Off Plan *Payment* Plans

The single most powerful leverage tool in Dubai property, and the one most investors never fully understand. Here is how they actually work.

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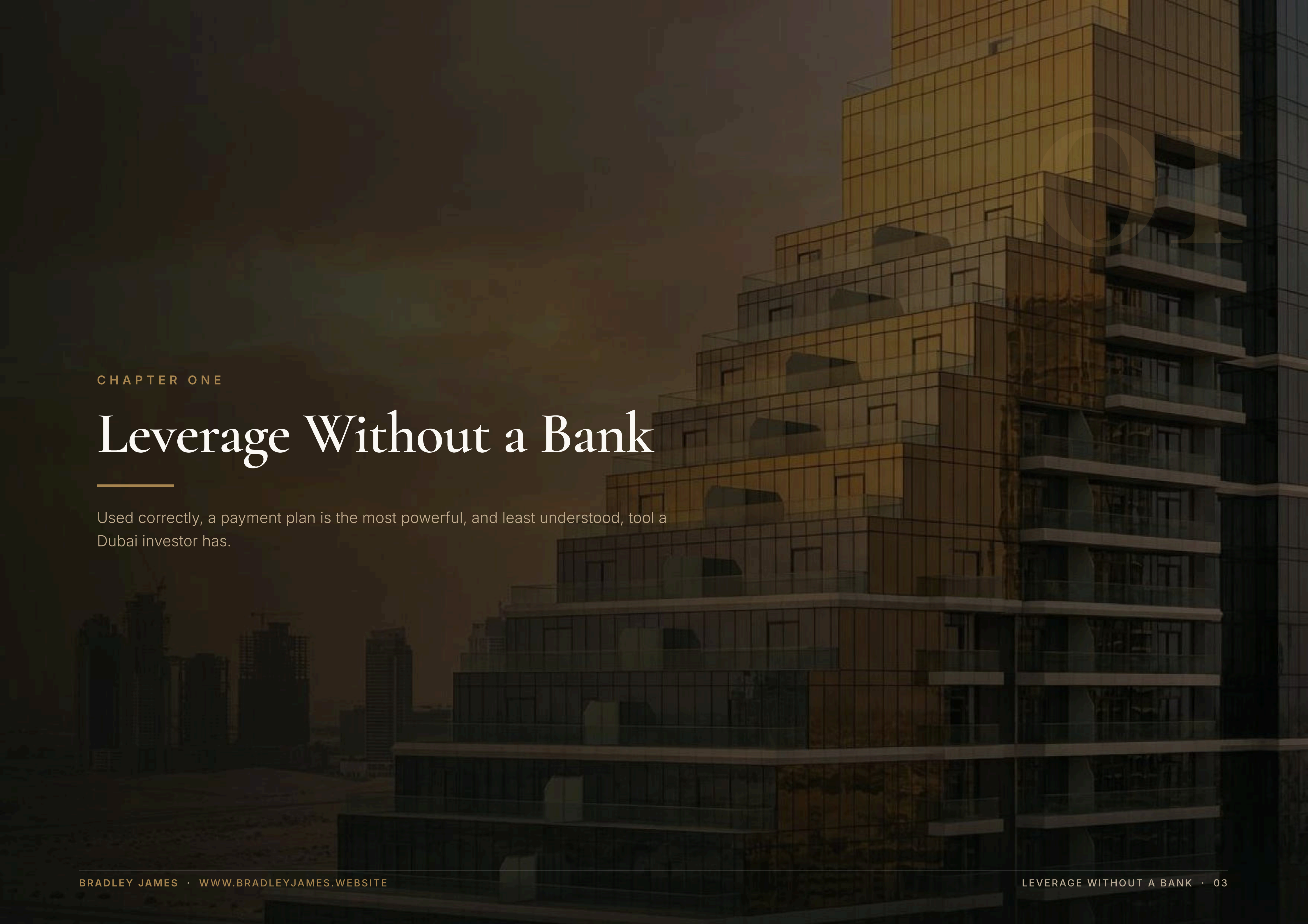
What This Guide Covers



CHAPTER ONE

Leverage Without a Bank

Used correctly, a payment plan is the most powerful, and least understood, tool a Dubai investor has.

