures one can follow when investing in an offshore



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market, but no one structure is foolproof. However, the life blood of real estate investment still lies in rental properties. Experienced real estate investors understand this and that is why they have structured their portfolios to include rentals as they typically provide the most cash flow opportunities despite market fluctuations.

Often, investors who haven't taken the time to properly educate themselves or align with the most knowledgeable partners focus on finding a bargain only to realize there is no viable rental market. This could lead to financial loss and an aversion to want to invest globally in the future. With rental properties in your global portfolio, investors have a greater opportunity to enjoy consistent cash flow that will be an advantage in the face of any economic downturns.

Before investing in rental properties offshore, consider the current market and find out if the demand truly exists. Seek information from your investment company to determine what the demand for the property will be like once it is ready to rent. You will need to find out more than just the typical one or two year guarantee that is often included in the purchase price, but instead find out what the long term, sustainable rental income will be.

Lastly, find out how much skin in the game your investment company has and if they are also helping you find, buy and renovate offshore rental properties. If not, you will no doubt experience problems as your partners will not be aligned with your interests. They should be more than prepared to back up any claims and put their money where their mouth is, so to speak, when it comes to assuring you which rental properties would make the best offshore investments.



4. USE FINANCING AND CASH FLOWS TO YOUR ADVANTAGE

Offshore real estate is a big investment for anyone, so you'll want to make sure your financing is in place. Investors have different options to consider when dealing with foreign markets and financing guidelines may differ depending on the country. This is why it is important to work with the right partners who understand the variables and can

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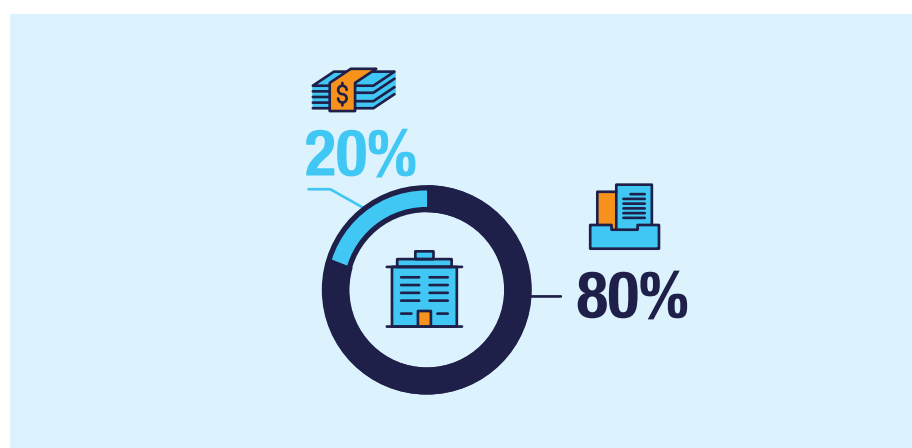
offer you the best financing plan for your investment.

In recent years, there's been a tendency for investors to invest in off-plan developments with a 10% deposit and then sit back and wait, banking on capital growth while the property was being built. The challenge with this method lies in the financing – an investor can only secure it six months prior to transfer. The contract and the purchase are not subject to financing. Therefore, if an investor cannot complete, settle or transfer the property, the 10% deposit will be lost.

The real estate investment industry as a whole can be very lucrative, yet unpredictable. While there is no way to predict the outcome, investors should consider the type of market they are investing in first, then determine if the possible gains outweigh the potential risks. Also, having a solid, sustainable income or cash flow is key, allowing you to use financing to your advantage. In most countries, an investor can get 50% to 70% loan-to-value from local banks, which greatly reduces your capital outlay and increases your returns. Some countries also offer fixed interest rates that work in favor of those investors who have sustainable income and are cash-flow positive.

5. LINE UP AFTER-SALES SUPPORT

Once you make an investment in an offshore property, the support you've received up to this point should not come to a halt. The after-sales period is a crucial part of the overall sales cycle that will separate true partners from those who only care about making a profit. Investing in a property only constitutes 20% of a total investment; the other 80% should come from the management and maintenance involved with the property, tax, structuring and compliance. While many investment companies will claim to have full service available to its investors, what does this really entail?



To find out how committed your company is to supporting you once the sale has been finalized, you should be prepared to ask some important questions. First, determine how large the after-sales team is and who you will be working with personally to ensure all aspects of your property investment run smoothly. Ideally, this person



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should be an experienced real estate professional who understands the nuances between your home country and the location of your offshore property.

Secondly, don't be afraid to ask the investment company for referrals and how they've handled investment challenges that other clients have faced. Remember, how a company responds to problems is worth knowing as you'll want assurance and peace-of-mind concerning your own investment.

Finally, find out what the company's ongoing and long-term solution is to keep you on as an investor. Does the company offer some type of organization or group for its investors to meet one another and share lessons learned and experiences? The more invested the company is with its clients, the more likely you will be to continue doing business with them, increasing your confidence and trust in the management team's capabilities.

Offshore real estate offers investors increased exposure to a number of markets and a wide array of opportunities to increase financial wealth. Despite how strong any particular local market is, it makes good financial sense to invest some of your wealth offshore as the payoff can be significant. Use the five keys to success to make your own financial dreams a reality and be sure to work with an investment company that understands your target market and can guide you every step of the way.



WHO WE ARE

Wealth Migrate, ***Your Trusted Global Real Estate Marketplace™***, is leading The Wealth Movement in globally creating wealth for all through real estate.

Through Wealth Migrate's best-in-class investment crowdfunding platform, investors **gain direct access to exclusive real estate investment opportunities in premier markets around the world.** Investors benefit from the extensive experience of our executive team, which has invested more than **US\$1.34 billion** for clients in international real estate transactions over the **last three decades on 5 continents.**

Wealth Migrate partners with proven local operators and participates in every deal alongside our investors, ensuring your security and peace of mind are held in the highest regard. By joining, members gain access to details of every investment, can review thorough due diligence reports prior to investing and manage their own real estate portfolio, all online. Through our extensive network, we are able to offer the best global real estate providers access to global investors. Wealth Migrate's mission is to harness the power of the crowd to put global real estate assets within reach.

Wealth Migrate was founded by experienced global real estate investment professionals. The Wealth Migrate platform connects sophisticated investors through an integrated technology solution that reduces the inefficiencies and costs inherent in traditional real estate transactions. This is achieved through automation and economies of scale, which allows for more growth, higher investor returns and secure and economically resilient portfolio building. Through our end-to-end solution, investors can partner with the best-of-breed globally and directly invest in their opportunities.

Our Global Investment Due-Diligence Systems (GIDDS)™ is one of the most sophisticated and advanced in international real estate and incorporates multiple integrated levels of inspection to ensure global consistency in wealth preservation and sustainability.

Wealth Migrate's foundations are built firmly on three core values: **trust, transparency** and most importantly, aligned interests. The company was founded on the principle that by leveraging collective buying power, investors can realize solid returns and have access to a wider array of quality investments than they ever would on their own. Just as a bird in a flock can fly 70% farther than a bird flying on its own, Wealth Migrate facilitates the global migration of wealth by harnessing the power of the crowd, adding value to both the individual investor and to society at large.

By leading The Wealth Movement, our purpose is to empower an extra billion people on this planet by 2020 through access to real estate and the wealth effect. This will ensure we are creating a sustainable and better planet for all!