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Glossary of Terms

Real Estate | UAE Version
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A

Absorption Rate

The rate at which available or newly delivered property stock is sold or leased within a defined market and period.

Abu Dhabi Real Estate Centre (ADREC)

The regulatory body responsible for overseeing the real estate sector in Abu Dhabi, including relevant registration, licensing, market regulation and valuation matters.

Abu Dhabi Valuation Standards (ADVS)

The valuation standards applicable to real estate valuation practice in Abu Dhabi, as issued or adopted by the competent regulatory authority.

Affection Plan

The term "Affection Plan" is commonly used in the United Arab Emirates (UAE) real estate industry to refer to a layout or diagram that shows the boundaries and dimensions of a piece of land or a property. An affection plan is usually used to clarify the size and location of a property and to establish the rights and obligations of its owners.

In the UAE, affection plans are an important part of the property purchase process, as they are used to determine the value of a property and to ensure that it complies with the regulations and requirements of the local authorities. They are typically prepared by a licensed surveyor or a government agency and must be approved by the relevant authorities before a property can be bought or sold.

In the context of real estate in the UAE, the term "affection plan" is used interchangeably with the term "location plan." In Dubai, the affection plan is issued by the Dubai Municipality or, within their own jurisdictions, by the relevant planning authority such as the Dubai Development Authority (DDA) or Trakhees. It sets out the plot number, permitted land use, maximum gross floor area, height and setback controls, and is a core document in any land acquisition, valuation or development appraisal.

Agency Fee / Commission

Remuneration payable to a licensed real estate agent for services associated with the acquisition, disposal or leasing of property. Customary agency fees are generally 2% of the agreed sale price or 5% of the annual rent, exclusive of applicable VAT. The party responsible for payment is subject to negotiation, although fees are typically payable by the purchaser or tenant. All fees remain subject to the agreed terms of engagement and applicable regulatory requirements.

Al Sa'fat

Dubai's green building rating system, establishing sustainability and environmental performance requirements for buildings under the applicable framework.

All Risks Yield (ARY)

A capitalisation yield reflecting the market's assessment of the risks and anticipated income growth associated with a property investment.

Amenities

Amenities refer to any feature or service that provides comfort, convenience or enjoyment to customers or guests. Examples include the following:

- Internet access
- Swimming pools,
- Fitness centers
- Room service
- Parking
- Meeting rooms
- On-site restaurants/bars
- Laundry facilities
- Business centers
- Spa services (sauna, steam rooms etc)
- Private beach access

Anchor Tenant

A major tenant within a retail development, usually occupying substantial space and contributing significantly to customer attraction and footfall.

Annual Rent

Annual Rent refers to the amount of money paid on a yearly basis to lease a property, such as an apartment, house, commercial space, etc. In Dubai, the annual rent is usually paid by one to four post dated cheques, although monthly payment options are increasingly offered. It normally excludes DEWA utilities, district cooling charges and the Dubai Municipality housing fee, which are paid separately by the tenant. It is determined by several factors such as the location, size, and condition of the property, as well as market demand and comparable rents in the area.

Approved Municipality Drawings

Building or site drawings approved by the relevant municipality or competent authority, setting out the authorised layout, dimensions, use and other development parameters.

Arm's Length Transaction

A transaction between independent parties acting in their own interests, without a relationship or arrangement that unduly influences the agreed terms.

As Built Drawing

An "As-Built Drawing" refers to a set of architectural or engineering drawings that depict the actual construction of a building or structure. These drawings are usually created after the completion of construction and provide a detailed representation of the finished structure, including its dimensions, materials, and location of various systems and components.

As-built drawings serve as a record of the final construction and are used for various purposes, such as maintenance and repair, future renovations, or to resolve disputes. They are also important for building owners and managers, as they provide a clear understanding of the structure and its systems, which can aid in maintenance, fire evacuation mapping and repair planning and decision-making.

In the UAE, as-built drawings are typically prepared by the contractor or the design team and must be approved by the relevant authorities before a building can be occupied. They are also a valuable tool for architects, engineers, and contractors, as they provide a visual representation of the construction process and can help identify any deviations from the original design.

Approved Bidders:

"Approved Bidders" refers to a list of companies or individuals who have been deemed eligible to participate in a bidding process for a real estate project. Bidding processes are common, especially for large-scale construction projects or public procurement contracts.

Approved bidders are typically selected based on their financial stability, experience, and capacity to deliver the project. The selection process is usually conducted by the project owner or agency responsible for awarding the contract. Approved bidders are then invited to submit their bids and proposals for the project, and the winning bid is awarded the contract.

Approved bidders lists are an important aspect of the procurement process, as they ensure that only qualified and capable companies are able to participate in the bidding process. This helps to ensure the quality and success of the project, as well as to promote transparency and fairness in the awarding of contracts.

Asset Valuation

The process of assessing the value of an asset or interest on a specified basis and as at a specified date, in accordance with applicable professional and regulatory standards.

Asset

In the context of real estate assets can include residential or commercial buildings, land, parking spaces, fixed equipment, and other similar items.

Assets provide an important source of income through rent, sales, or other forms of monetization.

The value of an asset is determined by various factors, including its location, size, condition, and potential for income or capital growth. In the UAE, real estate assets are typically appraised by licensed real estate professionals or appraisers, who use their expertise and market knowledge to estimate the value of a property.

Addendum

An addendum (plural: addenda) is something that is added as an attachment. E.g., most tenancy contracts have an addendum to agree on further details of the standard tenancy contract.

Assignment

An assignment of a lease occurs when an existing tenant (assignor) transfers its leasehold interest to another party (assignee) for the remaining contractual lease term. Such a transfer is subject to the provisions of the lease, applicable legislation, any required landlord or authority consent, and relevant registration requirements. The continuing obligations or release of the outgoing tenant will depend upon applicable law, the terms of the assignment and any agreement between the relevant parties.

Assignment Guarantee

An agreement under which an outgoing tenant guarantees specified obligations of an incoming tenant following assignment, subject to applicable law.

Assumptions

Matters accepted as true for the purposes of an assignment without specific investigation or verification, where their adoption is reasonable in the circumstances.

Automated Valuation Model (AVM)

A model that estimates property value using data and statistical or computational techniques, with the extent of human judgement or intervention varying by model.

Average Daily Rate (ADR)

Average room revenue per room sold during a specified period, calculated by dividing room revenue by the number of occupied revenue-generating room nights.

B

Base Management Fee

The recurring management fee payable to a hotel operator under its management agreement, commonly calculated as a proportion of revenue.

Beneficial Occupation

The occupation and effective use of premises for their intended purpose, typically following completion of construction or fit-out works.

Beneficial Ownership

The entitlement to the economic benefits of an asset, which may be distinct from the legal or registered ownership of that asset.

Branded Residences

Residential properties associated with a recognised brand, typically incorporating brand standards and specified services or amenities under contractual arrangements.

Break of Lease

Breaking a lease refers to ending a rental agreement before the end of the lease term. This can occur for various reasons, such as if the tenant needs to move due to a job change, or if the landlord needs the property for personal use. In Dubai, neither party may terminate a fixed term tenancy early unless the tenancy contract allows it or both parties agree. Early termination terms are therefore set out in the tenancy contract or its addendum. Market practice is for the tenant to give one to three months' written notice and to pay a penalty, commonly equal to one or two months' rent, with the longer penalty applying where shorter notice is given. Disputes are heard by the Rental Dispute Centre.

Broker

A broker is a licensed person who, for a fee, acts on behalf of property owners in real estate transactions within the scope of the law. He or she is an agent of the prospective buyer or owner who employs him or her for example, a person wishing to sell or lease property often engages a broker to arrange the sale or locate tenants. A broker may also be engaged by a prospective buyer or tenant to locate acceptable property. In Dubai, every broker must be registered with RERA and hold a Broker Registration Number (BRN) and broker card, and every brokerage firm must hold an Office Registration Number (ORN). A broker's registration can be verified on the Dubai Land Department website or through the Dubai REST app before any engagement.

Building Efficiency Ratio

The relationship between usable or income-producing floor area and the relevant gross floor area, normally expressed as a percentage.

Building Envelope

The permissible three-dimensional extent of development on a site, determined by planning controls such as setbacks, height and coverage, or the external enclosure of a building in construction terminology.

Building Height Restrictions

Planning or other legal controls governing the maximum permitted height of a building or structure within a specified area.

Building Insurance

Insurance covering specified risks, including physical damage and, where insured, loss of rent. Responsibility for insurance costs depends upon the contractual and statutory obligations of the parties.

Building Management System (BMS)

A centralised system used to monitor and control building services, including mechanical and electrical plant and associated operational systems.

Building Permit

An approval issued by the competent authority authorising specified construction, alteration or development works, subject to applicable conditions.

Building Setbacks

Minimum distances required between buildings or structures and plot boundaries or other specified features, as prescribed by applicable planning requirements.

Building Survey

An inspection and assessment of the physical condition of a building, including defects, maintenance requirements and material technical risks.

Built-to-Suit (BTS)

A development constructed to meet the particular requirements of an identified occupier, usually under an agreed purchase or lease arrangement.

Built-Up Area (BUA)

The total constructed floor area of a building, measured in accordance with the relevant approved drawings, regulatory definition or adopted measurement standard.

Bulk Deal

Investing in 3 or more units at the same time is widely considered a bulk deal.

Building Completion Certificate (BCC)

The certificate issued by the relevant planning authority (Dubai Municipality, the DDA or Trakhees) confirming that a building has been completed in accordance with its approved plans and is fit for occupation. In Dubai, it is a prerequisite for handover, utility connection and the conversion of Oqood registrations into title deeds.

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Capitalisation Rate

The rate used to convert an annual income amount into capital value. For direct capitalisation, value is calculated by dividing the relevant income by the rate.

Cash-on-Cash Return

The annual cash flow payable to equity investors, after applicable financing and operating costs, expressed as a percentage of the cash equity invested.

Change of Use

A change in the authorised use of land or buildings, which may require approval from the relevant planning authority, municipality, master developer or other competent authority.

Clear Eaves Height

The usable vertical clearance from the finished floor to the lowest relevant obstruction near the eaves of a building, measured on the stated basis. Terminology typically applied in industrial, warehouse and logistics context.

