THE ROLE OF PROPERTY IN AN ENTREPRENEUR'S SME PORTFOLIO

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Abstract

Portfolio entrepreneurs own more than one distinct business simultaneously at any given time. Although only having come to prominence in recent times, portfolio entrepreneurship appears to be more ubiquitous than previously thought. These entrepreneurs own, operate and pursue opportunities in different sectors but usually have a core focus in their portfolio of businesses. We interviewed 15 successful New Zealand entrepreneurs to explore the role of property within their portfolio. Our analysis shows that property plays an prominent role in a portfolio consisting primarily of small to medium enterprises (SMEs). This ranges from land holdings, farms and commercial premises such as hotels, malls, office spaces, subdivisions and property construction. We find evidence that property is also widely used as a strategy for diversification and to separate the operations of a core business thereby creating other distinct business entities around the property and other assets. The importance of property during the life cycle of the portfolio is also highlighted. These findings have implications in advancing our understanding of the strategic role property may play within an SME portfolio and also the interface between entrepreneurship and property assets.

Key words: portfolio entrepreneurship, property assets, diversification, SME (small to medium enterprises)

Introduction

A number of studies have been undertaken in the extant property finance and investment literature relating to the optimal allocation of real estate in institutional investment portfolios; however, less has been undertaken in understanding property allocations within mixed business portfolios of small to medium enterprises (SMEs). This is an important area of research as for example in New Zealand 97% of all enterprises can be categorised as SMEs employing 100 or less employees. This research looks at 15 portfolio entrepreneurs (entrepreneurs owning a number of businesses at the same time) in order to establish how they perceive the role property in their portfolios. Each entrepreneur owns a portfolio consisting of between 3 and fifteen businesses, each classified as an SME. The understanding of the role property plays within portfolios consisting of SMEs will be helpful to determine the relevance of property in the development and management of a business or investment

portfolio. Currently very little published academic work has been carried out in this area. This may be explained by the dearth of quantitative data available in contrast with the institutional sector. By taking a qualitative approach this research has been designed to overcome this absence of data, by collecting in-depth information directly from portfolio entrepreneurs.
The paper firstly looks at what is meant by entrepreneurship and the portfolio entrepreneur; it then investigates the results of extant studies relating to property allocation within portfolios. Other business strategy literature is then reviewed. The research approach and process is then described together with the main findings. The paper concludes with a discussion and proposed implications.

Background to entrepreneurship

Entrepreneurship is a young and changing field of research (Sarasvathy 2004). Existing literature shows that entrepreneurship is often linked to areas such as small business and firm-level management, innovation and new product development, strategic management, marketing developments in information technology and cognition and behavioural studies among others. This phenomenon has attracted researchers from various academic disciplines and has led to tremendous growth in entrepreneurship research and education in recent times. Shane and Verkataaman (2000) argue that it is "an important and relevant field of study" and that the contribution of scholars from different disciplines and the use of different methodologies would hopefully create a "systematic body of information about entrepreneurship". This paper is an attempt to add to this knowledge by investigating the behaviour of portfolio entrepreneurs with regard to their property holdings within a business portfolio.

Entrepreneurship and the habitual entrepreneur

Despite the multitude of entrepreneurship studies, there is no clear consensus on what constitutes entrepreneurship (Gartner, 1989; Shane and Verkataraman, 2000). Bygrave and Hofer (1991) suggest that entrepreneurship involves all the functions, activities and actions associated with perceiving opportunities and the creation of organisations, this definition captures many of the key issues that have been discussed by other authors and is used in the context of this paper. A number of different types of entrepreneurs have been identified by the literature, this paper however focuses on the "habitual entrepreneur" that can and may engage in repeated entrepreneurial behaviour both within the context of the existing organisation or in creating and/or acquiring another. The term habitual entrepreneur was originally coined by Jennifer Starr of Wellesley College (Katz, 1995). MacMillan observes that these entrepreneurs enjoy the excitement and challenge of start-ups so much that once successful, they become bored. Although they continue to own the business, they prefer to employ professional management and then turn and start on other ventures. This process is then repeated many times throughout their entrepreneurial careers. This business model has not long been recognised within academic literature, but has been found to be common behaviour in a number of countries (Carter, Tagg and Dimitratos, 2004).

