

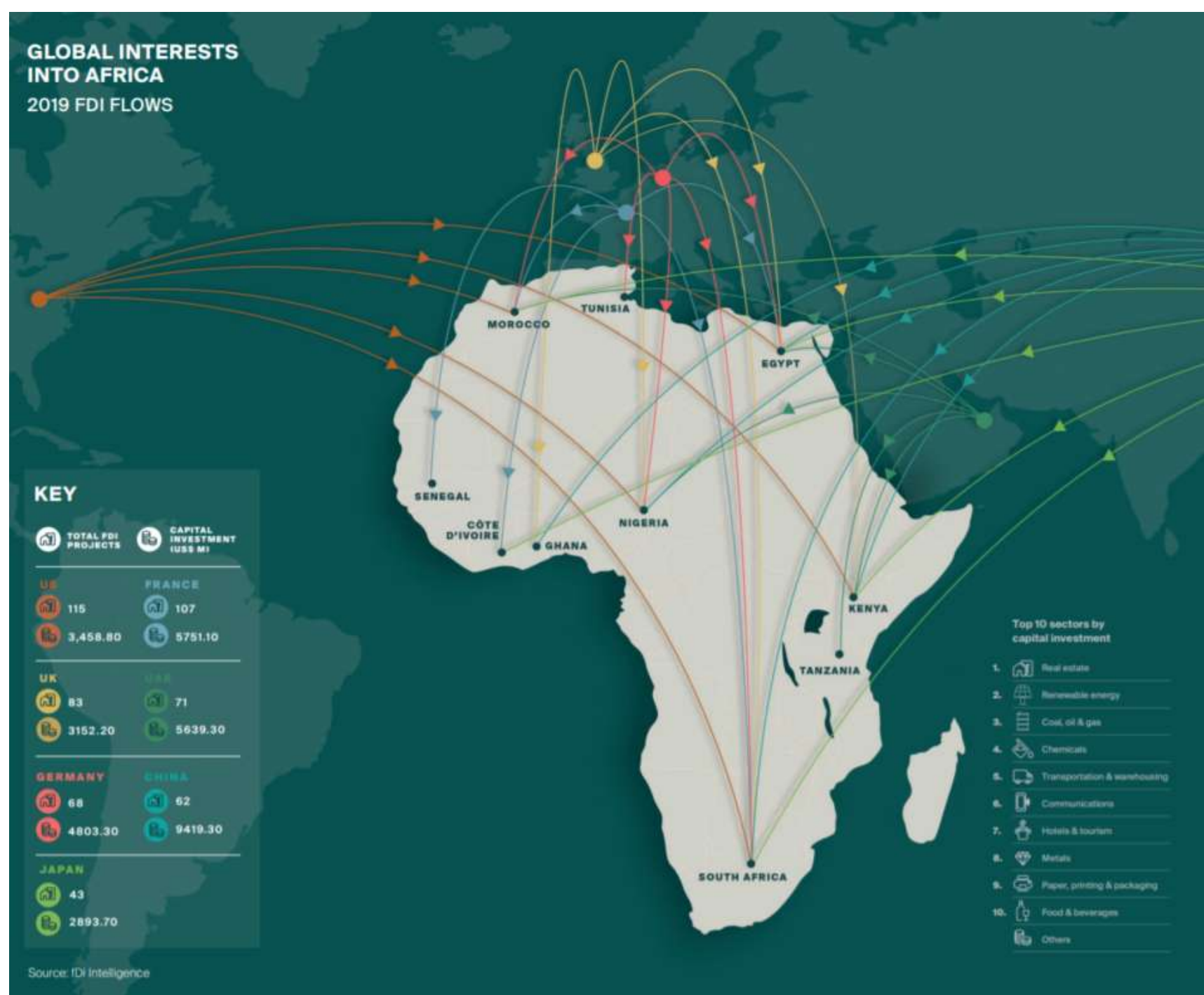


# FRACTIONAL INVESTMENT

**FUTURE OF  
REAL ESTATE  
OWNERSHIP &  
INVESTMENT**

# AFRICA CALLING

- Each year, Real Estate sector in Africa, among all sectors, receives maximum capital investment from foreign investors
- The FDI in Africa is still very low (3% of global direct FDI) mainly due to misconceived perception of risk and numerous real challenges on ground
- Huge opportunity and potential – **local institutional investors and African diaspora** to play key role as they understand local market & challenges better and can form partnerships with local people on ground. **Fractional investing** can be **game changer enabling every African to invest in Real Estate sector in Africa**