Cold Storage

Temperature-controlled premises designed for the storage of goods requiring refrigeration, freezing or other specified environmental conditions.

Commitment

An agreement or promise, often in writing, between a lender and a borrower to provide financing at a future date, subject to the completion of paperwork or compliance with stated conditions.

Capital Expenses

Capital expenditure (CapEx) is money that is spent to acquire, repair, update/upgrade, or improve a fixed asset, such as a building or equipment.

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Cash flow

Cash flow refers to the net balance of cash moving into and out of a business at a specific point in time. Cash is constantly moving into and out of a business.

Checkout / Maintenance Damages

Checkout/Maintenance Life span or conditional damages refer to damages or cleaning costs that are assessed at the end of a rental period, such as a tenant moving out of a rental property or a customer returning a rental vehicle. Agreed costs are normally deducted from the tenant's security deposit, with any balance returned to the tenant.

Civil Defense Certificate

A Civil Defense Certificate in the United Arab Emirates (UAE) is a document issued by the local Civil Defense Department that certifies that a building or property meets the safety and fire protection standards set by the department. The certificate is required for various types of properties, including commercial buildings, residential buildings, and industrial facilities, and must be obtained before the property can be occupied or used. The purpose of the Civil Defense Certificate is to ensure that all buildings and properties in the UAE are equipped with the necessary fire protection and safety systems, such as fire alarms, fire hoses, sprinklers, and emergency / fire exits, and assembly points to ensure the safety of the occupants in the event of a fire or other emergency. The certificate is valid for a certain period of time, in the UAE this is typically one year, after which it must be renewed. In Dubai, certificates are issued by Dubai Civil Defence, and building owners must maintain fire and life safety systems under an annual maintenance contract with a Civil Defence approved contractor.

Chiller / District Cooling

Most towers and many communities in Dubai are cooled by a central district cooling plant rather than individual air conditioning units. Providers include Empower, Emaar District Cooling, Emicool, Tabreed and Lootah. Charges usually comprise a capacity charge and a consumption charge, which may be billed directly to the occupier or recovered through the service charge, and they are a material running cost to check before buying or leasing.

Commercial Lease

A Commercial Lease in the United Arab Emirates (UAE) is a legally binding agreement between a landlord and a tenant for the use of commercial property, such as an office, shop, or warehouse. The lease sets out the terms and conditions of the rental agreement, including the rental amount, the length of the lease, and the rights and obligations of both the landlord and the tenant. In Dubai, a commercial lease must be registered with Ejari and is typically for a minimum term of 12 months, unless a short-term arrangement is in place. A registered Ejari is required to obtain or renew a trade license and to process employment visas. Commercial rent is subject to VAT at 5%.

Common Area

The common parts of a jointly owned property. Designated for common use by the owners and occupants of units. Examples of common areas: Lobby, Pool, Gym, Hallways, Stairways, Parking.

Comparable Evidence

Relevant transactions, offers or other market evidence used to inform a valuation, with appropriate adjustments for differences in characteristics and circumstances.

Completion Certificate

A completion certificate is a document that certifies that a construction project has been completed in accordance with the approved plans and specifications and meets all relevant building codes and standards. The completion certificate is typically issued by the relevant building authority or regulatory agency, such as a local building department, after the final inspection of the project has been conducted and any necessary repairs or corrections have been made. The purpose of the completion certificate is to ensure that the finished project is safe, habitable, and meets all relevant building codes and standards.

Compound

In the UAE compounds are residential communities designed to offer a private, secure, and self-contained living environment, mainly for families, while still being located in close proximity to key amenities and services. They are often located in suburban areas, away from the hustle and bustle of the city, and provide residents with a peaceful and serene living environment.

Compounds typically have high walls or fences around their perimeter, and are usually guarded by security personnel, providing residents with a secure and protected living environment. Inside the compound, residents have access to a range of facilities and amenities, such as swimming pools, parks, gyms, and sports courts, waste management, landscaping, cleaning and maintenance which are typically managed and maintained by the compound's management team.

In the UAE, compounds are a popular choice for families who are looking for a spacious and private living environment and are often preferred over apartment living for their larger living spaces and outdoor areas. The demand for compounds in the UAE remains high, and they are seen as a valuable investment opportunity for real estate investors.

Concessions

In the context of real estate, concessions are benefits or incentives that a landlord offers to a tenant as part of a lease agreement. Concessions can take various forms and can be used to entice a tenant to sign a lease, such as a reduction in rent, a rent-free period, or the provision of tenant improvements.

Some common real estate concessions include:

- Rent abatement.
- Free rent
- Tenant improvements
- Early termination clause

Conflict of Interest

A circumstance in which duties, relationships or personal interests may conflict with a professional's obligation to act objectively and in accordance with applicable requirements.

Construction Cost Escalation/Inflation

The anticipated or actual increase in construction costs over time due to factors such as inflation, labour, materials and market conditions.

Contingency Allowance

An allowance within a development or construction budget to account for uncertainties and unforeseen costs within the defined scope.

Contract Value

The contract value is the total amount of money agreed upon by two parties in a contract. It represents the maximum amount that one party is obligated to pay the other party in accordance with the terms of the contract.

Comparative Market Analysis

A comparative market analysis or short CMA is a market research tool used to calculate the fair market price of a property by comparing a number of similar properties to the subject property. Often used by a broker to advise a Seller at what price the property should be listed.

Contracted Rent

The rent agreed under a legally binding lease, including the scheduled rent applicable over its contractual term.

Cost Approach

An approach to valuation based on the principle that a purchaser would not normally pay more than the cost of obtaining an asset of equivalent utility, subject to appropriate adjustments.

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D

Dubai Land Department (DLD)

The Dubai Land Department (DLD) is the main governing body for real estate in Dubai. It is responsible for managing, overlooking and ensuring secure and transparent real estate trading in Dubai. This government-run entity has been given the charge to safeguard the interest of investors, landlords and tenants by providing a proper regulatory framework, dispute resolution system and other relevant customer services. RERA is its regulatory arm, and the DLD operates key market platforms including Ejari, Oqood, Mollak, Trakheesi, the Rental Dispute Centre and the Dubai REST app.

Damage Liability Waiver (DLW)

Damage Liability Waiver: A liability waiver is a legal contract that educates one party about the risks associated with an activity. Once signed, it prevents the participant from opening a lawsuit against the company in the event of damage or loss, effectively shifting responsibility for injuries from the company to the customer.

DARI

The real estate platform of the Abu Dhabi Department of Municipalities and Transport, through which sales, mortgages and leases (Tawtheeq) in Abu Dhabi are registered. It is the Abu Dhabi counterpart to the Dubai Land Department systems.

Debt Service Coverage Ratio (DSCR)

The ratio of income or cash flow available for debt service to the scheduled principal and interest payments over the same period.

Deferred Maintenance

Maintenance or repair work that has been postponed beyond the appropriate point in the maintenance cycle, potentially increasing future costs or operational risks.

Department of Municipalities and Transport (DMT)

The Abu Dhabi government department responsible for municipal affairs, urban planning and transport, including relevant land use and development functions.

Depreciated Replacement Cost (DRC) Method

A method which combines the value of the relevant land with the current cost of a modern equivalent building, adjusted for physical deterioration and functional or economic obsolescence.

Developer NOC

A No Objection Certificate issued by a developer or master developer in connection with a proposed property transaction, alteration, development or other specified activity.

Developer's Profit

The return required or expected by a developer as compensation for the risks and resources involved in undertaking a development.

Development Control Regulations (DCR)

The applicable planning and development requirements governing the permissible use, density, height, setbacks and other development parameters of a site.

Development Feasibility

An assessment of the commercial, financial and other relevant factors affecting the viability of a proposed real estate development.

Development Phasing

The planned division of a development into successive stages, reflecting factors such as market demand, infrastructure delivery, funding and construction timing.

DEWA

The Dubai Electricity and Water Authority provides electricity and water across most of Dubai. Owners and tenants must open a DEWA account to move in, which requires a title deed or registered Ejari and a refundable security deposit. DEWA bills also collect the Dubai Municipality housing fee.

DIFC

The Dubai International Financial Centre is a financial free zone with its own legal system, courts and real property law. Property in the DIFC is registered with the DIFC Registrar of Real Property rather than the Dubai Land Department.

Dilapidations

Breaches of a tenant's contractual obligations relating to repair, maintenance, decoration or reinstatement. Liability is determined by the lease and applicable legislation.

Direct Comparison Method

A valuation method which analyses comparable property transactions and adjusts the evidence for relevant differences to derive an indication of value.

Discount Rate

The rate used to convert future cash flows into present value, reflecting the time value of money and the relevant risks on the stated cash flow basis.

Discounted Cash Flow (DCF) Method

A method which discounts projected future cash flows and, where applicable, a terminal value to their present value using an appropriate discount rate.

Dubai 2040 Urban Master Plan

The long term development framework for Dubai, launched in 2021, which sets out land use, density, transport and green space policy around five main urban centres. It guides planning approvals and is an important reference for land and development appraisal.

Dubai Development Authority (DDA)

The planning, building and licensing authority for a number of Dubai free zones and communities, including Dubai Internet City, Dubai Media City and Dubai Science Park. Within its jurisdiction, it issues affection plans, building permits, fit out approvals and completion certificates.

Dubai REST

The Dubai Land Department’s official app, through which owners, tenants and brokers can verify title deeds and brokers, check the Rental Index, register Ejari, pay service charges and complete a range of other property services.

Due Diligence

Due diligence is the process of thoroughly investigating and evaluating a potential investment, with the aim of reducing risk and ensuring that the investment meets certain criteria. In the context of real estate, due diligence

involves a thorough review of all relevant information about a property, including legal and financial documents, zoning and land-use regulations, environmental assessments, and market trends.

Technical Due Diligence, on the other hand, is a specific type of due diligence that focuses on the technical aspects of a real estate property, such as its structural condition, building systems, asset condition and specification and environmental factors. Technical Due Diligence is typically conducted by experts in the field, such as engineers or building inspectors, and is designed to provide an in-depth analysis of a property's technical condition.

In summary, Due diligence is a comprehensive evaluation of a real estate property, while Technical Due Diligence is a more specific type of due diligence that focuses on the technical aspects of the property. Both are important tools for reducing risk and making informed investment decisions in the real estate market.

