



Big strategy, big profits

He only discovered the potential of property a few years ago, but Peter Cheung has already achieved great things, including a deal that netted him and his investors over \$1 million in profits – without ever taking possession of the building!

I am so honoured to receive this award – it feels so great to be recognized for my past efforts and I get to share the glory with my wife and the team,” Peter says of winning the title of Interprovincial Investor of the Year at the Top Investor Awards. It’s especially rewarding, considering the fact that Peter only began investing in property in 2007.

“I had purchased and upgraded my own homes several times since 1992,” he clarifies. “But it wasn’t until 2007 that I looked into investing into real estate as an investment vehicle for myself to build wealth.”

An accomplished entrepreneur in the technology sector, Peter has founded a number of start-ups in his time. Prior to his property turning point in 2007, he was so immersed in technology that 100% of his focus was on creating profitable businesses and ideas in that industry.

“Then in 2007, I went to a seminar on real estate by REIN (Real Estate Investment Network), and I began to realize what I’d been missing out on, in terms of creating wealth opportunities. So I started looking at it a bit more seriously,” Peter explains.

“It kind of gave me an epiphany – I realised that real estate offers a really solid opportunity and when I compared it to my start-up business, I had a lot more control over the business as there were a lot less moving parts.”

Peter had previously overlooked property because it seemed “less exciting” than the evolving, innovative projects he was used to working with in the technology sector.

“But that seminar in 2007 made me realise that technology may be exciting from an operational point of view, but it’s not as exciting as an investment vehicle,” he says. “That’s when I made that 180 degree shift to look at real estate as a business.”

7 properties in 4 weeks

Peter is not one to mess around: after experiencing his ‘light bulb’ moment and twigging to the potential profits that property could deliver, he immediately took action.

Right after that seminar, Peter formed a company, with his sister Wendy Cheung and brother in law Rinco Chan.

“At that time in my technology company, we were one of the finalists in a bid for a project with the government as part of

building a rapid transit system, which we had been actively pursuing for many months,” he says.

“After that seminar, I back-peddled and basically hoped we didn’t get the bid, because I wanted to concentrate on my new property business. As it turns out, we didn’t get the contract and I was happy.”

Instead, Peter focused his time and energy on finding the right property opportunities. He narrowed his search to homes located in northern British Columbia, in the area of St. John.

As he was so new to the process of sniffing out a good property deal, Peter says he turned to Don R. Campbell at REIN as his first port of call for direction and advice on property research and analysis.

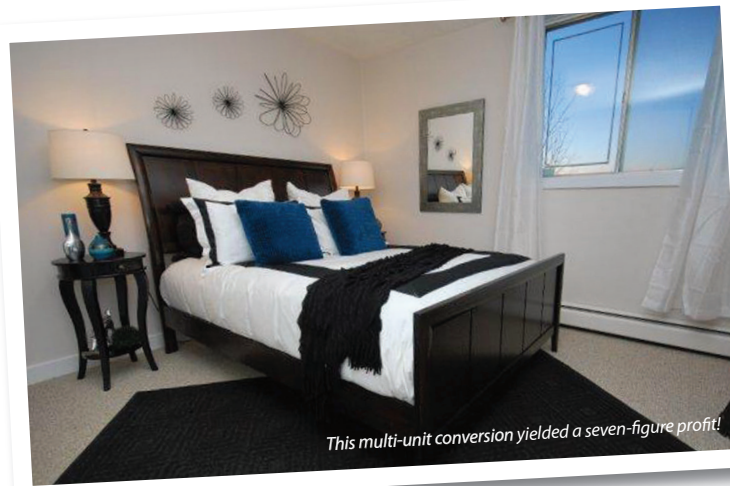
“That area was quite attractive to us because of the cash flow opportunities – it’s a little bit away from the city so the rents were fairly high, and the home prices were comparatively low. We saw that as an opportunity to attract people when we eventually sell the properties,” he says.

“Also based on our research, we found it had a strong economy and solid opportunities for growth.”

Within just four weeks of the REIN seminar, his team had 11 properties under contract, all sight-unseen. Deals were made based on extensive internet research and a flurry of phone calls, says Peter. “We then fly up there and look at the properties and do due diligence after getting an accepted offer.”

They ended up closing on all those contracts within a few months.

“We took action fairly quickly,” Peter explains. “That was in April 2007 and



This multi-unit conversion yielded a seven-figure profit!



BIGGEST LESSONS LEARNED

It is essential to create partnership to succeed. But, it is not easy to create a long lasting win-win relationship. The key for me on this is to respect and understand the relationship and be clear about the expectations of each other. There were a few times I failed at this and I wasted a lot of time back-peddalling, and it cost me a lot of money and grief.

ever since then, we have been actively, continuously acquiring more properties.”

Financing the deals

With such an aggressive buying strategy, it begs the question: precisely how did Peter fund the purchase of seven homes within a few weeks of deciding to invest in property?

Initially, it was a combination strategy that involved leveraging their own capital, other people’s capital, and their extensive network of contacts that gave Peter and his company their financial footing.

