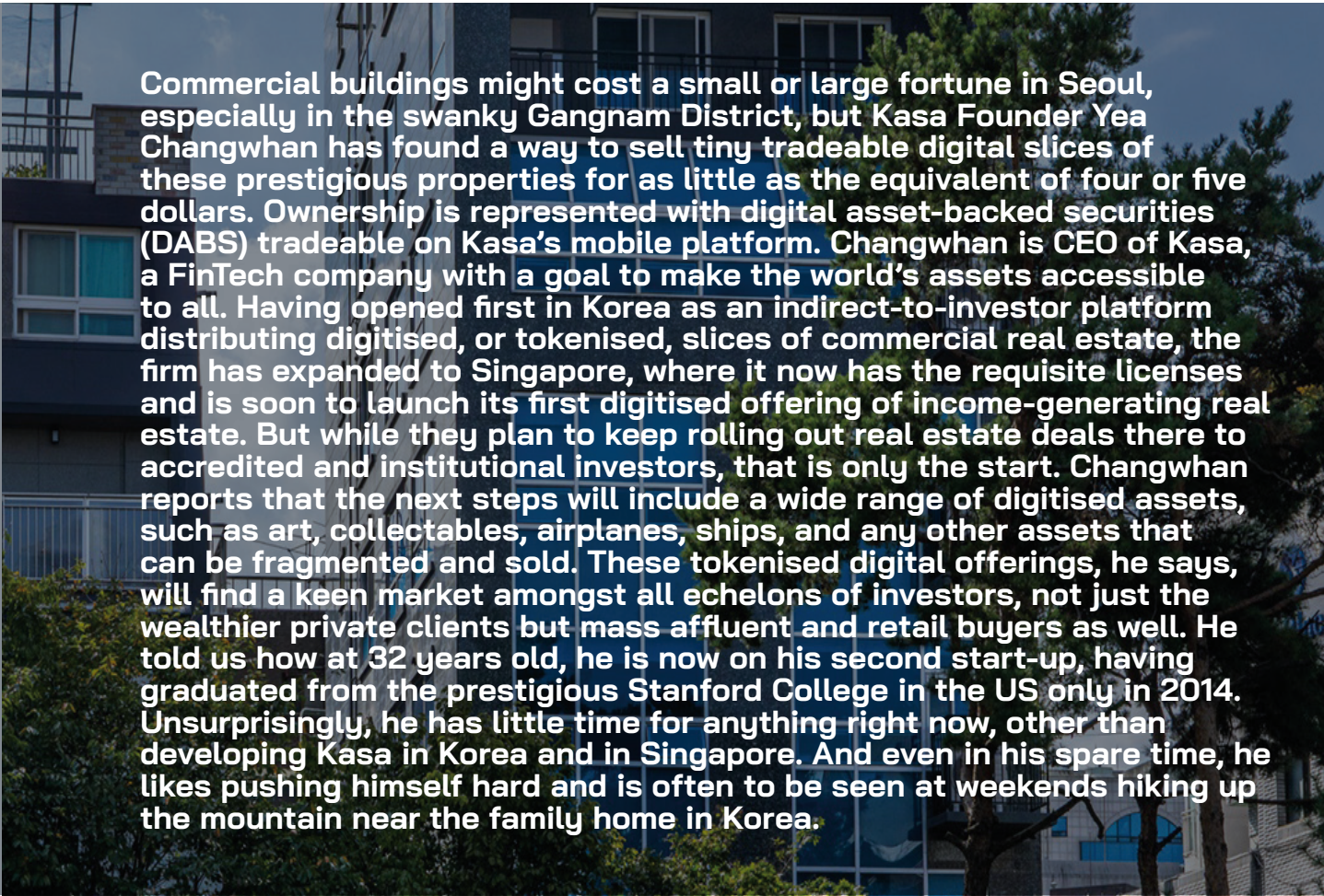


From Real Estate to Collectables to Airplanes – FinTech Kasa's Founder on Democratisation through Tokenisation



