Bulk Monetisation and Take-Out: Releasing Trapped Developer Equity

How developers in the Gulf free capital locked in completed and stabilised stock, through investment sale, sale-and-leaseback, bulk disposal, refinancing and partial recapitalisation, and how each route trades proceeds against control, speed and future upside

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ABSTRACT

Abstract. A completed building is not the same thing as released capital. A developer that has built, let and stabilised an asset has converted risk into value, yet that value remains trapped in bricks and on the balance sheet until it is monetised. The choice of how to release it, and how much to release, is one of the most consequential decisions a sponsor makes, because it determines not only the cash returned to equity but also the control retained, the speed of execution, the tax and accounting treatment, and the share of future upside given away. This paper sets out the principal monetisation and take-out routes available to Gulf developers in 2026, namely the outright investment sale, the sale-and-leaseback, the bulk or portfolio disposal, the refinancing of income-producing stock, and the partial joint venture or recapitalisation, and it frames the choice among them as a structured trade-off rather than a single optimum. It argues that each route releases a different proportion of trapped equity at a different cost, with a different effect on control and on retained upside, and that the right route is the one whose profile matches the sponsor's objective and the depth of the buyer pool for the asset in question. The analysis is presented through a transparent, illustrative framework, supported by figures that map the routes against the equity released, the cost of release, the depth of regional buyer demand by ticket size, and the sensitivity of realised value to the take-out yield. The aim is to give founders, chief executives, chief financial officers and heads of capital markets at Gulf developers a disciplined way to reason about freeing the equity locked in their completed estate, and to give the credit and special-situations investors who provide take-out capital a clear view of how these decisions are framed on the other side of the table.

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1. INTRODUCTION

A developer in the Gulf that has taken a plot of land through planning, construction, leasing and stabilisation has performed the hardest and riskiest work in the real-estate value chain. The reward for that work is an asset that is now worth materially more than the land and the construction cost combined. Yet that reward is, for the moment, only on paper. The value sits in a building and on a balance sheet, and until it is monetised it cannot be returned to shareholders, recycled into the next scheme, or used to repay the development finance that funded the build. The capital is trapped, and freeing it is a decision in its own right, separate from and as important as the decision to build in the first place.

This paper is about that decision. It concerns the monetisation and take-out of completed and stabilised stock: the set of routes by which a sponsor converts a finished, income-producing or sold-through asset back into liquid capital. The word take-out is used here in its precise sense, namely the replacement of the riskier, more expensive development-phase capital with cheaper, longer-dated capital appropriate to a de-risked asset, whether that replacement comes from a buyer who acquires the asset outright or from a lender who refinances it. The word monetisation is used more broadly, to cover any route that turns trapped equity into cash, including those that leave the sponsor with a continuing interest in the asset.

The central argument is simple to state and consequential in practice. There is no single best way to release trapped equity. Each route returns a different proportion of the equity, at a different cost, with a different effect on the control the sponsor keeps, the speed with which cash arrives, and the share of future upside the sponsor retains or surrenders. An outright sale returns the most capital and the most certainty but ends the sponsor's interest in the asset entirely. A refinancing returns less capital but keeps the asset, its income and its upside in the sponsor's hands. A sale-and-leaseback frees close to the full value while keeping the building in operational use. A partial joint venture frees some capital and brings in a partner while preserving a share of the upside. The right route is not the one that scores highest on any single measure, but the one whose whole profile fits the sponsor's objective and the asset in question.

The Gulf context sharpens this choice in several ways. The region's developers have built at scale through a long cycle, and by 2026 many hold substantial portfolios of completed and stabilised stock alongside continuing development pipelines. The capital tied up in that completed stock is capital that is not available for new land, new schemes, or the deleveraging that a maturing balance sheet often calls for. At the same time the buyer pool for completed Gulf assets has deepened and broadened, as regional family offices, sovereign-linked institutions and cross-border capital have all increased their appetite for stabilised, income-producing real estate. The result is that the monetisation decision is both more pressing and better served by liquidity than it was a decade ago, which makes a disciplined framework for the choice more valuable, not less.

The paper makes three contributions. First, it sets out the principal monetisation routes in a single comparable frame, so that they can be reasoned about side by side rather than considered in isolation. Second, it makes explicit the trade-offs that distinguish the routes, namely proceeds against control, speed against price, and present cash against retained upside, so that a sponsor can see what each route costs as well as what it returns. Third, it places the framework in the specific conditions of the Gulf market in 2026, with attention to the depth of the buyer pool by ticket size and to the pricing dynamics that determine how much value a given route will actually realise.

It is worth saying at the outset why the monetisation choice deserves treatment as a strategic rather than a purely transactional matter. The transactional view treats the question as one of execution: find a buyer or a lender, agree a price, and close. The strategic view recognises that the choice of route shapes the sponsor's balance sheet, its relationship with its capital providers, its tax and accounting position, and its capacity to pursue the next scheme, for years after the transaction closes. A sponsor that sells outright has cash and no asset; a sponsor that refinances has an asset, leverage and retained upside; a sponsor that enters a joint venture has a partner and a shared future. These are different strategic positions, not merely different prices.

A clarification of terms is useful before the analysis begins, because the vocabulary of monetisation is used loosely in practice and the looseness can obscure the choices involved. By completed and stabilised stock the paper means an asset that has been built, let to a satisfactory level of occupancy, and is generating stable income, or in the case of for-sale product an asset that has been built and largely sold through. By trapped equity it means the value of that asset above the debt secured against it, which belongs to the sponsor but cannot be spent until it is monetised. By a route it means a distinct transactional form for releasing that equity, of which the paper treats five principal kinds. These distinctions matter because a sponsor that has not decided what it means to monetise, or how much of the trapped equity it intends to free, cannot sensibly choose among the routes that follow.

It is also worth situating this paper within the wider arc of a developer's financing. Earlier in the cycle the sponsor is concerned with raising the capital to acquire land and to fund construction, and with the layering of senior debt, mezzanine and equity that funds the build. This paper concerns the opposite end of that arc, the point at which the build is complete, the risk is discharged, and the question is no longer how to fund the asset but how to harvest the value it now holds. The two ends are connected, because the equity freed at the harvesting end is the equity that funds the acquisition end of the next scheme, and a developer that cannot release its completed equity efficiently will find its pipeline starved however successful its individual schemes have been.

The remainder of the paper is structured as follows. Section 2 reviews the relevant literature and sets out the propositions that organise the analysis. Section 3 describes the illustrative framework and its assumptions. Section 4 presents the routes, the trade-offs among them, the depth of the buyer pool, and the pricing sensitivity, in the order of the propositions. Section 5 draws out the implications for sponsors and for the providers of take-out capital. Section 6 concludes. Appendices record the framework assumptions, a structuring checklist and a glossary.

2. LITERATURE REVIEW AND PROPOSITIONS

The monetisation of completed real estate sits at the intersection of several literatures: the literature on liquidity and the cost of illiquidity in real assets; the literature on sale-and-leaseback and the separation of ownership from use; the literature on refinancing and the take-out of construction finance; and the literature on partial sales, joint ventures and the value of retained interests. This section draws on each strand to build the propositions that organise the analysis.

