Purchasing and Selling Commercial Real Estate: Overview (Emirate of Dubai, UAE)

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A Practice Note discussing the process of purchasing and selling improved commercial real estate in the Emirate of Dubai, UAE. This Note addresses the key steps in the purchase and sale of commercial real estate in the Emirate of Dubai, including retaining a broker/agent, entering into preliminary agreements, conducting property due diligence, the key transaction documents, financing considerations, and closing mechanics.

The purchase and sale of commercial real estate in the Emirate of Dubai, UAE involves a series of steps requiring the coordination of several parties. While the workflows of purchase and sale transactions are generally similar, each transaction varies depending on the specific terms of the transaction, the property type, and local laws and customs.

This Practice Note provides an overview of the workflow for the purchase and sale of a commercial property in the Emirate of Dubai, UAE, including:

- Retaining a real estate broker/agent.
- Retaining a real estate lawyer.
- Entering into preliminary agreements.
- Conducting property due diligence.
- Conducting anti-money laundering due diligence.
- Entering into the sale and purchase agreement.
- Financing considerations.
- Obtaining property insurance.
- Closing conditions, documents, and mechanics.
- Post-closing matters.
- Special considerations for foreign investors.

This Note assumes the buyer acquires a fee interest in the property by deed. It does not address acquisitions of ground leasehold interests or indirect ownership interests in the property owner, but many of the principles and steps in the workflow are similar.

This Note also assumes the property is:

- Improved (the property has improvements on it, such as a building, and is not vacant land intended for development). While many of the same principles apply, purchasing vacant land for development involves additional considerations that are not addressed in this Note.
- Leased to third-party tenants.

For an overview of real estate law in the Emirate of Dubai, UAE, see Commercial Real Estate in the UAE: Overview.

Retain a Broker/Agent

In Dubai, it is not legally required but is strongly recommended for both buyers and sellers to use a licensed real estate agent. Agents understand the local market, handle paperwork, and help navigate legal procedures. This is especially helpful for international buyers unfamiliar with the UAE property system. In the UAE, brokers and agents are the same (and the two terms are used interchangeably). Dubai brokers may help with:

- Pricing and property trends.
- Finding real estate in high-end areas such as Dubai Marina or Palm Jumeirah.
- Accessing off-market or luxury properties.
- Managing legal steps through the Dubai Land Department (DLD) and the Real Estate Regulatory Agency (RERA).

Brokers often specialise in areas like:

- Luxury properties (such as villas and penthouses).
- Off-plan projects (properties under construction).
- Commercial space (offices and shops).
- Rentals (short and long-term).

Common responsibilities include:

- Listing and advertising properties.

- Giving advice on property values and legal steps.
- Ensuring deals follow all local laws (including anti-money laundering rules).
- Organising viewings and managing negotiations.
- Preparing initial contracts like Form F (Memorandum of Understanding) (see Executing the Sale and Purchase Agreement).
- Registering transactions in systems like the Dubai Brokers Registration System and Trakheesi. Trakheesi is the DLD's smart platform for managing real estate licensing, advertising permits, and broker cards. It allows real estate brokers in Dubai to register their transactions entirely through the DLD website but completion must take place at a trustee office.

Broker Agreements

Brokers and clients must sign a written agreement that clearly states:

- Who is involved.
- The property details.
- Agreed commission.

(Article 26, By-Law 85 of 2006.)

The agreement must be registered with the DLD using:

- Form A (for seller and broker).
- Form B (for buyer and broker).

Broker Fees

The broker is only entitled to a commission if the transaction completes, unless otherwise agreed. If multiple brokers are involved, only the broker who finalises the deal gets paid (unless agreed differently). If the same broker works for both the buyer and seller, both must pay their share of the broker's fee, even if one agrees to cover it all (Articles 30 to 32, By-Law 85 of 2006).

There is no fixed cap on a broker's fee, but it usually ranges between 2% and 5%. In most secondary market (resale property) deals:

- The buyer pays the broker fee, usually 2% of the property price plus value added tax (VAT) (see Value-Added Tax (VAT)).
- In some cases, the seller may pay this to attract buyers.

In off-plan properties (buying from developers), buyers do not usually pay agent fees and developers pay the brokers instead. A party should always ask their agent to confirm this in writing to avoid hidden charges.

For most commercial properties:

- Buyers pay a 2% broker's commission on commercial property purchases.
- For rentals, tenants pay between 5% and 10% plus VAT of the annual rent to the broker.
- In long-term corporate leases, landlords sometimes pay the broker's fee to secure good tenants.

Commission amounts vary depending on the:

- Type of property (residential or commercial).
- Market conditions.
- Experience of the agent or agency policies.

Licensing and Other Requirements for Brokers

Dubai Bylaw No. 85 of 2006 requires brokers to:

- Act honestly and professionally.
- Keep client information confidential.
- Avoid conflicts of interest.
- Only act as a broker if they have authorisation.
- Keep accurate records of all transactions.
- Confirm ownership of any property they list (RERA Circular No. 8/2016).

- Protect any money or items they receive during a deal.

All real estate brokers in Dubai must be licensed and follow professional and ethical rules in local laws. To legally operate, a real estate broker must:

- Obtain a licence from the DLD (Articles 6.7 and 6.8, By-Law 85 of 2006).
- Register their licence in the DLD's Trakheesi system.
- Apply for a broker ID card through the Trakheesi system.