Commercial buildings might cost a small or large fortune in Seoul, especially in the swanky Gangnam District, but Kasa Founder Yea Changwhan has found a way to sell tiny tradeable digital slices of these prestigious properties for as little as the equivalent of four or five dollars. Ownership is represented with digital asset-backed securities (DABS) tradeable on Kasa's mobile platform. Changwhan is CEO of Kasa, a FinTech company with a goal to make the world's assets accessible to all. Having opened first in Korea as an indirect-to-investor platform distributing digitised, or tokenised, slices of commercial real estate, the firm has expanded to Singapore, where it now has the requisite licenses and is soon to launch its first digitised offering of income-generating real estate. But while they plan to keep rolling out real estate deals there to accredited and institutional investors, that is only the start. Changwhan reports that the next steps will include a wide range of digitised assets, such as art, collectables, airplanes, ships, and any other assets that can be fragmented and sold. These tokenised digital offerings, he says, will find a keen market amongst all echelons of investors, not just the wealthier private clients but mass affluent and retail buyers as well. He told us how at 32 years old, he is now on his second start-up, having graduated from the prestigious Stanford College in the US only in 2014. Unsurprisingly, he has little time for anything right now, other than developing Kasa in Korea and in Singapore. And even in his spare time, he likes pushing himself hard and is often to be seen at weekends hiking up the mountain near the family home in Korea.

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Changwhan opens the

discussion by delving into the firm's central mission. "We have three keywords driving us forward," he says. "World, accessible and all." Number one, 'world', signifies Kasa's objective to expand well beyond the commercial real estate market Kasa Korea (and soon Kasa Singapore) now cover and to securitise and tokenise the widest possible diversity of asset classes, from real estate to art, antiquities, ships, airplanes, infrastructure, and so forth.

The Korean business has from very early on focused on commercial real estate, taking One years to obtain the necessary licenses from the Korean regulators, and opening for business in September 2020. The first purchase was in the high-end district of Gangnam in central Seoul, and they now have Four commercial buildings trading on the platform.

"We will open launch our Singapore platform soon with the first deal in coming months," he adds. "Korea is for Korean investors, but Singapore

"Crowdfunding can make things happen and I leveraged that experience into making real estate ownership more accessible to the many, not only the rich or very rich. And here we are today."

The second word is 'accessible' and by this, he means making these diverse assets accessible to anyone who wants to buy and sell them. "And the third word is 'all', meaning that we want to open the door to everyone and reduce the many barriers to entry that exist today," he explains. "There are plenty of barriers now even for HNW individuals, let alone the mass affluent market and below."

From Korea to the world

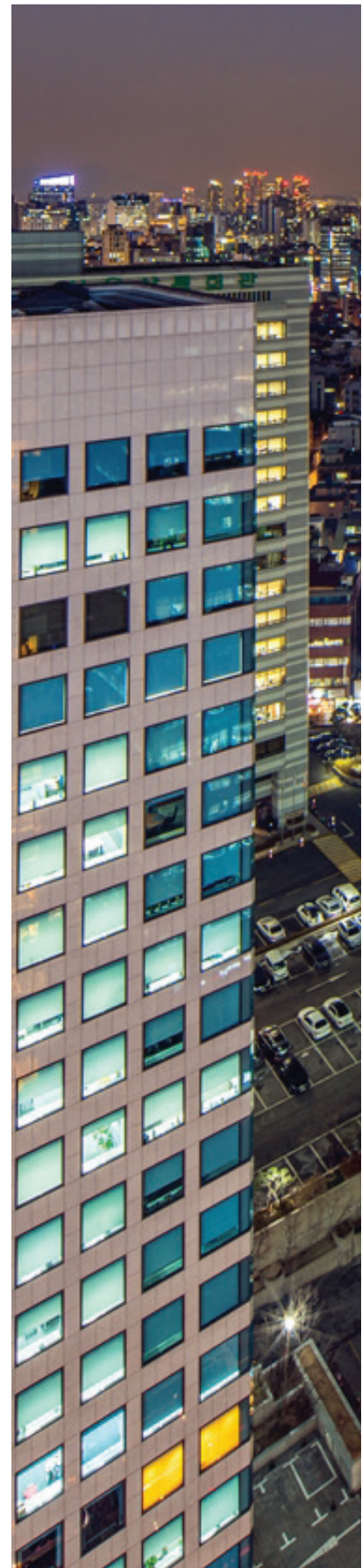
The firm is Korean by origin but with a Singapore-headquartered holding company that has three different subsidiaries. One is in Korea, centre of most of the operations including the licensed platform. Then Kasa Singapore was started in July 2020 and recently obtained its licenses from the MAS. And they also have a Thai affiliate company they bought into that is licensed by the Thai SEC.