2.1 Liquidity and the Cost of Illiquidity

Real estate is the canonical illiquid asset. A building cannot be sold in a moment at a known price; it must be marketed, priced, negotiated and conveyed, and the time and uncertainty involved impose a cost that is borne by the holder. The literature on illiquidity establishes that investors require a premium to hold assets they cannot readily sell, and that the size of that premium rises with the time and uncertainty of disposal. For a developer, the implication is that equity locked in a completed building carries an opportunity cost equal to the return it could earn if it were freed and redeployed, plus the illiquidity premium that the market charges for the asset's lack of ready saleability.

This literature also distinguishes between the liquidity of the asset and the liquidity of the holder. An asset may be intrinsically saleable, with a deep pool of willing buyers, yet the holder may still be unable to realise its value quickly because the disposal process takes time. Conversely, a holder may free capital quickly through a refinancing even where the asset itself would take many months to sell. The distinction matters because the monetisation routes differ precisely in how they navigate it: a sale relies on the asset's saleability, whereas a refinancing relies on the asset's capacity to support debt, and the two are not the same.

2.2 Sale-and-Leaseback and the Separation of Ownership from Use

A distinct literature concerns the sale-and-leaseback, the transaction in which an owner-occupier sells an asset and simultaneously leases it back, separating the ownership of the asset from its operational use. The classic rationale is that an operating business can free the capital tied up in its property without losing the use of the property, redeploying that capital into its core activity where it earns a higher return than bricks. The literature examines when this separation creates value, concluding that it does so where the seller's cost of capital exceeds the buyer's required yield, where the asset is not central to the seller's strategic flexibility, and where the lease can be structured to give the seller the security of tenure it needs.

For a developer, the sale-and-leaseback is relevant in two forms. The first is the conventional case where the developer occupies an asset, such as a headquarters or an operational facility, and frees the capital while retaining use. The second, and for this paper the more important, is the case where the developer has built an asset it intends to operate or hold, and uses a leaseback structure to free close to the full capital value while retaining operational control of the asset and a share of its economics. The literature's central insight, that ownership and use can be separated to the benefit of both parties where their costs of capital differ, carries directly into this developer context.

2.3 Refinancing and the Take-Out of Development Capital

A third strand of literature concerns the refinancing of completed assets and, in the project-finance tradition, the take-out of construction or development finance. The take-out is the moment at which the riskier, more expensive capital that funded the build is replaced by cheaper, longer-dated capital appropriate to a completed and stabilised asset. The literature treats the take-out as the natural endpoint of the development financing cycle, and shows that the value released by it is a function of the asset's stabilised income, the yield at which that income is capitalised, and the terms on which long-term debt is available.

The refinancing literature is important to this paper because it establishes that monetisation need not mean sale. A developer can free a substantial part of its trapped equity by refinancing a completed asset on the strength of its stabilised income, drawing down debt against the asset's now-lower risk and returning the proceeds to equity, while keeping the asset, its income stream and its future upside. The refinancing returns less capital than an outright sale, because it leaves debt in place and retains the asset, but it preserves the sponsor's interest, and it does so at a cost of capital that a stabilised asset can comfortably support.

2.4 Partial Sales, Joint Ventures and Retained Interests

A fourth literature concerns partial disposals, joint ventures and the value of retained interests. Where a sponsor sells a part of an asset, or brings in a partner alongside a retained stake, it frees a proportion of the capital while keeping a share of the asset's future. The literature on joint ventures and partial sales examines the trade-off this involves: the sponsor surrenders a share of the upside and accepts a partner's involvement in exchange for capital and, often, for the partner's skills, relationships or balance sheet. The value of the retained interest depends on the asset's prospects and on the terms of the partnership, and the literature is clear that a well-structured partial sale can free capital while preserving the most valuable part of the sponsor's economic interest.

2.4a The Gulf Market Context in 2026

These literatures were largely developed in the deep, liquid markets of North America and Western Europe, and their application to the Gulf requires attention to the features that distinguish the regional market. Three features bear most directly on monetisation. The first is the composition of the capital that buys completed assets. Alongside the institutional funds familiar from the literature, the Gulf market is shaped by a deep pool of regional family offices and private investors, by sovereign-linked institutions of considerable scale, and by an increasing flow of cross-border capital drawn to the yields that regional real assets offer. This mix gives the market a distinctive shape by ticket size, which the analysis examines directly.

The second feature is the structuring environment. A substantial share of regional capital is provided on terms consistent with Islamic finance, which shapes the form that sales, leasebacks and refinancings take, even where the economic substance is familiar. A sale-and-leaseback may be structured as an ijara, a refinancing as a commodity murabaha or a sukuk, and a partial sale through a musharaka. The economic trade-offs the paper analyses are not changed by these forms, but the forms matter to execution and to the pool of capital a route can reach, and a sponsor that ignores them narrows its options unnecessarily.

The third feature is the maturity of the regional development cycle by 2026. The leading Gulf developers have built at scale through a long expansion, and many now hold large portfolios of completed and stabilised assets alongside continuing pipelines. The capital tied up in that completed stock has become a strategic question in its own right, because it is capital that is neither funding new schemes nor returning to shareholders. The monetisation of completed stock has therefore moved from an occasional transactional matter to a recurring strategic one, which is the practical motivation for treating it systematically.

2.5 Synthesis and Propositions

Taken together, these literatures imply that the monetisation of completed stock is best understood not as a single transaction with a single best form, but as a choice among routes that differ systematically in what they return, what they cost, and what they leave the sponsor holding. The propositions that organise the analysis follow from this synthesis.

Proposition 1. Each monetisation route releases a different proportion of the trapped equity, from close to the full value in an outright sale to a smaller share in a refinancing or a partial joint venture.

Proposition 2. Each route releases equity at a different cost, where the cost comprises the transaction frictions, the yield or coupon the take-out capital requires, and the value of any upside surrendered.

Proposition 3. The routes trade off systematically against one another: proceeds against control, speed against price, and present cash against retained upside, so that no route dominates and the choice depends on the sponsor's objective.

Proposition 4. The realisable value of any sale or refinancing route depends on the depth of the buyer or lender pool for the asset, which in the Gulf varies markedly by ticket size and asset type.

Proposition 5. The value realised by a sale or take-out is highly sensitive to the yield at which stabilised income is capitalised, so that the pricing environment, as much as the route, determines the equity released.

3. DATA AND METHODOLOGY

This study is analytical. It uses a transparent, stylised framework whose assumptions are stated and whose purpose is to illuminate the structure of the monetisation choice rather than to forecast the outcome of any particular transaction. The figures in the paper are illustrative. They are designed to show the shape of the trade-offs, the relative position of the routes, and the direction and approximate magnitude of the sensitivities, not to provide precise valuations of specific assets.

3.1 The Monetisation Framework

The framework has four components. The first is a route map, which positions each monetisation route on two axes: the proportion of trapped equity it releases, and the speed and certainty with which it does so. The second is a trade-off analysis, which sets out for each route the proceeds, the cost of release, the control retained and the upside surrendered. The third is a demand analysis, which describes the depth of the buyer and lender pool for Gulf assets by ticket size. The fourth is a pricing analysis, which shows how the value realised by a sale or take-out responds to the yield at which stabilised income is capitalised.

The framework is organised around the trade-offs rather than around a single recommended route, because the central argument of the paper is that there is no single best route. The value of the framework lies in making the trade-offs explicit and comparable, so that a sponsor can match a route to an objective with its eyes open.

3.1a What the Framework Does and Does Not Do

It is important to be clear about the framework's scope. It is a tool for reasoning about the monetisation choice, not a valuation model and not a substitute for transaction-specific advice. It does not price any particular asset, it does not model the tax position of any particular sponsor, and it does not constitute investment, legal or tax advice. Its inputs are indicative and forward-looking, chosen to illustrate mechanics rather than to describe any real transaction. A sponsor contemplating a monetisation should take specific advice calibrated to its asset, its balance sheet and its jurisdiction.

