

United Arab Emirates (Dubai)

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THE CORPORATE REAL ESTATE MARKET

1. What have been the main trends in the real estate market in your jurisdiction over the last 12 months? What have been the most significant deals?

Real estate projects in Dubai generally take form of master communities managed by master developers. Master developers provide the infrastructure and divide the land into plots. The plots are normally sold by a master developer to smaller property developers who transform the plots into residential or commercial centres, ranging from tall towers to secluded buildings and villas.

Dubai has experienced rapid growth and a resultant real estate boom, which peaked in the middle of 2008. Until then, plots and villas were generally sold off plan and could be resold with the developer's consent. However, the property market saw a significant downturn in the last quarter of 2008, following the global financial crisis. Transactional volume decreased, and the number of disputes increased. Many buyers have been attempting to cancel sale contracts for off plan properties because there is no finance and the property prices have dropped dramatically. Certain developers became unable to meet their obligations on time or at all as there is a deficit of available finance.

Major transactions

The following are some of the larger transactions of the past year:

- Construction of Burj Dubai, the tallest building in the world, by Emaar PJSC (a public company). The project value is about US\$1 billion (about EUR670.6 million), and it has attracted a lot of media attention recently.
- Reclamation and construction of Palm Jumeirah, a large man-made island, by Nakheel PJSC, a government-owned company. The project value is about US\$1 billion.
- Reclamation and construction of The World islands, shaped as the world map, by Nakheel PJSC (see above) and worth US\$3 billion (about EUR2,011,803 billion).

REAL ESTATE INVESTMENT

2. Please briefly outline the opportunities for investing in real estate in your jurisdiction. In particular, consider:

- The structures commonly used (for example, property companies and partnerships).
- Are real estate investment trusts (REITs) available? If so, are they commonly used?
- Institutional investors.
- Private investors.

As a rule, every developed plot requires its own separate special purpose vehicle. There are two reasons for this:

- Obtaining limited liability.
- Risk limitation.

Although Dubai is mainly a tax-free Emirate, there are governmental restrictions on the:

- Foreign investment (see Question 22).
- Areas where investment is permitted.
- Corporate structures that can be used for investment.
- Licences that are required before investment can be made.

One entity can both own the plot and hold the development licence. The licence is deemed to include leasing rights. Alternatively, one entity can be the owner of the plot while another entity holds the licence. Various licences are available and each has advantages and disadvantages. The decisive criteria are:

- The plot's intended use.
- The applicant's nationality.

REITs are available and can purchase property in Dubai International Finance Centre (DIFC, see box, *Real estate organisations*). By contrast, REITs are not available elsewhere in Dubai. As a result, REITs are not commonly used.

Government and private investors comprise the majority of the Dubai real estate market participants. Institutional investors are few.

REAL ESTATE LEGISLATION

3. Please briefly set out the main real estate legislation that applies in your jurisdiction.

Dubai law

The main sources of real estate law are the:

- Real Property Registration Law No. 7 of 2006.
- Guarantee Accounts of Real Estate Developments Law No. 8 of 2007.
- Landlords and Tenants Relationship Law No. 26 of 2007.
- Ownership of Jointly Owned Properties Law No. 27 of 2007.
- Interim Real Estate Register Law No. 13 of 2008.
- Mortgages Law No. 14 of 2008.
- Law No. 33 of 2008 amending certain provisions of Law No. 26 of 2007.

Federal law

More general principles of real estate and contract law are contained in the UAE's Federal laws, most importantly Federal Law No. 5 of 1985 (Civil Code) and Federal Law No. 18 of 1993.

DIFC law

The main sources of real estate law are the:

- DIFC Law No. 4 of 2007, known as the Real Property Law.
- DIFC Law No. 5 of 2007, known as the Strata Title Law.

TITLE

4. Please briefly state what constitutes real estate in your jurisdiction. Is land and any buildings on it (owned by the same entity) registered together in the same title, or do they have separate titles set out in different registers?

Real estate constitutes land and permanent structures on it that cannot be moved without suffering damage or alteration.

Land and buildings on it are generally registered together in the Property Register. If a piece of land or a building is divided into parts (for example, apartments) but has associated common areas, the owner of each part has a proportional undivided share of the property and a separate title.

