



LEASING LAW
DIFC LAW No. [] of 2019

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PART 1: GENERAL**1. Title**

This Law No. [•] of 2019 may be cited as the “Leasing Law 2019”.

2. Legislative authority

This Law is made by the Ruler.

3. Application of this Law

(1) Subject to Article 3(2), this Law applies to Leases within the jurisdiction of the DIFC.

(2) This Law does not apply to a Lease in the DIFC:

(a) if the Leased Premises are used primarily for serviced apartments or hotel inventory leased as part of a hotel, provided they are appropriately licensed to do so;

(b) if the Lease is entered into by the parties to a Mortgage of the Leased Premises in accordance with the terms of the Mortgage; or

(c) which was entered into prior to the date of commencement of this Law, provided that any renewal, transfer or assignment of a Lease after the date of commencement of this Law, will deem such Lease to have been entered into on the date of renewal, transfer or assignment for the purposes of determining the application of this Law.

4. Purpose of this Law

The purpose of this Law is to regulate the legal relationship between Lessors and Lessees in the DIFC, and in particular:

(a) to define the statutory rights and obligations of Lessors and Lessees in respect of Leased Premises;

(b) to provide for the resolution of disputes in respect of Leases in certain instances;

(c) to provide for a centralised system for the administration of Security Deposits; and

(d) to define the powers and functions of the Registrar in relation to Leases.

5. Date of enactment

This Law is enacted on the date specified in the Enactment Notice for this Law.

6. Date of commencement

This Law comes into force on the date specified in the Enactment Notice for this Law.

7. Interpretation

Schedule 1 contains:

(a) interpretive provisions that apply to this Law; and

(b) a list of defined terms used in this Law.

8. Administration of the Law

This Law and any Regulations made under it shall be administered by the DIFCA.

9. **The power of the DIFCA to make Regulations**

- (1) The Board of Directors of the DIFCA may make Regulations in respect of any matter that facilitates the administration of this Law or furthers the purposes of this Law.
- (2) Without limiting the generality of Article 9(1), the DIFCA may make Regulations:
 - (a) issuing a standard form of lease for certain types of premises which may be used by Lessors;
 - (b) providing for caps on Rent or Rent increases for certain types of premises;
 - (c) providing for Prescribed Fees to be charged by the Registrar, inclusive of Prescribed Fees for transactions where ownership (or any similar interest, entitlement or benefit) is transferred in a person or arrangement that holds Real Property Interests within the jurisdiction of the DIFC;
 - (d) prescribing that a contravention of, or a failure to comply with, this Law or a Regulation is an offence;
 - (e) regulating the Registrar's practice in relation to matters arising under this Law; and
 - (f) dealing with any transitional or other arrangements relating to Leases of Leased Premises that were not within the jurisdiction of the DIFC at the time that this Law came into effect.

PART 2: GENERAL REQUIREMENTS OF LEASES**10. Leases must be in writing**

A Lease must be in writing, and must, as a minimum, set forth the following particulars:

- (1) the term of the Lease;
- (2) the Rent payable by the Lessee;
- (3) the dates of payment of Rent;
- (4) the permitted use of the Leased Premises;
- (5) a description of the Leased Premises accompanied by a Lease Plan where available;
and
- (6) the identity of the Lessor and Lessee.

11. Invalid terms

A term of a Lease is invalid if it excludes, restricts or modifies, or purports to have the effect thereof, the application to that Lease of all or any of the provisions of this Law or the exercise of a right conferred by this Law.

12. Use of Leased Premises

- (1) A Lessee must not use Leased Premises, or permit their use, for any purpose that is illegal under this Law or any other applicable laws or regulations.
- (2) A Lessee may only use Leased Premises for the permitted use set forth in the Lease, or as otherwise agreed in writing with the Lessor, which use must be consistent with the use permitted for the Leased Premises by the Relevant Authority.
- (3) If a Lessor and a Lessee wish to permit the use of Leased Premises for a different use to the one permitted by the Relevant Authority, such alternative use must first be approved in writing by the DIFCA, or such other Relevant Authority indicated by the DIFCA when the request for approval is made.

13. Lessee must not cause nuisance or interference

A Lessee must not use, or permit the use of, the Leased Premises or common areas in any manner that causes an interference with the reasonable peace, comfort or privacy of any occupier of neighbouring premises.

14. Quiet Enjoyment

A Lessor must take all reasonable steps to ensure that the Lessee has quiet enjoyment of the Leased Premises during the term of a Lease.

15. Rent payments

- (1) A Lessee shall pay Rent on the dates specified in the Lease.
- (2) If a Lease does not specify the dates for payment of Rent, it must be paid in advance in four (4) quarterly instalments during each period of twelve (12) months during the term of the Lease.

16. Fees, charges and taxes

- (1) Unless otherwise agreed in the Lease, a Lessee is liable for all fees, charges and

taxes payable in respect of the occupation of a Leased Premises payable to Relevant Authorities, except:

- (a) Lease registration fees payable under the Real Property Law;
- (b) taxes, fees, charges, contributions, association and body corporate fees payable by virtue of a Lessor's ownership of Leased Premises; and
- (c) where applicable law provides that a particular fee, charge or tax is payable by a Lessor.

17. **Prohibition on disconnecting utility services**

- (1) A Lessor is prohibited from disconnecting utility services to the Leased Premises, or preventing the Lessee from benefiting from the Leased Premises.
- (2) In the event of a Lessor disconnecting utility services, the Lessee may refer such incident to the police and/or file a case before the Court.

18. **Transfer of Leased Premises by Lessor**

The transfer of title to a new Lessor of the reversionary interest in a Lease resulting in an assignment of Lease by the outgoing Lessor shall not affect the Lessee's right to continued occupation of the Leased Premises in accordance with the Lease signed with the previous Lessor.

19. **Registration of Leases**

Part 8 of the Real Property Law applies to the Registration of Leases.