What the framework does is provide a disciplined structure for the decision. It identifies the routes, sets out the trade-offs, locates the demand, and shows the pricing sensitivity, so that the sponsor's choice is informed by the structure of the problem rather than driven by the first route that presents itself.

3.2 Assumptions and Their Justification

The stylised inputs, namely the proportion of equity released by each route, the cost of release, the depth of demand by ticket size, and the pricing sensitivity, are chosen to be broadly representative of Gulf conditions in 2026 while remaining illustrative. The outright sale is assumed to release close to the full gross value net of transaction frictions, because it transfers the whole asset. The refinancing is assumed to release a smaller share, because it leaves senior debt in place and retains the asset. The sale-and-leaseback is assumed to release close to the full value at a cost that reflects the lease the seller takes on. The partial joint venture is assumed to release a share proportional to the interest sold. The pricing sensitivity is modelled through the standard relationship between capital value, stabilised income and the capitalisation yield. Table 1 records the base-case assumptions.

Table 1. Base-Case Assumptions for the Monetisation Framework

Parameter	Indicative base-case value
Investment sale: equity released	circa 92% of gross value, net of frictions
Sale-and-leaseback: equity released	circa 88% of gross value
Bulk / portfolio sale: equity released	circa 80% of gross value (portfolio discount)
Refinancing: equity released	circa 70% of gross value (debt retained)
Partial joint venture: equity released	proportional to interest sold, circa 55%
Investment sale: cost of release	circa 3.5% (transaction frictions)
Sale-and-leaseback: cost of release	circa 6.0% (lease assumed)
Refinancing: cost of release	circa 5.5% (coupon on retained debt)
Partial JV: cost of release	circa 7.5% (upside surrendered)
Take-out yield range modelled	5.5% to 9.5% capitalisation yield
Ticket-size buckets (buyer pool)	below AED 100m to above AED 1bn

Indicative, forward-looking assumptions used to illustrate the mechanics of the monetisation choice; not a valuation of any asset. See Section 3.

4. RESULTS AND DISCUSSION

This section presents the framework in the order of the propositions. It maps the routes, sets out the trade-offs, locates the demand, and shows the pricing sensitivity, drawing out the implications of each for the sponsor's choice.

4.0 The Five Routes Defined

Before mapping the routes against one another it is worth defining each precisely, because the differences between them are the substance of the choice. The paper treats five principal routes.

The outright investment sale is the sale of a completed, income-producing asset to a buyer for cash. It is the most complete form of monetisation, returning the full value of the asset, net of transaction costs, in a single transaction. It ends the sponsor's interest entirely: the asset, its income, its future appreciation and its debt all pass to the buyer. It is the route for a sponsor that wants the maximum capital, the maximum certainty, and a clean exit from the asset.

The sale-and-leaseback is the sale of an asset coupled with a simultaneous lease of it back to the seller. It frees close to the full capital value while keeping the asset in the seller's operational use. The seller exchanges ownership for a lease, and the rent on that lease is, in economic terms, the price of the capital freed. It is the route for a sponsor that needs the capital but needs to keep using the building, whether because the building houses its operations or because it operates the asset itself.

The bulk or portfolio sale is the sale of several assets together in a single transaction. It allows a sponsor to monetise a tranche of completed stock at once, and it can reach buyers who want institutional scale and will not transact for a single asset. Its cost is the portfolio discount, the reduction in price a buyer expects for taking a number of assets, including the less prime among them, in one transaction. It is the route for a sponsor monetising a tranche of stock efficiently and willing to accept a discount for the convenience of a single deal.

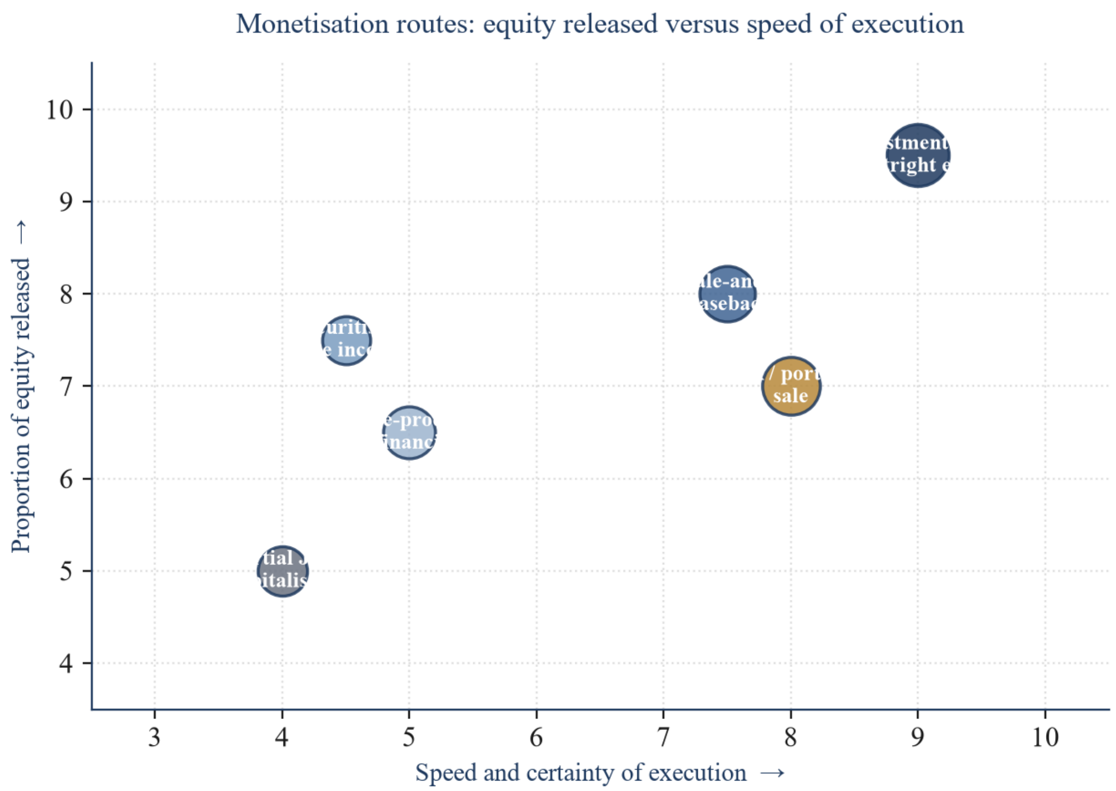
The refinancing is the drawing of new, longer-dated debt against a stabilised asset, with the proceeds returned to equity. It frees a smaller share of the value than a sale, because it leaves debt in place and retains the asset, but it keeps the asset, its income and its upside in the sponsor's hands. Its cost is simply the coupon on the new debt, which a stabilised asset can comfortably support. It is the route for a sponsor that wants some capital but wishes to keep the asset and its future.

The partial joint venture or recapitalisation is the sale of a part interest in an asset, or the introduction of a partner alongside a retained stake. It frees a proportion of the capital while preserving a share of the upside, and it often brings the partner's balance sheet, relationships or skills as well as capital. Its cost is the share of future upside surrendered, plus the partner's involvement in decisions. It is the route for a sponsor that needs capital but believes the asset has substantial upside still to come and wishes to keep a share of it.

