
THE REAL ESTATE LAW REVIEW

FIFTH EDITION

EDITOR
JOHN NEVIN

LAW BUSINESS RESEARCH

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This article was first published in The Real Estate Law Review - Edition 5
(published in February 2016 – editor John Nevin)

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LAW BUSINESS RESEARCH LTD

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Published in the United Kingdom
by Law Business Research Ltd, London
87 Lancaster Road, London, W11 1QQ, UK
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www.TheLawReviews.co.uk

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Enquiries concerning reproduction should be sent to Law Business Research, at the address above. Enquiries concerning editorial content should be directed to the Publisher – gideon.roberton@lbresearch.com

ISBN 978-1-909830-85-1

Printed in Great Britain by
Encompass Print Solutions, Derbyshire
Tel: 0844 2480 112

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ACKNOWLEDGEMENTS

The publisher acknowledges and thanks the following law firms for their learned assistance throughout the preparation of this book:

ALI BUDIARDJO, NUGROHO, REKSODIPUTRO

AL TAMIMI & COMPANY

ASBZ ADVOGADOS

BALCIOĞLU SELÇUK AKMAN KEKİ

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EDITOR'S PREFACE

I am honoured to have been invited to take over from David Waterfield as editor of *The Real Estate Law Review* and I would like to take this opportunity to personally thank David for his invaluable help and support over the years and, on behalf of *The Real Estate Law Review*, for his vital role in its success since the first edition back in 2012.

Building on the success of the previous editions of the *Review*, the fifth edition now extends to some 38 jurisdictions, and we are delighted to welcome new contributors from important jurisdictions around the world. Each contributor is a distinguished legal practitioner in his or her jurisdiction with an in-depth understanding of both his or her own domestic market and the wider global real estate market. Each chapter offers an essential guide to real estate practice in the relevant jurisdiction together with an invaluable focus on market activity, important legal and practical developments over the preceding 12 months and the outlook for 2016. Together, the chapters offer real estate practitioners and their clients an immediate and accessible overview of international real estate.

Real estate is a truly global industry and it is no longer possible to look at domestic markets in isolation. It has become essential to develop an understanding of the needs and expectations of overseas investors, and of how domestic markets are affected by legal, economic, political and social events and trends throughout the world. International economic and political instability continue to have a significant effect on the international real estate market and this is reflected in investors' pursuit of value and security. The United Kingdom (and London in particular) continues to be seen as a safe haven for capital from around the world, and the outlook here remains buoyant in both the commercial and residential sectors.

I wish to express my gratitude to all the distinguished practitioners from across the globe who have contributed to this fifth edition, and thereby to the continued

success of *The Real Estate Law Review*. I would also like to take this opportunity to thank Gideon Robertson and his team for their sterling efforts in coordinating the contributions and compiling this edition.

John Nevin

Slaughter and May

London

February 2016

Chapter 37

UNITED ARAB EMIRATES

Ibrahim Elsadig and Joe Carroll¹

I INTRODUCTION TO THE LEGAL FRAMEWORK

The United Arab Emirates is a federation of seven emirates (Abu Dhabi, Dubai, Sharjah, Ras Al Khaimah, Umm Al Quwain, Ajman and Fujairah) with a civil law legal system.

The Supreme Council is the main federal authority (the federal government). It has the power to pass laws on the matters assigned to it by the UAE Constitution (federal laws). The federal laws set out a number of principles regarding real property and rights relating to it. The Law of Civil Transactions of the UAE (Civil Code)² is the primary source. Part 1 deals with the application of laws in the UAE and the types of rights that are recognised. Part 4 deals specifically with property rights, setting out how they can be acquired and the rights that derive from ownership. Part 5 deals with the creation of security over all types of property (including real property).