Although habitual entrepreneurs are distinct from other types of entrepreneurs, there are also differences within this group; the serial entrepreneur, who own one business after another, but only one business at a time, and the portfolio entrepreneur who own more than one business at a time (Hall 1995). This paper concentrates on the behaviour of fifteen New Zealand portfolio entrepreneurs and the role real estate plays in their strategic decision making.

Understanding the development of an entrepreneur's portfolio

In order to understand the role of property within an entrepreneur's portfolio it is useful to understand why an entrepreneur acquires new businesses and develops business groups. Research shows that portfolio entrepreneurs start to acquire new businesses not solely for wealth generation or creation. Reasons tend to vary from one entrepreneur to another and according to location and may also change over time. For example, Westhead and Wright (1998) found that the reasons for starting up businesses for rural portfolio founders was more likely to be related to the instrumentality of wealth and to have influence in their local community compared to urban portfolio founders who cited reasons linked to the need for independence and taking advantage of an opportunity.

Rosa and Scott (1999) reported that portfolio entrepreneurs create and develop business groups for the following reasons:

- Diversification into a new market
- Planned forced diversification into new markets to spread risk or to overcome potential adversity
- Unplanned (opportunistic) diversification into new markets
- Business creation as a challenge or a hobby
- Ownership of additional businesses to protect a new area or brand name
- Ring fence a geographical area
- Ring fence risk
- Add value to existing ventures owned by the entrepreneur
- Assist a friend or relative
- Launder money
- Profits or family assets
- Tax avoidance
- Cost cutting
- Enhance internal efficiencies

Property related literature

A number of studies have been undertaken in the extant property finance and investment literature relating to the optimal allocation of real estate in institutional investment portfolios. A review of the literature highlights the importance of property:

- as a tangible asset which serves as collateral for loan purposes
- to assist in the diversification of a mixed-asset portfolio
- to assist in the optimal allocation of an institutional portfolio consisting of property, stocks and bonds
- as a hedge against inflation
- as a production resource
- as a strategy for enhancing competitiveness.

Collateral for loan purposes

Research has demonstrated that companies with a high level of tangible assets (such as property) are likely to borrow more than firms with a low level of tangible assets, thus a significant positive relationship exists between tangible assets and financial leverage (Bradley, Jarrell and Kim, 1984; Titman and Wessel, 1988; Rajan and Zingales, 1995; Westgaard, Eidet, Grosas, and Frydenberg, 2008. A possible explanation of this is the ability of tangible assets to serve as collateral for secured loans.

Diversification and optimal asset allocation

The role of property in a mixed-asset portfolio has been studied for over two decades leading to the conclusion that real estate is often included in a mixed-asset portfolio for diversification purposes. The benefits of combining properties or property trusts with stocks and bonds in a portfolio have been well established. Results have demonstrated a negative correlation between the expected returns on property and the expected returns on stocks and bonds (Hartzell, Hekman and Miles, 1986; Webb, Curcio and Rubens, 1988; Goetzmann and Ibbotson, 1990; Kallberg, Liu and Greig, 1996; Seiler, Webb and Myer, 1999). This negative correlation shifts the efficient frontier of risk-return up or left when property investment is included in a financial portfolio and thus demonstrated the significant role property plays in terms of diversification for a mixed-asset portfolio. The diversification benefits of property in a mixed-asset portfolio triggered further studies relating to the property factor premium in an equilibrium asset pricing model. Liu, Hartzell, Greig and Grissom (1990) identify the existence of a property factor explaining stock returns when risk premiums are assumed to be constant. Liu and Mei (1992) relax the constant risk premium assumption and find that a significant property factor does not exist when risk premiums are not constant. However, Mei and Lee (1994) show opposite evidence that a property factor that significantly explains stock returns exists. Although inconsistent results are presented about the significance of a property factor to explain stock returns, these studies underpin the new investigation about the existence of either distinct or common risk factors driving both returns on property and returns on stocks and bonds.

