

Kingdom of Bahrain مملكة البحرين

مؤسسة التنظيم العقاري  
Real Estate Regulatory Authority



## RERA Operating Guidelines

Financing Plan for Off-Plan Sale Real Estate  
Development Projects



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CONFIDENTIAL DRAFT



## **1 Background to Financing Plan Requirements**

Article 20 of Law 27 of 2017 – Real Estate Sector Regulation (“the Law”) requires a Developer to submit with a Development License application “the main particulars related to the methods of financing the off-plan sale project”.

This guideline document sets out the requirements for submitting the Financing Plan.

The Financing Plan will comprise of a number of documents;

- Completed Finance Plan Template in the form prescribed by RERA.
- Market Research to support the Sales Plan assumptions.
- Percentage of units to be sold Off-Plan before the Development will commence.
- Details of any Loan Financing including, committed Loans and uncommitted loans.
- Supporting letters from Financing Banks confirming loans.
- Details of the Equity Investment (Developer own Funds) to be invested into the project.
- Guarantee Letter from the Developer that the Equity Funds will be invested in the Project.
- Certification of the Financing Plan by the Development Company’s Auditors

## **2 Financing Plan Template**

RERA has developed a Finance Plan Template in Microsoft Excel that sets out the minimum amount of information that is required to be submitted with a Finance Plan.

It is not required to use the RERA Template, if the Developer already has a Financing Plan Template for their projects, however, it is compulsory to complete all of the information in the Template in all Finance Plans submitted with a License Application.

The White cells in the Template are the cells that are required to be completed. The other cells are locked and so cannot be changed.

## **3 Details of sources of funding for the Project**

Article 22 B. provides that “The developer may not rely entirely on the funds and amounts received from the buyers of the off-plan property units for financing the project.”

RERA requires the Finance Plan Application to detail the amount of Development Funding to be provided by:

- Off – Plan Sales
- Developer’s own Capital
- Loan Financing Facilities split by Committed and Uncommitted Facilities
- Confirmation that the proceeds of any Mortgage Financing over the Land or the Development have been or will be paid into the Project’s Escrow Account.

Where loan financing is being used by the Development Project, the lending Bank must provide a letter confirming;

- Amount of the Loan Facility
- Term of the Loan Facility
- Nature of the Loan Facility
  - Committed or Uncommitted
  - Revolving Drawdown or Term Loan
  - Repayment terms for Principal of Loan. Periodic or Bullet payment at the end of the term?
- Details of any Loan Security or assets pledged.

#### **4 Off Plan Sales Assumptions**

The 2nd Tab of the Financing Plan Template looks at Revenue and Sales Assumptions.

- 1) Please provide a copy of any third party or internal Market Research, that supports the Sales Assumptions in the Financing Plan.
- 2) Provide Details of the units for Sale in the Project.
  - Type of units number of Units of each type
  - Sales Price assumptions
  - Assumptions for % of Units sold through the life of the project.
  - Detail the cashflow impact of the Sales assumptions taking account of the Buyer stage payments at each stage of construction.

Units	Type	Price	% of units sold at Construction Completion Stage					
			Pre Start	20%	40%	60%	80%	100%
A	Villa	BDXXXXXX						
B	Apt							
C								
D								

#### **5 Cost and Cashflow Assumptions**

The 3rd Tab of the Template deals with Costs and Cashflow for the project. The first column relates to costs of the project that are already spent so could include Land Purchase or

- 1) All cost assumptions must be confirmed by the Consulting Firm appointed to the Project.

- 2) The costs should be phased by quarter or month depending on the length of the project. It is important to show the Cashflow impact of the costs over the life of the Project.
- 3) Please provide details of any shared infrastructure costs, marketing or other costs that are shared between 2 or more Development Projects. Please provide details of the split of shared costs between the Projects and confirmation by the Consulting Firm that the costs are valid Project costs. This is important and will help when applying for these costs to be paid from the Escrow Account.
- 4) The final part of the cashflow is to complete the funding and payments into the Escrow Account.

## **6 Questions and Guidance**

- Any queries in relation to completing the Finance Plan should be emailed to; [escrow@rera.gov.bh](mailto:escrow@rera.gov.bh)
- Alternately Contact RERA Escrow Unit at + 973 1756 6777