



FINANCING PROPERTY DEVELOPMENT PROJECTS

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Maybank- Business Banking

- Business Banking network distribution
- Market Segment & Portfolio Composition



Industry Outlook

- Exposure of Malaysian Financial Institutions (FIs) to Domestic Property Market



Raising Capital for Bridging Finance

- Type of Financing for Property Development
- Overall Funding Structure for Development Project
- Bridging Finance Product Features
- Key Credit Factors
- Challenges Faced by Bank



End Financing Focus (Affordable Housing)

- Product Packages for Affordable Housing Schemes
- Maybank Maxihome Ezy

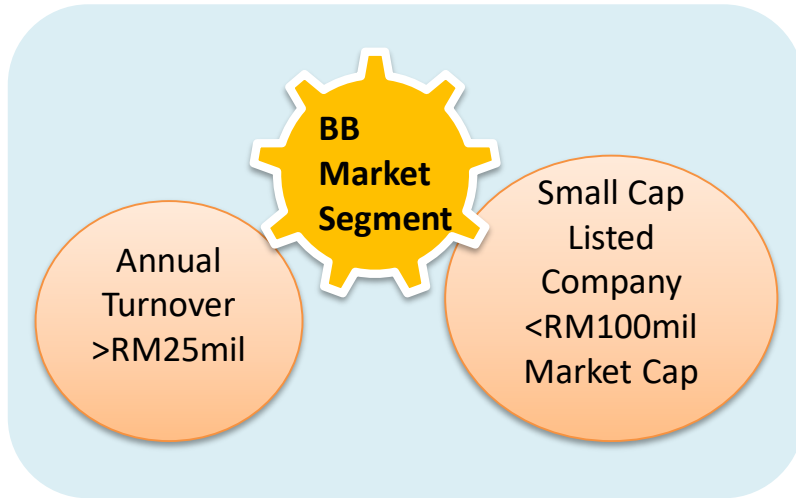
MAYBANK- BUSINESS BANKING

- **Distribution of Network**
- **Market Segment & Portfolio Composition**

32 Business Centers & 8 Business Development Team

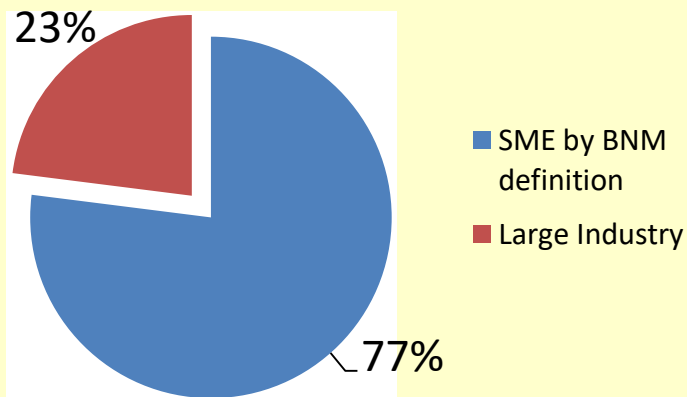


BUSINESS BANKING: MARKET SEGMENT & PORTFOLIO COMPOSITION

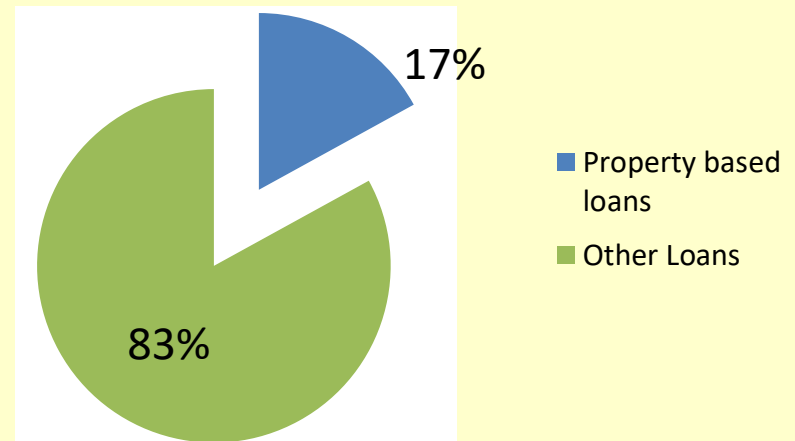


✓ Loan approval rate above 90%

SME Portfolio Composition



Property Based Loan Exposure

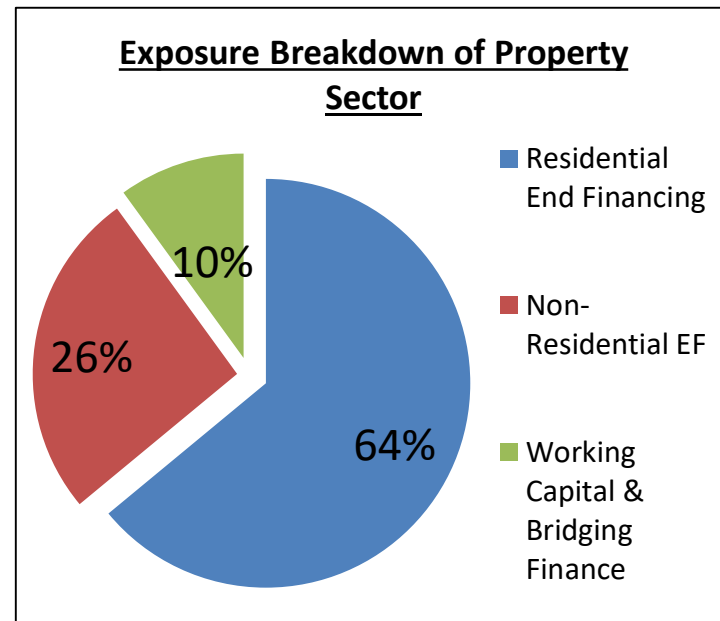


INDUSTRY OUTLOOK

- **Exposure of Malaysian Financial Institutions (FIs) to Domestic Property Market**

Exposure of Malaysian Financial Institutions (FIs) to Domestic Property Market

- In 2017, total exposures of Malaysian financial institutions to the domestic property market expanded by 7.1% (2014-2016 average: 12.5%) to RM850.3b
