

Land to Launch

Financing the UAE Land Acquisition Cycle with Bridge Debt, Sukuk and Private Credit

Authored by CK Adya

Independent Researcher, London Business School

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Abstract

Land is the riskiest and least financeable stage of the real estate development lifecycle, and yet it is the stage at which the largest single cheque is often written. United Arab Emirates (UAE) developers acquiring land for ground-up development must fund the acquisition, carry the holding cost through an uncertain entitlement period, and reach the point at which the land is launch-ready and can be refinanced into conventional development finance. This paper examines how that journey, from land to launch, can be financed using bridge debt, land term loans, Shariah-compliant Sukuk, private credit and equity, and it develops a framework for selecting among these instruments according to land type and expected hold period. Using an indicative dataset calibrated to 2026 GCC conditions, the study traces the cost of capital across the four stages of the journey, quantifies the value uplift that entitlement creates, and compares Sukuk with conventional private credit on cost, speed, flexibility and investor reach. The analysis finds that raw or agricultural land, where the entitlement uplift is largest and the risk highest, is best funded with short bridge debt and entitlement equity; that zoned or entitled land suits a land Sukuk or term loan that funds a longer carry at a moderate cost; and that serviced plots, which are close to launch, suit private credit that bridges quickly to development finance. A sensitivity analysis shows that entitlement timing and the eventual gross development value dominate the equity return, far more than the cost of the land finance itself, which reshapes where a sponsor should concentrate effort. The paper sets out the capital-provider perspective, the structuring features specific to the UAE, three indicative case studies, an international comparison, and an implementation roadmap for practitioners.

Keywords: Bridge finance, entitlement, land acquisition, private credit, real estate development, Sukuk, UAE, value uplift

1. Introduction

Every ground-up development begins with land, and yet land is the part of the development that the financial system is least willing to fund. A completed, income-producing building can be financed at a low cost against its rental cash flow; a building under construction can be financed against its cost and its pre-sales; but a parcel of land, particularly one that is not yet zoned or serviced, generates no cash flow, carries entitlement and planning risk, and offers a lender only the land itself as security. The result is that the land stage, which often requires the largest single outlay in the entire development, is the stage at which capital is scarcest and most expensive.

This paper addresses the financing of that stage directly. It asks how a UAE developer can fund the journey from the acquisition of land to the point at which the land is launch-ready and can be refinanced into conventional development finance. That journey has a characteristic shape: an acquisition that must be funded quickly, a holding period during which entitlement is pursued and carry costs accrue, a pre-development phase in which design and infrastructure work begins, and

a launch at which the development proper, and its cheaper financing, can commence. Each stage has a different risk profile and therefore a different appropriate source of capital.

The central argument is that the right financing instrument for the land stage depends primarily on two variables: the type of land being acquired, which determines the entitlement work required and the value uplift available, and the expected hold period to launch, which determines how long expensive capital must be carried. Raw land, zoned land and serviced plots sit at different points on this spectrum and call for different instruments. A sponsor who matches the instrument to the land, rather than defaulting to whatever bridge facility is most readily available, can materially reduce the cost of carrying the land and improve the return on the eventual development.

The figures used throughout are indicative, calibrated to observable GCC conditions in early 2026 but not drawn from any specific transaction. The paper proceeds from the land financing gap (Section 2), through the conceptual foundations of lifecycle financing (Section 3), the anatomy of land-stage capital (Section 4), the financing journey (Section 5), the selection framework (Section 6), the cost of capital across the journey (Section 7), the Sukuk-versus-private-credit comparison (Section 8), risk and security (Section 9), UAE-specific considerations (Section 10), the capital-provider perspective (Section 11), three case studies (Section 12), sensitivity analysis (Section 13), an international comparison (Section 14), the refinancing transition (Section 15), common errors (Section 16), an implementation roadmap (Section 17) and a conclusion (Section 18).

2. The Land Financing Gap in the UAE

The financing gap at the land stage is not a market failure so much as a rational response to risk. A lender funding land acquisition faces several risks that a lender funding construction does not. The land may not receive the zoning or entitlement the sponsor anticipates; the entitlement process may take far longer than projected; the eventual gross development value may fall short of the appraisal; and the land generates no income with which to service debt in the interim. Faced with these risks, conventional banks have historically been reluctant to lend against land at all, or have done so only at conservative loan-to-value ratios and short tenors.

Into this gap have stepped several alternative sources. Bridge lenders provide short-term, high-cost capital to fund an acquisition that must close quickly, on the expectation of a refinancing within months. Private credit funds provide land term loans at a moderate cost over a longer horizon, accepting the entitlement risk in exchange for a higher coupon than a bank would charge. Islamic finance providers offer Sukuk and Shariah-compliant land facilities that appeal to a compliant investor base and that, in the right conditions, can price competitively. And equity, the most expensive but most patient capital, funds the residual and absorbs the entitlement risk that debt will not.

The UAE market is particularly well suited to this diversity of sources because of the dirham peg to the United States dollar, which allows international dollar-denominated capital to be deployed without a currency hedge, and because of the depth of regional family-office and institutional capital seeking real-asset exposure. A UAE sponsor acquiring land in 2026 therefore has a wider menu of land-stage financing than a sponsor in most comparable markets, and the structuring opportunity is correspondingly greater.