Each emirate is governed by a ruler (local government). The local government has the power to pass laws for its emirate (local laws) on matters not exclusively assigned to the federal government. Many local laws have been passed on matters where the federal government has the power to legislate, but has not done so, and the local government has considered regulation necessary.³ Each local government has introduced local laws

1 Ibrahim Elsadig is a partner and Joe Carroll is a senior associate at Dentons.

2 Federal Law No. 5 of 1985, as amended.

3 This is compatible with Articles 123, 125 and 149 of the UAE Constitution, which provide that the local governments may promulgate local legislation necessary for the regulation of matters within the exclusive legislative jurisdiction of the federal government, provided they comply with the Constitution and other federal legislation.

regarding real property and rights relating to it, producing distinct legal and regulatory frameworks at the emirate level.⁴

Under federal law, local governments can pass local laws establishing free economic zones (free zones) within their emirate. Each free zone has its own rules and regulations that apply within its borders (free zone regulations). To understand the legal and regulatory framework applicable within a free zone, it is necessary to consult the free zone regulations, as well as the federal and local laws that relate to it. The Dubai International Financial Centre (DIFC), for example, has its own property laws, register of property rights and forum for hearing disputes.

As a consequence, the laws of the UAE consist of a patchwork of federal laws, local laws and, within the free zones, free zone regulations. This chapter focuses on the real estate laws applicable in the emirates of Abu Dhabi and Dubai (outside the free zones).

i Ownership of real estate

In the UAE, interests in real property and rights relating to it (property interests) may be characterised as either property rights (such as freehold) or contractual rights (such as leasehold). The most common property interests are as follows:

- a* freehold: the most complete form of ownership, with the owner having full rights to the property unlimited in time (a property right);⁵
- b* usufruct: a right to use property for a limited period (a property right);
- c* *musataha*: a right to use property for a limited period and to construct buildings thereon (a property right); and
- d* leasehold: a right to use property for a limited period (a contractual right). Depending on the length of the contractual term, leases are further subdivided into short and long leases.

In Abu Dhabi and Dubai, local laws and practices limit the acquisition of property rights according to the nationality of the investor.⁶ Nationals of the UAE are not subject to any restrictions. Nationals of a member state of the Gulf Cooperation Council (GCC) (other than the UAE) are subject to some restrictions in respect of Abu Dhabi property rights. Persons falling outside both categories (foreign nationals) will find that they are subject to the greatest restrictions. The local government can disapply these restrictions in specific areas. These powers have been used to create investment zones (Abu Dhabi) and freehold areas (Dubai), the least restrictive areas for property ownership.

4 Federal laws are superior to local laws and should be accorded primacy in the event of conflict. If a matter is not dealt with by either body of laws, shariah principles will be applied.

5 While the term freehold is commonly used, there is no federal law defining the meaning of this term.

6 For legal persons, nationality is determined by reference to the country of incorporation and the nationality of its shareholders.

ii Registration of property interests

The requirements and procedures for registration are set out in the local laws, which differ between the emirates. Without registration, the creation of a property right in the name of the purported owner will not be perfected. None of the emirates provides a state guarantee of title.

In Abu Dhabi, property rights and long leases should be registered with the Department of Municipal Affairs (Abu Dhabi Municipality) on its real estate register. The owner of a property then receives a title certificate as proof of ownership.⁷ Short leases should be registered with Abu Dhabi Municipality on its register of tenancy contracts (Tawtheeq).⁸

In Dubai, property rights and long leases should be registered with the Dubai Land Department on its real estate register. The owner of a property then receives a title certificate as proof of ownership. Contracts for properties purchased off-plan should be registered with the Dubai Land Department on its register of off-plan properties (Oqood). Short leases should be registered with the Real Estate Regulatory Authority (RERA) on its register of tenancy contracts (Ejari).⁹

iii Choice of law

Under the Civil Code, possession, ownership and other rights over real property¹⁰ and contracts dealing with them¹¹ are governed by the laws of the emirate in which the property is situated (i.e., the *lex situs*). Local laws will also determine whether the matter in question relates to rights over real property.¹²

II OVERVIEW OF REAL ESTATE ACTIVITY

The governments of Abu Dhabi and Dubai have taken significant steps towards the liberalisation and diversification of their economies. Historically, Abu Dhabi (holding the greatest proportion of hydrocarbon reserves) was the focus of the UAE's industrial activities. Lacking the hydrocarbon wealth of Abu Dhabi, Dubai embarked on a massive programme of real estate development to accelerate the diversification of its economy. Abu Dhabi has also taken this path to supplement its traditional activities.

As a result of these initiatives, real estate projects (including infrastructure, residential, hotel, leisure, retail, office and industrial sectors) have grown rapidly. The investment zones (Abu Dhabi), freehold areas (Dubai) and free zones (with their advantageous corporate and tax regimes) were integral to this development.

