

Ansaar Management Company

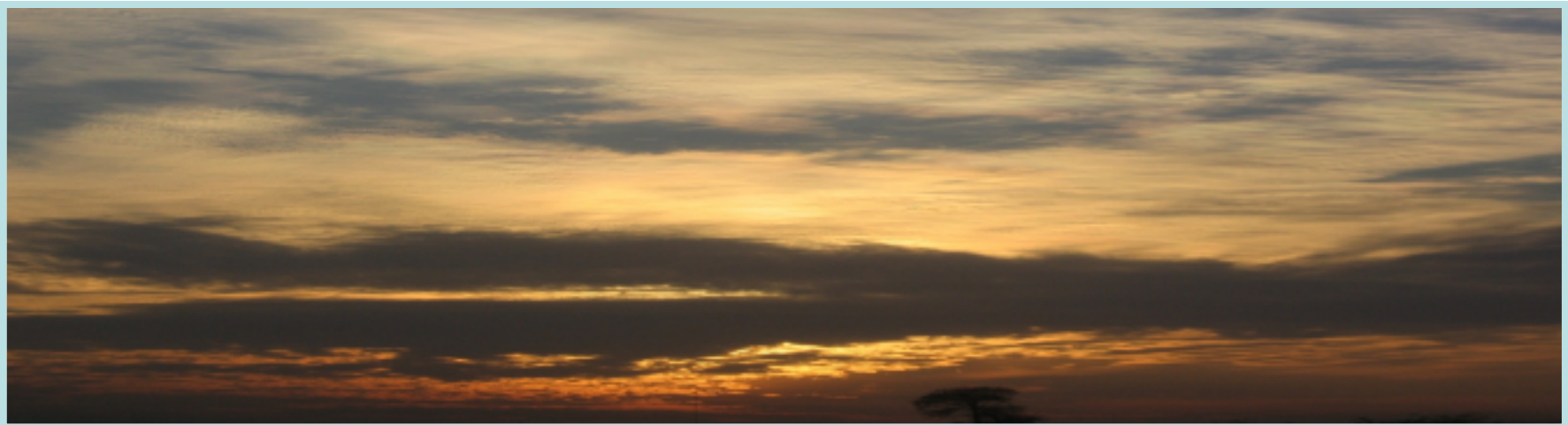
A viable solution to the looming housing crisis in Pakistan

September 2008



Outline

- **The Global Crisis**
- **The Context of Pakistan**
- **The Available Solutions**
- **Ansaar Management Company**
- **Our Team, Approach, and Solutions**
- **Challenges**
- **The Present & The Future**