Down Payment

An amount of money that is paid at the time of purchase, but which is a part of the total cost. The remaining amount is usually paid over a period of time.

Deposit

A deposit or down payment is the cheque that the buyer or tenant issues in order to reserve a property and show that he/she is seriously interested and committed. A buyer typically writes a cheque of 10% of the selling price to the seller. A tenant typically writes a cheque of 5% of the annual rent to the landlord for an unfurnished property, or 10% for a furnished property.

E

Easement

A right benefiting a property or other legally recognised interest, permitting a specified use of another property or restricting its use, without transferring ownership. Examples include rights of access, drainage, utility services and restrictions on development. The nature and enforceability of the right depend on applicable law and registration requirements.

Economic Obsolescence

Loss of value attributable to external economic or market factors, such as reduced demand, adverse location changes or regulatory constraints.

Ejari

An arm of the Real Estate Regulatory Agency, Ejari provides a facility for Landlords and Tenants to register their tenancy agreement with the local authorities. This registration is a must prior to any disputes being heard or settled by the Rental Dispute Centre. A registered Ejari certificate is also required to connect DEWA and telecoms services, to sponsor family residence visas and, for commercial premises, to obtain or renew a trade licence and process employment visas. Ejari applies to leases of up to 10 years; longer leases are registered on the Real Property Register at the DLD.

Enabling Works

Preparatory works undertaken to facilitate subsequent construction, such as demolition, clearance, earthworks, diversion of services and temporary access.

Encumbrances

Rights, charges or restrictions affecting a property interest, such as mortgages, easements and restrictive covenants, which may affect its use, transfer or value.

Energy Performance Certificate (EPC)

A document assessing a building's energy performance under a recognised methodology. Requirements vary by jurisdiction and building classification; UAE sustainability certification frameworks include Al Sa'fat and Estidama.

Environmental, Social and Governance (ESG)

A framework for considering environmental performance, social impacts and governance practices in managing, assessing and investing in assets or organisations.

Equitable Value

The estimated transfer price between identified, informed and willing parties, reflecting the particular interests of each party (IVS).

Equivalent Yield

The single yield which produces the capital value of an investment when applied to its term and reversionary income streams on the stated valuation basis.

Estidama Pearl Rating System

Abu Dhabi's sustainability assessment framework for buildings, villas and communities, using Pearl ratings to indicate performance against relevant criteria.

Estimated Rental Value (ERV)

The assessed rental value of a property on the stated rental basis, commonly representing the rent achievable in the market at the relevant date.

Eviction Notice

A formal notice issued by a landlord seeking recovery of possession on legally permissible grounds, subject to applicable tenancy legislation and notice and service requirements.

Eviction:

In Dubai, eviction is governed by Law No. 26 of 2007 Regulating the Relationship between Landlords and Tenants in the Emirate of Dubai, as amended by Law No. 33 of 2008. Each emirate has its own tenancy legislation. The law provides landlords with the right to initiate an eviction procedure against tenants who breach the terms of their lease agreement, such as non-payment of rent, unauthorized alterations to the property, or subleasing without the landlord's consent.

The eviction process in the UAE typically starts with the landlord serving a notice to the tenant, setting out the reasons for the eviction and giving the tenant a specified period of time to rectify the violation or vacate the property. If the tenant does not respond to the notice or fails to rectify the violation, the landlord may file a case with the Rent Disputes Settlement Centre, which is the competent authority in Dubai for resolving rent-related disputes.

The Rent Disputes Settlement Centre will consider the case and make a decision based on the evidence presented by both parties. If the Centre finds in favor of the landlord, it will issue an eviction order, which the tenant must comply with within a specified timeframe. If the tenant fails to comply with the eviction order, the landlord may take further legal action, including seeking the assistance of the authorities to enforce the eviction.

In the UAE, evictions are a relatively quick and straightforward process, and landlords have a relatively high degree of protection under the law. However, it is important for landlords to follow the proper procedures and to ensure that they have a valid reason for evicting a tenant, as tenants have the right to appeal an eviction decision.

Eviction before expiry: Under Article 25(1) of the law, a landlord may seek eviction during the term only on specified grounds, including non payment of rent within 30 days of formal notice, subletting without consent, illegal or unauthorised use, and damage to the property. Notice must be served through a Notary Public or by registered mail.

Eviction at lease expiry: Under Article 25(2), a landlord may require the tenant to vacate at the end of the tenancy only by serving 12 months' written notice through a Notary Public or by registered mail, and only on one of the following grounds:

- Personal use: the owner wishes to occupy the property, or to house a first degree relative, and has no other suitable property.
- Sale: the owner intends to sell the property.
- Demolition or reconstruction: the property requires demolition or comprehensive reconstruction that cannot be carried out while occupied.
- Major maintenance: the property requires extensive maintenance or renovation that cannot be carried out while occupied, supported by a technical report from the DLD or Dubai Municipality.

Escrow:

This is a separate bank account where funds are held in trust and are safeguarded by a RERA approved third party. Property developers in Dubai are now all required to be escrow compliant when receiving investor funds. Escrow is governed by Law No. 8 of 2007 concerning Escrow Accounts for Real Estate Development in the Emirate of Dubai. Buyer payments for off plan units must be made into the project escrow account, and funds are released to the developer against construction progress certified by the DLD.

Expropriation

The compulsory acquisition of private real estate or rights by a competent government authority for public benefit, subject to statutory procedures and applicable compensation requirements.

External Valuer

A valuer independent of the client or asset-owning entity and its relevant interests, as required by the applicable valuation standards.

F

Fair Maintainable Trade (FMT)

The level of trade that a reasonably efficient operator would expect to achieve from a trade-related property, having regard to its characteristics and market circumstances.

Fair Value

For financial reporting under IFRS 13, the price obtainable from selling an asset, or payable to transfer a liability, in an orderly transaction between market participants at the measurement date.

FF&E Replacement Reserve

An allowance or fund for the periodic renewal and replacement of furniture, fixtures and equipment, often calculated by reference to hotel revenue.

Fit-Out Costs

Expenditure incurred in preparing premises for their intended occupation or use, including internal finishes, partitions, building services, furniture and equipment, as applicable.

Floor Loading Capacity

The load a floor or slab is designed to support, usually expressed as a permissible distributed load per unit of floor area, with point loads considered separately where relevant.

Footfall

The number of people visiting or passing through a retail location or other defined area during a specified period.

Forced Sale

A transaction in which the seller is compelled to sell and may be unable to undertake adequate marketing. Forced sale describes the circumstances of a transaction rather than a separate basis of value.

Forms (RERA)

Dubai brokerage transactions use standard RERA contracts, which must be signed before marketing or completing a transaction:

- Form A: the listing agreement between the seller and the brokerage
- Form B: the agreement between the buyer and the brokerage
- Form I: the agreement between two brokerages sharing a commission
- Form F: the Memorandum of Understanding between the buyer and the seller

Fit Out

A "fit-out" refers to the process of customizing or finishing the interior of a commercial or residential property according to the tenant's specific needs and requirements. This may include the installation of flooring, partition

walls, ceilings, lighting, electrical and plumbing systems, and other fixtures and fittings to create a functional and aesthetically pleasing space that meets the tenant's specifications. Fit-out works are typically undertaken by specialized contractors and are often required as part of a lease agreement between the landlord and tenant.

Fit Out Approval

Fit-out approval refers to the formal permission that a tenant must obtain from the landlord or the relevant authorities before undertaking any modifications or renovations to the interior of a commercial or residential property. The approval process typically involves submitting detailed plans and specifications of the proposed fit-out works to the relevant authorities or landlord for review and approval. This is to ensure that the proposed works comply with building codes and regulations, and that they do not compromise the structural integrity, safety, or functionality of the property. Fit-out approval is an important step in the leasing process, and tenants MUST obtain it before commencing any fit-out works to avoid any potential legal or financial liabilities.

Fit-out Deposit

Fit-Out Deposit means a deposit to be paid by each Owner or Occupier of a Unit to the Manager prior to the commencement of any repair, renovation & fitting out.

Fit-out Handbook / Manual

A "fit-out handbook" is a document that provides guidelines and specifications for the fit-out of commercial or residential properties. The handbook is typically provided by the landlord or the property management company to the tenant, and it outlines the procedures, standards, and requirements for any modifications or renovations to the interior of the property. The handbook may include information on the design and layout of the space, the types of materials and finishes that are permitted, the technical specifications for electrical, plumbing, and HVAC systems, and the safety and environmental regulations that must be followed. The purpose of the fit-out handbook is to ensure that the fit-out works are carried out in a manner that is consistent with the overall design and quality standards of the property, and that they comply with relevant laws and regulations.

Floor Plan

A floor plan is a two-dimensional diagram that shows the layout of a building or a room, including the location of walls, doors, windows, and other features. Floor plans are used in architecture, interior design, and real estate, among other fields.

Floor Area Ratio (FAR)

Floor area ratio (FAR) in real estate in the UAE refers to the relationship between the total floor area of a building and the size of the land on which it is built. It is expressed as a ratio and is used as a tool for urban planning and zoning regulations to control the density of development. The FAR determines the maximum amount of floor space that can be built on a particular parcel of land and helps to regulate building heights, set-back requirements, and other aspects of development. It is a key consideration in ensuring sustainable, efficient, and livable urban development in the UAE.

Franchise Agreement

An agreement permitting a hotel owner or operator to use a brand and its associated systems, standards and services in return for specified fees and obligations.

Free Zone / Freezone

A designated economic zone, such as DMCC, the DIFC, Dubai Silicon Oasis or the Jebel Ali Free Zone, with its own licensing authority and, in some cases, its own planning and property regulations. Leases for free zone premises are often registered with the free zone authority rather than through Ejari, and free zone companies may enjoy tax and ownership benefits subject to the applicable rules.

Freehold

An ownership interest in land and buildings of indefinite duration, subject to applicable laws and restrictions on ownership and use. In the UAE, eligibility to own freehold property, including within designated investment areas, is subject to the applicable Emirate's legislation.

Full Repairing and Insuring Lease (FRI)

A lease under which the tenant is responsible for specified repair and insurance costs, either directly or through payments to the landlord, as provided for in the lease.

