

Explanatory Notes on
the Interpretation of "Public Benefit" in
Law No. (2) of 2022
Concerning Acquisition of Real Property for the Public Benefit
in the Emirate of Dubai¹

In exercise of the functions vested in the General Secretariat of the Supreme Legislation Committee in the Emirate of Dubai (the "**SLC General Secretariat**") under Law No. (14) of 2024 Concerning the Supreme Legislation Committee in the Emirate of Dubai, the SLC General Secretariat is mandated to issue and publish explanatory notes¹ on local Legislation in force in the Emirate, in accordance with the principles, rules, and conditions of legislative interpretation adopted by the SLC General Secretariat in this respect; and

With reference to the request submitted by the Acquisition Committee established under Law No. (2) of 2022 Concerning the Acquisition of Real Property for Public Benefit in the Emirate of Dubai, and pursuant to Resolution No. (2) of 2022 Concerning the Acquisition Committee for Real Property for Public Benefit in the Emirate of Dubai,

The SLC General Secretariat hereby provides the following interpretation of the term "**Public Benefit**" as used in the Law:

Interpretation

On 3 January 2022, His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE, in his capacity as Ruler of Dubai, enacted Law No. (2) of 2022 Concerning the Acquisition of Real Property for the Public Benefit in the Emirate of Dubai (the "**Law**"), which came into effect on 14 January 2022, being the date of its publication in the Official Gazette of the Government of Dubai.

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¹*Every 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.*

The Law regulates all Acquisitions of Real Property within the Emirate, including in Special Development Zones and Free Zones, such as the Dubai International Financial Centre, whether conducted for the benefit of Government Entities or for private entities tasked with implementing Projects serving the public benefit.

The Law was enacted to ensure that private ownership is protected and not prejudiced, and that private property is not expropriated except for the public benefit and in return for fair Compensation; to regulate the process of expropriation of Real Property for the public benefit in the Emirate, in accordance with clear and specific procedures; and to enable public and private entities in the Emirate to implement their Projects which are aimed at serving the public benefit.

Pursuant to the provisions of the Law, Acquisition, which is the expropriation of Real Property from its Owner in return for fair Compensation for the public benefit, constitutes an exception to the general principle of protection of private ownership. Such expropriation shall only be lawful where the following conditions are satisfied:

1. an Acquisition resolution is issued by the Acquisition Committee on the expropriation of the Real Property from its Owner;
2. the purpose of the Acquisition is to achieve a bona fide and lawful public benefit;
3. issuance by the Acquisition Committee of a resolution is founded upon objective considerations or development Projects serving the Emirate;
4. the Acquisition resolution is aligned with the desired objective; and
5. Acquisition is effected in return for fair Compensation, in accordance with the rules and procedures prescribed by the Law.

Therefore, it follows from these conditions that public benefit constitutes the sole purpose justifying this exception, namely the expropriation of Real Property; and represents a substantive condition that must be satisfied in every case of Acquisition.

The Law does not provide an express definition of the term "public benefit" in Article (2). Nevertheless, the concept of this term is implicitly addressed in several provisions of the Law, including:

1. Article (2), which defines a “**Project**” as “any Project belonging to the Acquiring Entity for which Acquisition is requested, and which aims at achieving the public benefit.”;
2. Article (4), which states that the Law aims to “ensure that private ownership is protected and not prejudiced, and that private property is not expropriated except for the public benefit and in return for fair Compensation; ... and to enable public and private entities in the Emirate to implement their Projects which aim at serving the public benefit.”;
3. Article (5), which provides that “Acquisition of Real Property may be made only for the public benefit, in return for fair Compensation.”; and
4. sub-paragraph (a)(1) of Article (8), under which the Acquisition Committee is vested with the authority to “determine the feasibility and significance of the Project and the extent to which it serves the public benefit.”

From these provisions, it is evident that the Law limits Acquisition to the expropriation of Real Property from its Owner, including the expropriation of the principal real rights attached thereto, for the purpose of achieving a “public benefit,” being any purpose or Project that serves the interest of the community or provides a general benefit to its residents, irrespective of whether the entity seeking to achieve that purpose or implement the Project is public or private. Accordingly, if the objective of Acquisition is to confer a financial or commercial benefit upon a particular individual or entity, the expropriation of the Owner’s Real Property for that purpose is not permissible.

In light of the provisions of the Law, “public benefit” includes, without limitation, the following:

1. the construction, expansion, or development of public infrastructure in the Emirate of Dubai, such as roads, bridges, tunnels, water and electricity networks, sewerage networks, metro stations, and other public facilities;
2. public service or social Projects, such as hospitals, schools, and health and environmental facilities;
3. urban and development Projects of a public nature, such as public parks, squares, mosques, green areas, beaches, and the development of waterfronts; and
4. economic or investment Projects of a public benefit nature, if they achieve a significant public interest, such as logistics zones, government complexes, or urban development serving the Emirate of Dubai Urban Master Plan.