PART 3 — SPECIFIC PROVISIONS FOR RESIDENTIAL LEASES**20. Application of this Part 3**

The provisions in this Part 3 shall apply to Residential Leases only.

21. Residential Lease preparation costs

A provision in a Residential Lease that requires a Lessee to bear any fees, costs or charges incurred by the Lessor in connection with the preparation of a Residential Lease is invalid.

22. Security Deposits

- (1) The payment of a Security Deposit under a Residential Lease is not mandatory, and will be paid only by agreement between the parties to a Residential Lease.
- (2) A Lessor who receives a Security Deposit holds it on trust for the Lessee, or a Relevant Person, until the Security Deposit is paid to the Registrar under Article 24(2).
- (3) A Security Deposit shall not exceed an amount equal to ten (10) percent of the annual Rent of a Residential Lease, irrespective of the period of the Lease.
- (4) A Security Deposit may be retained by a Lessor in circumstances where a Residential Lease is renewed, provided that:
 - (a) the Lessor may ask for a corresponding increase in the Security Deposit to reflect an increase in the Rent under the renewed Residential Lease; and
 - (b) the Lessee may ask for a repayment of part of the Security Deposit to reflect a decrease in the Rent under the renewed Residential Lease.
- (5) A Security Deposit may only be used to compensate the Lessor after a Residential Lease has ended for the following purposes:
 - (a) non-payment of Rent;
 - (b) damage to the Residential Premises, excluding Fair Wear and Tear; and
 - (c) damages for breach of contract, inclusive of direct, indirect and consequential losses.
- (6) Except as otherwise expressly agreed between the parties to a Lease, a Lessee may not use a Security Deposit (or any part thereof) towards payment of Rent during the term of a Residential Lease.

23. Condition reports

- (1) Where a Lessee is required to pay a Security Deposit in respect of a Residential Lease, the Lessor may, before the Lessee first enters into occupation of the Leased Premises, provide the Lessee with two (2) copies of a condition report signed by or on behalf of the Lessor specifying the state of repair and general condition of the Leased Premises on the day specified in the condition report.
- (2) A Lessee that has been provided with a condition report in accordance with Article 23(1) must, within twenty (20) days after first taking occupation of the Leased Premises, return a signed copy of the condition report to the Lessor with an endorsement to the effect that the Lessee either:
 - (a) agrees with the condition report; or

- (b) disagrees with the condition report, setting forth the details of such disagreement.
- (3) Unless a Court finds that a Lessee has a valid reason not to have complied, failure by a Lessee to return a condition report in accordance with Article 23(2) within the required time period will render the condition report provided by the Lessor as evidence of the condition of Leased Premises, without any further proof being required, in any subsequent dispute between the Lessor and Lessee relating to the state of repair and condition of the Residential Premises.
- (4) Both the Lessor or the Lessee may refer a disagreement in respect of a condition report to be finally resolved by an independent expert agreed to in a Residential Lease, failing which the details of disagreement listed by a Lessee in respect of a condition report may be used as evidence as to the state of repair and condition of the Residential Premises in any subsequent dispute before the Court between the Lessor and the Lessee.
- (5) Where a Lessee remains in a Leased Premises due to a Residential Lease being renewed, the Lessee shall provide reasonable access to the Lessor, or his representative, to produce a new or supplementary condition report in respect of the Residential Premises, in which case the provisions of Article 23(2) shall similarly apply to any such new or supplementary condition report, provided that the twenty (20) days period to respond shall run from the date of renewal of the Residential Lease.
- (6) If a Lessor fails to provide a new or updated condition report in respect of a renewed Residential Lease pursuant to Article 23(5), the original condition report provided by the Lessor, together with all the unresolved disagreements in respect thereof originally listed by the Lessee, will be deemed applicable in respect of the renewed Residential Lease, unless the Lessee provides a new or updated notice of disagreement to the original condition report, setting forth the details of:
 - (a) any disagreement thereto; and
 - (b) any additional Fair Wear and Tear since the Lessee's original occupation of the Leased Premises,
 in which case the latter shall supplement any endorsements previously made by the Lessee, if any, to the original condition report provided by the Lessor.
- (7) The provisions of Article 23(4) shall also apply to any disagreement between the parties under Article 23(6).
- (8) In the event no condition report is ever provided by a Lessor the Court shall draw its own inferences from whatever evidence is presented at the time of a dispute.

24. **Security Deposit scheme**

- (1) The provisions of this Article 24 apply despite any agreement to the contrary in a Residential Lease and no person may require the payment of a Security Deposit in connection with a Residential Lease which is not:
 - (a) subject to the requirements of this Article; or
 - (b) consisting of property other than money.
- (2) The equivalent amount of a Security Deposit, and any increased Security Deposit under Article 22(4)(a), paid to a person in connection with a Residential Lease must, as from the time when it is received, be paid to the Registrar within the period of thirty (30) days beginning with the date on which the deposit is received by or on behalf of the Lessor, together with:

- (a) the form lodged with the Registrar in the format prescribed by the Registrar; and
 - (b) written confirmation thereof to the Lessee.
- (3) The Registrar shall hold all Security Deposits paid to him pursuant to this Law in an Escrow Account.
 - (4) The Registrar has full authority and responsibility for the opening and operation of, and dealings with, the Escrow Account, subject to the accountability, restrictions and audit requirements on the exercise and delegation of such authority as the Board of the DIFCA may impose by way of Regulations.
 - (5) The Escrow Account must not contain anything other than Security Deposits paid into it pursuant to Article 24(2) and any interest accruing on such amounts.
 - (6) The Registrar may retain any interest accruing on amounts held in the Escrow Account to fund the administration of the Security Deposit scheme under this Law, provided that the proceeds of Security Deposits held in the Escrow Account shall in no way be utilised towards paying for the administration of the scheme.