A holder of Musataha right (see *Question 9*) owns all buildings on land for the specified duration. The land is held as freehold. The Property Register contains details of all Musataha right holders. The right holder, however, is not entitled to a separate title.

5. How is title to real estate evidenced, for example by registration in a public register of title? Which authorities manage the public title register?

Registration in the Property Register, the public register of title managed by the Dubai Land Department, and a "title certificate" evidence title to real estate. Information in the Property Register is the absolute evidence of title.

As the Property Register for land and property units owned by foreign persons has only been maintained for five years, some lands and units have not been registered yet. Title is then evidenced in accordance with practices that existed before the Property Register. If the master developer sells land to the sub-developer on the condition that title is transferred on the completion of the construction then title is evidenced by both:

- Recording the ownership with the relevant master developer.
- Registration of a conditional sale contract against title at the Land Department

6. Please briefly set out the information and documents registered in the public register of title, for example a description of the real estate, the owner, matters affecting the title and any relevant documents.

The Property Register provides information on the (*Law No. 7 of 2006*):

- Property description.
- Property rights.
- All dispositions that can create, transfer, vary or terminate a property right.

Information in title certificates must match the current records in the Property Register (*Law No. 7 of 2006*). A title certificate is a single page document containing information about the:

- Property location and area.
- Owner.
- Date of issue of the certificate.

A title certificate for properties with a proportional undivided share in the common property contains the (*Law No. 27 of 2007*):

- Site plan.
- Master community rules and regulations.
- Rules of association.

These rules and regulations serve as restrictions on title and use of land.

The title certificate can be issued with an "affection plan", which illustrates the property boundaries. Regulations are expected to be introduced by the middle of 2010 that will require title certificates to include information on the property's share of the common property. Further changes may be made, to include all other information in the Property Register in title certificates.

7. Can confidential information or documents be protected from disclosure in the public register of title?

The Property Register is not open to the public. Only “interested” parties (generally the owner of the land), judicial authorities and experts appointed by them, and competent authorities can inspect the Property Register and obtain a certified copy of the documents.

The Land Department notes purchase prices but this information is currently not included on title certificates.

8. Is there a state guarantee of title? Is title insurance available? If so, is it commonly used?

There is no state guarantee of title. Title insurance, although available, is not commonly used.

It is possible to challenge the validity of information in the Property Register on the grounds of fraud or forgery (*Article 7, Law No. 7 of 2006*). The Land Department can correct errors in the Property Register either at the request of a third party or of its own volition (*Article 13, Law No. 7. of 2006*).

Each title certificate reflects the information recorded on the Property Register at the date of issue. If time has elapsed since a certificate was issued, it is advisable to inspect the documents maintained by the Property Register for any further amendments.

9. How can real estate be held (that is, what types of tenure exist)?

The UAE Civil Code provides for various types of tenure, including:

- **Freehold.** The right to use enjoy and occupy land or property in perpetuity.
- **Musataha.** The right to build on land for a specified duration, not exceeding 50 years. The holder of Musataha right is deemed to own all buildings on the land during the specified term.
- **Usufruct.** The right to use, enjoy and occupy land or property belonging to another person for a fixed term, not exceeding 99 years. (Usufruct is similar to the concept of leasehold under English law.)

Land granted by the government of Dubai to UAE nationals cannot be disposed of without the special permission from the Ruler of Dubai.

SALE AND PURCHASE OF REAL ESTATE

10. What are the main stages and documents in the sale and purchase of real estate? In particular:

- **How is real estate marketed, when does commercial negotiation occur and what pre-contractual arrangements are used?**
 - **When is the sale contract negotiated and executed?**
 - **When are the parties legally bound?**
 - **When is the change of title registered?**
 - **When does title transfer and what are the formal legal requirements to transfer real estate (for example, in writing and signed by the parties)? Is notarisation required?**
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Marketing

Only a broker that meets the licensing requirements (contained in Bye-law No. 85 of 2006) can market real estate. The bye-law also sets out the professional and ethical standards for brokers. A seller or a property developer must appoint a broker by a written agreement. There is no cap on the broker’s commission, but it normally ranges from 2% to 4% of the purchase price in practice.