“We adopted the joint venture (JV) model that REIN taught us, and I think it’s a good way for anyone to start – to follow a proven model that has already been tested,” he explains.



Team effort: Peter Cheung and his fellow investors

“We tried it out and went to an area that was highly recommended by REIN, so we conducted all of the research and presented it together, and we started selling the investment opportunities right away.”

Peter says the tactic of using some of their own money, and then also funding part of their initial purchases through bank loans along with JV money, is an effective combination leverage strategy that his company continues to use to this day.

“We have faced challenges in building our portfolio, including lack of capital, and balancing earning a cash flow and investing for future returns,” he says.

“But I believe capital falls into many different categories, and they all add value. For instance, you can have personal financial capital, relationship capital, good will capital, creative capital, knowledge capital... I refer to capital as being tangible and intangible. Tangible is those

hard assets, which are money and real estate. Intangibles, which are often just as important, can be the creativity that we often fail to see, such as the effort involved in putting a deal together.”

Deal of the century?

Since forming his property business five years ago, Peter has focused on acquiring affordable, good quality residential homes.

However, in 2010 he and his team decided to form Altire Properties to ramp up their investing strategy with a multi-property condo conversion – an incredible project that yielded them a seven-figure profit.

“Between 2007 and 2010, we were mostly in the residential housing market, but I thought we should try to move into multi-property deals,” he says.

“We got a hold of this opportunity, our first multi-family project, and when I looked at the

property I really liked it. I put in some money and tied it down and we were very lucky, because we had a very cooperative seller.”

That element – a cooperative seller – was the key to their success in this project, which was their first condo conversion and their first renovation rolled into one.

Situated right next to the University of Alberta, Edmonton, the building was actually owned by a gentleman who passed away, leaving his son and wife to take over ownership and deal with selling the property.

“The seller shared the same vision as us, as he knew that his building was undervalued and that after upgrading, it could be turned into condo units and sold off individually,” Peter explains.

“We made an offer and he accepted it in October 2010, and we agreed to take possession by the end of March 2011, with the provision for another two months’ delay if we needed more time.”

It was a classic case of a mutually beneficial joint venture arrangement, as both parties had the same end goal – but they needed each other to achieve it.



**What I
would not
do again**
Engaging in
“consulting/
legal services”
without clearly
defining the
scope of service

The seller obviously brought something important to the table: the building, along with full access to renovate well before settlement took place.

Meanwhile, Peter and his team had the experience, connections and skills to project manage the conversion into 32 individual condos and then sell the individual properties off to potential buyers.

“Between October and March, we did almost all of the conversions and renos – at least, enough to demonstrate what the end product would look like to potential buyers,” Peter says.

“By the end of March 2011, we had successfully sold enough of the units to pay the seller what we owed him to close the deal, with some residual left over. So we continued our renovation and continue to sell, and the complete building was sold out a few weeks later.”

The building, which they named Altire Just off University, ultimately delivered their property company profits in excess of \$1 million.

“It was very nice to work with someone who shared the same vision,” Peter says – so nice, in fact, they they’re doing it all over again.

“We’re on our second multi-unit project now in Edmonton, Alberta, with 36 units. It’s located in St. Albert, which is one of Canada’s top five cities to live in,” Peter says.

“I try not to see things as mistakes. I am a firm believer that there are two sides to a coin and the ‘mistake’ can often be seen in hindsight as a miracle”



Altire Just Off University netted the company over \$1 million in profit

“The model has really worked for us, but there are a couple of elements that are really important for it to be successful – namely, how cooperative the seller is.”

Where to from here?

Today, Peter’s company owns dwellings spread throughout Alberta and British Columbia.

“We have property in Edmonton, Calgary, the Vancouver area, Surrey, and a bunch up in northern British Columbia,” he says.

“We generally try to find opportunities where we can value add; we don’t just buy and flip without adding some kind of value along the way. When looking for properties, our criteria is really back to the basics. I have to strongly believe that the fundamental economy in the region is not only positive, but also, it has to be strong in relation to job growth and population growth, with dynamic policy makers.”

While Peter says he has bought and sold “too many properties to count,” he admits to having been very fortunate on his property journey so far. That doesn’t mean he hasn’t made mistakes or faced challenges along the way, however, he opts to take a positive approach.

“I try not to see things as mistakes. I am a firm believer that there are two sides to a coin and the ‘mistake’ can often be seen in hindsight as a miracle,” he says.

Peter still works in his IT business occasionally, but his focus is on leveraging opportunities within real estate



LITTLE KNOWN FACTS ABOUT PETER

- * Career choice in high school was first to be an optometrist and second to be an architect
- * Peter knew his core was in business. At that time, he didn’t even know the term entrepreneur
- * Peter is an entrepreneur at heart

moving forward, as his goal is to use property to create long-term wealth for him and the people around him that share the same vision.

“It was a phased development out of my old tech company as I slowed down my activity; right now I spend about 10% of my time with that, and the other 90% on my property business,” Peter confirms.

“No-one knows exactly what the future holds. But, I try to see it from the long-term sustainable growth perspective. And if the short term works out, well, that is a bonus.” ■