4.1 The Routes and the Equity They Release

The starting point is the menu of routes and the equity each one frees. Figure 1 positions the principal routes on two axes: the proportion of trapped equity released, and the speed and certainty of execution. The figure makes the central point of the paper visible at a glance. The routes occupy different regions of the map, and no route sits in the top right corner of every dimension at once.

Figure 1. Monetisation routes mapped by equity released and speed of execution



Illustrative. The outright investment sale releases the most equity with the greatest certainty but ends the sponsor's interest; the refinancing and partial joint venture release less but retain the asset and its upside.

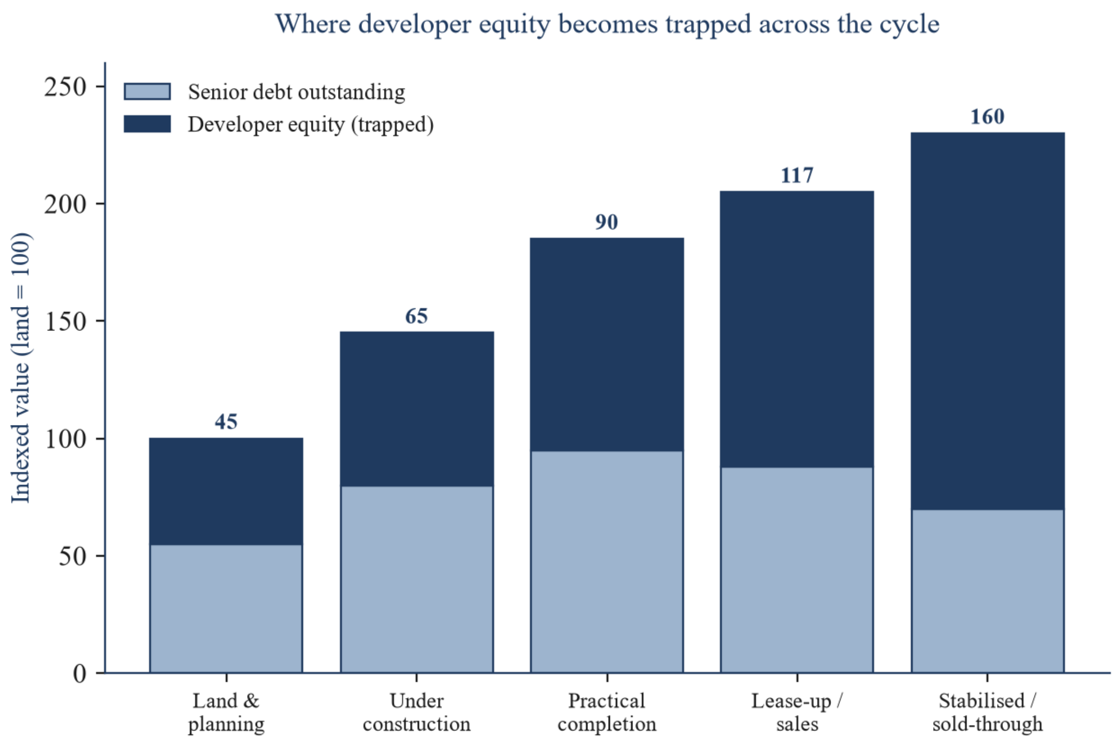
The figure supports Proposition 1. The outright investment sale sits toward the top right: it releases close to the full equity with high certainty, because it transfers the whole asset to a buyer for cash. The bulk or portfolio sale sits nearby, releasing a high proportion across several assets at once, though at a price that reflects the discount a buyer expects for taking a portfolio in a single transaction. The sale-and-leaseback releases close to the full value while keeping the building in use, at the cost of the lease the seller assumes. The refinancing and the partial joint venture sit lower and to the left: they release a smaller share of the equity, but they keep the asset, its income and its future upside in the sponsor's hands.

The practical implication is that the first question a sponsor must answer is not how to monetise but how much of the trapped equity it actually needs to free, and at what cost to its continuing interest. A sponsor that needs all of the capital and has no wish to retain the asset is pointed toward a sale. A sponsor that needs some capital but wants to keep the asset is pointed toward a refinancing or a partial sale. The route follows from the objective, not the other way round.

4.2 Where Equity Becomes Trapped

To understand the monetisation choice it helps to see where, in the development cycle, the equity becomes trapped in the first place. Figure 2 traces the value of a representative asset across the cycle, from land and planning through construction, practical completion, lease-up and stabilisation, and shows the developer's equity growing as a residual above the senior debt as the asset de-risks and appreciates.

Figure 2. Where developer equity becomes trapped across the development cycle



Illustrative. As the asset moves from land to stabilisation its value rises and the senior debt is repaid down, so the developer's equity grows as a residual; that equity is trapped until the asset is monetised.

The figure shows why the monetisation decision arises precisely at stabilisation. In the early phases the developer's equity is modest, because the asset is worth little more than the land and the partial build, and the senior debt absorbs much of the value. As the asset is completed, let and stabilised, its value rises and the development debt is repaid down, so the developer's equity grows into a large residual. It is at this point, when the equity is at its largest and the risk that justified holding it has been resolved, that the case for freeing the equity is strongest. The equity that was the reward for taking development risk has become idle capital once that risk has been borne and discharged.

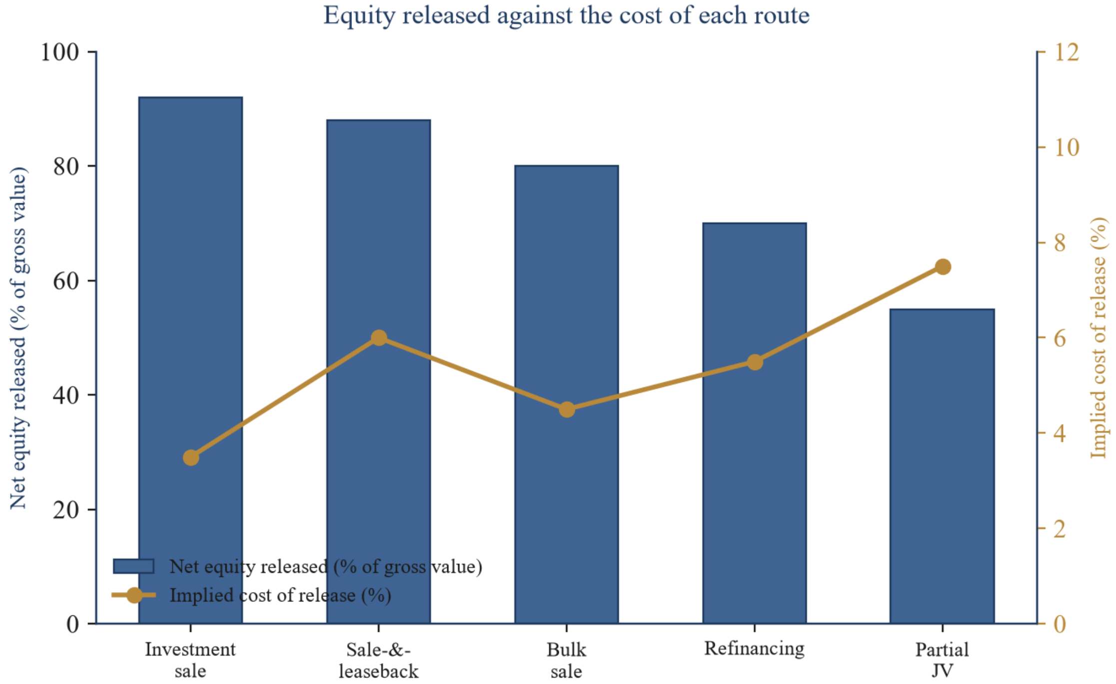
The figure also illustrates a subtler point about the cost of holding completed stock. Once the asset is stabilised, the trapped equity earns only the asset's income yield, which on a prime stabilised asset is modest by the standards of development returns. The sponsor's own cost of capital, by contrast, reflects the higher returns it could earn by redeploying that equity into new development. The gap between the two is the true cost of leaving the equity trapped: it is the difference between the development return the freed capital could earn and the income yield it earns sitting in completed bricks. For a developer whose comparative advantage is building rather than holding, that gap can be substantial, and it is the economic engine behind the case for monetisation.