Before advertising or marketing any property, brokers must also obtain a permit through the Trakheesi system.

In addition, brokers must:

- Share full details about the property, deal terms, and negotiations with their clients.
- Explain all conditions honestly, so clients can make informed decisions.

If a broker acts in bad faith or breaks their contract, they may lose their commission or even their licence. If a broker acts dishonestly and causes loss to any party, they can be liable for fraud or misconduct.

Retain Legal Counsel

Real estate lawyers handle a wide range of matters in real estate purchases and sales. They ensure that the documents are legal, valid, and that the deal follows UAE property laws. Their main goal is to protect the client's investment and reduce risk.

In a real estate purchase and sale, lawyers typically review various documents as part of legal due diligence (see Property Due Diligence).

For high-value property deals, lawyers may also do a practice run (called a dry run) of the ownership transfer with a real estate trustee office (see Closing Steps), such as Tamleek.

Since paper cheques are still commonly used in the UAE, lawyers review the manager's cheques to confirm the full payment amount is ready.

Lawyers cannot act as real estate brokers unless they are licensed by RERA. In particular, they cannot market properties or negotiate deals for commission unless they are also qualified as a broker.

Conveyancers are different to lawyers in the UAE and help with the process of transferring property ownership. In Dubai, they work with both buyers and sellers to prepare paperwork, follow legal procedures, and ensure a smooth transaction without legal issues.

Preliminary Agreements

In addition to the brokerage agreement, other preliminary agreements the seller and the buyer may enter into before signing a sale and purchase agreement include:

- Term Sheets and Letters of Intent (LOI).
- Expression of Interest (EOI).
- Reservation agreement.

Term Sheets and Letters of Intent (LOI)

Before finalising a real estate deal, the parties often use documents like a term sheet or a letter of intent (LOIs) to outline the main points of the deal and help start the negotiation process.

Term sheets usually focus on the key financial and business terms, like price and timelines. LOIs often go into more detail and may include things like how the property will be managed or specific steps in the process.

Both are commonly used in property sales, leases, and development projects. They are especially helpful in complex deals involving multiple parties or detailed terms. They help both sides figure out early on if the deal is likely to work, which can save time and money by avoiding full contracts that might fall through.

A real estate term sheet or LOI commonly includes:

- The parties: names and contact info for the buyer and seller, or the tenant and landlord.
- Property information: address and basic details about the property.
- Price or rent: amount to be paid.
- Deposits: any upfront money, like earnest money or a security deposit.
- Due diligence: the time allowed to inspect the property or check records before committing.
- Closing date: when the deal is expected to be finalised.
- Conditions: things that must happen for the deal to move forward, like getting financing or government approvals.
- Confidentiality: rules about keeping information private.

Term sheets and LOIs are not usually legally binding. However, some of their provisions, such as promises to keep things confidential or to negotiate in good faith, can be legally binding, depending on how they are drafted.

Usually the sale side prepares drafts with the buyer's side amending, according to the buyer's lawyer's review and client instructions.

Expression of Interest (EOI)

In Dubai, especially for off-plan (under construction) projects, developers often use two early agreements before signing the main sale and purchase agreement: an EOI and a Reservation Agreement. They help developers manage demand and allow buyers to secure a unit early.

An EOI is an informal document that shows a buyer is seriously interested in a property. It is usually used before the official launch of a project to give buyers a better chance of securing the unit they want. It includes:

- The buyer's name and contact details.
- The unit they are interested in.
- Suggested price and payment plan.
- Sometimes, a small deposit or token amount (often refundable)

For developers, an EOI helps estimate interest in a project, organise sales, and filter out non-serious buyers. For buyers, it can give them early access to select units and possibly better deals or payment terms.

Most EOIs are non-binding, so that either party can walk away, and any deposit is typically refundable. However, some developers may include conditions that affect refundability, especially if they allocate a unit to the buyer.

Reservation Agreement

This is more formal than an EOI. It is used when the developer is ready to hold a specific unit for a buyer and prepare for the full sale and purchase agreement. It includes:

- Details of the property.
- Agreed price.
- Payment schedule.
- A larger deposit (often 5% to 10% of the price).

A reservation agreement confirms the buyer's stronger commitment and lays the groundwork for the upcoming sale and purchase agreement.

A reservation agreement may be legally binding. While not as detailed as the final sale and purchase agreement, it can include binding terms, especially about the deposit if the buyer backs out (for example, the deposit might be forfeited).

Sale and Purchase Agreement

The seller's counsel typically prepares the first draft of the sale and purchase agreement, based on the terms set out in the LOI. The agreement includes provisions on:

- The description of the real estate.
- The business terms of the transaction.
- Pre-closing due diligence (see Property Due Diligence).
- Representations and warranties, including survival periods and any indemnity or other remedy for a breach.
- Covenants.
- Closing conditions, such as:
  - delivery of estoppels;
  - financing contingency; and
  - third-party approvals.

  (See Closing Conditions.)
- Closing documents (see Closing Documents). It is customary to attach agreed forms of the material closing documents as exhibits to the contract.
- Apportionments and closing costs (see Apportionments, Closing Costs, and Transfer Taxes).
- Post-closing obligations, such as escrows and post-closing adjustments (see Post-closing).