# RENTAL YIELDS

KINSHASA	PRIME YIELDS
OFFICE	10.0%
RETAIL	10.0%
INDUSTRIAL	15.0%
RESIDENTIAL*	8.0%

CAIRO	PRIME YIELDS
OFFICE	8.5%
RETAIL	8.0%
INDUSTRIAL	10.0%
RESIDENTIAL*	4.5%

ACCRA	PRIME YIELDS
OFFICE	8.3%
RETAIL	7.5%
INDUSTRIAL	10.0%
RESIDENTIAL*	7.5%

NAIROBI	PRIME YIELDS
OFFICE	8.0%
RETAIL	9.0%
INDUSTRIAL	8.5%
RESIDENTIAL*	5.5%

LAGOS	PRIME YIELDS
OFFICE	9.0%
RETAIL	8.5%
INDUSTRIAL	12.0%
RESIDENTIAL*	8.0%

KIGALI	PRIME YIELDS
OFFICE	7.5%
RETAIL	8.6%
INDUSTRIAL	11.5%
RESIDENTIAL*	6.5%

DAKAR	PRIME YIELDS
OFFICE	10.0%
RETAIL	10.0%
INDUSTRIAL	13.0%
RESIDENTIAL*	6.0%

CAPE TOWN	PRIME YIELDS
OFFICE	9.0%
RETAIL	8.5%
INDUSTRIAL	10.0%
RESIDENTIAL*	5.0%

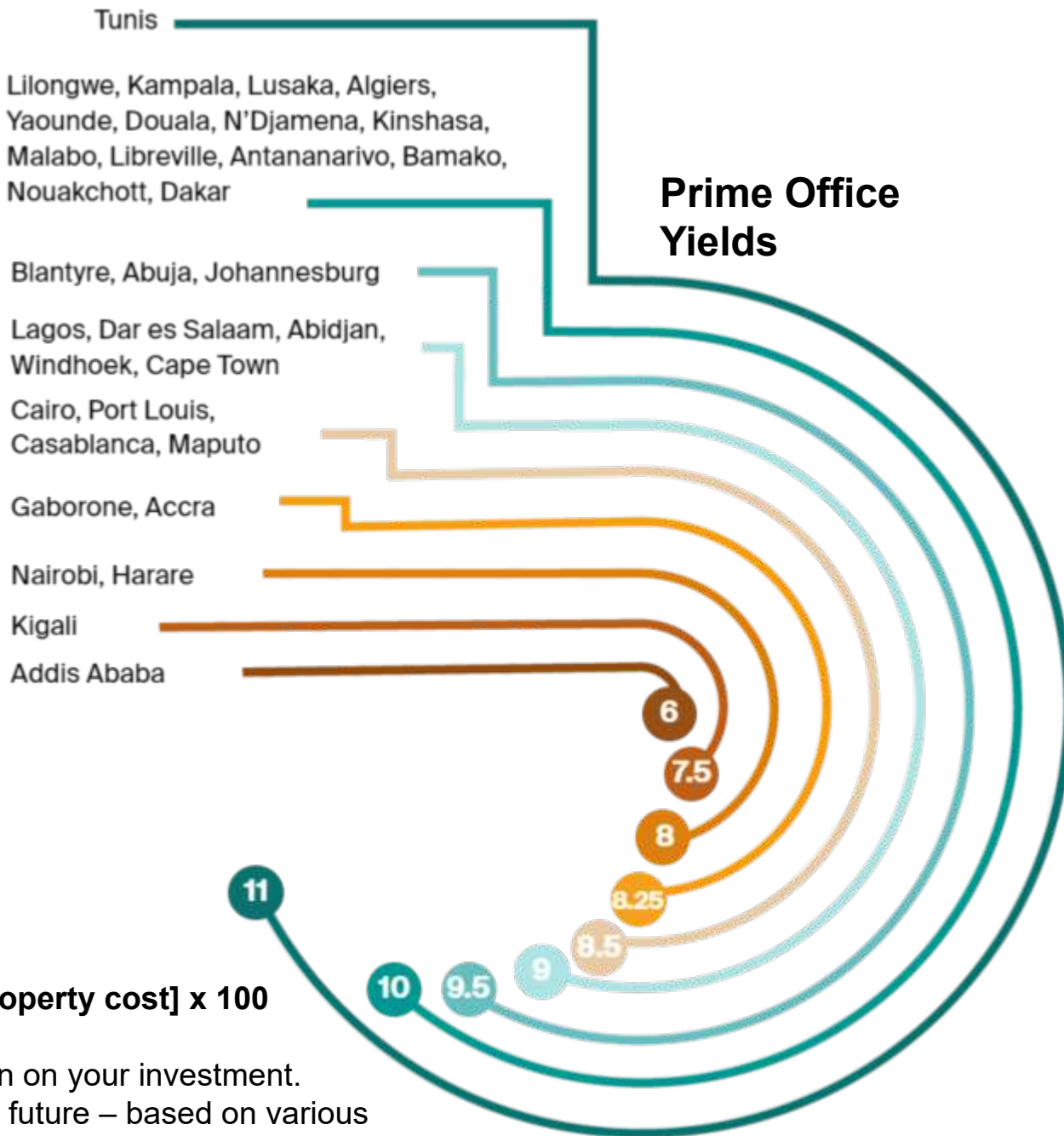
DAR ES SALAAM	PRIME YIELDS
OFFICE	9.0%
RETAIL	10.0%
INDUSTRIAL	10.0%
RESIDENTIAL*	6.0%