This is also the point at which the take-out becomes available on its best terms. A stabilised asset, with contracted income and a track record of occupancy, can support cheaper, longer-dated debt than a development site, and it can be sold to a wider pool of buyers who want completed income rather than development risk. The moment at which the equity is most trapped is therefore also the moment at which it can be freed most cheaply, which is why monetisation is the natural counterpart to stabilisation.

4.3 The Cost of Each Route

Releasing equity is not free. Each route carries a cost, comprising the transaction frictions, the yield or coupon the take-out capital requires, and the value of any upside surrendered. Figure 3 sets the net equity released by each route against the implied cost of release, so that the two can be weighed together.

Figure 3. Net equity released against the implied cost of each route



Illustrative. The investment sale releases the most equity at the lowest frictional cost; the partial joint venture releases less and at a higher implied cost once surrendered upside is counted, but it preserves the sponsor's continuing interest.

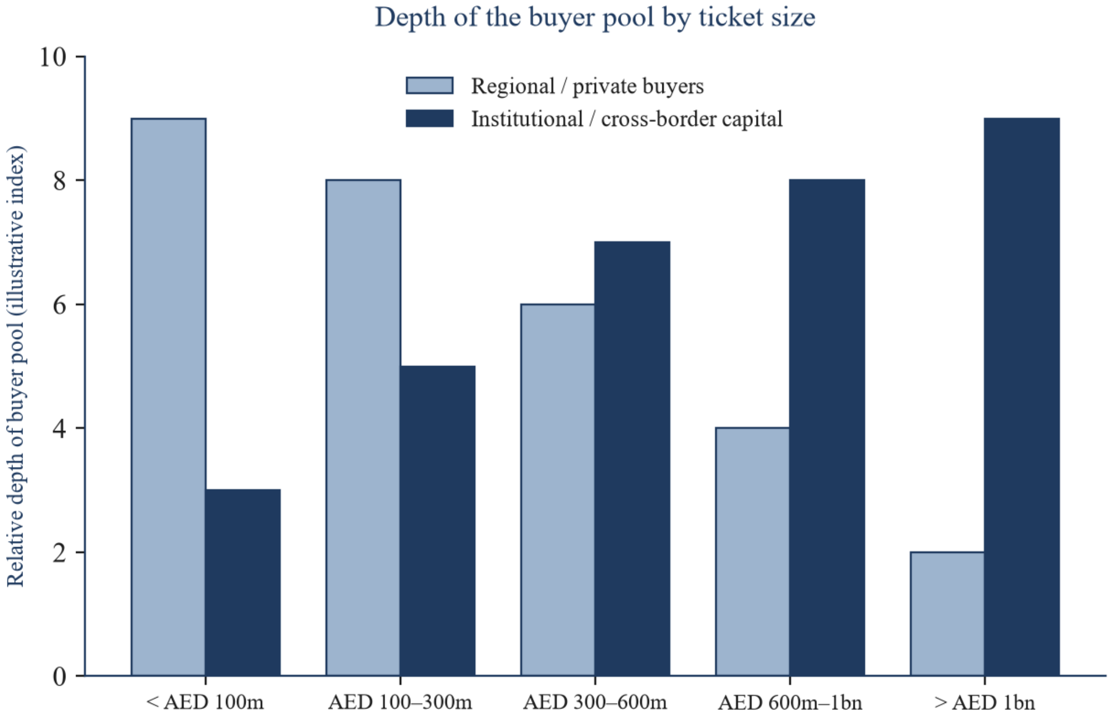
The figure supports Proposition 2. The outright investment sale releases the highest proportion of the gross value at the lowest implied cost, because its only frictions are the transaction costs of sale and it surrenders no retained upside, having sold the asset entirely. The bulk sale releases slightly less, reflecting the portfolio discount, but remains efficient. The sale-and-leaseback releases close to the full value but at a higher implied cost, because the seller takes on a lease whose rent is, in economic terms, the price of the capital freed. The refinancing releases less, because it leaves debt in place, but its cost is simply the coupon on the debt, which a stabilised asset can support. The partial joint venture releases the least and at the highest implied cost once the surrendered share of upside is counted, but it is the only route that both frees capital and keeps the sponsor in the asset's future.

The lesson is that the cost of release must be read alongside the equity released, not on its own. A route that releases a great deal of equity at a low frictional cost may nonetheless be the wrong route if it surrenders an asset the sponsor wished to keep. The implied cost of the partial joint venture looks high precisely because it captures the value of something the other routes do not preserve, namely the sponsor's continuing stake in the upside. The comparison is therefore not of cost alone but of cost against what each route leaves the sponsor holding.

4.4 The Depth of the Buyer Pool

Whether a route can be executed at all, and at what price, depends on the depth of the pool of buyers or lenders for the asset. A route is only as good as the demand that stands behind it. Figure 4 sets out, illustratively, the depth of the Gulf buyer pool by ticket size, distinguishing the regional and private buyers who dominate the smaller tickets from the institutional and cross-border capital that competes for the larger ones.

Figure 4. Depth of the Gulf buyer pool by ticket size



Illustrative. Regional and private buyers are deepest at smaller tickets, while institutional and cross-border capital is deepest at the largest tickets; the mid-market can be the thinnest segment for a single large asset.

