

EPISODE 1095

[INTRODUCTION]

[0:00:01.6] ANNOUNCER: Welcome to The Real Estate Syndication Show. Whether you are a seasoned investor or building a new real estate business, this is the show for you. Whitney Sewell talks to top experts in the business. Our goal is to help you master real estate syndication.

And now your host, Whitney Sewell.

[INTERVIEW]

[0:00:28.5] WS: This is your Daily Real Estate Syndication Show. I am your host, Whitney Sewell. It's that time of week again, where my business partner, Sam Rust takes over the show and interviews our guest. I hope you enjoy the show.

[0:00:35.5] SR: This is your daily Real Estate Syndication Show. I'm your host, Sam Rust. Joining me today is Sohail Hassan with market space capital. Sohail is co-founder and managing partner of MarketSpace Capital and is responsible for setting the firm's strategic direction, as well as overseeing the day-to-day management before joining market-based capital. Sohail acquired and successfully exited several business ventures related to engineering and technology, as well as serving as the Director of US Operations for the Apex Group of Companies, global consortium with a focus on providing services to both the private and public sector in selinus tries. Sohail, thanks for joining us today. I wonder if you could give us a little bit of background about your past, specifically what led you into commercial real estate?

[0:01:20.0] SH: Absolutely, I can give you some introduction of my background, how I got started and funny enough, my experience really out of college was working at politics, I studied PoliSci at Texan, A University, and my father happened to be friends with a den Senator for akola and became friends with him in 2004, and as a result, brought in to Houston in 2005, and we got to meet him, and this was before everybody really knew who Obama was, right.

[0:01:47.0] SH: So when I graduated from AM, I actually been accepted to law school, but I had this opportunity to join the Obama for a race campaign, so moved to Chicago in November of 2007, I started working out of the Obama America headquarters there, Chicago. And spent the

entire year there helping him get elected for President, and my job at that time really was raising money, and so bringing in contribution specifically from people that are South Asian to send, then doing some vetting operations and making sure you know of... Or at the center, money. And so following that, I moved to DC, I lived there, I got a masters from George Washington University in Political management, which is effectively teaching you three things, which is raising money, developing your messaging and mobilizing people to vote on election day, obviously for your causes, and so I lived there for four years and to allow that in and from there, I always had a passion for renewable energy, specifically solar, PV, and its application to residential and its... To offset energy consumption, and of course, that's a big thing out in Denver, and I'm sure you're very familiar with it, and so at the time, I had started a company that was with another friend of mine that basically was a technology company for the solar industry, and we ended up getting support from the Department of Energy, and our whole ballet was to reduce what is known as industry soft cost, which when it comes to solar, there's hardware costs like the actual panels and inverters, but everything else in terms of engineering design, all of that is related to the soft cost, and so again, we had a company that would seem to reduce those, and so I spent four years of my life dedicated to this center, and eventually we had an opportunity to sell the company in 2017, and we ended up being able to exit out of the company and from there, that's when I was kinda looking what was next for me or I am...

[0:03:47.1] SH: And specifically, I had a friend of mine that also went to Texas A and M, and he was in the real estate industry and done very well for himself, and understanding that true wealth in this country is generated through real estate, if you even live just a formalist wealthiest people in real estate is at the top. So kind of understanding, I wanted to be in that sector, and I also felt that this investing in real estate really kinda gives you the freedom of the lifestyle that you want as well, and so understanding that I was introduced through that mutual friend who... A friend, David Edgar, and he's another managing partner here, he's been working in real estate his entire career, and then of course, we were introduced to Dr. Casas and Dr. Alicia has been working in real estate since the early 90s, he's been investing, and David and Dr who she had essentially started doing investments together since about 2012, and they started with a multi-family real estate investment in Houston area. Since then, it's evolved into retail shopping centers, office buildings, but I would describe the firm as very opportunistic in terms of just going after deals that they saw...

