

# Fractional Ownership in Real Estate

(Removing Entry Barriers in Real Estate for competent returns via Smart Investing using fractional ownership system)

'At OYEOK, a technological platform, we believe affordable real estate purchases can be made by buying completed Grade A residential apartments at busy locations with a monthly rental yield. This is possible by adopting fractional ownership system by owning shares equivalent to the invested amount. Now one can invest to earn well-known handsome real estate returns with smaller ticket sizes as low as multiples of Rs 10,000'

Sample Investment Opportunity (Let's Say)  
30 Lacs (All Inclusive) - 2BHK - 990 sqft



Rustomjee Global City  
-Virar (Mumbai)

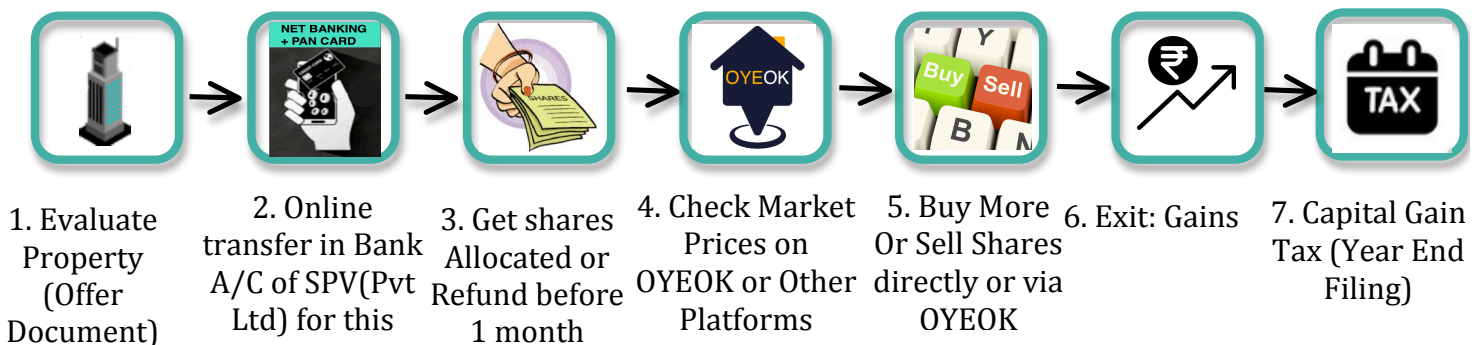
## How will I invest and What Amount?

1. Total of 100 Investors shall invest together to buy one property through a special purpose vehicle (e.g property worth 30Lacs)
2. Each member out of the 100 investors shall buy 1% of the Property by paying 1% (e.g. Rs 30,000 shall be paid by each of 100 Members) = Rs 30,000 in this case

## What is time horizon of my investment?

Real Estate investments have precedents of growing annualized 12-18% return on investment in good market scenarios hence it is recommended to hold it for atleast for a year

## How it Works? = 7 Step Investment Cycle



## Advanced FAQs

- 1. What fees will I need to pay?**

You will pay an upfront one-time brokerage of 2% of the property value. In case you decide to use our property management service, you will pay 15% of rents as property management fee. Click here to visit our property management website.
- 2. What is definition of a SPV-Special Purpose Vehicle?**

Investment shall be made into the property through a Pvt Ltd Company (SPV – Special Purpose Vehicle), which will own and manage the property. The Pvt Ltd Company i.e SPV will appoint vendors to manage the property & shall have a retainer fee a property management fee deducted from rent and is responsible for distributing rent after maintenance and payment of statutory taxes.
- 3. Who decides, buys and pre-vets the properties?**

Before listing new offerings on the platform, OYEOK researches opportunities in the market and shortlists specific properties that fulfill your ownership criteria. Once listed, the properties dashboard will contain detailed information on the location, key highlights, pricing, indicative model and legal diligence reports that help you in making an informed decision.
- 4. What is OYEOK platform?**

n-eXchanges Pvt Ltd (OYEOK App) is the underwriting company which shall facilitate the transaction between the property seller & the co-owners i.e member investors. This company shall appoint two trusted directors who might also be anchor investors. n-eXchanges shall negotiate and close the best price driven by it's ability to drive negotiations. OYEOK platform is a marketplace mechanism to liquidate/exit the investment for existing shareholders. Each of the co-owners can freely trade (buy/sell) between amongst themselves each other's share or get an outsider to buy the shares.
- 5. What is Mode of Payment & to which company?**

The amount shall be paid directly into the New Pvt Ltd company account against which shares shall be allocated to each investor within 30 days in their respective demat account's of each shareholder. All amounts shall be accepted via only cheque/online transfer. In case the listing campaign is over-subscribed, the allocation of shares shall happen on the basis of pro-rata applicants application money and number of applicants with an upper cap of 1<sup>st</sup> 200 applicants will be considered only.
- 6. How can I exit my ownership?**

You can exit your ownership\* in two ways:

  - a. Resale of your ownership share:** You can choose to sell your share in the property to anyone at a mutually agreed price either privately or through the OYEOK platform
  - b. Sale of property**

If the co-owners mandate a sale, the property manager will sell the property and you will receive your share from the exit proceeds.

\* This investment in shares will be considered as an alternative investment and shall be listed on the OYEOK platform (owned by n-eXchanges Pvt Ltd) for trading between existing investors or new buyers willing to buy the shares.
- 7. How is it different from REITs?**

OYEOK allows you to own specific properties in specific locations that are of interest to you rather than in a pool of properties across asset classes (residential, office, retail) and geographies like a REIT. REITs also typically charge very high fees, sometimes in the range of 10-15% and are publicly traded leading to higher volatility.
- 8. Can Non-Resident Indians invest using the platform?**

Yes. As an NRI, you can own properties through the OYEOK platform. However, your funds must be transferred from your non-repatriable NRO account.
- 9. How will I be taxed on my ownership share?**

Under current income tax regulations, your share will be taxed in exactly the same manner as if you had purchased the property on your own. You will be paying two kinds of taxes:

  - a. Rents:** Rents received from the property is taxed at 30.6% after allowing for standard deduction and municipal property taxes
  - b. Capital Gains:** Capital gains on sale (if sold after 3 years) is taxed at 20% after allowing for indexation benefits
  - c. Sale of Shares:** In case you sell your share before exit, you will need to pay taxes on gains as per your marginal tax bracket. Please consult your financial advisor for more details.
- 10. What is the minimum and maximum amounts for purchasing property?**

Owing to general risks in real estate, we accept minimum of 1% per property i.e !% equivalent of the purchase price which is generally multiple of Rs. 10,000. The maximum limit is also 2% for now to encourage broader participation and spread risk of the investment amount per investor.
- 11. Is fractional ownership through fractional ownership mechanism risky?**

Yes, as with any real estate transaction, owning property through fractional ownership carries inherent risks of loss of capital.
- 12. What kind of documentation will I need to sign?**

You will sign an ownership agreement (share holder's agreement, which shall state the rules that will govern how co-owners shall govern each other with their rights and duties) with other co-owners.
- 13. Can I claim tax benefits under the IT Act if I own property through fractional ownership mechanism?**

Tax benefits for fractional ownership are currently not available under the IT Act.

For more doubts/queries/clarifications contact  
+91 9920050357- Sagun Garg

n-eXchanges Technology Office:  
702, SPIT, Bhavans, Mumbai-400058  
www.oyeok.in

For more details/Clarifications  
Contact: [sagun@nexchanges.com](mailto:sagun@nexchanges.com)  
Mobile: +91 9920050357