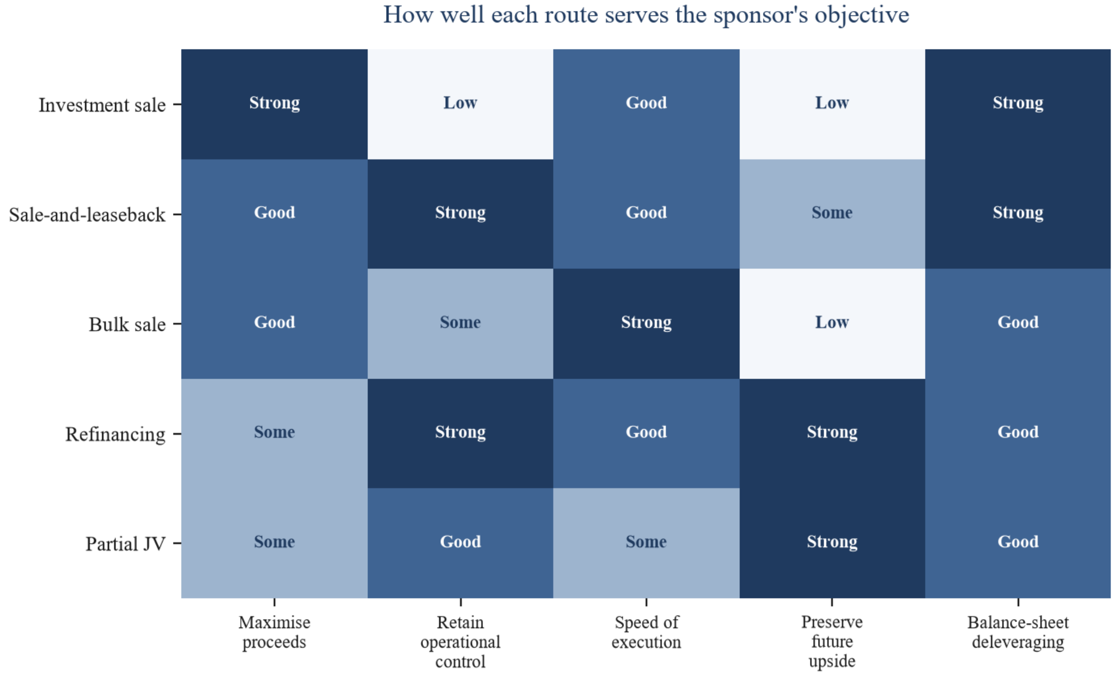
The figure supports Proposition 4. At the smaller end, below roughly AED 100 million, the pool is dominated by regional family offices, private investors and local funds, who are numerous and active but who tend not to write the largest cheques. At the largest end, above roughly AED 600 million and into the billions, the pool is dominated by institutional and cross-border capital, sovereign-linked investors, international funds and the credit and special-situations investors who provide take-out capital at scale. The middle of the range can be the most awkward, large enough to stretch the private buyers but not always large or trophy enough to draw the full institutional bid.

This shape has direct consequences for the monetisation choice. A sponsor with a single large asset in the mid-market may find that an outright sale is slow or priced at a discount, simply because the natural buyer pool is thin at that size. For such an asset a refinancing, which relies on the depth of the lending market rather than the buying market, or a partial sale, which brings in a single institutional partner rather than requiring a full-value buyer, may release capital more efficiently than a sale. Conversely, a portfolio assembled to reach institutional scale may attract the deep cross-border bid that no single asset within it could command, which is the logic of the bulk sale. The route should be matched to where the demand actually sits.

4.5 Matching the Route to the Objective

Because the routes trade off systematically against one another, the choice among them is best made by reference to the sponsor's objective. Figure 5 sets out, illustratively, how well each route serves five common objectives: maximising proceeds, retaining operational control, speed of execution, preserving future upside, and deleveraging the balance sheet.

Figure 5. How well each route serves the sponsor's objective



Illustrative. No route serves every objective; the investment sale maximises proceeds and deleveraging, the refinancing preserves control and upside, and the right choice depends on which objective the sponsor weights most heavily.

The figure supports Proposition 3, that the routes trade off against one another and no route dominates. The investment sale scores strongly on maximising proceeds and on deleveraging, because it returns the full value and removes the asset and its debt from the balance sheet, but it scores poorly on retaining control and preserving upside, because it ends the sponsor's interest. The refinancing is the mirror image: it scores strongly on retaining control and preserving upside, because it keeps the asset, but less strongly on proceeds and deleveraging, because it returns less capital and adds rather than removes debt. The sale-and-leaseback scores well on control and deleveraging at once, which is its distinctive appeal. The partial joint venture is the route for a sponsor that weights preserving upside highly while still needing capital.

The practical use of this mapping is to start the analysis from the objective rather than the route. A sponsor that needs above all to deleverage a stretched balance sheet is pointed toward a sale or a sale-and-leaseback. A sponsor that believes the asset has substantial upside still to come is pointed toward a refinancing or a partial sale. A sponsor that needs cash quickly and certainly is pointed toward whichever route the buyer pool can execute fastest for the asset in question. The framework does not dictate a route; it disciplines the match between the route and the objective.

4.5c A Worked Illustration

It may help to draw the threads together through a single illustrative example, stated in indexed terms and intended only to show how the framework is applied. Consider a sponsor holding a stabilised asset with an indexed gross value of 230, against which 70 of senior debt remains outstanding, leaving trapped equity of 160. The sponsor's objective is to free capital for its next scheme while, if possible, keeping a share of the asset's expected further appreciation.

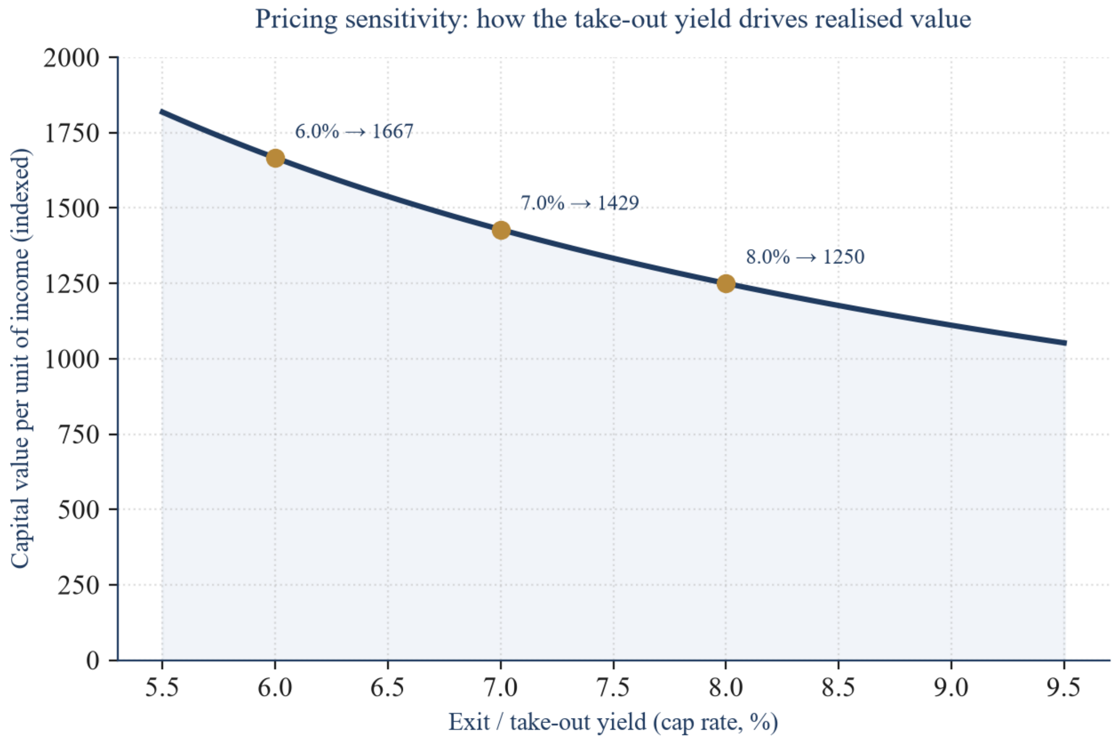
An outright sale at the carrying value would return roughly 222 net of frictions, repay the 70 of debt, and release about 152 of equity in cash, but it would end the sponsor's interest entirely and forfeit the expected appreciation. A refinancing might draw new debt of, say, 150 against the stabilised income, repay the existing 70, and return about 80 to equity, leaving the sponsor with the asset, its income, its upside and a larger debt balance. A partial joint venture selling half the equity interest might return about 76 in cash while preserving half of the future appreciation and bringing in a partner. Each releases a different amount, costs a different amount, and leaves the sponsor in a different position.