## What is Rental Yield ?

Gross yield = (annual rental income / property value) x 100

Net rental yield = [(Annual rental income – Annual expenses) / Total property cost] x 100

- Invest in real estate property with high rental yield i.e., high rate of return on your investment.
- Invest in property with low per sq m price which is likely to appreciate in future – based on various factors like economic, social, governmental etc. Or investing early e.g., in plot or off plan property.



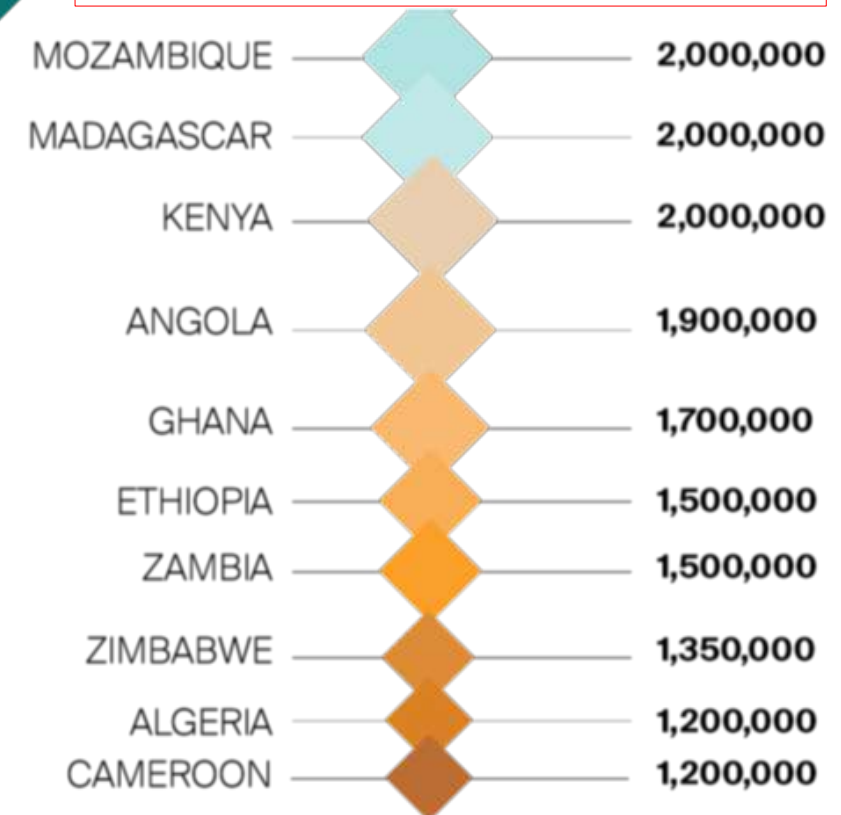
# AFFORDABLE HOUSING DEFICIT DISTRIBUTION

- Africa's housing crisis – growing population and increased urbanization levels
- Average densities will increase from 34 people per sq km in 2010 to almost 80 by 2050
- Creation of satellite cities to offset pressure on existing urban centers

- In Africa listed property funds have only 2.5% of their total holdings in residential assets. Its 25% in other developing countries and 15% in developed countries
- Africa needs more than US\$1.4 trillion in funding to address its 56 million housing-unit deficit
- A huge opportunity for real estate developers and investors



- By 2100, Africa will be the most populous continent on planet with population close to 4 Billion. Nigeria will be among top 2 countries worldwide with population close to 1 Billion. Ethiopia, DRC, Egypt & Tanzania will be in top 10 most populous countries worldwide.

