



ABU DHABI GLOBAL MARKET
سوق أبوظبي العالمي

CONSULTATION PAPER NO. 4 OF 2024

**Enhancements to the Real Property Regulations
and Introduction of Frameworks for Off-Plan
Development and Registration of Professionals**

27 May 2024



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Introduction

Why are we issuing this paper?

The Abu Dhabi Global Market (“**ADGM**”) Registration Authority (“**RA**”) has issued this Consultation Paper to invite public feedback and comments on proposed amendments to ADGM’s Real Property Regulations 2015, as well as the introduction of certain new regulations and rules introducing frameworks for off-plan development and registration of off-plan and real property professionals.

The proposals are set out in Annexures A to C and Appendix 1 to this Consultation Paper.

Who should read this paper?

The proposals in this Consultation Paper would be of particular interest to off-plan developers and buyers, banks offering escrow services, landlords and tenants of residential units, and more generally to all individuals and organisations with a presence in the ADGM and their professional advisors.

How to provide comments

All comments should be in writing and sent to the address or email specified below. If sending your comments by email, please use the Consultation Paper number in the subject line. If relevant, please identify the organisation you represent when providing your comments.

The RA reserves the right to publish, including on its website, any comments you provide, unless you expressly request otherwise at the time of making any comments. Comments supported by reasoning and evidence will be given more weight.

What happens next?

The deadline for providing comments on this proposal is **19 June 2024**.

After receiving your comments, we shall consider whether any modifications are required to the proposals and the ADGM Board and the RA will then proceed to enact the proposals in their final form.

You should not act on these proposals until these proposals are finalised, and the final legislation and any accompanying guidance are issued by the ADGM Board and the RA. We shall issue a notice on our website when this happens.

Comments to be addressed to:

Consultation Paper No. 4 of 2024

Registration Authority
Abu Dhabi Global Market Square Al Maryah Island
PO Box 111999
Abu Dhabi, UAE
Email: ra.consultation@adgm.com

Scope and Approach to the Proposed Amendments

1. This Consultation Paper aims to explain the proposed:
 - a. amendments to the following regulations:
 - i. Real Property Regulations 2015;
 - b. enactment of the following regulations and subordinate rules:
 - i. Off-Plan Development Regulations 2024;
 - ii. Off-Plan Development Regulations (Project Account) Rules 2024; and
 - iii. Off-Plan and Real Property Professionals Regulations 2024.
2. Briefly, the proposed changes include:
 - a. Amendments to the existing Real Property Regulations 2015 to include (i) protections for lessors and lessees under short-term residential leases, and (ii) transitional provisions for Al Reem Island.
 - b. The introduction of a framework for off-plan development, including escrow arrangements.
 - c. The introduction of a framework for registration of off-plan and real property professionals providing their services within ADGM.
 - d. The proposals are benchmarked against, and to a great extent aligned with, the positions in the Emirates of Abu Dhabi and Dubai.
3. Drafts of the amended and new ADGM regulations can be found in Annexures A to C. Drafts of the proposed ADGM rules can be found in Appendix 1.

Amendments to Real Property Regulations 2015

CURRENT POSITION

1. Due to ADGM's geographical expansion into Al Reem Island, pursuant to UAE Cabinet Resolution No. 41 of 2023, the Real Property Regulations 2015 require amendments to close legislative gaps, which will include, among others, (i) protections for lessors and lessees under short-term residential leases, and (ii) transitional provisions for Al Reem Island.
2. The proposed enhancements are summarised in the following, but for a more detailed review of the proposed changes, we refer to the draft proposal in Annex A.

PROPOSED CHANGES

Short-Term Residential Leases

3. A short-term residential lease is defined as a lease of real property for use as a residential dwelling with a term exceeding 6 months and less than 4 years. This 6-month minimum is to exclude holiday homes and other short-term lets which should not benefit from the protections provided to tenants of residential leases (e.g., security of tenure and rental caps).
4. The proposed amendments require short-term residential leases to include, in order to be registered with the Registrar:
 - a. a description of the real property to be leased;
 - b. identification of the lessor and lessee (including addresses, contact details, nationalities, and licence numbers, if applicable);
 - c. a description of the term, any renewal term, commencement date, and any option to renew, purchase, or expand (such as rights of first offer or refusal); and
 - d. a condition report setting out the present state of repair and condition of the real property, which must be counter-signed by the lessee on handover of the real property.

Security Deposits

5. The proposed amendments allow lessors of short-term residential leases to require lessees to provide security deposits, provided that the security deposit is not in excess of 5% of the annual rent payable in the first year of the short-term residential lease.
6. The lessor must hold the security deposit on trust for the lessee and will be liable to account for the security deposit upon the termination or expiration of the short-term residential lease. Upon such termination or expiration, the lessor may deduct direct or reasonable losses suffered by the lessor due to any breach of the terms of the short-term residential lease, any

non-payment of rent, or any damage to the real property caused by the lessee or falling under the lessee's repair obligations (excluding wear and tear or damage caused by the lessor or falling under the lessor's responsibility).

7. The lessor is required to notify the lessee within 14 days of the termination or expiration of the short-term residential lease if any amounts are to be deducted from the security deposit, and the lessor must provide evidence of any costs incurred. Any remaining amount of the security deposit must be returned to the lessee as soon as reasonably practicable.

Rent

8. The proposed amendments require a short-term residential lease to specify the amount of rent to be paid, as well as the method of payment and the frequency of payment. The lessor is not able to increase the rent during the term of the short-term residential lease, unless the terms of the short-term residential lease clearly state the amount of such increase and the timing of such increase.
9. In case a short-term residential lease does not specify the rent amount, or the method or frequency of payments, the rent amount will be the market rent and will be payable to the lessor in equal monthly instalments in arrears by way of a bank transfer.
10. The lessee of a short-term residential lease will not be required to pay any rent to the lessor prior to the handover of the real property. However, the lessor may accept a deposit of no more than 5% of the annual rent to reserve the real property. Such amount may either be set off against the rent payable by the lessee or may be refunded to the lessee once the lessee provides payment of the rent. A lessor is not entitled to hold more than 1 reservation deposit with respect to the same real property to be let under a short-term residential lease.

Repairs

11. The proposed amendments oblige lessors to be responsible for the maintenance and repair to ensure the real property is safe and fit for use as a residential dwelling. This includes any maintenance and repair of the structure, façade, doors, windows, air conditioning, ventilation, and other utility services, as well as any mechanical, electrical, and plumbing systems located in the real property. The lessee must notify the lessor of any need for repair or maintenance and must allow reasonable access to the real property for the lessor to provide the required repair or maintenance.
12. The proposed amendments provide that a lessee may, but will not be required to, undertake any urgent repairs to the real property if such repair is required to be done on an urgent basis in order to protect the real property from damage, and if the lessor cannot be reached or is unable or unwilling to provide the repairs within a reasonable timeframe in which case the lessor must reimburse the lessee for any reasonable costs incurred.