7 To date, limited registration has taken place other than for UAE nationals.

8 There are certain exceptions from the registration requirement, depending on the use to which the property is put.

9 Ibid.

10 Article 18 of Federal Law No. 5 of 1985.

11 Article 19(2) of Federal Law No. 5 of 1985.

12 Article 18(2) of Federal Law No. 5 of 1985.

Despite the transformation that is under way in the UAE, the number of foreign institutional investors has remained relatively low. It is fair to say that the pace of growth has been rapid, and legal and regulatory systems have required time to develop and mature. As a consequence, the majority of participants in the market have been government-related entities and private investors (with significant numbers from Canada, India, Iran, Pakistan, Russia and the United Kingdom). A significant milestone was recently passed, with MSCI upgrading the UAE and its three bourses from frontier to emerging market status.

During the global economic slowdown, purchase prices and rents for some properties fell by as much as half (and sometimes more). As new projects reached completion, so oversupply exerted additional downward pressure on prices. Several years of suppressed activity were then followed by a return of confidence to the market. High rates of increase in Dubai, particularly around its award of Expo 2020, led to concerns about a new bubble in the market. An initial period of overheating was followed by a prompt correction and a return to more moderate rates of increase.

More recently, a reduction in investor sentiment has resulted from factors such as lower oil prices, fluctuations in global currency markets and wider geopolitical challenges. In Dubai, this has contributed to a reduction in property prices and rents in some areas. Abu Dhabi is also experiencing downward pressure on property prices, although this has been less pronounced, partly because of limited supply.

III FOREIGN INVESTMENT

There are restrictions on foreign investment in UAE property that vary according to the nationality of the investor and location of the property.¹³ The restrictions attach to both natural and legal persons. Since the restrictions are not laid down in federal law, it is necessary to consult the local laws and practices of each emirate.

i Foreign ownership in Abu Dhabi

Local law provides that foreign nationals, and entities owned in whole or in part by them (foreign entities), can own certain property rights in the investment zones of Abu Dhabi. The available property rights include ownership of apartments and floors in buildings (with no right to the underlying land) usufruct and *musataha*. The investment zones include projects such as Al Raha Beach, Reem Island and Saadiyat Island. By way of exemption, the local government can authorise ownership outside the designated investment zones on a case-by-case basis.

Foreign nationals and entities can hold leases of property located in the investment zones for a contractual term of up to 99 years. They can also hold leases of property located outside the investment zones but will be limited to a contractual term of 25 years.

GCC nationals, and entities incorporated in the UAE or GCC that are wholly owned by GCC nationals or in part with UAE nationals, can own the same property rights as foreign nationals and, in addition, freehold within the investment zones.

13 See Article 298 of Law No. 11 of 1992 (Federal Civil Procedures Law).

UAE nationals, and entities incorporated in the UAE that are wholly owned by UAE nationals (UAE entities), can own any of the recognised property interests throughout all of Abu Dhabi.

ii Foreign ownership in Dubai

Local law provides that foreign nationals and entities can own property rights in the freehold areas of Dubai. The available property rights include freehold, usufruct and *musataha*. The freehold areas include projects such as the Palm Jumeirah, Jumeirah Lakes Towers, Dubai Marina, Downtown Burj Khalifa, Arabian Ranches, the Lakes, the Springs and the Meadows. By way of exemption, the local government can authorise ownership outside the freehold areas on a case-by-case basis.

Notwithstanding the above, the Dubai Land Department has issued guidance prohibiting the registration of property rights by foreign entities. However, it does permit registration by certain locally incorporated entities that have foreign nationals or entities as shareholders. By establishing one of these entities as its subsidiary, to hold title, a foreign entity will be able to acquire the relevant property.¹⁴

Foreign nationals and entities can hold leases of property located in the freehold areas for a contractual term of up to 99 years. They can also hold leases of property located outside the freehold areas but will be limited to a contractual term of 10 years.

In Dubai there is no distinction between UAE and GCC nationals. They can own any of the recognised property interests throughout Dubai. However, entities incorporated in the GCC will be subject to the registration prohibition outlined above and will require a locally incorporated subsidiary to hold title.