25. **Proceedings in respect of non-payment of Security Deposits**

- (1) Where a Security Deposit has been paid in connection with a Residential Lease, the Lessee, or a Relevant Person, may enquire from the Registrar, during or after the expiry of a Residential Lease, whether the provisions of Article 24(2) have been adhered to in respect of a Residential Lease and the details of the amount deposited with the Registrar.
- (2) Where the Registrar has confirmed non-compliance by a Lessor in respect of his obligations under Article 24(2), a Lessee, or a Relevant Person, may make an application to the Court on the basis that Article 24(2) has not been complied with. Article 25(3) also applies in a case where the Residential Lease has expired, and in such case the reference to a Lessee is to a person who was the Lessee under the Residential Lease.
- (3) If the Court is satisfied that Article 24(2) has not been complied with, the Court must order the Lessee to pay to the applicant a Penalty within the period of fourteen (14) days beginning with the date of the making of the order, as it thinks fit, and either:
 - (a) order the person who appears to the Court to be holding the Security Deposit to repay it, or any part thereof (as may be determined by the Court under Article 29) to the applicant; or
 - (b) order that person to pay the Security Deposit, or any part not previously paid, to the Registrar in accordance with the requirements of Article 24(2),within the period of fourteen (14) days beginning with the date of the making of the order.

26. **Obligations on expiry or termination of Residential Leases**

- (1) On expiry or earlier termination of a Residential Lease, each of the Lessor and the Lessee shall sign a release form, in the form prescribed by the Registrar, confirming whether the Lessee is entitled to a refund of all or part of the Security Deposit and, if in part, the agreed portions to be retained by each of the Lessor and the Lessee.
- (2) Failing agreement between the parties in Article 26(1), either the Lessor or the Lessee may notify the Registrar, in the form prescribed by the Registrar, of the existence of a dispute regarding the release of the Security Deposit which dispute

will be resolved by the Court, or by subsequent agreement of the parties, whichever is the earlier.

27. **Refunds of Security Deposits**

- (1) The Registrar must not pay out an amount of Security Deposit under this Part except:
 - (a) in accordance with an application for a refund made by the Lessor and the Lessee; or
 - (b) in accordance with an order of the Court.
- (2) A Lessee that is entitled to a reduction of a Security Deposit pursuant to Article 22(4)(b) may request the repayment of the reduced portion of a Security Deposit from the Registrar during the term of a Residential Lease by lodging the appropriate form prescribed by the Registrar, provided that in the event of a pending disagreement in respect of the condition of a Leased Premises, as noted in respect of a condition report under Articles 23(2) or 23(6), the Registrar shall only pay the relevant amount to the Lessee if:
 - (a) the Lessor and Lessee have agreed thereto, inclusive of doing so by way of a finding by an independent expert appointed under Article 23(4); or
 - (b) ordered to do so by the Court.
- (3) Any unclaimed Security Deposit held in the Escrow Account for a period longer than six (6) years after the termination or expiry of a Residential Lease shall be forfeited to the DIFCA.

28. **Application to Court by Lessee**

- (1) A Lessee may apply to the Court for an order directing the Registrar to pay out an amount of Security Deposit to the Lessee if the Lessee is unable to obtain the Lessor's agreement to make an application to the Registrar for a refund.
- (2) The Court cannot make an order under Article 28(1) prior to a Lessee having vacated the Residential Premises.

29. **Application to Court by Lessor**

- (1) A Lessor may, subject to the provisions of Article 23(5), apply to the Court for an order directing the Registrar to pay all or part of the Security Deposit to the Lessor:
 - (a) if the Lessor is unable to obtain the Lessee's agreement to make an application to the Registrar for a refund, and the application is made within twenty (20) days after the Lessee has delivered vacant possession of, or abandoned, the Residential Premises;
 - (b) if an amount of Rent is due and is unpaid, and the application is made within twenty (20) days after the Lessee has delivered vacant possession of, or abandoned, the Residential Premises, and an amount of Rent has accrued due and is unpaid; or
 - (c) if the Lessor believes that the Lessor is entitled to an amount of Security Deposit as compensation for loss or damage suffered by the Lessor on account of the Lessee's default of its obligations under this Law or a default under a material term of the Residential Lease, provided that if the application relates to the state of repair and condition of the Residential Premises the application to the Court must be accompanied by a copy of the condition report (if any) prepared in respect of the Residential Premises under this Part.

30. Transfers

If a Lessor Transfers to another person a Real Property Interest which is the subject of a Residential Lease, the person acquiring the Real Property Interest will automatically assume the Lessor's rights to the Security Deposit upon the date of Registration of the relevant Transfer Instrument in accordance with the Real Property Law.

31. Rent increases

- (1) A Lessor must give a Lessee written notice of a proposed Rent increase at least ninety (90) days prior to the expiry of a Residential Lease.
- (2) Unless expressly provided otherwise in a Residential Lease, a Lessor must not increase the Rent before its term ends.
- (3) A Rent increase in contravention of this Article 31, or in contravention of any provision relating to increases in Rent in the Regulations, is invalid.

32. Renewal of Residential Leases

Either the Lessor or the Lessee may give written notice to the other at least sixty (60) days prior to the expiry of the term of a Residential Lease of their intention not to renew the term of a Residential Lease.

33. Lessee's liability for various utility charges

- (1) Except as otherwise agreed in a Residential Lease, a Lessee is liable for all charges in respect of the supply or use of utilities, such as electricity, gas, water, district cooling and sewerage or rubbish disposal.
- (2) Where Residential Premises are not separately metered, a Lessee is liable for a fair and equitable share of the utility charges based on the quantity of a substance or service that is supplied to, or used at, the Residential Premises, which share cannot exceed the amount that the relevant utility service provider would have charged the Lessee if the Residential Premises were separately metered.

34. Lessor's liability for various charges

- (1) A Lessor is liable for:
 - (a) all installation costs in connection with a utility service to the Residential Premises;
 - (b) all charges in respect of the supply or use of utilities that relate to premises other than the Residential Premises and common areas, such as unleased premises;
 - (c) all utility charges that are not based on the quantity of a substance or service that is supplied to, or used at, the Residential Premises such as capacity charges; and
 - (d) all service charges, including service charges payable under the Strata Title Law and the Master Community Service Charges, applicable to the Residential Premises payable by virtue of the Lessor's ownership thereof.