Functional Obsolescence

Loss of utility or value arising from inherent inadequacies in an asset's design, layout, specification or functionality relative to contemporary requirements.

Furniture, Fixtures and Equipment (FF&E)

Movable or semi-permanent furniture, fittings and equipment required for the operation of a property, particularly a hotel or serviced accommodation asset.

CHESTERTONS

G

Golden Visa

A renewable 10-year UAE residence visa available to qualifying real estate investors who own or purchase one or more properties with a combined value of at least AED 2 million. Mortgaged and off-plan properties may qualify, subject to applicable eligibility criteria and the requirements of the relevant authorities. The scheme supports international investment and demand across the UAE real estate market.

Granted Land / Gifted Land

Land allocated by a ruler or government authority to a beneficiary, which may be subject to restrictions on transfer, mortgage, development or use.

Gross Rent

The total amount of rent received by a landlord over the course of a year, before any expenses or deductions are taken into account.

Gross Development Value (GDV)

The aggregate estimated value or sales proceeds of a completed development on the stated valuation or appraisal assumptions, before deduction of development costs.

Gross External Area (GEA)

The floor area of a building measured to the external face of its perimeter walls, subject to the adopted measurement standard and specified inclusions or exclusions.

Gross Floor Area (GFA)

GFA is a term commonly used in real estate referring to the total floor space of a building, including all interior and exterior spaces, excluding the thickness of walls. The GFA is typically used to measure the size of a building and determine its compliance with zoning regulations, building codes, and other local laws and regulations. In the United Arab Emirates (UAE), the definition and calculation of GFA may vary depending on the local government and building codes in each emirate.

Gross Internal Area (GIA)

The floor area of a building measured to the internal face of its perimeter walls, subject to the adopted measurement standard.

Gross Leasable Area (GLA)

GLA is a term commonly used in commercial real estate. It refers to the total floor space of a building that is available for tenants to lease, and includes common areas such as hallways, elevators, and restrooms. GLA is used to measure the size of a commercial property, and it is a crucial factor in determining the rental income that a property can generate

Grace Period / Rent Free

A grace period for rent might refer to a period of time after the due date for rent payments during which a tenant is allowed to pay their rent without incurring a late fee.

Rent-free, on the other hand, refers to a period of time during which a tenant is not required to pay rent. This period might be agreed upon as part of a lease agreement, or it might be offered as an incentive to encourage a tenant to sign a lease or to compensate them for any inconvenience they might have experienced during their tenancy.

Gross Income

Gross income refers to the total amount of income generated by a property before any expenses or deductions are taken into account.

Gross Operating Profit (GOP)

Hotel operating revenue less departmental and undistributed operating expenses, before specified non-operating charges, calculated on the adopted hotel accounting basis.

Gross Yield

The annual gross income from a property expressed as a percentage of its purchase price or capital value, before deducting operating costs.

Ground Lease

A lease granting the right to occupy and use land for an agreed period in exchange for rent or other consideration. Where development rights are granted, the interest may take the form of a Musataha or other recognised land interest.

Ground Rent

Rent payable by the holder of a lease or other relevant land interest to the owner of the underlying land.

H

Handover

The point at which a developer delivers a completed unit to the buyer, following the issue of the Building Completion Certificate and payment of the amounts due on completion. At handover the buyer typically completes a snagging inspection, receives the keys and access cards, opens DEWA and district cooling accounts, and the Oqood registration is converted into a title deed.

Hardcore and Top Slice Method

An investment valuation method which separately capitalises the sustainable rental income and any temporary income above that level, using appropriate yields.

Headline Rent

The stated contractual rent before allowing for rent-free periods, contributions or other incentives.

High-Rise

High-rise refers to a building that is tall and has multiple floors, typically more than 10 stories. In the context of real estate, high-rise buildings are often used for residential, commercial, or mixed-use purposes, and they can range from luxury apartments to budget-friendly apartment buildings.

Highest and Best Use (HBU)

The use of an asset that maximises its value, provided that the use is physically possible, legally permissible and financially feasible.

Holiday Home

A residential unit let on a short term basis to visitors. In Dubai, holiday homes must be registered with, and hold a permit from, the Department of Economy and Tourism (DET), and the operator must comply with its

classification, quality and tourism fee requirements. Owners association rules may also restrict short term letting in some buildings.

Hotel Management Agreement (HMA)

An agreement under which a hotel owner appoints an operator to manage the hotel in accordance with agreed terms, standards and remuneration arrangements.

Housing Fee

A Dubai Municipality fee payable by occupiers. Tenants pay 5% of the annual rent, and owner occupiers pay a fee based on the property value, collected monthly through DEWA bills.



Incentive Fee

A fee linked to the achievement of specified contractual or commercial objectives

Incentive Management Fee

An additional management fee payable to a hotel operator based on the achievement of agreed profit or performance measures.

Income Approach

An approach to valuation which converts anticipated future income or cash flows into a present indication of value.

Income Capitalisation Method

A method of valuation which converts a property income stream into a capital value by applying an appropriate capitalisation rate or yield.

Indexation

The adjustment of contractual payments, including rent or service charges, by reference to an agreed published index or adjustment mechanism, subject to applicable law.

Infrastructure Costs

Expenditure associated with the provision of roads, utilities, drainage and other infrastructure necessary to service a site or development.

Inline Retail Unit

A retail unit situated within a row of shops or along a mall or retail frontage, typically distinct from major anchor premises.

Interim Rent

Rent payable during an agreed or legally recognised interim period following lease expiry and pending renewal, termination or dispute resolution.

Interim Schedule of Dilapidations

A schedule identifying breaches of contractual repair, maintenance or reinstatement obligations during the term of a lease.

Internal Rate of Return (IRR)

The discount rate at which the net present value of a series of investment cash flows is zero.

Internal Repairing Lease (IRL)

A lease under which the tenant is primarily responsible for internal repairs, with responsibility for structural and external repairs typically retained by the landlord, subject to the agreed lease terms.

Internal Valuer

A valuer employed by the entity that owns the asset, or by the organisation responsible for preparing its financial records or reports, subject to applicable independence requirements.

International Property Measurement Standards (IPMS)

International standards establishing consistent principles and methods for measuring property and reporting floor areas.

International Valuation Standards (IVS)

International standards issued by the International Valuation Standards Council setting out principles and requirements for undertaking and reporting valuations.

Investment Expenses

Investment expenses are costs incurred in relation to an investment, including fees and other costs associated with buying, holding, or selling an investment. Some common examples of investment expenses include:

- Brokerage fees
- Commissions
- Advisory fees
- Custodial fees
- Management fees
- Legal and accounting fees
- Travel expenses
- Transfer taxes

Investment Value (Worth)

The value of an asset to a particular owner or prospective owner, having regard to that party's specific investment or operational objectives (IVS).

J

Jointly Owned Property

A development comprising separately owned units and common areas, with rights and obligations relating to the ownership, use and management of the shared areas under the applicable legal framework. In Dubai, these arrangements are regulated under Law No. 6 of 2019 concerning jointly owned real property.

Junior Anchor Tenant

A sizeable retail tenant contributing to the attraction and tenant mix of a development, generally occupying a smaller area than a principal anchor tenant.

CHESTERTONS

L

Land Use Classification

The classification of land or buildings according to permitted uses as determined by the competent planning authority or approved master plan.

Land Use Regulations

The legislation, planning controls and other requirements governing the permissible use and development of land and buildings.

Landlord and Tenant Legislation

Federal and Emirate-specific legislation regulating the rights and obligations of landlords and tenants, including lease registration, rental adjustments, maintenance, renewal and termination.

Landlord's Consent

Approval from a landlord for a specified activity, such as alterations, assignment, subletting or change of use, subject to the terms of the lease and applicable law.

Latent Defects

Defects not reasonably apparent during an ordinary inspection, which may become evident later or require specialist investigation to identify.

Lease Expiry and Renewal

The process by which a lease expires, is renewed or is extended, subject to applicable law, contractual provisions and notice requirements.

Lease Incentives

Financial or other concessions offered to tenants to secure or retain a letting, including rent-free periods, fit-out contributions or reduced initial rents.

LEED Certification

Leadership in Energy and Environmental Design, a green building rating system assessing the sustainability performance of buildings and developments.

Lessee

The lessee in real estate in the UAE is an individual or a company that rents a property from the owner (lessor) for a specified period of time and for a specified rental amount. The lessee has the right to occupy and use the property for the agreed-upon purposes but does not have ownership rights.

Lessor

A lessor gives a lease, a landlord.

Letter of Intent (LOI)

A preliminary agreement between two parties which outlines the desire of the Buyer to purchase a certain property. It resembles a written contract but is usually not binding on the parties.

Land Lease

An agreement under which a landowner grants a tenant the right to occupy and use land for an agreed period in exchange for rent or other consideration. See also Ground Lease and Musataha.

Lease Addendum

A lease addendum is a document that modifies or adds additional terms to an existing lease agreement. It is a legally binding agreement that is executed between the landlord and the tenant to supplement or change the terms of the original lease agreement.

Leasehold

A leasehold interest grants a right to occupy or use property for an agreed period, subject to the lease, applicable legislation and any registration requirements.

Lease Period / Lease Term

The period during which rights of occupation or use are granted under a lease, subject to its contractual terms and applicable law.

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Lease Renewal Notice

A notice issued in connection with the expiry, renewal or proposed amendment of a lease, subject to its terms and applicable legislation and notice requirements.
Dubai: The standard notice period for renewing a lease is 90 days. Under Article 14 of Law No. 26 of 2007, a party wishing to amend any term of the tenancy, including the rent, must notify the other party at least 90 days before expiry. If no notice is given and the tenant remains in occupation, the tenancy is deemed renewed on the same terms for the same period, or for one year, whichever is shorter.

Abu Dhabi: The standard notice period for renewing a lease is 60 days.

Sharjah: The notice period for renewing a lease is also 60 days.

Lease Termination

The ending of a lease on expiry, by agreement or on legally permissible grounds, subject to the applicable statutory and contractual procedures. Where recovery of possession is sought by a landlord, see Eviction and Eviction Notice.

Lease Transfer

The transfer of a tenant's leasehold interest to another party, subject to the lease, applicable law, any necessary consents and registration requirements. See Assignment.