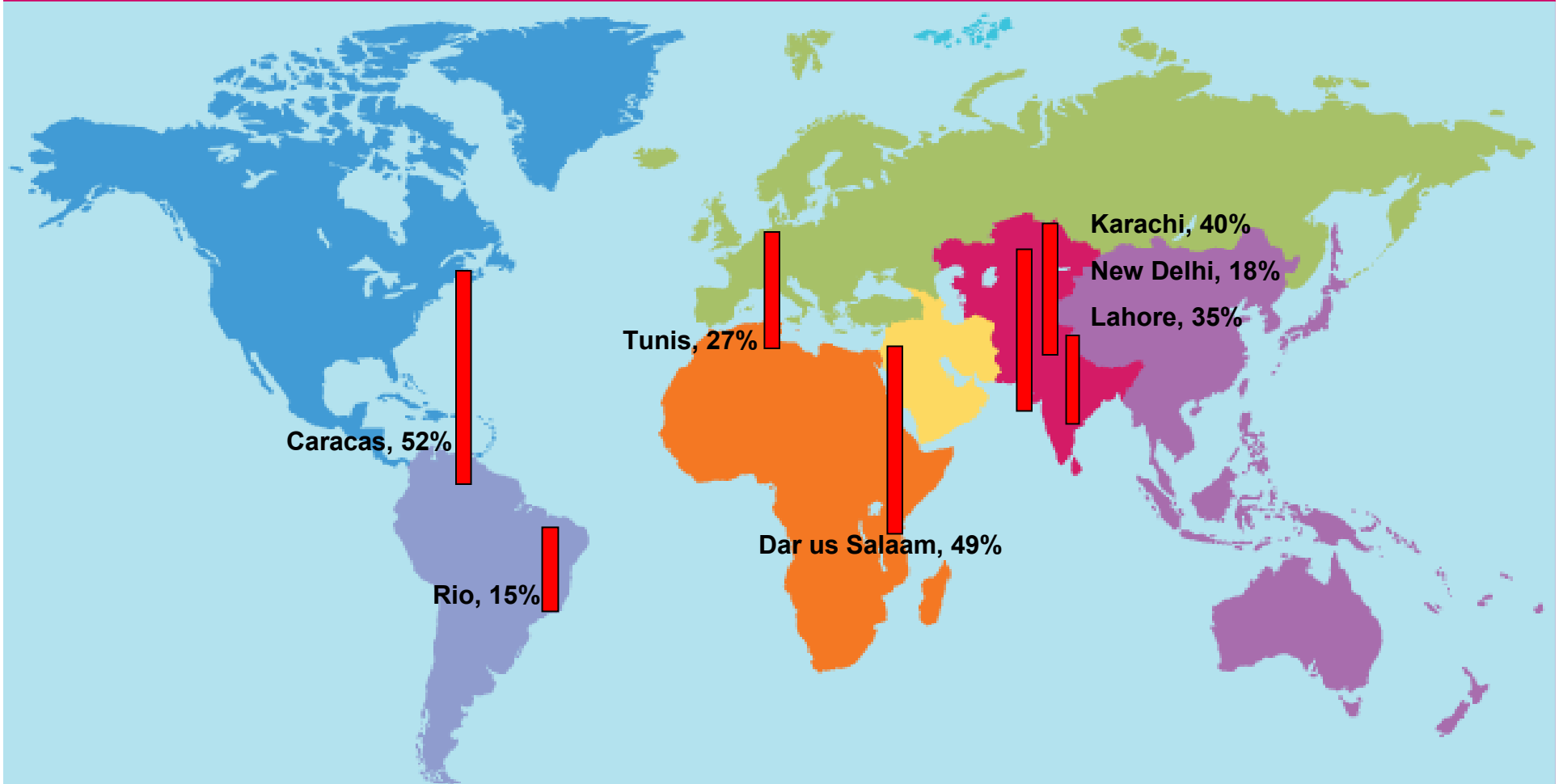


Housing: A Global Crisis

- **Worldwide 1.6 billion people live in slums**
 - Limited access to safe water and adequate sanitation facilities
 - Poor health and education facilities
 - Increased levels of violence
- **Over 100 Million homeless people worldwide**
- **21 Million new housing units required each year in developing countries**

Housing: A Global Crisis

Slum housing as a percent of total housing stock (*select cities*)



The State of Housing in Pakistan

- Population: 163.4 m
- Average Family: 6.6
- Avg Hhold Income: USD 120/month
- Housing Shortfall: 6 mill units
- Annual Incremental Demand: 300,000 units

Approximately 9.7 million families living in slums

(UNHabitat, 2003)