Lessor's Right of Entry

13. The proposed amendments require lessees of a short-term residential lease to provide the lessor with reasonable access to the real property, provided that the lessor has previously notified the lessee in writing, in order for the lessor to:
 - a. undertake any repairs and maintenance which the lessor is responsible for;

- b. in the last 30 days of the term of the short-term residential lease show the real property for purposes of re-letting it; and
- c. show the real property for purposes of a sale, transfer, or valuation of the real property.

Building and Community Service Charges and Obligations

14. The proposed amendments require a lessor of a short-term residential lease to use reasonable endeavours to enforce its rights against any master developer, strata association, building manager and/or any other entity responsible for the management of the real property common areas, so that the lessee may enjoy the amenities of the community and/or building. Any building or community service charges that are applicable to the real property must be paid by the lessor, unless otherwise agreed by the lessor and lessee in the short-term residential lease.
15. If the lessor fails to pay the building or community service charge, the lessee may pay such charges in order to continue to enjoy access and use of the facilities. In such cases, the lessee will be entitled to set off such amount paid against any rent owed under the short-term residential lease, and will need to provide reasonable evidence of such payments to the lessor. Alternatively, if the rent has been paid in advance, the amount paid may be treated as debt owed by the lessor to the lessee and may be pursued as such by the lessee in the ADGM Courts.

Utilities

16. The proposed amendments require short-term residential leases to clearly state the party responsible for procuring and paying the supply of utilities to the real property. For any utility service which is not separately measured at the real property, the lessee will be liable for a fair and equitable portion of the utility charge.
17. If the lessor fails to pay for any utility service required of them, the lessee may pay such utility costs in order to continue the provision of such services. In such cases, the lessee will be entitled to set off such amount paid against any rent owed under the short-term residential lease. Alternatively, if the rent has been paid in advance, the amount paid may be treated as debt owed by the lessor to the lessee and may be pursued as such by the lessee in the ADGM Courts.
18. The lessor will not be entitled to cut off the provision of any utility service or prevent access to the real property during the term of the short-term residential lease.

Renewal of a Short-Term Residential Lease

19. The proposed amendments allow for automatic renewal of short-term residential leases upon expiration of such lease, except for in the following cases:
- a. where the lessee has notified the lessor in writing that they do not intend to renew the short-term residential lease, no less than 60 days prior to the expiry of such lease (if the lessee fails to provide notice to the lessor in the required timeline, then the lessee shall pay rent on a pro-rata basis – based on the rental rate at that time – for each day of delay, or if shorter, for the number of days after the lease expiration until the real property has been re-let); or

- b. where the lessor has notified the lessee in writing, no less than 12 months prior to the expiry of such lease, of its intention to:
 - i. sell the real property;
 - ii. use the real property for its own use;
 - iii. demolish the real property; or
 - iv. undertake major renovations which cannot be carried out in the presence of a lessee.

20. If a short-term residential lease is not renewed due to any of the before mentioned grounds, the lessor must lodge an application with the Registrar, within 30 days of the expiry of the short-term residential lease, to de-register such lease, along with a copy of the written notice provided to the lessee describing the reason for non-renewal of such lease.

Rent Increase on Renewal of a Short-Term Residential Lease

21. The proposed amendments allow a lessor to increase the rent on any renewal of a short-term residential lease, as long as the lessee is notified of the increase no less than 60 days prior to the expiry of such lease, and the increase may not exceed 5% of the rent payable prior to the date of renewal.

Termination

22. The proposed amendments prohibit the termination of a short-term residential lease prior to its expiry without an order of the ADGM Court, unless:

- a. the lessor and lessee have mutually agreed to the surrender of the short-term residential lease;
- b. the lessee has exercised a break option that was pre-agreed between the parties; or
- c. the real property has been substantially damaged or destroyed to a degree that prevents the lessee from enjoying the real property (in such cases, the lessor will return to the lessee any rents paid relating to the period after the event of damage or destruction).

23. The proposed amendments allow a lessee to apply to the ADGM Court to request a termination of a short-term residential lease, prior to its expiry, if the lessor:

- a. is in breach of its obligations under the short-term residential lease, and has failed to remedy the breach within 30 days of receiving notice from the lessee detailing the breach; and/or
- b. has failed to comply with its repair and maintenance obligations, which leads to an amenity being adversely impacted or the real property being no longer reasonably capable of habitation.

24. A lessor may apply to the ADGM Court to request a termination of a short-term residential lease, prior to its expiry, if the lessee has:

- a. failed to pay rent when due and has not remedied such breach within 30 days of a written notice sent by the lessor;
- b. materially breached the terms of the short-term residential lease and has failed to remedy such breach within 30 days of a written notice sent by the lessor; and/or
- c. assigned or sub-let the real property, contrary to the terms of the short-term residential lease, and has not remedied the breach within 10 days of a written notice sent by the lessor.

Alienation of an Interest in the Short-Term Residential Lease

25. The proposed amendments prohibit, unless otherwise agreed to in the short-term residential lease, a lessee from mortgaging, assigning, novating, sub-leasing or otherwise dealing with its interest in the short-term residential lease without the prior written consent of the lessor.
26. The proposed amendments allow, unless otherwise agreed to in the short-term residential lease, a lessor to sell or transfer its interest in the real property without the consent of the lessee. Upon such sale or transfer by a lessor:
- a. the lessor must notify the lessee once such sale or transfer is complete, and must provide details of the new lessor and its contact information;
 - b. the new lessor will be bound by the short-term residential lease;
 - c. the original lessor will be deemed to have transferred any security deposit to the new lessor and the new lessor will be entitled to use such security deposit in accordance with the short-term residential lease; and
 - d. any outstanding liabilities of the original lessor will be deemed to have been assumed by the new lessor.

Appointment of a Property Manager

27. The proposed amendments entitle a lessor to appoint a property manager to manage real property subject to a short-term residential lease. A lessee will be entitled to assume that such property manager is acting with the authority of the lessor (unless otherwise notified in writing by the lessor). An appointment of a property manager does not absolve a lessor of its obligations and responsibilities under a short-term residential lease.

Real Property Regulations (Fees) Rules

28. The existing Real Property Regulations (Fees) Rules 2024 will be updated with new services and fees to reflect the above proposal. It is envisaged that the fees will be closely aligned with the fees charged in the Emirate of Abu Dhabi for equivalent or similar services.
29. In this regard, it is proposed that for leases with a term of 25 years or less, an 'Authority Fee' of 5% of the contract value will be introduced (similar to the 5% municipal fee currently charged in the Emirate of Abu Dhabi and collected through the monthly Abu Dhabi Distribution Company bill).

Question 1:

DO YOU HAVE ANY CONCERNS WITH, OR FEEDBACK ON, THE PROPOSED PROVISIONS REGARDING SHORT-TERM RESIDENTIAL LEASES?