- Total exposures of Malaysian financial institutions to the domestic property market accounted for 27.4% (2016: 26.7%) of their **total assets** as at end-2017.
- Banks remained the largest lenders to the domestic property market. Out of the RM817.3b of banks' exposures to the property market, about 90% is related to end-financing for the purchase of residential and non-residential properties.



Bank Exposure To Property Industry		
Area	Banking Industry	
	Total (RM b)	Exposure as a % of Total Loans
Total	817	52%
Residential End Financing	516	33%
Non-Residential End Financing	213	13%
Working capital & bridging finance for property construction/development and Developer Bonds/Sukuk (*Estimate)	88	6%

Source: BNM

RAISING CAPITAL FOR BRIDGING FINANCE

- **Type of Financing for Property Development**
- **Overall Funding Structure for Development Project**
- **Bridging Finance Product Features**
- **Key Credit Factors**
- **Challenges Faced by Bank**

LAND

- Margin of Finance in the range of 50% to 60% of land cost on “as is” basis.
- Land (without development) - margin of financing in the range of 50% to 60% for existence of strong cashflow from other existing project

SOFT COST

- Development charges
- Land conversion fee
- Professional/Consultancy fee
- Margin of finance in the range of 30% to 70% of total soft costs

PRELIMINARY & INFRA

- Site clearance
- Retaining walls
- Earthwork
- Podium & carpark
- Margin of finance ranging from 30% to 50% of total prelim & infra