Executing the Sale and Purchase Agreement

Form F is the official contract form used to buy and sell property in Dubai. It is issued by the DLD and regulated by RERA. Form F can be accessed through the Dubai REST app by brokers, or through the DLD website. Every property sale must use Form F. It outlines key details such as:

- The price.
- The payment plan.

- The property description.
- The roles and responsibilities of the buyer and the seller.

Once both parties sign Form F, it becomes legally binding and must be submitted to the DLD to complete the sale.

Form F is the DLD's standardised sale agreement for all property transactions. It acts as a streamlined sale agreement that outlines the key details of the transaction. Form F is required for all residential and commercial real estate transactions.

More elaborate/high value sales tend to use a sale and purchase agreement in conjunction with the standard Form F (for the formal transfer at the DLD office). The sale and purchase agreement is used to outline more complicated and commercial provisions and agreements between the parties that the standard Form F does not cover. The sale and purchase agreement should also be referred to under the additional conditions of the Form F. However, for secondary market transactions, the sale and purchase agreement does not have to be registered with the DLD.

For off-plan, the sale and purchase agreement must be registered with the DLD, within the statutory time frame to be valid and binding. The sale and purchase agreement acts as a legally binding contract that outlines the agreed terms and conditions between the buyer and seller. It is far more detailed than Form F, and includes clauses for every aspect of the transaction, to minimise potential disputes.

Unless the sale and purchase agreement states otherwise, it can be signed in multiple copies. These copies can be shared by fax or email, and the original documents can be sent later by mail. It is not required for all the parties to sign the same copy at the same time.

The sale and purchase agreement for an off-plan property must be registered by the developer in the Interim Register managed by the DLD (Article 3, Law No. 13 of 2008 Regulating the Interim Property Register, as amended by Law No. 9 of 2009 and clarified by Decree No. 6 of 2010 (Law 13/2008)). For an off-plan sale, registration of the title transfer is not usually required until completion of the building. The sale contract often provides that the developer must transfer the title as soon as possible after the buyer has made payment in full and acquired possession of the property. A disposition of property that is not registered in the Property Register or the Interim Register is invalid (Article 3(1), Law 13/2008) (see Registration).

Notarisation of the sale and purchase agreement and Form F is not required in the UAE.

Property Due Diligence

Depending on the parties' negotiations, property due diligence can be conducted either:

- Before signing the sale and purchase agreement.
- During a due diligence period negotiated in the sale and purchase agreement.

Depending on the transaction requirements, the buyer's due diligence typically includes reviewing:

- Title and survey (see Title and Survey Review).

- Governmental searches (see Governmental Searches).
- Leases (see Lease Review).
- Third-party reports, such as appraisals and environmental assessments (see Third-Party Reports).
- Compliance with laws (see Planning/Zoning and Legal Compliance).
- Third-party contracts (see Third-Party Contracts).
- Insurance (see Property Insurance).

Counsel should, as a preliminary matter:

- Provide a comprehensive due diligence request list to the seller's attorney, tailored to the specifics of the transaction.
- Request access to any online data rooms and all real estate information the seller possesses or controls.
- Confirm the client's requirements for the form of due diligence reports.

Title and Survey Review

The buyer can review the property title through the DLD online service portal. However, this title verification is not guaranteed to be fully accurate or legally conclusive. To review and verify the property title, the buyer asks the seller to provide a copy of the title deed, then makes limited enquiries and/or requests the seller to provide confirmation of the same. There is not an open register and if the seller cannot provide this information, the buyer requires a power of attorney from the seller to make enquiries and obtain copies of the title deed.

It is important that the title deed is verified with the DLD to ensure that there are no restrictions, unpaid dues, or litigation lodged against the property.

In a real estate purchase and sale, lawyers also typically review the following documents:

- Affection plan, to understand the plot layout and boundaries. An affection plan can only be obtained by the owner or a third party with the seller's consent granted through a power of attorney. It is obtained by:
    - logging into the Dubai REST app and submitting documents including the title deed, Emirates ID or passport, site plan, and proof of ownership; and
    - paying the fee of AED500 to AED2,000, depending on the property type and expedited processing. The affection plan is then processed and issued digitally.

- Community regulations, including the master community declaration and jointly owned property declaration (now replaced by building management rules under Law 6/2019 on Jointly Owned Real Property):
  - the master community declaration can only be provided by the property owner, who obtains a copy from the master developer. It contains the conditions and provisions governing the development and operation of a master project and the jointly owned real property and common facilities therein. It includes the planning and construction standards of the master community; and
  - the jointly owned property declaration/building management rules is prepared in accordance with the relevant by-laws issued by the DLD, and entered in the Jointly Owned Real Property Register, and states the procedures for maintenance of the common parts, including equipment and services in any part of another building, and the percentages of contribution by owners to the relevant costs.
- Previous sale agreements, especially if the property is still under construction or if there are payment plans that continue after handover.
- No-objection certificate (NOC), issued by the developer to allow the sale.

If the seller or the buyer is a company, lawyers (a real estate lawyer or where required with assistance from a corporate lawyer) also check:

- The company's trade licence. This is an official government licence that authorises a company to conduct specific business activities legally in the UAE. The company will require a real estate activity licence to carry out real estate activities. If the seller is a company, it must provide a copy of their up-to-date real estate activity licence to the buyer. The buyer cannot obtain a copy without the seller's consent. It is possible to verify and receive a copy of licences issued by the DLD for real estate activities through the DLD website.
- The company's articles of association.
- Board resolution or power of attorney, authorising a specified party to enter the transaction documents on behalf of the buyer or seller (see Financing). However, it is up to the owner of the property to provide the buyer with this information.
- Certificates, such as a certificate of incorporation, good standing, or incumbency (especially for companies in Dubai's free zones).