Figure 1. Indicative Cost of Land-Stage Capital by Instrument

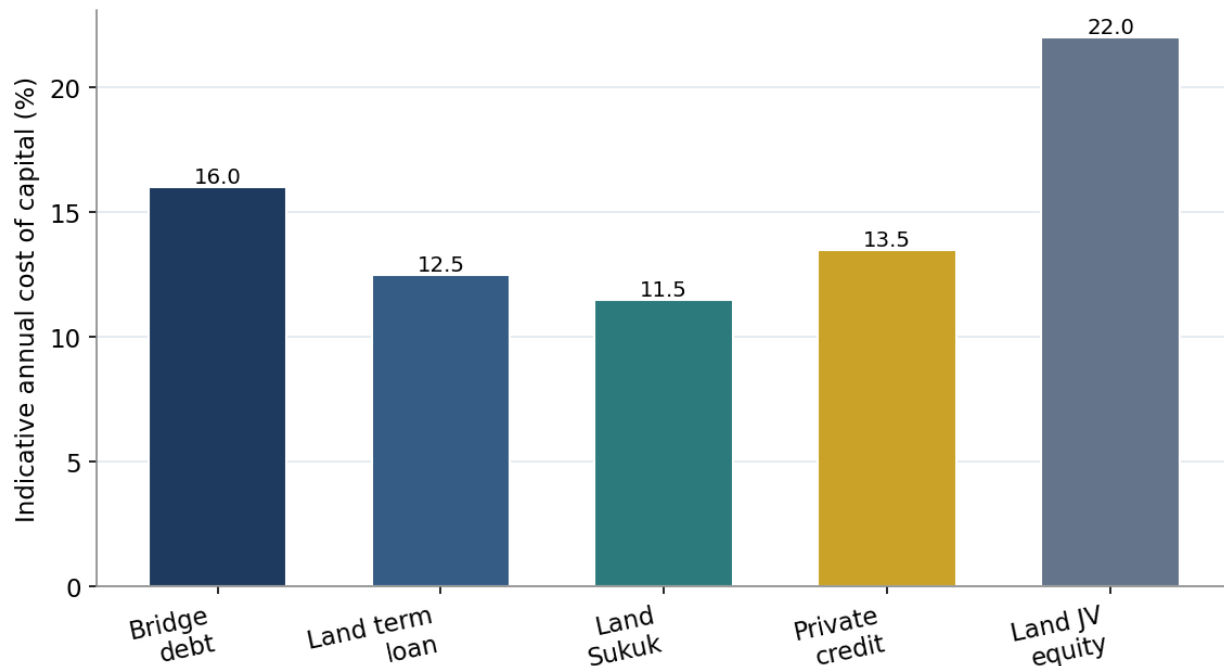


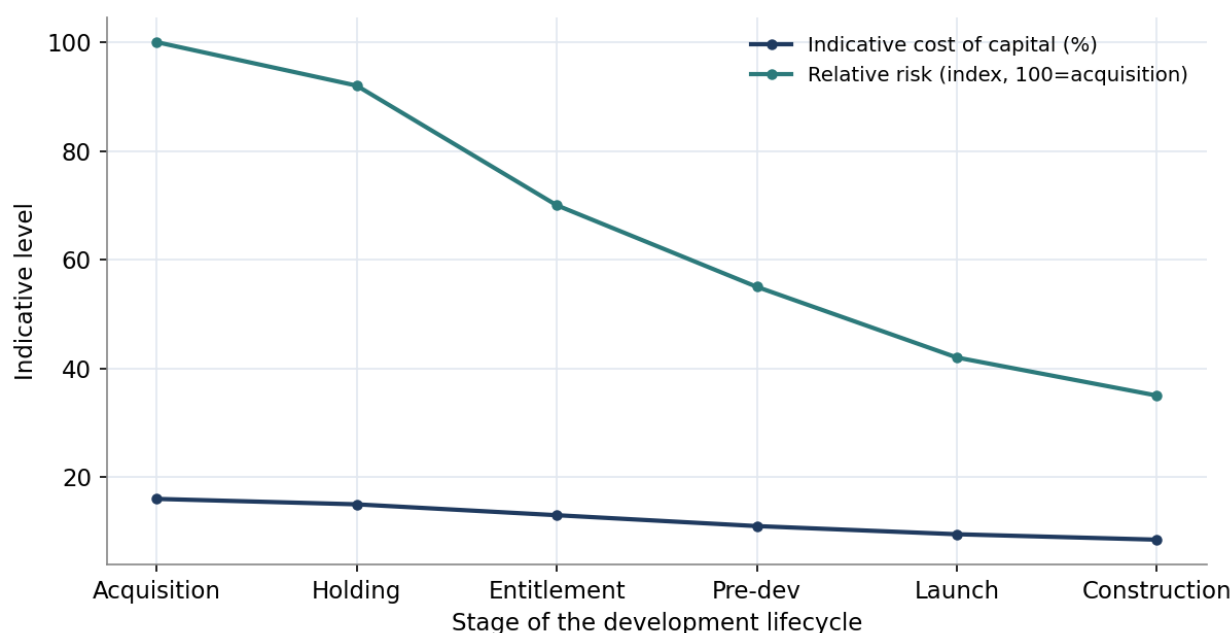
Figure 1 sets out the indicative cost of the principal land-stage instruments. The hierarchy is familiar in shape but elevated in level relative to development finance: even the cheapest land instrument, a Sukuk or term loan at roughly 11 to 12 percent, is more expensive than senior development debt, because it bears the entitlement and holding risk that development debt avoids. Bridge debt, the fastest and most flexible, is also the most expensive of the debt instruments, reflecting its short tenor and the speed at which it is provided. The strategic question is not which instrument is cheapest in isolation, but which instrument matches the risk and duration of the specific land being financed.

It is worth emphasising that the diversity of land-stage capital in the UAE is a comparatively recent development. A decade ago, a sponsor acquiring land had little realistic alternative to its own equity and a short, expensive bridge from a relationship bank. The arrival of institutional private credit, the adaptation of Sukuk structures to land, and the growing willingness of family offices to take land-stage positions have transformed the menu. This transformation rewards the sponsor who treats land financing as a designed structure rather than a default, and it penalises the sponsor who continues to fund every acquisition the way it did a cycle ago. The remainder of this paper assumes a sponsor willing to use the full menu.

3. Conceptual Foundations: Financing the Lifecycle

The land-to-launch problem is best understood through the lens of the development lifecycle and the way risk declines as a project advances. At acquisition, the project is at its most uncertain: nothing has been built, no approvals are secured, and the land is illiquid. As entitlement is obtained, infrastructure is installed and a development plan is finalised, the uncertainty falls, and with it the cost of capital that the market will demand. By the time the project is launch-ready, it can be financed at development-finance rates that are a fraction of the land-stage cost.

Figure 2. Declining Risk and Cost of Capital Across the Development Lifecycle



Indicative relationship. Risk indexed to 100 at acquisition. Not a forecast.

Figure 2 plots this decline. Both the relative risk and the cost of capital fall as the project moves from acquisition through to construction, and the steepest fall occurs around the entitlement milestone, where the resolution of the single largest uncertainty, whether and how the land can be developed, sharply de-risks the project. This shape has a profound implication for financing strategy: the goal of land-stage finance is not merely to fund the land but to carry the project as cheaply as possible to the entitlement milestone, at which point much cheaper capital becomes available. Expensive capital should be deployed only for as long as the risk that justifies it persists, and should be refinanced the moment that risk is resolved.

There is a second, more subtle, conceptual point. Land is, in economic terms, a call option on development. The holder of land has the right, but not the obligation, to develop, and the value of that right rises with the volatility and the potential of the eventual development. This option framing explains why patient equity is the natural funder of the riskiest, rawest land: equity, like an option holder, is compensated by the upside and is willing to bear the risk that the option expires worthless, whereas debt, which is compensated only by a fixed return, is not. The framework that follows is, in part, an application of this insight: the rawer and more option-like the land, the larger the equity component should be.

The option framing also clarifies why land prices can appear high relative to current use. A buyer is not paying for the land as it is, but for the right to develop it as it could be, and that right has value even before any development occurs. For the sponsor, the practical consequence is that the equity committed at the land stage is, in effect, the premium paid for a development option, and it should be sized and priced as such. Funding that premium with debt, which demands a fixed return regardless of whether the option is ever exercised, mismatches the instrument to the economics, which is why the framework consistently weights equity toward the rawest, most option-like land.

4. Anatomy of Land-Stage Capital

Five instruments dominate the financing of the land stage, and each occupies a distinct position on the spectrum of cost, tenor and risk tolerance. Table 1 compares them across the attributes that matter for selection.

4.1 Bridge debt

Bridge debt is short-term capital, typically of six to eighteen months, provided quickly to fund an acquisition that cannot wait for a slower facility to be arranged. It is the most expensive of the debt instruments because of its speed and short tenor, and it is repaid from a subsequent refinancing or sale rather than from project cash flow. Bridge debt is the right tool when an acquisition opportunity is time-critical and a longer facility cannot be arranged in time, but a sponsor who relies on bridge debt without a clear and credible refinancing path exposes itself to the risk that the bridge cannot be repaid when it matures.

4.2 Land term loans

A land term loan is a medium-term facility, typically provided by a private credit fund or a specialist lender, that funds the land and its carry over the entitlement period. It is cheaper than bridge debt because of its longer tenor and more considered underwriting, but it still carries the entitlement risk and is therefore more expensive than development finance. Land term loans suit zoned or partly entitled land where the entitlement path is reasonably clear but the timeline extends beyond what a bridge can cover.

4.3 Land Sukuk and Shariah-compliant facilities

A land Sukuk replicates the economic function of a land term loan within a Shariah-compliant structure, commonly using an Ijara or Murabaha arrangement over the land asset. Its appeal is twofold: it accesses a pool of compliant capital that conventional debt cannot reach, and in the right market conditions it can price competitively with, or even below, conventional private credit. The structuring cost is higher and the documentation more specialised, which is why land Sukuk tends to appear where the quantum is large enough to justify the effort and where the investor base favours compliant instruments.

4.4 Private credit

Private credit at the land stage spans both senior land term lending and more structured, higher-coupon facilities that accept greater entitlement risk. Its defining characteristics are speed and flexibility: a private credit fund can underwrite a land facility faster than a bank and can tailor the structure to the specific entitlement path, accepting milestone-based drawdowns, deferred coupons and bespoke security. The price of this flexibility is a higher cost than bank or Sukuk finance, but for a sponsor that needs to move quickly and refinance soon, that cost is often worth paying.

4.5 Land joint-venture equity

At the top of the land-stage stack sits equity, frequently provided through a joint venture with a landowner, a family office or a co-developer. Land JV equity is the most expensive capital and the only capital genuinely willing to bear the full entitlement risk, and it is therefore the natural funder of raw land where the uplift is largest and the risk highest. A landowner contributing the land into a JV in exchange for an equity stake is, in effect, providing land-stage equity in kind, a

structure that is common in the UAE and in India and that aligns the landowner with the success of the development.

Table 1. Comparison of Land-Stage Instruments

Attribute	Bridge debt	Land term loan	Land Sukuk	Private credit	Land JV equity
Typical tenor	6-18 mo	2-4 yr	2-4 yr	1-3 yr	To launch
Indicative cost	~16%	~12.5%	~11.5%	~13.5%	~22%+
Speed to fund	Fastest	Moderate	Slow	Fast	Slow
Entitlement risk borne	Low	Moderate	Moderate	Moderate	Full
Security	1st charge	1st charge	Asset-based	Charge / pledge	Residual
Best for	Quick close	Zoned land	Compliant base	Fast refinance	Raw land

Indicative ranges calibrated to GCC conditions in early 2026. Not transaction-specific.

5. The Land-to-Launch Financing Journey

The journey from land to launch can be divided into four stages, each with a characteristic financing need. Figure 3 sets out the journey schematically, showing the dominant instrument and the key activities at each stage.

Figure 3. The Land-to-Launch Financing Journey



Indicative mapping of stages, instruments and activities. Not transaction-specific.

5.1 Stage 1: Acquisition

The acquisition stage requires capital to be deployed quickly to secure the land, often against a competitive bid or a time-limited sale and purchase agreement. The dominant instruments are

bridge debt, for speed, and equity, for the portion that debt will not cover. The priority at this stage is certainty and speed of funding rather than cost, because the cost of losing the land to a faster bidder exceeds the cost of slightly more expensive capital.

5.2 Stage 2: Holding and entitlement

The holding and entitlement stage is the longest and most uncertain. The sponsor pursues zoning, approvals and no-objection certificates from the relevant authorities and master developers, while carrying the cost of the land and any debt service. The dominant instruments are land term loans and Sukuk, which fund a longer carry at a moderate cost. This is the stage at which the choice of instrument matters most, because the duration is longest and the carry cost compounds.