Finally, public joint stock companies incorporated in the UAE, irrespective of any shareholders that are foreign nationals, will be treated as UAE nationals.

IV STRUCTURING THE INVESTMENT

Property assets will often be acquired by a special purpose vehicle to ring-fence liability and protect the asset from the risks associated with the operation of the business. The choice of investment structure may also be guided by considerations such as:

- a* optimum legal ownership;
- b* the ability to co-invest with funders;
- c* the ability to include joint venture partners;
- d* the ability to benefit from foreign insolvency or trust regimes;
- e* mitigation of tax or transfer fees;
- f* compliance with the principles of shariah law; and
- g* avoidance of inheritance issues.

The chosen structure should be formulated in light of the restrictions on foreign ownership and the requirement to register property rights. In Dubai, for example, local

14 See Section IV.ii, *infra*.

laws provide that any attempt to circumvent the foreign ownership restrictions will be null and void. Any interested party, including the Dubai Land Department and Dubai's Public Prosecutor, can request the setting aside of an avoidance structure.¹⁵

i Asset or share acquisition

If the seller is a company, the purchaser may have the option of acquiring the asset (an asset deal) or shares in the seller (a share deal). In each case, any restrictions on ownership (for the asset or shares) should be identified. The structure by which the purchaser ultimately wishes to hold the asset should also be identified to achieve the most efficient transfer method. This is particularly important in cases where a share transfer will attract property transfer fees.

ii Abu Dhabi and Dubai companies

Abu Dhabi and Dubai companies encompass those incorporated in Abu Dhabi and Dubai (onshore and outside the free zones) and include limited liability companies and private joint stock companies. Where such a company has foreign nationals or entities as shareholders, it will be able to hold any of the property rights available to foreign nationals in the investment zones and freehold areas.

iii Free zone companies

An Abu Dhabi free zone company can hold rights over property within that free zone and Abu Dhabi's investment zones.

A Dubai free zone company can hold rights over property within that free zone and Dubai's freehold areas. One exception is free zone companies incorporated in the DIFC, which require the approval of the Dubai Land Department to acquire property outside the DIFC.

iv Free zone companies – offshore

A Dubai free zone company (offshore) incorporated in the Jebel Ali Free Zone can hold rights over property within that free zone and Dubai's freehold areas. Other offshore companies cannot register property rights over property located in Dubai's freehold areas.

v Foreign entities

Foreign entities encompass those incorporated outside the UAE, whether onshore in a jurisdiction such as England or offshore in a jurisdiction such as the British Virgin Islands.

A foreign entity can hold any of the recognised property rights over property located in Abu Dhabi's investment zones.

¹⁵ Article 26 of Dubai Law No. 7 of 2006.

A foreign entity can no longer register property rights over property located in Dubai's freehold areas. To acquire the relevant property, the foreign entity may establish as its subsidiary one of the locally incorporated entities referred to above to hold title.¹⁶

vi Unregistered leases

Historically, where a foreign national or entity wished to acquire premises for a long term in a location where it could not acquire a property right, it would enter into a long lease. The suitability of such arrangements has become increasingly uncertain and impractical given the initiative to register all leases, withdraw the assistance of adjudicating authorities where registration has not been completed and require a registered lease for company registrations and utility connections.

vii Trusted owners

Should a foreign national or entity wish to exercise effective control over a property situated in an area where it does not qualify for ownership, it may consider the trusted owner structure. A UAE national or entity will hold legal title to the property on behalf of the beneficial owner. As well as the attendant risks involved in holding beneficial (not full legal) ownership, it is arguable that this method of ownership breaches UAE law and as such may be unenforceable.

V REAL ESTATE OWNERSHIP

i Planning

Abu Dhabi Municipality and Dubai Municipality are the authorities primarily responsible for overseeing development, building regulations and planning controls (including change of use) in their respective emirates. Planning permission from the Abu Dhabi Urban Planning Council is required for all strategic developments in Abu Dhabi.

Buildings within an investment zone, freehold area or free zone may also be subject to the regulations and controls of the master developer or regulatory authority for that area. Local licensing requirements should also be observed. For example, a developer wishing to establish a new project in Dubai must first register itself and its project with RERA.

ii Environment

Environmental law comprises laws at the federal and local levels. A number of international conventions and protocols are recognised. Federal law controls all forms of pollution and applies the polluter-pays principle. There are substantial penalties for polluting the environment.

