

# Opportunities in the West Legal Issues

Imam Qazi

Head of Islamic Finance, Burges Salmon LLP

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# Outline

- Statistical analysis of real estate markets
- Personal perspective on state of markets
- Shariah issues for real estate investment
- Legal/practical issues for real estate investment
- Two case studies

# Stats on UK Real Estate Market

- Change in UK commercial property prices since June 2007 = -44% (Bloomberg)
- Exchange rate US\$ / GB£:
  - as at June 2007 = 1.99
  - current = 1.62
- Combined value shift : -55%
- Therefore 4% yield in June 2007 translates in theory to a 7.3% US\$ yield today

# Actual Market Trends

- Corporate demand returning
- Activity levels increasing
- No mass disposals of distressed assets
- Cautious banks
- Diversification – healthcare / student accommodation
- Increasing relevance of Shariah compliance

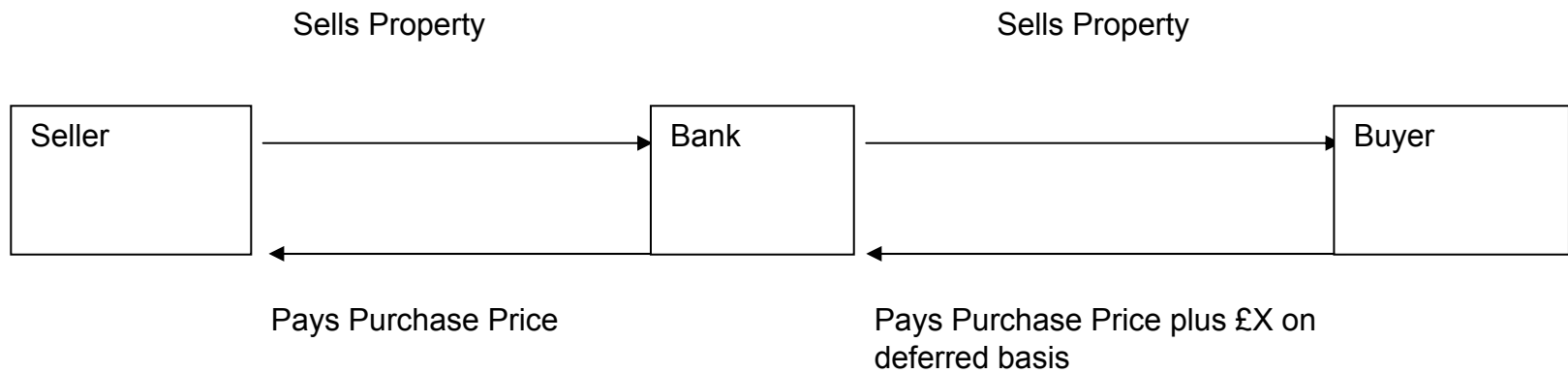
# Shariah Issues for Property Investment

- Gearing
- Prohibited Uses
- Holding of cash
- Insurance/Repairs
- Interest penalties
- Transaction conduct