CHAPTER 01 · THE IDEA

The Leverage Most Investors Miss

Used correctly, an off-plan payment plan is the single most powerful leverage tool available to a Dubai property investor, and it does not involve a bank.

Most investors assume off-plan simply means paying instalments during construction. That is one structure of three. The right plan lets you control a whole property while deploying a fraction of its value, and it changes the number that actually matters: your return on the capital you have actually put in, not on the full sticker price.

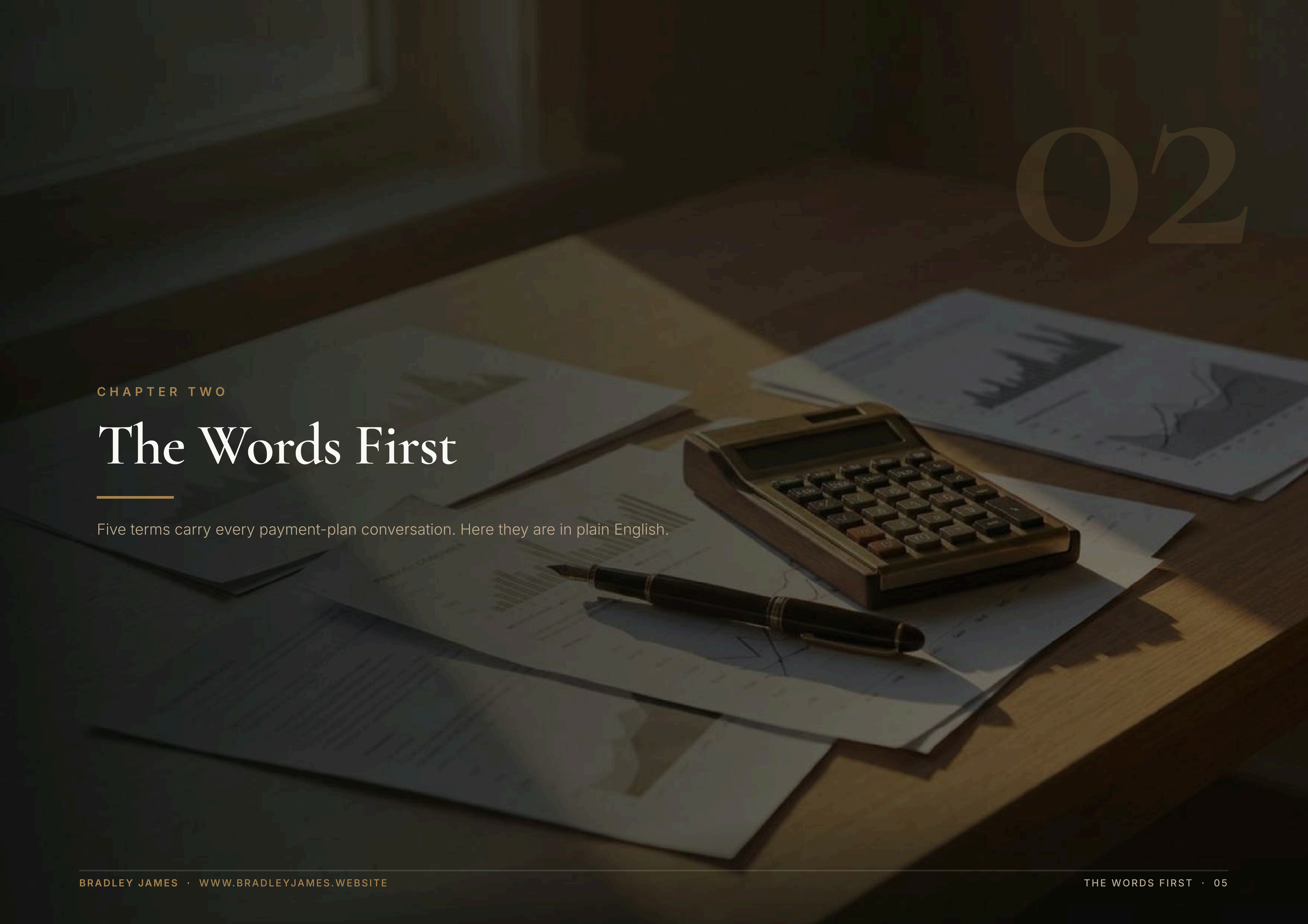
This guide explains the three main structures, why return on capital deployed is the metric that counts, the five mistakes that turn a plan into a trap, and how to match a structure to your own objective before you sign.