Leasing Commission

Remuneration payable to a licensed real estate agent for services associated with leasing property, subject to the terms of engagement and applicable regulatory requirements. See Agency Fee / Commission.

Letting Agent

A licensed real estate agent who markets premises for lease or assists a party in securing suitable premises.

Leveraged and Unleveraged Returns

Leveraged returns reflect the effect of debt financing on equity cash flows, whereas unleveraged returns are calculated before financing cash flows.

Liabilities

Liability in real estate refers to the financial and legal obligations that a property owner, landlord, or real estate professional may be responsible for with respect to their ownership, management, or representation of a property.

Some common examples of liabilities in real estate include:

- Property damage
- Tenant injuries
- Zoning violations
- Environmental hazards
- Contract disputes

Licences

Agreements permitting access to, occupation of, or use of property for a specified purpose without necessarily granting a leasehold or proprietary interest.

Lifetime Cost

The aggregate costs of acquisition, ownership, operation, maintenance and disposal over the anticipated economic life of an asset.

Liquidation Value

The amount that would be realised when an asset or group of assets is sold as part of a liquidation, having regard to the applicable sale circumstances (IVS).

Loading Bay

A designated area or facility for loading and unloading goods between a building and delivery vehicles.

Loan-to-Cost Ratio (LTC)

The amount of a loan expressed as a percentage of the total relevant acquisition or development cost.

Long-Term Lease

A long-term lease in the UAE refers to a rental agreement for a property that extends over a period of several years, typically 3 years or more. This type of lease is typically used for residential and commercial properties and is favored by both tenants and landlords for the stability and security it provides. In a long-term lease, the tenant is usually expected to make a substantial upfront payment, such as a security deposit, and to pay rent on a regular basis for the duration of the lease. The terms and conditions of the lease, such as the rental amount, the length of the lease period, the rights and responsibilities of the tenant and the landlord, and any other conditions, are specified in the lease agreement. A long-term lease provides the tenant with a stable place to live or do business and the landlord with a guaranteed source of income over a longer period of time. In Dubai, leases of up to 10 years are registered through Ejari, while leases of more than 10 years and up to 99 years must be

registered on the Real Property Register at the Dubai Land Department. Long term registration attracts a DLD fee of 4% of the total lease value, with the split between landlord and tenant agreed in the lease.

Low-Rise

Low-rise in real estate refers to a type of building or development that is characterized by a limited number of stories or floors, typically no higher than three or four.

M

Makani Number

A unique 10-digit geographic address assigned by the Dubai Municipality to every building entrance in Dubai. It is used to locate a property precisely and is commonly required by DEWA, emergency services and couriers.

Market Approach

An approach to valuation which derives an indication of value by reference to transactions or other pricing evidence for identical or comparable assets.

Market Assessment

Market assessment in real estate refers to the analysis of various factors that influence the value and demand for real estate properties.

Market Rate

The "market rate" refers to the prevailing rental or sales price for a particular type of property in a given location. It is an indicator of what similar properties are currently being leased or sold for in the same area. The market rate is influenced by various factors such as the location of the property, its size, amenities, and general demand for properties of that type in that area.

For example, the market rate for a two-bedroom apartment in a prime location in Dubai may be significantly higher than the market rate for a similar property in a less desirable location. Similarly, the market rate for a high-end luxury property in Abu Dhabi may be significantly higher than the market rate for a standard property in the same area.

Market rates are important for both landlords and tenants, as they provide a benchmark for setting rental or sales prices. Landlords may use market rates to determine the rent they should charge for their properties, while tenants may use market rates to gauge whether a property is priced fairly.

Market Value

The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion (IVS).

Master Developer

The developer responsible for the overall planning, infrastructure and community facilities of a master planned community, such as Emaar, Nakheel, Meraas or Dubai Holding. Master developers set community rules, charge master community service charges, and their NOC may be required alongside that of the sub developer on resale.

Master Plan / Masterplan

A coordinated plan establishing the proposed land uses, development parcels, infrastructure, access and general development framework for a site or wider area.

Material Change in Circumstances

A significant change in physical, legal, financial or market circumstances affecting the use, marketability or value of a property.

Material Valuation Uncertainty

A degree of valuation uncertainty beyond that normally expected, which is sufficiently material to require specific disclosure to users of the valuation.

Mechanical, Electrical and Plumbing (MEP)

The mechanical, electrical and plumbing systems within a building, including services such as air conditioning, power, water supply and drainage.

Minimum Guaranteed Rent

The minimum contractual rent payable by a tenant irrespective of turnover, commonly forming part of a turnover-based rental arrangement.

Mixed Use Property

A mixed-use property is a building or development that combines multiple uses, such as residential, commercial, and/or industrial, in one location.

Memorandum of Understanding (MOU)

An abbreviation for Memorandum of Understanding this is a document printed in triplicate and is commonly used in the UAE as confirmation of a sale and purchase between Buyer and Seller confirming price, terms and conditions and the payment schedule. This document can be referred to as a Sale and Purchase Agreement (SPA) or a Contract of Sale. In Dubai, the RERA prescribed MOU for secondary market sales is known as Form F, signed by the buyer, the seller and their agents, and it is required by the Registration Trustee to complete a transfer.

Mollak

The RERA system used to manage owners association accounts in Dubai. Service charge budgets are approved through Mollak, invoices are issued to owners through it, and payment can be made online or through the Dubai REST app.

Mortgage

A loan secured against property. In the UAE, Central Bank rules cap loan to value ratios; for an expatriate buying a first home valued up to AED 5 million, the maximum is 80%, falling to 70% above that value, with lower limits for second homes and a maximum of 50% for off plan purchases. In Dubai, mortgages are registered with the DLD for a fee of 0.25% of the loan amount plus an administration fee.

Move in

Move-in refers to the process of a tenant moving into a rental property and taking possession of the unit. This typically occurs after the tenant has signed a lease agreement and completed any necessary paperwork or background checks.

Multi-Tenanted Asset

A property leased to multiple tenants, generally with separate lease obligations and a diversified income stream.

Multi-unit lease

A multi-unit lease refers to a lease agreement between a landlord and multiple tenants for multiple units within a single property.

Municipal Fees

Charges imposed by a government or local authority in connection with the ownership, occupation, leasing or use of property, in accordance with applicable local regulations.

Musataha

A proprietary right granted over another party's land permitting the holder to construct and benefit from buildings or other improvements for an agreed period, subject to its terms, applicable legislation and registration requirements.

N

Net Developable Area

That part of a site available for development after allowing for areas excluded by infrastructure, easements, statutory restrictions or other identified constraints.

Net Effective Rent

The equivalent rent after adjustment for rent-free periods, contributions and other rental concessions or incentives.

Net Internal Area (NIA)

The usable internal floor area measured in accordance with the adopted measurement standard, excluding prescribed common, structural and ancillary areas.

Net Operating Income (NOI)

Property operating income less operating expenses, generally before debt service, taxation, depreciation and capital expenditure, calculated on the stated basis.

Net Yield

Annual net income attributable to a property expressed as a percentage of its capital value or acquisition cost, on a stated basis.

Non-Disclosure Agreement (NDA)

NDA is a contract between two parties where they mutually agree to provide each other with certain confidential information or material which is not generally known by the public. Obligations of both parties are also explained in the contract.

Net Leasable Area (NLA)

NLA stands for "Net Leasable Area." It refers to the total amount of space within a commercial property that is available for lease to tenants.

No Objection Certificate (NOC)

A no objection certificate or short NOC is requested by the seller from the developer when selling a property. The document states that the developer has no objection to the transfer of ownership from the Seller to the Buyer. A Seller might require two NOC's, one from the Master Developer and another from the sub developer, if applicable. In Dubai, the developer NOC also confirms that all service charges on the unit have been paid, and the NOC must be valid on the day of transfer at the Registration Trustee office.

O

Occupancy Rate

The proportion of relevant property space or units occupied at a specified date or over a stated period, expressed as a percentage of the available stock.

Offer / Counteroffer

An offer and counteroffer in real estate refers to the negotiation process between a buyer and a seller of a property. The buyer makes an initial offer, which the seller can either accept, reject, or make a counteroffer. A counteroffer is a modified version of the original offer that takes into account the seller's requirements and concerns.

Open Storage Yard

An uncovered area of land designated and used for the external storage of materials, equipment, vehicles or other goods.

Operating profit

In real estate, operating profit refers to the profit generated from the day-to-day operations of a property, after deducting operating expenses. Operating expenses in real estate typically include expenses such as property management fees, insurance, maintenance, utilities, and property taxes. Operating profit is an important metric for real estate investors and property owners, as it provides insight into the property's ability to generate income and pay for its operating expenses.

Operating properties

Operating properties refer to real estate properties that are actively generating revenue and being used for a specific purpose, such as rental properties, hotels, retail spaces, and office buildings. These properties are typically owned by investors or companies and are managed by property management companies or in-house staff.

Operating Expenditure (OPEX)

Recurring expenditure incurred in the operation and maintenance of a property or business, excluding capital expenditure and, where assessed on a property operating basis, financing costs.

Operating Supplies and Equipment (OS&E)

The smaller operating items and supplies required to run a property, such as hotel linen, crockery, utensils and other operational equipment.

Oqood

Oqood is a standard centralisation of off-plan sales. Introduced by the Dubai Land Department and the RERA this online service allows Buyers and Sellers to log on and process property transactions transparently and in compliance with the local authorities. Oqood is the Interim Real Estate Register established under Law No. 13 of 2008, on which off plan units are registered prior to title deed issuance. Registration requires payment of the 4% DLD registration fee, which is normally collected through the developer when the SPA is signed. On completion and handover, the Oqood registration is converted into a title deed.

Outstanding Balance

The balance amount that still remains to be paid.

Off-plan

Off-plan refers to property before its handover, typically offered for sale by developers but can also be found on the secondary market for various reasons. Off-plan property tends to be cheaper than completed and handed over property but also comes with no yield until the handover and the risk of a delayed handover. In Dubai, off

plan sales are registered on the Interim Real Estate Register (Oqood) and buyer payments are protected through the project escrow account. Developers commonly offer staged payment plans, including post handover payment plans.

Over-Rented

A property or lease where the passing rent exceeds the assessed market rent on comparable terms.

