

Decree No. (23) of 2022
Regulating the Grant of Musataha Rights over
Commercial Land in the Emirate of Dubai¹

We, Mohammed bin Rashid Al Maktoum, Ruler of Dubai,

After perusal of:

Federal Law No. (5) of 1985 Issuing the Civil Code of the United Arab Emirates and its amendments;

Federal Law by Decree No. (32) of 2021 Concerning Commercial Companies;

Law No. (3) of 1996 Concerning Government Claims and its amendments;

Law No. (3) of 2003 Establishing the Executive Council of the Emirate of Dubai;

Law No. (7) of 2006 Concerning Real Property Registration in the Emirate of Dubai and its amendments;

Law No. (8) of 2007 Concerning Escrow Accounts for Real Property Developments in the Emirate of Dubai;

Law No. (13) of 2008 Regulating the Interim Real Property Register in the Emirate of Dubai and its amendments;

Law No. (14) of 2008 Concerning Mortgage in the Emirate of Dubai;

Law No. (7) of 2013 Concerning the Land Department;

Law No. (1) of 2016 Concerning the Financial Regulations of the Government of Dubai;

Law No. (6) of 2019 Concerning Ownership of Jointly Owned Real Property in the Emirate of Dubai;

Law No. (5) of 2021 Concerning the Dubai International Financial Centre;

The Order of 1961 Establishing the Dubai Municipality;

Decree No. (31) of 2016 Concerning the Mortgage of Granted Land in the Emirate of Dubai;

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¹Every effort has been made to produce an accurate and complete English version of this legislation. However, for the purpose of its interpretation and application, reference must be made to the original Arabic text. In case of conflict, the Arabic text will prevail.

Regulation No. (3) of 2006 Determining Areas for Ownership by Non-UAE Nationals of Real Property in the Emirate of Dubai and its amendments; and

Executive Council Resolution No. (30) of 2013 Approving the Fees of the Land Department,

Do hereby issue this Decree.

Definitions

Article (1)

The following words and expressions, wherever mentioned in this Decree, will have the meaning indicated opposite each of them unless the context implies otherwise:

Emirate:	The Emirate of Dubai.
Ruler:	His Highness the Ruler of Dubai.
Government:	The Government of Dubai.
Executive Council:	The Executive Council of the Emirate of Dubai.
Government Entity:	Any of the Government departments, public agencies or corporations, Government councils and authorities, or other public entities affiliated to the Government, including the authorities supervising Special Development Zones and free zones, such as the Dubai International Financial Centre.
DLD:	The Land Department.
DM:	The Dubai Municipality.
Director General:	The director general of the DLD.
Musataha Right:	A real right granted by an Owner of Commercial Land to another person to entitle him to use that land.
Owner:	The Government, the Government Entity, or the company owned by the Government, or in which it holds shares, that owns the Commercial Land.
Holder of Musataha Right:	A natural or legal person granted the Musataha Right over Commercial Land.

Commercial Land:	A land plot which is designated for commercial or industrial use and which is owned by the Government, by a Government Entity, or by a company owned by the Government or in which it holds shares.
Real Property Unit:	A demarcated part of Commercial Land, including any part demarcated on its plan.
Contract:	A document signed by an Owner and the Holder of Musataha Right on the form prescribed by the DLD for this purpose, in which the rights and obligations of both parties are stated.
Register:	A set of documents which are created or maintained in paper or electronic format by the DLD or the Dubai International Financial Centre, as the case may be; and in which Musataha Rights and the relevant Contracts and other legal dispositions made in respect of Commercial Land are recorded.
Completion Certificate:	A certificate issued by the DM or the competent licensing authority confirming the completion of a Real Property Project.
Real Property Project:	A project for developing Commercial Land which a Holder of Musataha Right wishes to develop in accordance with the plans adopted by the concerned entities in the Emirate, or any part of that land; constructing infrastructure and common facilities thereon; subdividing the land into several plots for the purpose of using them; and constructing residential, commercial, or mixed-use multi-storey buildings or compounds.

Scope of Application

Article (2)

The provisions of this Decree apply to the Commercial Land over which Owners may grant Musataha Right to others in accordance with the rules and requirements stipulated in this Decree.

Objectives of the Decree

Article (3)

This Decree aims to:

1. regulate the use of Commercial Land in the Emirate by granting Musataha Rights over the same;

2. control the use of Commercial Land that Owners wishes to develop and on which they wish to construct Real Property Projects;
3. promote and encourage investment in the Real Property sector in the Emirate, with a view to maintaining the global position of the Emirate in the field of Real Property investment; and
4. provide promising investment opportunities and ensure good financial returns for investors in the Real Property sector.