5.3 Stage 3: Pre-development

In the pre-development stage, with entitlement secured or substantially advanced, the sponsor finalises design, obtains permits, begins infrastructure and servicing works, and prepares for the sales launch. Capital needs rise as physical work begins, and private credit can provide a top-up facility that bridges to the development finance that will be drawn at launch. The risk has fallen materially by this stage, so the cost of capital should be falling too, and a sponsor still paying land-stage rates at this point has failed to refinance in step with the de-risking of the project.

5.4 Stage 4: Launch

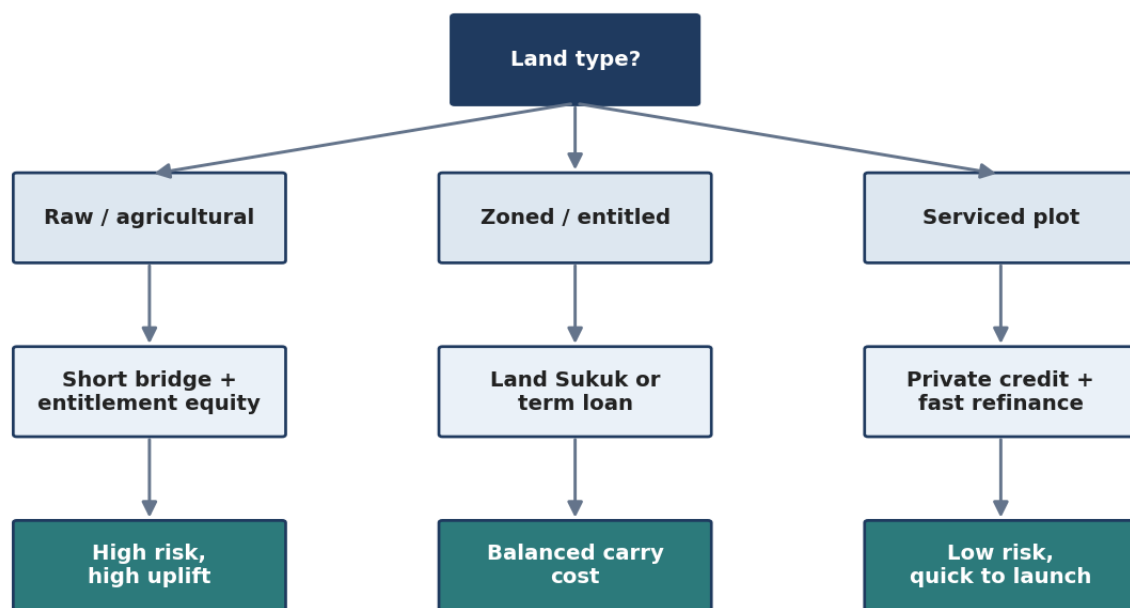
At launch, the development proper begins. The land-stage capital is refinanced into senior development debt, the escrow account is opened to receive buyer payments, and a portion of the original equity can often be returned and recycled into the next acquisition. The launch is the moment at which the expensive land-stage capital is finally released and replaced with the much cheaper development finance, crystallising the value created during the holding period.

The four stages are not always cleanly separated in practice, and a single financing instrument frequently spans more than one of them. A land term loan or Sukuk arranged at acquisition may fund the holding and entitlement stages as well, with milestone-linked drawdowns that release capital as the project advances. The stage framework is therefore best understood as a description of the changing risk and capital need over time, rather than as a prescription that each stage must be funded separately. What matters is that the cost of capital tracks the falling risk, whether that is achieved through a single facility that steps down at the entitlement milestone or through a sequence of facilities that refinance one another.

6. Instrument Selection Framework

The selection framework segments the decision by land type, because land type determines both the entitlement work required and the value uplift available, and these in turn determine the appropriate balance of debt and equity. Figure 4 presents the framework as a decision tree.

Figure 4. Land-Stage Instrument Selection by Land Type



Indicative framework. Hold period and entitlement certainty modify the indicated default.

6.1 Raw or agricultural land

Raw or agricultural land carries the greatest entitlement risk and offers the largest value uplift if the entitlement is obtained. Because the risk is option-like, the appropriate funding is weighted toward equity, with only a short bridge to fund the acquisition itself. Debt is poorly suited to this land because the entitlement risk is exactly the risk that a fixed-return lender will not bear at an acceptable price. The objective is to fund the acquisition cheaply and quickly and to let patient equity carry the entitlement risk in exchange for the large uplift.

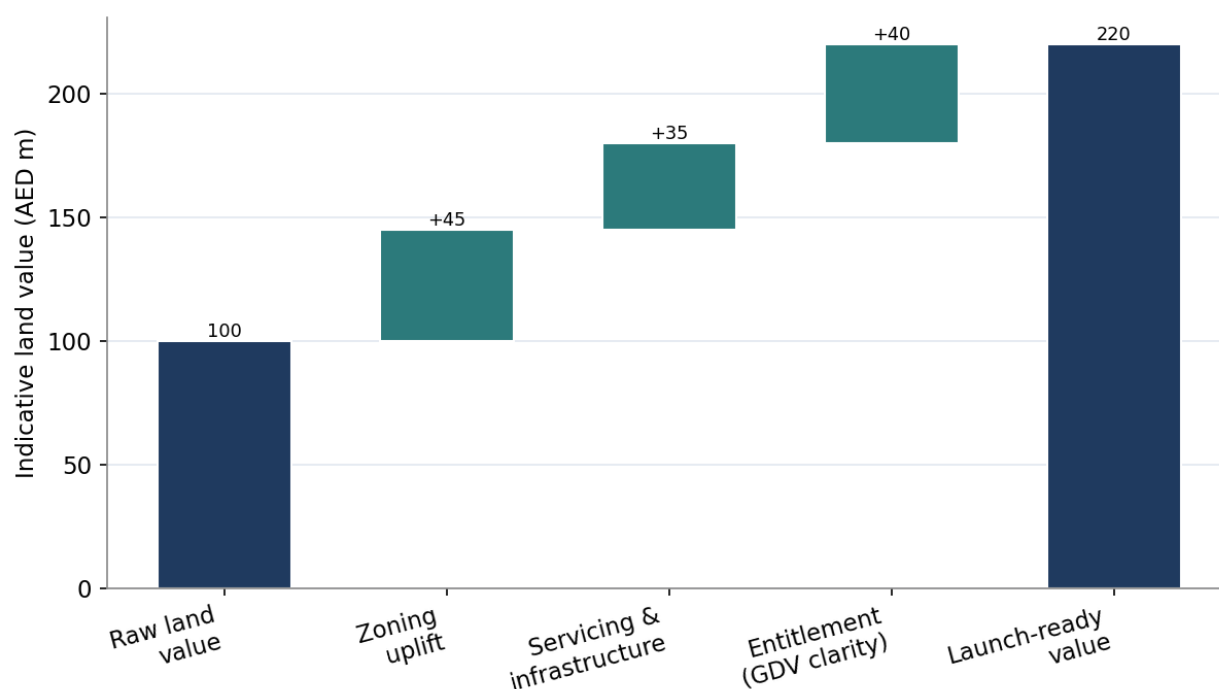
6.2 Zoned or entitled land

Zoned or entitled land has resolved much of the entitlement uncertainty and can therefore support more debt. A land Sukuk or term loan that funds a longer carry at a moderate cost is the natural instrument, with equity funding the residual. The objective is a balanced carry cost: enough debt to limit the equity outlay, but not so much that the carry overwhelms the project if the launch is delayed.

6.3 Served plots

A serviced plot, with infrastructure in place and entitlement complete, is close to launch and carries little residual entitlement risk. It can therefore support a higher proportion of debt, and the appropriate instrument is private credit that funds the short period to launch and then refinances quickly into development finance. The objective is speed: to reach launch and the cheaper development capital as quickly as possible, minimising the time over which the land-stage cost is paid.