Marketing off-plan projects is subject to approval from the Dubai Land Department.

Commercial negotiation

Parties can negotiate until the execution of a binding agreement. If, pending a sale contract, a memorandum of understanding or a reservation form is signed, parties can still negotiate the sale contract terms. Parties can use solicitors but it is not compulsory. Negotiation usually takes several weeks before completion.

Pre-contractual arrangements

There are currently no mandatory pre-contractual arrangements and it is strongly advisable to carry out extensive due diligence before entering into a binding agreement. However, legislation requiring sellers to disclose information about a property (that is, maintenance fees, registration of charges and so on) is expected to be passed.

Sale contract

After the fundamental aspects of the deal are agreed, the parties often sign a brief memorandum of understanding or a reservation form confirming the agreed details. Generally, a memorandum of understanding or a reservation form will be binding on the parties pending the execution of a sale contract. Alternatively, the parties can decide to execute the sale contract outright.

The sale contract does not have to take any special form and verbal agreements are also binding. In practice, however, the contract is in writing as it must be approved by the master developer (for off-plan properties) and submitted to the Land Department with an application for a title certificate.

For off-plan sales, a developer will have its standard sale contract approved by the master developer. Amendments can only be made if they are approved by the master developer.

A memorandum of understanding, a reservation form and a sale contract can be executed in counterpart copies if expressly provided for in the contract. The documents are exchanged by fax or e-mail, with the originals to follow by post. Therefore, it is not necessary for all parties to have signed the same copy simultaneously.

When legally binding

An agreement becomes legally binding when the following conditions have been met (*Civil Code*):

- The parties have agreed on the essential terms.
- The subject matter of the agreement:
 - exists;
 - is defined or capable of being defined;
 - is legal.
- The obligations under the contract exist for a legal purpose.

The contract is based solely on the offer and acceptance, and subject to the provisions agreed. The contract does not have to be in writing (*see above*) but it is more difficult to prove obligations under an oral contract.

Registration

The developer must register any disposition of an off-plan property in the Interim Register, which is maintained by the Land Department (*Article 3, Law No. 13 of 2008*).

A disposition of a completed property must be registered in the Real Property Register, also maintained by the Land Department. The seller normally registers the disposition.

A disposition that is not registered in the Interim or the Real Property Register is invalid (*Article 3(1), Law No. 13 of 2008*). Therefore, in practice, a contract of sale is legally binding only if the sale is registered.

When title transfers

The contract normally states that risk and possession of the property passes to the buyer on payment of the full price.

Completed properties

A sale contract often provides that parties must attend the Land Department to arrange for the title certificate to be issued in the buyer's name on the payment of the full price.

Off-plan sales

Registration of title transfer is usually not required until completion. A sale contract often provides that the developer must transfer the title as soon as possible after the buyer has made the payment in full and acquired possession of the property.

11. Does a seller have any statutory or other liability to the buyer in a disposal of real estate, for example to disclose real estate information, or in relation to title?

There is currently no statutory (or other) duty of disclosure. However, any misrepresentation could result in both civil and criminal liability.

12. Please briefly outline the real estate due diligence that is typically carried out before an acquisition (including title investigation and searches of public authorities).

The Property Register is not open to the public. The owner's consent is required to investigate the Property Register. While it is prudent for a buyer to insist on the Register examination, this practice is not uniform.

The seller would typically provide a copy of the title certificate to prove its right to sell. It is prudent to require the seller to obtain confirmation from the Land Department that the information on the certificate is still valid.

Title and property defects are most often dealt with by representations and warranties in the contract and the property inspection.

13. What real estate warranties are typically given by a seller to a buyer in the sale of corporate real estate and what areas do they cover?

The typical contractual warranties given by a seller include:

- Good unencumbered and mortgage-free title.
- Full authority to sell.
- No outstanding debts.
- Compliance with its property and development obligations.
- No third party interests affecting the property.

An off-plan property developer must give the following additional warranties to the buyer (*Law No. 27 of 2007*):

- Liability to repair and cure any structural defects for ten years from the date of the completion certificate.
- Liability to repair or replace defective installations including mechanical and electrical works, and sanitary and plumbing installations for one year from the date of the completion certificate.

