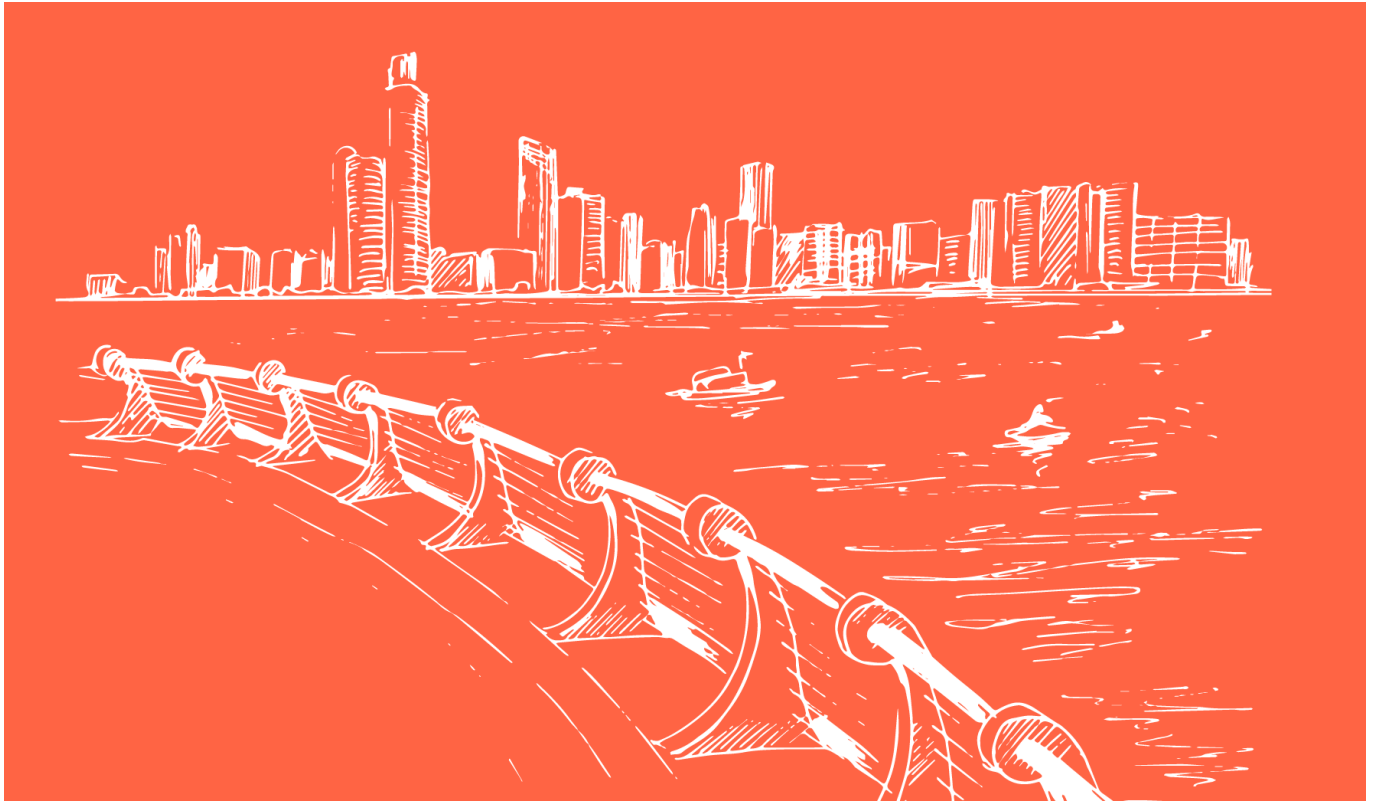


Foreign Ownership of Land in Abu Dhabi: A Major Reform



Opening Freehold Ownership of Land within Investment Areas to Foreigners

On 16 April 2019, the Abu Dhabi Government issued Law No. (13) of 2019 amending certain provisions of Law No. (19) of 2005 on Real Estate Ownership ('Law'). The Law implements major changes to the rules on foreign ownership of real estate in the Emirate of Abu Dhabi (Abu Dhabi city, Al Ain and the Western Region).

Effective from 16 April 2019, foreign individuals (non-UAE/non-GGC nationals) and companies wholly or partially owned by such individuals ('Foreign Owners') can now own freehold interests in land located within the investment areas of the Emirate of Abu Dhabi (see list of investment areas below). Freehold ownership means ownership of land to the exclusion of all others, that is unrestricted in time. It is a superior interest to the rights previously available to Foreign Owners.

Prior to the issuance of the Law, while Foreign Owners were able to own freehold interest/title to apartments, offices, villas and other real estate units, a Foreign Owner's interest, in respect of land, was limited to a Musataha (a concept akin to a long term development right), a usufruct (a long term use right) and long term lease, each for a period not exceeding 99 years.