Owners Association

In jointly owned properties, the Owners Association manages, operates and maintains the common areas. In Dubai, jointly owned properties are governed by Law No. 6 of 2019 Regulating Jointly Owned Real Property. Owners elect an Owners Committee, the building is managed by a RERA licensed association management company, and annual service charge budgets are approved by RERA and collected through the Mollak system.

P

Parking Ratio

The relationship between the number of parking spaces and a measure of development size, occupancy or use, such as spaces per residential unit or per 100 sq m of floor area.

Passing Rent

The rent currently payable under the existing lease terms, before adjustment to any future market or reviewed rent.

Percentage Rent

Rent calculated by reference to an agreed percentage of a tenant's sales or turnover, often combined with a minimum base rent. See also Turnover Rent.

Permitted Development Density

The extent or intensity of development authorised for a site, usually expressed by reference to floor area, unit numbers, plot coverage or another planning measure.

Physical Deterioration

Loss of utility or value arising from wear, age, damage or deterioration in the physical condition of an asset.

Planned Preventative Maintenance (PPM)

Scheduled inspection, servicing and maintenance intended to minimise the risk of failure and extend the useful life of building elements and systems.

Planning Approval

Approval issued by a competent planning authority for a specified land use, development or alteration, subject to applicable conditions.

Plot Coverage Ratio

The proportion of the plot occupied by the building footprint, usually expressed as a percentage and measured in accordance with applicable planning requirements.

Practical Completion

The stage of a construction contract at which the works are substantially complete and can be used for their intended purpose, subject to the contract's requirements.

Premium

A lump sum consideration payable for the grant, acquisition, assignment or surrender of a property interest, in addition to or instead of periodic rent, where applicable.

Professional Indemnity Insurance (PII) / P.I.

Insurance providing cover, subject to its terms and exclusions, against claims arising from professional negligence or other insured professional liabilities.

Profit on Cost

Development profit expressed as a percentage of the relevant total development cost.

Profit on GDV

Development profit expressed as a percentage of the gross development value.

Profits Method

A method used to value certain trade-related properties by reference to their maintainable trading potential and the income attributable to the property interest.

Property Management

A service which acts as the liaison between the Owner (Landlord) and the Tenant. Property Managers and Property Management Companies require a separate license. In Dubai, property management companies must be licensed for that activity and registered with RERA, and leasing activity must be carried out by RERA registered brokers.

Property Register

The documents kept in written or electronic format in an electronic record maintained by the DLD in which the description and location of each real property and the rights related to them are stated.

Plot

A plot, in the context of real estate or literature, refers to a piece of land or a specific location. In real estate, a plot refers to a parcel of land with defined boundaries that can be used for building a structure or cultivating crops.

Plot Area

Plot area refers to the total area of a piece of land, usually measured in square feet or square meters. In real estate, it is the total area of a property, including the area of any structures on the property. The plot area is used to calculate the cost of the property and is also used for zoning and planning purposes.

Property Management Agreement (PMA)

PMA stands for "Property Management Agreement." It is a contract between the owner of a property and a property management company that outlines the services the property management company will provide and the compensation they will receive. The services may include tasks such as collecting rent, maintaining the property, handling repairs and maintenance, and managing finances. The PMA is a legally binding agreement that sets the terms and conditions of the relationship between the property owner and the property management company.

Power of Attorney POA

An abbreviation for Power of Attorney. This is a legal appointment from one person to another to act on their behalf in their absence. The appointee legally then has permission to make decisions and sign legal documents. All Power of Attorney's need to have valid notarisation and attestations as required for UAE legalisation process.

For use at the Dubai Land Department, a Power of Attorney must expressly cover the property and the transaction, and documents executed outside the UAE must be legalised and translated into Arabic.

Property Budget

A property budget is a financial plan that outlines estimated expenses and revenues for a property over a set period, typically a year, to ensure financial sustainability and maintenance of value.

Property Revenue

Property revenue refers to the amount of money generated from the ownership or usage of a property. This can include rent from tenants, sales from businesses operating on the property, and any other sources of income from the property. The property can be a real estate property such as a commercial building or a residential building, or it can be intangible property such as a patent or trademark.

Payment Plan

A schedule of staged payments agreed between a developer and an off plan buyer, typically linked to construction milestones or dates and set out in the SPA. A post handover payment plan allows part of the price to be paid after handover, often over two to five years. Pre handover payments must be made into the project escrow account.

Post-dated Cheques:

Post-dated cheques refer to a type of payment instrument that is written for a future date. In the UAE, post-dated cheques are often used as a form of security deposit by landlords when renting out properties to tenants.

In this context, a tenant may be required to provide a set number of post-dated cheques to the landlord as a form of security deposit. The cheques are usually dated for the end of each rental period (e.g. quarterly), and they serve as a guarantee that the tenant will pay the rent on time. If the tenant fails to pay the rent, the landlord may present one or more of the post-dated cheques to the bank to cover the rent that is due.

It's important to note that in the UAE, the use of post-dated cheques as a form of security deposit is a common practice, and it is recognized and regulated by the government. Since January 2024, under Federal Decree Law No. 50 of 2022 (the Commercial Transactions Law), a bounced cheque is largely treated as a civil matter rather than a criminal offence, except where bad faith is involved, and the holder may pursue the unpaid amount directly through execution proceedings.

CHESTERTONS

Q

Qualified Surveyor

A professional with recognised qualifications and relevant experience, and any registration or licence required to undertake the relevant surveying service.

R

Rack Rate

In real estate, the term "rack rate" is not commonly used. In the context of commercial real estate, the closest equivalent may be the "asking rent," which refers to the advertised rent for a commercial property, such as an office space or retail store. The asking rent represents the landlord's initial asking price for the property, but it may not necessarily be the final negotiated rent that is agreed upon between the landlord and tenant. Similarly, in the residential real estate market, the equivalent of a rack rate may be the "listing price," which represents the asking price for a home for sale. However, in both commercial and residential real estate markets, the final price agreed upon between the buyer or tenant and the seller or landlord may be different from the initial asking price or rack rate.

Real Estate Registration and Transfer Fees

Fees payable to the relevant registration authority for the registration, transfer or amendment of ownership or other legally recognised property interests. Fees vary by Emirate, transaction type and interest.

Reasonably Efficient Operator (REO)

A hypothetical competent operator acting efficiently in the relevant trade, used to assess the maintainable trading potential of a trade-related property.

Red Book Valuation

A valuation undertaken in accordance with RICS Valuation – Global Standards (the Red Book), which incorporate the International Valuation Standards (IVS).

Reinstatement

Restoration of premises to an agreed condition, including removal of alterations where required by the lease and applicable law.

Reinstatement Cost

The estimated cost of reinstating a building following damage or destruction, including demolition, professional fees and other appropriate costs, generally excluding the land value.

Remaining Economic Life

The period over which an asset is expected to continue providing economic benefit in its existing or intended use, having regard to relevant market and asset conditions.

Rent Reviews

The adjustment of rent at specified intervals or upon renewal, in accordance with contractual provisions and applicable rental regulations.

Rent Roll

A schedule of existing lettings identifying tenants, leased areas, rental income, lease dates and other material contractual information.

Rent-Free Period

An agreed period during which a tenant is not required to pay rent, commonly provided as an incentive at the commencement or renewal of a lease.

Rental Dispute Centre- RDC

Rental disputes in real estate in the UAE are disputes between landlords and tenants regarding the terms of the lease agreement. The most common rental disputes include issues with rent payments, property maintenance, and disputes over the return of security deposits. In the UAE, the **Rental Dispute Centre** (RDC) is an independent authority established to resolve disputes between landlords and tenants. The RDC provides a fast and cost-effective alternative to the traditional court system and has the authority to make binding decisions in rental disputes. If a dispute arises, either the landlord or the tenant can file a claim with the RDC, which will then hear the case and make a decision. The RDC's decisions are enforceable by the local courts, and the RDC also provides mediation services to help parties reach an agreement without the need for a formal hearing. The RDC is an important resource for landlords and tenants in the UAE, as it provides a fair and impartial way to resolve rental disputes. In Dubai, the Rental Dispute Settlement Centre was established within the Dubai Land

Department under Decree No. 26 of 2013, replacing the former Rent Committee. Filing fees are generally 3.5% of the annual rent, subject to minimum and maximum amounts, and a registered Ejari is required to file a case.

Receipt register

A receipt register is a record-keeping tool used to track and manage receipts or incoming payments from customers, clients, or other sources. A receipt register typically includes information such as the date of the payment, the name of the payer, the amount received, and any relevant details or notes. The receipt register may be used to track payments for a variety of purposes, including sales, invoices, rent payments, and more. The information in the receipt register can be used to update financial statements, reconcile bank statements, and ensure that all payments have been accurately recorded. A receipt register may be kept manually or electronically and may be used by individuals, small businesses, or larger organizations. The use of a receipt register helps to ensure accurate and organized record-keeping and helps to prevent discrepancies or missing payments.

Receivables

"Receivables" refers to money that is owed and is expected to be received in the future. In the context of real estate, receivables may refer to money that is owed by tenants to landlords for rent or by buyers to sellers for the purchase price of a property.

For example, if a tenant has signed a lease agreement for a property and has agreed to pay rent on a monthly basis, the landlord can consider the monthly rent payments as receivables. Similarly, if a buyer has signed a sales agreement for a property and has agreed to pay the purchase price in instalments, the seller can consider the instalments as receivables.

In the UAE, the management of receivables is an important aspect of real estate which need to be tracked to ensure that payments are received on time.

the collection and management of receivables is governed by local laws and regulations, and parties involved in real estate transactions should be familiar with these laws to ensure that their rights are protected.

Refurbishment / Renovation

Refurbishment or renovation is the process of improving or modernizing an existing property. It may include updating or upgrading systems and features, making repairs, and enhancing the overall appearance and functionality of the property. The goal of refurbishment or renovation is to improve the quality and value of the property, increase its market appeal, and provide a more attractive and functional living or working space. Refurbishment or renovation may be carried out by the property owner, a contractor, or a team of specialists and may involve a range of activities, including electrical and plumbing work, painting and decorating, flooring and wall coverings, and more.

Rent Cap

A statutory or regulatory restriction on the maximum permitted rental increase over a specified period or upon renewal. The applicable cap and calculation mechanism vary by Emirate, property type and tenancy regime.

