



DEB Infra Homes

"Expansion Always, In All Ways"

**AUGUST
2020**

**THE
CROWDFUNDING**

www.debinfra.com

CROWDFUNDING

A

NEW WAY

OF

INFLOW





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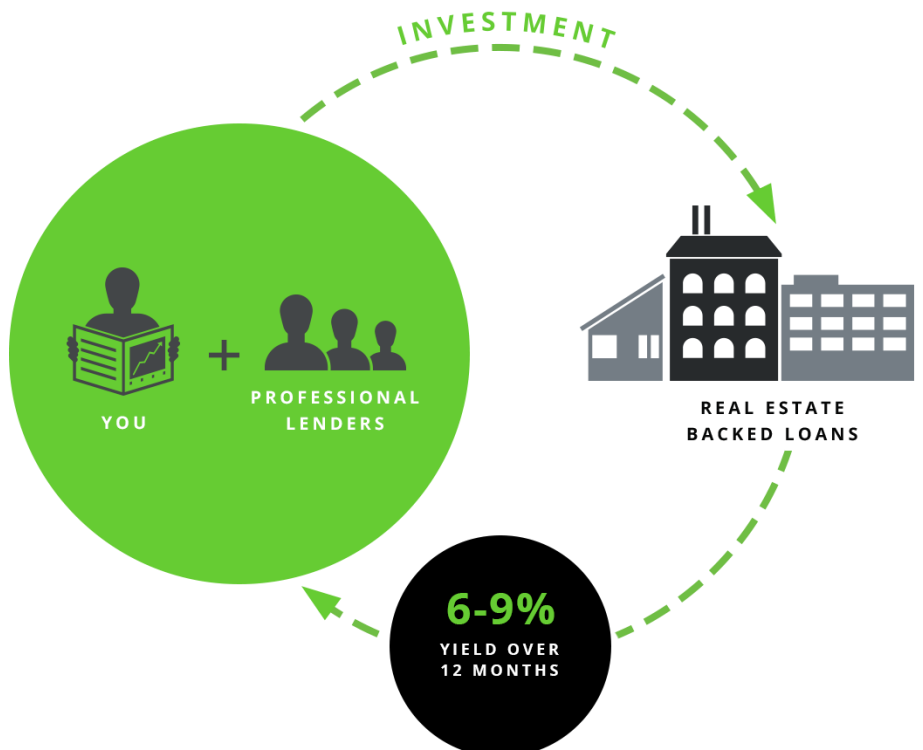
“ CROWDFUNDING
is creating a new public market which connects common people with investment opportunities that used to be accessible only by the very wealthy. ”

WHAT IS CROWDFUNDING?

Crowdfunding is the utilization of small amounts of capital from large number of individuals to finance a new business venture. It makes of use of the easy accessibility of vast networks of people through social media, and crowdfunding websites to bring investors and entrepreneurs together, with the potential of increase entrepreneurship by expanding the pool of investors beyond the traditional circle of owners, relatives and venture capital.

BASICS OF CROWDFUNDING

In most jurisdictions, restrictions apply to who can fund a new business and how much they are allowed to contribute. These regulations are supposed to protect unsophisticated or non-wealthy investors from putting too much of their savings at risk. Because so many new business fail, their investors face a high risk of losing their principal.





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" CROWDFUNDING
Will become the future
of how small
businesses are going
to be financed"

HOW CROWDFUNDING WORKS?

Crowdfunding has created the opportunity for entrepreneurs to raise hundreds of thousands or millions of dollars from anyone with money to invest. Crowdfunding provides a forum to anyone with an idea to pitch it in front of waiting investors. One of the most amazing projects to receive funding was from an individual who wanted to create their investment. Investors can select from hundreds of projects and invest their funds accordingly. Crowdfunding sites generate revenue from a percentage of funds raised.

Crowdfunding is the utilization of small amounts of capital from a large number of people to finance a new business venture. First, the investor identifies an opportunity, plans the acquisition of property, and even takes the responsibility of its management and eventual sale of the assets. The crowdfunding platform is where the sponsor finds the investors who are planning to create passive income from real estate. A special purpose vehicle (SPV) is created to acquire the asset in which investors are shareholders.

An example, how crowdfunding works: Let's take a real estate developer finds an outdated commercial building that lacks of modern amenities for a sale price of ₹ 2 Cr. After analysis he determines that ₹ 1Cr is required for renovation and lease out the entire building, so that he can double the rental income and the property will have a market value of ₹ 8 Cr within 4-5 years. So instead of taking bank loan, the developer opens the opportunity for the individual investor to become a shareholder in the property.





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" CROWDFUNDING

Isn't about collecting money. It's about making something happen with a crowd of people who **believe in something**"

'Embassy Office Parks', a joint venture between the real estate company Embassy and private equity firm Blackstone, has launched the country's first Real Estate Investment Trust (REIT). Termed as 'Embassy REIT', the trust has issued up to 158 million units at a price of ₹ 300 per unit aggregating up to ₹ 4,750 crores. The key stakeholders of the 'Embassy REIT' include Axis Bank (the trustee), Embassy Office Parks (the manager), Embassy (the sponsor) and Blackstone (the sponsor).

BEST OPPORTUNITY FOR INVESTORS?

Real estate has always been great investment opportunity for investors in present scenario. We DEB INFRA HOMES, suggest real estate can be safest and best platform to invest and achieve financial freedom.