Other studies relating to the role of property in a mixed-asset portfolio deal with optimal asset allocation among properties, stocks and bonds. Researchers have found the optimal percentage on property investment for a portfolio tends to range from 9 percent to up to 66 percent based on different datasets or different time period data (Cooperman, Einhorn and Melnikoff, 1984; Webb and Rubens, 1987; Firstenberg, Ross and Zisler, 1988; Webb, Curico and Rubens, 1988; Giliberto, 1992; Ennis and Burik, 1991; Kallberg, Liu, Greig, 1996; Ziobrowski and Ziobrowski, 1997).

Research relating to the effective diversification of portfolios has also considered business categories. Mueller and Ziering (1992) examined the correlation of returns on properties in areas of different Dominant Economic Employment Categories (DECs). They found that the majority of returns on properties among the five categories of finance/service, manufacturing, government, energy and diversified employment are negatively correlated when the economy experiences a growth period. When the economy experiences a recovery or decline period, the correlation of returns on a few pairs of the categories is negative and the correlation of other pairs is low. Their results suggest that economic diversification works for properties belonging to different dominant economic activity area.

Another perspective on diversification concerns the diversification of property with respect to different growth rates. Hartzell, Hekman and Miles (1986) investigate correlation of returns on property and returns on stocks and bonds by categorizing properties based on fast-growth and slow-growth area. They find that returns on a stock market benchmark have negative and lower correlation with returns on properties in fast growth area than returns on properties in slow growth area. Their findings may imply that returns on equity of other business activities may have lower correlation with the returns on properties in a fast growing portfolio than the returns on properties in a slowly growing portfolio. This may also be one of the plausible explanations for the role of property in an entrepreneur's portfolio.

Inflation hedging

While the mean-variance return benefits of properties for a portfolio with different asset classes are discussed widely, another benefit of incorporating property into an investment portfolio has emerged. It brings about inflation hedging benefit for direct property investment (investment on unsecuritized property). Ibbotson and Siegel (1984) find that property returns and inflation rates co-moved for 85 percent. Empirical studies by Hartzell, Hekman and Miles (1986) and Gyourko and Linneman (1988) present that a diversified property portfolio or index is a good hedge against inflation.

Whilst the above studies provide strong evidence of the benefits of inflation hedging for both expected and unexpected inflation, other studies show mixed results for direct property investment. Rubens, Bond and Webb (1989) show that direct property investment hedges against unexpected inflation but not expected inflation. Their findings imply that the current price of property adjust itself based on the expected inflation under Fama's (1970, 1974) *weak-form efficiency* of capital market.

Wurtzbach, Mueller and Machi (1991) find that property's inflation hedging capability varies with regard to vacancy rates. Direct property investment provides inflation hedging benefits for properties with low to moderate vacancy rates but not for properties with high vacancy rates. These findings are consistent with other inflation hedging studies given that cash flows from operating activities contribute to revenue less for commercial properties with high vacancy rates than with low vacancy rates.

Resource management and competitive advantage

Besides the issues of diversification and inflation hedging affecting the role property may play in a business portfolio, such issues as resource management and competitive advantage may also play a part in property related decisions and strategy.

Singer, Bossink and Putte (2007) and Heywood and Kenley (2008), applying a business competitive strategy model, show that properties can be used to enhance cost efficiency and product differentiation to promote the competitiveness of a corporation. Rasila and Gersberg (2007) suggest that out-sourced property may bring about lack of communication between end-users and service provider. Therefore, the quality of service received from out-sourced property may be affected.

Wills (2008) studied the performance of properties in corporations in Australia. He found that the companies that are able to reap long-run returns on properties need to include properties as a class of assets in the corporate portfolio. Otherwise, companies may not need to hold properties. Wills' results may suggest that businesses may hold properties in their portfolios in order to make timely acquisition and disposal decisions relating to these properties.