Question 2:

ARE THERE ANY OTHER TENANT PROTECTIONS WE SHOULD CONSIDER INCLUDING?

Transition of Al Reem IslandExisting Musataha and Usufruct Interests on Al Reem Island

30. Under the proposed amendments, the Registrar will register all musataha and usufruct of real property located on Al Reem Island and registered on the Abu Dhabi Real Property Register prior to 1 January 2025 as leases pursuant to “memoranda of leases.” If a registration fee was previously paid to the Municipality of Abu Dhabi in connection with the registration of any musataha or usufruct interest, the Registrar will make reasonable efforts to ensure that any subsequent registration by the Registrar will not be subject to an additional fee.
31. Unless the parties choose to convert the legal form of the underlying instrument from a musataha or usufruct to a lease, the contractual rights of such musataha or usufruct arrangement will not be affected due to such registration by the Registrar.

Existing Freehold Interests on Al Reem Island

32. Under the proposed amendments, the Registrar will register all freehold ownership interests of real property located on Al Reem Island and registered on the Abu Dhabi Real Property Register prior to 1 January 2025. If a registration fee was previously paid to the Municipality of Abu Dhabi in connection with the registration of any freehold ownership interest, the Registrar will make reasonable efforts to ensure that any subsequent registration by the Registrar will not be subject to an additional fee.
33. When registering a freehold interest of real property located on Al Reem Island that is held by more than one person, the Registrar will register such registered owners as tenants in common, unless otherwise directed by such registered owners or the ADGM Court.

Existing Granted Land on Al Reem Island

34. If a freehold interest of real property located on Al Reem Island is with respect to granted land, the Registrar will record a restrictive covenant in the folio of the concerned lot prohibiting the disposition of such granted land without the prior written approval of the Executive Council of the Emirate of Abu Dhabi, or such other consents as the Board deem appropriate. The restrictive covenant shall run with the land and vest in or bind all persons and successors who have title to such land.

Existing Leasehold Interests on Al Reem Island

35. Under the proposed amendments, the Registrar will register all leasehold interests of real property located on Al Reem Island and registered on the Abu Dhabi Real Property Register prior to 1 January 2025 as leases. If a registration fee was previously paid to the Municipality

of Abu Dhabi in connection with the registration of any freehold ownership interest, the Registrar will make reasonable efforts to ensure that any initial registration by the Registrar will not be subject to an additional fee. Any subsequent registration of the renewal of leasehold interests from and including 1 January 2025 will be effected pursuant to the proposed short-term residential lease amendments described above.

36. Where the lessor of a lease registered on the Abu Dhabi Real Property Register prior to 1 January 2025 only has a right to manage the real property, which is the subject of the lease, under a power of attorney, property management agreement or other similar contractual agreement (and does not own or hold a registered leasehold right in the real property), the Registrar shall register the person holding the reversionary interest in the lease (being the owner of the real property, or holding a superior leasehold, usufruct or musataha right in the real property) as the lessor. The original lessee shall remain as the lessee.
37. The registration of a lease by the Registrar shall not affect any claim that the lessee may have under the lease, if such claim arises prior to the Registrar's registration of the lease and provided that any claims arising under the lease will be brought against the lessor. Furthermore, the registration of a lease by the Registrar shall not affect a lessor's ability to being a claim against the lessee of the lease or to any contracted property manager or person tasked with such management of the real property which is subject to the lease.

Searching the Register

38. It is proposed that the Registrar makes no representations as to the completeness or accuracy of instruments and information relating to real property located on Al Reem Island and which was registered on the Abu Dhabi Real Property Register prior to 1 January 2025. If the Registrar becomes aware of any deficiencies in the Register, the Registrar shall take whatever steps the Registrar determines necessary to correct the Register. No person may file a claim before the Courts against the Registrar in respect of any deficiencies identified in the Register or contained in an official or limited search certificate issued by the Registrar and pertaining to such real property, whether or not such person has suffered loss as a result of deficiencies contained in the Register or in an official or limited search certificate.

Question 3:

DO YOU HAVE ANY CONCERNS WITH, OR FEEDBACK ON, THE PROPOSED PROVISIONS REGARDING THE TRANSITION OF REAL PROPERTY LOCATED ON AL REEM ISLAND?

Introduction of an Off-Plan Development Framework

The RA proposes to issue Off-Plan Development Regulations 2024 to govern off-plan projects and off-plan developers to address a current legislative gap.

The proposed new framework for off-plan development is summarised in the following, but for a more detailed review of the proposal, we refer to draft proposal in [Annex B](#).

Unless otherwise defined herein, capitalised terms shall have the same meaning as given to them in the proposed Off-Plan Development Regulations.

PROPOSAL

Register

39. It is proposed that the Registrar shall establish and maintain an Off-Plan Developer Register and an Off-Plan Project Register and publish such details and information as the Registrar may deem necessary for the purposes of transparency and in line with best practice, including:

- a. the registration number and status of the Off-Plan Project;
- b. the construction status of the Off-Plan Project;
- c. the name of the Account Bank within which the Project Account of the respective Off-Plan Project has been established by the Developer;
- d. the Project Account number of the Off-Plan Project;
- e. the breakdown of units in the Off-Plan Project;
- f. the name, License number and registration status of the Developer of record of the Off-Plan Project;
- g. the website, address and contact details of the Developer of record of the Off-Plan Project; and
- h. contraventions, sanctions, censure statements and/or fines (if any) applied against the Developer of the Off-Plan Project to the extent that the Registrar determines such should be made public.

Question 4:

DO YOU HAVE ANY CONCERNS WITH, OR FEEDBACK ON, THE PROPOSED PROVISIONS REGARDING THE OFF-PLAN DEVELOPER REGISTER OR THE OFF-PLAN PROJECT REGISTER?