The developer's contractual warranties can also cover the workforce. Environmental warranties, however, are uncommon.

14. Can an owner or occupier inherit liability for matters relating to the real estate even if they occurred before it bought or occupied it? For example, environmental liability, or liability under a lease.

The buyer generally inherits liability for all matters relating to the real estate, even if they occurred before the date of purchase. This may include:

- Unpaid charges levied by the master developer for maintaining communal parts of the development. The master community rules will typically provide that the seller and the buyer remain jointly and severally liable for such charges.
- Obligations under a lease agreement. The title transfer does not affect a tenant's rights under the lease.

- Any other interests in the land, for example easements.
- Environmental liability. For example, environmental laws can impose liability on the generator of hazardous waste and it can be difficult to prove the source.

15. Does a seller or occupier retain any liabilities relating to the real estate after it has disposed of it? For example, environmental liability, defects in the real estate, and contractual liability to the buyer.

The seller remains liable for breaches of the representations and warranties, both contractual and statutory (see *Question 13*). If the matter cannot be resolved amicably the buyer must follow the dispute resolution procedure (which is likely to be litigation or arbitration) provided in the contract. (For environmental liability, see *Question 14*.)

16. What costs are usually paid by the buyer? What costs are usually paid by the seller?

Under current legislation, the cost of registration with the Land Department is 2% of the purchase price. The buyer and seller pay 1% each. Additionally, the Land Department charges an administration fee, currently set at AED315 (about US\$86).

A fee or commission will be paid to the broker who has been involved in the transfer, under the terms of the brokerage agreement. The master developer can also charge administration fees for the ownership transfer, currently capped at AED5,000 (about US\$1,361). Responsibility for these fees can be allocated by agreement. However, any agreement to vary the parties' shares of the Land Department registration fee may be invalid.

The mortgage registration fee, set at 0.25% of the loan amount, is typically payable by the buyer under the mortgage agreement. The Land Department is the responsible authority.

REAL ESTATE TAX

17. Is value added tax (VAT) (or equivalent) payable on the sale or purchase of real estate? Who pays? What are the rates? Are there any exemptions?

There is no VAT or equivalent payable on the sale or purchase of real estate. However, a 2% transfer fee is payable, and is generally shared equally between the parties.

18. Is stamp duty/transfer tax (or equivalent) payable on the sale or purchase? Who pays? What are the rates? Are there any exemptions?

There is no stamp duty payable on the sale or purchase of real estate. (For registration fees, see *Question 16*.)

19. Are any methods commonly used to mitigate real estate tax liability on acquisitions of large real estate portfolios?

There are currently no methods used to mitigate real estate tax liability.

HOLDING BUSINESS PREMISES

20. Are there targets to reduce greenhouse gas emissions from buildings in your jurisdiction? Is there legislation requiring buildings to meet certain minimum energy efficiency criteria? If yes, please give brief details.

Dubai introduced a "Mandatory Progression" programme in 2008. This is a four-step programme that aims to ensure that new buildings meet "green" standards, including the reduction of greenhouse gas emissions. The first step was taken in early 2009.

21. Is it common for companies to manage their real estate portfolios and their accommodation needs by using third parties, for example through outsourcing transactions? If yes, please give brief details.

It is not uncommon to appoint a property management company to handle a large real estate portfolio. The manager's powers include liaising with the tenants.

22. Are there restrictions on foreign ownership or occupation of real estate, or on foreign guarantees or security for ownership or occupation?

There is no express prohibition in the Civil Code against foreign land ownership. Each Emirate, however, can pass its own laws to regulate property ownership.

Dubai law makes it clear that only UAE/GCC (Gulf Co-operation Council) nationals and their companies can own property in Dubai (*Article 4, Law No. 7 of 2006*). If a company is incorporated in the UAE/GCC but has foreign shareholders, it is not considered a UAE/GCC national for the purposes of owning property in Dubai.