Given the sponsor's stated objective, namely to free capital while keeping a share of the upside, the refinancing and the partial joint venture fit better than the outright sale, even though the sale releases the most cash. Between the two, the choice turns on how much capital the sponsor needs and how much leverage it is willing to carry: the refinancing returns more cash but adds debt, while the partial sale returns less but brings a partner and shares the risk. The example is illustrative, but it shows the framework in use: the objective narrows the field, the trade-offs distinguish the survivors, and the buyer or lender pool and the pricing environment determine what each will actually deliver.

4.6 Pricing and the Take-Out Yield

Finally, the value that any sale or take-out actually realises depends on the yield at which the asset's stabilised income is capitalised. This is the single most important pricing variable, and a sponsor that does not understand its leverage on realised value can be surprised by the proceeds a transaction delivers. Figure 6 shows the relationship between the take-out yield and the capital value realised per unit of income.

Figure 6. Pricing sensitivity of realised value to the take-out yield



Illustrative. Capital value is the stabilised income divided by the take-out yield, so realised value rises sharply as the yield falls; a move of one percentage point in the yield can move realised value by a fifth or more.

The figure supports Proposition 5. Because capital value is, in essence, the stabilised income divided by the capitalisation yield, realised value is highly sensitive to that yield, and the sensitivity is greatest at low yields. A move of a single percentage point in the take-out yield can change the realised value by a fifth or more, which is to say that the pricing environment can matter as much to the equity released as the choice of route. A sponsor that secures a keen yield, because the asset is prime, the income is well covenanted and the buyer pool is deep, will free far more equity than one that must accept a higher yield on a weaker asset in a thinner market, even if both choose the same route.

This has two implications for timing and preparation. The first is that the work done to strengthen an asset's income, namely lengthening leases, improving covenants and lifting occupancy, feeds directly into the yield a buyer or lender will accept, and so into the value released. The second is that the state of the market for the asset class, which sets the prevailing yield, is a material input to the timing of a monetisation. A sponsor with the flexibility to choose when to monetise should weigh the prevailing yield environment, because the same asset and the same route can release materially different amounts of equity at different points in the cycle.

4.7 Accounting, Tax and Balance-Sheet Consequences

The routes differ not only in the cash they return but in how they appear on the balance sheet and in the tax and accounting treatment they attract, and a sponsor that weighs only the cash can be surprised by the wider consequences. An outright sale removes the asset and its debt from the balance sheet entirely, crystallising any gain or loss against the asset's carrying value and converting an illiquid holding into cash. This is the route that most cleanly deleverages a balance sheet, because it removes both the asset and the debt secured against it, and it is for that reason the route a sponsor under pressure to reduce gearing most often reaches for.

A refinancing has the opposite effect on the balance sheet. The asset remains, the new debt is added, and the gearing of the asset rises rather than falls. The sponsor has more cash and more debt, and a balance sheet that is larger and more leveraged, not smaller. For a sponsor that wishes to keep the asset and is comfortable with the additional leverage this is unobjectionable, but for a sponsor whose objective is to reduce gearing it is the wrong route, because it raises rather than lowers the debt.

A sale-and-leaseback occupies an intermediate position whose accounting treatment repays attention. The asset is sold and removed, which deleverages, but the lease the seller takes on creates a liability that, under current accounting standards, is recognised on the balance sheet as a right-of-use asset and a corresponding lease liability. The deleveraging is therefore real but partial, and a sponsor relying on a sale-and-leaseback to reduce reported gearing should understand how the lease will be recognised before assuming the transaction achieves the reduction it seeks. The partial joint venture, finally, may keep the asset on the balance sheet, remove it, or move it to equity accounting depending on the control retained, and the treatment turns on the fine detail of the partnership terms.

4.8 Sequencing and Timing Across a Portfolio

For a sponsor holding several stabilised assets, monetisation is not a single decision but a sequence of decisions, and the order in which the assets are monetised, and the routes chosen for each, can release more total equity at a lower blended cost than any uniform approach. The principle is to match each asset to the route and the buyer pool that suit it, and to time each monetisation to the pricing environment for its asset class. A prime asset with deep institutional demand may be sold outright when yields are keen; a mid-market asset with a thinner buyer pool may be refinanced rather than sold; a tranche of secondary stock may be bulked together to reach institutional scale.

Timing matters because the pricing environment moves, and the same asset and route can release materially different amounts of equity at different points in the cycle. A sponsor with the flexibility to choose when to monetise should sequence its disposals to sell into strength and to hold, or refinance, when the market for a given asset class is weak. A sponsor without that flexibility, because it needs the capital urgently, forfeits the option to time, and the cost of that lost option is one of the hidden costs of leaving monetisation until the capital is needed rather than planning it in advance.

The portfolio view also allows a sponsor to manage the market impact of its own selling. A sponsor that brings a large tranche of similar assets to market at once may depress the price it achieves, because it floods the buyer pool with supply. Sequencing the disposals, varying the routes, and spreading the timing all mitigate this effect, allowing the sponsor to monetise a large holding without competing against itself. The discipline of the portfolio view is, in this sense, a discipline of not releasing all the trapped equity through the same route at the same moment.

5. IMPLICATIONS

The framework carries implications for both sides of the monetisation transaction: for the sponsors who seek to free trapped equity, and for the credit and special-situations investors who provide much of the take-out capital at scale.

5.1 For Developers and Sponsors

For sponsors, the central implication is that monetisation is a decision to be planned, not an event to be reacted to. The sponsor that decides in advance how much equity it needs to free, what continuing interest it wishes to keep, and which objective it weights most heavily, can choose the route that fits and prepare the asset to be monetised on the best terms. The sponsor that waits until it needs the capital urgently is more likely to accept whichever route can be executed fastest, often at a worse price.

A second implication is that the routes are not mutually exclusive across a portfolio. A sponsor holding several stabilised assets can sell some outright, refinance others, and bring partners into others still, matching each route to the asset and to the part of the balance sheet it is trying to manage. The portfolio view often releases more total equity at a lower blended cost than a single route applied uniformly, because it places each asset with the route and the buyer pool that suit it best.

A third implication concerns preparation. Much of the value released by any route is determined before the transaction begins, by the quality of the income the asset produces and the clarity of the information a buyer or lender can rely on. Lengthening leases, improving covenants, lifting occupancy and assembling clean, verifiable records all lower the yield a counterparty will accept and so raise the equity released. The monetisation begins long before the asset is taken to market.

5.2 For Providers of Take-Out Capital

For the credit and special-situations investors who provide take-out capital, the framework offers a view of how the decision is framed on the other side of the table, which is valuable in structuring and pricing their offer. An investor who understands that a sponsor is choosing among routes, and weighting proceeds against control and upside, can structure a take-out that meets the sponsor's true objective rather than competing only on headline price. A refinancing structured to leave the sponsor its upside, or a partial recapitalisation that brings the investor in as a partner, may win where a full-value purchase offer would not, because it serves an objective the purchase does not.

The framework also points to where the most attractive take-out opportunities sit. The mid-market, where the buyer pool for an outright sale is thinnest, is precisely where a flexible provider of refinancing or partial recapitalisation capital faces the least competition and can earn the coupons that Gulf real assets offer. The investor who can write the awkward mid-market cheque, or who can structure a partial take-out that a sponsor prefers to an outright sale, is positioned where the demand for capital is strong and the supply of it is thinner.

