

# Dubai real estate update: Investor Protection Law



**By Alexis Waller and Andrew Thomson**

The Dubai Land Department has recently released a draft text for the long awaited 'Investor Protection Law' for industry consultation (the Draft Investor Law).

The Draft Investor Law, in part, is a restatement of much of the existing real estate focused legislation currently in place in Dubai. However, in the event that the Draft Investor Law is passed in its current form, it contains a number of provisions of significant interest to both potential investors, and developers, alike.

The following are some examples of the proposed changes:

**Accuracy of information**

There are a number of provisions that place obligations on developers to provide accurate information to investors from the outset of a transaction. Notably, the Draft Investor Law expressly states that a contract may be considered null and void where information is withheld by the developer which may 'damage the interests of the investor'. The burden on developers to provide accurate data, and the impact of failing to do so, is further clarified.

**'Cooling off' period**

The Draft Investor Law provides a statutory 'cooling off' period for investors in relation to the purchase of real estate, allowing purchasers to withdraw from contracts within ten working days from signing a reservation form. Further, there are time limits imposed on developers with respect to the

provision of formal sale and purchase agreements to investors following reservation.

**Reservation agreement restrictions**

Investors may no longer sell, or market, properties which are held solely under reservation agreements, rather, they must have registered their sale and purchase agreement with the Dubai Land Department before they can sell on.

**Delivery extension restriction**

The period which a developer may extend the contractual delivery date of a property under construction is to be reduced to a proposed maximum of eight months.

**Language**

The Draft Investor Law provides that sale and purchase contracts should be in Arabic and English and, where the two texts differ, the Arabic is to prevail.

A number of the proposed changes included in the Draft Investor Law may be controversial within the industry, and it is likely that the Draft Investor Law will see amendment before it is enacted. Clyde & Co LLP has been invited to provide comments to the Dubai Land Department in relation to the current draft,

and shall provide clients further updates in due course.

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