A non-UAE/GCC national can own freehold, leasehold (up to 99 years) or usufruct (up to 99 years) in the designated areas, which are listed in Regulation No. 3 of 2006. The same provision applies to foreign companies but the Land Department will request documentation proving the company's lawful existence in the country of incorporation before it registers the title.

Some examples of the designated areas are:

- Burj Dubai.
- Business Bay.
- Palm Jumeirah.
- Emirates Hills.

A foreign person can acquire a lease in the area outside the designated areas (*Law No. 7 of 2006, see above*). Foreign ownership is also allowed in the free zones, for example DIFC.

Real estate cannot be mortgaged to any person or entity other than a bank licensed and operating in the UAE

23. Does change of control of a company affect its holdings of real estate?

Change of control of a company does not affect its holdings of real estate. However, if real estate is located in the area where only UAE/GCC nationals can own property then subsequent owners must also be UAE/GCC nationals.

If an off-plan property is involved, the sale contract is likely to contain provisions that will generally make a share transfer in the buyer (whether control changes or not) also assign ownership in the property. The developer's consent is therefore required before any share transfer can take place.

24. In what circumstances can local or state authorities purchase business premises compulsorily? Is the purchase price market value?

Local and state authorities can purchase real estate compulsorily if it is necessary for the public interest, for example the construction of highways. (The approach is equivalent to eminent domain in other jurisdictions). In practice, the purchase price is equal to market value.

25. Are municipal taxes paid on the occupation of business premises, for example business rates? Are there any exemptions?

Tenants of business premises must pay an annual trade licence renewal fee to the Dubai Department of Economic Development. The rate is set at 10% of the annual rent. The exempt properties are:

- Those owned by the government or occupied by the government departments.
- Mosques and other places of religion.
- Schools.
- Any other property considered exempt by the Dubai Municipality Council.

Real estate used for hospitality purposes, for example hotels and serviced apartments, is subject to a 10% municipality tax.

REAL ESTATE FINANCE

26. How are acquisitions of large real estate portfolios or companies holding real estate generally financed?

As real estate can only be mortgaged to banks that are licensed and operating in the UAE, financing is generally limited to a mortgage from a licensed bank.

Financing can still be obtained from sources other than designated banks. However, this financing is normally based on a good business relationship and trust between the parties as the lender will not have a mortgage over real estate owned by the borrower.

27. How is real estate commonly used to raise finance?

The use of real estate to raise finance is limited because mortgaging is severely restricted (*see Question 26*).

28. What are the most common forms of security granted over real estate to raise finance? How are they created and perfected (that is, made valid and enforceable)?

Mortgage is the only form of security granted over real estate (*see Question 26*). To be valid, a mortgage must:

- Be registered with the Land Department. (*Law No. 14 of 2008*).
- Be over property, which exists actually or virtually on the plan when it is granted.
- Be granted against a fixed or promised debt.

The mortgage contract must follow the Land Department's template. Mortgages can be created over an interest in off-plan property, provided the interest has been registered in the Interim Register (*see Question 10, Registration*).

To enforce a mortgage, the creditor must obtain a court order allowing it to sell real estate through public auction. The creditor cannot sell mortgaged real estate by any other means.

The rank of a mortgage for liquidation purposes is determined by the registration serial number allocated by the Land Department. If more than one mortgage registration application is submitted simultaneously for the same real estate, all mortgages are allocated an identical registration number and the creditors rank equally.

29. Is real estate securitisation common in your jurisdiction? If yes, please give brief details.

Real estate securitisation is not common. There have been a very few instances to date.

REAL ESTATE LEASES

30. Are contractual lease provisions regulated or freely negotiable?

The real estate laws concerning leases contain certain mandatory provisions. For example, a landlord can evict a tenant during the lease term on the basis of non-payment of rent, among other things (*Law No. 26 of 2007*). Subject to the mandatory provisions, lease terms can be freely negotiated.

31. How are rent levels usually reviewed and are there restrictions on this? Is VAT (or equivalent) payable on rent?

Generally, parties can include provisions on the rent review mechanism in the lease agreement. However, Decree No. 1 of 2009 has been passed to regulate rent increases in both residential and commercial leases in Dubai. If property was rented during 2008 and the rent rate in 2008 was not higher than the “average standard rent” and not lower than 75% of that average, then the rent cannot be increased in 2009. The government calculates the average standard rent for each neighbourhood based on the rental statistics.