Functions of the DLD **Article (4)**

For the purposes of this Decree, the DLD will have the duties and powers to:

1. approve the conditions and rules for using Commercial Land through the exercise of Musataha Rights;
2. determine, in coordination with the concerned Government Entities, the Commercial Land over which Musataha Rights may be granted, and present the same to the Ruler or his authorised representative for approval;
3. establish the standards and rules that ensure optimum and proper use of the Commercial Land over which Musataha Rights are granted;
4. follow up and supervise, in coordination with the concerned Government Entities, the construction of Real Property Projects on Commercial Land in accordance with this Decree;
5. monitor and inspect, in coordination with the DM, the Commercial Land over which Musataha Rights are granted to ensure compliance by the Holders of Musataha Rights and parties to the relevant Contracts with the conditions, requirements, and provisions stipulated in this Decree, the resolutions issued in pursuance hereof, and other legislation in force in the Emirate; and take the necessary action in this respect;
6. without prejudice to the provisions of the above-mentioned Law No. (3) of 1996 and its amendments, consider and determine the grievances and complaints filed by any party to a Contract in respect of the failure of another party to fulfil his duties and obligations under the Contract or to comply with the provisions of this Decree and the resolutions issued in pursuance hereof, and those filed for any other reason whatsoever; and seek to amicably settle these grievances and complaints and make the necessary decisions in this respect, in accordance with the relevant procedures adopted by the DLD;
7. submit periodic reports to the Ruler or his authorised representative on the Commercial Land over which Musataha Rights are granted in accordance with this Decree; and

8. exercise any other duties or powers assigned to it by the Ruler or the Chairman of the Executive Council.

Creation of Musataha Rights Article (5)

- a. A Musataha Right over Commercial Land is created pursuant to a Contract concluded by the Holder of Musataha Right with the Owner.
- b. The Holder of Musataha Right must enter his Musataha Right in the Register and must comply with the requirements and rules stipulated in this Decree, with the resolutions issued in pursuance hereof, and with the terms of the Contract concluded with him. Any disposition undertaken in breach of the provisions of this paragraph will be deemed void and have no legal effect.

Period of Holding Musataha Rights Article (6)

- a. A Musataha Right may not be held for more than thirty-five (35) years. This period may be extended upon the approval of the Owner, provided that it may not exceed fifty (50) years in total.
- b. The period of holding a Musataha Right must be specified in the Contract. A Musataha Right whose period is not specified may not be entered in the Register. Any disposition undertaken in breach of the provisions of this Article will be void and have no legal effect.

Renewal of Musataha Rights Article (7)

- a. A Musataha Right will come into effect as from the date of its entry in the Register and will remain valid throughout the period specified in the Contract unless the Contract itself expires or terminated by its parties.
- b. Unless otherwise agreed by the parties, where the Holder of Musataha Right wishes to renew that right, he must submit a renewal application to the Owner at least two (2) years prior to expiry of the Musataha Right.

Obligations of Holders of Musataha Rights Article (8)

A Holder of Musataha Right must:

1. comply with the legislation in force in the Emirate and the terms of the Contract;
2. use the Commercial Land only for the purpose specified in the Contract;
3. construct the structures and buildings on the Commercial Land subject of the Contract within the prescribed time frames;
4. obtain the Completion Certificate within five (5) years from the date of entry of the Musataha Right in the Register;
5. pay the fees prescribed for registration of the Contract under the above-mentioned Executive Council Resolution No. (30) of 2013;
6. not change the use of the Commercial Land subject of the Contract without first obtaining the approvals of the Owner and the concerned entities in the Emirate;
7. not dispose of the Musataha Right in any legal manner, except through mortgage, before the issuance of the Completion Certificate;
8. not perform any act that may cause harm to the Owner, or affect the use of the Commercial Land after the lapse of the Musataha Right; and
9. comply with any other obligations related to the achievement of the objectives of this Decree as determined by the DLD pursuant to the resolutions issued by the Director General in this respect.

Register Article (9)

A special register will be created by the DLD in which all rights, Contracts, and dispositions related to Musataha Rights will be entered in accordance with the provisions of this Decree.

Mortgage of Musataha Rights Article (10)

- a. A Holder of Musataha Right may mortgage his Musataha Right in accordance with the provisions of the above-mentioned Law No. (14) of 2008, provided that he obtains the relevant prior written approvals of the Owner and the DLD.
- b. The provisions of the above-mentioned Decree No. (31) of 2016 apply to the mortgage of Musataha Rights, to the extent that such application does not contradict the nature of Musataha Right.