Figure 5. Indicative Land Value Uplift Through Entitlement (AED m)



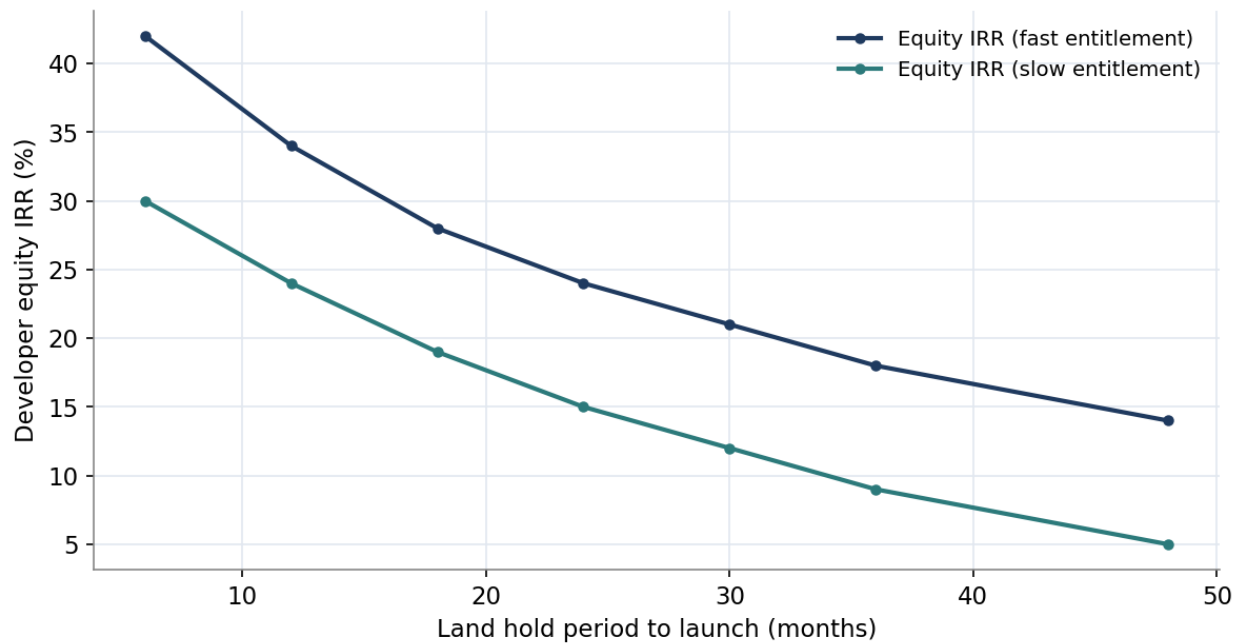
Indicative value build-up from raw land to launch-ready. Not a valuation.

Figure 5 makes visible why land type drives the framework. The value uplift from raw land to launch-ready land is created in stages, with zoning, servicing and entitlement each contributing. The rawest land offers the largest cumulative uplift but requires the most work and the most risk-bearing capital to realise it; the serviced plot offers the smallest remaining uplift but the least risk. The framework simply matches the risk-bearing capacity of each instrument to the risk that remains at each point on this value build-up.

7. Cost of Capital Across the Journey

Because the appropriate instrument changes as the project advances, the blended cost of capital for the land stage is not a single number but a path that should decline over time. A well-managed land financing begins with expensive, fast capital at acquisition, transitions to moderate-cost term capital during the holding period, and ends with a refinancing into cheap development finance at launch. The art is to make each transition as early as the falling risk allows, so that the project spends as little time as possible paying for risk it no longer carries.

Figure 6. Developer Equity IRR Against Land Hold Period

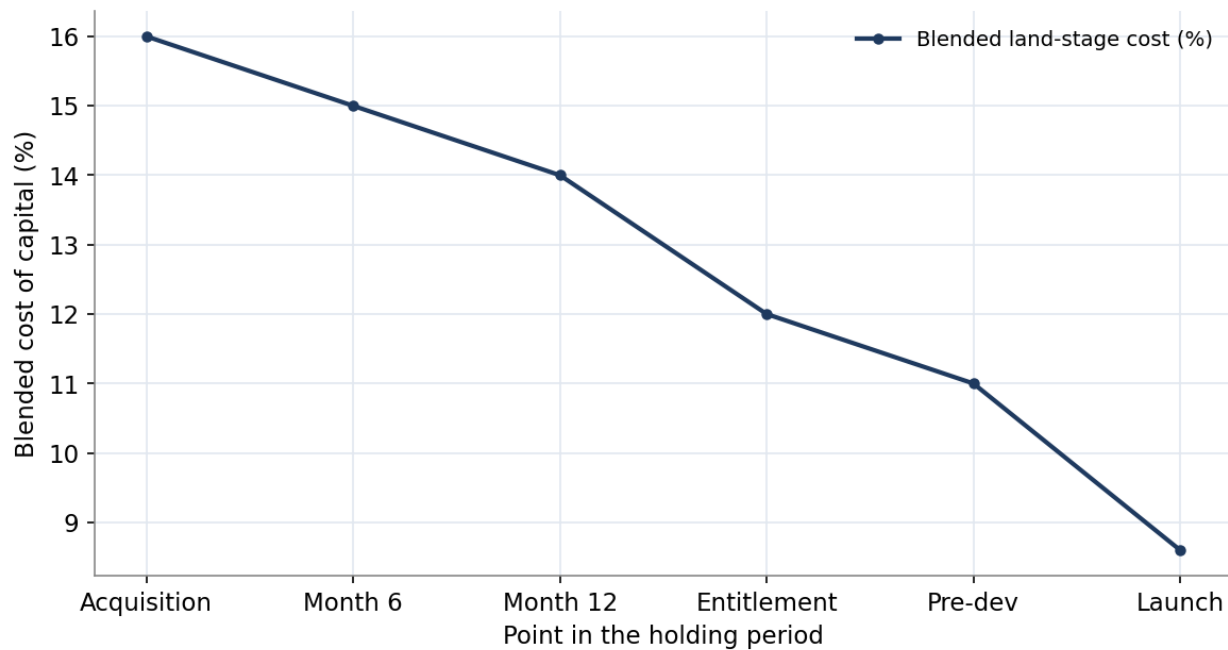


Indicative relationship under fast and slow entitlement scenarios. Not a forecast.

Figure 6 shows the powerful effect of the hold period on the equity return. The longer the land is held before launch, the lower the equity IRR, because the carry cost compounds and the eventual profit is earned over a longer period. The two curves, for fast and slow entitlement, diverge sharply as the hold period extends, which underlines the central role of entitlement timing in the economics of land financing. A sponsor who can compress the entitlement timeline by six months can lift the equity IRR by several percentage points, an effect that dwarfs any plausible saving on the cost of the land finance itself.

This observation reframes the financing problem. The sponsor should think of land-stage finance not as a cost to be minimised in isolation, but as the price of an option whose value depends overwhelmingly on how quickly the entitlement can be resolved and the project launched. Capital that is slightly more expensive but that enables a faster launch, by funding entitlement work or infrastructure sooner, may be cheaper in net terms than nominally cheaper capital that comes with conditions that slow the project down.

Figure 7. The Declining Blended Cost of Land-Stage Capital



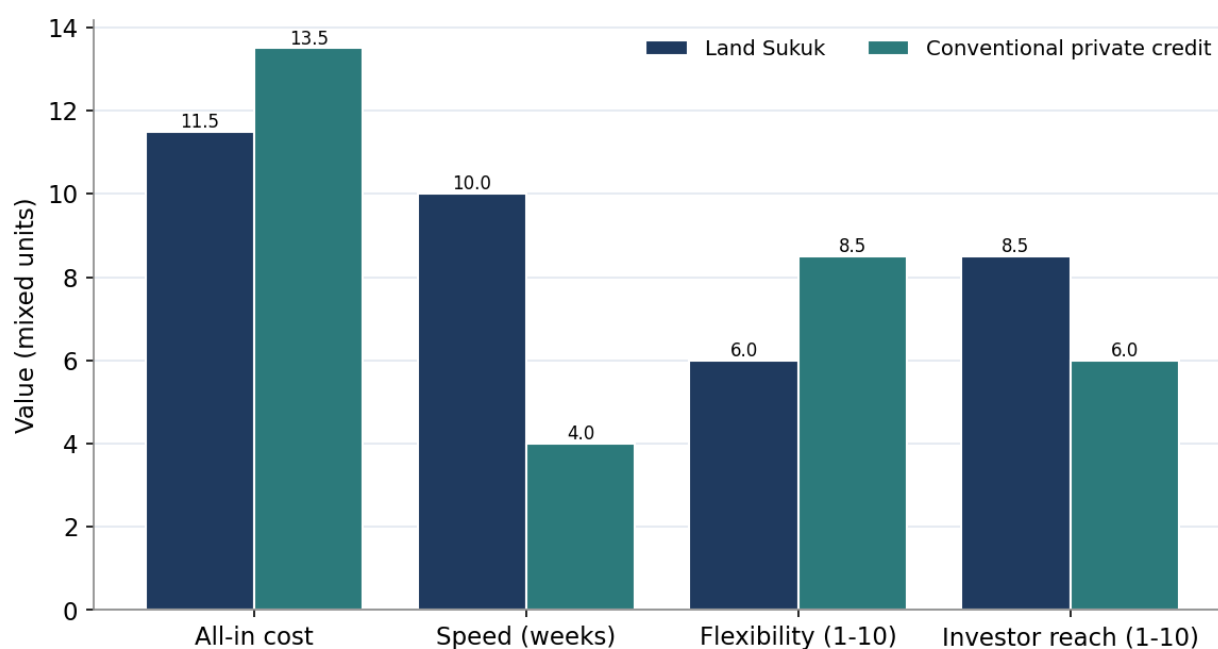
Indicative cost path as the project de-risks and refinances toward launch. Not a forecast.

Figure 7 traces the blended cost of capital that a well-managed land financing should exhibit over the holding period. It begins high, reflecting the expensive acquisition-stage capital, steps down as the project moves through the holding period and the entitlement milestone is approached, and falls sharply at launch when the land-stage capital is refinanced into development finance. The area under this curve is the total cost of carrying the land, and the sponsor objective is to shrink that area by moving each transition as early as the falling risk allows. A flat, high cost path is the signature of a sponsor that has failed to refinance in step with the de-risking of the project, and it is one of the most common and most expensive mistakes in land financing.