16 See Section III.ii, *supra*.

Developers must identify areas of environmental importance or sensitivity and which of their activities may cause harm.¹⁷ They must also undertake an environmental impact assessment for their project.¹⁸

Because environmental liabilities may pass with ownership of property, a prospective purchaser should consider what diligence and protections are appropriate, such as physical inspection and testing of the land and warranties from the seller in the purchase agreement (against which the seller should disclose any known issues).

In Abu Dhabi, the competent authority is the Environment Agency – Abu Dhabi. In Dubai, the competent authority is the Environment Department of Dubai Municipality. Activities within an investment zone, freehold area or free zone may be subject to the regulations and controls of the master developer or regulatory authority for that area.

iii Tax

No VAT (or equivalent) or stamp duty is payable on the sale or purchase of real estate. Fees are payable in respect of registration of property interests. There may be other costs associated with ownership or occupation. In Dubai, for example, business occupiers must pay a trade licence renewal fee (5 per cent of the annual rent), and hospitality businesses such as hotels must pay a municipality tax (10 per cent of turnover). Free zones may apply their own charges in respect of such matters.

The UAE has plans to introduce VAT and corporate tax in the future. The timeline and contents of the new regime have yet to be finalised. It is expected that its eventual introduction will be gradual, with an initial low rate and grace period following its official announcement.

iv Finance and security

Federal law outlines the basic principles regarding the creation of security, including mortgages, over real property. Provided a mortgage is validly created, the mortgagee will acquire a property right and will take precedence over ordinary creditors and creditors subsequent in rank in satisfaction of the debt from the proceeds of sale.

In Abu Dhabi, there is not (at the time of writing) a local law in force that deals specifically with mortgages of real property.¹⁹ Local laws on registration do, however, recognise the right for mortgages to be created and require that the registrar record these on the real estate register maintained by Abu Dhabi Municipality.²⁰ Actual registration of mortgages reflects the overall registration of property interests in Abu Dhabi (mostly completed by UAE nationals outside the investment zones). Consequently, many funders

17 Article 3 of Federal Law No. 24 of 1999 for the Protection and Development of the Environment.

18 Article 4 of Federal Law No. 24 of 1999 for the Protection and Development of the Environment.

19 This is set to change with the introduction of Abu Dhabi's new property law (see Section VII.i, *infra*).

20 Abu Dhabi Resolution No. 64 of 2010.

have chosen to utilise an unregistered mortgage combined with a conditional assignment of the mortgagor's rights to the property. Should the borrower default, the funder will exercise its step-in rights and take control of the property.

In Dubai, a local law dealing specifically with mortgages of real property has been introduced.²¹ This requires that all mortgages be registered with the Dubai Land Department, that the mortgagee be a bank, company or financial institution licensed and registered with the UAE Central Bank, and that the mortgagor be the owner of the property or property right and able to dispose of it. Priority is determined according to the time at which the mortgage was registered.

VI LEASES OF BUSINESS PREMISES

A common feature of business leases is landlord-friendly terms coupled with resistance (often refusal) on the part of landlords to accept tenant amendments. In the past, with no limits on rent increases or security of tenure, landlords held the upper hand.

Abu Dhabi and Dubai have responded with legislation and institutions (at the local level) to regulate the landlord-tenant relationship in respect of short leases (commonly known as tenancy agreements). The global economic slowdown and challenges currently facing the market have seen landlords increasingly likely to offer inducements and agree amendments to their standard terms.

The following outlines the position in respect of short leases.

i Lease negotiations

It is common to encounter forms of lease comprising just a few pages in length that set out only basic terms. The new lease registration systems of Abu Dhabi and Dubai have a standard lease template and special conditions (standard lease). Some parties supplement these with more detailed terms (which must not contradict any mandatory requirements of the law or standard lease).

ii Term of occupation

Terms of occupation are generally short (less than 10 years and commonly between one and five years).²²

In Abu Dhabi, local law imposes a presumption of renewal but no security of tenure. The landlord is free to terminate the lease at the end of its contractual term; provided it serves the required period of notice. If the landlord fails to serve notice, and the tenant remains in occupation, the lease will renew for a similar term.