Title insurance is available in Dubai but is not commonly used in practice.

Land and property surveys may be conducted by a qualified surveyor (see Third-Party Reports), but they require the landowner's consent and are typically carried out at the buyer's expense, unless otherwise agreed in the sale and purchase agreement. Property surveys are common in commercial and high-cost property transactions. While they are not legally required, they are becoming more common as a means of property due diligence. The property owner applies through the DLD and the service fees are set out on its website. Issues occur when selecting surveyors that are not accredited, and the DLD provides a list of accredited land surveyors.

Governmental Searches

Accessing public information about land or property in Dubai is generally restricted without the owner's consent, typically granted through a power of attorney. However, the buyer can submit relevant inquiries directly to the seller and request supporting documentation about services and other matters. It is common for buyers to raise enquiries of the seller but there is no standard form of regulated pre-contract enquiry. This due diligence is typically facilitated by conveyancers/brokers contacting the seller directly, which can be refused, or contractually under the terms of contracts such as Form F which are binding.

Additionally, buyers may verify the title deed through the DLD online service portal (see Title and Survey Review).

It is not common for a buyer to carry out property searches in Dubai with third party governmental agencies or departments. The buyer cannot access information on land charges. Information on utility services is only accessible with the seller/owner's permission. There is no accessible registry of pending litigation. Bankruptcy filings can be searched for a fee through the UAE trade registry and requires the entity number.

Lease Review

The buyer and its counsel should review all lease documents and other occupancy agreements affecting the property. Typical lease documents include the following:

- Lease.
- Tenant manual.
- Community regulations (see Title and Survey Review).
- Any permissions and/or consents required under any head lease.

The lease documents should be reviewed to confirm:

- The rental and other business terms provided to the buyer are accurate.
- Any outstanding landlord monetary obligations.
- Whether the tenant's consent is required for the lease to be assigned to the buyer.
- The lease has not been assigned to a different tenant.
- Whether the landlord has the right to consent to a lease assignment by the tenant.
- What the tenant's obligations are, such as holding a current trade licence permitting the tenant to undertake and use the property according to the permitted use stated in the lease.

- Whether the tenant has any termination rights.
- Any other unusual provisions that may affect the landlord's rights or property income.
- Any costs, including service charge payments and sink funds.
- If there are any outstanding payments and arrears.
- All necessary consents have been obtained as outlined in the lease documentation, including consents for any underletting and works undertaken.

Third-Party Reports

During the buyer's due diligence, it is common to commission third-party reports to verify the condition and compliance of the property. A key report is a land and property survey conducted by a qualified surveyor. This is particularly important for properties in industrial areas, where it is essential to confirm that the land and buildings comply with all relevant environmental regulations and health and safety standards.

Other typical third-party reports may include:

- Appraisals to determine the fair market value of the property.
- Environmental assessments to identify any contamination risks or environmental liabilities.
- Building inspections to evaluate the structural integrity, quality, and safety of the buildings.

These reports help the buyer understand potential risks, compliance issues, and the overall condition of the property before completing the transaction.

Planning/Zoning and Legal Compliance

In Dubai, comprehensive due diligence is required to ensure compliance with all relevant laws governing the use of the property, including obtaining necessary licences and permits, fire safety, and health and safety regulations.

The main regulatory authority for planning and property use is Dubai Municipality, which enforces planning control under various laws and regulations, such as:

- Local Orders No. 2 of 1999 and No. 8 of 2003.
- Executive Council Resolution No. 18 of 2021.
- Law No. 16 of 2023 on Urban Planning.

These laws establish the framework for land classification, permitted uses, and planning consents.

Additional control may come from:

- RERA.
- Relevant free zone authorities (such as the Jebel Ali Free Zone (JAFZA)) and TECOM).
- Master developers.
- Management companies.

Due diligence involves reviewing compliance with legislation, including but not limited to:

- Law 13/2008.
- Law No. 8 of 2007 on Escrow Accounts for Real Estate Development.
- Law 6/2019 on Jointly Owned Real Property.
- Law No. 4 of 2019 on RERA.
- Free zone-specific rules and regulations.
- Bye-laws of residential or commercial complexes.

The Planning and Survey Administration in Dubai Municipality grants initial planning consents based on the Regulations of the Classification and Use of Land in Dubai (Article 5, Local Order No. (2) of 1999 Concerning Classification and Regulation of Land Use in the Emirate of Dubai). The legislation and regulations do not specify a maximum timeframe for Dubai Municipality to issue initial planning approvals, which may impact project timelines. Properties in free zones may be subject to additional approval procedures imposed by free zone authorities or other bodies such as Trakhees, the regulatory arm of the Ports, Customs, and Free Zone Corporation (PCFC).

Further, due diligence includes verifying compliance with:

- Fire safety regulations, which require property owners and developers to meet standards for fire prevention, detection, and emergency response, as set out by Dubai Civil Defence.
- Health and safety laws, ensuring the property meets occupational health standards and provides a safe environment for occupants and visitors.

Due diligence practitioners (the buyer's counsel) typically:

- Review all relevant licences and permits.
- Confirm approvals from applicable authorities.
- Inspect compliance with fire safety certificates.
- Verify that health and safety measures are implemented according to local requirements.