35. Avoiding damage and cleanliness of Residential Premises

- (1) A Lessee must ensure that reasonable care is taken to avoid damaging Residential Premises and any common areas connected thereto, and to keep them reasonably clean at all times.

- (2) A Lessee who becomes aware of damage to Residential Premises must as soon as practicable give notice to the Lessor specifying the nature and extent of the damage.
- (3) A Lessee shall not be liable for any damages caused to a Residential Premises where:
 - (a) it constitutes Fair Wear and Tear;
 - (b) the Lessee took reasonable care to avoid such damages; or
 - (c) the damages were caused by a failure on the part of the Lessor of its obligations under this Law or the Lease.

36. **Repair notices**

- (1) A Lessor may give a repair notice to a Lessee if damage is caused to Residential Premises due to a Lessee's failure to comply with his obligations under Article 35, and none of the exceptions from liability in Article 35(3) apply.
- (2) A repair notice must be in writing and must state:
 - (a) the nature of the damage;
 - (b) that the Lessor requires the Lessee to repair the damage in a workmanlike manner at the Lessee's expense within twenty (20) days, or such shorter period reasonably required by the urgency of the situation, after receipt of a repair notice from the Lessor;
 - (c) the consequences of non-compliance with the repair notice under Article 36(3); and
 - (d) the remedies available to the Lessee under Article 36(4).
- (3) Where a Lessee fails to repair in a workmanlike manner damage referred to in a repair notice provided under Article 36(1), the Lessor may, subject to Article 36(4), repair the damage as soon as practicable during business hours and hold the Lessee responsible for any reasonable costs of repairs so incurred.
- (4) A Lessee who disputes any part of a repair notice received from a Lessor pursuant to Article 36(2), or the reasonability of the costs of repairs incurred by the Lessor in respect thereof, shall institute a claim with the Court to resolve such dispute within a period of twenty (20) days after receipt of:
 - (a) the repair notice from the Lessor under Article 36(2); or
 - (b) an invoice indicating the costs of repairs incurred by the Lessor,
 failing which no further dispute in respect thereof shall be entertained by the Court.

37. **Lessee must not install fixtures without consent**

- (1) A Lessee must not, without the Lessor's consent, install any fixtures on Residential Premises, or make any alteration, renovation or addition to Residential Premises.
- (2) Except where a Residential Lease otherwise provides, or the Lessor and the Lessee otherwise agree, before a Residential Lease terminates, a Lessee who has installed fixtures or renovated, altered or added to the Residential Premises, whether or not with the Lessor's consent, must:
 - (a) restore the Residential Premises to the condition they were in immediately before the installation, renovation or addition, Fair Wear and Tear

excepted; or

- (b) pay the Lessor an amount equal to the reasonable cost of restoring the Residential Premises to such condition.

38. Lessor's obligation in relation to provision of Residential Premises

- (1) A Lessor must ensure that on the agreed occupation date the Residential Premises are vacant and in a reasonably clean condition.
- (2) A Lessee is not required to take occupation of Residential Premises which do not comply with Article 38(1).

39. Lessor's obligation to maintain Residential Premises

- (1) A Lessor must ensure that Residential Premises are maintained in good repair.
- (2) A Lessor is not in breach of the obligation to maintain Residential Premises in good repair if:
 - (a) damage to the Residential Premises is caused by the Lessee's failure to ensure that reasonable care was taken to avoid damaging the Residential Premises; and
 - (b) the Lessor has given the Lessee a notice under Article 36(1) requiring the Lessee to repair the damage.

40. Urgent Repairs

- (1) A Lessee may arrange for Urgent Repairs to be carried out to Residential Premises if:
 - (a) the Lessee has taken all reasonable steps to arrange for the Lessor to carry out the repairs; and
 - (b) the Lessee is unable to get the Lessor to carry out the repairs within a reasonable time frame given the urgency of the situation.
- (2) If the Lessee carries out repairs under Article 40(1):
 - (a) the Lessee must give the Lessor written notice of the repairs carried out and the costs of repairs incurred within ten (10) days of completion of the repairs; and
 - (b) the Lessor shall be liable to reimburse the Lessee for the reasonable cost of such repairs.
- (3) This Article 40 does not apply to fixtures, furniture or equipment brought onto the Residential Premises by the Lessee.

41. Application to Court for Urgent Repairs

- (1) A Lessee may apply to the Court for an order requiring the Lessor to carry out specified Urgent Repairs if:
 - (a) the Lessee cannot meet the cost of the Urgent Repairs; or
 - (b) the Lessor has indicated a refusal to effect the Urgent Repairs, or a refusal to pay for the cost of the Urgent Repairs, or any part thereof.

42. Application to Court for non-Urgent Repairs

- (1) A Lessee may apply to the Court for an order requiring the Lessor to carry out specified repairs, other than Urgent Repairs, if:
 - (a) the Lessee has given the Lessor written notice advising the Lessor that such repairs are required to the Residential Premises; and
 - (b) the Lessor has not carried out the repairs within sixty (60) days after being given the notice.

43. Entry of Residential Premises

- (1) In addition to its rights under Article 55 of the Real Property Law, a Lessor has a right to enter Residential Premises, together with any persons who are necessary to achieve the purpose of entry:
 - (a) at any time agreed with the Lessee;
 - (b) for a purpose set out in Article 44, at a reasonable time of the day, and on giving the Lessee at least two (2) days' prior notice in accordance with Article 46; or
 - (c) at any time in the case of an emergency and the Lessee is not contactable.

