REAL PROPERTY REGULATIONS

In force on 12 November 2018
CONTENTS

1 INTRODUCTION................................................................................................................................. 1
  1.1 Application and interpretation.................................................................................................. 1
  1.2 Transfers................................................................................................................................. 2
  1.3 Freehold Transfer Fee............................................................................................................ 3

2 COMMENCEMENT.......................................................................................................................... 3

3 AMENDING OR DELETING REGISTRAR’S DIRECTIVES................................................................. 3

4 FEES PAYABLE TO THE REGISTRAR, OTHER THAN FREEHOLD TRANSFER FEES............................. 3

5 PENALTIES FOR OFFENCES AGAINST THE LAW.......................................................................... 4

Schedule 1 — FEES (OTHER THAN FREEHOLD TRANSFER FEES).............................................. 5

Schedule 2 — TRANSFERS AND FREEHOLD TRANSFER FEES.................................................. 6
The Board of Directors of the DIFCA, in the exercise of the powers conferred on them by Article 175 of the Law, hereby make these Regulations.

1. INTRODUCTION

1.1 Application and interpretation

1.1.1 These Regulations may be cited as the “Real Property Regulations”.

1.1.2 These Regulations apply to any person to whom the Law applies.

1.1.3 A reference in these Regulations to a law is a reference to that law as amended from time to time.

1.1.4 A reference in these Regulations to a Schedule is a reference to a Schedule in these Regulations, unless the contrary intention appears.

1.1.5 Defined terms are identified throughout these Regulations by the capitalisation of the initial letter of a word or phrase. Where capitalisation of the initial letter is not used, an expression has its natural meaning.

1.1.6 The following defined terms have the meaning given below:

<table>
<thead>
<tr>
<th>Defined Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directives</td>
<td>the directives made by the Registrar of Real Property under Article 172</td>
</tr>
<tr>
<td></td>
<td>of the Law</td>
</tr>
<tr>
<td>Freehold Transfer Fee</td>
<td>the fee payable by the Transferee or Developer in respect of a Transfer</td>
</tr>
<tr>
<td></td>
<td>in accordance with Schedule 2;</td>
</tr>
<tr>
<td>Freehold Transfer Fee</td>
<td>the date that the Freehold Transfer Fee is payable under these Regulations;</td>
</tr>
<tr>
<td>Payment Date</td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>any direct or indirect, equitable or beneficial interest, right, entitlement,</td>
</tr>
<tr>
<td></td>
<td>or combination thereof, in a company, partnership, non-profit organisation,</td>
</tr>
<tr>
<td></td>
<td>foundation or trust (inclusive of a Unit Trust), that is the Registered</td>
</tr>
<tr>
<td></td>
<td>Owner of Real Property, or (in the case of a trust) where its trustee is</td>
</tr>
<tr>
<td></td>
<td>the Registered Owner of Real Property, that provides the holder, beneficiary</td>
</tr>
<tr>
<td></td>
<td>or recipient thereof with:</td>
</tr>
<tr>
<td></td>
<td>(i) the rights and benefits normally associated with the ownership of such</td>
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<tr>
<td></td>
<td>Real Property; or</td>
</tr>
<tr>
<td></td>
<td>(ii) the ability to deal with or dispose of such Real Property, either</td>
</tr>
<tr>
<td></td>
<td>individually, with others, or contingent upon an event or certain</td>
</tr>
<tr>
<td></td>
<td>circumstances occurring,</td>
</tr>
<tr>
<td></td>
<td>and “Interest holder” shall be any holder of an Interest;</td>
</tr>
<tr>
<td>Law</td>
<td>the Real Property Law DIFC Law No. 10 of 2018;</td>
</tr>
</tbody>
</table>
## Defined Term