The above presents a summary of literature relating to the performance of property within large commercial portfolios (and the reasons as to why portfolio entrepreneurs purchase businesses to expand their portfolio. The outcome of this review highlights the possibility that property within a portfolio entrepreneur's portfolio may extend beyond the traditional roles identified in current property literature. This study therefore aims to seek whether these and/or additional roles are considered by portfolio entrepreneurs when assessing the potential purchase of a property as an addition to a portfolio of businesses.

The above review of the literature highlights the benefits and the role of property within a large investment portfolio or corporation. Although the findings of this research may help to explain the role of property in the context of SME investment, few academic studies have been published investigating this directly. This study contributes to this area of research by utilising a qualitative approach in order to investigate the role of property in a portfolio made up primarily of SMEs. By interviewing a number of portfolio entrepreneurs it was possible to collect information directly from the investors responsible for making property related decisions and gain in-depth insights into their motivations.

Method and Methodology

Portfolio entrepreneurs are an important segment of the business community but very little is known about their behaviour. This study is conducted in order to understand how, if and why entrepreneurs use property assets within their portfolio. The research is part of a larger research study (Morrish, 2008), which investigated how and why entrepreneurs become portfolio owners and how they structure , develop and manage the many challenges of having a portfolio of ventures and the different outcomes, not only at the venture level but also for the entrepreneurs themselves.

The main aim of both studies is to capture entrepreneurship as experienced by portfolio entrepreneurs. This is difficult to do using mainly quantitative methods which do not go beyond merely describing the phenomenon and call for better methods and thus this research employs a dominant qualitative approach in order to better explain the phenomenon being studied (Gartner and Birley2002). Alongside this however, it is also essential to establish the extent to which this phenomenon exists and in what context. This study therefore employs a two-phase design (Cresswell, 1994) approach, whereby a less dominant quantitative phase is conducted followed by the dominant qualitative approach. This approach supports Low and MacMillan (1988) in their call for mixed approaches in entrepreneurship research. The use of multiple case studies was deemed appropriate for this study.

Research procedures

Before the cases were selected, confirmatory evidence was sought relating to the prevalence of portfolio entrepreneurs in the research setting. The research was conducted in a New Zealand context and more specifically in the South Island.

The preliminary data for the study was based on the New Zealand's Business Who's Who database. This database lists actively trading businesses and contains information on board of directors, company addresses, description of the operations allowing the classification of the business into different sectors, staff numbers and the date when the business were first established. Two separate sample streams were extracted from this database.

Sample one initially contained all the listed South Island businesses (N_1 = 4530). From this data set, companies that have directors with other company directorships were extracted. This generated a working sample of companies (n_2 – 920) as basis for this part of the study. These companies were then classified into industry sectors according to the Australia and New Zealand Standard Industrial classification (ANZSIC) Code. Table 1 summarises the findings which illustrate the scale of multiple business activities in the South Island region.

Table 1 The scale of multiple business activities within the South Island of New Zealand

Prevalence	20.3% (920) companies have directors who held between two and eleven other directorships
Location	A large proportion of companies were located within the main cities
Staff	They employed 39.46 employees on average
Age	Companies 0-5years old were more likely to have directors that held other directorships
Sectors	A majority of the companies belonged to traditional sectors (manufacturing, retail, property, business services, agriculture, forestry, fishing and the wholesale trade.)

The second sample (N_2 – 5266) consists of all company directors in the list. These directors held up to 22 company directorships. Again using a series of data filtering, directors with single company directorships were eliminated from the list. The remaining list (n_2 = 1600) contained directors who held a minimum of two company directorships.

This initial part of the study provided for the eventual selection of the cases for in-depth investigation and provided good descriptive statistics that pointed to the incidence of multiple entrepreneurs within the South Island of New Zealand as well as some insights into the age and location of businesses owned by portfolio entrepreneurs.

