



Stein, founder and COO of ETRE Financial: Began his career as an equities trader

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The New York Real Estate Journal recently sat down with Jesse Stein, founder and chief operating officer of Exchange Traded Real Estate (ETRE) Financial, for a question and answer session.

Q: How did you get your start in commercial real estate?

A: I began my career as an equities trader, and transitioned into real estate investment banking in 2005. This was a great time for the industry and I was involved in raising capital for a number of large real estate transactions. During the move to commercial real estate, I quickly became aware of how inefficient the real estate transactional process was and how difficult it was for the average person to participate in real estate investing, because they simply didn't have access to those opportunities.

Q: How did you get the idea that would lead to ETRE Financial?

A: In 2008, when the real estate market slowed down and eventually came to a halt, it became apparent how a lack of liquidity in the industry created huge inefficiencies in the market. During this time I started developing the framework for a platform that would provide a link between real estate owners and investors, and allow a broader group of people to access commercial real estate.

Institutional grade commercial real estate is a \$30 trillion global market and 95% of those assets are owned in the private market in illiquid and non-transparent ownership structures. The illiquidity and non-accessibility of these assets are why real estate in general is considered an alternative asset class. I believed that a huge opportunity existed to bring liquidity, transparency, and accessibility to commercial real estate through the public markets, which would benefit both property owners and investors.

In 2012, I met Paul Frischer, our CEO, and formed ETRE Financial with the goal of facilitating the listing of commercial real estate assets as "single asset REITs" on national exchanges, or put simply, individual buildings that trade as stocks, similar to how one may invest in Apple or Facebook.

Q: How does the ETRE process work?

A: Each of our properties are structured as single-asset REITs that are listed on national exchanges. This provides investors with the same accessibility and liquidity benefits of the existing portfolio REITs, but with the ability to choose individual assets based on asset type, geography, management, and yield. One of the key components of the ETRE platform is the ETRE OMS, which converts real-time equity market data into real estate specific metrics, such as cap rate and price per s/f for both portfolios and single properties. The ETRE OMS has recently been upgraded to include API trading capabilities, and ETRE Tenant Profile Reports (ETPR) which provide tenant credit analysis for office and retail properties and portfolios.

Q: What kinds of buildings does ETRE look for and where are they located?

A: The ETRE platform focuses on all major real estate asset classes; office, hotel, multifamily, and

retail, located in CBD and suburban markets around the world. We seek high-quality assets and high-quality asset managers to work with. We've designed the platform to provide owners with access to the global investor market with the ability to sell an entire asset or to list only a portion of the building's equity while maintaining asset level or property level management. We believe this is a great vehicle for owners looking to recapitalize an asset, for partnerships with disparate interests, or for estate planning purposes.

Q: What are ETRE Financial's goals?

A: The ETRE platform, for the first time allows real estate investors to participate in specific real estate investments with the benefits of a publicly listed security such as liquidity, transparency, and control over their investment. Our goal for ETRE is to transform commercial real estate from an illiquid alternative asset to a mainstream asset that is accessible to a broad group of investors throughout the world.

ETRE Financial is a real estate financial services and information technology company focused on facilitating the public listing of individual real estate assets to improve access, liquidity and transparency in commercial real estate. The ETRE Financial Platform is designed to allow real estate investors around the globe to access specific real estate investments opportunities in the public markets through the introduction of single asset REITs on national stock exchanges.

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