Real estate crowdfunding is a way of investing where individuals contribute a tiny amount of capital towards a specific real estate. The process is conducted through an online media to reach out to the investors based on their potential.

For developers, crowdfunding offers them to invest the funds for real estate development projects. This process has become a feasible alternative to traditional ways of raising funds. As for the investors, it offers them the ability to become a shareholder in assets.



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“ No financial Institution can be Misinformed about Crowdfunding, as It provides both Competitive and Promising new Opportunities. ”

There are two ways an investor can be involved in Crowdfunding opportunity. Investor invests in an equity-based model, he receives return based on property rental income or can even earn a share of the property when it is appreciated. The second opportunity is debt-based funding, which has been more popular as investors receives a fixed interest rate to the amount that he has invested in the property.

Similarly, REITs historically have delivered competitive total returns, based on high, steady dividend income and long-term capital appreciation. Their comparatively low correlation with other assets also makes them an excellent portfolio diversifier that can help reduce overall portfolio risk and increase returns. REIT is a process to generate funds from a lot of investors, to directly invest in properties like offices, residential units, hotels, shopping centers, warehouses, etc. All REITs will be listed with the stock exchanges, as they would be structured like trusts. Consequently, REIT assets will be held with independent trustees for unit holders/investors





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“ Real Estate Crowdfunding campaigns have ranged from \$100,000 to over \$25 million, meaning that there is an option for all budget sizes and investment types. ”

HOW INVESTORS BENEFIT FROM CROWDFUNDING?

Many crowdfunding projects are rewards-based; investors may get to participate in the launch of a new product or receive a gift for their investment. Crowdfunding allows the investors to invest in highly sophisticated project with low investment. Crowdfunded opportunities tend to be more transparent as it allows investment into specific projects without the hassles of maintaining and managing the assets. Equity-based crowdfunding is growing in popularity because it allows start-up companies to raise money without giving up control to venture capital investors. It also offers investors the opportunity to earn an equity position in the venture. It is important to evaluate crowdfunding real estate investments as they are highly illiquid. Unlike when you own a property by yourself, you can't sell your investment in crowdfunding when ever you want to. This is a great model for low investment investors who get access to high income-generating real estate. However, you need to evaluate a crowdfunding opportunity before investing.

REITs include 90% of distributable cash, at least twice in a year. REITs will showcase the full valuation on a yearly basis and will also update it on a half-yearly basis. According to the guidelines, REITs will have to invest in a minimum of two projects with 60% asset value in a single project. At least 80% of the assets will have to be invested into revenue-generating and completed projects. The remaining 20% include under construction projects, equity shares of the listed properties, mortgage-based securities, equity shares that derive a minimum of 75% of income from government securities or G-secs, money market instruments, cash equivalents and real estate activities.



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“ The World Bank predicts that by 2025 the crowdfunding industry as a whole will be worth \$93 billion ”

WHAT ARE THE RISKS IN CROWDFUNDING?

Crowdfunding is a new concept and investing in young businesses can be very risky. The main risks of investment-based crowdfunding are:

- ✓ The business you invest in might go bust. Many new businesses fail in the first few years, so you could lose all your money.
- ✓ The return is not guaranteed. The shares may not rise in value and you may not receive any dividend payment (a share of the profits).
- ✓ It may be hard to sell the shares. The shares are normally unlisted, which means you may not be able to sell them easily in the way you could sell shares in a big company that's listed on the stock market.
- ✓ The crowdfunding platform itself may go bust. This could mean you lose money if you'd paid the crowdfunding website but it goes bust before your money was invested with the business.





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HOW CAN DEB INFRA HOMES HELP YOU?

Crowdfunding website such as www.debinfra.com attract hundreds of people hoping to invest in the next big thing. DEB INFRA HOMES started as a crowdfunding site initially focused exclusively on raising money for independent investment but began accepting projects from any category of real estate.

KEY TAKEAWAYS

- ✓ Restrictions apply to who is allowed to fund a new business and how much they are allowed to contribute.
- ✓ Crowdfunding sites generate revenue from a percentage of the funds raised.
- ✓ Crowdfunding allows investors to select from hundreds of projects and invest as little.
- ✓ There are two main schemes which offer tax breaks if you invest in small companies: The Enterprise Investment Scheme (EIS) and the Seed Enterprise Investment Scheme (SEIS).
- ✓ Both schemes let you offset a percentage of the amount you invest against your tax bill and any profits are free of tax. But there are conditions; for example, you must keep your investment for a minimum time.





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About DEB Infra Homes

We are DEB Infra Homes, a young Property service provider company that caters services across all verticals of real estate namely Residential, Commercial, Rental & Investments not only in India but abroad too. We proudly say we are powdered by customer service. We believe real estate is not just buying and selling but it's about building relationships. Our homebuyers are verified and properties are handpicked. Our India's services apart from Home Buying include aiding in procuring commercial properties, assisting Home Loans, Interior Designing, Tenant and Property Management, Project Mandate Marketing, legal services, documentation and investment instruments too. We provide hassle-free personalized

services throughout the Housing Experience. DEB Infra Homes engages with buyers and sellers across India connecting them on a holistic realty network. Initially, our team takes a careful note of a home buyer's requirements. After a detailed and thorough understanding of the various criteria, our professional consultants carefully list a variety of suitable options. From then until the moment our clients live in their new abodes, our customers are assured of a stress-free process. Providing value added services such as Home loan assistance, Interior consultation, Property Rental management services, Reselling have been our latest initiatives along with commercial strata sales.