Off-Plan Developer

40. A Developer shall not commence and undertake Off-Plan Sales until and unless:

- a. the Developer is registered on the Off-Plan Developer Register;
 - b. the Off-Plan Project is registered on the Off-Plan Project Register; and
 - c. the Developer has established a Project Account with an Approved Account Bank for the relevant Off-Plan Project in accordance with the proposed Off-Plan Development Regulations (Project Account) Rules 2024.
41. A Developer shall be required to maintain its registration on the Off-Plan Developer Register until such time as the Developer is no longer the Developer of record of an Off-Plan Project registered on the Off-Plan Project Register or is otherwise removed by the Registrar in accordance with these Regulations.
42. For as long as a Developer is required to be registered as a Developer on the Off-Plan Developer Register, the Developer must, prior to each anniversary of its registration on the Off-Plan Developer Register submit a statement to the Registrar confirming:
- a. the Developer's continued financial solvency and funding;
 - b. the status of all Off-Plan Projects registered on the Off-Plan Project Register for which the Developer is the Developer of record; and
 - c. any other information the Registrar may require.
43. The registration of a Developer on the Off-Plan Developer Register shall not exempt the Developer or its contractors from the obligation to obtain and maintain any building permits or other approvals required from any Relevant Authority overseeing the issuance of construction or building permits in ADGM.
44. It is further proposed that a Developer providing Administrative Services¹ shall only be entitled to charge the beneficiary of the Administrative Service a fee reflective of and commensurate to the reasonable and fair cost for providing or procuring such service, which charge may not, in any event, exceed AED 5,000 per real property. Such fee shall be charged one time only, upon receipt of the Administrative Services, and may not be a renewing or recurring fee unless further Administrative Services are provided by the Developer.
45. For the avoidance of any doubt, it is also proposed that Developers shall not charge for the provision of the following services:
- a. the registration of an Off-Plan Sales Agreement on the Off-Plan Sales Register;
 - b. the de-registration of an Off-Plan Sales Agreement where the Off-Plan Sales Agreement has been terminated by the Off-Plan Purchaser as a result of a Major Change;
 - c. the registration of an Off-Plan Purchaser on the Real Property Register as the registered owner of a real property to which an Off-Plan Sales Agreement relates to; and
 - d. procuring and issuing title deeds to Off-Plan Purchasers.

¹ "Administrative Services" means any administrative service ancillary to the services provided or procured by the Developers, including without limitation, the issuance of no-objection certificates and the preparation and amendment of contracts.

Question 5:

DO YOU HAVE ANY CONCERNS WITH, OR FEEDBACK ON, THE PROPOSED PROVISIONS REGARDING THE REGISTRATION REQUIREMENTS FOR OFF-PLAN DEVELOPERS?

Question 6:

DO YOU HAVE ANY CONCERNS WITH, OR FEEDBACK ON, THE PROPOSED PROVISIONS REGARDING THE ONGOING REQUIREMENTS FOR OFF-PLAN DEVELOPERS?

Off-Plan Projects

46. It is proposed that all Off-Plan Projects shall be registered on the Off-Plan Project Register. If an Off-Plan Project shall be developed and delivered in multiple phases, the Developer must separately register each phase of the Off-Plan Project on the Off-Plan Project Register. No Developer may register an Off-Plan Project on the Off-Plan Project Register until the Developer has been registered on the Off-Plan Developer Register.
47. It is proposed that the application for registration of an Off-Plan Project shall be accompanied by, but not limited to, the following:
- a. evidence that the Developer:
 - i. holds a real property interest in the land upon which the Off-Plan Project is to be constructed; or
 - ii. has a contractual right to develop the land and conduct Off-Plan Sales under a Reservation Agreement registered on the Off-Plan Sales Register;
 - b. the architectural drawings and engineering drawings for the Off-Plan Project;
 - c. the proposed uses and components of the Off-Plan Project in line with the master plan of ADGM;
 - d. if applicable, information of any special management arrangement and brand standards;
 - e. information on the proposed arrangements for the supply of utility services including any mandatory utility arrangements;
 - f. information on any features, equipment or services forming part of the Off-Plan Project and contributing to the sustainable environmental development of the Off-Plan Project and intended to reduce the overall impact of the Off-Plan Project on the environment (both during construction and after Building Completion is achieved), including without limitation:
 - i. the use of efficient, green and/or eco-friendly materials, sustainable technologies and/or other measures in the construction of the Off-Plan Project;
 - ii. the installation of equipment, technologies and other systems intended to increase the Off-Plan Project's energy efficiency and/or reduce the Off-Plan Project's water footprint; and
 - iii. any other features required to meet any applicable mandatory sustainable building requirements imposed by a Relevant Authority from time to time;

- g. the business plan for the Off-Plan Project, including the construction costs, the proposed milestones against which payments will be released out of the Project Account and details of Debt and Equity Financing for the Off-Plan Project;
 - h. the sales plan and forecast;
 - i. the proposed construction program;
 - j. a no-objection letter from the bank if the land on which the Off-Plan Project is being constructed is mortgaged; and
 - k. such other information as the Registrar may, in its discretion, require.
48. It is further proposed that every application for the registration of an Off-Plan Project must be accompanied by an application to register the proposed name of each building constituting the Off-Plan Project. Such name must comply with the requirements in the Off-Plan Development Regulations.
49. An Off-Plan Project (which has not been cancelled or otherwise removed from the Off-Plan Project Register by an order of the ADGM Courts) shall remain registered on the Off-Plan Project Register until such time as the Registrar is satisfied that:
- a. the Off-Plan Project has achieved Building Completion;
 - b. the Developer has remedied and rectified all defective building works, materials, equipment and installations arising from or in connection with the construction of the Off-Plan Project and the defects liability period has expired;
 - c. there are no ongoing claims commenced by or on behalf of Off-Plan Purchasers against the Developer in respect of the Off-Plan Project;
 - d. all amounts deposited in the Project Account which must be retained by the Account Bank have been disbursed; and
 - e. all Sale Proceeds and Debt and Equity Financing deposited in the Project Account of the Off-Plan Project are disbursed.
50. The Developer may not mortgage the land upon which the Off-Plan Project is to be constructed other than for the purpose of obtaining funding for the development of the Off-Plan Project, in which case:
- a. the Developer must stipulate in each Off-Plan Sales Agreement executed with an Off-Plan Purchaser that the land is mortgaged;
 - b. the lender shall deposit the financing funds into the Project Account; and
 - c. the Developer and its lender undertake that the part of the Off-Plan Project to which an Off-Plan Sales Agreement relates shall be released from or no longer be subject to the mortgage once the Off-Plan Purchaser under such Off-Plan Sales Agreement has paid the purchase price in full.

Question 7:

DO YOU HAVE ANY CONCERNS WITH, OR FEEDBACK ON, THE PROPOSED PROVISIONS REGARDING THE REGISTRATION OF OFF-PLAN PROJECTS?

Off-Plan Sales

51. It is proposed that all Off-Plan Sales must be made by way of an Off-Plan Sales Agreement prepared by the Developer and which must:

- a. comply with the Off-Plan Sales Register Regulations 2022;
- b. specify in reasonable detail:
 - i. the architectural and design finishes of the real property at Building Completion (including, without limitation, the type, colour and materials of all horizontal and vertical surfaces (such as floors, walls and ceilings) and the colour and type of paint and/or wallpaper); and
 - ii. the equipment, fixtures and fittings to be handed over as part of the real property;
- c. detail the car parking entitlements;
- d. set out the construction milestones against which the purchase price payment instalments shall be made;
- e. state the estimated gross sellable area of the real property at Building Completion and the basis on which such gross sellable area will be calculated;
- f. include a copy of the Disclosure Statement approved by the Registrar; and
- g. include such other information and be in such form as the Registrar may otherwise specify.