Third-Party Contracts

In a Dubai real estate acquisition, lawyers typically review a range of third-party contracts and project documents to assess risk, enforceability, and ongoing liability exposure. The precise suite depends on whether the asset is residential, commercial, retail, or development land, but commonly includes the following.

Developer and Master Community Documentation

For projects in major master communities (such as Emaar Properties developments), these documents govern use restrictions, service charge obligations, and enforcement rights, and include:

- Master community declaration/jointly owned property declaration (see Title and Survey Review).
- Community management statements.
- Master developer approvals and NOCs.
- Building completion certificates

Existing Lease Agreements

This is critical in commercial acquisitions and sale-leaseback structures and includes:

- Tenancy contracts (see Lease Review).
- Side letters or rent concessions.
- Ejari registration details. Ejari is Dubai's official tenancy registration system managed by the DLD/RERA.
- Rent payment history.

- Notices served or disputes pending.

Property and Facility Management Agreements

These determine cost exposure and termination rights post-acquisition and include:

- Building management agreements.
- Facilities management contracts.
- Security contracts.
- Cleaning and maintenance agreements.

Service and Utilities Agreements (Commercial)

These include:

- District cooling agreements.
- DEWA supply documentation.
- Telecom infrastructure agreements.
- Waste management contracts.

Long-term district cooling contracts are particularly scrutinised due to fixed capacity charges.

Construction and Development Documentation

These are relevant when acquiring development land or partially completed assets and include:

- Building contracts (main contractor agreement).
- Consultant appointments (architect, engineer).
- Warranties and collateral warranties.
- Defects liability documentation.
- Performance bonds.

Financing and Security Documents

If the seller's property is encumbered, these documents are reviewed to ensure clean transfer and discharge mechanics, and include:

- Existing mortgage documentation.
- Security registrations.
- Bank NOCs.
- Release of mortgage undertakings.

Escrow and Off-Plan Documentation (Residential Off-Plan)

These include:

- Escrow account confirmation.
- Interim payment schedules.
- Oqood registration details (for off-plan units). Oqood is the DLD's interim registration system for off-plan (under-construction) property sales.

Owners' Association Documentation

This assists in assessing future cost exposure and includes:

- Service charge budgets (current and historical).
- AGM minutes.
- Reserve fund statements.
- Ongoing disputes or special levies.

Property Insurance

When selling and purchasing property, the parties must consider when the risk of damage or destruction to the property passes from the seller to the buyer. Suitable insurance should be arranged so that the property is adequately insured from the date that the insurance risk passes. In Dubai, the risk passes to the buyer on completion (closing), being the date the legal title passes to the buyer.

It is customary to obtain the following types of insurance for improved real property:

- All-risk coverage for property damage.
- Business interruption and rental loss insurance.
- Terrorism insurance.
- Depending on the property location, earthquake, windstorm, or flood insurance.
- Commercial general liability insurance.
- Workers' compensation insurance.
- During construction or alterations conducted at the property, builder's risk insurance.

The buyer's lender may require additional insurance coverage.

Anti-Money Laundering

In Dubai, during a real estate sale and purchase, both the buyer and the seller must submit documentation and information to the DLD to verify their identities, disclose the source of funds, and comply with the UAE's Anti-Money Laundering (AML) regulations (Article 2, Federal Decree by Law No. (10) of 2025; as well as provisions set by Circular Number 05/2022).

Buyers must provide personal identification and proof of funds, while sellers may also be required to supply similar documentation.

Real estate agents/brokers are responsible for:

- Enforcing Know Your Customer (KYC) procedures.
- Performing due diligence.
- Reporting any suspicious transactions or activities through the goAML platform.

Additionally, a mandatory Real Estate Activity Report (REAR) must be filed for high-value cash transactions or those involving virtual assets.

Financing

In Dubai (other than in the Dubai International Finance Centre (DIFC) and the Abu Dhabi Global Market (ADGM)), if the buyer is obtaining financing secured by the property, counsel should obtain the lender's requirements for the legal documents, including:

- Title documents such as title deeds. It is important that the title deed is verified with the DLD to ensure that there are no restrictions, unpaid dues, or litigation lodged against the property.
- Company documents (trade licences, constitutional documents, certificates, and so on) (see below).
- Scope of the legal opinions to be provided.
- NOC/consent related documents if the property is in a free zone with its own regulator.
- Other property specific deliveries, such as proof of registration of the mortgage with the DLD (see below), once completed.

The buyer's counsel must coordinate with the lender's counsel regarding who prepares which closing documents. The lender's counsel generally is responsible for preparing the financing documents, which may be reviewed/negotiated by the buyer's counsel.

The primary financing related documents in a conventional financing typically include the following:

- A financing agreement under which financing is provided to the buyer. This may be a loan agreement or a facility offer letter.
- Additional facilities provided by the lender which may be required by the buyer, for example, letters of credit/bank guarantee facilities.
- Security documents between the obligors and the lender to secure the financing, which may include a mortgage agreement, guarantees (personal/corporate), share pledges, promissory notes, and so on.
- If a local bank is appointed as a local security agent, this may include a security agency agreement, usually in the local security agent's own format and reviewed by the lender's counsel.
- If required by the financing arrangement, the lender may obtain an officer's certificate from the corporate buyer's duly authorised signatory, with key company documents as annexures (licences, constitutional documents, signed resolutions, and so on), including confirmations that the annexed documents are true and correct, no borrowing limits are breached, and so on.
- A legal opinion may be provided by the lender's counsel on the enforceability of the financing documents. The buyer's counsel may provide an opinion on the buyer's authority and capacity (more relevant for corporate or SPV buyers).
- Additional no-objection/consents may be required for properties in free zones.

