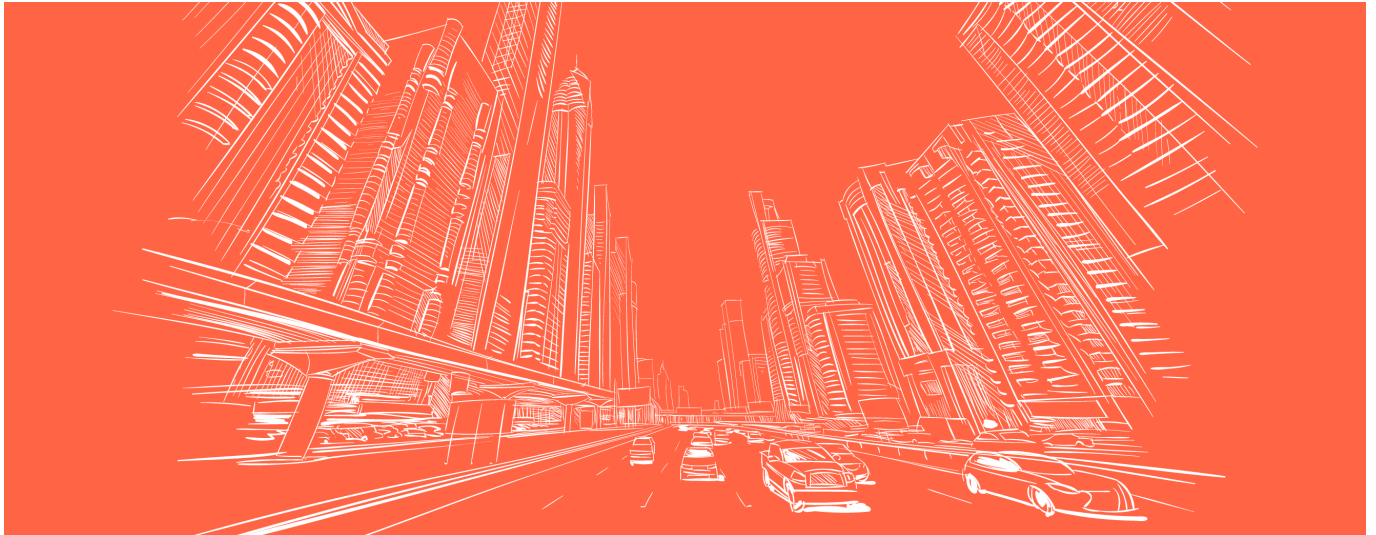


# Owning Properties in Dubai by an ADGM Entity

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Entities that are incorporated in Abu Dhabi Global Market ('ADGM') are permitted to own land and property in the areas of Dubai designated for foreign ownership by the Ruler of Dubai ('Designated Areas') pursuant to a Memorandum of Understanding ('MoU') signed between ADGM and the Dubai Land Department ('DLD') on 24 October 2018.

The MoU is a significant development and enables investors to use an ADGM vehicle to own Dubai properties and structure their businesses in ADGM accordingly.

## Legal Framework for Corporate Ownership of Real Estate in Dubai

Ownership of real estate in Dubai is governed by Law No. 7 of 2006 concerning Real Estate Registration in the Emirate of Dubai ('Real Estate Law').

Article 4 of the Real Estate Law provides that companies:

- wholly owned by UAE or GCC nationals may own any real estate in Dubai; and
- partially or wholly owned by non-UAE or GCC nationals, may own freehold title, a long lease, a usufruct right of up to 99 years or a Musataha right of up to 50 years (renewable) in the Designated Areas.

Despite the generality of the law, the DLD's policy has long restricted the type of companies that are permitted to own property in Designated Areas to Dubai onshore companies and Dubai offshore companies incorporated in the Jebel Ali Free Zone, the Dubai Multi Commodities Centre Free Zone, Dubai International Financial Centre ('DIFC'), among others.

Pursuant to the MoU, as of 24 October 2018 the DLD now allows the ownership of properties in Designated Areas by companies incorporated in ADGM.

The Registration Authority of ADGM ('RA') has issued guidance on the registration procedures to be

followed together with information on the documents which should be provided to DLD in order to register a property within the Designated Areas in the name of an ADGM entity.

## **Registering a Dubai Property in the Name of an ADGM Entity**

Pursuant to the MoU, the guidance issued by the RA and the current DLD policies, the following rules and procedures will apply when registering a property in Dubai in the name of an ADGM entity:

1. the DLD will register properties (or rights related thereto) in the name of an ADGM entity in accordance with its own rules, regulations and conditions (which may be subject to change from time to time) and subject to the Real Estate Law;
2. the DLD will rely on a Certificate of Incumbency issued by the RA for the concerned ADGM entity to ensure that it is duly registered and licensed by the RA as of the date of the Certificate of Incumbency and that it is subject to ADGM rules and regulations;
3. the shareholders in an ADGM entity must either be natural persons or companies whose shareholder(s) can be verified by the DLD. The DLD may request to be provided with additional information by the RA in order to identify the ultimate shareholders of the ADGM entity;
4. the DLD may approve the registration of plots of land or properties in Dubai in the name of ADGM entities which are owned by a combination of natural and corporate persons (subject to compliance with certain DLD conditions and submission of all documents required including a 'No Objection Certificate' ('NOC') issued by DLD approving ownership of the Dubai properties);
5. the directors or all the shareholders of the ADGM entity intending to purchase a plot of land or a property in Dubai must sign and submit to the DLD an 'Acknowledgement and Undertaking Letter' in the form issued by DLD with respect to the disclosure of future shareholding transactions;
6. the full amount of registration, transfer and cancellation fees (as may be amended by the DLD from time to time) should be paid directly to the DLD;
7. ADGM branches of foreign companies and listed public companies are outside the scope of the MoU; and
8. at present, ADGM trusts and foundations are not permitted to own properties in Dubai whether directly or indirectly.

## **Anti-Avoidance Rules - Transfer of Shares in an ADGM Entity owning a Property in Dubai**

In accordance with the MoU and the current policies of the DLD, the transfer of all or part of the shares of an ADGM entity will be treated as a transfer of ownership of an interest in the properties owned by the ADGM entity. Accordingly, a transfer of shares triggers the payment of registration fees at the rate applied by the DLD at the time of the transfer with respect to each property owned by the ADGM entity. The transfer fees payable will be calculated by the DLD based on the percentage of interests in the ADGM entity being transferred.

It is important to note that the DLD's policies are not formally published and are subject to change from time to time. Specific legal advice on a proposed ownership structure should be sought prior to entering into any property transaction.

*Al Tamimi & Company's [Real Estate team](#) regularly advises on real estate investment in Abu Dhabi. For further information please contact [Maha Dahoui \(m.dahoui@tamimi.com\)](mailto:m.dahoui@tamimi.com) or [David Bowman \(d.bowman@tamimi.com\)](mailto:d.bowman@tamimi.com).*