8. Sukuk versus Conventional Private Credit for Land

For zoned or entitled land of sufficient size, the sponsor frequently faces a direct choice between a land Sukuk and a conventional private credit facility. The two can fund the same carry over the same period, but they differ on several dimensions that matter. Figure 8 compares them on cost, speed, flexibility and investor reach.

Figure 8. Land Sukuk versus Conventional Private Credit



Indicative comparison across mixed units. Speed in weeks to fund; flexibility and reach on a 1-10 scale. Not transaction-specific.

The comparison reveals a genuine trade-off rather than a clear winner. The Sukuk tends to be cheaper on an all-in basis and to reach a wider pool of compliant investors, which can be decisive for a sponsor whose equity partners or whose own mandate favour compliant capital. But it is slower to arrange and less flexible, because the compliant structure imposes constraints on the use of proceeds and on the security that can be taken. Conventional private credit is faster and more flexible, able to accommodate bespoke entitlement-linked drawdowns and deferred coupons, but it is more expensive and reaches a narrower investor base.

The decision therefore turns on the sponsor priorities. Where cost and investor reach dominate, and the timeline permits the slower arrangement, the Sukuk is preferred. Where speed and flexibility dominate, and the higher cost is acceptable, conventional private credit is preferred. A sophisticated sponsor will sometimes run both processes in parallel and let the two compete, using the existence of a credible Sukuk alternative to discipline the pricing of the private credit facility and vice versa.

A final point on the Sukuk-versus-private-credit choice concerns the signalling effect on the wider investor base. A sponsor that successfully places a land Sukuk demonstrates to the market that its land and its entitlement path can satisfy the scrutiny of a compliant investor base and a Shariah board, which is a meaningful endorsement that can ease subsequent capital raising. A private credit facility carries no such public signal, because it is privately negotiated. For a sponsor building a reputation and a track record, the signalling value of a well-received Sukuk can be a consideration in its own right, over and above the cost and flexibility comparison, particularly where the sponsor intends to return to the compliant capital market for future projects.

9. Risk, Security and the Entitlement Catalyst

The security available at the land stage is thinner than at any other point in the development. The principal security is a first charge over the land itself, supported by a pledge of the shares in the holding vehicle and, where relevant, an assignment of the development rights. Crucially, there is no project cash flow to assign and no buyer receivables to capture, because no sales have occurred. The lender is therefore reliant on the value of the land in a downside, and that value is itself a function of the entitlement that may or may not be obtained.

This is why the entitlement milestone is the central catalyst of the land financing. Before entitlement, the land is worth its raw value and the lender is poorly secured; after entitlement, the land is worth its entitled value and the lender is well secured. A lender that funds across the entitlement milestone is, in effect, taking entitlement risk, and will price for it; a lender that funds only after entitlement, or that structures its facility to step up only once entitlement is secured, takes much less risk and can price accordingly. The structuring opportunity is to align the cost of capital with the risk on either side of this catalyst, paying the higher pre-entitlement rate only for as long as necessary and refinancing into a lower post-entitlement rate the moment the milestone is reached.

For the sponsor, the implication is that entitlement is not merely a planning task but a financing event. Achieving entitlement does not just permit development; it transforms the financeability of the land, unlocking cheaper capital and returning a portion of the equity. Managing the entitlement process actively, resourcing it properly and pursuing it urgently, is therefore one of the highest-return activities available to a land-stage sponsor, with a payoff measured in the cost of capital saved and the equity released.

The behaviour of lenders around the entitlement catalyst also explains the structure of loan-to-value ratios at the land stage. Before entitlement, a prudent lender applies its loan-to-value ratio to the raw-land value, which is low, so the absolute facility is small and the sponsor must fund most of the acquisition with equity. After entitlement, the same loan-to-value ratio is applied to the higher entitled value, so the facility expands and a refinancing can release equity. This mechanical relationship between value and available debt is the financial expression of the de-risking that entitlement achieves, and it is the reason a sponsor can often return a meaningful portion of its equity at the entitlement milestone without selling any part of the project.

10. Structuring Considerations Specific to the UAE

10.1 Master-developer frameworks and no-objection certificates

Much UAE land sits within master-planned communities governed by a master developer, and development of a plot frequently requires no-objection certificates and adherence to the master plan. This adds a layer to the entitlement process that does not exist in markets of freely held land, and it introduces a counterparty, the master developer, whose cooperation is essential. A land financing plan must account for the master-developer framework, both in the timeline it assumes and in the conditions it attaches to drawdowns, because a facility that funds works the master developer has not approved exposes both sponsor and lender to delay.

10.2 Payment plans and deferred land cost

A distinctive feature of the UAE market is the prevalence of payment plans on land itself, under which the land cost is paid in instalments over time rather than in full at acquisition. A deferred

land payment is, in economic substance, a form of vendor finance, and it can materially reduce the land-stage capital required at the outset. A sponsor should treat an available payment plan as a financing instrument in its own right and weigh its implicit cost against the explicit cost of bridge or term debt, because a generous payment plan can be the cheapest land-stage finance available.

10.3 Shariah-compliance and the compliant investor base

The depth of the compliant investor base in the UAE means that a Shariah-compliant land structure is not a constraint but an opportunity, opening access to capital that conventional structures cannot reach. Sponsors who default to conventional structures without considering the compliant alternative may be forgoing a cheaper and deeper pool of capital, particularly for larger land acquisitions where the Sukuk structuring cost can be absorbed.

10.4 Currency, rate and cross-border considerations

The dirham peg to the United States dollar shapes land financing as it shapes development financing. It removes currency risk for the substantial pool of dollar-denominated international capital, allowing private credit funds and family offices to deploy without a hedging cost, and it ties the cost of floating-rate land facilities to the dollar rate cycle rather than to local conditions. For a sponsor carrying expensive land-stage debt across a multi-year holding period, the path of dollar rates is therefore a material exposure, and a rise in rates during the holding period raises the carry cost precisely when the project is least able to absorb it. Sponsors should stress the carry cost against a higher-rate scenario and, where the holding period is long, consider fixing or capping part of the land-stage debt to contain this exposure.

11. The Capital Provider Perspective

A land financing closes only if each provider finds its position attractive. The bridge lender underwrites the refinancing: it is comfortable with a short, well-secured position provided it can see a credible path to repayment within months, and it prices the speed and the short tenor rather than the entitlement risk, which it largely avoids by lending only briefly. The term lender and the Sukuk provider underwrite the entitlement: they accept that they will be exposed across the entitlement milestone, and they scrutinise the credibility of the entitlement path, the track record of the sponsor in securing approvals, and the headroom between the land cost and the raw-land value that protects them in a downside.

The private credit provider underwrites flexibility and speed, and is willing to structure around the specific entitlement path in exchange for a higher coupon and bespoke security. It cares most about the clarity of the refinancing or launch event that will repay it. The equity partner underwrites the full upside and the full risk, and is the only provider genuinely comfortable with raw, unentitled land; it cares about the size of the uplift, the alignment of the sponsor, and the governance that protects its capital through the uncertain holding period. Designing a fundable land structure means giving each of these providers a position it can underwrite, which in practice means sequencing the capital so that each provider is exposed only to the risk it is equipped to bear.

The landowner deserves particular attention as a capital provider, because in many UAE and South Asian land transactions the landowner is willing to contribute the land into a joint venture rather than sell it outright. A landowner who takes equity in the development, rather than cash for the land, becomes a provider of land-stage equity in kind, reducing the cash the sponsor must

raise and aligning the landowner with the success of the project. This alignment can be valuable beyond the capital it saves, because a landowner with an ongoing stake is more likely to cooperate with the entitlement process and less likely to become an obstacle. Structuring the landowner relationship as a partnership rather than a one-off purchase is, in the right circumstances, one of the most efficient forms of land-stage finance available.

12. Indicative Case Studies

Three indicative cases, one for each land type, make the framework concrete. The figures are synthetic and constructed for analytical clarity, not drawn from any specific transaction.

12.1 Case A: raw land acquisition with entitlement upside

Case A is the acquisition of a raw parcel with significant entitlement upside. The sponsor funds the acquisition with a short bridge facility covering 40 percent of the land cost and equity for the balance, and carries the entitlement risk on equity. On securing entitlement, the land value rises substantially, the bridge is refinanced into a cheaper term facility, and a portion of the equity is returned. The structure is equity-heavy, reflecting the option-like risk of raw land, and it produces the highest potential equity multiple of the three cases, but only if the entitlement is obtained on a reasonable timeline.

Table 2. Case A Sources and Uses, Raw Land

Sources	AED m	Share	Uses	AED m
Bridge debt	40.0	40%	Land price	88.0
Sponsor equity	45.0	45%	Stamp and fees	4.0
JV entitlement equity	15.0	15%	Entitlement and carry	8.0
Total sources	100.0	100%	Total uses	100.0

Raw land acquisition funded largely with equity to bear entitlement risk. Figures rounded.