[0:04:56.5] SH: Right when I joined the firm in 2017, we wanted to really... First and foremost, I should preface this conversation by saying that it would raise... Myself and David met for dinner for the very first time, the conversation was driven not really by the idea of investing in real estate, but

by the idea of how we can use technology to really disrupt the real estate industry. And of course, by that, I mean the use of blockchain technology, and so understanding though at that time, and after doing some research on this, we didn't wanna be a platform that we build in terms of technology where we ask other people to come on to our platform, we thought the technology in terms of its application to real estate, I was still kind of... Is very nascent. Yeah. It hadn't matured enough. Right, and so as a result, we kinda wanted to take the wait and see approach when it came to the technology, but aside from that, our director was then to build up our assets under management and to basically have it so where one day we have a 500 million portfolio that we could then take through and use and go through the process of tokenization to bring some liquidity to this area and really understanding, Sam, that we truly want to democratize the ownership of real estate, and this fundamentally is how we feel it could be achieved, so from there, we really started adding and putting a more disciplined thesis and approach to our real estate investing, and at that time is when we made the decision to focus primarily on multi-family, and so we started a Jensen out of those wet office assets.

[0:06:38.2] SH: We still own one retail shopping center, Athena, we own two office buildings, but the other... We still double of all those different assets of Westerly, started exiting out of those and then focusing specifically on the multi-family side of the business. Now, our bread and butter has been on the value-add side, acquiring existing assets and of course reducing the operating expenses significantly and obviously put it on performing comprehensive renovations to the units. Are they increasing rents? Just as you know, but more so, we're doing this with the idea of keeping three things in mind, and these are fundamentally the communities that we try to build as well as we got into a development side of the business, and that is that we create communities that are affordable, they're sustainable, and they're inclusive, and so those are kind of our mission statement and our drive in force and all properties that we invest in. So with that being said, today, we sit with 19 investments, Sam, totaling nearly 400 million dollars of assets under management. We currently are developing about 500 units, one project is here in the Houston area, and another project is of the Dallas area, so that's primarily the two markets that we've been operating out of for the last couple of years, but the Houston and Dallas markets.

[0:08:02.0] SR: Really appreciate the sketch, Sohail, really interesting journey that you've taken, there's a lot of questions that I have based off of that, but maybe we'll start with some things that are more familiar for audience and then move into the tokenization and blockchain and how that intersects with real estate. I'm curious, you spoke quite a bit about how you guys are moving towards multi-family and value-add, multifamily plus some development versus office retail, any

other asset class within commercial real estate, why that focus... What is it about multi-family that has attracted you and the team at market space capital specifically?

[0:08:36.0] SH: Sure, so there's two things that we started seeing, and then again, we made this decision back in 2018, 2019, so we started seeing just kind of the trends in the market, I mean it's clear that shopping is going towards digital, so the big retail shopping centers that have giant retail, big box retail are obviously not performing so well, so even in the shopping centers that we've invested in, we really focus on more service-oriented businesses, the barber shops, really medical-focused, we have a lot of those that... Arians Cray clinics, those types are the tenants that we have an arson centers, but even on the office side, you're seeing remote working and obviously all that was even further precipitated through the pandemic right. Now, people are seeing that they can work remotely and they can use tools and technologies like Zoom, and they no longer need to return to work, so all of this portions to say that we can predict a Black Swan event like the covid 19 pandemic, but that's to say that through that, we've been seeing of the asset classes that have really remained the most resilient and out of those, there's only a couple that you see on the industrial side, and on industrial, you have data centers and cold storage doesn't perform exceptionally well.

[0:09:55.4] SH: But that aside from that, retail has taken a hit across the country, particularly here, it's used to market, we see it, we feel it from the retail assets that we own, and then obviously on the office side, through the entire country office is struggling, particularly here, Sam, what makes it a unique differentiator for Houston is that we are very dependent on the oil and gas economy, so when oil and gas is not doing well, that we know that it's at a lower price, which has been for the last couple of years, that the Huston economy is not doing as well, and so therefore, the office directly takes a hit from that, so we see in the Houston area, particularly in all throughout Texas, that what has really remained... They're most resilient throughout all of this, even through the pandemic, has been the multi-family asset class, and so while we didn't predict this event and we feel this kind of further reinforces our investment philosophy, and that's the whole reason why we further decided to double down, not only the value of that side. But then we started creating a ground-up development program, and I started personally those projects as well.