will be regional and even global in outlook and reach."

Early motivations

He recalls that an early motivation for the concept came from his days studying at Stanford in Palo Alto, where the cost of residential property is so incredibly high that even high-flying earners at major tech companies there struggle to buy into the market there.

"I saw all that, and it stuck in my mind, and my first venture on returning to Seoul, where some areas have similar problems as to property prices, was a crowdfunding platform, very similar to Kickstarter but for Asia," he reports. "Crowdfunding can make things happen and I leveraged that experience into making real estate ownership more accessible to the many, not only the rich or very rich. And here we are today."





Yea Changwhan
Kasa

Licensed to thrill

Armed with the MAS CMS and recognised market operator (RMO) licenses issued last September, they are now able to issue any securitised paper or tokens and operate a private exchange. “The assets can be any real estate assets, the buildings themselves, or development projects, or collateralised loans,” he reports. “We will in the future expand to cover any other asset classes and move beyond only accredited or institutional investors.”

He adds more detail, noting that the CMS license allows Kasa to deal in equity and collective investment scheme (CIS) products, but for now only related to securities with real estate as the underlying asset as our team has a good blend of expertise in technology, wealth management and real estate which is unique in the market.

“If we want to do those other asset classes, we will go back to the MAS for approvals,” he reports, “as well as applying to distribute beyond the professional or accredited type investor.” At the moment Kasa can only solicit investments

Getting Personal with Yea Changwhan

Yea Changwhan comes from Korea, but moved to the States when just four years old, as his father worked then in Los Angeles. He spent his earlier childhood there, before returning to Seoul for high school. He then studied at the prestigious Stanford College in the US, where he majored in Computer Science.

After he graduated from Stanford in 2014, he returned to Korea and co-founded Tumblebug, which he says is similar to Kickstarter, a crowdfunding platform, but for Korea, focusing on providing capital from the public for new start-ups. He and his partners sold the company a few years later, and he then had a short stint in venture capital in Korea, focusing on early-stage start-ups. “I then had the idea for Kasa, founded it in 2018 and here we are today. I am not a real estate expert, or a finance person, I am a technology guy, and I see Kasa as a FinTech platform first and foremost,” he explains.

Only 32 years old and remarkably busy, he says he is not yet ready to settle down and marry. “This is my fourth year running a start-up company, and it is hard work and pressured. So, I have been spending my spare time hiking and keeping fit. I actually have a lovely mountain right near our house, and am often up and down there, sometimes even with my parents as well.”

“We are not creating anything new in this regard, but what we are innovating is the digitalisation of these opportunities to make them accessible to a far wider demographic in the future and injecting liquidity for asset owners.”

from accredited investors but he feels that with Kasa’s experience in managing a user base of 150,000 registered users in Korea, Kasa can leverage on its knowledge and expand our offering to all investors in time to come.

Taking things to the next level

He explains that the concept and the practice of fragmented ownership of substantial assets such as commercial buildings are well established.