<table>
<thead>
<tr>
<th>Defined Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>REIT</td>
<td>a Real Estate Investment Trust which is a company created for the sole purpose of channeling investible funds into operating, owning or financing income producing Real Property;</td>
</tr>
<tr>
<td>Transferee</td>
<td>a person that acquires a Real Property Interest or any legal, equitable or beneficial ownership interest in Real Property pursuant to a Transfer (including a Purchaser);</td>
</tr>
<tr>
<td>Transferor</td>
<td>a person that disposes of a Real Property Interest or any legal, equitable or beneficial ownership in Real Property pursuant to a Transfer;</td>
</tr>
<tr>
<td>Ultimate Beneficiary</td>
<td>a natural person who is an Interest holder; and</td>
</tr>
<tr>
<td>Unregistered Freehold Transfer Penalty</td>
<td>the penalty payable for failing to pay the Freehold Transfer Fee on the Freehold Transfer Fee Payment Date and is the sum equivalent to five per cent interest (5%) accrued on the Freehold Transfer Fee from the date it was due to be paid until the date it is actually paid.</td>
</tr>
</tbody>
</table>

### 1.1.7 All other defined terms have the same meaning they have under the Law.

### 1.1.8 The Rules of interpretation in the Law apply to these Regulations.

### 1.2 Transfers

#### 1.2.1 The following Transfers are exempt from the payment of a Freehold Transfer Fee:

(a) a Transfer by a natural person to a legal person where the Interest held by the natural person in the Transferee is in the same proportion as the ownership stake directly held by the natural person in the Real Property immediately prior to the Transfer;

(b) a Transfer from a legal person to a natural person where the Transferee will directly hold the same ownership stake in the Real Property as to the proportion indirectly held by the natural person by way of an Interest in the Transferor immediately prior to the Transfer;

(c) a Transfer from one legal person to another legal person where each Ultimate Beneficiary thereof remains the same and each Ultimate Beneficiary continues to hold the same proportion of Interests for a minimum period of one (1) year subsequent to the Transfer;

(d) a Transfer where the parent entity of the Transferor and Transferee is the same and the Ultimate Beneficiaries thereof remain the same and continue to hold the same proportion of Interests subsequent the Transfer for a minimum period of one (1) year;

(e) a Transfer of the Real Property to the financed party as part of an Islamic financing transaction upon repayment of amounts due in respect thereof;

(f) a Transfer giving effect to an inheritance;

(g) a Transfer of Interests involving the buying and selling of shares of a Registered Owner that is publicly listed on a regulated stock market; and
the Transfer of Interests involving a Registered Owner that is a REIT domiciled in the DIFC.

For the avoidance of doubt the Transfers set out in Regulations 1.2.1 (a) – (f) shall nonetheless require a Transfer Instrument to be filed with the Registrar.

1.2.2 For the purposes of establishing whether or not a Transfer falls within one of the exemptions for the payment of the Freehold Transfer Fee, the Registrar shall have the discretion to request whatever documents it deems necessary to establish the beneficial interests in transferors and transferees.

1.3 Freehold Transfer Fee

1.3.1 The Freehold Transfer Fee Payment Date is as follows:

(a) in respect of an Off Plan Sale, within thirty (30) days from the entering into of the Off Plan Sales Agreement;

(b) in respect of a Transfer of Interests, within thirty (30) days from the effective date of the Transfer;

(c) in respect of a Transfer of a Lot that is subject to a Registered Mortgage, within fifty (50) days from the entering into of the Sales and Purchase Agreement;

(d) in respect of a Transfer of a Lot that is not subject to a Registered Mortgage within thirty (30) days from the date of entering into of the Sales and Purchase Agreement; and

(e) in respect of any other Transfer, upon Registration of the Transfer Instrument.

1.3.2 In the case of the Transfer referred to in Regulation 1.3.1(a) above it shall be the duty of the Developer or any subsidiary of the Developer legally entitled to Transfer Off Plan Units to register the Transfer Instrument and pay the Freehold Transfer Fee by the Freehold Transfer Fee Payment Date.

1.3.3 In the case of all other Transfers referred to in Regulations 1.3.1(b) – (e) above it shall be the duty of the Transferee to register the Transfer Instrument and pay the Freehold Transfer Fee by the Freehold Transfer Fee Payment Date.

2. COMMENCEMENT

These Regulations commence on the date of their issuance.

3. AMENDING OR DELETING REGISTRAR’S DIRECTIVES

3.1 The Registrar may from time to time amend, add to, or delete any Directive.

3.2 If the Registrar acts under Regulation 3.1, the Registrar must:

(a) maintain a current version of the Directive; and

(b) make a copy of the current version of the Directive available to any person who requests a copy, on payment of the fee the Registrar considers appropriate.