[0:11:01.6] SR: I find it pretty interesting folks go down a couple of different paths in the syndication space, but I'm starting to see more groups that are exploring ground-up development at Life Bridge Capital, we're doing some ground up development in the Idaho markets, you guys... Several other groups that are fairly well known are exploring that, and it seems to be, at least from

our perspective, related to some of the relative costs and also just getting more entrenched in the industry, making those connections where we didn't maybe have the GC experience required, but you can find those people, you learn a market and you realize, Hey, we might actually be able to build a class a product at someone of a discount on per unit pricing compared to some other product that's trading, that's already built. Some of those dynamics are really interesting.

[0:11:44.4] SH: That's exactly right. You hit the nail on the head, right? Even the returns that you're seeing on these grand developments, it's important to have some of those in the pipeline, and as you learn like we are right now, and you're gonna make mistakes and you learn from those mistakes, you move forward and you try to make sure that you do the next project correctly and eventually you'll get it right and you'll have those in your pipelines or goal at MarketSpace Capital is to have two to three development projects in the five on every single year. While we have an insular program that's focused specifically on the value that the best.

[0:12:15.4] SR: So I was looking at your website, MarketsSpace.Capital, you guys have some historical figures, you guys have really exploded in 2019-2020. There's been tremendous growth. You came on in 2018, then in 2019, you went from doing 25 million to 166 million in acquisitions, and then to 272 million in 2020. How have you guys scaled out, particularly as a Syndication group, you guys are raising money from investors, that's a big jump, and two years ago from 25 to 272 million, if you were to boil that down to one or two key things steps that you guys took, what would those be?

[0:12:49.4] SH: Great question, and I appreciate that. And obviously, we're very proud of our record, are very blessed to really be in a market like Texas, and I would say, Sam, it's a perfect confluence of events that took place for us to be in a position where we're one of the strongest markets to terms to the State of Texas, but then also within the state of Texas, you have the cities like Dallas and Houston, which are just exploding right now in terms of development, so I hate to say it, but partially is due is because we're good sponsors and we've maintained integrity and everything that we do and try to be very transparent towards our investors, but it's also because you could throw a rock right now in the State of Texas and had a good real estate investment. Right, so part of those things are what has led to our success, but aside from that is again, taking a very disciplined approach, understanding that this is the market that we wanted to go, and we started developing our marketing from there basically in 2017, and understanding that Dr. Chi, of course, is a physician and understanding that's kind of a specific market that we could focus on and educating other medical professionals on the benefits of investing in real estate, we started

really focusing specifically on that, and today we stand with a very robust investment network and Sam, I always say that this is kind of the natural evolution of a private equity real estate firm, right, just like you know, Sam, when you started out, you and a partner, you guys put your own money up, you could take a small deal down, You executed... You understand, it's just something you can do and you do another deal, you decide to syndicate it, you bring in friends and family, you end up taking that deal down and you perform on it in now on, then you start doing another deal and suddenly you become sophisticated enough to where institutional capital starts getting attracted to you, and that's exactly the position that we were in, and we just signed an agreement with a South American fund, it's a private equity fund that's one of the largest broker dealers actually in South America.

[0:14:54.9] SH: They go by the name of fine upper, and basically, they were looking from Latin America to deploy capital into the United States, and we've signed an agreement with them to deploy 160 million of the 500 million to level that they're looking to deploy specifically into real estate investments with market-based capital, so again, we've come to point where now we get a couple syndicating Capital along with institutional capital and be able to take down larger projects, and that's exactly what we've been able to achieve.

[0:15:27.0] SR: Oh, that's fantastic. So at the beginning, as you were going through your background, Sohail, you mentioned that when you came aboard MarketSpace, when you guys found it, that you were looking to the future towards technology and towards the blockchain, and I think you mentioned tokenization, you talked about this idea of democratizing capital, democratizing the ownership. And that's something that I'm really interested in, I'm really intrigued by. I'm curious for our audience, could you just define a couple of terms, so let's talk a little bit about what you mean when you say democratization, and then maybe just a brief overview of tokenization and how that intersects with this thing we call the blockchain.