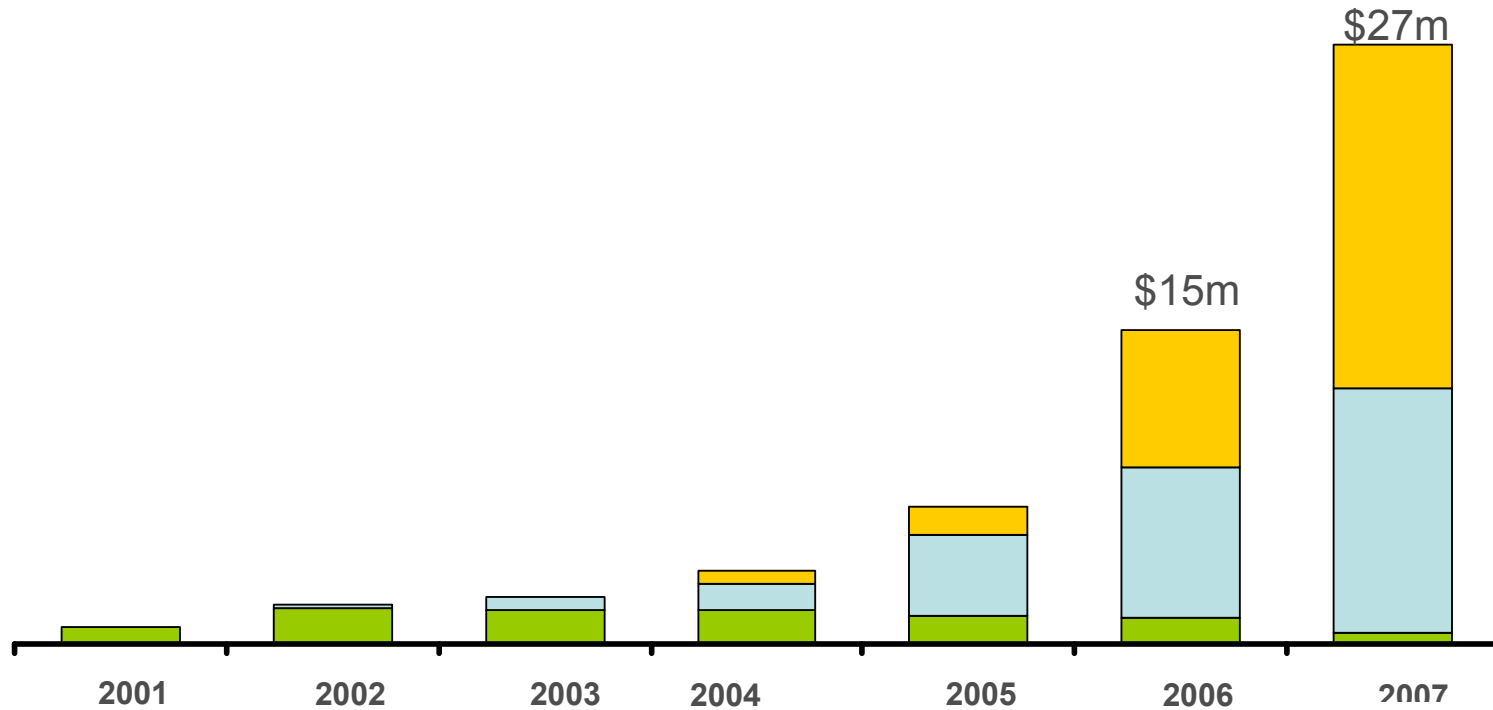
Source: Population Census Organization



Pakistan: An increasing dilemma

Total in US\$ millions

- \$ Grants
- \$ Loans
- \$ Equity



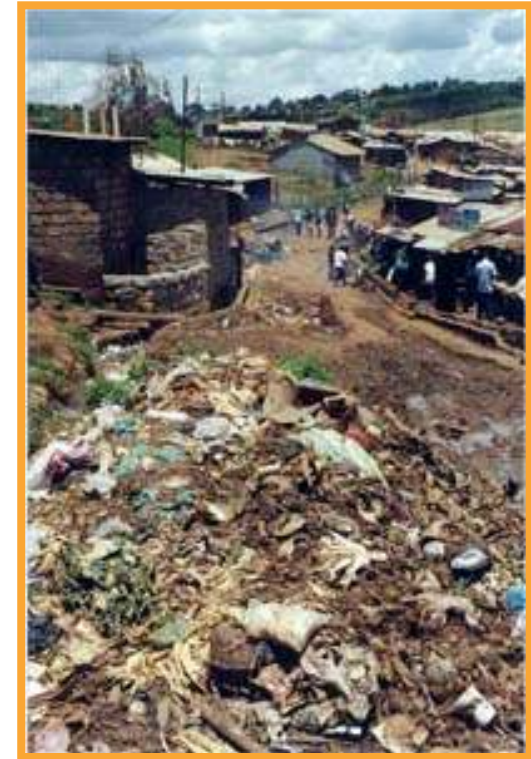
Housing Solutions: Formal vs Informal

	<u>Formal</u>	<u>Informal</u>
Affordability	<ul style="list-style-type: none">• Catering to household incomes of PKR 40K/month and above• Average income is PKR 9,000/month	<ul style="list-style-type: none">• Relatively affordable due to lack of legal tenure
Impact	<ul style="list-style-type: none">• Addressing 20-30% of housing demand• Average of 15 years before owners start residing	<ul style="list-style-type: none">• Addressing approximately 30% of demand• Illegal squatting• Unplanned, increased burden on municipal infrastructure
Approach	<ul style="list-style-type: none">• Cumbersome procedures• Corruption• Time lags	<ul style="list-style-type: none">• Run by land mafias• Exploitation of the poor• No infrastructure planning
Standards	<ul style="list-style-type: none">• Basic provision of health, education, environment and security facilities	<ul style="list-style-type: none">• No provision of health, education, environment and security facilities

SLUMS & KATCHI ABADIS

Pakistan ranks 5th in percentage of the population residing in slums