◆ AT A GLANCE

- There are three main structures: construction-linked, balanced and post-handover.
- A post-handover plan lets rental income service part of the balance.
- The metric that matters is return on capital deployed, not on the full price.
- The balloon payment at handover is where most plans go wrong.
- The right structure depends on your liquidity, your goal and your exit.

◆ THE POINT

"Most investors model returns on the full purchase price. The right model is return on the capital you actually deploy."



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CHAPTER TWO

The Words First

Five terms carry every payment-plan conversation. Here they are in plain English.

The Language of a Payment Plan

Payment plans hide a lot of their risk and their power in a few technical terms. Knowing them is what lets you compare two plans properly rather than by the monthly number alone.

◆ **CONSTRUCTION-LINKED**

Instalments paid in stages as the building rises, with a large share due at handover. The classic off-plan structure.

◆ **POST-HANDOVER**

A plan where a portion of the price is paid after you take possession, often serviced from rental income. The most capital-efficient structure.

◆ **THE BALLOON PAYMENT**

The large lump due at handover on a construction-linked plan. Without finance or liquidity ready for it, handover becomes a forced event rather than an opportunity.

◆ **RETURN ON CAPITAL DEPLOYED**

Your return measured against the money you have actually put in, not the full price. It is the number that reveals the real leverage.

◆ **THE SPA**

The Sale and Purchase Agreement. Its cancellation and grace-period clauses decide what happens if you miss an instalment, and they vary widely.

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CHAPTER THREE

The Three Structures

Off-plan is not one payment plan. It is three, and they carry very different cash-flow profiles.

CHAPTER 03 · THE OPTIONS

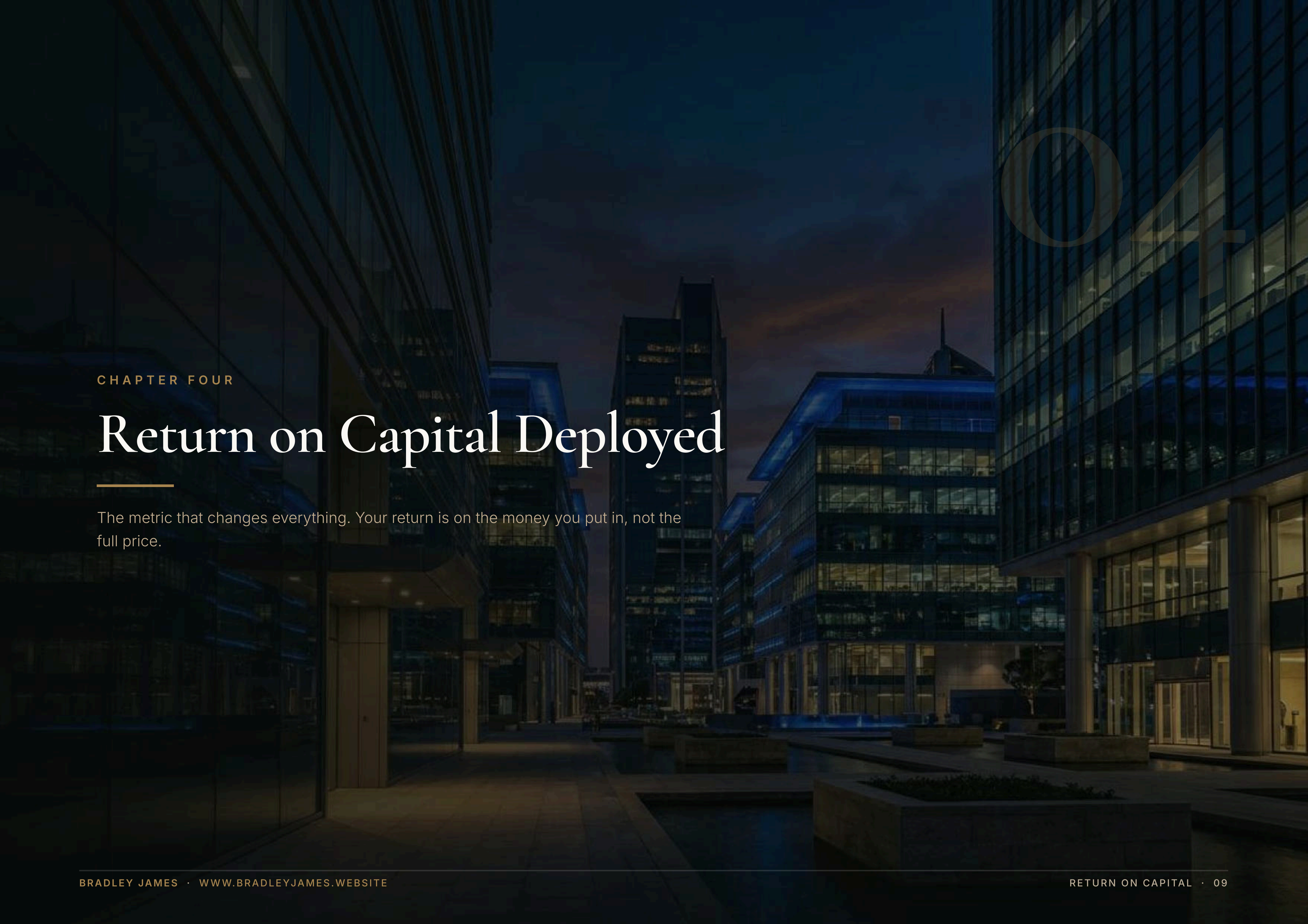
Construction-Linked, Balanced, Post-Handover