[0:16:03.4] SH: Yeah, fantastic. Sam and I'm really excited about this topic because it's really in the center of two things that I happen to be very passionate about, and that's real estate and blockchain and like other technology enthusiast out there, I've been following just like you probably say, I'm following blockchain since the very beginning and really understanding its ability to make such a significant impact to almost every aspect of our lives... Right, and I'm sure you obviously are very familiar with Bitcoin and cryptocurrencies, but that is not necessarily the subject of our discussion today, because specifically today, I'd like to focus on blockchain technology, and for your listeners out there that do not know a blockchain is basically the new rails of the financial

system, it entails a network of smart contracts to connect issuance and to those networks that essentially allow for 24/7 trading, and basically it's... When you think of the term blockchain, it's basically a series of information that is graphically secured and it acts as a distributed ledger that is immutable. So a Smart contract, and the analogy that I think is the easiest to understand is that it only performs a specific execution if certain terms are met, so a great analogy is the vending machine, you put in your money, you make a selection and it all performs specifically what that is, so that's a simple idea of what a Smart contract is right now, there's several types of digital assets like critical entries, for example, and we mentioned there's obviously Bitcoin, but there's other protocols as well, like Ethereum that are specifically for issuing those smart contracts.

[0:17:54.4] SH: Okay, and those are essentially called utility tokens because they provide a benefit if a task is performed, so there's two of these asset-backed tokens versus what is known as an NFT or non-fungible token, and I'm sure Sam, you've heard of that recently with digital art, you have (crypto punks and all this kind of crazy stuff that's going on...) Yeah, it's so funny. Yeah, I... And millions of dollars literally are being bought for the spend, then there's no security tokens, and that's actually really the main focus and topic of our discussion, and so the security tokens are regulated securities, meaning that the cost of one share is treated the same as the other which is why it is different from an NFT, and that's essentially the idea, but Sam, the benefits of this technology are absolutely amazing because it has the potential to address what are known as the two biggest drawbacks that are typically associated with real estate investing, and that is of course, to lack of access to it, because the cost of the ticket is high, typically, that market space capital... Our minimum investment amount is \$50,000. And then the second thing is liquidity and the lack of liquidity that's typically seen in real estate, now this system effectively allows for owners to sell their shares or those units onto a secondary market, and the implications of that in terms of revolutionizing the industry from allowing something that said, 93% of retail investors don't have the ability to invest in real estate because they can't afford the high ticket fast sport.

[0:19:41.6] SH: Now, imagine that you would have the ability to go on to a secondary platform, so you, Sam, would be able to download an app, for example, like T-zero... That's the one, the secondary market platform that we work with, it's called T-zero and it is actually the only SEC and FINRA-approved secondary market for real estate. And basically, if they were valued today, they'd be somewhere between Coinbase and Robin Hood. That's why they want to come in in terms of their evaluation. And they're about to release a V20 version of their app, which is gonna help with increased trading volumes and expose people to the fact that they can trade crypto stops and security tokens on one app. So you would be able to go say, and you create a town on zero and it

goes to a simple KYC process, you have to verify that you're actually Sam, and once you've done that, you essentially can go on to this market and you can buy real estate shares and essentially have very different minimums, you can invest a couple of 100 if you want it, and you would essentially be able to own pieces of real estate and be able to benefit off that.

[0:20:57.0] SH: Now, I'd like to take a moment to talk to you about how from a sponsor side, what this means, okay, now basically, we go through the process of building a real estate asset, so I'm gonna give you an example of a 250-unit multi-family development that we're building in Dallas, Texas, and this is costing us roughly 1808000 per unit, so total times 250 units. You're looking at a 47 million construction costs. So basically Sam, if you're saying that you're looking at a 47 million, that's a base cost of all these investors, essentially what they bought in that now this project was appraised by a third party appraisal company, and that said that a stabilized value, this project is gonna be worth 66 million. Okay, so 47 million building past, you have stabilized value of 66 million, so we know that that's essentially what the share of the value is gonna be it... Once it's completed, correct? Correct, yeah. So now the people who invest it initially and they're buying it at that 47 million share, now once they own those shares with us for a minimum of 12 months, they can then turn around and take those shares and they can list them on a second day of market, such as t-Zero, as we go through and complete certain milestones through the construction process, the value of that point, which was once at the value of 47 million is now gravitating closer towards the value of 66 million, so the shares have increased on this...