The rental increase cap rate in the UAE varies depending on the location of the property and the type of tenancy agreement in place.

Dubai: Rent increases on renewal are governed by Decree No. 43 of 2013 and are permitted only where the current rent is below the average rent for comparable properties shown in the DLD Rental Index. The maximum permitted increase is:

- Up to 10% below the index average: no increase
- 11% to 20% below: maximum increase of 5%
- 21% to 30% below: maximum increase of 10%
- 31% to 40% below: maximum increase of 15%
- More than 40% below: maximum increase of 20%

The percentage applies to the existing rent. Since 2025, the benchmark has been the DLD Smart Rental Index, which assesses rents at building level using factors such as location, quality, finishes and facilities, and can be checked through the Dubai REST app and the DLD rental increase calculator. Any increase must be notified at least 90 days before the contract expires.

Rent Installment

Rent installment is the payment of rent in periodic, typically monthly, increments instead of a lump sum. It allows tenants to pay rent in manageable amounts and provides landlords with reliable income. Rent installment terms are outlined in the lease agreement and may include the amount, due date, and fees/penalties for missed/late payments.

Rent Reduction:

A rent reduction is a decrease in the amount of rent that a tenant pays for a rental property. A rent reduction may be temporary or permanent, and it is usually negotiated between the landlord and the tenant. Reasons for a rent reduction may include a decrease in market rent, financial hardship, or a change in the terms of the lease agreement. The terms and conditions of a rent reduction are usually outlined in the lease agreement.

Rent Waiver:

A rent waiver is a temporary suspension or reduction of rent payments by a tenant, usually due to financial hardship or other circumstances. A rent waiver is typically granted by the landlord, and it may be in the form of a partial reduction or a complete suspension of rent payments for a specified period of time. The terms and conditions of a rent waiver are usually outlined in the lease agreement.

Real Estate Activity Report (REAR)

Under UAE anti money laundering legislation, real estate brokers and agents are designated non financial businesses and professions. They must carry out customer due diligence and file a REAR through the goAML system for sale or purchase transactions involving a cash payment of AED 55,000 or more, or payment in or derived from virtual assets.

Rental Dispute Resolution

The process of resolving disputes between landlords and tenants through the competent rental dispute authority, courts, arbitration or other applicable dispute resolution mechanism.

Rental Escalation

An increase in rent over time, whether determined by contractual provisions, indexation or market rental growth assumptions.

Rental Forecast

A rental forecast is a projection of expected rental income for a property over a specific period of time. It helps evaluate the financial performance of a property and make informed investment decisions. It takes into account market demand, economic conditions, supply/demand, and competition to estimate rental income.

Real Estate Regulatory Agency (RERA)

The Real Estate Regulatory Agency is a government agency founded on 31st July 2007 to regulate the real estate sector in Dubai. RERA is a part of the Dubai Land Department and has its own financial and administrative independence with full legal authority to form and set policy and provide legal framework for the real estate industry to work within. Its remit includes the licensing of brokers and developers, escrow accounts, jointly owned property and owners associations, service charges and the Rental Index.

Rental Reversion

The potential change in rental income when an existing lease is reviewed, renewed or replaced at the applicable rental level.

Repair Covenants

Contractual provisions specifying the repair and maintenance responsibilities of the landlord and tenant.

Reserve Fund

Funds set aside to meet future expenditure or contingencies, including the anticipated maintenance and replacement requirements of a development.

Residential Lease

A residential lease is a legal agreement between a landlord and a tenant that outlines the terms and conditions of the tenancy for a residential rental property. The lease specifies the rental amount, the length of the tenancy, the responsibilities of the landlord and tenant, and any other relevant terms, such as pet policies, parking arrangements, and restrictions on the use of the property. Residential leases are typically in writing and are binding on both the landlord and the tenant, who must adhere to the terms of the agreement during the tenancy. A residential lease helps to ensure a clear understanding between the landlord and tenant and provides a framework for resolving any disputes that may arise during the tenancy.

Residual Land Value (RLV)

The land value derived from a residual appraisal after allowing for anticipated development revenue, costs, finance, appropriate developer's profit and timing.

Residual Method

A valuation method which derives the value of a development interest from the anticipated completed development value, after allowing for development costs, finance, appropriate profit and timing.

Responsible Valuer

The appropriately qualified valuer who directs the valuation process and takes professional responsibility for the reported valuation opinion.

Restrictive Covenants

Obligations restricting the use or development of property, imposed through an agreement or other legally enforceable instrument.

Retail Catchment Area

The geographical area from which a retail destination attracts, or is expected to attract, a material proportion of its customers.

Return on Equity (ROE)

The return attributable to equity investors expressed as a proportion of the equity invested, calculated on the stated basis and period.

Revenue Loss

Revenue loss refers to a reduction in the income that a property owner would have otherwise received if the property was rented or occupied. Revenue loss can occur for a variety of reasons, including:

Vacant Properties: If a property is vacant, the owner is not receiving any rent, and this represents a revenue loss. This can occur if a tenant moves out and the property remains unoccupied, or if a property is listed for rent or sale but does not attract any tenants or buyers.

Late Rent Payments: If a tenant is consistently late in paying rent, this can result in a revenue loss for the property owner. This is because the property owner is not receiving the full amount of rent that is owed, and may also incur additional costs in trying to collect the overdue rent.

Rent Arrears: If a tenant stops paying rent altogether, this can result in a significant revenue loss for the property owner. This is because the property owner is not receiving any rent, and may also incur additional costs in trying to collect the outstanding rent.

Maintenance Costs: If a property requires significant maintenance or repairs, this can result in a revenue loss for the property owner. This is because the property owner may have to pay for these costs out of pocket, or may have to reduce the rent to attract tenants.

It's important to be aware of the potential for revenue loss and to take steps to minimize it. This may involve implementing a rigorous property management program, conducting regular property inspections, and ensuring that tenants are paying rent on time and in full.

Request for Proposal (RFP)

RFP stands for "Request for Proposal." It is a document used in the procurement process to solicit proposals from potential suppliers or contractors for a specific project or product. An RFP typically outlines the requirements, scope of work, budget, and timeline for a project, and it provides potential suppliers or contractors with the information they need to submit a proposal outlining their qualifications and approach to the project. RFPs are commonly used in government procurement, as well as in many other industries, including construction, technology, and professional services. The goal of an RFP is to obtain the best possible proposals from qualified suppliers or contractors and to make an informed decision about which one to select for the project.

Return on Investment (ROI)

Return on Investment (ROI) refers to the profit or gain realized from a real estate investment, expressed as a percentage of the total amount invested. It is a measure of the efficiency of an investment in real estate property in terms of the return it generates relative to the amount invested. The ROI calculation takes into account the cost of acquiring the property, the expenses incurred in maintaining and improving the property, and the rental income or the profit from its sale.

Rent Committee:

Formerly established under the Dubai Municipality to adjudicate disputes between landlords and tenants. In Dubai, its role was transferred in 2013 to the Rental Dispute Settlement Centre at the Dubai Land Department.

Rental Index

A published benchmark or assessment mechanism indicating prevailing rents within a defined market and, where applicable, determining permissible rental adjustments. In Dubai, the DLD Smart Rental Index assesses rental levels at building level. See also Rent Cap.

Registration Fee:

The fee charged by the Dubai Land Department upon purchase of property. This is currently 4% of the purchase price, plus title deed issuance and Registration Trustee fees, and is customarily paid by the buyer. See also Transfer Fee.

Revenue per Available Room (RevPAR)

Room revenue divided by the number of available room nights during the relevant period. It is also equal to ADR multiplied by the room occupancy rate.

RICS Registered Valuer

A valuer enrolled in the Royal Institution of Chartered Surveyors' Valuer Registration scheme and subject to its applicable monitoring requirements.

Rights of Way

Rights permitting passage across another property, whether for pedestrian, vehicular or other specified access.

Risk Premium

The additional return required above a reference or risk-free rate to compensate an investor for assuming additional risk.

Risk-Free Rate

The theoretical return on an investment with negligible default risk, used as a reference when assessing the required return on riskier investments.

S

Sale and Leaseback

A transaction in which an owner sells a property and simultaneously or subsequently leases it back from the purchaser under agreed terms.

Sales Velocity

The number or value of units sold over a specified period, often used to assess the pace of sales within a development.

Scenario Analysis

An assessment of the outcome of an appraisal or valuation under alternative combinations of assumptions reflecting different possible circumstances.

Schedule of Condition

A documented record of the physical condition of premises at a specified date, typically at lease commencement or handover.

Schedule of Dilapidations

A schedule identifying outstanding repair, maintenance, reinstatement or other breaches of contractual obligations.

Sector

In real estate, a sector refers to a specific part of the industry, such as residential, commercial, industrial, or retail real estate. The different sectors of the real estate market are characterized by unique attributes and characteristics, and they are often analyzed separately to understand their performance and potential for investment.

Secured Lending Valuation

A valuation undertaken to assist a lender in assessing the suitability and value of real estate as security for a loan or other credit facility.

Security Deposit

A sum paid by a tenant as security against specified contractual breaches, damage or outstanding liabilities, refundable subject to permitted deductions and applicable legislation.

Security of Tenure

Statutory or contractual protections afforded to a tenant in relation to continued occupation, lease renewal and protection against unlawful eviction.

Sensitivity Analysis

An assessment of how changes to individual assumptions or inputs affect the outcome of a valuation or financial appraisal.

Service Charge

An amount payable by an owner or occupier towards the management, operation, maintenance and repair of common areas, facilities and services. In jointly owned properties, charges and their collection are subject to applicable regulations and contractual obligations. Master community charges may be payable in addition.

Service Provider

In real estate, a service provider refers to a person or company offering services related to buying, selling, leasing, managing, or developing real estate, such as agents, property managers, appraisers, surveyors, title companies, and lenders. Their goal is to provide high-quality services and meet the needs of clients while ensuring profitability.

Shared Housing

The use of a residential unit by multiple unrelated occupants. In Dubai, shared housing is regulated by Law No. 4 of 2026, under which units may only be used for shared housing with a permit from the Dubai Municipality, coordinated with the DLD, and tenancies must be registered. Violations attract substantial fines and possible eviction.