In Dubai, local law imposes a presumption of renewal and security of tenure protection for tenants. If the landlord does not establish a permitted ground for opposing renewal, then the lease will automatically renew on the same terms and for the same period or one year (whichever is shorter). A party wishing to vary a term of the lease must

21 Dubai Law No. 14 of 2008.

22 Rights of *musataha* (cf. leasehold) should not exceed 50 years but are renewable.

serve notice on the other not less than 90 days before expiry of the lease. If a variation cannot be agreed, the matter can be referred to Dubai's Rent Dispute Settlement Centre for determination.

iii Rent and review

In Abu Dhabi, rent review on lease renewal is a matter for agreement between the parties. The rent cap (of 5 per cent per year) continues to apply to leases with a contractual term exceeding one year that allow rent review.

In Dubai, local law limits the maximum increase a landlord can apply (known as the rent cap). Annual increases (during the term and on renewal) will be subject to the rent cap. The maximum increase that can be applied under the rent cap is between 5 per cent and 20 per cent of the annual rent, depending on how low the rent is compared with the average for similar properties.

iv Repair

In Abu Dhabi, local law requires that the tenant carry out those simple repairs that, by convention, fall to be carried by the tenant (unless otherwise agreed by the parties).

In Dubai, local law requires that the tenant return the premises to the landlord in the condition they were in at the beginning of the term, subject to normal wear and tear, (unless otherwise agreed by the parties).

In both Abu Dhabi and Dubai, the landlord must carry out those repairs necessary to maintain the structure and ensure the premises are fit for use (unless otherwise agreed by the parties).

v Subletting and assigning the lease

In both Abu Dhabi and Dubai, local laws require the landlord's prior consent before a short lease can be assigned or a subtenancy granted (unless otherwise agreed by the parties).

vi Termination

In Abu Dhabi, local law sets out the grounds on which a landlord can terminate a lease prior to the expiry of its contractual term. At the end of the contractual term the landlord is free to serve notice that the lease will not renew.

In Dubai, local law sets out the grounds on which a landlord can terminate a lease prior to the expiry of its contractual term (such as non-payment of rent by the tenant). Tenants in Dubai enjoy security of tenure at the end of the contractual term, with the law setting out separate grounds on which the landlord may terminate the lease (such as the landlord's right to redevelop).

In both Abu Dhabi and Dubai, the tenant does not have the right to terminate prior to expiry of the term unless the lease contains a break right or the landlord agrees to early termination.

VII DEVELOPMENTS IN PRACTICE

i Abu Dhabi – new property law

The new property law for Abu Dhabi (the new law) has been issued and is scheduled to come into effect in January 2016. The new law seeks to address a number of matters identified in practice. Those familiar with the regime in Dubai will recognise many features of the new law. These include:

- a* interim real estate register: purchase contracts for units in off-plan projects will be registered with Abu Dhabi Municipality on its interim real estate register. Other interests, including mortgages, will be registrable. Developers will no longer maintain ownership registers and will only be permitted to charge administrative fees in relation to registrations with Abu Dhabi Municipality;
- b* project escrow accounts: an escrow account will be established for each off-plan project. All purchaser payments, and mortgage funds if the developer mortgages the plot, must be deposited into this account. Controls are imposed on withdrawals to procure proper application of funds;
- c* project ownership and financing: before a developer can sell units in an off-plan project it must possess property or development rights over the plot. The developer must complete 20 per cent of construction before making withdrawals from the project escrow account. Any plot mortgage must be released from the purchaser's unit once it has completed its payments;
- d* registers of off-plan projects and real estate professionals: off-plan projects and their development plans will be registered with Abu Dhabi Municipality. Those providing services in the real estate sector, including developers, brokers, valuers, surveyors and managers of owners associations, will be registered and licensed;
- e* project cancellation: Abu Dhabi Municipality will have powers to deal with off-plan projects that are delayed, including procedures for cancellation and distribution of escrow account funds. Purchasers will also have the right to seek cancellation of their purchase contract for material breach of contract by the developer;
- f* strata projects: the new law introduces additional provisions for projects with multiple owners. These include the establishment of owners associations to own and manage the common areas. Importantly, the practical issues of introducing strata governance have been recognised, with Abu Dhabi Municipality able to permit developers to operate their projects while participants (including property management companies) become skilled and established. The law also recognises the practical need for (and permits) volumetric subdivision and layered strata schemes (where an owners association is member of a higher association);
- g* mortgage enforcement: the new law specifically deals with mortgages and their enforcement. The court will have the power to freeze revenue from the property where a mortgagor is delaying repayment. Mortgages are recognised as execution deeds that can be presented directly to the court (after certain initial steps and procedures have been completed); and
- h* service charges: a lien in favour of the owners association will automatically be imposed on any property where there are unpaid service charges. The lien will attach to the relevant property irrespective of any change in ownership.

