

RASMANDATE

A MONTHLY COMPILATION OF ARTICLES AND LEGISLATIVE & REGULATORY UPDATES CURATED BY RASMA LEGAL

COVER STORY

Tokenization of Real Estate in the UAE: Opportunities and Legal Challenges

The intersection of blockchain technology and real estate is rapidly transforming traditional models of property ownership and investment. One of the most promising developments in this space is the tokenization of real estate, the process of representing ownership rights in real estate assets through digital tokens on a blockchain.



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This article provides a general overview of how tokenization is being applied to the UAE's real estate sector, outlining its potential benefits, current regulatory landscape, and the legal and operational challenges that market participants may face as this innovative model continues to evolve.

1. What is real estate tokenization?

Real estate tokenization refers to the digital representation of ownership in property through blockchain-based tokens. Instead of holding a traditional title or share certificate, investors receive tokens that reflect a specific stake in a real estate asset. Typically, the property is being owned by a company or legal entity, such as a special purpose vehicle (SPV), which issues tokens to represent ownership interests or rights to income. These tokens can then be sold or traded, allowing for fractional investment and broader access to the real estate market. Unlike conventional models, tokenization offers greater liquidity, lower entry barriers, and the possibility of near-instant transfers, reshaping how people buy, sell, and invest in property.

2. Why tokenize real estate? What are the benefits?

Tokenizing real estate offers several key advantages that make property investment more accessible, efficient, and transparent.

First and as mentioned, it enables fractional ownership, allowing investors to buy small portions of high-value properties. This lowers the entry barrier and opens the market to a broader range of investors, including those who may not have the capital to purchase whole assets.

Second, tokenization significantly improves liquidity. Unlike traditional real estate, which can take months to sell, tokens can be traded on digital platforms, making it easier for investors to enter or exit positions quickly.

Third, it reduces transaction costs and administrative complexity. Smart contracts can automate processes such as ownership transfers and income distribution, minimizing the need for intermediaries and manual paperwork.

Finally, blockchain offers enhanced transparency and security. Transactions are recorded on a tamper-proof ledger, which increases trust and reduces the risk of fraud.

Overall, tokenization modernizes real estate investment, making it more flexible, global, and aligned with digital innovation.

3. What is the regulatory landscape for real estate tokenization in the UAE?

3.1. What is the current market environment for real estate tokenization in Dubai?

Dubai is positioning itself as a key hub for real estate tokenization, supported by a proactive regulatory approach and strong government backing. In March 2025, the Dubai Land Department (DLD) launched a “pilot project” to tokenize property title deeds, marking the first initiative of its kind in the Middle East. This move signals Dubai’s commitment to integrating blockchain into its property sector, with the goal of enhancing investment access, operational efficiency, and market liquidity. The pilot was launched in collaboration with the Dubai Future Foundation and the Virtual Assets Regulatory Authority (VARA), creating a structured sandbox for innovation. The growing interest from younger, tech-savvy investors underscores the region’s potential to become a leading global hub for digital real estate assets.

3.2. Who is responsible for regulating real estate tokenization in the UAE?

Several regulatory bodies play a role in overseeing tokenized real estate in the UAE, reflecting the country's complex jurisdictional framework that includes mainland areas and various financial free zones.

On the federal level, the Securities and Commodities Authority (SCA) plays a central role in regulating the issuance, promotion, and trading of tokenized securities. This includes digital assets such as real estate tokens, which can represent fractional ownership of physical property or entitle holders to a share of rental income or capital gains. Because these tokens often mirror the characteristics of traditional securities, such as shares or bonds, they are typically classified as investment instruments under UAE securities law. In parallel, the Virtual Assets Regulatory Authority (VARA) governs virtual asset activities within the Emirate of Dubai, excluding the financial free zones. VARA’s mandate includes supervising the issuance and trading of digital tokens that do not qualify as traditional securities, such as asset-referenced tokens backed by real estate, under a tailored virtual asset framework.

Within the country’s financial free zones, which have independent legal systems, regulation is handled by the Dubai Financial Services Authority (DFSA) in the Dubai International Financial Centre (DIFC) and by the Financial Services Regulatory Authority (FSRA) in the Abu Dhabi Global Market (ADGM). These regulators apply their own digital asset regimes, often modeled on international financial standards, to govern security tokens and other blockchain-based investment products. As a result, issuers and investors must navigate a jurisdiction-specific regulatory environment, where classification of the token, the structure of the offering, and the location of the activity determine which authority has oversight.

3.3. What regulations apply to tokenized real estate offerings?

Tokenized real estate assets are often classified as securities under UAE law if they involve fractional ownership, income rights, or investment expectations. As such, they must comply with existing securities regulations. This includes requirements for licensing the issuer and trading platform, publishing a compliant whitepaper or prospectus, implementing anti-money laundering measures, and protecting investors. Regulatory scrutiny ensures that token offerings meet high standards of transparency, governance, and financial integrity. Issuers may also be subject to additional rules depending on where the offering takes place and which regulator has jurisdiction.