12.2 Case B: entitled land with a defined development plan

Case B is the acquisition of zoned, entitled land with a defined development plan, illustrated by the sources and uses in Figure 9. The sponsor funds the acquisition and the carry with a land Sukuk covering 55 percent of total land-stage cost, with equity for the balance. The Sukuk funds a moderate carry to launch at a competitive cost, and the structure balances cost against the risk of a delayed launch. The equity multiple is lower than Case A but the risk is materially lower and the outcome more predictable.

Figure 9. Indicative Uses of Funds, Entitled Land Case (AED 200m)

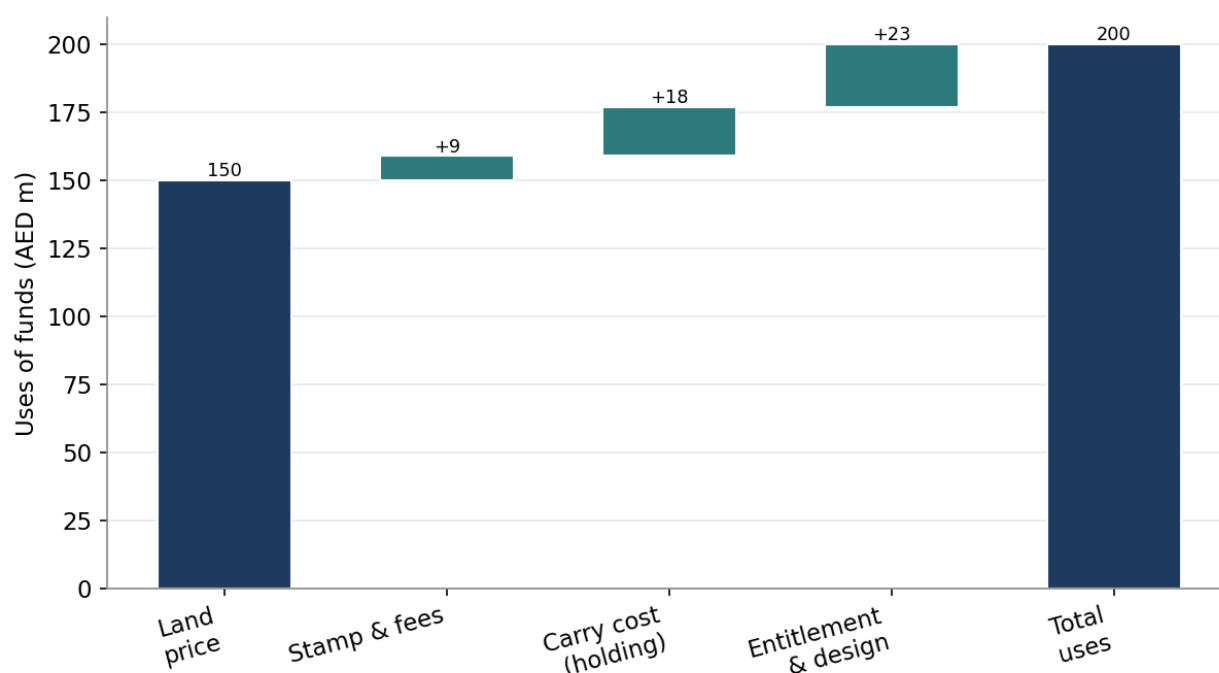


Table 3. Case B Sources and Uses, Entitled Land

Sources	AED m	Share	Uses	AED m
Land Sukuk	110.0	55%	Land price	150.0
Sponsor equity	70.0	35%	Stamp and fees	9.0
JV equity	20.0	10%	Carry cost	18.0
Total sources	200.0	100%	Entitlement and design	23.0

Uses total AED 200.0m. Figures rounded.

12.3 Case C: serviced plot bridging to launch

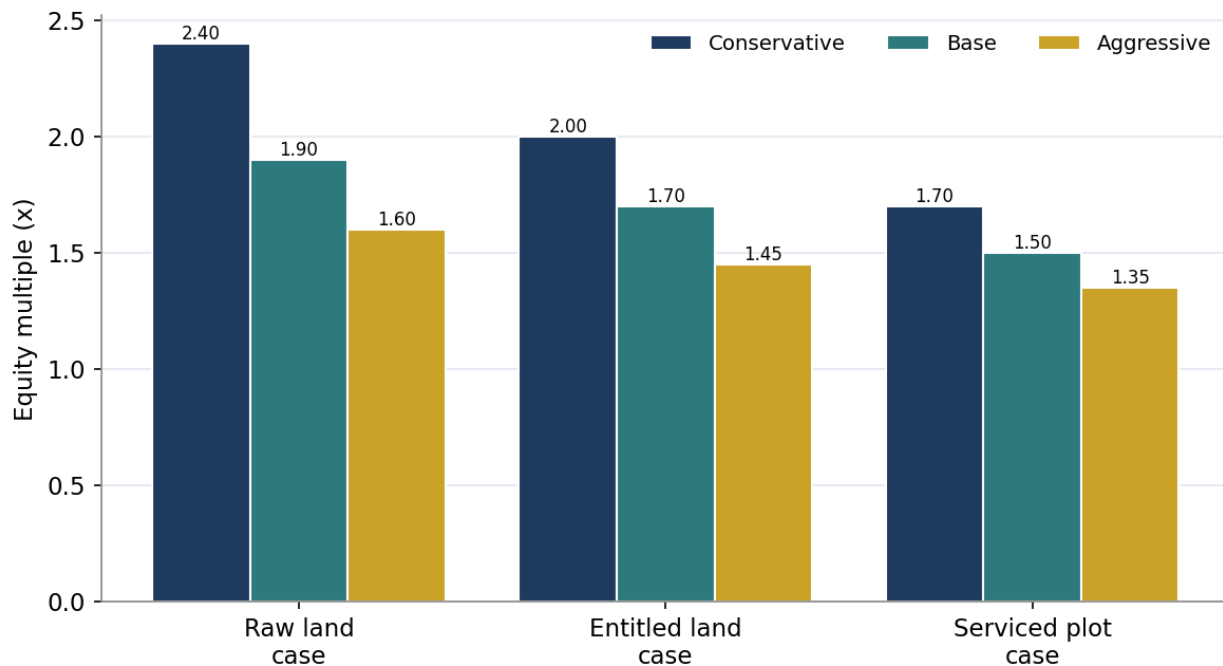
Case C is the acquisition of a serviced plot, entitlement complete and infrastructure in place, that is close to launch. The sponsor funds it with a private credit facility covering 65 percent of cost, drawn quickly, with the intention of refinancing into senior development debt within twelve months. The structure is debt-heavy because the residual risk is low, and it produces the lowest equity multiple but the fastest and most certain return, as the land-stage capital is carried for the shortest period.

Table 4. Case C Capital Structure, Serviced Plot

Tranche	AED m	Share	Indicative cost	Tenor to launch
Private credit	97.5	65%	13.5%	~12 months
Sponsor equity	37.5	25%	22.0%	To launch
JV equity	15.0	10%	22.0%	To launch
Total	150.0	100%	16.3% blended	

Serviced plot close to launch supports higher debt at lower residual risk. Not transaction-specific.

Figure 10. Equity Multiple by Case and Scenario



Synthetic figures for analytical comparison. Not a forecast.

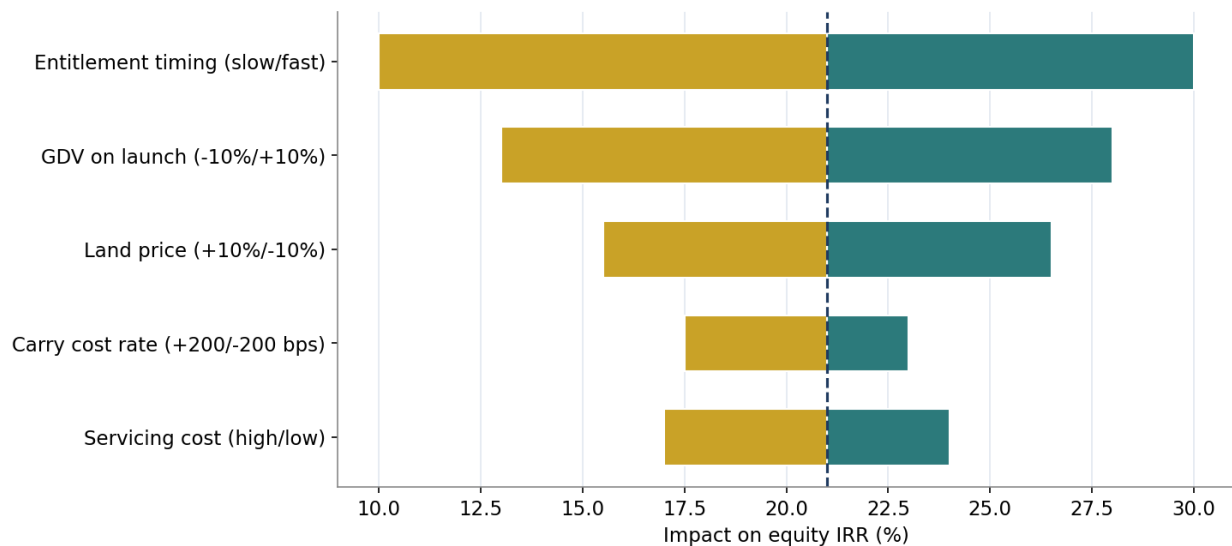
Figure 10 compares the equity multiple across the three cases under conservative, base and aggressive scenarios. The pattern echoes the risk hierarchy: the raw-land case offers the highest multiple and the widest range, the serviced-plot case the lowest multiple and the narrowest range, and the entitled-land case sits between. The choice among them is a choice about risk and conviction, not simply about return, and the framework makes that choice explicit.