[0:22:33.0] SH: Ultimately, we use what is known as a stable coin, specifically, there's one called Circle that we're using, that basically alleviates all of the inherent volatility that's associated with Bitcoin or Ethereum, it... So now you have a stable point, so one token, Sam, if you made 100000 investment, not me, I would just essentially issue 100000 of these tokens and just like instead of you owning shares on a piece of paper, now you're gonna own tokens that's gonna be stored in your wallet, after 12 months, and you can take those tokens that's in those wallets and you can essentially put them on to a secondary market, and people can start trading at those, but one day with the idea that knowing that those tokens are attached to the net operating income of the asset, so as the asset is making money every year, we are essentially issuing these tokens and distributing them to the investors now from a sponsor standpoint, and I'll give you the pros and cons and then we spend... In the last several years, and I eventually really following this, and I would say over the last year, we've now taken a very serious approach to understanding how this can be implemented into our day-to-day operations and how we essentially to raise equity for projects.

[0:23:49.8] SH: So in doing that, we came up with the tangible and intangible ways of looking at the benefits of this, and really the tangible things are very simple, that it's similar to an IPO, we're opening up a global market of investors and because typically before... Now, once you've gone on to a secondary market due from Japan or someone from the UK that's interested in investing in real estate in Texas, now can easily just go and essentially make that investment, right. And this market is only growing, so as of 2019, the market was right around 2 billion, and they're saying by 2025 it's gonna get to 5 billion or so, we're living in this right now, this is happening all the time as we're doing deals. And I fundamentally believe that this is gonna be the way that business is gonna be transacted here in the next 10 years, if not sooner, so we're essentially increasing the global market of investors that could potentially invest in these things. Furthermore, you're seeing a specific digital securities market, there's an appetite for retail investors that are going through and investing it, Crowd Street Crowd Tree has something like 75000 accredited investors on their platform, and they are deploying something like 50 million a month in two projects.

[0:25:14.4] SH: Now, imagine the ability to have a component of blockchain that it allows you to essentially take that investment to the next level. Now, the fact that Crowd Street of these other crowdfunding platforms are doing so well shows that there is an appetite for retail adventures that wanna get involved in real estate. Then we looked at the intangible assets, how could that impact market-based capital, and so looking at the option of liquidity on a secondary market, we believe that we're offering investors the ability to more confidently invest with market-based capital, because you have the ability... After a certain period and you're not stuck within that investment, there is another exit opportunity, which really sets us apart from our competitors who aren't offering that clarity... Right,

[0:1126:04.4] SR: I was gonna ask if you guys made it to a 12-month period, issue those tokens on to through a secondary market. And if so, have you seen a liquidity bump in valuation essentially because one of the use that I've seen for tokenization that's a benefit for both sponsors and for the original limited partners is by making investing in these projects more liquid, I E, more accessible. People are willing to pay a little bit more. Essentially, you're lowering the cap rate that people are willing to pay because they can trade in and out of these securities pretty quickly. Is that something that you've seen in your experience?

[0:26:36.0] SH: Yeah, so to answer your first question saying, we're going through this process right now of tokenized our very first asset, so we do have investors that have already been in the

investment for 12 months again at the ground of development project. Right, so you have a 20-month construction timeline, so you can... Within that construction timeline, and it's already past that 12 months, so it essentially alleviates any of the legal compliance issues and it essentially was approved by the SEC, so after 12 months, you can go on to this and then have the ability to have liquidity in this and so we are going through this right now, we just gotta prove to do it through the to Mark place, we've gone through, have this discussion with our investors, and we expect that by the end of September or mid-October, we should be in a position to where we can start trading on the T-zero platform for these investments.