“We are not creating anything new in this regard,” he explains, “but what we are innovating is the digitalisation of these opportunities to make them accessible to a far wider demographic in the future and injecting liquidity for asset owners. Moreover, if we can then help bring in major asset managers or other partners, we can do bigger private deals, all distributed to private parties through our platform. It is very exciting.”

Betting on the future

The platform is also looking at shopping malls in Australia,



Key priorities

Changwhan's first priority is to launch Kasa's first offering in Singapore until the first half of this year. "This will be a retail property here in Singapore, and as we are not known, this will be a high-profile recognisable asset with good quality tenants and a great asset manager," he reports. "That will be the first public offer on our exchange, the first milestone, but our bigger mission is to try to get 10 deals done in the first full year. We are ambitious."

The second core objective is to connect and partner with multiple wealth managers. "It is all about building trust and to do that we need the track record, and we need a higher profile," he explains. "These are smart, accredited investors we are dealing with at the stage, and we want to bring them in fairly early and build deals with them, and working with other partners and wealth managers, we can create a very active and dynamic ecosystem and marketplace. We will essentially be delivering these deals, our own and those of our partners, to the market on our platform and digitally. Almost like a sharing platform such as YouTube, to characterise it."

The third milestone in his sights is to partner with a significant securities firm that can underwrite deals, market-make and help Kasa grow its exchange.

"Like any exchange, we need liquidity providers, like prime brokers but not on a main bourse, on our exchange. We are in early talks with a number of well-known names, but we have not yet launched our first offering yet, so this will all take time."

Japan, Hong Kong, and Singapore, as well as other commercial buildings and facilities.

'DABS' for all

He explains that for each deal, they use a special purpose company (SPC) of some description, which might be a variable capital company (VCC), that is managed by a MAS-licensed fund manager. The fund manager will make operational decisions and pre-approved financial decisions on behalf of investors. The custodians acting on behalf of investors will

be the nominee beneficiary of the shares /units issued by the VCC. The custodian will keep a real time registry of beneficial owners as well as issue digitalised asset-backed securities, or DABS, which represent the rights to all economic returns and gains from the underlying asset held within the SPC. This ecosystem of using MAS-licensed fund manager and custodians issuing DABS on Kasa helps provide a secure environment for investors.

"You could think of this like a single asset REIT," he says. "Each single

asset then goes onto our platform and is offered to investors. We are the exchange; these are not listed on any other bourse or exchange." Several large financial institutions are in exploratory stage to use Kasa's offerings as a channel to create financial products for distribution to their global clients.

Riding a new wave

Changwhan says Kasa is entering a rapidly evolving market in Singapore that already has two other competitor platforms in operation. One is Minterest, which is controlled by ARA Asset Management Company, and the other ADDX, controlled by the Singapore Exchange (SGX) and in which the government investment company Temasek has a stake through its subsidiary Heliconia Capital.

Leveraging the Korean model & expertise

"You can see we are in a marketplace that has real potential, as there are very big names coming into this scene," he reports. "But we offer our own edge, as we already do this in Korea, we have a lot of experience, and we already have a great team in place in Singapore. In Korea, we have three competitors who are following the path we are already on, but we are well ahead there as a pioneer in that market. In Korea, the market is expanding to other assets outside real estate, as well. There is robust demand for digitised slices of art, music rights, IP, and even collectable Rolex and other watches, with investors in their 20s and 30s keen to get a digitised portion of those assets."

He notes that in the United States, real estate crowdfunding is well

established, with the Fundrise the most prominent direct-to-investor real estate exchange platform. He notes that in June last year, Goldman Sachs provided Fundrise with a USD300 million credit facility to help fund newly constructed single-family rental units in high-growth markets across the Sunbelt.

Great deals and fine days ahead

He closes with another note of optimism. "With the right credentials, the right team and the right marketplace, we are on an exciting trajectory, and there is really a lot of potential ahead," he states. "We expect to be much better known by this time next year. We have some really interesting deals in the pipeline and a clear set of priorities for our expansion ahead." ■

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