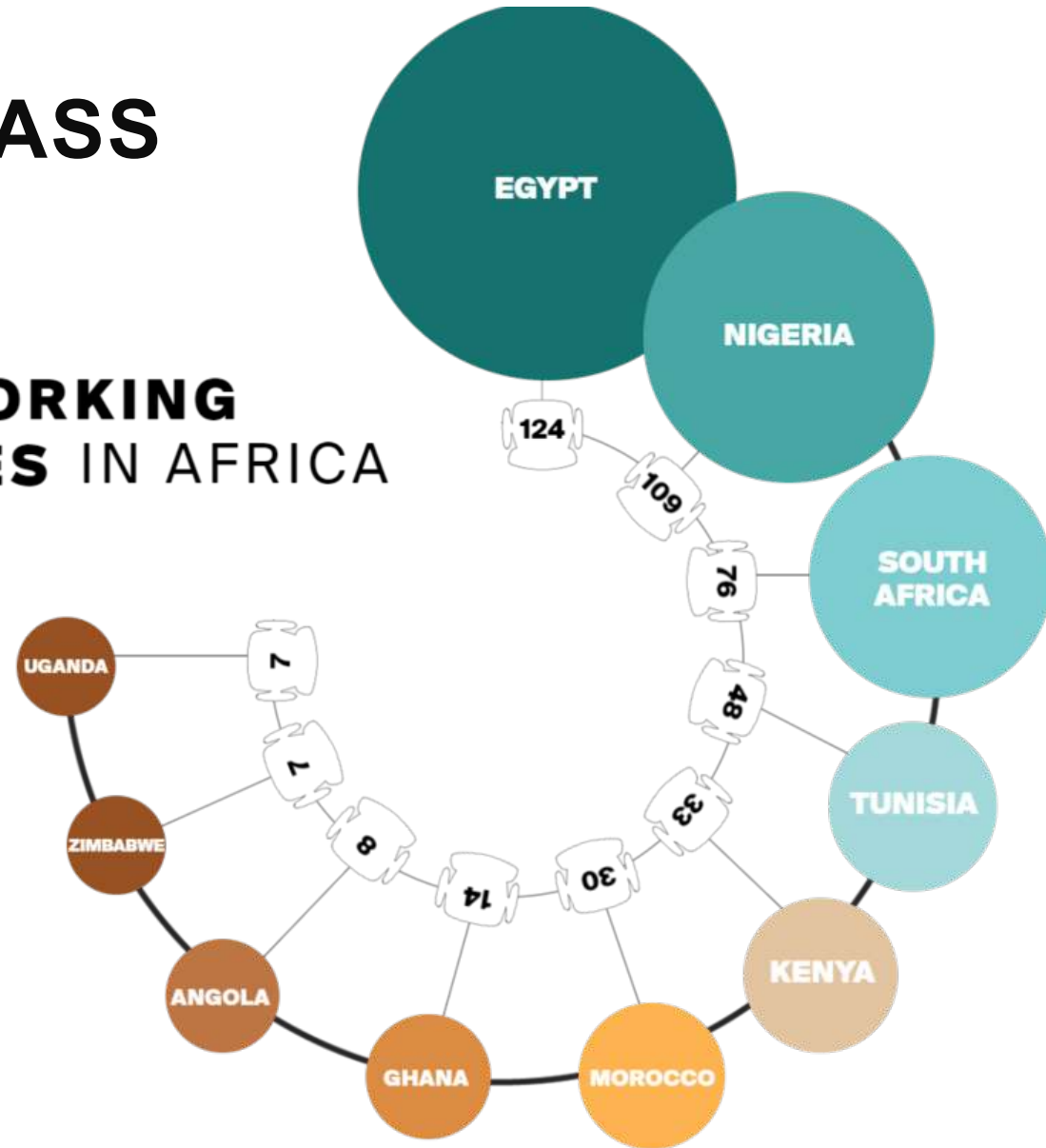




# NEW REAL ESTATE ASSET CLASS

- Conventional asset class – Commercial, High end residential, Retail, Shopping Malls, Office space etc
- New Asset class – affordable housing, warehousing, data centers, agriculture, education, co-working spaces, wellness and health centers, hospitality, student housing, data centers etc
- Corona pandemic has changed concept of home - home has now become a hub from which people work, exercise, learn, socialize and relax. Trends towards wellness living and smart living are expected to take center stage
- When buying new home - Focus on leisure activities, outdoor space, access to health care, transport links, internet connectivity, office in home or close by, and air quality
- Office envs need to be reimaged to include aspects that support employee health and wellbeing.
- Sustainable and green buildings