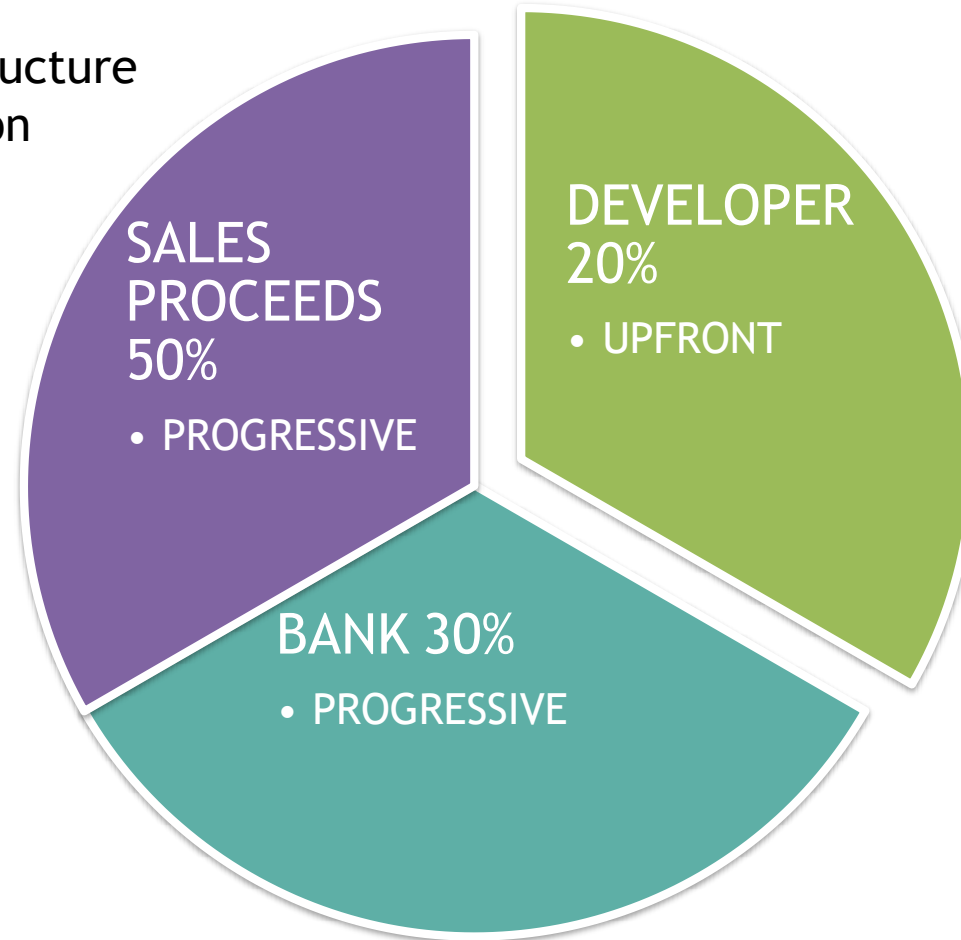
BUILDING COSTS

- Overall margin of finance (include land, soft cost, preliminary & infrastructure and building costs) <30% of Gross Development Cost
- Based on benchmarking, building cost is in the range of 50% to 60% of GDC.