Selection of purposive sampling in case research

Case study research enables the use of purposive sampling which is the sampling of a particular context given implicit criteria set out by the researcher (Miles and Huberman, 1994). The phenomenon of the portfolio entrepreneur can only be fully understood by engaging and studying actual portfolio entrepreneurs. It is therefore vital to seek out experienced entrepreneurs of this specific category. Sekaran (1992: 235) says that purposive sampling is appropriate because sometimes, it might be necessary "to obtain information from specific targets – that is specific types of people who will be able to provide the desired information, or because they conform to some criteria set by the researcher."

Purposive sampling is a type of non-probability sampling that can be categorised into two major types; judgement and quota sampling. Quota sampling involves conveniently choosing from target groups according to some predetermined number of quota. In judgement sampling, subjects are selected on the basis of their expertise in the subject being investigated (Sekaran, 1992). Due to the requirement of this study for "specialised informed inputs" on portfolio entrepreneurs a judgement sample selected from the database gathered in phase one of the study was utilised.

The use of multiple case studies follows Rosa and Scott (1999), Wright, Robbie and Ennew (1997) and Srasvathy (2001), which entailed selecting sample from a cross section of industries and businesses.

Multiple case studies

Having generated a sample of multiple business owners, a selection of likely cases was then made by identifying individuals who held the most number of directorships. From the 2nd database a list was drawn to find 15 cases for interviews. The choice was made with the aid of business publications and consultations with individuals knowledgeable of the South Island business community. In keeping with purposive sampling, certain entrepreneurs were targeted. In some cases, referrals and/or introductions were obtained from people known to the entrepreneur.

The final 15 cases consisted of prominent business people from a range of business sectors, each participant owned at least 3 businesses and 40% of the sample have appeared in the New Zealand Business Review Rich List. The selection of the final list of participants was largely based on their accessibility and willingness to participate and share their experiences and opinions. A description of each of the participants is contained in Table 2. It should be noted that all fifteen participants were male based in the South Island of New Zealand, a majority being from the Canterbury region Their business interests extend to the whole country and cover a variety of sectors including manufacturing, tourism, property and information technology.

Table 2 Description of participants

Participant	Age	Age started in business	Approximate % of property-related business or activity	Industry
1	42	15	10%*	Accountancy services. Immigration, education
2	40	22	10%*	Technology, small business services, photo services
3	40	18	10%*	Technology, software development
4	50	40+	50%	Technology, manufacturing angel investing, commercial property, etc.
5	50	25	100%	Property: hotels, subdivisions, other
6	64	28	50%	Farming, technology, neutraceuticals, equity investments, commercial property, etc.
7	52	40+	10%*	Technology, consulting
8	67	n/k	95%	Hotels, property, commercial premises, etc.
9	41	18	80%	Finance and insurance services, property, subdivisions etc.
10	58	30+	10%*	Manufacturing, retail
11	67	18	75%	Wholesale cars, farming, property, etc.
12	47	45	10%*	Technology, wholesale, retail, professional services
13	31	25+	10%*	Adventure tourism, corporate services etc.
14	64	19	25%	Transport, construction, fuel, farms, property, etc.
15	47	35	20%	Technology, commercial property, etc.

** Property component serves as premises for business operations*

Data collection procedures

The primary data collection method was face-to-face in-depth interviews with each of the selected sample. The interviews were semi-structured and audio-taped and then transcribed for coding. The transcribed data were complemented by note taking during the course of the interview, observation recorded in real time, use of secondary informants such as staff, family and friends, document search including public records, company records, press archives and company websites.

The interview method

The semi-structured interview was utilised to collect data from the respondents, this techniques allows the consistency that structures offer together with the flexibility from unstructured interviewing when the necessity arises (May, 1997). This flexibility allows questions to be specifically tailored to the respondent being interviewed and thus they can answer more on their own terms and also encourages open-ended answers from the interviewee allowing the collection of data that richly describes an individual's beliefs or experiences. The interviews were audio taped with the permission of the respondent; they were on average three hours long and conducted using the following procedure:

- An invitation was sent to the prospective respondent inviting them to partake in the study together with an explanation as to the purpose and description of the study.
- Two days later a telephone call was made to the prospective respondent to answer any questions. For those who agreed to participate a date, time and location was confirmed for the interview. Most interviews were held in the respondent's business premises where they felt comfortable.
- A list of issues was used to guide the interview and these were presented to the interviewees in the form of open-ended questions.
- The interviews were then transcribed for analysis.
- Participants were offered a copy of the interview transcript.