4. FEES PAYABLE TO THE REGISTRAR, OTHER THAN FREEHOLD TRANSFER FEES

4.1 The Prescribed Fee specified opposite the matters listed in Schedule 1 are payable to the Registrar by the applicant in respect of those matters.
4.2 The Prescribed Fee is payable before the provision of the service to which the Prescribed Fee relates, unless the Registrar agrees otherwise.

4.3 The DIFCA may from time to time vary the Prescribed Fees in Schedule 1, and may add other fees for matters not listed in that Schedule as it considers necessary or appropriate.

5. PENALTIES FOR OFFENCES AGAINST THE LAW

5.1 The penalty for an offence against the Law is one thousand dollars (US$ 1,000).

5.2 In the event a party fails to pay the Freehold Transfer Fee by the Freehold Transfer Fee Payment Date, in addition to paying the Freehold Transfer Fee with respect to such Transfer, the party liable to pay the Freehold Transfer Fee under these Regulations shall be liable to pay the Freehold Transfer Fee, the Unregistered Freehold Transfer Penalty and the penalty referred to above in Regulation 5.1.
## SCHEDULE 1 — FEES
(OTHER THAN FREEHOLD TRANSFER FEES)

<table>
<thead>
<tr>
<th>Activity</th>
<th>FEES ($USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registration of a Transfer Instrument</td>
<td>$100</td>
</tr>
<tr>
<td>Request to alter Register</td>
<td>$100</td>
</tr>
<tr>
<td>Registration of Caveat</td>
<td>$100</td>
</tr>
<tr>
<td>Request for Official Search Certificate</td>
<td>$200</td>
</tr>
<tr>
<td>Request for copy of an Instrument</td>
<td>$200</td>
</tr>
<tr>
<td>Request for issuing of each title deed on an initial application for individual Lots in a Strata Development</td>
<td>$100 per Lot</td>
</tr>
<tr>
<td>Application for replacement Title Deed</td>
<td>$273</td>
</tr>
<tr>
<td>Application for lapsing of a Caveat</td>
<td>$545</td>
</tr>
<tr>
<td>Application for registration of a Transfer Instrument which falls within Regulations 1.2.1(a), (b), (c), (d), (e) and (f)</td>
<td>$273</td>
</tr>
<tr>
<td>Application for registration of a non Islamic Mortgage</td>
<td>$100</td>
</tr>
<tr>
<td>Application for registration of a Mortgage involving Islamic financing provisions</td>
<td>$273</td>
</tr>
<tr>
<td>Registration of Lease with a term exceeding 6 months and less than 5 years</td>
<td>$100</td>
</tr>
<tr>
<td>Registration of Lease with a term of 5 years or more and less than 10 years</td>
<td>$200</td>
</tr>
<tr>
<td>Registration of Lease with a term of 10 years or more</td>
<td>$300</td>
</tr>
<tr>
<td>Registration of any other Instrument</td>
<td>$100</td>
</tr>
</tbody>
</table>
SCHEDULE 2 — TRANSFERS
AND FREEHOLD TRANSFER FEES

1. PURPOSE OF THIS SCHEDULE

1.1 The purpose of this Schedule is to impose an obligation on the Transferee or Developer (as appropriate) to Register a Transfer and to pay a Freehold Transfer Fee in relation to such Transfer.

1.2 The purpose of the Freehold Transfer Fee is to help defray the cost of guaranteeing title to Real Property.

2. FREEHOLD TRANSFER FEES

2.1 Subject to this Schedule 2, a Freehold Transfer Fee is payable in relation to each Transfer unless exempted in these Regulations.

2.2 A Freehold Transfer Fee is payable in relation to a Transfer regardless of whether the transaction is in writing, or is effected by the conduct or act of the parties, by order of court or other authority, under statutory authority, by operation of law, or otherwise.

2.3 A Freehold Transfer Fee payable in respect of a disposal of an Interest shall be calculated with reference to the percentage Interest disposed of (directly) by an Ultimate Beneficiary in:

   (a) a Registered Owner; or

   (b) a trust on whose behalf a Registered Owner holds Real Property as trustee.