Single-Tenanted Asset

A property leased to a single tenant, with the income and associated occupational risks primarily attributable to that tenant.

Sinking Fund

A fund accumulated through periodic contributions to meet anticipated major expenditure on repairs, replacement or renewal of property components.

Snagging

The inspection of a newly completed property before or at handover to identify defects, incomplete works and finishing issues, which the developer is then required to rectify. A professional snagging survey is recommended before accepting handover.

Site Plan

A plan registered in the Property Register, showing the units and their common areas.

Sales and Purchase Agreement (SPA)

SPA stands for Sales and Purchase Agreement, and it is one of the most common terms in the real estate industry in the UAE. The SPA is a legally binding contract that details the sale terms and conditions between the buyer and seller.

Saleable Area / Sellable Area

The floor area of a property or unit available for sale, measured in accordance with the applicable regulatory requirements and adopted measurement standard.

Special Assumptions

Assumptions which differ from the actual circumstances at the valuation date or which would not ordinarily be adopted by a typical market participant at that date.

Special Purchaser

A purchaser to whom an asset has additional value due to particular advantages or attributes not generally available to other market participants.

Specialty Leasing

The short-term or flexible letting of retail spaces such as kiosks, pop-ups and promotional areas, typically outside the conventional long-term unit mix.

Stabilised Income

The income expected from an asset once it has achieved a sustainable level of occupancy and operating performance under normal market conditions.

Stabilised Trading Performance

The level of revenue, occupancy and operating profitability reasonably expected once a property or business has achieved sustainable trading under normal conditions.

Stepped Rent

Rent which changes by specified amounts or percentages at predetermined dates during the lease term.

Strata Title

A form of property ownership under which individual units are separately owned and associated rights or interests in common property are held under the applicable legal framework.

Sub-Developer

A developer responsible for developing an individual plot or component within a wider master development, subject to the relevant agreements and planning controls.

Sub-Letting

The grant by an existing tenant to another party of a right to occupy all or part of the leased premises, subject to the original lease, any required consent and applicable law.

Subject to Contract

An indication that a proposed agreement remains subject to negotiation, execution or satisfaction of contractual requirements.

Synergistic Value

The value of two or more assets or interests in combination where that combined value exceeds the sum of their separate values (IVS).

CHESTERTONS

T

Tawtheeq

Tawtheeq is the tenancy contract registration system in Abu Dhabi, now delivered through the DARI platform, and is the Abu Dhabi equivalent of Ejari in Dubai. Registration is required for all rental properties in the emirate. It is a legally binding document that outlines the terms of the tenancy agreement between the landlord and the tenant, including the rent amount, payment due date, length of the lease, security deposit, and responsibilities of both parties.

Technical Due Diligence (TDD)

The systematic investigation of the technical condition, documentation, statutory compliance and material risks of a property, usually undertaken for an acquisition or investment decision.

Temporary Occupation Agreement

An agreement allowing temporary occupation of premises pending conclusion of a formal lease or other arrangement, subject to its terms and applicable law.

Tenancy Registration

The formal registration of a tenancy agreement with the competent authority, including Ejari in Dubai and Tawtheeq in Abu Dhabi, where applicable.

Tenancy Schedule

A tenancy schedule is a document that outlines the specific terms and conditions of a rental agreement between a landlord and tenant. It typically includes details such as the start and end dates of the tenancy, the rent amount and payment due date, the length of the lease, the security deposit amount, the property address, and the responsibilities of both the landlord and tenant.

Tax

Tax is a compulsory contribution to state revenue, levied by a government. There is no personal income tax or capital gains tax on individuals in the UAE. However, UAE Corporate Tax at 9% applies to taxable business profits above AED 375,000 for financial years starting on or after 1 June 2023, and VAT at 5% applies to the sale and

lease of commercial property. The first supply of new residential property is zero rated, and later residential sales and leases are generally exempt. In Dubai, tenants also pay a Dubai Municipality housing fee of 5% of the annual rent, collected through DEWA bills.

Tenant

A tenant (Also known as a Lessee) is an individual or a company who rents a property from a landlord (lessor) for a specified period of time and for a specified rental amount. The tenant has the right to occupy and use the property for the agreed-upon purposes, but does not have ownership rights. The tenant is responsible for paying rent, following the terms of the lease agreement, and keeping the property in good condition. The lease agreement outlines the rights and responsibilities of the tenant, as well as the obligations of the landlord. The relationship between a tenant and a landlord is governed by local laws and regulations, and the terms of the lease agreement.

Tenant Covenant Strength

The assessment of a tenant's financial standing and ability to meet its obligations under a lease, including the payment of rent.

Tenant Mix

The composition and distribution of occupiers within a retail or other multi-tenanted development, selected to support its positioning and commercial performance.

Tenant's Improvements

Alterations or improvements to leased premises undertaken generally at the tenant's expense, subject to any necessary consents and regulatory approvals.

Term and Reversion Method

An investment valuation method which separately values the existing contractual rent for the remaining term and the anticipated rental income thereafter.

Terminal Value

The estimated value of an asset or business at the end of an explicit cash flow forecast period, reflecting the income or disposal proceeds attributable thereafter.

Terms of Engagement (TOE)

The agreed written terms of a professional instruction, establishing the scope, purpose, responsibilities, deliverables, assumptions and other relevant conditions.

Total Development Cost (TDC)

The aggregate costs attributable to delivering a development, including land, construction, professional fees, finance and other specified allowances, as defined in the appraisal.

Total Revenue per Available Room (TRevPAR)

Total hotel operating revenue, including rooms and other revenue streams, divided by the number of available room nights.

Trade-Related Property

Property designed or adapted for a particular type of business, where its value is closely associated with the trading potential of that use.

Trakhees

The planning, building and environmental regulator of the Ports, Customs and Free Zone Corporation, responsible for approvals in areas such as the Jebel Ali Free Zone and a number of Nakheel communities. Not to be confused with Trakheesi.

Transfer

Event where both Buyer and Seller (or their representatives) and Lender (if applicable) attend the Registration Trustee's office (or Dubai Land Department) and the transfer of title from Seller to Buyer takes place, as well as an exchange of any monies due to any party.

Transfer Fee

The transfer fee is the fee charged for transferring the legal right of a real property from the seller to the buyer and issue a new title deed to the buyer. In Dubai it is currently 4% of the selling price, customarily paid by the buyer, together with title deed and Registration Trustee fees. Payment is now made electronically to the DLD through the Registration Trustee.

Trustee Office (Registration Trustee)

A DLD accredited office authorised to process property transfers, mortgage registrations and other DLD transactions on its behalf. Transfers in Dubai are completed at a Registration Trustee office, which charges a fixed service fee in addition to the DLD fees.

Title Deed

Recognized and registered by the Dubai Lands Department, a title deed provides a property owner with proof of ownership and registers a property with local authorities. Title deeds in Dubai are now issued electronically and can be verified through the DLD website or the Dubai REST app.

TRAKHEESI

Trakheesi is another Arabic real estate term in Dubai on our list that is particularly important for aspiring real estate agents. The Trakheesi system grants licenses and approvals to brokerage firms and real estate professionals in Dubai. Every property advertisement in Dubai, whether online, in print or on social media, must carry a valid Trakheesi permit number and QR code issued by the DLD, and advertising without a permit attracts fines. Trakheesi should not be confused with Trakhees, the planning and building authority for certain free zones and master communities.

U

Under-Rented

A property or lease where the passing rent is below the assessed market rent on comparable terms.

Unit Area

"Unit area" refers to a standard measurement of area, typically used in real estate and construction. It is a measure of the size of a particular space, usually expressed in square feet or square meters. For example, a unit area of 1 square foot (ft2) is a space that is one foot wide and one foot long, while a unit area of 1 square meter (m2) is a space that is one meter wide and one meter long.

Unified Tenancy Contract

The standard tenancy contract issued by the Dubai Land Department for residential and commercial leases. It is used for Ejari registration, with any additional terms agreed between the parties set out in an addendum.

Unconditional Offer

An offer that is not restricted by any terms and conditions.

User Clause

A contractual provision specifying the permitted and prohibited uses of leased premises, subject to applicable planning, licensing and regulatory requirements.

Usufruct

A proprietary right to use and derive benefit from property owned by another party for an agreed period, subject to the terms of the right and applicable law.

V

Vacancy Rate

The proportion of relevant property space or units that are vacant at a specified date, expressed as a percentage of total applicable stock.

Valuation

The process of assessing the value of real estate or an interest in real estate on a specified basis and as at a specified date, using appropriate valuation approaches in accordance with applicable professional and regulatory standards.

Valuation Date

The date to which the opinion of value relates, which may differ from the date of inspection or issue of the valuation report.

Vendor

A vendor is a person or company that supplies goods or services to another person or company. In real estate, vendors can refer to a variety of professionals who provide services related to the buying, selling, leasing, or managing of properties.

CHESTERTONS

VAT

Value Added Tax was introduced in the UAE in 2018 at a standard rate of 5%. Commercial property sales and leases are standard rated; the first supply of new residential property within three years of completion is zero rated, and subsequent residential sales and leases are generally exempt. Bare land is exempt, and agency fees are standard rated.

Vacant Possession

Vacant possession is a legal term denoting the empty state of a property on hand back to the landlord. Usually required in a lease the extent of compliance will be determined by the factual position at the date the premises are handed back.

W

Warehouse Site Coverage

The proportion of the relevant industrial plot occupied by warehouse buildings, normally expressed as a percentage of the plot area.

Weighted Average Cost of Capital (WACC)

The weighted average cost of debt and equity finance, based on their respective proportions in the capital structure.

Weighted Average Unexpired Lease Term (WAULT)

The average remaining lease duration across a property or portfolio, weighted by rent, floor area or another stated measure, to expiry or break as specified.

Without Prejudice

A designation used in settlement negotiations intended to protect the parties' legal positions. Confidentiality and admissibility are subject to applicable law and the relevant dispute forum.

Write Off.

In real estate, "write off" can refer to a tax deduction taken for depreciation of a property, or to the process of declaring a property uncollectible and removing it from the books as a financial asset. It is also sometimes used to describe a property that has been taken out of service, often due to damage, and is no longer considered an asset.

Z

Zoning

The designation of land or areas for specified uses and development parameters under the applicable planning framework.