## CO-WORKING SPACES IN AFRICA



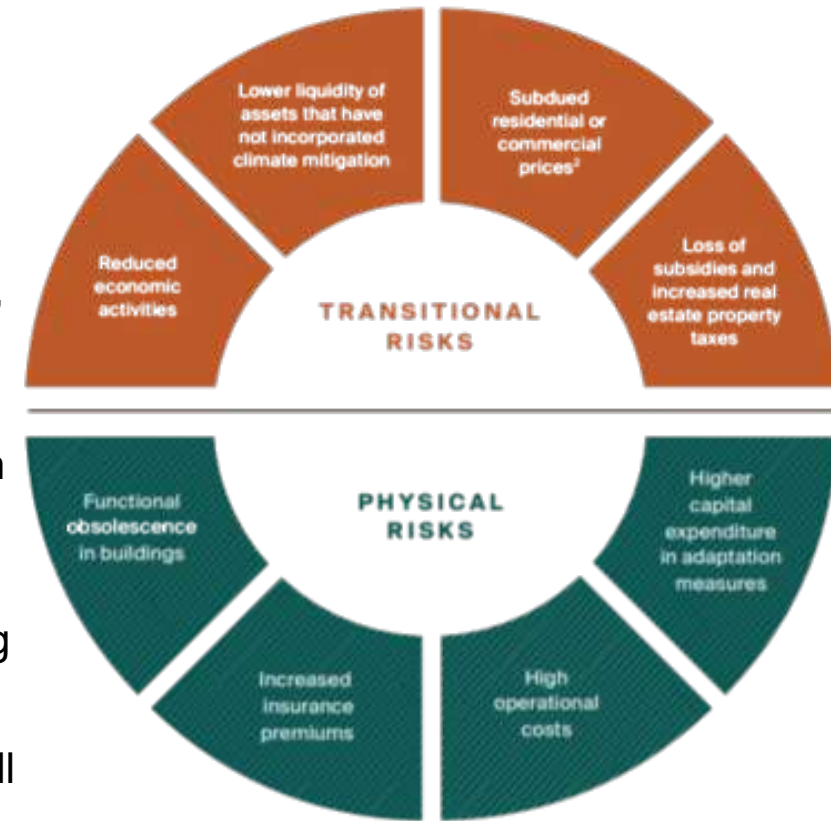
# GREEN BUILDINGS AND SUSTAINABLE DEVELOPMENT

- Long term investors in real estate are focusing on infra projects that comply to social, environmental and governance standards. Buildings with poorer climate performance will increasingly see value eroded
- By 2050, Africa's cities will be home to 1.3 billion more people than today, resulting in increased demand for buildings. This new construction and buildings will result in significant carbon emissions if not planned well
- New infra projects in Africa must comply to standards like Green Star (Green Building Council of SA), LEED rating system (US Green Building Council) and EDGE (IFC).
- Rwanda – Rwanda Green building minimum compliance standard is mandatory for all upcoming commercial developments. Ghana – launch of the Eco-Communities and Cities National Framework has seen green buildings grow in popularity. Morocco - sustainable development is now a national priority
- As of Oct 19, Green bonds in excess of US\$2 B. had been issued in Africa. Housing Finance in Kenya is providing a green mortgage credit line of up to US\$20 million
- Approx. 700 green certified buildings in Africa, out of which 80-90% are in SA

Vienna Court, Nairobi, Kenya – one of best examples of sustainable and smart workplace.

- LEED certified, Locally sourced building materials, Innovative power, lighting and ventilation systems, Electric charging stations and bicycle parking slots, Lush green areas

## CLIMATE CHANGE RISKS TO REAL ESTATE



# FRACTIONAL OWNERSHIP

- Fractional ownership is a method in which **several unrelated parties** takes the **joint ownership** of **high-value tangible asset** like real estate, with a purpose of investment, thus mitigating the **investment risk** and **sharing the investment costs** involved.



# USE CASE – EASYPROPERTIES

EasyProperties, South Africa based, offers fractional investment in Real Estate through a tech-friendly, online property investment platform. **Click on video below**



# FRACTIONAL INVESTMENT - HOW IT WORKS?

You can buy or sell a “**piece**” of the **Real Estate**. This piece can be actual ownership in the Real Estate, or an ownership in Timeshare model, but mostly it will be an ownership of the derivative representing the underlying real estate physical asset e.g., Real Estate Investment Fund or Trust, share of the company owning real estate etc.

Instead of buying or selling shares in Real Estate Investment Fund or Trust or company, you can also buy or sell Tokens on a Blockchain platform. Each token represents fractional ownership in the underlying derivative.

The value of share or token at any given time is calculated based on real time market value of the underlying real estate property and by factoring in other costs e.g., taxes, maintenance, legal, service fees, any depreciating assets etc.



# FRACTIONAL INVESTMENT - HOW IT WORKS?

- You can easily buy or sell part of Real Estate from your mobile within few seconds simply like buying a book online
- IT system takes care of all the real-world complexities
- The Real Estate company / trust / fund takes care of leasing, renting, buying and sale of the Real Estate. It also manages and maintains the Real Estate directly or via partners
- Imagine you can instantly own a part of premium multi million-dollar Real Estate in any country for few dollars from the comfort of your home



# TIMESHARE MODEL

- You can also be part of Fractional ownership “**Timeshare**” model. Under this model, several owners **jointly owns a vacation Real Estate**, hotel or resort and they can **live for FREE** for **certain number of days in the vacation property** (*as per pre-defined terms and agreement*)
- Imagine owning a part of luxurious beach property in Seychelles and living there for **FREE** during your vacation
- When not in use, the **Real Estate can earn from AirBnB etc** thus giving **passive income to the owners** and return on their investment





## WHAT BENEFITS YOU GET?

If the Real Estate you own is put on rent or lease, **then you earn monthly passive income** as per the piece you own

If the Real Estate you own is sold, then **you earn the share in profits** as per the piece you own