52. A Developer shall not enter into any Off-Plan Sales Agreement until the Registrar has approved the form of the Disclosure Statement, which shall include (where applicable):

- a. details of any proposed subdivision of the Off-Plan Project either under a strata plan or through a contractual common ownership scheme, the proposed components (and their permitted use) of the Off-Plan Project (including the details of the future interests granted), the real property interests that will be granted in the Off-Plan Project following Building Completion and the shared areas;
- b. details of the proposed management arrangements governing the shared areas, including any special management arrangement and brand standards;
- c. details of the proposed arrangements for the supply of utility services (including any mandatory utility arrangements);
- d. the anticipated commencement and handover dates of the components of the Off-Plan Project;
- e. a copy of any Master Community Declaration;
- f. a budget, prepared on a reasonable basis, for the first fiscal year estimating any service charge which will be payable by the Off-Plan Purchaser in respect of the shared areas following Building Completion;
- g. information on any features, equipment or services forming part of the Off-Plan Project and contributing to the sustainable environmental development of the Off-Plan Project and intended to reduce the overall impact of the Off-Plan Project on the environment (both during construction and after Building Completion is achieved), including without limitation:
 - i. the use of efficient, green and/or eco-friendly materials, sustainable

- technologies and/or other measures in the construction of the Off-Plan Project;
 - ii. the installation of equipment, technologies and other systems intended to increase the Off-Plan Project's energy efficiency and/or reduce the Off-Plan Project's water footprint; and
 - iii. any other features required to meet any applicable mandatory sustainable building requirements imposed by a Relevant Authority from time to time;
 - h. the measure of any sustainable environmental development applied to the Off-Plan Project, including specifics of the Emirates Authority for Standardization and Metrology and the Environment Authority of Abu Dhabi; and
 - i. such other disclosures required by the Registrar.
53. No less than 10 days prior to the handover of any real property to an Off-Plan Purchaser, the Developer shall be required to:
- a. update the Disclosure Statement and notify the Registrar and the Off-Plan Purchasers if the information, documents and/or plans contained in the Disclosure Statement are no longer accurate and/or complete upon Building Completion;
 - b. notify the Off-Plan Purchaser of any changes made to the architectural and design finishes of the real property or the equipment, fixtures and fittings to be handed over as part of the real property as against the information contained in the Off-Plan Sales Agreement; and
 - c. notify the Off-Plan Purchaser of the actual gross sellable area of the real property acquired under the Off-Plan Sales Agreement as measured by a Surveyor using the measurement standards applicable in the Abu Dhabi Global Market from time to time.
54. In the event that upon Building Completion the gross sellable area of a real property purchased by an Off-Plan Purchaser is more than 5% smaller than the estimated gross sellable area set out in the Off-Plan Sales Agreement, the Developer shall be required to refund the Off-Plan Purchaser a proportionate amount to reflect such reduction in size (the Developer is not entitled to charge any additional monies in the event the sellable area is greater than the estimated area set out in the Off-Plan Sales Agreement).
55. Where a change in the real property, the Disclosure Statement and/or the Off-Plan Project constitutes a Major Change which (i) has been notified by the Developer to the Off-Plan Purchaser in accordance with the regulations; or (ii) the Off-Plan Purchaser becomes aware within 30 days from the handover date, the Off-Plan Purchaser may within 30 days of being notified of or becoming aware of such Major Change:
- a. terminate the Off-Plan Sales Agreement by written notice to the Developer; and/or
 - b. file a claim before the ADGM Courts against the Developer for damages incurred.
56. As a result of the above, if an Off-Plan Purchaser terminates the Off-Plan Sales Agreement, the Developer shall, within 30 days of receipt of the notice of termination by the Off-Plan Purchaser:
- a. refund to the Off-Plan Purchaser all moneys paid by or on behalf of the Off-Plan Purchaser under the Off-Plan Sales Agreement prior to its termination; or

- b. where the Developer disputes the occurrence of a Major Change entitling the Off-Plan Purchaser to terminate the Off-Plan Sales Agreement, file a claim before the ADGM Courts.
57. A Developer shall not be entitled to terminate an Off-Plan Sales Agreement if the Off-Plan Purchaser fails to pay the purchase price payable under the Off-Plan Sales Agreement other than where an Off-Plan Purchaser has failed to pay:
- a. three consecutive instalments of the purchase price payable under the Off-Plan Sales Agreement; or
 - b. an amount equivalent to or more than 30% of the total purchase price payable under the Off-Plan Sales Agreement.
58. In such cases, the Developer may issue to the Off-Plan Purchaser a final payment demand, setting out details of the Off-Plan Purchaser's failure to pay the purchase price in accordance with the Off-Plan Sales Agreement (including evidence of such payments becoming due and owing) and providing the Off-Plan Purchaser with 15 days from the date the final payment demand is issued to the Off-Plan Purchaser to pay the outstanding amounts. If the Off-Plan Purchaser fails to pay the outstanding amounts within the period required by the final payment demand or is unable to demonstrate that the outstanding purchase monies are not fully due and owing or have already been paid by the Off-Plan Purchaser, the Developer may apply to the Registrar to de-register the Off-Plan Sales Agreement. Nothing in the regulations prevents the Off-Plan Purchaser from pursuing a claim in the ADGM Courts to dispute the de-registration of the Off-Plan Sales Agreement, or otherwise waive the rights and obligations of the Developer or of the Off-Plan Purchaser under the Off-Plan Sales Agreement prior to the date of termination of the Off-Plan Sales Agreement.

Question 8:

DO YOU HAVE ANY CONCERNS WITH, OR FEEDBACK ON, THE PROPOSED PROVISIONS REGARDING OFF-PLAN SALES?

Question 9:

DO YOU HAVE ANY CONCERNS WITH, OR FEEDBACK ON, THE PROPOSED PROVISIONS REGARDING A CHANGE IN REAL PROPERTY?

Question 10:

DO YOU HAVE ANY CONCERNS WITH, OR FEEDBACK ON, THE PROPOSED PROVISIONS REGARDING TERMINATION OF THE OFF-PLAN SALES AGREEMENT?

Transition for Al Reem Island

59. A Developer that commenced construction works of an Off-Plan Project located on Al Reem Island prior to 1 January 2025 shall take all necessary steps and submit all required applications and documents to the Registrar, by no later than 17 January 2025, to:

- a. be registered as a Developer on the Off-Plan Developer Register;
- b. register the Off-Plan Project on the Off-Plan Project Register; and
- c. comply with all other sections of these Regulations.