Data analysis and interpretation procedures
This study utilised the constant comparison method of data analysis, where the researcher simultaneously coded and analysed the data in order to:

1. develop concepts
2. track emerging patterns or themes and
3. address any deficiency in the previous information collected.

(Taylor and Bogdan, 1998)

Although qualitative software packages (QSR6 and NVivo) were used in the initial stages of coding, the main analysis used visual text, hand coding and case matching. Rosa (1998) and Sarasvathy's (2001) approach to analysis were used as a guide to tracking down the emerging patterns in the data.

Findings and discussion

From an examination of the interview transcripts it was evident that property plays a significant role in the portfolio entrepreneur's group of businesses, only two out of the 15 respondents indicated that they would not invest in a property because returns were more lucrative from other forms of businesses. An assessment of the approximate proportion of property businesses within each portfolio as set out in Table 2 identifies a range of 10% to 100%. The reasons given by the respondents as to why they included property in their portfolios are listed below, Appendix 1 sets out a number of example quotes to illustrate the response from participants when discussing their property (or lack of) property investments.

a. Property as a source of capital gain and acquiring profit
b. Property as a source for gearing capital and as loan collateral
c. Using property as an individual company
d. To assist a family member e.g. in starting a business
e. As a core business where the entrepreneur has experience and interest
f. As real estate asset for business e.g. hotel, farm
g. Diversification resulting in risk reduction
h. For tax purposes

i. As the first step and source of growth for the overall business portfolio e.g small scale development or rental property
j. Tangible asset to diversify a portfolio of "intellectual property"
k. Keeping property to provide an income but not as a significant part of the business.
l. Subdividing what was farm land for development.

These results can be grouped into a number of areas as indicated in Table 4

Table 4. Three groupings identified for the role of property

Finance and investment purposes	Business related purposes	Personal reasons
Raising capital	Real estate asset to run the business from	Assist family member to enter a business
Accumulating profit	As a core business	Acquiring the family home (family assets)
Diversification and risk reduction	Exit strategy	Keep property assets for retirement income
Taxation reasons	Providing space for other business activities	
Income production	Entry into business	

Table 4 illustrate that portfolio entrepreneurs consider not only property as an asset for financing and investment purposes, but they must also consider how specific properties relate to their other businesses for example hotels and farms. The other interesting finding is the role property plays in the personal life of the entrepreneur, for example assisting other family members, the acquisition of the family home or as an asset that can be kept to serve as an income during retirement. These results reflect an interesting combination of the results highlighted from previous research in both the property-related and entrepreneurial literature.

Another important result is the different role property assets play during the life cycle of the entrepreneur's business portfolio. An example of this is the way that property was used by a number of entrepreneurs when establishing their portfolio, by either creating an income by way of rental properties or providing a tangible asset that serves as collateral for loan purposes.

This type of investment may be a premeditated strategy on behalf of the entrepreneur but may also be explained by Ronstadt (1988) "corridor of opportunity" principle where entrepreneurs find other opportunities (i.e. corridors) not otherwise available or apparent to them had they not started in business at all. Novice entrepreneurs therefore may choose to pursue more of these opportunities while still keeping their original venture. This then becomes a continuous process in their entrepreneurial life and leads to becoming portfolio entrepreneurs.

As the portfolio matures the entrepreneur will then tend to purchase property that complements the core business, for example purchase hotels, farmland or commercial property for the core business to work out of. At the end of the life cycle property may be used as an exit strategy by providing the entrepreneur with and income that could be used for retirement purposes, these roles are set out in Table 5.