- Islamic finance is available for real estate financing in Dubai. The buyer and the lender may use structures such as the *murabaha*, *ijara*, diminishing *musharaka*, and so on, depending on the commercial considerations. Typically, these structures may involve:

- A purchase of the assets by the lender.

- A sale or lease (with an option to purchase at the end of the lease) of the assets to the buyer and payment in instalments by the buyer to the lender, usually as a mark-up on the purchase price paid by the lender.

The documents which may be required in an Islamic finance facility vary according to the type of financing used by the buyer and the requirements of the lender and its internal Sharia compliance committee.

In addition, certain documents are usually obtained for all financing transactions, such as:

- If the buyer is a corporate entity:
  - the buyer's valid trade/commercial licence;
  - the buyer's constitutional documents;
  - extract from the company registrar, incumbency, or good standing certificate for the buyer; and
  - authorisation for the company's authorised signatory to enter the transaction documents on the company's behalf. This is a board resolution or a power of attorney. The board resolution/power of attorney must be bilingual in Arabic and English, notarised by a real estate trustee (see Closing Steps), and contain a specific power to mortgage real estate property and undertake registration of the mortgage with the DLD. The power of attorney must not be older than two years from the date of registration of the power of attorney with the DLD. For notarisation, documents for the authorised signatory are obtained (essentially their Emirates ID or passport).

- A NOC may be required from the developer to be determined on a case-by-case basis.

- In certain free zones, a certificate of incumbency and a certificate of good standing are obtained, depending on the free zone.

- Valuation reports from duly authorised and registered valuers. Usually, such valuers are appointed by the lender from a list of registered valuers maintained by the RERA.

A mortgage must be registered with the DLD to be valid and enforceable against third parties (Law No. 14/2008 on Mortgages). The mortgage agreement must be in Arabic or in Arabic and English. After registration, the DLD will provide a mortgage document duly signed and sealed by the DLD.

Ideally, all the documents, including the mortgage agreement, title deed, resolution or power of attorney, and so on should be checked with the DLD approved real estate trustee centre (Trustee Centre) before filing. The Trustee Centre will also notify the service fees and the mortgage fees after this pre-check. The mortgage fees in Dubai are 0.25% of the mortgage value and there are various service fees. Depending on the day of registration of the mortgage a service partners' fee of AED4,000 plus VAT may also be charged. Typically, the fees are paid by the buyer.

Closing Steps

Counsel should use the final executed sale and purchase agreement as a road map for the closing conditions and closing deliveries, and to prepare a closing checklist. Counsel must keep track of important dates, timelines, and the parties responsible for preparing and delivering closing items.

Closing typically takes place in person at the Trustee Centre, where the transaction is formally completed. For a purchase of real estate in Dubai, the registration and completion of the transaction with the DLD should be done with the Trustee Centre.

If a party is unable to attend in person, they must authorise a representative through a notarised power of attorney. To be valid, the power of attorney must be notarised by a Dubai, Abu Dhabi, or Federal notary.

Pre-Closing

During the period between signing the sale and purchase agreement and closing, the seller's and the buyer's counsel should ensure their clients are aware of any deadlines to satisfy pre-closing conditions.

The process of obtaining third-party closing deliverables, such as third-party consents, should be initiated well in advance of closing. There are often specific timing requirements that the parties must follow.

The buyer's counsel is responsible for:

- Reviewing legal due diligence (see Property Due Diligence).
- Negotiating financing documents.
- Coordinating with the buyer to ensure the lender's closing conditions are satisfied.
- Forming the buying entity (see Forming the Buying Entity).

The seller's counsel is typically responsible for:

- Drafting the closing documents (see Closing Documents).
- Coordinating with the seller to ensure any closing conditions the seller is responsible for are satisfied.

Forming the Buying Entity

The buyer's counsel must advise its client on the appropriate form of buying entity and prepare the entity's formation documents before closing. A separate special purpose limited liability vehicle is typically incorporated to acquire or develop land within designated areas in Dubai. The primary rationale for using such a vehicle is to ringfence liability to the specific SPV, thereby isolating risk at the asset level.

In Dubai, an SPV must be established in one of the following permitted forms:

- An offshore company registered in the Jebel Ali Free Zone (JAFZA Offshore Company).
- A company incorporated in the Dubai Multi Commodities Centre (DMCC).
- A company incorporated in the Abu Dhabi Global Market (ADGM).
- An offshore company registered in the RAK International Corporate Centre (RAK ICC).
- An entity established in the Dubai International Financial Centre (DIFC), including a company, partnership, foundation, real estate investment trust, or real estate fund (subject to approval by the DIFC Registrar of Companies on a case-by-case basis).
- A UAE mainland limited liability company.