60. Notwithstanding the above, the Registrar may, in its discretion, elect to register:

- a. on the Off-Plan Developer Register a Developer that commenced construction works of an Off-Plan Project located on Al Reem Island prior to 1 January 2025 and who has not submitted to the Registrar an application for registration on the Off-Plan Developer Register in accordance with the foregoing, provided that the Developer:
 - i. holds a valid and subsisting commercial license and development certificate issued by the relevant authorities of the Emirate of Abu Dhabi permitting the Developer to undertake development activities on Al Reem Island;
 - ii. provides the Registrar such information and documentation as the Registrar may, in its discretion, require.
- b. on the Off-Plan Project Register an Off-Plan Project located on Al Reem Island that, prior to 1 January 2025, was already under construction or has achieved Building Completion (and the defects liability period in respect of the Off-Plan Project has not yet expired) and the Developer of record has not submitted to the Registrar the applications set out above, provided that the Developer:
 - i. is registered on the Off-Plan Developer Register;
 - ii. holds a valid and subsisting building certificate issued by the relevant authority of the Emirate of Abu Dhabi permitting the Developer to undertake the development of the Off-Plan Project;
 - iii. has established a valid escrow account in respect of the Off-Plan Project in accordance with the applicable laws of the Emirate of Abu Dhabi;
 - iv. submits to the Registrar an application to register the name of any building constituting the Off-Plan Project;
 - v. provides the Registrar such information and documentation as the Registrar may, in its discretion, require.

Question 11:

DO YOU HAVE ANY CONCERNS WITH, OR FEEDBACK ON, THE PROPOSED PROVISIONS REGARDING THE TRANSITION OF OFF-PLAN DEVELOPERS AND OFF-PLAN PROJECTS ON AL REEM ISLAND?

Off-Plan Development Regulations (Fees) Rules

61. The Off-Plan Development Regulations (Fees) Rules 2024 will be issued with services and fees to reflect the proposals in the Off-Plan Development Regulations and the subordinate Off-Plan Development Regulations (Project Account) Rules. It is envisaged that the fees will be closely aligned with the fees charged in the Emirate of Abu Dhabi for equivalent or similar services.

Introduction of Off-Plan Development Project Accounts

The RA proposes to issue the Off-Plan Development Regulations (Project Account) Rules 2024 (the “**Project Account Rules**”) to govern project accounts (i.e., escrow arrangement) under off-plan projects to address a current legislative gap.

The proposed new framework for off-plan development project accounts is summarised in the following, but for a more detailed review of the proposal, we refer to draft proposal in [Appendix 1](#).

Unless otherwise defined herein, capitalised terms shall have the same meaning as given to them in the proposed Project Account Rules 2024.

PROPOSAL

62. A Developer shall be required to establish a Project Account for each Off-Plan Project prior to undertaking Off-Plan Sales. If the Off-Plan Project shall be developed and delivered in phases, the Registrar shall have the discretion to require the Developer to open a separate Project Account for each phase of the Off-Plan Project.

Account Bank

63. The Project Account may only be established with an Account Bank registered on the Register of Account Banks maintained by the Registrar in accordance with Project Account Rules.

64. The Register of Account Banks shall be in such form as the Registrar may determine appropriate, including in electronic form and shall contain, in respect of each Account Bank:

- a. the Account Bank’s name, legal form, registered number, Banking License number, address and website address;
- b. the address to which notices in respect of the Account Bank may be served in the UAE;
- c. the Account Bank’s contact information;
- d. details of any security bond that the Account Bank has in place or is required by the Registrar; and
- e. details of the Account Bank’s prior experience acting as an escrow agent for off-plan projects in the UAE.

65. An Account Bank must be able to demonstrate to the Registrar’s satisfaction that the Account Bank satisfies the minimum registration criteria determined by the Registrar which shall include but not be limited to:

- a. the Account Bank holding a valid Banking License;
- b. the Account Bank having experience acting as an escrow agent for off-plan projects

- in the UAE;
- c. the Account Bank having the necessary resources and expertise required to act as an Account Bank in respect of Off-Plan Projects;
 - d. the employees of the Account Bank entrusted with the management of Project Accounts being familiar with and understanding the requirements and obligations relating to the management of Project Accounts stipulated by the Project Account Rules and all other applicable regulations, rules and codes of conduct, issued from time to time and applicable in ADGM in respect of Project Accounts; and
 - e. the Account Bank having complied with any other requirement specified by the Registrar from time to time.

The Registrar shall be entitled to waive any of the registration criteria where it feels it is appropriate to do so and such waiver will not unduly negatively impact the governance of Project Accounts in ADGM.

66. The Account Bank must, while it is acting as an Account Bank managing Project Accounts, maintain its Banking License and maintain and obtain any other applicable licenses, permits or approvals required by the UAE Central Bank and any other Relevant Authority regulating financial institutions and account banks in the UAE.
67. It is proposed that an Account Bank operating a Project Account shall not be considered to be carrying on economic activities in ADGM and shall not be required to obtain an ADGM license provided that:
- a. the Account Bank does not provide escrow account services from a permanent establishment maintained by the Account Bank in ADGM; and
 - b. the Account Bank maintains a Banking License issued by the UAE Central Bank.

Question 12:

DO YOU HAVE ANY CONCERNS WITH, OR FEEDBACK ON, THE PROPOSED PROVISIONS REGARDING THE REGISTRATION AND REQUIREMENTS OF AN ACCOUNT BANK?

Project Account

68. A Developer shall be required to enter into a Project Account Agreement with an Account Bank registered on the Register of Account Banks in order to open a Project Account. The Project Account Agreement shall, at a minimum, include the following:
- a. the Project Account's details, including any applicable fees and charges;
 - b. an obligation stipulating that sums deposited into the Project Account may only be disbursed from the Project Account once the Registrar's approval has been obtained, unless otherwise directed by the ADGM Courts; and
 - c. an acknowledgment from the Account Bank that the funds held in the Project Account are not the property of the Developer, are not available for the Developer's creditors and cannot be subject to the Account Bank's set off rights in relation to claims against the Developer.

69. The Developer shall not be entitled to require any Off-Plan Purchaser to pay any Sale Proceeds prior to the opening of the Project Account and the Developer must procure that all Sale Proceeds and Debt and Equity Financing are deposited directly into the Project Account. The Developer further shall be required to appoint an Engineering Auditor in respect of each Off-Plan Project to review and audit of the status of works undertaken on the Off-Plan Project and the associated Development Costs for the purpose of certifying the achievement of a Construction Milestone and issuing Milestone Payment Certificates.

70. If any funds arising from any Debt and Equity Financing:

- a. relate to:
 - i. any component of the Off-Plan Project which is to be retained by the Developer and is not to be sold to Off-Plan Purchasers;
 - ii. any areas which are not to be deemed common areas but which are intended for use by an Off-Plan Purchaser or which must be completed so that an Off-Plan Purchaser may have the benefit of its interest in the Off-Plan Project; or
- b. amount to no more than 20% of the total Development Costs and are provided by Equity Financing,

the Developer may apply to the Registrar for permission to exclude such funds from being deposited in the Project Account and the Registrar may grant such permission where it believes it is reasonable to do so and that such exclusion of funds from the Project Account will not negatively impact the progress and completion of the Off-Plan Project.