Table 5 Role of property in the portfolio life cycle

Entry strategy	Mid strategy	Exit strategy
Wealth creation	Complementary to core business	Retirement income

Collateral for loan purposes		Family inheritance

This is an important finding of the research and implies that a portfolio entrepreneur may look for different characteristics of a property investment at different phases of their business.

In summary, by taking a qualitative and holistic approach to this study a variety of roles played by property in the investment profile of a portfolio entrepreneur have been uncovered. The two most striking outcomes were firstly the three key roles that property is perceived to play by the respondents, firstly from a pure property finance and investment perspective, secondly from an overall strategic business perspective and finally the importance of family and personal requirements. These results provide a deeper understanding of the role of property within the context of SMEs and portfolio entrepreneurs and a wider perspective than has been reported by extant property literature. In addition to this the differing roles identified at different stages of a portfolio life cycle suggest that further research may be undertaken in large property portfolios to see if these different roles exist.

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Appendix A. Summary of main themes property-related themes with examples of quotes

Case No.	Quote	Theme
1	"Over a period of time.......take a 10-year time frame, your company will make huge capital gains *(from owning and leasing out property)*. Our company would have cleared the bank loan with somebody else's money. You can go public. You can use public money to own property. You can use public money to get mortgages, and you can do everything with public money. It's just a matter of gearing capital and acquiring property."	Property as source of capital gain and gearing capital
2	"There's much more potential in my companies than there is in any other product *(including property)*, share, stock, bonds."	Other investments considered more profitable than property.
3	"...share investments, forestry and property, that's the next step. You see you can't keep putting money back into this business in order to grow. I couldn't keep up that level you know"	Property as an effective way of acquiring profit.
4	"Co A is ... .. really just property owner owning Co B. Co C , this owns some of the land that some of the Co D buildings were on and some of the buildings so that basically still exists and it owns some buildings. Co E – now that's actually paid me a dividend in the last year. .... Co F is just a new one we started. It's actually a 1500 acre property we bought down South that my oldest daughter and her boyfriend will probably end up owning. So we're in that basically I and his father were basically financing it but ultimately it will be their business." "...it is only when we bought the building and some land, and we started renovating the building and started adding on some building, and then they (the bank) would loan us money up to the value of the buildings ..."	Property as a separate entity to business operations. Property as an individual company i.e. farms. Property used to assist family in setting up a business Property as loan collateral
5	" Most of these (directorship from companies) are single asset owning companies so they own a building. And the reason for that is under NZ tax law... being involved in development, I have to own a property for 10 years to get capital gain, give me flexibility. I want to be able to if I don't want to keep it for 10 years, I can sell the underlying shares to try to get the capital gain. So I guess it's been an effective tax structure." "In my mind at the moment ... is that my son who is working for the company... I'm quite happy to give him some of my skills and property, and if he wants to go for a project, I'll give him some money..... ." "Because the business is mainly property based, the exit strategy I guess, will be progressive the family can sell of the properties and take the money." "All my businesses are property-based and probably why I see hotels as property-based investment." "I think they are all cyclical (different sectors). ..., I have 3 subdivisions, rental property and hotels and rental properties have a lot of subsets through retailers and offices and .... I have never had a failure in his property investments. "I think in my mind you have to have a property component (in any venture)	Property as core business. For tax purposes To assist family members in starting a business Property as a real estate asset for the business (hotels) As an effective exit strategy Good as part of a portfolio of businesses as they all act on different cycles risk reduction Essential component in any venture
6	"Presently my business involvements are through equity investments...global equity investments....they are in farming......farm development...both deer farming and sheep and cattle farming in Central Otago and here, Christchurch or Canterbury...." "I bought it immediately (a large property previously acting as a grain and seed store). It gave us all the potential that we need. It was just all roof and wall so we gutted it all and put in a beautiful electronics environment." ".. we sold the business but we didn't sell the property. So the property in Co A is owned by Co B ...and .. we sectioned off part of the section for prospective sale and called it Co C." ".. the 2 farming ventures we will sell because .. we went into deer farming .. to accumulate this land, clean it up and make it into a really viable property – in terms of grass growth and then sell. And we have sold part of it just to reduce bank debt ..because we saw the deer industry being very poor for the next couple or 3 years now a year has gone by so I am not married to entities at all."	Property as real assets for business e.g. farming Property separately owned business organisation. Property company to own other properties Farm property: for profit, reduce debt
7	"My wealth was shown in the NBR (National Business Review) Rich List of	Capital gain, increases personal