44. Conditions of Entry

A right of entry in respect of Residential Premises may be exercised by a Lessor if all necessary consents or approvals are obtained from the applicable Relevant Authorities and:

- (a) entry is required to show the Residential Premises to a prospective lessee during the last thirty (30) days of the term of a Residential Lease, and the Lessor and the Lessee have not agreed to renew the term of the Residential Lease;
- (b) the Residential Premises are to be sold and entry is required to show the Residential Premises to a prospective purchaser;
- (c) entry is required to enable the Lessor to carry out an obligation under this Law, the Residential Lease or any other law;
- (d) the Lessor has reasonable grounds to believe that the Lessee has failed to comply with the Lessee's obligations under this Law or the Residential Lease; or
- (e) entry is required to enable inspection of the Residential Premises (but only twice in each year of the term).

45. Manner of entry

A person exercising a right of entry under this Part must do so in a reasonable manner, and must not stay or permit others to stay on the Residential Premises longer than is necessary to achieve the purpose of entry without the Lessee's consent.

46. Notice of entry

For the purposes of Article 43(1)(b), the Lessor must serve a notice of entry on the Lessee and such notice of entry must be in writing and:

- (a) state why the Lessor wishes to enter; and

- (b) be sent by courier or email at an address stated in the Residential Lease for this purpose, or by delivering it personally to the Lessee between the hours of eight (8) am and six (6) pm.

47. **Lessee's obligation to permit entry**

A Lessee has an obligation to permit a person exercising a right of entry in accordance with this Part to enter the Residential Premises.

48. **Damage caused during entry**

A Lessee may apply to the Court for compensation if the Lessor, or a person accompanying the Lessor, causes damage to the Lessee's goods on the Residential Premises when exercising a right of entry under Article 44.

PART 4 — SPECIFIC PROVISIONS FOR RETAIL LEASES**49. Application of this Part 4**

The provisions in this Part 4 shall apply to Retail Leases only.

50. Key-money and goodwill payments prohibited

- (1) A Lessor must not seek or accept the payment of key-money, or any consideration for the goodwill of any business carried on at the Retail Premises, and any provision in a Retail Lease to that effect shall be void.
- (2) Article 50(1) does not prevent a Lessor from:
 - (a) recovering from the Lessee costs which the Lessor reasonably incurred in investigating a proposed assignee of the Retail Lease or sub-lessee of the Retail Premises or in connection with an assignment of the Retail Lease or a sub-lease, and obtaining any necessary consents to the assignment or sub-lease;
 - (b) claiming goodwill from the Lessee in relation to the sale of a business that the Lessor operated from the Retail Premises immediately before its sale, if the Retail Lease was granted to the Lessee in the course of the sale of the business and the payment of goodwill is expressly agreed between the Lessor and the Lessee in the documentation effecting the sale of the business;
 - (c) receiving payment of Rent in advance;
 - (d) securing the performance of the Lessee's obligations under the Retail Lease by requiring a Security Deposit or guarantee to be provided from the Lessee or any other person;
 - (e) seeking and accepting payment for plant, equipment, fixtures or fittings that are sold by the Lessor to the Lessee in connection with the Retail Lease being granted;
 - (f) seeking and accepting payment for the grant of a franchise in connection with the Retail Lease being granted; or
 - (g) including performance clauses into the rent collection mechanisms in the Retail Lease.

PART 5 — TERMINATION OF LEASES**51. Application of this Part 5**

This Part 5 shall apply to all Leases in the DIFC, irrespective of whether they were entered into prior to or after the date of commencement of this Law.

52. Termination of Lease

Despite any law to the contrary, a Lease does not terminate and must not be terminated, except in accordance with this Part.

53. Termination by agreement

A Lease may be terminated before the expiry of its term by written agreement of the Lessor and the Lessee.

54. Termination without a Court order

(1) A Lease terminates, without prejudice to the parties' rights, obligations and remedies under the Lease immediately prior to such termination, without the need for an agreement between the parties, or an order of the Court, in any one or more of the following circumstances:

- (a) in accordance with Article 55(4) of the Real Property Law;
- (b) the Real Property Rights of the Lessor and the Lessee having become vested in one person;
- (c) a party having exercised his rights to terminate the Lease in accordance with the terms set out in the Lease;
- (d) in the case of Residential Leases only, the Lessee having died, or all of the shareholders in a corporate entity that is the Lessee have died;
- (e) the Lessee having abandoned the Leased Premises for a period exceeding one (1) month except in the case of a Residential Lease; or
- (f) the Leased Premises have been destroyed.

55. Termination by Court order

(1) The Lessor's implied power under Article 55(4) of the Real Property Law shall not apply in the event of any one or more of the following events occurring under or in respect of a Residential Lease, and in such events a Lessor shall require an order of the Court to give effect to a termination of the Lease:

- (a) the Lessee having failed to pay Rent on an agreed payment date and:
 - (i) where the Residential Lease provides for a remedy period, such remedy period having expired; or
 - (ii) where the Residential Lease does not provide for a remedy period, a period of thirty (30) days having expired,

without the Lessee having remedied such failure.

- (b) the Lessee having failed to comply with any other material obligations under the Residential Lease, and also having failed to remedy such failure within thirty (30) days of written notice from the Lessor of such failure;

- (c) the Lessee having abandoned the Residential Premises for a period exceeding three (3) months;
 - (d) the Lessee using the Residential Premises for an illegal purpose; or
 - (e) if the Lessee having been declared insolvent.
- (2) A Lessee may apply for a Lease to be terminated by an order of the Court, in the event of any one or more of the following events occurring:
- (a) the Lessor having failed to comply with any material obligations under the Lease, and also having failed to remedy such failure within thirty (30) days of written notice from the Lessee of such failure; or
 - (b) the Leased Premises are unfit for purpose or are unsafe for occupation.

56. Termination in other circumstances

An application to the Court under Article 55 by either a Lessor or a Lessee shall not relieve either party of their rights and obligations under a Lease until an order of the Court is made.