Whether established in the UAE or incorporated abroad, foreign investors can acquire property in Dubai through a corporate entity (UAE or foreign entity) or as an individual in their personal capacity, subject to certain restrictions on foreign ownership (see Special Considerations for Foreign Investors). However, with the introduction of corporate tax on businesses conducting licensed activities in the UAE (Federal Decree Law No. 47 of 2022), buyers are reducing the use of corporate structures for property acquisitions. Instead, many are choosing to buy property in their personal names to avoid potential tax implications. In particular:

- Companies and businesses operating in the UAE must pay a 9% tax on the part of their taxable income that exceeds AED375,000 in a calendar year after deducting eligible business expenses. Dubai imposes a 9% federal corporate tax on taxable profits exceeding AED375,000 for foreign businesses with a permanent establishment or "effectively managed" presence. A 0% rate applies to profits up to this threshold. Free Zone entities may qualify for 0% tax on "qualifying income" if they meet specific substance requirements
- Any income up to AED375,000 is taxed at 0%.

All companies and businesses based in the UAE must register with the UAE Federal Tax Authority within the specified time limit, otherwise they may face penalties (Federal Decree Law No. 47 of 2022).

For additional guidance on entity types in the UAE, see Practice Note, Trading Vehicles: Overview (UAE).

Closing Conditions

Following execution of the sale and purchase agreement, completion of the transfer is subject to satisfaction of all applicable third-party consents, regulatory approvals, and (where applicable) financing conditions precedent. These may include, without limitation:

- Settlement of any outstanding service charges or utilities.
- Issuance of a NOC from the master developer or relevant developer.
- Approval from the DLD.
- Registration of the buyer (if a corporate entity) with the DLD to confirm its eligibility to acquire and hold property in Dubai.
- Where financing is involved, satisfaction of lender conditions precedent, including mortgage documentation and registration requirements.

There is no requirement for the sale contract to be notarised.

Once all required approvals and conditions have been satisfied, the buyer and seller must attend in person (or through duly authorised representatives) before a DLD-appointed Real Estate Registration Trustee to complete the transfer.

At the transfer appointment:

- The parties execute the prescribed DLD transfer documentation.
- The purchase price is settled (subject to any escrow or financing arrangements).
- Applicable transfer fees and trustee fees are paid.
- The DLD issues the title deed in the name of the buyer.

Where acquisition financing is involved, mortgage registration will occur contemporaneously with the transfer in accordance with DLD procedures.

Closing Documents

The agreed forms of key closing documents may be attached to the psale and purchase agreement as exhibits. The buyer's counsel should coordinate with the seller's counsel regarding who prepares each of the closing documents. The seller's counsel is typically responsible for preparing:

- The closing statement, to ensure all fees due and payable by the seller up to the date of completion have been included.
- NOC obtained for the sale (noting its 30-day validity period). The developer provides a NOC, which is typically valid for 30 days, according to market practice.
- An assignment of any warranties, where applicable. A developer selling property is liable to repair any structural defects of which it is notified, for ten years from the date the completion certificate for the property is issued by the

relevant authority. By law, a developer is liable to repair or replace defective installations in a newly constructed property for a period of one year from the date the completion certificate is issued.

The buyer's counsel ensures that the buyer:

- Has effectively signed all necessary contractual documentation.
- Has obtained the necessary manager cheques for the purchase price.
- Has lined up the financing funds in advance, if the buyer is obtaining financing.
- Has all necessary identification documentation.

Title Documents

In Dubai, there is no state guarantee of title. Title insurance is available but 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 on Real Property Registration (Law 7/2006)). The DLD can also correct errors in the Property Register at the request of a third party or on its own initiative (Article 13, Law 7/2006).

Apportionments, Closing Costs, and Transfer Taxes

The seller's counsel typically prepares the draft closing statement, which may be produced by the seller's legal counsel and or conveyancer/broker. Counsel should review the closing statement to ensure that all transaction costs and fees are included and allocated to the appropriate responsible party as provided in the sale and purchase agreement.

The seller typically pays the following:

- All utility bills, service charges, and related fees for the property up to the closing date. In most cases, the full annual service charge must be paid in advance before a NOC can be issued by the master developer or relevant authority. A NOC is often required and in general is mandatory in an onward sale as part of the developer's consent. The seller is usually responsible for obtaining the NOC and such associated costs.
- The sale and purchase agreement should make clear that the seller is responsible for paying any unpaid DLD or property transfer fees. This is especially important if the seller is a company and there has been a change in its ownership or structure, which can trigger additional property transfer fees (see Property Transfer Fee). The seller should cover such costs as the current owner of the property.
- If the property is mortgaged, the seller is fully liable for all fees to discharge the mortgage and ensure removal of its registration from the property title.

The buyer typically pays the following:

- All utility bills, service charges, and related fees from the closing date onwards.
- If the seller has already paid the full annual service charge in advance, the buyer usually reimburses the seller for the buyer's share of the cost (for the period after closing).
- If the buyer has obtained financing, it is fully liable for all registration fees against the title at the DLD, and other associated fees and costs as may be outlined in the mortgage agreement (see Financing).

Transfer Taxes

Property Transfer Fee

In the UAE, when a property changes ownership, a property transfer fee (also called a registration fee) must be paid (Article 3, Executive Council Resolution No. (30) of 2013).

The fee amount depends on the Emirate where the property is located. In Dubai, it is 4% of the property sale price. It is generally paid by the buyer, but the seller and buyer may agree to split it equally between them.

There are some exemptions, notably in Dubai the property transfer fee is 0.125% for a transfer between immediate family members and a transfer executed as a gift. The transfer fee of 0.125% can only be done through gifting to immediate first-degree members and companies.