	July 2003 at $85million. It was 93 million in July 2004 which is conservative. This is attributed to both profitable operations in all the enterprises listed above and because of generally increased property values in the past year."	wealth (net wealth)
8	Bought a house and rented it out. Bought another one and rented it out. Owned a few more and had about 10 tenants while at University ...gave himself 2 years to see if he could succeed in property. "probably the related factor (between the different businesses, finance, insurance and property) is the growth opportunity (yes)........like insurance..amazing opportunity..... I'm a really good property developer...like I probably know everything about property...that's all I should do...but I'd say I am an intelligent individual and .. I probably have an interest in some other things.. I look at segments, different businesses, different parts of the world, different countries and ... I buy shares in them......I need to stick to my core businesses and I see my core business being my finance, my insurance and my property...property is only 12% of my assets now...but yeah that's where it started"	Rental property as initial venture into property development and other ventures and becoming a portfolio entrepreneur Financing other property developments – finance company Property as a core business Expertise and interest Started with property, source of growth for property and overall business portfolio.
9	"Co A Ltd is the building company and we still own it, well I have a third of it now. The reasons it started here was the property services had developed into-the building company" "I have from time to time, but not now (rental properties)"	Property as a non-significant part component of business portfolio...occasional rental properties
10	"Property purchase (successful areas) – rental cars were a disaster, new cars weren't very bright." "Co A's not trading as rental cars and we just leave it alone, it does property investments" ".. the farm property (other business interests not listed) which I'm cutting into sections." "Co B is a property-owning company... it is a shell.....Co C is a property company.....Co D ... is my daughter's – that's a property company." "Dissatisfaction with the last partner ...there was a trading company involved, so he took that and I took the property company." "It wasn't too much of a plan, the opportunity came along to buy certain property and just took advantage of it.." Co E that's a vineyard, that's trading....." "I've reduced my involvement, I used to be 25% shareholder of Co F and I was Chairman of Directors ... sometimes you've got an empty property ... sometimes we are a bit slow in increasing rent and sometimes it is better to have a tenant that's constant ...." "Property is probably better because you get capital growth. Any trading is getting harder these days. Wholesaling motor vehicles is probably more competitive these days-especially on the Internet, availability of stock on the Internet is very high." "Anytime I made a mistake, property pulled me up." "I think if I had been concentrating on property in the last 50 years I would be in the rich list." "Well the farm deal needs to be finalised – that's probably another year or 2, and then the money from that will probably go into investment property".	Huge farm/land holdings being subdivided for development Property is a significant component of portfolio assets and businesses. Property viewed as good for capital growth vs other businesses. Property to mitigate risk in other areas of business. Property as an investment.
11	"... that's a company that was set up to buy commercial property which I'm a minor shareholder of – but the property is sold now, so it's not an active company-so you can ignore that." "I only own one property, a one valuable property, which we currently live in so one of these days, I'll unlock some of the dollars and that's where a big chunk of the profit that I made in the sale of the business went into the house...." "I'm not like a property developer that uses everything he's got to get up the next deal until eventually it falls over and everything breaks, that's not me. I'm reasonably conservative but if you invest in any business, you're obviously taking risks but hopefully, a managed sort of risk.."	Commercial property owned as a separate business from other operations Views property development as risky
12	"In terms of profits, it will go to Co A or be invested either back into the company or into like we'll definitely get-property will be on the agenda. Like most of what we do is intellectual property, not bricks and mortar. So that will buy us some property out there and potentially other investments-that will be our key investment vehicle.."	Regards property as a tangible asset e.g. bricks and mortar which can balance a portfolio of "intellectual property
13	"Co A, that was created for one commercial property."	Property is owned by a separate company