

JUDGMENT SUMMARY

Neutral Citation	[2021] ADGMCFI 0002
Case Number	ADGMCFI-2019-019
Name of Case	Abu Dhabi Commercial Bank PJSC v KBBOBRS Investments Holdings Limited & Anor
Judge	Justice Stone SBS QC
Date Issued	28 March 2021
Catchwords	Court-ordered sale of real property; minimum sale price to be fixed; analysis of valuation reports; whether Claimant should be permitted to bid during the sale process; judicial approval of sale
Cases Cited	-
Legislation and Authorities Cited	Real Property Regulations 2015 ADGM Court Procedure Rules 2016 – Rules 30 and 184
Executive Summary	This judgment considered and ordered the sale of Al Maryah Tower, setting a confidential minimum price despite varying valuations. The Court granted the Claimant (Bank) leave to bid on the property, stipulating that any such sale must receive Court approval to ensure fairness to the mortgagors. This decision arose from the First Defendant's default on a AED 500 million mortgage, with the Bank seeking to recover a debt exceeding AED 552 million.
Overall Summary	<p>Background</p> <p>This Abu Dhabi Global Market ("ADGM") Court of First Instance (Commercial & Civil Division) judgment concerned an action by Abu Dhabi Commercial Bank PJSC (the "Bank" or "Claimant") seeking a court order for the possession and sale of Al Maryah Tower (the "Property"), which was subject to a mortgage. The Defendants, KBBOBRS Investments Holdings Limited (First Defendant) and BRSKBBO Investments Holdings Limited (Second Defendant), held the property's freehold and leasehold interests, respectively. The Bank had advanced AED 500 million, secured by a Mortgage dated March 28, 2019. An "Enforcement Event" occurred</p>

	<p>when a AED 42 million instalment, due March 30, 2020, was unpaid, leading to a debt over AED 552 million by September 2020.</p> <p>The Bank initiated proceedings for a sale order under ADGM CPR Rule 184. The First Defendant participated only to dispute sale terms, not the sale itself. It was undisputed the Bank should conduct the sale, given likely insufficient proceeds to cover the escalating debt. The Court's primary tasks were determining the minimum sale price and whether the Bank could bid.</p> <p>Analysis</p> <p>Al Maryah Tower is a vacant Grade A office building, purchased for AED 500 million in March 2019. Valuations since then have varied widely due to speculative rental assessments and "<i>material valuation uncertainty</i>" from Covid-19, ranging from AED X (Savills Valuations) to AED X (Chestertons Valuations). The Bank preferred the lower Savills valuation to avoid delays from an unachievable target price. The First Defendant sought the higher, more recent Chestertons valuation to prevent undervalue. The Court, despite the "<i>band of reasonable opinion</i>" and lack of expert evidence, adopted a more optimistic view of ADGM market prospects. It set the confidential minimum sale price at AED X, rejecting the Bank's lower proposal.</p> <p>Regarding the Bank's permission to bid, the First Defendant argued it created a conflict of interest, potentially "<i>anchoring</i>" the sale price and undermining the duty to obtain the best price. The Bank countered that its bidding would likely enhance the final price, with JLL's professional involvement ensuring fairness. The Court granted the Bank leave to bid, heavily relying on JLL's role. A crucial safeguard was imposed: any sale to the Bank must receive express Court approval, allowing the First Defendant to object on price. The Claimant was also to convey the property upon sale.</p> <p>Conclusion</p> <p>The Court ordered the sale of Al Maryah Tower, setting a confidential minimum sale price (AED X) higher than the Bank's lowest proposal. The Court also granted the Bank leave to bid, but with the vital condition that any sale to the Bank would require the Court's explicit approval, safeguarding the First Defendant's right to challenge the price. Counsel were to agree on a draft order based on these principal decisions.</p>
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This statement is not intended to be a substitute for the reasons of the Court or to be used in any later consideration of the Court's reasons.