71. The Account Bank shall accept the deposit of Sale Proceeds or Debt and Equity Financing made by any lawful method approved by the UAE Central Bank and subject to all applicable anti-money laundering and know your client checks and procedures as are mandated by the UAE Central Bank and any other Relevant Authority when receiving funds as part of the provision of national retail banking services in the UAE.

72. All amounts deposited into the Project Account shall first be used solely for the payment of Development Costs and the Developer may not use any amounts deposited into the Project Account to pay, in whole or in part, the land upon which the Off-Plan Project is to be constructed or any Marketing expenses.

73. No amount shall be disbursed from the Project Account unless:

- a. the Developer has:
 - i. completed not less than 20% of the development of the Off-Plan Project; or
 - ii. where the Developer has not completed 20% or more of the development of the Off-Plan Project, the Developer has provided the Registrar with a bank guarantee, obtained from a bank duly licensed by the UAE Central Bank to provide national retail banking services in the UAE, in a sum equivalent to the amount requested by the Developer to be disbursed from the Project Account; and
- b. the Registrar has approved the release of funds from the Project Account.

74. If the Developer, acting reasonably, believes that the Off-Plan Project has achieved a Construction Milestone and wishes for funds to be disbursed from the Project Account in an amount proportionate to the Development Costs incurred by or on behalf of the Developer in respect of the corresponding Construction Milestone, the Developer shall request the Engineering Auditor to produce a Milestone Payment Certificate and provide the Engineering Auditor with such information as the Engineering Auditor shall require to properly issue the Milestone Payment Certificate.
75. Upon receipt of the Milestone Payment Certificate by the Engineering Auditor, the Developer shall submit an application to the Registrar for approval of the release of funds from the Project Account, in such form as the Registrar may specify and including the relevant Milestone Payment Certificate and any other documents and/or information requested by the Registrar.
76. Following the Registrar's review of the Developer's application for the release of funds from the Project Account, the Registrar may:
- a. require the Developer, the Engineering Auditor and/or the Account Bank to provide further documents and information;
 - b. approve the release of funds from the Project Account, with or without conditions; or
 - c. reject the Developer's application, providing its reasons in writing for rejecting the Developer's application.
77. The Account Bank shall promptly, following an application by the Developer, release from the Project Account the amounts set out in the approval of release of funds issued by the Registrar to such persons as the Registrar has directed.
78. An amount equivalent to 5% of the total Development Costs shall be retained in the Project Account as security for the Developer's obligation to remedy and rectify all defective building works, materials, equipment and installations arising from or in connection with the construction of the Off-Plan Project and may only be disbursed in accordance with the provisions in the Project Account Rules.
79. Subject to the Developer obtaining the Registrar's prior written consent, the Developer may apply to withdraw the profits of the Off-Plan Project from the Project Account at any time after the Off-Plan Project has reached at least 60% completion, provided that the Developer can evidence to the Registrar that, following any approved withdrawal or series of approved withdrawals, the sums remaining in the Project Account are not less than the remaining outstanding Development Costs of the Off-Plan Project plus a sum equal to 10% of the total Development Costs for the Off-Plan Project.
80. For as long as the Off-Plan Project remains registered on the Off-Plan Project Register, the Account Bank shall submit to the Registrar quarterly and annual reports detailing the amounts deposited into and disbursed from the Project Account prepared and stamped by an Auditor.

Question 13:

DO YOU HAVE ANY CONCERNS WITH, OR FEEDBACK ON, THE PROPOSED PROVISIONS REGARDING PROJECT ACCOUNTS?

Question 14:

DO YOU HAVE ANY CONCERNS WITH, OR FEEDBACK ON, THE PROPOSED PROVISIONS REGARDING THE RELEASE OF FUNDS FROM THE PROJECT ACCOUNT OR THE RETENTION AMOUNT?

Transition for Al Reem Island

81. It is proposed that a Developer that, prior to 1 January 2025, has commenced the planned construction works of an Off-Plan Project located on Al Reem Island and has established a valid escrow account in respect of the Off-Plan Project, or if applicable, for each phase of the Off-Plan Project under construction, in accordance with the applicable laws of the Emirate of Abu Dhabi, shall not be required to establish a new Project Account in accordance with the requirements of the Project Account Rules or the Off-Plan Development Regulations 2024, however, the Developer shall, from 1 January 2025, take all necessary steps to administer any such existing escrow accounts in respect of Off-Plan Projects located in Al Reem Island in accordance with, and shall comply with, as far as possible, sections 12(2), 12(3), 13, 14, 15, 16, 18, 20 and 21 of the Project Account Rules.
82. Notwithstanding the above, if an Off-Plan Project being developed on Al Reem Island is to be developed and delivered in different phases and separate escrow accounts must be established for each phase, in respect of any phase of the Off-Plan Project that the Developer has not yet commenced the planned construction works and for which no valid escrow account has yet been established prior to 1 January 2025, the Registrar may require that a Project Account be established by the Developer for each such phase.
83. All Account Banks providing escrow account services to Developers in respect of Off-Plan Projects already under construction on Al Reem Island prior to 1 January 2025 shall:
- a. By no later than 17 January 2025:
 - i. submit to the Registrar a copy of each agreement entered into with developers for the provision of such escrow account services; and
 - ii. take all necessary steps and submit all required applications and documents to the Registrar to be registered on the Register of Account Banks.
 - b. from 1 January 2025, take all necessary steps to administer any existing escrow accounts in respect of Off-Plan Projects located in Al Reem Island in accordance with, and shall comply with, as far as possible, sections 7, 8(1), 9(1)(a), 12(5), 12(6), 14, 15, 16, 17, 19 and 21 of the Project Account Rules (irrespective of any contrary provisions contained in any agreement entered into with a developer for the provision of escrow account services, which provisions shall be deemed null and void); and
 - c. once registered on the Register of Account Banks, comply with all sections of these Rules.

Question 15:

DO YOU HAVE ANY CONCERNS WITH, OR FEEDBACK ON, THE PROPOSED PROVISIONS REGARDING THE TRANSITION OF ALREADY ESTABLISHED ESCROW ACCOUNT FOR OFF-PLAN PROJECTS ON AL REEM ISLAND?

Question 16:

DO YOU HAVE ANY CONCERNS WITH, OR FEEDBACK ON, THE PROPOSED PROVISIONS REGARDING THE TRANSITION OF ACCOUNT BANKS ALREADY PROVIDING ESCROW SERVICES FOR OFF-PLAN PROJECTS ON AL REEM ISLAND?

Introduction of Off-Plan and Real Property Professionals Regulations

The RA proposes to enact the Off-Plan and Real Property Professionals Regulations 2024 (the “**Professionals Regulations**”) to introduce a framework designed to govern association managers, brokers, surveyors, engineering auditors, valuers, property managers and property inspectors providing their services in ADGM.

The proposed new framework is summarised in the following, but for a more detailed review of the proposal, we refer to draft proposal in Annex C.

Unless otherwise defined herein, capitalised terms shall have the same meaning as given to them in the proposed Professionals Regulations.