There are caps on the permissible rent increases in place for the properties that had a rent rate below 75% of the average. The caps range from 5% to 20%, depending on how low the rent was.

Indications from the Real Estate Regulatory Agency (RERA) are that “properties rented during 2008” only covers leases signed in 2008. Therefore, the Decree does not apply to:

- Leases that were automatically renewed in 2008 without being signed.
- Leases signed before 2008.

No VAT (or equivalent) is payable on rent.

32. Is there a typical length of lease term and are there restrictions on it? Do tenants of business premises have security of occupation or rights to renew the lease at the end of the contractual lease term? If yes, please give details.

The parties can freely negotiate the length of lease term. Office leases tend to last for three or five years and the right to extend can be negotiated. The maximum lease term is generally 99 years.

The tenant can vacate the leased premises without giving formal notice at the end of the term, unless the lease provides otherwise.

If a tenant remains in the property after the lease has expired and the landlord does not object, the lease is automatically renewed for the duration of the original lease or one year, whichever is shorter. However, if either party wishes to amend any provision in the extended lease, including the rent, it must provide 90 days' written notice to the other party specifying amendments, unless otherwise agreed. If parties fail to agree about the amendments, the matter can be referred to the Rent Committee. (For more information, see *Question 37*.)

33. What provisions or restrictions typically apply to the disposal of the lease by the tenant (for example, can the tenant assign or sublet the lease with the landlord's consent)?

A tenant cannot sublet leased property without the landlord's prior written consent (*Law No. 33 of 2008*). A tenant is otherwise free to assign its interest or sublet the property as he sees fit, unless there are expressed restrictions in the lease.

34. Can tenants usually share their business premises with companies in the same corporate group? If yes, on what terms?

Tenants cannot normally share business premises with companies in the same corporate group without the landlord's consent. The lease, however, normally has provisions in relation to this.

35. Who is usually responsible for keeping the leased premises in good repair?

Unless the parties have agreed otherwise, the landlord is responsible for the:

- General maintenance of the property.
- Rectification of any defects or faults that affect the tenant's enjoyment of the property.

It is not uncommon for the landlord to shift the good repair responsibility to the tenant, particularly in commercial leases (*Article 16, Law No. 26 of 2007*).

On the expiry of the lease the tenant must return the property to the landlord in the condition that the property was in at the beginning of the tenancy, subject to natural wear and tear (*Article 21, Law No. 26 of 2007*).

36. Who is usually responsible for insuring the leased premises?

There are no statutory provisions governing insurance of leased premises. A landlord bears the risk, unless:

- The tenant has been negligent.
- It has been agreed otherwise.

A landlord is therefore recommended to insure against the risk. However, a commercial lease normally enables the landlord to recover the cost of insurance from the tenant.

37. On what grounds can the landlord usually terminate the lease? Please briefly outline any restrictions or procedure that applies. Can the tenant terminate the lease in certain circumstances?

The landlord can (*Law No. 33 of 2008*):

- Evict a tenant before the expiry date of the lease, if the tenant has been in arrears in rent for more than 30 days after due demand.
- Evict a tenant on the expiry of the lease if:
 - the landlord personally intends to use the premises;
 - the eviction is required to carry out major repair works;
 - the landlord intends to demolish or significantly renovate the property;
 - the landlord intends to sell the property.

There are no statutory provisions permitting the tenant to terminate the lease.

REAL ESTATE ORGANISATIONS

Dubai Land Department

Main activities. The Land Department is the registry for real estate in Dubai (with the exception of real estate in the DIFC). It is responsible for registering real estate transactions, whether completed or off plan, including transfers of ownership and mortgages. The Land Department is also the official valuer, auctioneer, regulator and property watchdog.

W www.dubailand.gov.ae

Real Estate Regulatory Agency (RERA)

Main activities. Established in 2007 and part of the Dubai Land Department, RERA formulates, regulates, manages and licenses various activities concerning real estate located in Dubai, including real estate brokerage and real estate development.

