

Introducing the Dubai Design District & Dubai Fashion and Design Council

Omer Khan - Partner - Corporate Structuring / Turnaround, Restructuring and Insolvency
o.khan@tamimi.com - Dubai International Financial Centre

Panagiotis Dermatis
p.dermatis@tamimi.com

December 2014 - January 2015

Located adjacent to Dubai's Business Bay area, with an envisioned acreage of over 25 million square feet, d3 is poised to attract leaders in the art, fashion and design industry, with a view to attracting international fashion and design brands and to develop Dubai into a regional hub for the sector.

According to Arabian Business newspaper, "d3's mantra is to be the beating heart of the Middle East's design scene, a creative community where local designers rub shoulders with global brands. The idea is to nurture local talent in hope that the next global brand will come out of Dubai".

There are currently ten buildings under construction in d3. They are expected to be ready for handing over to occupants by early 2015. Although construction of d3 is yet to be completed, d3 is already accepting numerous applications for registering corporate entities and is already issuing licences. Importantly entities licensed prior to the completion of construction of d3, will be permitted to operate from offices located anywhere in Dubai, until such time construction of d3 facilities is completed and the physical launch of d3 takes place.

Costs to set up in d3:

Setting up costs for a Free Zone Limited Liability Company ("**FZ - LLC[1]**") or a branch in the d3 are tabulated below

Description : Fees (in AED):

License Fee:	AED 15,000
Registration:	AED 3,510
Minimum share capital for FZ - LLC:	AED 50,000 - AED 100,000
Office space categories:	Courtyard View AED 110 per sqft; Standard View AED 130 per sqft; and Burj View AED 165 per sqft. [2]
Office deposit:	Equal to three months' rent, which will be adjusted to the rental of the office, once d3 is ready.

Migration of Registration:

As an incentive to set up in d3, its rules permit the migration into d3 of companies set up in free zones administered by TECOM (Dubai Technology and Media Free Zone) or the DIFC (Dubai International Financial Centre).

Dual licensing regime:

Entities set up in d3 can apply for two licenses enabling them to operate within d3 as well as in the Dubai

mainland. Where two licenses are obtained, compliance with the usual licensing and registration requirements for mainland entities will continue to apply (such as obtaining an Ejari certificate, the 5% annual rent payment, having a local service agent (for branches of foreign companies, or 51% UAE ownership for limited liabilities companies in the mainland)).

Food and beverage licenses:

d3, on a case by case basis, may permit 100% foreign ownership of restaurant businesses and, similarly to the DIFC, select venues may be awarded with alcohol licences (subject to approval of the relevant government authorities).

Dubai Design and Fashion Council

Following the announcement of d3, the Ruler of Dubai issued Decree No. 23 of 2013 establishing the Dubai Design and Fashion Council (“DFC”). Established under the auspices of the Dubai Technology and Media Free Zone Authority (“DTMFZA”), the DFC’s objectives include fostering small and medium sized business growth in the industry, the spurring of job growth within the industry, increasing the sector GDP contribution, the promotion of both regional and UAE design products as well as providing supplementary art, fashion and design tourism. The DFC’s mandate also encompasses the planning and execution of fashion and design industry related events. Pursuant to this decree all government institutions are required to provide full support to the DFC insofar as the provision of data, statistics, research materials, and other information that DFC requires for the performance of its duties. The DFC is another step by the Government of Dubai to increase Dubai’s talent pool and diversify its economy by rendering the fashion and design industry the full support of the government.

Economic considerations:

The series of developments in Dubai’s Fashion and Design industry is not entirely coincidental^[3]:

- Dubai’s retail sector, second only to London’s, is host to more than half of the brands across the globe.
- The GCC luxury, fashion and interior sector is estimated to have topped AED 54 billion during 2013 with the UAE accounting for AED 23 billion.
- The growth of tourism, wide ranging and fast paced construction and infrastructure projects and the EXPO 2020 will spur growth in the sector.

Future expectations:

With the establishment of the DFC and d3’s highly anticipated physical launch within the first half of 2015, the Dubai government has demonstrated its desire to turn Dubai into a hub for fashion and business expectations in the fashion, art and design industries are high.

[1] An FZ-LLC can be owned by one or more than one shareholder.

[2] This price includes the service charge but excludes DEWA & chiller (a/c) charges which you will have to pay for separately.

[3] <http://www.dubaidesigndistrict.com/dubai.php>