PROPOSAL

84. It is proposed that the Registrar shall maintain the following registers and publish a list of Real Property Professionals that are registered on the Real Property Professionals Registers, including such details and information as the Registrar may deem necessary for the purposes of transparency and in line with best practice:

- a. the Register of Brokers;
- b. the Register of Surveyors;
- c. the Register of Engineering Auditors;
- d. the Register of Valuers;
- e. the Register of Property Managers;
- f. the Register of Property Inspectors; and
- g. the Register of Association Managers.

85. To be registered on the applicable Real Property Professionals Register, a Real Property Professional shall be required to satisfy the Registrar that it meets any minimum registration criteria determined by the Registrar which include the following:

- a. holding a valid License;
- b. holding the necessary professional registrations and qualifications relating to the provisions of the applicable Licensed Service in the Emirate of Abu Dhabi;
- c. having the necessary resources, experience and technical expertise; and
- d. having subsisting professional indemnity insurance.

86. Brokers and Valuers are also required to register all employees providing Licensed Services in ADGM.

87. The Registrar shall be entitled to waive any of the registration criteria where it feels that it is appropriate to do so and that such waiver will not unduly negatively impact the provision of Licensed Services in the ADGM.
88. Brokers, Surveyors, Engineering Auditors, Valuers and Property Inspectors providing Licensed Services in ADGM shall not be considered to be carrying on economic activities in the Abu Dhabi Global Market and shall not be required to obtain an ADGM license, provided that such Real Property Professionals:
- a. do not provide the Licensed Services from a permanent establishment maintained in ADGM; and
 - b. maintain a license issued by the relevant licensing authority of the Emirate of Abu Dhabi permitting the Real Property Professional to undertake the Licensed Services.
89. Property Managers and Association Managers providing Licensed Services in ADGM will be considered to be carrying on economic activities in the ADGM and are required to obtain an ADGM license regardless of whether they maintain a permanent establishment in the ADGM and have a license issued by a licensing authority in the Emirate of Abu Dhabi.
90. The Professionals Regulations contain requirements for each of the different categories of Real Property Professionals (i.e., Association Managers, Brokers, Surveyors, Engineering Auditors, Valuers, Property Managers and Property Inspectors).

Specific provisions concerning Brokers

91. With respect to Brokers, it is proposed that:

- a. the Broker has entered into a Brokerage Agreement; and
- b. in respect of an Off-Plan Project:
 - i. the Broker has submitted to the Registrar a copy of the duly executed and dated Brokerage Agreement (which the Broker must submit to the Registrar within 15 days of executing the Brokerage Agreement);
 - ii. the Broker has paid the relevant fees; and
 - iii. the Registrar has reviewed and approved, with or without conditions, the Brokerage Agreement and registered it on the Off-Plan Project Register in connection with the Off-Plan Project.
- c. A Broker must not hold itself out as being able to receive or accept any Sale Proceeds from Off-Plan Purchasers, their lenders or otherwise. If a Broker receives Sale Proceeds from an Off-Plan Purchaser, the Broker shall:
 - i. as soon as practicably possible, deposit all Sale Proceeds it received from the Off-Plan Purchaser directly into the Project Account of the Off-Plan Project; or
 - ii. if the Broker is unable to deposit the Sale Proceeds into the Project Account for reasons outside of its control, the Broker shall as soon as practicably possible return the Sale Proceeds to the Off-Plan Purchaser,

without making any deductions, including in respect of the Broker's fees for the provision of Brokerage Services; and

- d. the Brokerage Agreement shall, at a minimum, include the details set forth in the Professionals Regulations.

Specific provisions for Property Managers and Association Managers

92. It is further proposed that a Property Manager or Association Manager providing Administrative Services² shall only be entitled to charge the beneficiary of the Administrative Service a fee reflective of and commensurate to the reasonable and fair cost for providing or procuring such service, which charge may not, in any event, exceed AED 5,000 per real property. Such fee shall be charged one time only, upon receipt of the Administrative Services, and may not be a renewing or recurring fee unless further Administrative Services are provided by the Developer.
93. Further, the Property Management Agreement shall, at a minimum, include the details set forth in the Professionals Regulations.

Question 17:

DO YOU HAVE ANY CONCERNS WITH, OR FEEDBACK ON, THE PROPOSED PROVISIONS REGARDING THE REGISTRATION OF REAL PROPERTY PROFESSIONALS?

Question 18:

DO YOU HAVE ANY CONCERNS WITH, OR FEEDBACK ON, THE PROPOSED PROVISIONS REGARDING THE ONGOING REQUIREMENTS FOR REGISTERED REAL PROPERTY PROFESSIONALS?

Question 19:

DO YOU HAVE ANY CONCERNS WITH, OR FEEDBACK ON, THE PROPOSED PROVISIONS REGARDING THE SPECIFIC REQUIREMENTS FOR CERTAIN TYPES OF REAL PROPERTY PROFESSIONALS (E.G., BROKERS OR PROPERTY MANAGERS)?

Off-Plan and Real Property Professionals Regulations (Fees) Rules

94. The Off-Plan and Real Property Professionals Regulations (Fees) Rules 2024 will be issued with services and fees to reflect the proposal in the regulations. It is envisaged that the fees will be closely aligned with the fees charged in the Emirate of Abu Dhabi for equivalent or similar services.

Effective Date and Transition Period for Al Reem Island

95. The Real Property Professionals must register on the relevant Real Property Professionals Registers within one month of the effective date of the Professionals Regulations.

² "Administrative Services" means any administrative service ancillary to the provision of Association Management Services or Property Management Services (as is applicable), including without limitation, the review of applications for approval, the registration of documents, the renewal of leases, and the activation and connection of utilities.

96. Notwithstanding the foregoing, any Real Property Professional providing Licensed Services in respect of real property or Off-Plan Projects on Al Reem Island as of the date of publication of the Professionals Regulations shall submit their applications to the Registrar, by no later than 1 January 2025 to be registered on the Real Property Professionals Register.
97. A Broker that is not yet registered on the Register of Brokers on the date these Regulations come into force shall remain entitled to and may receive fees it is owed in respect of any Brokerage Services it has provided in ADGM prior to the date the Professionals Regulations come into force.

Question 20:

DO YOU HAVE ANY CONCERNS WITH, OR FEEDBACK ON, THE PROPOSED PROVISIONS REGARDING THE TRANSITION FOR REAL PROPERTY PROFESSIONALS PROVIDING LICENSED SERVICES ON AL REEM ISLAND?

Proposed Amendments and Enactments

Regulations

- Annex A** Proposed Real Property Regulations 2024 (editorial blackline)
- Annex B** Proposed Off-Plan Development Regulations 2024
- Annex C** Proposed Off-Plan and Real Property Professionals Regulations 2024

Rules

- Appendix 1** Proposed Off-Plan Development Regulations (Project Accounts) Rules 2024