57. Registration of termination

- (1) The Registrar shall, upon application by either party to the Lease in the form prescribed in the Regulations, Register in the Folio that a Lease has been terminated.
- (2) Before Registering a termination of a Lease, the Registrar may require supporting evidence from the applicant to establish that the termination was in accordance with the provisions of this Part.
- (3) The Registration of a termination of a Lease by the Registrar under this Article is without prejudice to any rights, remedies or obligations of the parties immediately prior to the termination of the Lease.
- (4) After the termination of a Registered Lease containing an option to renew or purchase:
 - (a) the Registrar need not enquire whether the option has been exercised; and
 - (b) a person dealing with the Lessor need not enquire whether any Real Property Interest that is not Registered has been created in exercise of the option.

58. Surrendering a Lease

- (1) A Registered Lease may be wholly or partly surrendered by Registering the appropriate Instrument in respect of such surrender in the form prescribed by the Registrar.
- (2) The Registrar shall not Register an Instrument of surrender unless every Registered Mortgagee of the Lease and Registered sub-lessee consents.
- (3) On Registration of the Instrument of surrender:
 - (a) the Lessee's Real Property Right vests in the Lessor; and
 - (b) any sub-lease is to be taken to be a direct lease from the Lessor.

59. Statutory lien over Lessee's assets left at the Leased Premises

A Lessor shall have a statutory lien over assets of the Lessee left behind at the Leased

Premises at the expiry or termination of a Lease, which lien shall provide a Lessor with a preferential claim over the proceeds for payment of Rent arrears of any sale thereof pursuant to Articles 60 and 61.

60. **Exercise of Statutory Lien**

Unless the Lessee has been declared insolvent, where assets of the Lessee have been left behind at the Leased Premises at the expiry or termination of a Lease, a Lessor may take possession of the assets of the Lessee from the Leased Premises and sell such assets by a public bidding process, or on the open market, and account to the Lessee for the proceeds of sale of such assets. Any costs owed to the Lessor pursuant to the Lease, including the reasonable costs incurred by the Lessor in selling the assets, shall be set off against the proceeds of such sale prior to the Lessor accounting to the Lessee for the proceeds of such sale.

61. **Sale of Lessee's assets left at the Leased Premises**

If the Lessee has been declared insolvent, a Lessor may apply to the Court for an order permitting the Lessor to sell assets of the Lessee from the Leased Premises by a public bidding process, or on the open market, and account to the Liquidator of the Lessee, for the proceeds of sale of such assets, also indicating the reasonable costs of the Lessor incurred in selling the assets, and any Rent arrears set off against the proceeds of such sale.

PART 6 — MISCELLANEOUS**62. Words and expressions in Instruments under Law**

- (1) Words and expressions used in Instruments Registered under this Law have the same meanings as they have in this Law.
- (2) The application of Article 62(1) to an Instrument may be displaced, wholly or partly, by a contrary intention appearing in the Instrument.

63. Reference to Instrument is reference to Instrument completed in Approved Form

In this Law, a reference to a particular type of Instrument for which there is an Approved Form is a reference to the Instrument completed in the Approved Form.

64. Service of notices

- (1) A notice or Document may be served on, or given to, a person by delivering it to:
 - (a) the person's address for service stated in the Lease, which may include an email address;
 - (b) in the case of an individual, the person's place of residence; or
 - (c) in the case of a corporation, the corporation's registered office or principal place of business.
- (2) A person's address shown in any Instrument by which the person became the Registered Owner, or the address for service stated in any Instrument Registering a Caveat, may be treated as the person's address for service.
- (3) A notice or Document may also be served on, or given to, a person by means of fax transmission, and is to be treated as served or given on receipt of a confirmation by electronic or other means that it has been received.
- (4) This Article 64 does not limit the way in which notices may be served in Court proceedings.

65. Deemed receipt in certain cases

- (1) Where a notice or Document is served or given in accordance with Article 64, on a day that is not a business day, or after five (5) pm on any day, then it is to be treated as being served or given on the next business day.
- (2) This Article 65 does not apply to notices to be served in Court proceedings.

66. Registrar's directives

- (1) The Registrar may issue directives, not inconsistent with this Law, relating to the requirements to be followed in relation to this Law.
- (2) In issuing the directives, the Registrar shall have regard to:
 - (a) the purpose of this Law; and
 - (b) the principle that a Registered Real Property Interest or Real Property Right is not to be adversely affected except with the Registered Owner's or Beneficiary's consent.
- (3) Without limiting Article 66(1), the Registrar's directives may provide for:

- (a) the form and content of and the requirements for Instruments, Documents and plans;
 - (b) the number of copies of Instruments, Documents and plans to be lodged;
 - (c) the need for lodging consents, certificates and other Documents;
 - (d) the execution of Instruments (including in electronic form);
 - (e) the practice of carrying forward Registered Real Property Interests onto new Folios;
 - (f) the time and method of paying Prescribed Fees and charges; and
 - (g) the circumstances in which, and the methods by which, the Registrar publishes, or requires others to publish, notifications of actions the Registrar intends to take.
- (4) The Registrar's directives shall be complied with unless the Registrar dispenses with compliance.

67. Contraventions of this Law

A person who commits a contravention of this Law is liable to any penalty specified under Regulations or Directives.

68. Orders by Registrar in relation to breaches of this Law

- (1) If the Registrar is satisfied that a party has contravened or failed to comply with a requirement of this Law, the Registrar may make an Order:
- (a) requiring a party to take, or refrain from taking, any specified action;
 - (b) requiring a party to pay any Prescribed Fees or penalties levied against the party under this Law and any other amount the Registrar considers is validly due and payable by such party to the Registrar or another party; or
 - (c) requiring a party to pay monetary compensation (not exceeding a Prescribed Fee, if an amount is prescribed) to the Registrar or another party.
- (2) An Order:
- (a) may require immediate compliance or fix a period for compliance; and
 - (b) may be made subject to any conditions the Registrar considers appropriate.
- (3) An Order under this Article 68 may be made on an interim basis if necessary to preserve the subject matter of the application, or to prevent prejudice to a party while the application is being investigated and determined.
- (4) If an Order is made on an interim basis, it operates for a period (not exceeding three (3) months) fixed in the Order and may be renewed from time to time for a further period (not exceeding three (3) months).