The Law sets forth the criteria based on which a Project may be deemed to serve the public benefit, namely:

1. The Project must belong to the Acquiring Entity for which Acquisition is requested, and its implementation must aim at achieving a public benefit, as evidenced by the definition of "Project" in Article (2) of the Law.
2. It must be established to the satisfaction of the Acquisition Committee, prior to the approval of Acquisition, that the Project is feasible and serves the public benefit, as may be inferred from sub-paragraph (a)(1) of Article (8) of the Law.
3. It must be ensured that no feasible planning alternatives exist for implementing the Project without Acquisition, as stipulated in sub-paragraph (a)(3) of Article (8) of the Law.
4. Acquisition must be made in accordance with the legally prescribed procedures and conditions, and in return for fair Compensation, as inferred from the provisions of Articles (4) and (5) of the Law.

Having regard to the foregoing, the term "Public Benefit" must be construed, for the purposes of the Law, as follows:

"Public Benefit: The purpose which, in accordance with the adopted planning and urban policies, is intended to achieve a public interest or to provide a social, urban, economic, or developmental service that benefits the community. The attainment of Public Benefit renders lawful the Acquisition of private Real Property by a resolution of the Acquisition Committee, once it has been established to the satisfaction of the Acquisition Committee that the Project serves the Public Benefit, and the Acquisition shall be effected subject to the payment of fair Compensation to the Owner of the Real Property."

From the foregoing definition, it follows that the Public Benefit, the issuance of an Acquisition resolution by the Acquisition Committee, and the provision of fair Compensation to the Owner of the Real Property constitute the indispensable pillars of legality underpinning any Acquisition effected in the Emirate of Dubai.

In light of the provisions of the Law and the definition of "Public Benefit" set out above, the following question arises:

May private companies request the Acquisition of Real Property?

The Law does not prohibit private entities from submitting a request to the Acquisition Committee for the Acquisition of any Real Property in the Emirate of Dubai, provided that the Acquisition is effected for public purposes and that it serves the Public Benefit. Notably, Article (2) of the Law does not exhaustively define who may be an Acquiring Entity; rather, it defines an Acquiring Entity as: "Any of the entities requesting the Acquisition of Real Property under this Law. This includes, but is not limited to, the Dubai Municipality, the Roads and Transport Authority, and free zone authorities in the Emirate."

Furthermore, one of the objectives of the Law, as set forth in sub-paragraph (4) of Article (4), is to: "...enable public and private entities in the Emirate to implement their Projects which aim at achieving the public benefit."

Accordingly, the persons or entities that may request Acquisition under the Law are:

1. Government Entities; and
2. Private Entities.

Consequently, private entities may submit a request to the Acquisition Committee for the Acquisition of any Real Property, provided that the private entity has been assigned to implement a Project that serves the Public Benefit, whether it involves the construction, expansion, or development of public infrastructure in the Emirate of Dubai; Projects of a public or social service nature; urban and developmental Projects of a public character; or economic, investment, or development Projects that advance the Emirate of Dubai Urban Master Plan, in which case the Acquisition is effected for a Public Benefit Project.

Should a private company request the Acquisition of Real Property solely for its own private interest, for instance, to expand its commercial or real estate Project, such a request is manifestly inconsistent with the concept of Public Benefit. Consequently, it is not legally permissible for the Acquisition Committee to approve of such a request, as the benefit in this instance is purely private and does not serve the Public Benefit.

This approach reflects the purpose of Law No. (2) of 2022 Concerning the Acquisition of Real Property for the Public Benefit in the Emirate of Dubai, enabling the private sector to

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contribute to the attainment of the Public Benefit, while acknowledging its pivotal role in advancing comprehensive development and promoting the urban and economic planning objectives of the Emirate of Dubai, and enhancing the quality of life therein. All of this is achieved without prejudice to the sovereign authority of the Emirate over Acquisition, on the one hand, and while fully safeguarding the rights of Owners of Real Property subject to Acquisition to receive fair Compensation, on the other.

Pursuant to the provisions of sub-paragraph (b)(4) of Article (8) of Law No. (14) of 2024 Concerning the Supreme Legislation Committee in the Emirate of Dubai, explanatory notes issued by the General Secretariat of the Supreme Legislation Committee in the Emirate of Dubai and published in the Official Gazette of the Government of Dubai, including the interpretation of the provisions of such Legislation, are "binding on all persons and have the same force of law as the Legislation being interpreted."