Real Estate is a **low-risk investment** that gives **good returns over longer timeframe** and fractional ownership makes it possible for **anyone with even a small amount of capital to invest**, & **mitigate the risk** by **diversifying** in different type of Real Estate in different countries



# REAL ESTATE FRACTIONAL INVESTMENT & BLOCKCHAIN

- Potential to revolutionize the real state industry
- Real Estate Assets can be tokenized using Blockchain and Smart Contracts and can be traded in online marketplace like cryptocurrencies e.g., Bitcoin or like stocks on an exchange
- Rental income is received as tokens in your wallet. Also, you can buy / sell % of real estate by buy / sell tokens from your wallet
- The collected tokens can be exchanged for fiat currency
- Blockchain platform takes care of listings, payments and legal documentation – no intermediaries, save on commissions and fees, process is much quicker
- Increased liquidity by tokenizing the Real Estate as digital asset. As part of it can be buy / sell easily anytime
- Transparency, Security and decentralization. Easy to manage, monitor and track assets.
- Enables Fractional Investment – low risk, diversified, lowers the barrier to real Estate Investment
- Biggest challenge : Regulatory frameworks and government

# USE CASE – MERIDIO

Meridio, NY based, allows commercial property owners to sell digital shares of their real estate. The company's platform connects individual and corporate investors with property owners who are looking to liquidate portions of their ownership.

**Click on video below**

# REAL ESTATE FRACTIONAL INVESTMENT & BLOCKCHAIN

- Tokenization is the process of representing a fractional ownership interest in an asset with a blockchain-based digital token
- Each token represents direct ownership of an asset, such as a parcel of real estate, a share in a company owning real estate, a participation in a real estate investment fund, property-related payment rights (such as dividends, distributions or a share of profits), or any number of potential derivatives
- **Real Estate Tokenization** - Real estate tokenization generally follows a five-part procedure by the offeror:
  - **Asset Identification** — identification of the commercial real estate asset, which may involve its acquisition, financing and appraisal;
  - **Smart Contract Generation** — compliance with securities laws and the creation of a smart contract;
  - **Token Creation** — determination of the number and type of tokens and selection of an exchange platform;
  - **Marketing and Distribution** — advertising of the offering, confirmation of investor accreditation and listing of tokens on the exchange through a security token offering (STO); and
  - **Post-Listing Support** — ongoing support for investors and distributing profits or other rights to payment.

# USE CASE – REALT

RealT, Florida based, is the specialist in tokenized real estate investment. For the first time, investors around the globe can buy into the US real estate market through fully-compliant, fractional, tokenized ownership. Powered by blockchain.

**Click on video below**



## WHY IT IS IMPORTANT FOR AFRICA?

- **Fractional ownership is a lethal tool to fight economic colonialism in Africa**
- The premium Real Estate is generally owned by rich i.e., millionaires and big organizations
- **Fractional ownership levels the playing field and democratize the Real Estate investment**
- **Africans unitedly can own all the Real Estate in Africa and can also invest in Real Estate around the globe. This will create new opportunities for wealth generation**

# WHAT ARE WE DOING?

We are **helping** Real Estate **startups** and businesses in Africa to **grow, scale, automate and monetize with the help of IT solutions**

We have hands on experience in Real Estate domain with clients like Optiven (Kenya) and KingsRidge (DRC)

We are the pioneers in the field of IT & Technology in Africa. And have **knowledge & experience to implement complex IT systems like Fractional ownership**

We are **providing technology, business & strategy consulting** to the individuals, **startups** & businesses operating in Real Estate domain in Africa so they can implement new bold ideas for next generation

We are **facilitating investment and loans** for Real Estate **startups** and businesses in Africa and are **also investing directly through MindflixMedia fund**

