

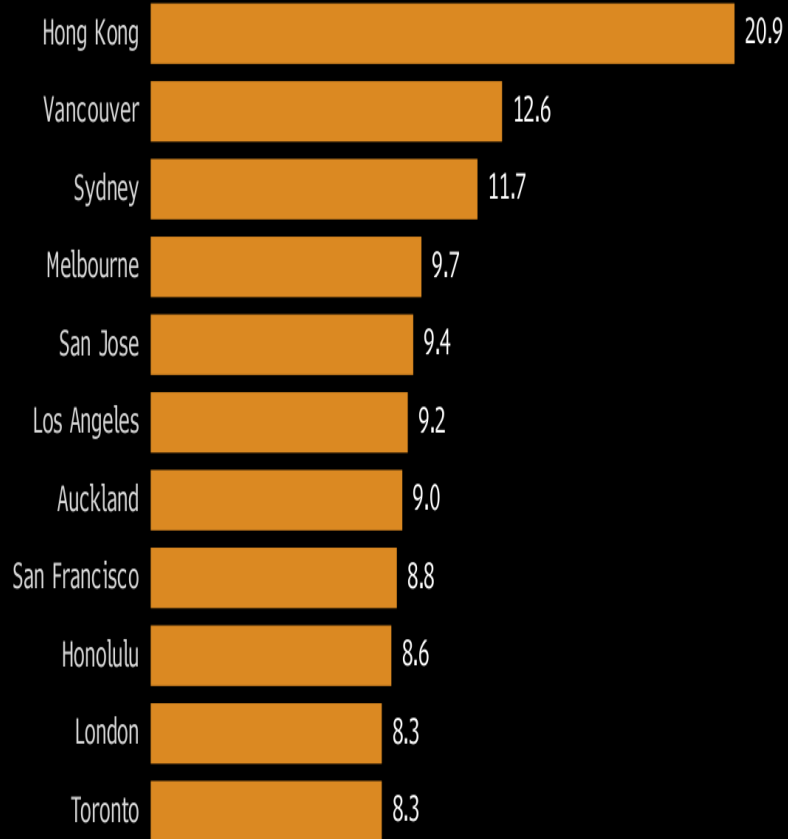


There is a growing number of people who are not able to own homes...

**HOW DO WE SOLVE THIS ??**

## Out of Reach

Hong Kong retains mantle as world's least-affordable housing market



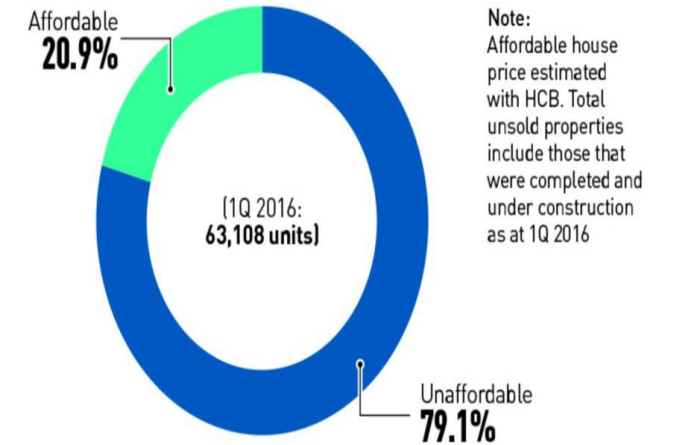
Note: Median home price as a multiple of median income

Source: Demographia

Bloomberg



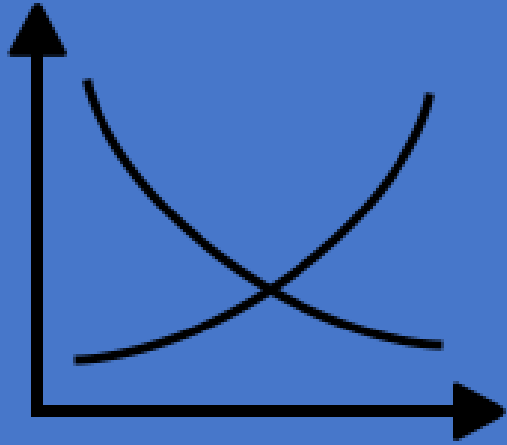
## MAJORITY OF UNSOLD HOUSES IN MALAYSIA WERE THOSE IN THE NON-AFFORDABLE PRICE CATEGORY