3. CONSIDERATION AS BASIS OF FREEHOLD TRANSFER FEE

3.1 The Freehold Transfer Fee on the direct Transfer of a Real Property Interest is based on the amount of the consideration paid or payable for the Real Property Interest, or the market value of the Real Property Interest as determined by the Registrar, whichever is the greater.

3.2 The Freehold Transfer Fee on the indirect Transfer of a Real Property Interest by way the transfer of an Interest based on the amount of the consideration paid or payable for the Interest to which the proportional share of the Real Property Interest relates, or the amount of the market value of the proportional share of the Real Property Interest to which the Interest relates, whichever is the greater.

3.3 Where the amount of the consideration is contingent on the occurrence of an event that may or may not occur, the amount of the consideration is to be calculated as if the contingency were satisfied.

3.4 Where the amount of the consideration cannot be ascertained, it is to be determined on a reasonable estimate of the market value of the Real Property Interest by the Registrar.

4. CALCULATING THE FREEHOLD TRANSFER FEE

The Freehold Transfer Fee is calculated at the rate of five percent (5%) of the amount of the consideration or market value referred to in Regulation 3.1 or 3.2 of this Schedule 2.
5. **DUTY TO REGISTER TRANSFER, AND TO PAY FREEHOLD TRANSFER FEE**

5.1 The Transfer must be Registered by way of a Transfer Instrument and the Freehold Transfer Fee paid by the Freehold Transfer Fee Payment Date.

5.2 When Registering the Transfer the Transferee or Developer (as appropriate) must state in the Transfer Instrument:

(a) the assessment (a “self-assessment”) of the Freehold Transfer Fee that, on the basis of the information contained in the Transfer Instrument, is payable in respect of the Freehold Transfer; and

(b) be accompanied by payment of the Freehold Transfer Fee so assessed.

5.3 If the Registrar considers that the amount of the self-assessment is less than the amount that is properly payable under this Schedule 2, the Registrar may determine the additional amount that it considers payable, and the Transferee or Developer (as appropriate) must pay that additional amount within thirty (30) days after the DIFCA notifies that party of the additional amount.

5.4 The party liable to pay the Freehold Transfer Fee may appeal to the Court against the additional amount notified under Regulation 5.3 of this Schedule 2, but cannot refuse to pay the amount on the ground that an appeal has been lodged.

5.5 On the appeal, the Court may make any order it considers appropriate.

6. **PROCEEDINGS TO RECOVER FREEHOLD TRANSFER FEE**

The Registrar may bring proceedings in the Court to recover from a Transferee or Developer (as appropriate) the whole or part of the Freehold Transfer Fee, the Unregistered Freehold Transfer Penalty, and any other moneys due and payable by a party under these Regulations.

7. **CANCELLED FREEHOLD TRANSFERS**

No Freehold Transfer Fee is refundable under any circumstance.

8. **POWER TO INSPECT**

8.1 The Registrar may authorise a person to inspect, make copies of, or take possession of, any property, records or files for the purpose of ascertaining:

(a) whether a Transfer has occurred;

(b) the market value of the Real Property Interest in respect of which a Freehold Transfer Fee is payable; and

(c) any other matter that the Registrar considers relevant to the payment of a Freehold Transfer Fee.
8.2 Any person having custody or possession of the Real Property, records or files must permit the person so authorised to inspect them, copy them or take possession of them.

8.3 Failure to comply with the obligation under Regulation 8.2 is punishable in the same way as an offence against the Law.

9. **DELEGATION**

   The DIFCA may delegate to the Registrar any or all of its functions under this Schedule.

10. **DEVELOPERS PRE-REGISTRATION RECORDS**

10.1 A Developer who maintains a register of Purchasers of Off Plan Lots (and each subsequent Purchaser) is entitled to charge each Purchaser (and each subsequent Purchaser) an administration fee to cover the Developer’s reasonable costs of maintaining the register, not exceeding in any one case five thousand dirhams (AED 5,000) dirhams.

10.2 A Developer must make the register available for inspection by:

   (a) any former, current or prospective Purchaser, sub-purchaser or assignee; and

   (b) the any Relevant Authority.