SCHEDULE 1

INTERPRETATION

1. Rules of Interpretation

- (1) In this Law, unless the context requires otherwise, a reference to:
 - (a) a statutory provision includes a reference to the statutory provision as amended or re-enacted from time to time;
 - (b) a “person” includes any natural person, body corporate or body unincorporate, including a company, partnership, unincorporated association, government or state;
 - (c) an obligation to publish or cause to be published a particular Document includes, unless expressly provided otherwise in this Law, publishing or causing to be published in printed or electronic form;
 - (d) a “day” means a calendar day, unless expressly stated otherwise. If an obligation falls on a calendar day which is either a Friday or Saturday, or an official public holiday, the obligation shall take place on the next calendar day which is a business day;
 - (e) a “week” shall mean a calendar week or seven (7) days, whichever is applicable in the circumstances;
 - (f) a “month” shall mean a calendar month or a period of thirty (30) days where the reference in this Law is to a period of one (1) month;
 - (g) a “year” shall mean a period of three hundred and sixty five (365) days and a “calendar year” shall mean a year of the Gregorian calendar;
 - (h) a reference to the masculine gender includes the feminine and vice versa;
 - (i) the singular shall include the plural and vice versa;
 - (j) “dollar” or “\$” is a reference to United States Dollars unless the contrary intention appears;
 - (k) “dirham” or “AED” is a reference to Arab Emirate Dirhams unless the contrary intention appears; and
 - (l) this Law includes any Regulations made under this Law.
- (2) The headings in this Law do not affect its interpretation.
- (3) A reference in this Law to a Part, Chapter, Article or Schedule by number only, and without further identification, is a reference to the Part, Chapter, Article or Schedule of that number in this Law.
- (4) Reference in an Article or other division of this Law to an Article by number or letter only, and without further identification, is a reference to the Article of that number or letter contained in the Article or other division of this Law in which that reference occurs.
- (5) Unless the context otherwise requires, where this Law refers to an enactment, the reference is to that enactment as amended from time to time, and includes a reference to that enactment as extended or applied by or under another enactment, including any other provision of that enactment.

- (6) In this Law, a reference to Registering an Instrument or information in the Folio is a reference to Registering it in (or in the case of a Folio kept in paper form, on) the Folio for the Lot or Lots concerned.

2. Legislation in the DIFC

References to any legislation and Guidance in this Law shall be construed in accordance with the following provisions:

- (1) Federal Law is law made by the federal government of the United Arab Emirates;
- (2) Dubai Law is law made by the Ruler, as applicable in the Emirate of Dubai;
- (3) DIFC Law is law made by the Ruler (including, by way of example, this Law), as applicable in the DIFC;
- (4) this Law is the Leasing Law, DIFC Law No. [insert] of 2019 made by the Ruler;
- (5) the Regulations are legislation made by the Board of Directors of the DIFCA under this Law and are binding in nature;
- (6) the Enactment Notice is the enactment notice pursuant to which this Law is brought into force;
- (7) Guidance is indicative and non-binding and may comprise (i) guidance made and issued by the Registrar under this Law or the Regulations and (ii) any standard or code of practice issued by the Board of Directors of the DIFCA which has not been incorporated into the Regulations; and
- (8) references to “Legislation administered by the Registrar” are references to any DIFC Law and regulations conferring functions and powers on the Registrar.

3. Defined terms

In this Law, unless the context indicates otherwise:

Terms	Definitions
Approved Form	the approved form of Instrument that has been issued by the Registrar to be used where required under this Law, as may be varied by the Registrar from time to time.
Beneficiary	the beneficiary of a Real Property Right being the beneficiary under the Instrument creating such right.
Board of Directors of the DIFCA	the governing body of the DIFCA.
Caveat	has the meaning given to it in the Real Property Law.
Court	the DIFC Court as established under Dubai Law, including any specific tribunal created for dealing with disputes under this Law.
DIFC	the master community known as the Dubai International Financial Centre as further defined in the Real Property Law.
DIFCA	the DIFC Authority established under Dubai Law.

Directive	a directive issued by the Registrar under Article 66.
Document	paper or other material (including electronic material) containing writing, words, figures, drawings or symbols.
Dubai Leasing Laws	all laws, regulations, circulars and the like issued by the Government of Dubai or any Relevant Authority in respect of Leases outside of the DIFC, including Dubai Law No 26 of 2007 (as amended).
Escrow Account	A separate bank account designated for the payment of Security Deposits under Residential Leases pursuant to Article 24.
Fair Wear and Tear	damage to carpets, decorations, fixtures, fittings and furniture that would reasonably be expected through ordinary day-to-day use during a tenancy for the term of a Lease in respect of the type of tenants, who do or did occupy the Leased Premises, in comparison to their state at the outset of the Lease.
Folio	a folio of the Real Property Register created for a Lot under the Real Property Law.
Guidance	has the meaning given in Article 2(7) of this Schedule.
Instrument	has the meaning given to it in the Real Property Law.
Lease	a lease under which a person lets premises. which includes a sublease and any form of agreement (howsoever described) that gives a legal right of exclusive possession of premises to the occupant for a specific or ascertainable term in exchange for another consideration.
Lease Plan	a plan of the premises the subject of the Lease prepared by a Licensed Surveyor.
Leased Premises	in relation to a Lease to which this Law applies means the premises let under the Lease.
Legislation administered by the Registrar	has the meaning given in Article 2(8) of this Schedule.
Lessee	the lessee under a Lease or the proposed lessee under a prospective Lease.
Lessor	the lessor under a Lease or the proposed lessor under a prospective Lease and, where applicable, includes a duly authorised agent acting on behalf of the Lessor.
Licensed Surveyor	a surveying company licensed to prepare an Instrument that comprises a map, survey or diagram within the Emirate of Dubai and approved by the Registrar.
Liquidator	has the meaning given to it in the Insolvency Law DIFC Law No. 1 of 2019.