The three cases together illustrate a portfolio principle that the single-asset framework can obscure: a developer is rarely choosing between these structures in the abstract, but is instead assembling a mix of land positions whose combined risk and return suit its balance sheet and its appetite. A developer with stable income from completed assets may take more raw-land risk, funding the option-like upside with equity it can afford to leave at risk for several years. A developer dependent on each project for its near-term cash flow may prefer serviced plots that launch quickly and return capital sooner. The framework informs each individual decision, but the right blend across the portfolio is a strategic choice that reflects the developer wider circumstances.

13. Sensitivity and Scenario Analysis

A tornado analysis for the entitled-land Case B identifies the variables that most influence the equity return. Figure 11 presents the result.

Figure 11. Sensitivity of Equity IRR to Key Variables, Case B



Each bar shows the equity IRR when the labelled variable moves to its low or high case. Dashed line is the base case. Indicative.

The analysis confirms the theme of Section 7: entitlement timing and the eventual gross development value dominate the equity return, while the cost of the land finance, the carry rate, is a second-order influence. A sponsor who secures entitlement six months sooner, or who realises a gross development value ten percent higher, gains far more than a sponsor who shaves two hundred basis points off the carry rate. This has a direct managerial implication. The scarce resource of senior management attention should be directed at the entitlement process and at the factors that drive the eventual sales value, design quality, positioning, timing of launch, rather than at extracting marginal savings from the land finance.

Table 5. Scenario Matrix for Case B Equity IRR

Scenario	Entitlement timing	GDV on launch	Equity IRR
Upside	Fast (12 mo)	+10%	30.0%
Base	On plan (18 mo)	Base	21.0%
Mild stress	Slow (24 mo)	-5%	14.5%
Severe stress	Very slow (36 mo)	-10%	7.0%

Indicative scenarios holding the financing structure constant. Not a forecast.

The scenario matrix reinforces the point and adds a warning. In the severe-stress scenario, where entitlement is very slow and the gross development value disappoints, the equity return collapses, because the carry cost has compounded over a long period against a diminished profit. This is the characteristic failure mode of land financing: not a single catastrophic event, but a slow erosion of return as a delayed entitlement extends the holding period and compounds the carry. The defence against it is conservative underwriting of the entitlement timeline and a financing structure that does not assume the fastest plausible launch.

A further lesson from the scenario analysis concerns the interaction between leverage and entitlement risk. A sponsor that funds entitled land with substantial debt is, in effect, betting that the launch will occur on a reasonable timeline, because the debt service continues regardless of

whether the launch is delayed. The more debt in the structure, the more sensitive the equity return is to a delay, which is why the framework reduces the debt component as the entitlement risk rises. Matching the leverage to the certainty of the launch timeline is the single most important discipline in land financing, and it is the discipline most often abandoned in a buoyant market when sponsors are tempted to maximise leverage against rising land values.

14. International Comparison

The land financing challenge is not unique to the UAE, and a comparison with the United Kingdom is instructive. In the United Kingdom, land with planning permission trades at a substantial premium to land without it, and a specialist market exists for funding both the acquisition of land and the pursuit of planning, including promotion agreements under which a promoter funds and manages the planning process in exchange for a share of the uplift. The economic logic is identical to the UAE entitlement dynamic: value is created by resolving the development-rights uncertainty, and capital is structured around that catalyst.

The principal differences are institutional. The United Kingdom planning system is adversarial and uncertain in its timing, which makes the entitlement risk harder to underwrite and pushes more of the land-stage funding toward equity and promotion structures. The UAE entitlement process, governed by master developers and authorities within a master-planned framework, is in many cases more predictable in its requirements, even if its timing can extend, which allows more debt to be deployed against entitled and partly entitled land. The UAE also benefits from the deferred-payment plans and the compliant capital base discussed earlier, neither of which has a direct United Kingdom equivalent. The framework travels between the two markets, but the balance between debt and equity shifts toward equity in the United Kingdom, reflecting the greater entitlement uncertainty.

15. Refinancing into Development Finance

The land stage culminates in the refinancing of the land-stage capital into development finance at launch, and this transition deserves explicit planning because it is the moment at which the value created during the holding period is crystallised. A well-planned refinancing replaces the expensive land-stage capital with cheaper senior development debt, returns a portion of the original equity, and leaves the project funded for construction at a much lower blended cost. A poorly planned transition, by contrast, can see the land-stage capital persist past the point at which it should have been refinanced, or can stall if the development finance is not arranged in time, leaving the project in an expensive limbo.

The practical lesson is that the development finance should be arranged in parallel with the final stages of entitlement, so that it is ready to draw at launch. A sponsor who waits until entitlement is fully secured before beginning to arrange development finance introduces a gap during which expensive land-stage capital continues to accrue. The most efficient sponsors treat the entitlement milestone and the development-finance closing as a coordinated event, timed so that the cheaper capital is available the moment the risk that justified the expensive capital has been resolved.

The refinancing transition also has implications for how the original land-stage capital is documented. A land facility that is intended to be refinanced at launch should be drafted to permit early repayment without a punitive prepayment penalty, so that the sponsor is free to refinance the moment cheaper capital becomes available. A facility with a long lock-in or a heavy

prepayment fee can trap the sponsor in expensive capital even after the risk that justified it has fallen away, negating the benefit of the declining cost path that the framework seeks to achieve. The prepayment terms of the land-stage facility are therefore not a minor legal detail but a determinant of whether the refinancing strategy can be executed at all.

16. Common Errors and How to Avoid Them

A recognisable set of errors recurs in land financing, each flowing from a failure to match the capital to the risk and duration of the specific land.

- **Bridging without a refinancing path.** Relying on a bridge facility to fund an acquisition without a credible, time-tested refinancing path exposes the sponsor to the risk that the bridge cannot be repaid at maturity. The remedy is to secure the refinancing path before drawing the bridge.
- **Debt-funding option-like risk.** Funding raw, unentitled land predominantly with debt asks a fixed-return lender to bear option-like entitlement risk it is not equipped to price, resulting in either a refusal to lend or a punitive cost. The remedy is to fund raw land with equity.
- **Optimistic entitlement timing.** Underwriting the fastest plausible entitlement timeline loads the structure with carry cost that compounds if the timeline slips, the characteristic failure mode of land financing. The remedy is to underwrite a conservative timeline.
- **Late refinancing.** Failing to refinance expensive land-stage capital promptly once entitlement is secured leaves the project paying for risk it no longer carries. The remedy is to plan the refinancing to coincide with the entitlement milestone.
- **Overlooking payment plans.** Ignoring an available deferred-payment plan on the land itself, which is often the cheapest land-stage finance available, forgoes a valuable source of vendor finance. The remedy is to treat the payment plan as a financing instrument and price it against the alternatives.

Each of these errors is avoidable with the discipline the framework encourages: match the instrument to the land type, underwrite the entitlement timeline conservatively, and plan the refinancing to coincide with the resolution of the entitlement risk.

It is worth noting, finally, that the discipline this paper recommends is as much organisational as financial. Compressing the entitlement timeline, the variable that most influences the return, requires a sponsor to resource the entitlement process with capable people, to maintain strong relationships with the master developers and authorities whose approvals are needed, and to pursue the approvals with genuine urgency rather than allowing them to drift. These are organisational capabilities, not financial structures, and they are the capabilities that distinguish the developers who carry land profitably from those who allow it to erode their returns. The financing framework and the organisational capability are complementary: neither alone is sufficient, and the most successful land developers excel at both.

17. Implementation Roadmap

1. Classify the land by type, raw, zoned or serviced, and read the default financing balance from the framework in Section 6, treating it as a starting point to be refined for the specific entitlement path.
2. Underwrite the entitlement timeline conservatively, building in a realistic allowance for delay, and stress the structure against a slower-than-planned launch.

3. Match the instrument to the duration: bridge or equity for the acquisition, term loan or Sukuk for the holding period, private credit for the bridge to launch.
4. Evaluate any available deferred-payment plan on the land as a financing instrument in its own right, and weigh its implicit cost against bridge and term debt.
5. Where the land suits a Sukuk, run a Sukuk process and a conventional private credit process in parallel to discipline pricing and access the widest pool of capital.
6. Resource the entitlement process urgently, recognising that compressing the timeline lifts the equity return more than any plausible saving on the cost of finance.
7. Arrange the development finance in parallel with the final stages of entitlement, so that the refinancing into cheaper capital can occur the moment entitlement is secured.