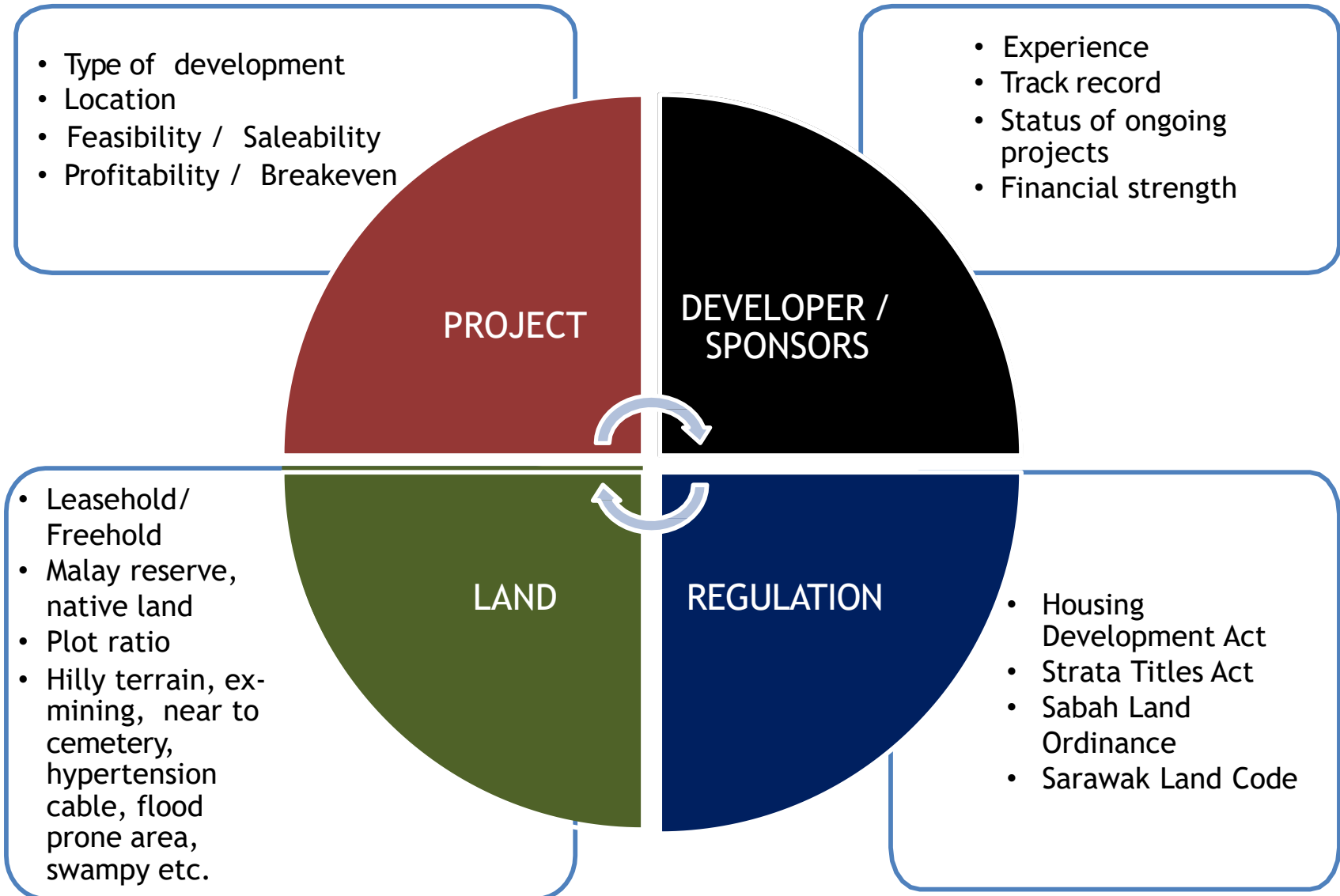
END FINANCE

- 30% to 50% of Gross Development Value

The percentage of structure may vary depending on dynamic of the development



ITEM	KEY FEATURES
Facility Type	Term Loan, Bank Guarantee
Pricing	Risk-based
Tenure	a) Subject to yearly review and b) Based on the completion period of the development
Repayment	Via redemption sum or / and fixed instalment
Grace Period	Ranging from 18 to 24 months from 1 st drawdown of land loan
Drawdown method	<ul style="list-style-type: none"> • Land - completion of SPA • Preliminaries/infrastructure & building - upon certain sales achievement and on progressive basis against work done <p><i>Note: The above is also subject to compliance of other Conditions Precedent</i></p>
Collateral	<ul style="list-style-type: none"> • Land • Specific debenture over the project • Guarantee by Sponsors / Directors • Marginal deposit / sinking fund for Bank Guarantee



1. Experience & Track Record

- Landed vs. high rise
- small project vs. big project

2. Minimal commitment by borrower/sponsors

3. Sales achievement / market absorbance

- product/selling price vs. market demand/supply
- Cancellation of SPA after loan drawdown

4. Non-availability of feasibility & marketability study conducted by independent party

5. Profitability vs. cost-overrun risk

- Based on benchmarking, profit margin is in the range of 25% to 30%.

6. Cash flow projection

- Reasonableness of assumptions (aligned to current market) and non- availability of sensitivity analysis
- Non-availability of cash flow projection
- Consolidated projected cash flow for developers with multiple projects running concurrently

7. Competitive Pricing

- Ancillary business to bank

8. Timely submission of quarterly progressive report by developer to the bank.

- Update on progress of sales achievement and development

END FINANCING FOCUS (AFFORDABLE HOUSING)

- **Product Packages for Affordable Housing Schemes**
- **Maybank Maxihome Ezy**

Maybank End Financing Focus 2018

Affordable Housing



Planned supply 2018	Units	Agency
People's Housing Programme (PPR)	17,300	JPN
Rumah Mesra Rakyat	3,000	SPNB
PR1MA	210,000	PR1MA
PPA1M	25,000	JPN
MyBNHomes	600	MOF
MyDeposit & MyHomes	2,000	JPN
RUMAWIP	14,000	FT State
SELANGORKU	35,000	Selangor State
Johor State Affordable	13,000	Johor State
Penang State Affordable	N/A	Penang State

Choice of product packaging for the Affordable Schemes as follows:

- ✓ **Maxihome Ezy**
Step-up repayment – interest servicing up to 5 years and thereafter normal installment.
- ✓ **PR1MA financing package**
Choice of the standard PR1MA package or Special PR1MA End Financing (SPEF) scheme for purchasers of PR1MA properties
- ✓ **Scheme Rumah PertamaKu (SRP) package**
MOA up to 100%+5% for fixed income earners buying properties priced RM100k-RM500k.
- ✓ **Scheme Jaminan Kredit Perumahan (SJKP) package**
MOA up to 100% for fixed & non-fixed income earners buying properties priced ≤RM300k.
- ✓ **MaxiHome package**
MOA up to 90% + 5% at competitive pricing.

FEATURES

A stepped up easy repayment scheme

- Only need to service the interest/profit portion of loan for the 1st 5 years.
- Full instalment payment commences only from the 6th year onwards

BENEFITS

- Enjoy lower monthly commitments for 1st 5 years,
- Better cash flow management
- More cash-in-hand during the 1st 5 years to take care of other typical expenses of home ownership (*moving-in-expenses, renovations etc...*)
- Though you are allowed to pay less initially, the loan is flexible enough to allow you to pay more anytime, without notice and without penalty, save on interest.
- The additional payments may be withdrawn easily via m2u or OTC should you need the funds