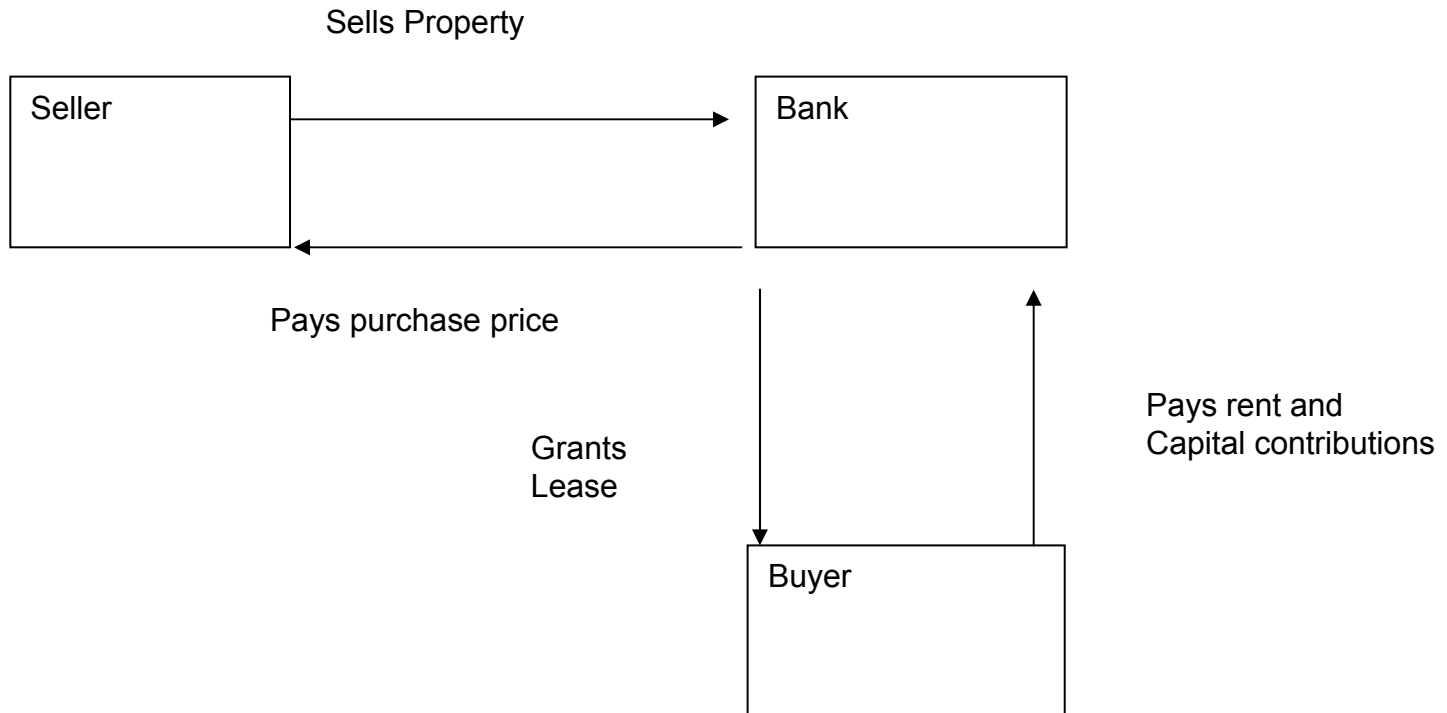
# Legal Issues for Property Investment

- Financing Structures:
  - Murabaha
  - Commodity Murabaha
  - Ijarah
  - Musharakah
  - Mudrabah
  - Istisna
- Tax Issues