A short worked illustration draws the analysis together. Consider a sponsor weighing two routes for the same entitled parcel: a land Sukuk at a competitive cost over a longer arrangement period, or a private credit facility that funds more quickly but at a higher coupon. The single-asset cost comparison might favour the Sukuk, but if the faster private credit facility allows the sponsor to begin entitlement and infrastructure work three months sooner, and thereby to launch three months earlier, the sensitivity analysis suggests the earlier launch is worth more than the cost saving. The right answer therefore depends not on the headline cost alone but on how each instrument affects the launch timeline, which is the variable that dominates the return. This is the central practical insight of the paper, and it is one that a cost comparison conducted in isolation would miss entirely.

18. Conclusion

Land is the stage of development at which capital is scarcest, most expensive and most poorly secured, and it is therefore the stage at which financing discipline yields the greatest reward. This paper has argued that the right land-stage instrument depends primarily on the type of land and the expected hold period, and that the financing should be structured as a declining path of cost that tracks the falling risk of the project as entitlement is resolved. Raw land, with its option-like risk and large uplift, calls for equity and a short bridge; entitled land calls for a term loan or Sukuk that funds a moderate carry; and serviced plots call for private credit that bridges quickly to development finance.

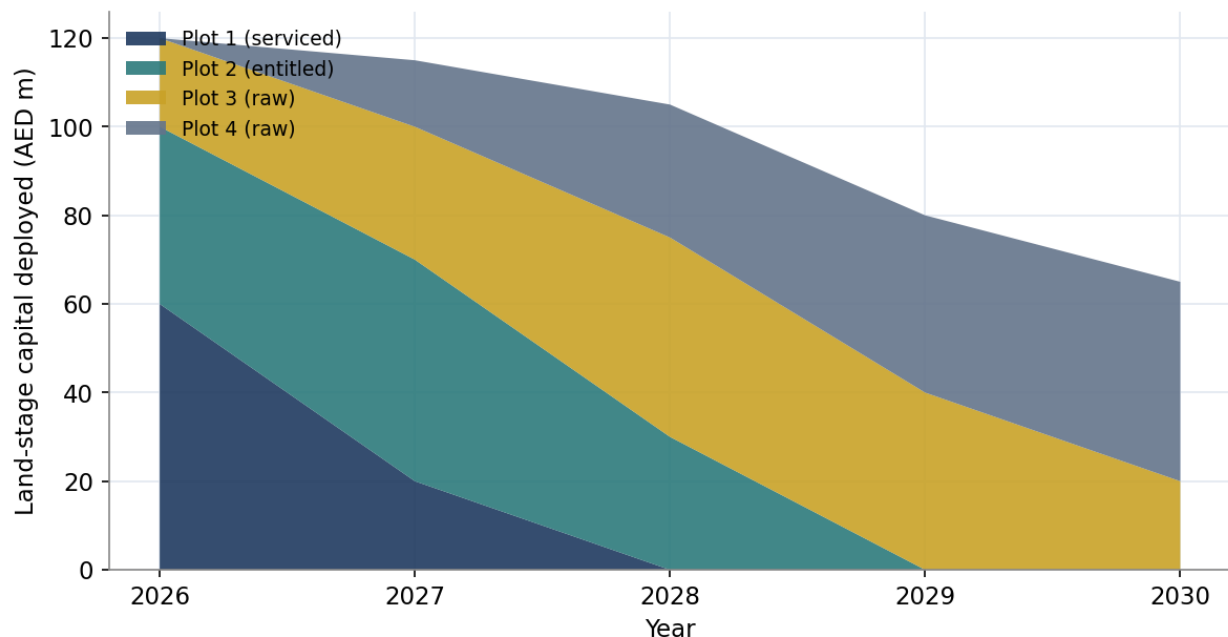
The analysis has shown that the variables which most influence the return are entitlement timing and the eventual gross development value, not the cost of the land finance itself, and that the characteristic failure mode of land financing is the slow erosion of return through a delayed entitlement that compounds the carry cost. The sponsor who internalises these lessons, matching the instrument to the land, underwriting the timeline conservatively, and refinancing in step with the de-risking of the project, will carry land more cheaply and launch more profitably than the sponsor who funds every parcel with the same facility. In a market as deep and as well-supplied with capital as the UAE in 2026, that discipline is a genuine and durable advantage.

19. The Land Bank Portfolio Perspective

The framework so far has treated each land acquisition in isolation, but the most sophisticated developers manage a portfolio of land at different stages of the journey, and the portfolio view adds a further dimension to the financing decision. A land bank that holds several parcels, some raw, some entitled, some serviced, generates a staggered sequence of launches and refinancings, and the capital released at each launch can be recycled into the next acquisition. Managed well,

this creates a self-funding flywheel in which the equity returned at one launch funds the deposit on the next acquisition, reducing the external capital the developer must raise over time.

Figure 12. Indicative Staggered Land-Stage Capital Across a Land Bank



Indicative deployment across four plots at different stages, showing the staggered release of capital. Not a forecast.

Figure 12 illustrates the staggered deployment of land-stage capital across a four-plot land bank. As the serviced plot launches and refinances, its capital is released and redeployed into the rawer plots that are earlier in their journey. The portfolio view also diversifies the entitlement risk that is so central to the single-asset analysis: a delay in the entitlement of one plot is cushioned by the progress of others, so the developer is less exposed to the slow-erosion failure mode that threatens a single land position. This diversification is a genuine benefit of scale, and it is one reason larger developers can carry land more comfortably than smaller ones.

The portfolio perspective does, however, introduce its own discipline. A land bank that grows faster than the developer can entitle and launch ties up capital in carry cost across multiple parcels simultaneously, and a market downturn that stalls entitlement across the whole portfolio can turn the flywheel into a drag. The prudent developer therefore sizes its land bank to its capacity to entitle and launch, rather than acquiring land opportunistically without regard to the carry it commits. The portfolio view, in other words, is a source of both resilience and risk, and managing the balance between them is a central task of the developer that operates at scale.

For the financing of an individual parcel, the portfolio context matters because it changes the cost of a delay. A developer with a diversified land bank and a recycling flywheel can absorb a delayed entitlement on one plot more easily than a single-asset sponsor, and may therefore rationally accept a slightly more aggressive structure on any individual parcel. The single-asset framework remains the right starting point, but it should be read in the light of the portfolio the developer holds around the parcel in question.

20. Limitations and Directions for Further Research

This paper is framework-oriented and relies on indicative data, and its conclusions are directional rather than precise. The cost figures, value uplifts and timelines are calibrated to observable

conditions but are not empirical estimates drawn from a transaction dataset, and the entitlement dynamics differ materially across emirates and across the master-developer frameworks that govern individual communities. The analysis also abstracts from the detailed mechanics of any particular Sukuk structure, which would need specialist legal and Shariah input for a live transaction.

Several extensions would strengthen the analysis. An empirical study of entitlement timelines across UAE jurisdictions would allow the conservative timeline assumptions to be replaced with data, sharpening the sensitivity analysis that drives the central conclusions. A comparative pricing study of land Sukuk against conventional private credit across a range of market conditions would clarify when the compliant route is genuinely cost-competitive. And an examination of how land-stage structures have performed through a genuine downturn, when entitlement stalls and values fall together, would test the resilience of the equity-weighted approach this paper recommends for the rawest land. Each is a natural subject for a later paper in this series.

Appendix A. Base Case Assumptions

Table 6. Base Case Assumptions

Parameter	Value	Parameter	Value
Bridge debt cost	16.0%	Land term loan cost	12.5%
Land Sukuk cost	11.5%	Private credit cost	13.5%
Land JV equity required return	22.0%	Base entitlement period	18 months
Raw-land debt share	30-40%	Serviced-plot debt share	60-65%
Stamp and transfer fees	~4%	Base value uplift on entitlement	60-90%
Currency	AED (USD peg)	Refinance target	Senior dev. debt

Indicative parameters used to generate the figures and case studies. Not transaction-specific.

Appendix B. Glossary of Terms

Table 7. Glossary of Key Terms

Term	Definition
Bridge debt	Short-term capital funding an acquisition pending refinancing or sale.
Entitlement	The process of securing zoning, approvals and development rights for land.
Carry cost	The cost of holding and financing land during the entitlement period.
Land Sukuk	Shariah-compliant facility funding land, replicating debt economics.
Promotion agreement	An arrangement where a promoter funds planning for a share of uplift.
No-objection certificate	Master-developer or authority consent required to develop a plot.
Gross development value	The projected total value of the completed development.

Launch	The point at which development begins and the escrow account opens.
Serviced plot	Land with infrastructure installed and entitlement complete.
Refinancing	Replacing land-stage capital with cheaper development finance at launch.

Definitions provided for reference.

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About the Author

Chennakeshav Adya is an independent researcher and corporate finance practitioner with more than twenty years of international experience across business strategy, transformation, and strategic finance. He has originated and led transactions across real estate, technology, and clean energy in the UAE, the United Kingdom, India, Europe, and the Americas, and has advised developers, corporates, family offices, and fund managers on capital raising and structuring. He is a guest speaker at London Business School and writes on startups, capital markets, and the application of technology in finance. The views expressed in this paper are his own and do not constitute investment advice.