Accordingly, pursuant to the Law, Foreign Owners may now own, acquire and dispose of all principal real rights (including freehold ownership) and accessory real property rights (including mortgage) over real estate properties located within the investment areas of Abu Dhabi.

The Law also extends the right for public joint stock companies to own a freehold interest in land and property anywhere in the Emirate of Abu Dhabi, provided that at least 51 percent of such companies is owned by UAE nationals ('Qualifying PJSC').

We understand that Foreign Owners and Qualifying PJSCs that currently have a leasehold, usufruct or Musataha interest registered on the Real Estate Register in respect of land within the relevant areas will be able to apply for the conversion of such interests into a freehold title. The Department of Urban Planning and Municipalities will set out the requirements, procedures and fees payable (if any) for converting a leasehold interest into a freehold title.

Controls over Disposals of Real Estate subject to Musataha or Usufruct

The Law also restricts a freehold owner from dealing with land that is subject to Musataha or usufruct rights.

In accordance with the Law, a holder of a usufruct or Musataha right for a term exceeding ten years may, without the freehold owner's consent, dispose of such right, including by way of mortgage, and the freehold owner of the land may not mortgage the same, except with the consent of the holder of the usufruct or Musataha right. In either case, the parties may agree otherwise.

Investment Areas of Abu Dhabi

A current list of the main investment areas in the Emirate of Abu Dhabi is set out below:

Investment Area	Resolution
Al Raha Beach and Reem Island	Resolution No. (23) of 2005 on the Determination of some Investment Areas in Abu Dhabi.
Al Reef Area	Resolution No. (36) of 2005 on the Determination of the Third Investment Area in Abu Dhabi.
Lulu Island	Resolution No. (9) of 2006 on the Determination of the Fourth Investment Area in Abu Dhabi and Resolution No. (38) of 2008 on the Ownership of Lulu Island.
Saadiyat Island	Resolution No. (14) of 2008 on the Determination of the Fifth Investment Area in Abu Dhabi Resolution No. (68) of 2015 on the Determination of the Fifth Investment Area in Abu Dhabi (Transfer of Ownership of (600) Land in Saadiyat Island from Abu Dhabi Tourism and Culture Authority to Abu Dhabi Government).
Yas Island	Resolution No. (15) of 2008 on the Determination of the Sixth Investment Area in Abu Dhabi.
Al Sidayra	Resolution No. (49) of 2008 on the Determination of the Seventh Investment Area in Abu Dhabi.
Masdar City	Resolution No. (50) of 2008 on the Determination of Master city as the Eighth Investment Area.
Al Maryah Island	Resolution No. (24) of 2009 on the Determination of Al-Sawa Island as the Ninth Investment Area and Resolution No. (22) of 2012 on the Change of the Name of Al-Sawa island to Al Maryah Island.
Allocation of land to Abu Dhabi Airports Company	Resolution No. (77) of 2009 on the Allocation of Land to Abu Dhabi Airports Company.
Allocation of land to Abu Dhabi Ports Company	Resolution No. (60) of 2010 regarding the Determination of the Eleventh Investment Area.
Allocation of land from Al Falah	Resolution No. (21) of 2011 on the Transfer of Ownership of Plots Nos. (3) and (5), Al Falah Sector (7).
Fahed Island	Resolution No. (143) of 2016 concerning the 13th Investment Area in the Emirate of Abu Dhabi.
Had Al Saadiyat Project	Resolution No. (27) of 2017 on the Fourteenth Investment Area in the Emirate of Abu Dhabi.
Plot No. (11), Al-Jaraf Sector in Al-Jaraf Area	Resolution No. (29) of 2017 on the Fifteenth Investment Area in the Emirate of Abu Dhabi.
Nurai Island	Resolution No. (37) of 2017 on the Sixteenth Investment Area in the Emirate of Abu Dhabi.
Land allocated to the Higher Corporation for Specialized Economic Zones	Resolution No. (45) of 2017 on the Seventeenth Investment Area in the Emirate of Abu Dhabi.
Plots Nos. 1a and 1b, Sector Al Jubail, South Al Jubail Island	Resolution No. (53) of 2018 on the Eighteenth Investment Area in the Emirate of Abu Dhabi.
Plot No. (1), Sector No. (36), Al Shamkha, Abu Dhabi	Resolution No. (313) of 2018 on the Nineteenth Investment Area in the Emirate of Abu Dhabi.
Plots Nos. P1, P2 and P3 in Kaser Al Amouaj, Abu Dhabi City	Abu Dhabi Executive Council issued Resolution No. (9) of 2019 on the Twentieth Investment Area in the Emirate of Abu Dhabi.

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