Source: UN Habitat



Ansaar Management Company: The Vision

- To provide housing solutions to the lower income segments of society, thereby increasing their access to *formal credit*, a *healthy community*, and a *sustainable environment* through building an efficient business that is scalable and replicable



Our Concept



Families

- Home-ownership
- Self-esteem
- Socio-economic opportunities

Communities

- Healthy communities with provision for basic amenities, including healthcare, education, etc.

Environment

- Community development in an environmentally sustainable manner

Business

- Efficient, scalable, sustainable model for replication in Pakistan and worldwide

Our Team

Team

Jawad Aslam, CEO
Ali Salman, Business Development
Shabaz Raza, Finance and IT
Asiya Chaudhry, Civil Works/Engineering

Advisors

David Kyle, Former COO, Acumen Fund
Tasneem Siddiqui, Founder/Chairman, Saiban
Nadeem Rafi, Executive Director, HBFC
Eric Anderson, CEO, Green Builders, USA

Partners



Our Solution

- **'Regular' versus 'Prime' Plots (60-40 split)**
- **Concept of incremental development**
 - Block based approach
- **Engage the public/private sector to build the community**
 - Infrastructure Development
 - Schools, Hospitals, Community Centers, etc
- **The HOA concept**
- **Expected IRR over 5 years**