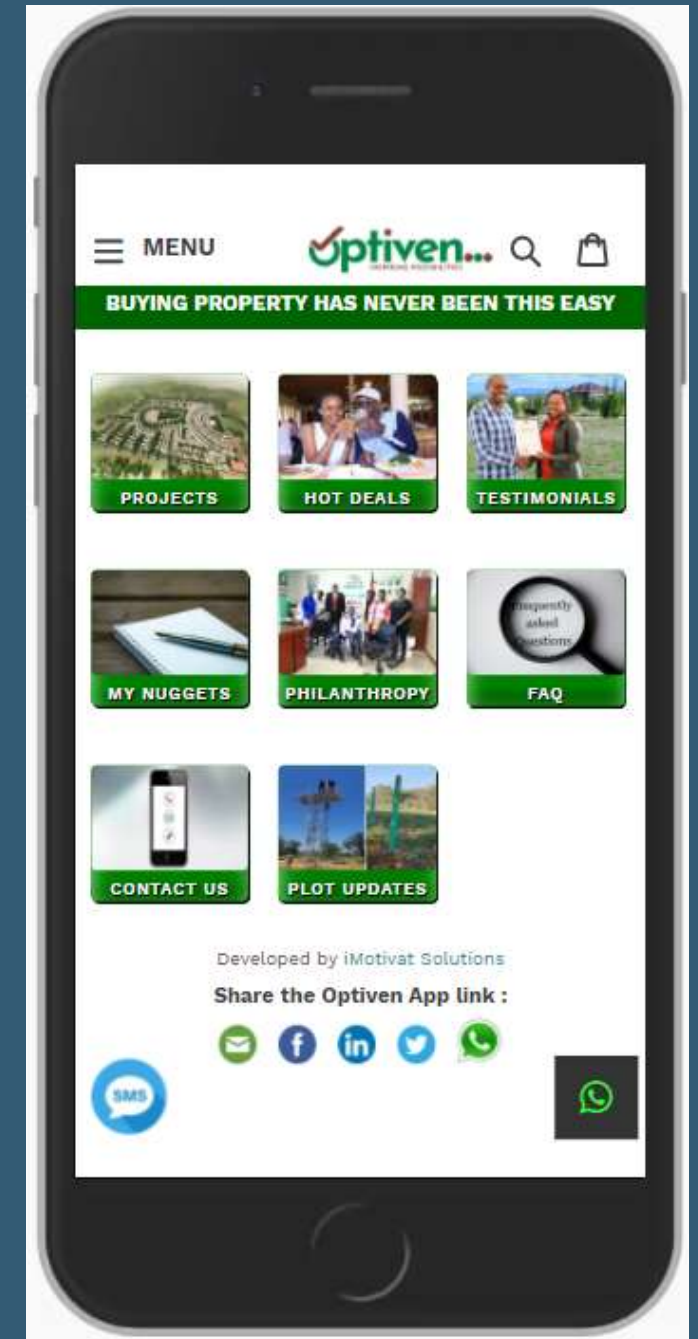


eCommerce & Mobile App Solutions

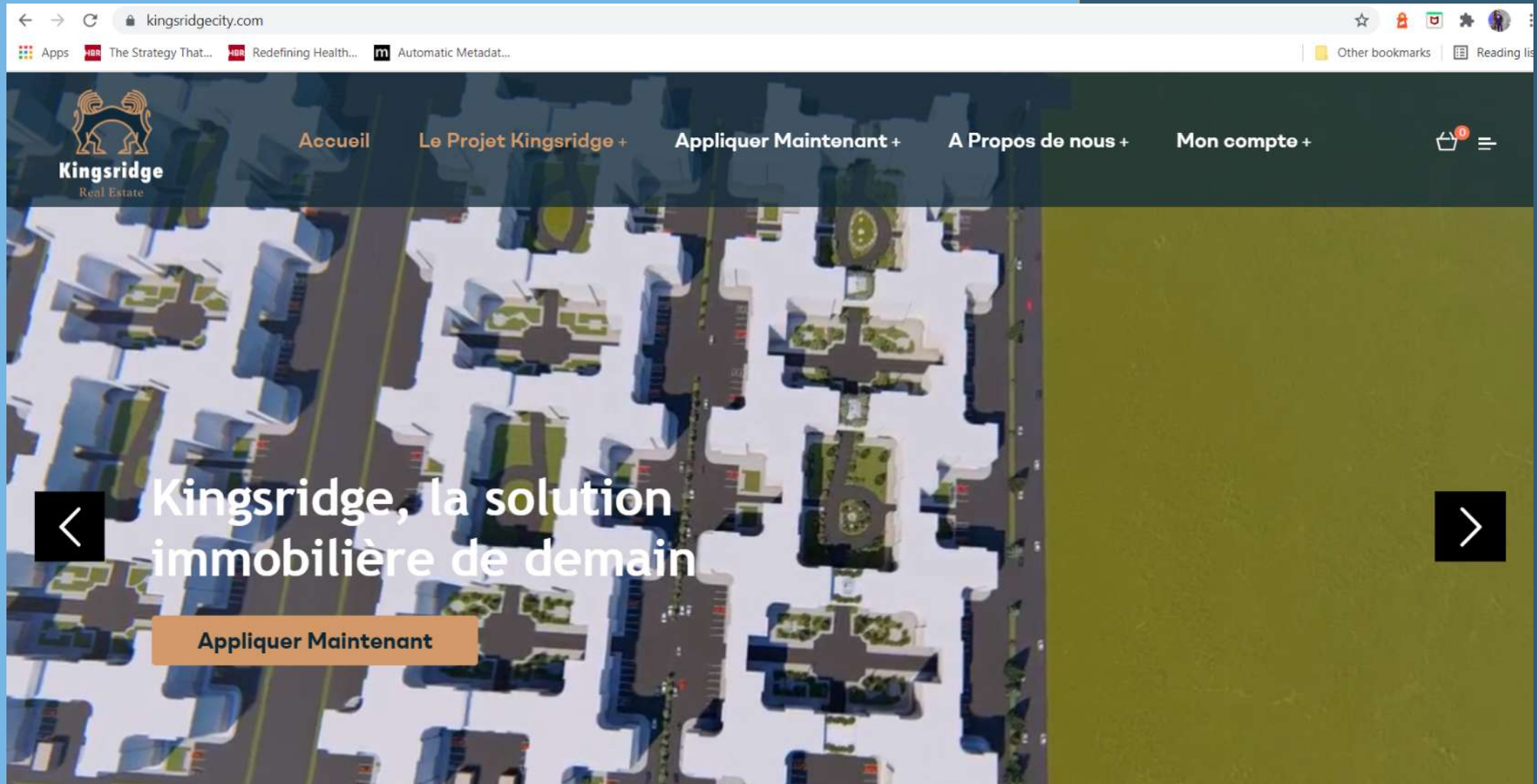


# WHAT ARE WE DOING?

- Mobile App **developed by iMotivat for Optiven** – a 20-year-old Real Estate premier company based out of Kenya.
- App enables anyone from Africa and diaspora to **easily search, view details and buy a plot in Kenya with a click on a mobile.**
- Users can schedule site visit, access latest hot deals and offers, project updates and can manage the monthly recurring payments and paperwork via the App.
- App allows push notifications, contact form, SMS and WhatsApp integration, and email marketing through which Optiven can connect with users.
- App has rating of 4.6 / 5, and 10,000+ downloads on Google play store. And **won the award for Best Real Estate Mobile App in Kenya (2019).**



# WHAT ARE WE DOING?





# KEY POINTS – DRIVING REAL ESTATE SECTOR AND INVESTMENT

**Growing economy** – The World Bank has highlighted Ghana, Rwanda, Ethiopia and Côte d'Ivoire as some of the fastest growing global economies.

**Growing Population** – The middle class is expected to increase from 355 million people in 2010 to 1.1 billion people in 2050. This will drive greater demand for goods and services and the African Development bank forecasts a combined business and consumer expenditure of US\$6.7 trillion by 2030

**Urbanization** - The number of people living in Africa's towns and cities is predicted to rise 60% in 2050 from the current 40%. Nigeria, Angola and Ghana are expected to see the highest urbanization rates – 80% by 2050 – and Africa is set to be home to at least six of the world's 43 megacities by 2030

**AfCFTA** – It is set to transform the continent into the world's largest free trade area since the establishment of the World Trade Organization in 1994. The commitment to eliminate up to 90% of tariffs is set to increase trade in the region by 15% to 25% in the medium term, according to the African Development Bank, although this rate could double if challenges around infrastructure and corruption are dealt with

**African Union's Agenda 2063** - A masterplan for transforming Africa over the next 50 years through the continued integration of trade, monetary union and regional infrastructure, as well as digital integration

**Infrastructure development** - There has been a surge in the development of road and rail infrastructure across different regions on the continent in a bid to enhance integration. Regional energy integration projects are in progress. The Single African Air Transport Market (SAATM) is also set to play a primary role in the continent's integration. Market access restrictions for airlines are being lifted along with the liberalization of flight frequencies and capacity limits.

