ADGM Entities May Now Own Property in Abu Dhabi

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Qualifying Abu Dhabi Global Market (ADGM) entities, including special purpose vehicles, foundations and real estate investment funds, may now hold title to property in Abu Dhabi (onshore and in the free zone) thanks to an agreement signed by the ADGM registration authority and the Department of Urban Planning and Municipalities. This move is aimed at leveraging the ADGM’s established economic standing and global reliability to enhance Abu Dhabi’s position in the local and regional real estate market by creating a more flexible investment and trade environment.

These changes may be of particular interest to fund managers, especially those who have an investor base of Emirati and/or Gulf Cooperation Council citizens, as the onshore property ownership restrictions will likely continue to apply to ADGM entities. Further, these changes create new opportunities for large corporates that own income generating property portfolios in Abu Dhabi, by allowing them to establish real estate investment trusts (REITs) in the ADGM that would directly own those property portfolios. In addition to creating more liquidity, these corporates may use REIT structures in the ADGM to create new fee income streams, while reducing property asset exposure on their balance sheets.

To ensure compliance with onshore real estate regulations and comply with the newly signed agreement, the ADGM registration authority will monitor share transfers of qualifying ADGM entities.

The ADGM has entered similar arrangements with other Emirates, such as the Dubai Land Department.

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