There are three main structures, and the difference between them is where the money falls. The right one for you depends entirely on your liquidity and your plan for the property.

STRUCTURE	THE SPLIT	WHAT IT MEANS
Construction-linked (40/60)	40% during the build, 60% at handover	Needs a mortgage or liquidity ready for handover
Balanced (50/50)	An equal split across build and handover	Smoother cash flow, but still a handover balance
Post-handover (30/70)	30% during the build, 70% paid after handover	Rental income can service much of the balance

◆ WHICH FITS WHOM

Construction-linked suits a buyer with handover finance lined up. A balanced plan eases the build-phase strain. Post-handover suits an investor who wants maximum capital efficiency and can let the property earn while they pay it down. None is 'best' in the abstract; the best is the one that matches your cash.



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CHAPTER FOUR

Return on Capital Deployed

The metric that changes everything. Your return is on the money you put in, not the full price.

CHAPTER 04 · ILLUSTRATIVE MODEL

Why the Structure Changes the Return

Here is the insight most investors miss. Your return is not calculated on the full price; it is calculated on the capital you have actually deployed. The less you must put in early, the higher your return on that capital. The chart below shows the capital at entry for the same illustrative AED 2 million property under each structure.

CAPITAL DEPLOYED DURING CONSTRUCTION, ON AN ILLUSTRATIVE AED 2M PROPERTY

Illustrative only. Capital shown is the build-phase share of an AED 2M price; the handover balance follows. Figures are rounded and are not a forecast.

◆ THE LEVERAGE EFFECT

On a post-handover 30/70 plan you might deploy AED 600,000 at entry to control a AED 2 million asset. Any appreciation is measured against that AED 600,000, not the full price, which is what makes the return on capital deployed so much higher than the headline yield suggests.

◆ TAKEAWAY

"Less capital in early, for the same asset, means a higher return on the capital you actually put to work."

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CHAPTER FIVE

Five Common Mistakes

The same tool that builds leverage can build a trap. These five are where investors get caught.

What Investors Get Wrong With Payment Plans

A payment plan is leverage, and leverage cuts both ways. Almost every plan that goes wrong does so through one of these five mistakes, and every one of them is avoidable up front.

1. **Choosing by the monthly instalment size.**
The cheapest monthly payment is not the best deal. A low build-phase instalment with a large handover balloon can create a cash-flow crisis if you cannot refinance in time.

2. **Not modelling the balloon payment.**
A 40/60 plan means 60% is due at handover. Without mortgage pre-approval or liquidity, handover becomes a forced event rather than an opportunity.

