PROJECT CONSTRUCTION FINANCE

Escrow-Backed Revolving Facility — Information Sheet

This information sheet sets out the indicative terms and working mechanism of a revolving construction-cost financing facility made available by a Private Finance Company (the “Financer”) to a real estate developer (the “Developer”), secured by a first charge over the assignment of the project's RERA escrow account receivables. It is intended for discussion purposes only and does not constitute a binding offer, commitment, or legal/financial advice.

1. KEY COMMERCIAL TERMS

Term	Description
Facility Type	Revolving construction-cost financing facility, secured against project escrow receivables
Facility Limit	Up to AED 60,000,000 (or such other amount as approved by the Financer for the specific project)
Gross Cost of Finance	12% – 14% per annum (inclusive of 10-12% interest and , on amounts utilised & 2% annual fee)
Advisory Fee	2% one-time, payable on the approved/utilised facility amount
Security	First-ranking charge over, and assignment of, the project's RERA-regulated escrow account receivables
Utilisation	Direct payments to one or more contractors approved by the Financer, for costs relating to the specific project
Repayment Source	Progressive escrow releases from RERA, applied first to interest and fee, then to principal
Facility Structure	Revolving - the limit is reinstated as repayments are received, for re-utilisation until project completion

Note: The 12%–14% range represents the all-in gross cost of finance (interest plus fee) per annum, and will vary based on project risk profile, tenor, and escrow release schedule, as assessed by the Financer.

2. SECURITY STRUCTURE

The facility is secured on a first-charge basis over the project's escrow account, structured as follows:

- The Financer takes an assignment of the receivables in the project's RERA-regulated escrow account.
- This assignment is registered as a first charge, ranking ahead of any other claim over the escrow receivables.
- The charge is specific to the project for which the facility is approved and does not extend to the Developer's other projects unless separately agreed.

3. FACILITY MECHANISM

The facility operates as a revolving limit, tied directly to the construction and escrow-release cycle of the project:

1. Limit Creation — The Financer establishes a facility limit for the Developer, up to AED 60 million (or such other amount as approved for the specific project).
2. Utilisation — The Developer draws on the limit to pay construction costs directly to one or more contractors that have been approved by the Financer in relation to the project.
3. Construction Progress — The approved contractor(s) use these funds to carry out construction work up to the next contractual/payment milestone.
4. Escrow Release — On achievement of the milestone, RERA authorises a progressive release of funds from the project escrow account.
5. Repayment to Financer — The escrow release is applied to pay the Financer the accrued interest and fee, together with the principal drawn against that tranche.
6. Limit Reset — Once repaid, the facility limit resets to the extent of the amount repaid, becoming available for the Developer to draw again.
7. Cycle Repeats — The Developer re-utilises the reinstated limit for the next phase of construction, and the draw → build → escrow release → repay → reset cycle continues through to project completion.

4. ILLUSTRATIVE CYCLE

Each milestone in the project broadly follows the same four-stage loop:

- Draw — Developer utilises the available limit to pay an approved contractor.
- Build — Contractor completes work up to the next milestone.
- Release — RERA escrow progressively releases funds tied to that milestone.
- Repay & Reset — Financer is repaid interest + principal from the release, and the limit resets for the next cycle.

5. KEY FEATURES

- Facility is self-amortising within each cycle — every escrow release directly services the corresponding drawdown.
- Funds are disbursed only to Financer-approved contractors for project-related construction costs, ensuring end-use control.
- Revolving structure allows the Developer to access financing repeatedly across the construction timeline without renegotiating a new facility at each stage.
- Financer's exposure at any time is limited to the amount currently drawn and outstanding, not the full facility limit.

6. INDICATIVE COST SUMMARY

- Gross interest rate + fee: 12% – 14% per annum on (10-12% on utilised amounts) & (2% fixed annual fee)
- Advisory fee: 2%, one-time, payable on the approved/utilised facility amount.