

JUDGMENT SUMMARY

Neutral Citation	[2025] ADGMCFI 0013
Case Number	ADGMCFI-2023-249; ADGMCFI-2024-047 and ADDMCFI-2024-154
Name of Case	<p>Federal Properties Limited – Sole Proprietorship L.L.C (Also Known As Federal Properties Limited) V. Rawafid H Jazairi Ibrahim</p> <p>Federal Properties Limited – Sole Proprietorship L.L.C (Also Known As Federal Properties Limited) V. Amir Sadik Ali Al Samarraie</p> <p>Federal Properties Limited – Sole Proprietorship L.L.C (Also Known As Federal Properties Limited) V. Zaid Ausama Ibrahim</p>
Judge	Justice Paul Heath KC
Date Issued	4 July 2025
Catchwords	Consequences of registration under ss.22 and 23 of Real Property Regulations 2024. Exception to indefeasibility of title in s. 24(f) of Real Property Regulations 2024. Nature and effect of equitable obligation owed by registered proprietor to third parties. Rightful owner of residential units. Units held by Claimant as constructive trustee.
Cases Cited	<p>NMC Healthcare Ltd v Shetty [2024] ADGMCFI 0007</p> <p>Shetty v NMC Healthcare Ltd [2024] ADGMCA 0001</p> <p>Arthur v The Attorney-General of the Turks & Caicos Islands [2012] UKPC 30</p> <p>Santiago Castillo Ltd v Quinto [2009] UKPC 15</p> <p>Gibbs v Messer [1891] AC 248</p> <p>Assets Co Ltd v Mere Roihi [1905] AC 176</p> <p>Frazer v Walker [1967] 1 AC 569</p> <p>Latec Investments Ltd v Hotel Terrigal Pty Ltd (in liq) (1965) 113 CLR 265</p> <p>Waimiha Sawmilling Co Ltd (in liq) v Waione Timber Co Ltd [1926] AC 101</p> <p>Bahr v Nicolay (1988) 78 ALR</p> <p>Bank of South Australia Ltd v Ferguson (1998) 192 CLR 248</p> <p>Byers v Saudi National Bank [2023] UKSC 51</p> <p>Re D & D Wines International Ltd (in liq); Bailey v Angove’s Pty Ltd [2016] UKSC 47</p>

	<p>Meridian Global Funds Management Asia Ltd v Securities Commission [1995] 3 NZLR 7</p> <p>Lennard’s Carrying Co Ltd v Asiatic Petroleum Co Ltd [1915] AC 705</p> <p>Jetivia SA v Bilta (UK) Ltd (in liq) [2015] UKSC 23</p> <p>Lifestyle Equities CV v Ahmed [2024] UKSC 17</p> <p>Case No. 92/2022, 7 September 2023, Abu Dhabi Judicial Department Court for Family, Civil & Administrative Cases -B – First Civil Circuit</p> <p>Henderson v Henderson (1843) 67 ER 313</p> <p>Johnson v Gore Wood & Co (A Firm) [2002] 2 AC 1</p>
<p>Legislation and Authorities Cited</p>	<p>ADGM Real Property Regulations 2024</p> <p>ADGM Companies Regulations 2020 Abu Dhabi Law No (4) of 2013 (as amended by Law No (12) of 2020)</p> <p>Abu Dhabi Law No (3) of 2015 Concerning the Regulation of the Real Estate Sector in the Emirate of Abu Dhabi</p> <p>ADGM Real Property Regulations 2015</p> <p>Department of Municipal Affairs Chairman’s Decision No. (246) of 2015: Issuing the Executive Regulations on the Initial Real Estate Register Pursuant to Law No. 3 of 2015 concerning the Regulation of the Real Estate Sector in the Emirate of Abu Dhabi</p> <p>Land Transfer Act 2017 (NZ)</p> <p>ADGM Application of English Law Regulations 2015</p>
<p>Executive Summary</p>	<p>This joint judgment considered three cases where Federal Properties Limited (Federal) brought claims for possession of four residential units (Units) in Mangrove Place, Reem Island, in circumstances where Federal holds the title deeds to the Units. Counterclaims were made in each case seeking orders for the transfer of the title deeds into the names of the counterclaimants on the basis that they were the rightful owners of the Units, and the title deeds had been issued to Federal in error.</p> <p>The Court dismissed the claims and granted the counterclaims. Applying the “equitable obligation” exception set out in Section 24(f) of the ADGM Real Property Regulations 2024, the Court found that Federal, through knowledge attributed from HH Sheikh Tahnoon (the original owner of Federal), knew that the Units had previously been sold to third-party purchasers (the counterclaimants). As a result, Federal (which is now under new ownership) must transfer the title deeds for the Units to the counterclaimants.</p>
<p>Overall Summary</p>	<p>Background</p>