Further, any company (local or foreign) that owns property in Dubai must notify the DLD of any change in shareholding, at any level up to the ultimate beneficial owner. Such a change is considered a real property disposition and triggers a DLD property transfer fee (Executive Council Resolution No. 30 of 2013 Approving Fees of the DLD). Failure to notify the DLD of such shareholding changes or to pay the property transfer fee will result in the DLD refusing to register any future sale of the property by the company. Further, the DLD can impose a retrospective penalty, which may be double the outstanding property transfer fee.

Value-Added Tax (VAT)

VAT applies in the UAE at a standard rate of 5% (Article 3, Federal Decree-Law No. (8) of 2017). How VAT applies to a real estate sale depends on the type of property:

- A sale of a commercial property (offices, shops, and so on) is subject to VAT at 5%. The buyer pays this VAT.
- A sale of residential property is usually exempt from VAT. However, if a new residential property is sold for the first time within three years of completion, VAT is charged at 0% (meaning no VAT is added, but developers can reclaim VAT paid on construction costs). Any sale after then is exempt from VAT.

Other Fees

Depending on the transaction and the authority or notary involved, additional governmental and/or real estate trustee fees may apply. A real estate trustee is used to register and complete the real estate purchase with the DLD and charges a fee for its services based on the property value:

- If the price of the property is less than AED1 million, the fee is AED2,100.
- If the price of the property is greater than or equal to AED1 million, the fee is AED4,200.

Registration

To register property ownership in Dubai, the parties must have the following documents, among others:

- Identification documents: valid passport and Emirates ID for all individual parties.
- Corporate documentation (if applicable): if a party is a corporate entity, it must be registered with the DLD and authorised to own property (to do this, a company representative visits a Trustee Centre and submits the required documents, transaction details are entered into the system and audited, and the company pays the fees and receives an email with the company's reference number showing that it is registered). Required documents include:
    - power of attorney for the corporate entity's authorised signatory;
    - valid trade licence;
    - memorandum and articles of association; and
    - for foreign entities, all corporate documents must meet Dubai notarisation and attestation requirements (see Financing). For foreign companies, documents issued outside the UAE must be attested by a UAE embassy and the Ministry of Foreign Affairs, and translated into Arabic by a legal translator.
- Original title deed showing the seller as the registered property owner.
- NOC issued by the property developer, if required.
- Signed Form F and/or sale and purchase agreement.
- Power of attorney: if a party is represented by a third party, a notarised power of attorney must be provided.

Once all required documents are prepared, the parties must attend a DLD-approved real estate trustee office. The real estate trustee facilitates the transfer, verifies the documents, and submits them to the DLD.

Following document verification and payment of applicable fees, typically the 4% transfer fee (see Property Transfer Fee)), the DLD will issue a new title deed, thereby completing registration.

Post-Closing

At or immediately after closing, counsel should prepare a list of post-closing matters, including but not limited to receipt of:

The title deed evidencing the buyer as the registered owner.

Registration of a mortgagee where financing is secured.

Assignment of warranties to the buyer, if applicable.

Copies of warranties for installations, fixtures, and fittings.

In addition, counsel should arrange delivery of all necessary consents and approvals for works undertaken, including but not limited to:

- Those from the Dubai Municipality.
- NOCs from the master developer/developer.
- Building completion certificates.
- Title plans issued by the DLD on completion of new construction.

Special Considerations for Foreign Investors

There is no express prohibition of foreign ownership of land under UAE federal law, particularly the Civil Code (Federal Law No. 5 of 1985). However, each Emirate can enact its own legislation on property ownership in its jurisdiction. In Dubai, property ownership is governed by Law 7/2006. Only the following persons can own property in all areas of the Emirate of Dubai:

- UAE nationals.
- Nationals of Gulf Cooperation Council (GCC) countries.
- Companies wholly owned by UAE or GCC nationals.

(Article 4, Law 7/2006.)

Importantly, a company incorporated in the UAE or a GCC country that has any foreign ownership is not regarded as a UAE or GCC national for the purpose of property ownership in Dubai.

Non-UAE/GCC nationals (including foreign individuals and foreign-owned companies) can only acquire freehold, leasehold (up to 99 years), or usufruct rights (up to 99 years) in specifically designated areas of Dubai outlined in Regulation No. 3 of 2006 Determining Areas for Ownership by Non-UAE Nationals of Real Property (as amended). These areas include, among others:

- Burj Khalifa.
- Business Bay.
- Palm Jumeirah.
- Emirates Hills.
- Jumeirah Islands.
- Jumeirah Lake Towers.
- Dubai Marina.

This restriction also applies to foreign companies, subject to the DLD's prevailing policy on title registration in these areas. Under current DLD policy, title deeds in designated areas are only issued to companies registered in Dubai or in specific free zones, including the Jebel Ali Free Zone.

Foreign ownership is permitted without restrictions in Dubai's free zones, such as the DIFC. Free zones are specially designated areas intended to attract foreign investment by allowing 100% foreign ownership and facilitating business operations.

Additionally, under Law 7/2006, a foreign individual can obtain a leasehold interest in areas outside the designated zones but not the freehold title.

Further, any company (local or foreign) that owns property in Dubai must notify the DLD of any change in shareholding, at any level up to the ultimate beneficial owner (see Property Transfer Fee).

END OF DOCUMENT