Lot	has the meaning given to it in the Real Property Law.
Master Community Declaration	the master community declaration declared by the Master Developer and approved by the Registrar and the DIFCA as may be amended, supplemented and replaced from time to time by the Master Developer.
Master Community Service Charges	the community service charges raised by the Master Developer in respect of the Master Community in connection with the various services and facilities that are administered and managed by the Master Developer in accordance with the Master Community Declaration.
Master Developer	DIFC Investments Ltd. or its affiliates, nominees, assigns, transferees, successors or successors-in-title or any other entity or Relevant Authority as may assume responsibility for the development, management or control of the Master Community from time to time.
Mortgage	a charge on a Lot, Real Property Interest or Real Property Right for securing a debt or any other obligation and a reference to “Mortgaged” has a corresponding meaning.
Mortgagee	the grantee or lender under a Mortgage that has taken a pledge as security over the Lot that is the subject of the Mortgage as further defined in the Real Property Law.
Order	an order of the Registrar under this Law which is binding on the parties to whom the order applies as specified in the order.
Penalty	a penalty equal to two (2) times the amount of a Security Deposit received by or on behalf of a Lessor.
Prescribed Fee	a fee payable to the Registrar under this Law including any fee payable under any Regulation or Directive.
Real Property	has the meaning given to it in the Real Property Law.
Real Property Interest	any ownership interest in Real Property, including any ownership interest in any permanent structure or improvement (known in English law as a “fixture”) forming part of the Real Property.
Real Property Law	the Real Property Law DIFC Law No. 10 of 2018 (as amended).
Real Property Register	has the meaning given to it in the Real Property Law.
Real Property Right	any statutory or contractual right in respect of Real Property, including any statutory or contractual right in respect of any permanent structure or improvement (known in English law as a “fixture”) forming part of the Real Property.
Register	to register an Instrument in relation to a Real Property Interest or Real Property Right in the Real Property Register in the Approved Form from time to time together with any accompanying documents required by the Registrar, and a reference to “Registered”, “Registering” and “Registration” have corresponding meanings.

Registered Owner	a person or persons Registered as owner of the Real Property Interest.
Registrar	the Registrar of Real Property appointed under Article 12 of the Real Property Law.
Regulations	the Leasing Regulations issued by the DIFCA under Article 9.
Relevant Authority	as the context requires: <ul style="list-style-type: none"> (a) the DIFCA; (b) any authority within the DIFC charged with the duty of implementing the policies and laws of the DIFC whose subject matter falls within its authority; (c) the Government of the UAE; (d) the Government of the Emirate of Dubai; (e) any other ministry, department, local authority or entity having jurisdiction over the Master Community (including any regulator appointed pursuant to any applicable laws or to whom obligations have been delegated by the Master Developer); and (f) any service provider approved by the Master Developer and having jurisdiction over the Master Community (including but not limited to the Dubai Water and Electricity Authority).
Relevant Person	any person who is authorised by the Lessee to pay a Security Deposit on behalf of the Lessee.
Rent	includes any amount due under a Lease, whether or not described in the Lease as Rent.
Residential Lease	a Lease of premises to be used wholly or predominantly for residential use.
Residential Premises	the Leased Premises under a Residential Lease.
Retail Lease	a Lease of premises to be used wholly or predominantly for retail use.
Retail Premises	the Leased Premises under a Retail Lease.
Ruler	the Ruler of the Emirate of Dubai.
Schedule	a schedule to this Law.
Security Deposit	any form of security provided by a Lessee under a Lease, including a cash deposit, post-dated cheque or guarantee intended to be held (by a Lessor or otherwise) as security for the performance of any obligations of a Lessee, or the discharge of any liability of s Lessee, arising under or in connection with the tenancy under a Lease.

Shares	shares in any incorporated or unincorporated body corporate (including a company, partnership and unincorporated association) which includes a right of ownership with respect to such shares notwithstanding the legal ownership in such shares is held by another person.
Strata Title Law	the Strata Title Law DIFC Law No. 5 of 2007 (as amended pursuant to the Strata Title Law Amendment Law DIFC Law No. 11 of 2018).
Transfer	any act, transaction or dealing with Real Property in any way whatsoever that has the effect, directly or indirectly in the transfer of a Real Property Interest from the Registered Owner to another party or the creation of a Real Property Interest in Real Property or any part or proportion thereof. A reference to a Transfer includes a transfer of the legal and/or beneficial ownership (or both) of any Shares or Units in a corporate entity which is the Registered Owner and a reference to “Transferred” has a corresponding meaning.
Transfer Instrument	an Instrument giving effect to a Transfer.
UAE	the United Arab Emirates.
Unit	a right of interest (whether described as a unit, sub-unit, or otherwise) of a beneficiary under the Unit Trust, and includes a right of ownership with respect to any such right or interest notwithstanding the legal ownership in such unit is held by another person.
Unit Trust	a scheme of arrangement that has the purpose or effect of allowing persons to participate, as beneficiaries under a trust, in any profits, income or distribution of assets arising from the acquisition, holding, management or disposal of any property under such trust.
Urgent Repairs	any work necessary to repair or remedy: <ul style="list-style-type: none"> (a) a burst water service; (b) a blocked or broken lavatory system; (c) a serious roof leak; (d) a dangerous electrical default; (e) flooding or serious flooding damage; (f) serious storm or fire damage; (g) a failure or breakdown of any essential service or appliance provided for hot water, water, cooking, air-conditioning, chilled water, heating or laundering by a Lessor; (h) a failure or breakdown of the gas, electricity or water supply to Residential Premises; (i) any fault or damage that makes Residential Premises unsafe or insecure; or (j) a serious fault in a lift or staircase.