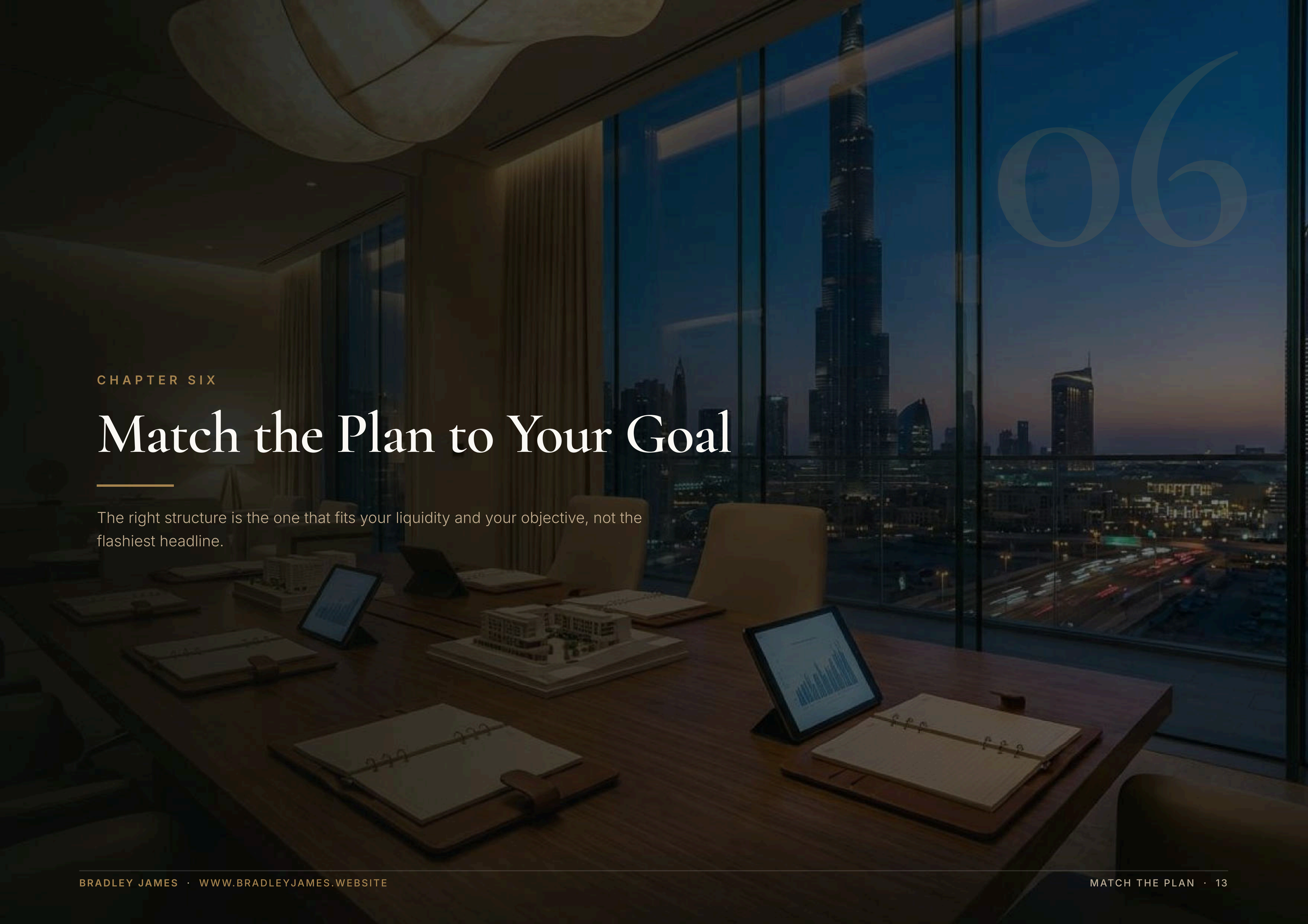
3. **Ignoring the developer's track record.**
A post-handover plan is only as good as the developer's ability to deliver on time. A delayed handover means delayed income and a delayed repayment clock.

4. **Not reading the SPA cancellation clauses.**
Miss an instalment and the consequences vary widely. Some plans allow grace periods; others cancel with partial forfeiture of what you have paid.

5. **Treating all post-handover plans as equal.**
A two-year and a five-year post-handover plan on the same property have very different cash-flow profiles. Model the full schedule before committing.