Mortgage Product Lifecycle

Family visits site and begins the application process, Day 1



HBFC processes and approves family loan and construction begins, Day 20



Family arrives at the Reception Area with all their belongings, Day 45

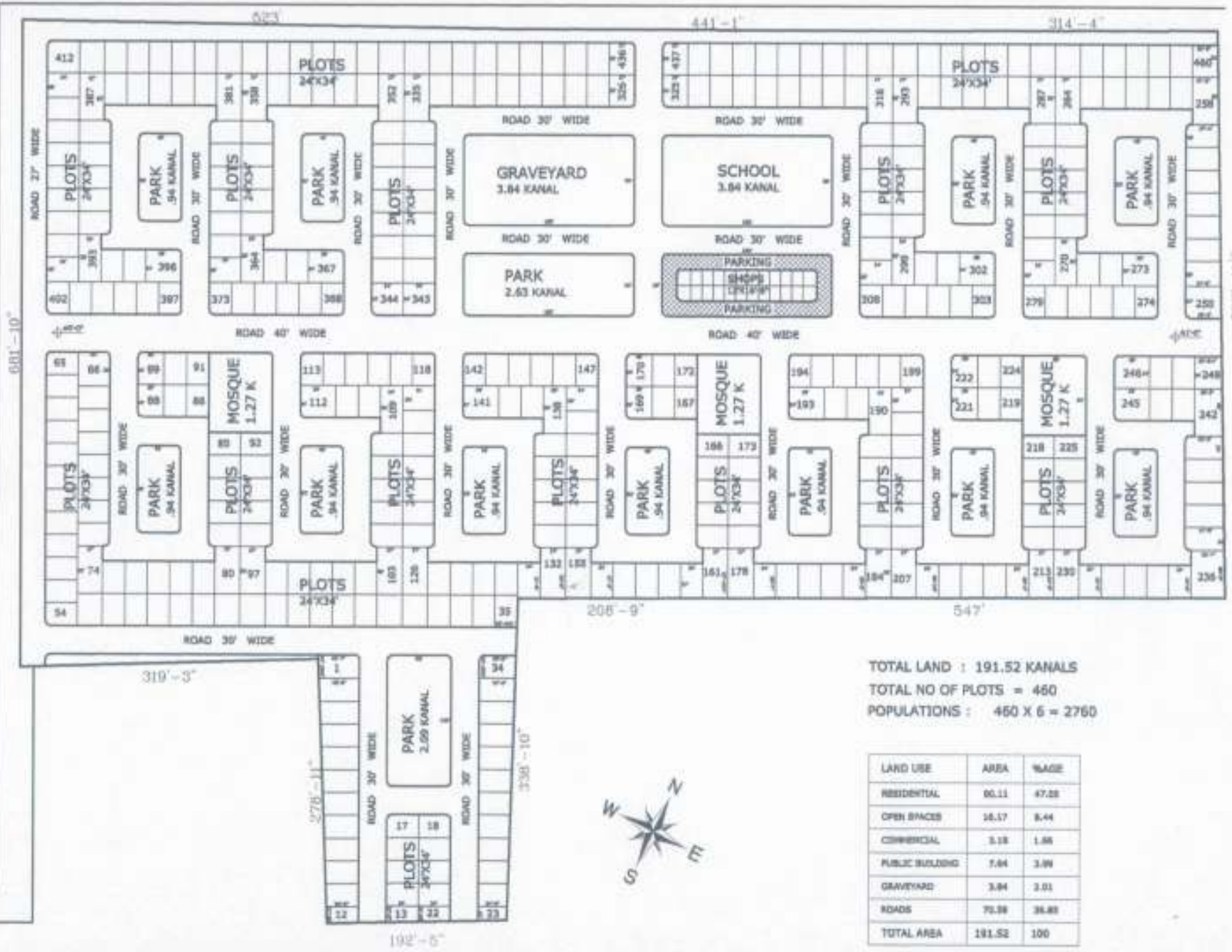


Family obtains possession, moves into their new home, Day 60

HBFC loan is disbursed, Day 55







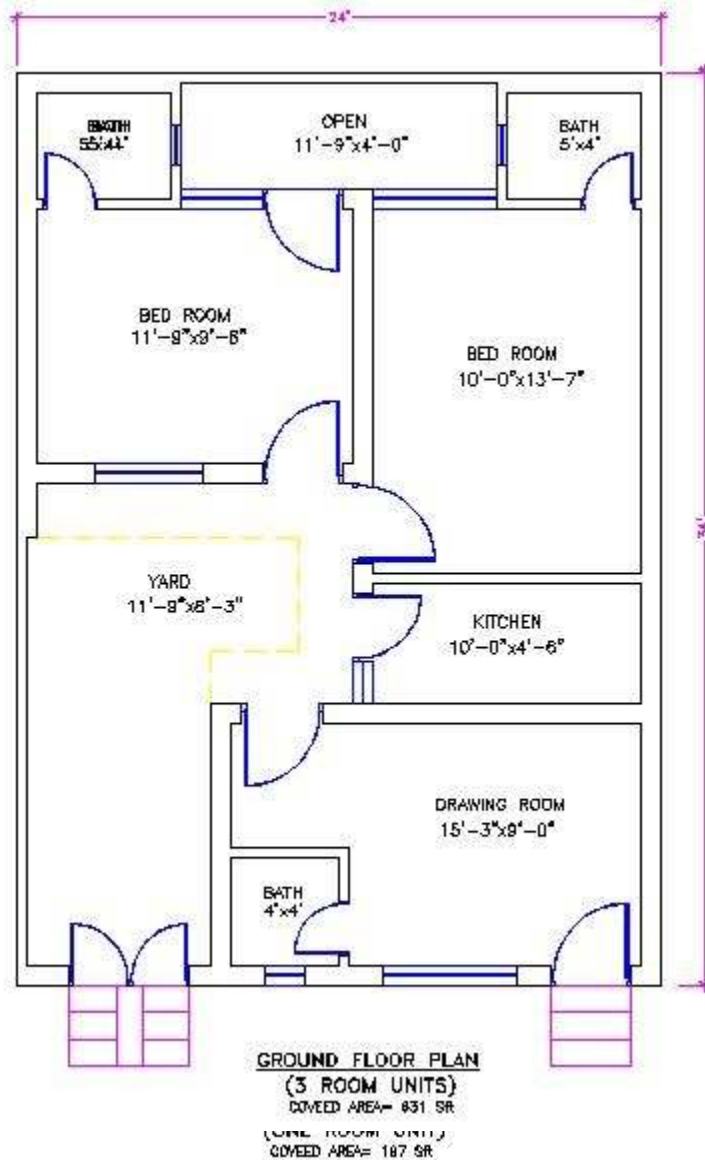
TOTAL LAND : 191.52 KANALS
 TOTAL NO OF PLOTS = 460
 POPULATIONS : 460 X 6 = 2760

LAND USE	AREA	%AGE
RESIDENTIAL	60.11	47.28
OPEN SPACES	16.17	8.44
COMMERCIAL	3.18	1.68
PUBLIC BUILDING	7.44	3.90
GRAVEYARD	3.84	2.01
ROADS	70.58	36.88
TOTAL AREA	191.52	100



596-11

House Layout, 1, 2 and 3 Bedrooms



Cost of Construction for:
1 Room Unit: USD 2,300

Cost of Construction for:
2 Room Unit: USD 3,200

Cost of Construction for:
Complete Unit: USD 5,900

The HBFC Loan*

Client deposit amount	USD 1,200
HBFC loan amount	USD 2,600
Effective rate	12.5%
Payback Period	10 years
Monthly Payment	USD 40