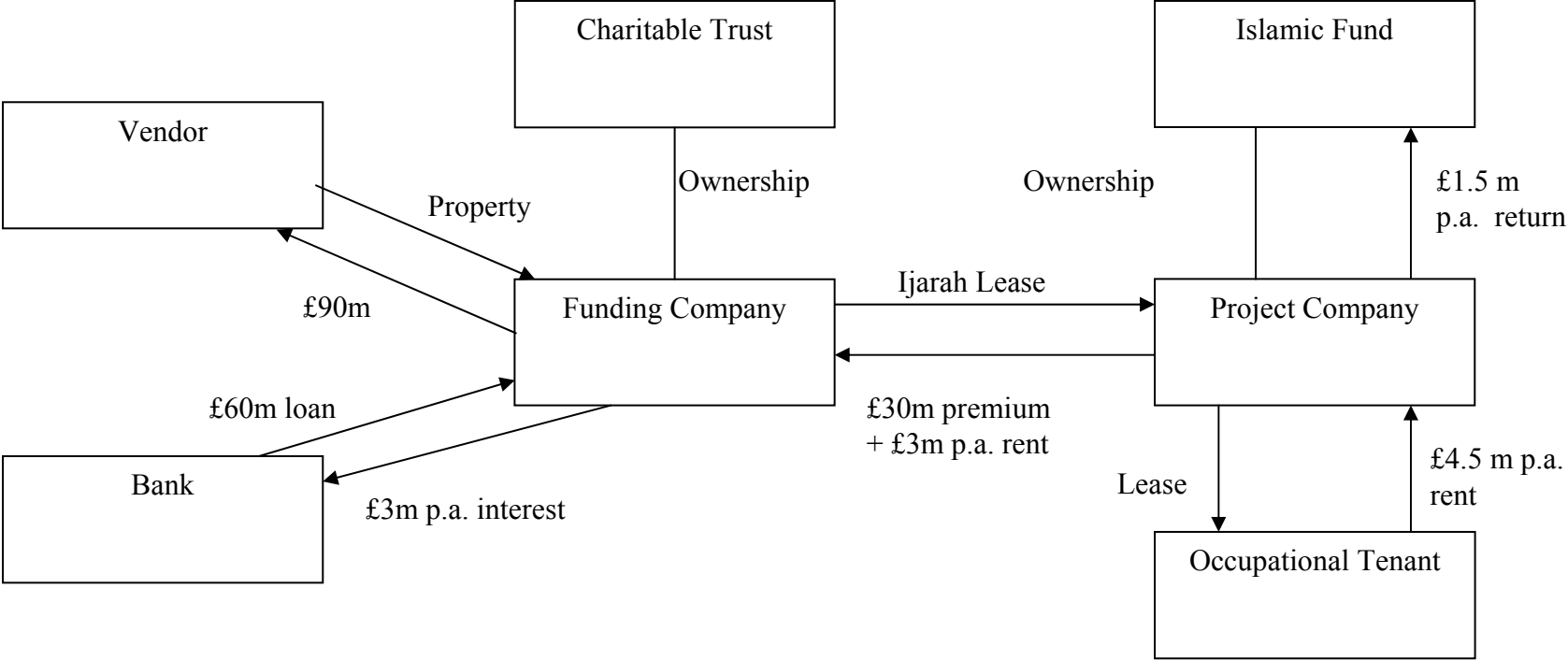
# Murabaha



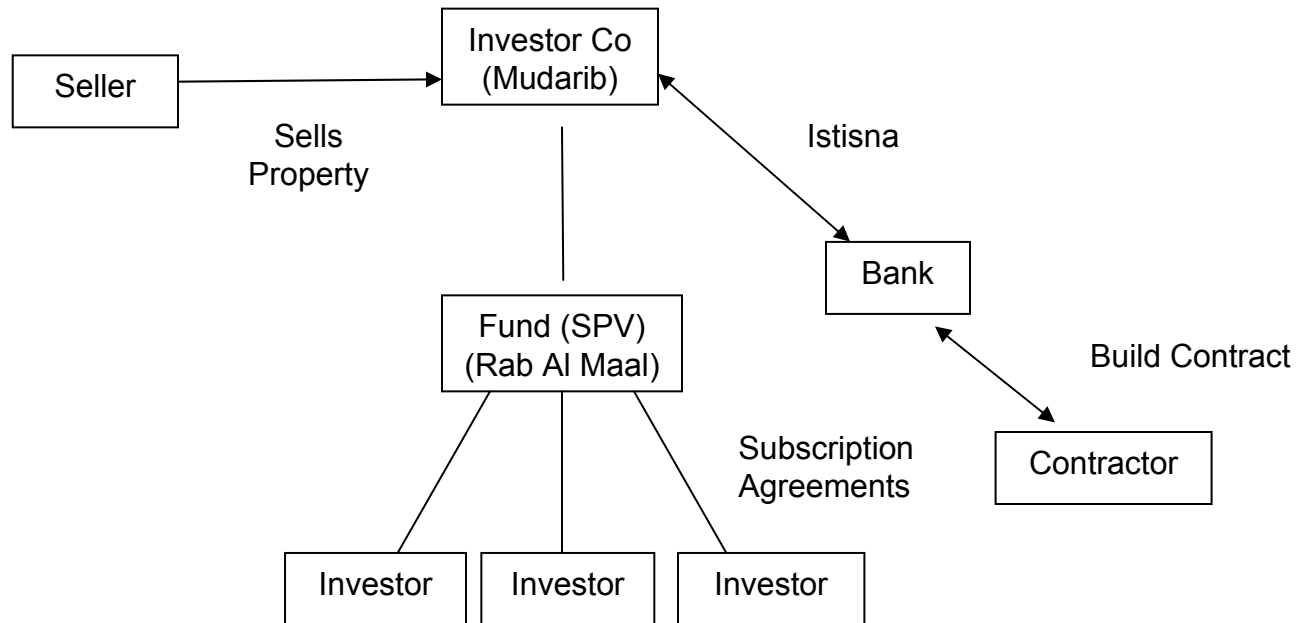
# Ijarah and Diminishing Musharakah



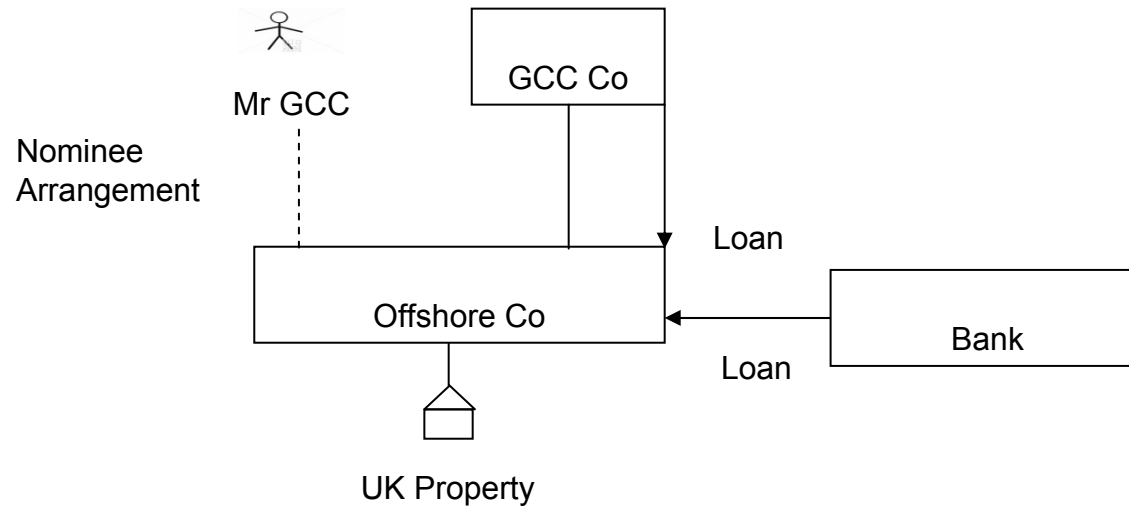
# Ijarah Fund



# Case Study 1: Mudarabah/Istisna



# Case Study 2 : Tax Efficient Structure for Residential Property



- Income Tax
- CGT
- IHT