Ownership of Buildings and Structures

Article (11)

- a. A Holder of Musataha Right will be the owner of the buildings and structures he constructs on the Commercial Land throughout the period of holding the Musataha Right, and this ownership will be limited to that period and to the purpose for which the buildings and structures are constructed. Without prejudice to the rights of the Owner, the Holder of Musataha Right may, subject to obtaining the Completion Certificate, dispose of the buildings and structures constructed on the Commercial Land in any legal manner.
- b. Notwithstanding the provisions of paragraph (a) of this Article and sub-paragraph (7) of Article (8) of this Decree, a Holder of Musataha Right may dispose of any off-plan Real Property Unit before the issuance of Completion Certificate, in accordance with the provisions of the above-mentioned Law No. (13) of 2008, the legislation in force in the Emirate, and any relevant regulations and rules prescribed by the DLD.
- c. Unless otherwise agreed by the parties to the Contract, the ownership of the buildings and structures constructed on the Commercial Land will be transferred to the Owner upon the lapse of the Musataha Right.

Lapse of Musataha Rights

Article (12)

- a. A Musataha Right will lapse in any of the following cases:
 - 1. if the period of holding the Musataha Right expires and is not renewed;
 - 2. where the parties to the Contract agree to terminate it before its expiry;
 - 3. if a definitive judgement terminating the Musataha Right is delivered by the competent court;
 - 4. where the Holder of Musataha Right becomes the Owner of the Commercial Land; or
 - 5. if the Holder of Musataha Right fails to obtain the Completion Certificate for three (3) consecutive years after expiry of the time limit stipulated in paragraph (c) of Article (14) of this Decree.
- b. A Musataha Right will not expire upon the removal of the buildings and structures constructed on the Commercial Land before expiry of the period of holding the Musataha Right. In case of such removal, the Holder of Musataha Right may use the Commercial Land for the remaining period of holding the Musataha Right in any legal manner.

**Transferring Musataha Rights
Article (13)**

- a. Where a Holder of Musataha Right dies, the Musataha Right will be transferred to his legal heirs in accordance with the rules prescribed by the DLD in this respect.
- b. A Musataha Right may be bequeathed by a will.

**Completion Certificate
Article (14)**

- a. The DM or the competent licensing authority will issue Completion Certificates for Real Property Projects upon their completion.
- b. The legal dispositions undertaken in respect of the buildings, structures, and Real Property Units constructed on Commercial Land will remain valid throughout the period of holding the Musataha Right. These dispositions will cease to be valid upon expiry of that period unless the parties to the Contract agree otherwise.
- c. Where the period of construction of a Real Property Project on the Commercial Land exceeds five (5) years from the entry of the Musataha Right in the Register and the Holder of Musataha Right is still unable to obtain the Completion Certificate due to non-completion of the Real Property Project, a fine of one percent (1%) of the market value of the Commercial Land will be imposed on the Holder of Musataha Right for each year beyond that time frame until the issuance of the Completion Certificate or lapse of the Musataha Right in accordance with the provisions of paragraph (5) of Article (12) hereof. The fine will be collected by the Owner or the DLD, as the case maybe, in accordance with the relevant rules and standards prescribed by the DLD.
- d. Where the delay in completing the Real Property Project is due to reasons beyond the control of the Holder of Musataha Right or due to an emergency or force majeure event, the Holder of Musataha Right will be exempt from payment of the fine referred to in paragraph (c) of this Article.
- e. For the purposes of calculating the amount of the fine referred to in paragraph (c) of this Article, a part of a year will be rounded up to a full year.

**Acts of Disposition of the Companies Granted Musataha Rights
Article (15)**

A Holder of Musataha Right may not sell, mortgage, or assign the ownership of, or any shares in, the establishments or companies that are granted the Musataha Right without first obtaining the

relevant approvals of the Owner and the DLD and coordinating with the competent commercial licensing authority. These approvals will be issued in accordance with the legislation in force in the Emirate, and the requirements and rules adopted by the DLD pursuant to the relevant resolution issued by the Director General.

Issuing Implementing Resolutions Article (16)

The Director General will issue the resolutions required for the implementation of this Decree. These resolutions will be published in the Official Gazette of the Government.

Repeals Article (17)

Any provision in any other legislation is hereby repealed to the extent that it contradicts the provisions of this Decree.

Publication and Commencement Article (18)

This Decree will be published in the Official Gazette and will come into force on the day on which it is published.

Mohammed bin Rashid Al Maktoum
Ruler of Dubai

Issued in Dubai on 7 July 2022
Corresponding to 8 Thu al-Hijjah 1443 A.H.