	<p>The joint judgment addresses a dispute over the ownership of four residential units (Units) in the Mangrove Place Building on Al Reem Island, Abu Dhabi. Federal Properties Limited (Federal) commenced three separate claims seeking possession of the Units (2701, 1307, 1315, and 914) on the basis that it was the registered owner of the Units, and the Units were being unlawfully occupied. Ms. Rawafid H Jazairi Ibrahim (and her former husband, Mr. Ausama Ibrahim) for Unit 2701, Mr. Amir Sadik Ali Al Samarraie for Units 1307 and 1315, and Mr. Zaid Ausama Ibrahim for Unit 914 counterclaimed for their respective units to be registered in their names. As most of the important factual findings that the Court was required to make were common to all three cases, they were heard together, and a joint judgment was issued.</p> <p>Mangrove Place was originally developed by Luxury Real Estate (Luxury) and the project (comprising 480 residential units and 7 retail units) was completed in 2013. In 2014 Luxury got into financial difficulty. His Highness Sheikh Tahnoon Bin Saeed Bin Shakhbout Al Nahyan (HH Sheikh Tahnoon) stepped in and acquired the “property” identified as “Plot C8” (on which Mangrove Place was developed) in September 2014 for AED 82 million under the "Aldar Sale Contract". Federal alleges HH Sheikh Tahnoon acquired all of the “land, building and units” under the Aldar Sale Contract. The counterclaimants alleged that 370 of the 480 residential units had already been sold by Luxury (which included the Units in dispute). They further allege that the Aldar Sale Contract only related to the land and HH Sheikh Tahnoon acquired 110 unsold residential units (which did not include the Units) and 7 retail units under a separate contract known as the Luxury Sake Contract.</p> <p>In 2021, HH Sheikh Tahnoon donated the property that he had acquired to his 100% owned company Federal. In April 2022, HH Sheikh Tahnoon sold and transferred his shares in Federal. In August/ September 2022, 478 residential title deeds were issued to Federal for Mangrove Place including in relation to the Units. The new owner of Federal has brought the present claims.</p> <p>Analysis</p> <p>The core of the dispute revolved around the ADGM Real Property Regulations 2024, which implement a Torrens system of land registration. Under this system, registration grants an "indefeasible" title, meaning it is conclusive evidence of ownership and generally immune from challenge. However, the Regulations provide exceptions. The crucial exception in these cases was Section 24(f), which allows a challenge to an indefeasible title if there is "an equitable obligation binding the registered owner as a result of the registered owner’s conduct". The judgment clarified that this exception captures conduct "short of actual dishonesty" but also includes "deliberate conduct," designed to protect those whose interests are prejudiced by improper registration.</p> <p>The Court concluded that Federal had actual knowledge that the four disputed units had not been sold to HH Sheikh Tahnoon under the Aldar Sale Contract. This finding was primarily based on a contemporaneous</p>
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valuation report from Knight Frank UAE Limited, obtained by HH Sheikh Tahnoon in late 2014 for secured lending purposes. This report explicitly valued only "110 Residential Units & 7 Retail Units" as "unsold apartments," and critically, Units 2701, 1307, 1315, and 914 were not listed as unsold. The valuation for the 110 Residential Units & 7 Retail Units was 141 million. This strongly suggested HH Sheikh Tahnoon knew he was acquiring only the unsold portions of the building, which the Court inferred were purchased by HH Sheikh Tahnoon under a separate contract known as the Luxury Sale Contract.

Support for that conclusion can also be found in later conduct by Federal. Knowledge that the four units in issue had been sold is consistent with its conduct in charging the defendants in this case with service charges which would only have been incurred by an owner and with a list of apartments that had been acquired by Federal, dated 23 November 2020, in which the four units were not named. Further, Federal (under new ownership) has transferred 289 title deeds to other third parties in Mangrove Place which is probative of Federal's knowledge that Luxury had engaged significantly in selling units to third parties before the Aldar Sale Contract came into being.

Crucially, the Court applied the "directing mind and will" principle of attribution (from *Meridian Global Funds Management Asia Ltd v Securities Commission*) to impute HH Sheikh Tahnoon's knowledge directly to Federal, as he was Federal's 100% shareholder when the property was transferred. Therefore, even though Federal's later sole shareholder, Mr. Saad, acted honestly, Federal itself was "fixed with the knowledge" that it acquired from HH Sheikh Tahnoon.

Because Federal had this knowledge, its conduct in registering the Units in its own name gave rise to an equitable obligation under Section 24(f). The Court determined that Federal, by its conduct, was holding these units as a constructive trustee for the true owners and was obligated to restore ownership to them.

Regarding Federal's argument that the defendants needed to prove full payment for the Units, the Court found this unnecessary. Since the Units were never part of what HH Sheikh Tahnoon acquired, the question of payment was between the original purchasers and Luxury Real Estate, not Federal.

Conclusion

The Court dismissed Federal's claims for possession for the Units. It granted the counterclaims, ordering Federal to undertake all necessary steps to transfer the title deeds for Unit 2701 to Ms. Rawafid and Mr. Ausama jointly, for Units 1307 and 1315 to Mr. Samarraie, and for Unit 914 to Mr. Zaid. The transfers are to be made free of encumbrances, charges, or third-party claims, though the counterclaimants remain liable for any properly incurred outstanding service or utility charges. The issue of costs was reserved for later determination.