

Real Assets Investment Management Business Model

Key Partners

Investors: (retail or sophisticated, lenders): Manage investment stream, communicate, report to

Bankers: Handle funds, interest, costs, transactions

Local Government: Apply for certifications; Building regulations

Specialist resource

- Quantity surveyors, architects
- Lawyers (conveyancing solicitors)
- Construction work/labour

Technology partners

- Construction management system
- Lending, risk management, sales platforms
- CRM

Land owners: Supply of land, need to provide regular updates

Key Activities

Raise funding

Manage construction process

Handle flow of money in/out efficiently

Arrange sales

Key Resources

Financial (funds in segregated accounts and management thereof)

Human (skilled individuals, analysts, data experts, accountants, quantity surveyors, as well as construction managers etc. – whether internal or external)

Intellectual (analyst expertise, know-how in lending process, regulatory requirements, financial modelling)

Digital (CRM, property management, collaboration platforms, financial modelling tools)

Value Propositions

Allow for larger/complex projects to be achieved through working with multiple stakeholders

Ensure development stays on target (money and time)

Reduce risk from development failing overall – underpinned by certifications such as ISO9001 (Quality) or ISO27001 (ISMS)

Enable visibility, communication, and good return on investment (for investors/lenders)

Stimulate economy through supply of newbuilds (see: economical, societal, environmental benefits)

Benefit the environment through eco-friendly development and use of modern construction technology

Customer Relationships

Primarily Longer-term (e.g. with Investors, estate agents - but can also be Transactional)

Transactional for end-buyers and land-owners (but can also be personal assistance)

Customer Segments

Business model is Multi-sided platform

Land Owner (from whom land is purchased for development)

Investors (from whom money is raised for development)

End-buyers (who purchase e.g. individual units on a developed property)

Estate agents (where developed units might be bought for resale)

Channels

Communication channels (e.g. with investors) primarily digital (updates through platform, exchange of funds through online banking, property investment crowdfunding)

Distribution/Sales channels primarily online marketplaces (e.g. for unit sales)

Other Sales channels (e.g. land acquisition) through marketing, inperson sales (large property owners)

Cost Structure

Fixed costs: Includes salaries (analysts – both sourcing projects and development monitoring, data scientists, administrative staff – senior role is a Financial Controller, some specialist resource e.g. Quantity Surveyors, IT and IT Support), benefits, insurance, utilities (e.g. mobile), bespoke and offshelf software, marketing/advertising

Variable costs: Sales Commissions (on land acquisition and on sale of developments/units), outsourcing costs (property developers), property permits, interest payments, consultancy fees (architects etc.) – most of which are COGS (Cost of Goods Sold), distribution (e.g. estate agents and property portals)

Business is both Cost Driven (variable costs, lean/profitable projects, heavy outsourcing of developments) as well as Value Driven (good returns, value generated, premium offering)

Revenue Streams

Investors (retail, banks/lenders) willing to pay for higher returns and value generated

End-buyers willing to pay for either value add (i.e. well-priced properties) or premium offering (high-end properties), or ideally both

Types are: Asset sales (list price based on size/finish), Lending, Brokerage fees