[0:27:27.0] SH: To answer your second question, so we've seen a case study, and I'm sure you may be familiar with this, which is the same we just... Hotel and Aspen, Colorado. (Yes, I've seen that one. It's like the patient zero.) It really is, so basically the 1-192% of their LP equity, and they tokenized that, and I started sharing at a dollar or three cents on the 200 platform, but it's gone through today somewhere in e026, so you're seeing an impact... It... Did you down during covid 'cause they're... Obviously, they had impact to their operations, so you see me in real life how the operations from the real estate side can impact the price of... The valuation of the token, it's so interesting, and you started seeing increased trading volume, you started seeing a lot of activity that's happening during that time period, but nevertheless, they've made it really unique, they've added some interesting aspects of you and invest a amount you get certain things from the hotel, you get a free stay there for the weekend, they've added some really interesting ways to enhance the investment from the retailer investor side. And as a result, I think they have been very successful.

[0:28:35.1] SH: So again, we're going through the process of taking 52% of our LP shares and basically colonizing that. The other thing to notice again, Sam, this is, as you mentioned earlier, very basic in terms of the market, and it has not matured, I'm sure you've see in the graph of tokenization like blockchain compared to the internet and the area obviously we're on here how to schedule in terms of adoption of this, but nevertheless, we're trying to ourselves become experts, and as we go through this, we're using the best of the best, so we got an attorney can... Specializes in blockchain law, we are using a company called Digi shares who is essentially creating a white labeled software component for us, so the way that it looks and feels to our investor STEM is gonna be the same, but they have no idea that in the background now there's a blockchain engine that's essentially supporting the operations, right. But we wanted to make sure that from a user perspective, it doesn't change very much, and then we're still able to process the investments and go through the document subscription documentation process on our portal, so all

of these are kind of play out there, but what's important to note is, as we go through this, again, we become experts, as I mentioned, when we brought in Deloitte for the tax side of this, so we're surrounding ourselves with people who are better than us and who are the best of the best, and understanding that when we've done this properly and we can really understand through the process of secondary trading that everything is working properly.

[0:30:07.6] SH: We have a partner of ours that has about a billion dollars of assets under management, he's interested creating some liquidity, and so he'd be interested in taking a part of his portfolio and putting it on to a secondary market platform like T-zero. So again, we're going through this ourselves with one of our own assets so that we can consider ourselves experts, but if this works like when you think It should, when we think that sky is the limit and basically we can move forward towards liquidating and toning bigger portfolios.

[0:30:37.0] SR: There's so many avenues we could go down this, so we're not gonna be able to cover everything in this episode, but a couple of quick questions for you, more on the LP side, so you mentioned you're doing 52%, did people volunteer that equity... Was that their choice? Did they know it going in? What did that process look like for your investors, how did you guys roll that out?

[0:31:00.0] SH: Yeah, so we actually developed a communication strategy in exactly the way that we wanna talk to him about it, so we actually sent out an email first, letting them know this, something were considering,

[0:31:09.0] SR: Just to clarify, that was after they had invested, you guys decided this was gonna be the patient. Zero for us. So you're gonna try to message to the investor base that is already committed funds... Correct?

[0:31:20.0] SH: That's exactly right. Okay, and so we... First and foremost, host a webinar where we invited him on and I spoke to them about compensation and why we believe this is the future, and specifically for this investment we provided them, and we also had on that webinar, our attorney, the blockchain attorney. I mentioned as well as an individual from T-Zero the secondary platform and basically answer questions for them related to this from there, now we're going through an audit process with T-zero, and it's very similar to an IPO, Sam... I mean, they are doing background checks, they're going through due diligence to all this documentation and that process, and this is something really valuable for your listeners out there, is like understanding the costs

that are associated with this. Right, and again, this is our first time doing it, so we've now spent a pretty considerable amount of money on this just so that we can understand every aspect of this, but we would estimate that in the future, we'd be able to probably save costs as we go along, but with the T-zero to get listed on to their secondary platform, you're looking at a 50000 cost, and then you have a 20000 annual cost for a tokenized property, so that's pretty much your biggest cost is to be listed on that secondary platform.

[0:32:35.8] SH: And again, a lot of these boxer is related to regulations and making sure, as I mentioned, it's pretty much as if you're going through an IPO...