5.3 Common Pitfalls in Practice

The framework also helps to identify the errors that recur in practice when monetisation is approached without discipline. The first and most common is to start from the route rather than the objective. A sponsor that decides it will sell, or will refinance, before it has decided how much capital it needs and what continuing interest it wishes to keep, is choosing the means before the end, and is liable to monetise too much or too little, or to surrender an asset it would have preferred to keep. The discipline of starting from the objective prevents this error.

The second pitfall is to ignore the depth of the buyer pool for the specific asset and to assume a sale can always be executed at the carrying value. A mid-market asset in a thin segment may not attract a full-value bid within a reasonable time, and a sponsor that has assumed it will may be forced into a discounted sale or a scramble for an alternative route. Locating the demand before committing to a route avoids this error. The third pitfall is to neglect the preparation of the asset, bringing to market a building whose leases are short, whose covenants are weak, or whose records are incomplete, and then accepting the higher yield and lower price that such an asset commands. Much of the value released is determined before the transaction begins, and a sponsor that skips the preparation pays for it in the pricing.

The fourth pitfall is to leave monetisation until the capital is needed urgently, forfeiting the option to time the disposal to the pricing environment and to sequence it across a portfolio. The sponsor that plans its monetisation in advance can sell into strength and prepare its assets; the sponsor that reacts to a funding need takes whatever route can be executed fastest, usually at a worse price. The common thread through all four pitfalls is the absence of a plan, and the remedy in each case is to treat monetisation as the strategic decision it is rather than the transactional afterthought it is too often allowed to become.

6. CONCLUSION

A completed building is not released capital. The equity a developer earns by building, letting and stabilising an asset remains trapped until it is monetised, and the choice of how to free it, and how much to free, is a strategic decision in its own right. This paper has set out the principal monetisation and take-out routes available to Gulf developers in 2026, namely the investment sale, the sale-and-leaseback, the bulk sale, the refinancing and the partial joint venture, and has framed the choice among them as a structured trade-off rather than a search for a single best route.

The argument has been that each route releases a different proportion of the trapped equity, at a different cost, with a different effect on the control retained and the upside surrendered, and that the right route is the one whose whole profile fits the sponsor's objective and the depth of the buyer pool for the asset. The investment sale frees the most capital and the most certainty but ends the sponsor's interest. The refinancing frees less but keeps the asset and its upside. The sale-and-leaseback frees close to the full value while keeping the building in use. The partial joint venture frees some capital while preserving a share of the future. None dominates, and the choice is a matter of matching the route to the objective.

For the sponsor, the practical message is to plan the monetisation, to prepare the asset, to take the portfolio view, and to start from the objective rather than the route. For the provider of take-out capital, the message is that the sponsor is choosing among routes and weighting more than price, and that the most attractive opportunities sit where the buyer pool for an outright sale is thinnest. Freed with discipline, the equity trapped in completed Gulf stock is not idle capital but the fuel for the next scheme, the deleveraging of a maturing balance sheet, and the return to the shareholders who funded the build.

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Chennakeshav (CK) Adya is an independent researcher and corporate-finance practitioner with more than 25 years of experience across real-estate finance, structured credit and capital markets, with a particular focus on the Gulf. His work examines how developers and asset owners raise, structure and release capital across the development and ownership cycle, and how the providers of debt, mezzanine and equity capital price and structure their participation in real assets. This paper forms part of a series on real-estate finance in the Gulf, written for sponsors raising capital and for the institutions that provide it.

APPENDIX A. BASE-CASE ASSUMPTIONS

The table below records the stylised assumptions used in the framework. They are indicative, forward-looking and illustrative, not a valuation of any asset.

Table A1. Full Base-Case Assumptions

Parameter	Indicative base-case value
Investment sale: equity released	circa 92% of gross value, net of frictions
Sale-and-leaseback: equity released	circa 88% of gross value
Bulk / portfolio sale: equity released	circa 80% of gross value (portfolio discount)
Refinancing: equity released	circa 70% of gross value (debt retained)
Partial joint venture: equity released	proportional to interest sold, circa 55%
Investment sale: cost of release	circa 3.5% (transaction frictions)
Sale-and-leaseback: cost of release	circa 6.0% (lease assumed)
Refinancing: cost of release	circa 5.5% (coupon on retained debt)
Partial JV: cost of release	circa 7.5% (upside surrendered)
Take-out yield range modelled	5.5% to 9.5% capitalisation yield
Ticket-size buckets (buyer pool)	below AED 100m to above AED 1bn

Indicative, forward-looking assumptions used to illustrate the mechanics of the monetisation choice; not a valuation of any asset. See Section 3.

APPENDIX B. MONETISATION STRUCTURING CHECKLIST

The following checklist distils the framework into the questions a sponsor should answer before monetising completed stock.

- Have we decided how much of the trapped equity we actually need to free, and at what cost to our continuing interest?
- Have we identified which objective we weight most heavily: proceeds, control, speed, retained upside, or deleveraging?
- Have we matched each asset to the route whose trade-off profile fits that objective?
- Have we located the buyer or lender pool for the asset at its ticket size, and chosen a route the pool can actually execute?
- Have we taken the portfolio view, placing each asset with the route and pool that suit it, rather than applying one route uniformly?
- Have we strengthened the asset's income, by lengthening leases, improving covenants and lifting occupancy, before taking it to market?
- Have we considered the prevailing take-out yield and its leverage on realised value in timing the monetisation?
- Have we assembled clean, verifiable records so that a buyer or lender can price the asset on its merits rather than discount for uncertainty?

APPENDIX C. GLOSSARY OF KEY TERMS

The following glossary defines the principal technical terms used in this paper.

Trapped equity. The value a developer has earned by building, letting and stabilising an asset, which remains locked in the asset and on the balance sheet until it is monetised.

Monetisation. Any route that converts trapped equity into liquid capital, whether by sale, refinancing or partial disposal.

Take-out. The replacement of riskier, more expensive development-phase capital with cheaper, longer-dated capital appropriate to a completed and stabilised asset, whether through sale to a buyer or refinancing by a lender.

Investment sale. The outright sale of a completed, income-producing asset to a buyer for cash, which frees the full value but ends the sponsor's interest.

Sale-and-leaseback. A transaction in which the owner sells an asset and simultaneously leases it back, freeing the capital while retaining the use of the asset.

Bulk sale. The sale of several assets in a single portfolio transaction, which can reach institutional scale but typically attracts a portfolio discount.

Refinancing. The drawing of new, longer-dated debt against a stabilised asset, returning proceeds to equity while retaining the asset, its income and its upside.

Partial joint venture. The sale of a part interest in an asset, or the introduction of a partner alongside a retained stake, which frees some capital while preserving a share of the upside.

Recapitalisation. The restructuring of an asset's capital, often through a partial sale and new debt or equity, to free capital and reset the ownership structure.

Stabilisation. The point at which an asset is built, let and generating stable income, supporting the cheapest take-out and the deepest buyer pool.

Capitalisation yield. The yield at which an asset's stabilised income is converted into a capital value; a lower yield implies a higher value.

Buyer pool. The set of investors willing and able to acquire an asset, whose depth varies by ticket size, asset type and market conditions.

Cost of release. The total cost of monetising trapped equity, comprising transaction frictions, the yield or coupon the take-out capital requires, and the value of any upside surrendered.

Retained upside. The share of an asset's future appreciation and income that a sponsor keeps after a monetisation, which is full in a refinancing, partial in a joint venture, and nil in an outright sale.

Portfolio view. The practice of matching each asset in a portfolio to the monetisation route and buyer pool that suit it best, rather than applying a single route uniformly.