W www.rpdubai.com

Dubai International Financial Centre (DIFC)

Main activities. The DIFC is a 110 acre free zone area in Dubai that services and accommodates financial institutions. The DIFC is governed by its own laws and has its own regulatory and registration systems separate to that of the Dubai Land Department and RERA.

W www.difc.ae

The property division of Dubai courts hears real estate disputes, subject to two exceptions:

- Disputes between landlords and tenants, which have been referred to the Dubai Rent Committee.
- If the parties have expressly agreed on an alternative dispute resolution method, such as arbitration.

The Dubai Government issues and regulates licences for real estate activities in Dubai. For companies that have been formed and operate in one of the free zones, the authority of that free zone will issue and regulate licences.

38. What is the effect of the tenant's insolvency (under general contract terms and insolvency legislation)?

General

The legislation regulating relationship between landlords and tenants is silent about the tenant's insolvency. However, outstanding rent is a ground for eviction (*Law No. 33 of 2008*). A typical lease also enables the landlord to terminate the lease in the event of the tenant's insolvency. However, this term may be invalid as it is not one of the eviction grounds under the Law.

Corporate tenants

The company ceases to exist on insolvency (*Civil Code*). However, the company retains its legal personality to the extent necessary for liquidation of its assets and the company's managers must act as liquidators. If the insolvent company continues to pay rent despite liquidation, it is arguable that the landlord cannot remove the tenant until liquidation has been finalised.

Natural persons

In addition to potential eviction (*see above, General*), insolvency can result in criminal liability for the individual in the UAE.

PLANNING LAW/ZONING

39. What authorities regulate planning control and which legislation applies?

Dubai Municipality is the principal authority regulating planning controls in Dubai (*Local Orders No. 2 of 1999, No. 33 of 1988 and No. 8 of 2003*).

Additional controls can be imposed by RERA, the relevant free zone authority and the master developer. This is regulated by:

- Law No. 13 of 2008.
- Law No. 8 of 2007.
- Rules and regulations of the relevant free zone.
- Master community declarations.

The master developer's standard sale contract will also contain provisions relating to planning control (*see Question 10, Sale contract*).

40. What planning consents (for example, planning permission or building permits) are required and for which types of development?

Only licensed developers can develop new projects in Dubai (*see Question 2*). RERA is the licensing authority and all developers require RERA's approval before starting a project.

To obtain RERA's approval the developer must have a "no objection letter" from the master developer. The master developer can include conditions precedent in the letter and it will normally want to be satisfied with the project concept before issuing the letter. The master developer must also approve a detailed design plan at a later stage.

If the property is located in Dubai, a developer must secure planning and building approval from the Dubai Municipality.

Free zone authorities can impose additional planning controls in respect of real estate in their area.

41. In relation to planning consents:

- Which body grants initial planning consents?
- Do third parties have the right to object? If yes, please give brief details.
- In what circumstances is there a public inquiry?
- How long does an initial decision take after receipt of the application?
- Is there a right of appeal against a planning decision? If yes, please give brief details.

Initial consents

The Planning and Survey Administration of the Dubai Municipality grants initial planning consents, subject to the Regulations of the classification and use of lands in Dubai (Planning Regulations). However, master developers and free zone authorities can have additional planning procedures.

Third party rights

There are no formal procedures for third parties to object to a particular planning application. However, the Municipality can review and amend the Planning Regulations, following an application by a third party if it is filed on serious and effective grounds that justify an amendment (*Article 8, Local Order No. 2 of 1999*).

Public inquiries

Municipality officials have full discretion to investigate when they deem appropriate (*Article 11, Local Order No. 2 of 1999*).

Initial decision

Neither legislation nor planning regulations set out the length of time in which the municipality must issue its initial decision.

Appeals

The Planning Regulations outline the procedure for filing an appeal against a rejected application.

REFORM**42. Please summarise any proposals for reform and state whether they are likely to come into force and, if so, when.**

The government has considered enacting regulations that would:

- Facilitate and enable the subdivision of land, particularly three-dimensionally. (At present, the regulations are unlikely to come into force in the near future.)
- Further regulate common areas and the association of the common areas' owners. (The regulations are likely to come into force in 2010.)

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