# KEY POINTS – DRIVING REAL ESTATE SECTOR AND INVESTMENT

**PropTech Investment** - Globally, investments in proptech hit US\$12 billion in 2016 and an estimated US\$4.6 billion invested in proptech in the first six months of 2019. The proptech solutions presented have ranged from transaction platforms, management platforms, data-driven services to wide-ranging digital innovations, including blockchain and virtual reality solutions.

**Online Retail Sector** - The online retail sector in Africa continues to grow, influencing the retail and industrial real estate sectors. As online retail gains traction and critical mass, this is expected to translate into a growth in demand for sophisticated and centralized warehousing facilities across the continent.

**Digital Innovation** - Examples include the successful transition by the Mauritius Land Registry to a paperless system; Kenya's recent land process digitization efforts; and Togo's digital solutions for property registration and digitization processes. In addition, Rwanda and Ghana have also committed to introducing a blockchain-based land administration process. These initiatives are in line with the move towards more transparent markets for investors.

**Housing affordability** - Housing affordability has further been enhanced through the establishment of mortgage refinancing companies in Egypt, Tanzania and most recently Kenya. Across the continent, however, a significant level of opportunity in this sector remains.

**Increase in number of Real Estate developers and funds** – Investment by companies like Kasada Capital Management, Grit Real, Investec. South Africa – leading real estate market comprising a total market capitalization of around US\$30 billion along with approximately 46 dual listed REITs and listed property companies. The recent adoption of REITs legislation in Ghana and Uganda for example is, however, set to contribute to continued real estate market formalization in Africa.

MindFlix Media &  
iMOtivat ,  
Asia Office at  
GOA, India

**THANK YOU**

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