*Shariah Compliant



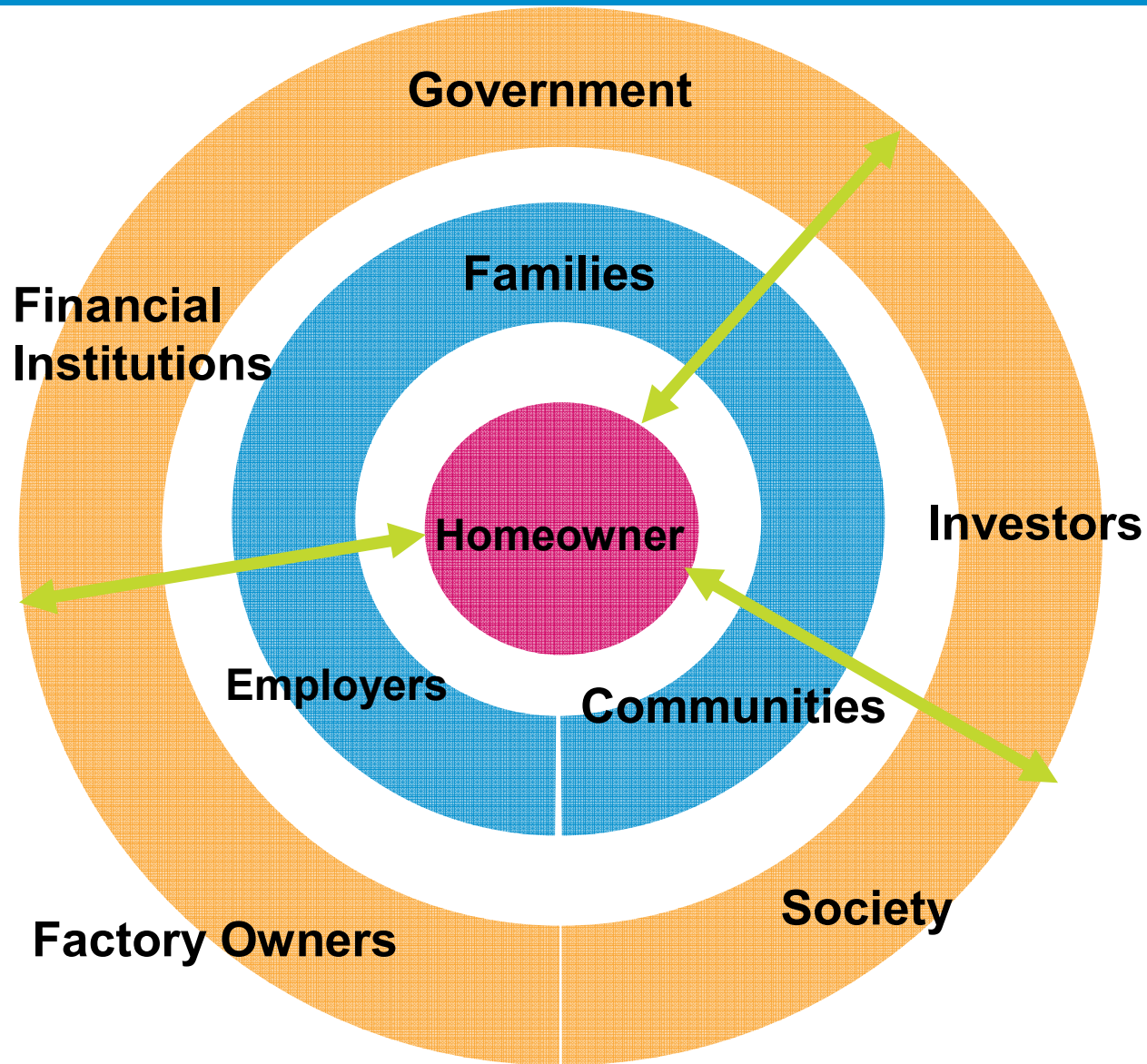
Housing Solutions: Formal vs Informal

	<u>Formal</u>	<u>Informal</u>	<u>AMC</u>
Affordability	<ul style="list-style-type: none"> • Catering to household incomes of PKR 40K/month and above • Average income is PKR 9,000/month 	<ul style="list-style-type: none"> • Relatively affordable due to lack of legal tenure 	<ul style="list-style-type: none"> • Catering to household incomes of PKR 5-20,000/month • Partnership with financial institutions offering affordable mortgages
Impact	<ul style="list-style-type: none"> • Addressing 20-30% of housing demand • Average of 15 years before owners start residing 	<ul style="list-style-type: none"> • Addressing approximately 30% of demand • Illegal squatting • Unplanned, increased burden on municipal infrastructure 	<ul style="list-style-type: none"> • Addressing 40-60% of demand • Legal security of tenure • Immediate development occupancy
Approach	<ul style="list-style-type: none"> • Cumbersome procedures • Corruption • Time lags 	<ul style="list-style-type: none"> • Run by land mafias • Exploitation of the poor • No infrastructure planning 	<ul style="list-style-type: none"> • Simple and transparent procedures • Providing ownership/assets to poor
Standards	<ul style="list-style-type: none"> • Basic provision of health, education, environment and security facilities 	<ul style="list-style-type: none"> • No provision of health, education, environment and security facilities 	<ul style="list-style-type: none"> • Provision of health, education, environment and security facilities

Challenges

- **Government Policies**
- **Financial Institutions**
- **Developers**
- **Clients**

Beneficiaries of the Model



The Present & The Future

- **Now**
 - Initiated our first project of 3000 units
 - Currently raising capital for upcoming projects
 - Negotiating PPPs with the government
- **Future**
 - Launch 10 projects of similar sizes
 - Catalyze the sector