ii Abu Dhabi – new fee schedule

A resolution has been issued setting out a new fee schedule for services relating to the registration of property rights with the Abu Dhabi Municipality. The resolution specifies the fees for a number of transaction types not previously provided for. The new fee schedule does not alter the fees payable for common transactions such as property transfers and mortgage registrations.

iii Dubai – register of property surveyors and valuers

A resolution has been issued requiring the registration with RERA of property surveyors and valuers. The resolution specifies minimum qualifications and requirements to be observed by practitioners. RERA is to oversee the new regime, with powers of enforcement including suspension from practice and imposition of fines.

iv Dubai – compulsory registration of property rights

The Dubai Land Department issued a circular requiring that all property rights, for both off-plan and completed properties, be registered with the Dubai Land Department. The initial deadline of 30 June 2015 was subsequently extended to 31 October 2015 to afford additional time for compliance. A failure to complete registration may attract fines of up to double the property transfer fees payable.

VIII OUTLOOK AND CONCLUSIONS

In Abu Dhabi, the announcement of the new law has been roundly welcomed. The additional protections afforded to investors and funders herald a new chapter in the emirate's real estate sector. It is hoped supporting processes administered by local government bodies will be soon be in place and the greatest possible benefits of the new law will be realised.

In Dubai, the local government has already introduced a regulatory regime designed to protect investors and funders and promote a sustainable recovery in the property market. The preceding year has seen the refinement of this regime with regulation of surveyors and valuers and a move to procure compliance with the requirement to register property rights.

The focus for the coming year will be the implementation of Abu Dhabi's new law and wider economic factors affecting the sector. Challenges have arisen in the form of lower oil prices, fluctuations in global currency markets and wider geopolitical issues. The International Monetary Fund has reported that oil prices are expected to remain suppressed for the foreseeable future, with public investment reduced and projects slowed.²³ Having emerged from the global economic slowdown, the real estate sector again faces defining challenges.

23 Regional Economic Outlook: Middle East and Central Asia, International Monetary Fund, October 2015 (www.imf.org/external/pubs/ft/reo/2015/mcd/eng/pdf/menap1015.pdf).

Appendix 1

ABOUT THE AUTHORS

IBRAHIM ELSADIG

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Ibrahim Elsadig is a senior partner in the Dubai office of Dentons. He joined the firm in March 1996 as a corporate and commercial lawyer. He worked as an in-house counsel in Africa, India and the Middle East between August 2005 and December 2006, after which he rejoined the firm. He has extensive experience in the UAE and Middle East, and has participated in major transactions in the UAE and across the Gulf region, North Africa and India. Mr Elsadig's experience includes joint ventures, mergers and acquisitions, liquidations, bankruptcy and restructuring. He has reviewed major agreements for compliance and legal due diligence, and has also advised on major projects in the water, waste water, electricity and oil and gas sectors, and has an excellent banking background. He has worked on power generation, EPC contracts for power plants, long-term service agreements, and operation and maintenance agreements. He also advises on corporate governance and compliance issues. He now supervises a broad range of corporate and commercial matters, including real property.

JOE CARROLL

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Joe Carroll is a specialist real estate lawyer based in the Dubai office of Dentons. He joined the firm in 2011, having previously worked for an international property development company headquartered in Dubai. Prior to relocating to the UAE in 2008, he trained with a law firm in London before qualifying into their real estate team. With many years' experience on the ground, working in house and in private practice, Mr Carroll has an in-depth understanding of real estate law and practice in the UAE. He has advised on a wide range of real estate transactions, including sales and acquisitions, real estate finance, industrial, commercial, residential, mixed-use and hotel and leisure developments, and landlord and tenant matters.

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