◆ RED FLAGS

- A plan sold on its low monthly figure, with the balloon barely mentioned.
- No mortgage pre-approval in place for a large handover balance.
- A post-handover plan from a developer with a weak delivery record.
- SPA cancellation terms that forfeit paid amounts with no grace period.



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CHAPTER SIX

Match the Plan to Your Goal

The right structure is the one that fits your liquidity and your objective, not the flashiest headline.

CHAPTER 06 · CHOOSING

How to Pick the Right Structure

The best plan is not the one with the lowest entry or the longest tail; it is the one that matches what you are trying to do. Work from your objective backwards, not from the brochure forwards.

IF YOUR GOAL IS	BEST STRUCTURE	WHY
Maximum capital efficiency	A post-handover 30/70 plan	Least capital in early; rent services the tail
Income from day one	A ready unit or a completed post-handover plan	The property earns while you pay it down
Certainty and simplicity	A balanced 50/50 plan	Predictable cash flow, no large single shock
A planned handover mortgage	A construction-linked 40/60 plan	Low build-phase outlay if the handover finance is ready

◆ MODEL IT FIRST

Before you commit, model the full schedule: every instalment, the balloon, the expected rent and your exit date. A plan that looks effortless on a summary sheet can be punishing on a month-by-month schedule. The schedule never lies.

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CHAPTER SEVEN

Straight Answers

The questions investors actually ask about payment plans, answered plainly, plus the points to keep.

CHAPTER 07 · FAQ

The Questions Investors Actually Ask

Q. What is a post-handover payment plan, exactly?

A structure where a portion of the price, often the larger share, is paid after you take possession of the property rather than during construction. Because you can let the unit and use the rental income to help service that balance, it is the most capital-efficient of the three main structures.

Q. Why does return on capital deployed matter more than yield?

Because it reflects the leverage. If you control a AED 2 million asset having deployed AED 600,000, any appreciation is measured against the AED 600,000 you actually put in, not the full price. That is what makes the effective return far higher than the headline rental yield alone suggests.

Q. What is the biggest risk in a payment plan?

The balloon payment. On a construction-linked plan, a large share falls due at handover. If you have not lined up a mortgage or the liquidity for it, handover turns from an opportunity into a forced sale or a scramble. Model and pre-arrange the balloon before you sign, not after.

Q. What happens if I miss an instalment?

It depends entirely on the SPA. Some plans give grace periods; others allow cancellation with partial forfeiture of what you have paid. This is why reading the cancellation clauses before committing matters as much as the payment schedule itself.

Q. Does the developer matter for a payment plan?

Very much, especially post-handover. The whole plan assumes the property is delivered on time so it can start earning. A weak developer that delivers late means delayed income against a repayment clock that has already started. Plan selection and developer selection are the same decision.

Q. How do I choose between the three structures?

Work backwards from your objective and your liquidity. Post-handover for maximum capital efficiency, a ready or completed unit for immediate income, a balanced plan for predictable cash flow, and construction-linked if you have handover finance ready. The right plan is the one your cash flow can actually carry.

CHAPTER 07 · REMEMBER THIS

The Five Points to Keep

If you take nothing else from this guide, take these five. They turn a payment plan from a monthly number into a strategy.

1. **A payment plan is leverage without a bank.**
   It lets you control a whole asset while deploying a fraction of its value.
2. **Measure return on capital deployed.**
   Not on the full price. That is where the real leverage shows up.
3. **Respect the balloon payment.**
   Line up the handover finance before you sign, never after.
4. **Read the SPA cancellation clauses.**
   What happens if you miss a payment varies widely, and it matters.
5. **Match the structure to your goal.**
   Capital efficiency, income or certainty each point to a different plan.

REFERENCES & SOURCES

Every Figure, Sourced

Every statistic in this guide is attributed. Where sources differ, a range is used. Links are live and clickable.

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WORK WITH BRADLEY JAMES

The Right Plan Structures the Entire Deal.

◆ ABOUT BRADLEY

Not a broker, an advisor. I built a business in the UK and spent more than a decade advising people from all walks of life, before moving to Dubai and joining M&M Real Estate to work at a higher strategic level than the typical transactional broker. I specialise exclusively in off-plan investment for overseas and high-net-worth clients, I put my own capital into the projects I recommend, and my business is more than 80% referral-driven, because every client came through someone who trusted me first.

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