[0:32:44.0] SR: Yeah, being FINRA and SC compliant, that doesn't just happen. There's a lot of work that goes into that. So who bears those costs? Does the entity...

[0:32:53.0] SH: Okay, so MarketSpace is bearing those costs... That's correct. So this first one, because it is anything of sorts, we're wearing those costs for all of this, for everything at the partnership is not seeing any of it. But aside from that, I mentioned digit shares, so even having the white label component to be able to power these investments on the blockchain, you're looking at 20000 investment, right? So that's not a lot of money. And that's a one-time cost, and then after that, there's some ongoing fees about 2500 a year nail to be able to maintain those, but that's a very affordable cost and pretty much in line with what other platforms they are charging anyways. And then finally, you have the legal side of it, we've estimated 20000 for legal per deal for them to review the partnership agreement and basically available to convert this through that tokenization process, specifically the attorneys that we're using now, they're very adept, it's a different type of attorney Sam, you're not going to your normal attorney and the normal attorneys that we use for our PPM and things like that, when we went to them with blockchain, they even know what we're talking about.

[0:34:03.7] SH: So there's a specialized specific practice of law that is focusing on the blockchain proponent, it's becoming more and more, increasingly now prevalent, but it is very important because you're going through Smart contracts, and that's where that comes in as you're developing these smart contracts and you're putting them on to the blockchain, you really need someone who's an attorney that specifically knows how to create these smart contracts, so that's an important part, and then I mentioned to you, Deloitte, basically on the tax structuring part, who are looking at an annual cost of 10000 to do that so basically, just kinda give you an overview, right around 100,000, 120k is what we're looking at, and again, these can be diminished as you move

forward and you use different tools. Again, our first time around, we just had to go through this process to get credibility and understand that from every angle, what this entails. So that's about it, man. But aside from this, you can understand, Sam, I'm very bullish on blockchain in there are some risks to this, I don't wanna paint a rosy picture to the listeners here that this is kind of the way forward now, what we're going through right now is that there's an unclear regulatory structure currently in place, it's recognized as a security, as you know, but there's potential for SCC...

[0:35:19.1] SH: Obviously, they're gonna get involved soon enough, we know that regulation is gonna happen, so it's gonna open it up to more disclosures and require that more frequently, which is obviously fine, I'm actually good with that because it's taking out the bad actors, and then most of those disclosures are currently already filing, so through these, through to and all of these things in marooned for the industry, and then obviously there's an unclear international tax structure, I gave you the example earlier of the guy from Japan who's investing in the deal, I mean... What does that entail? From the tax perspective, it just... The tax system currently has not evolved to be able to compensate for something like this, but they're having those conversations and it's gonna get there, and again, their sponsors like us that are very welcoming to those discussions because we feel for the industry as a whole, it's gonna be much better off.

[0:36:10.0] SR: Well, I think that's a great place to put a pin in it, somehow, I really appreciate you speaking in depth about this... I think this is kind of the next wave of innovation. And real estate is real estate... One of the reasons we like it is it doesn't change all that much. It's somewhat predictable. You look over the 200-plus year history of America, if you invested in real estate, that was probably the single best wealth generation tool that consistently delivered better returns in the broader markets, but this is one of those very few points where there's something that... I believe Sohail clearly believes is going to change this market space, so MarketSpace Capital, one of the leaders in this space, definitely be tracking them, so help people wanna reach out to you, learn more about what you guys are doing, learn more about... SOS the tokenization process and how that might benefit them, or can people find you?

[0:36:57.0] SH: They can visit our website, marketspace.capital, we also have a blog section of our website where we pretty much document everything that we're going through, so as we're learning and educating ourselves, we write a blog post or a white paper or source, and that is put on to that section of the website. So I would encourage your readers go there or to reach out to me at... sohail@marketspacecapital.com for any questions.

[0:37:26.3] ANNOUNCER: Thank you for listening to The Real Estate Syndication Show, brought to you by Life Bridge Capital. Life Bridge Capital works with investors nationwide to invest in real estate while also donating 50% of its profits to assist parents who are committing to adoption, Life Bridge Capital, making a difference one investor and one child at a time. Connect online at www.lifebridgecapital.com for free material and videos to further your success.

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