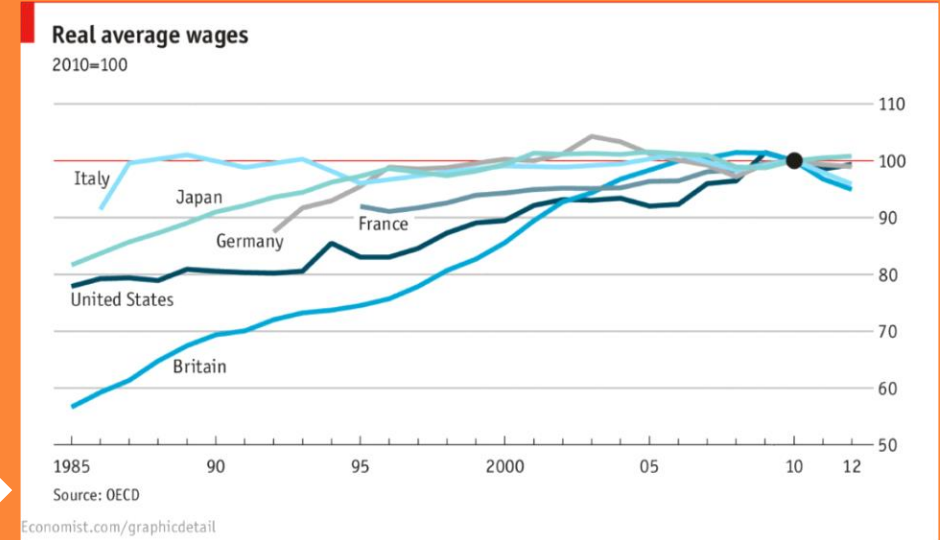
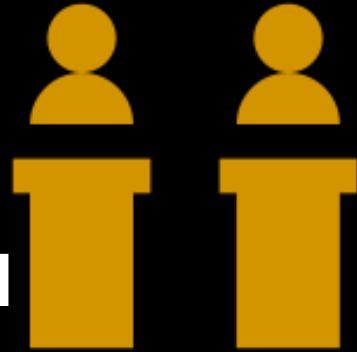
Source: National Property Information Centre and Bank Negara Malaysia estimates

# Unaffordable housing – A global Phenomenon

# THE DEBATE ON AFFORDABLE HOUSING



Supply vs Demand



Income  
Real Wages Stagnating



# An Alternative Islamic Finance Pricing Paradigm for Affordable Housing

By



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Zaemah Zainuddin



Shah Mohammad Ali



# 3 Main Issues in Home Financing



True Value



Rent or Own



Bankruptcy



# PROPOSED SOLUTION



## TRUE VALUE

RENTAL RATE - CAPTURES THE TRUE  
VALUE OF PROPERTY  
MORE LINKED TO REAL ECONOMY  
LESS SUSCEPTIBLE TO  
MACROECONOMIC VOLATILITIES



## STRUCTURE

DIMINISHING PARTNERSHIP STRUCTURE  
(MM)-EQUITY BASED  
NO MORE CHOOSING BETWEEN RENT  
OR OWN  
“RENT TO OWN”



## Intriguing Facts



### Survived the crisis

Not impacted by the 2007 Financial Crisis due to its Mortgage Financing Model



### Saved the market

Saved applicants from the 2008 real estate bubble



## How did they do it?

Diminishing Partnership (MM) Model, an Equity-Based Model

Price of Mortgage based on actual rental values of the property



Which one would La Riba lend the money to?

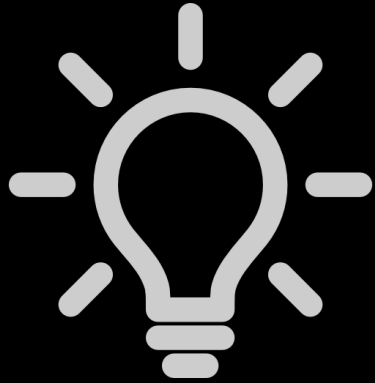


**Property A**  
MYR 1,500,000  
Rental of MYR 3,000/month



**Property B**  
MYR 400,000  
Rental of MYR 1,500/month





LA RIBA  
MODEL

PROPOSED  
ALTERNATIVE  
FINANCING MODEL

EQUITY BASED (MM)

SCREENING PROCEDURE  
(YIELD - BASED)

DETERMINATION OF RENTAL  
RATE

SECONDARY MARKET



Actual Rental Values  
(Quotations)



Rental Rate Index  
(Published rates;  
RPI/HPI)

PROPOSED

# IS THIS FEASIBLE IN MALAYSIA?

## MM Structure

Offered by Islamic  
Banks  
Tackled Tax regulatory  
Issues for MM in  
Malaysia



Rental Values

Published

**RENTAL  
RATE INDEX**

## Cooperatives Structure

for Equity Based Financing  
Successful Housing Cooperatives:  
ICHC & ACHC in Canada  
Germany Affordable Housing Cooperative Models  
Australia, UK, USA and others

## Secondary Markets

\*\*\*\*\*


# Why the Creation of a Secondary Market?

Banks can release  
their share of  
equity in a  
particular house  
without going  
through foreclosure

Affordable - Buyers  
can buy portion of  
the house without  
going through the  
bank

Owners can  
release their  
share of equity in  
a house without  
being foreclosed

Saving habits for  
millennials-can  
buy portfolio of  
houses (tangible  
real assets)



## Millennials

To elevate financial literacy  
- Significant market  
demography



## Connectivity

Increase target market size  
through better connectivity

## Our Platform

[www.imampumilik.com](http://www.imampumilik.com)

To help potential buyers  
make better decisions

In the near future to  
facilitate the secondary  
market for MM structure

FinTech and Artificial Intelligence Solution

# 3 Main Issues in Home Financing- PROPOSED SOLUTION



True Value

RENTAL RATE  
INDEX



Rent or Own

RENT AND OWN  
RENT TO OWN



Bankruptcy

SECONDARY  
MARKET

Thank You