3.4. What are the latest updates from VARA regarding tokenized property?

In May 2025, VARA introduced several updates, including but not limited to updated rules for a new category of digital assets called Asset-Referenced Virtual Assets (ARVAs), which includes tokenized real estate. Under this framework, issuers of ARVAs must obtain a Category 1 Virtual Asset Issuance License and shall always maintain paid-up capital equal to the value of at least the higher of AED 1,500,000, and 2% of the average market value of the reserve assets (where applicable) calculated over the preceding twenty-four (24) months. These issuers are also required to undergo monthly reserve audits, publish detailed whitepapers with risk disclosures, and perform smart contract audits to ensure technical reliability. Before launching a token, issuers must receive pre-approval from VARA, adding a layer of regulatory assurance for investors and market participants.

4. What are the legal and operational challenges of real estate tokenization in the UAE?

Despite growing interest and regulatory progress, real estate tokenization in the UAE still faces important legal and operational hurdles. Questions remain around the enforceability of smart contracts, especially in onshore courts, where digital agreements may still require traditional legal backing. Investor protection frameworks are evolving, particularly for retail participants in a market that can be complex and unstable. In addition, platforms involved in tokenization must navigate strict requirements related to data privacy, cybersecurity, and anti-money laundering compliance. These challenges highlight the need for careful structuring, clear legal frameworks, and continued collaboration between regulators and market participants to ensure long-term success and stability in this emerging space.

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THOUGHT LEADERSHIP

Overview of the Wills in the UAE

Planning for the future isn't just about growing wealth—it's also about protecting it and ensuring it ends up in the right hands. While many people avoid thinking about estate planning, the reality is that having a legally registered Will is one of the most important steps to safeguard family, assets, and legacy. In the UAE, failing to have a registered Will can result in significant legal and practical challenges, including the following:

1. Without a Will, the distribution of assets after death can become a lengthy, expensive, and complex legal process. This may result in assets not being allocated according to the deceased's intended wishes.
2. In the absence of a Will that names a legal guardian, the courts will decide who will care for minor children. This decision may not reflect the wishes of the parents and can cause additional emotional and legal complications for the family.
3. Joint ownership of property does not guarantee automatic transfer to the surviving spouse. Without a Will, the surviving spouse may face legal hurdles in securing their rights to jointly held assets.
4. For entrepreneurs and business owners, a lack of estate planning can jeopardize the continuity of the business. Without a Will or succession plan, shares in a company may be frozen or distributed in a way that undermines the business's future.

Given these risks, drafting a Will ensures assets are distributed as intended. The UAE offers several options for drafting and registering a Will, including:

• **Dubai International Financial Centre (DIFC) Wills Service**

The DIFC Courts Wills Service offers different types of wills, including:

- Full Will: Covers asset distribution and appoints guardians for minor children.
- Property Will: For up to five real estate properties or shares in those properties.
- Guardianship Will: Appoints guardians for minor children, subject to eligibility requirements.
- Financial Assets Will: Includes up to ten bank or brokerage accounts registered solely or jointly in the testator's name, with accounts held at UAE banks or firms.
- Business Owners Will: Covers up to five shareholdings in any UAE onshore or free zone company.
- Digital Assets Will: Covers the distribution of digital assets in the will.

Drafted in English, these Wills are registered entirely online through the DIFC Courts Wills Service, offering a streamlined and secure process. One of the key advantages of a DIFC Will is that it can cover not just assets within the UAE, but also assets located worldwide, providing global coverage for the testator's estate.

• **Dubai Notary Public**

A Dubai Notary Will is a legally binding document, drafted in both Arabic and English, and notarized by the Notary Public in Dubai. It can be executed either online or in person, offering flexibility in the process. Governed by the UAE Civil Law system, this Will covers assets located solely within the UAE, making it a suitable option for those with assets in the country.

• Abu Dhabi Judicial Department (ADJD)

The ADJD Wills Registry operates under the jurisdiction of the Abu Dhabi Courts and follows civil law principles. A key benefit of the ADJD Will is its ability to cover assets globally, offering comprehensive estate planning. The process is conducted entirely online, and the Will is drafted in both Arabic and English.

Alongside other notable differences between the available Will options—such as the scope of asset coverage, the registration process, and the language in which the Will must be drafted—the most significant distinction lies in the ADJD Wills Registry. The ADJD Wills Registry specifically allows Muslim residents in the UAE to register Wills, granting them the ability to allocate 100% of their estate according to their personal wishes. This means Muslim residents in the UAE can now ensure that their entire estate is distributed in line with their preferences.

Rasma Legal specializes in wealth planning and succession planning, providing clients with expert guidance on the drafting and registration of wills. Our team works closely with clients to design tailored solutions that ensure the smooth transfer of wealth, safeguarding their assets and securing their legacies for future generations. We help clients navigate the intricacies of inheritance laws, ensuring their wishes are fulfilled with efficiency and clarity.

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Team Spotlight

We were excited to kick off the month by celebrating the official launch of FinBursa at the Dubai International Financial Centre (DIFC)!

FinBursa is an investment technology platform based in DIFC that simplifies private market investing by connecting startups and growth-stage companies with a global network of qualified investors.

It was a pleasure to support FinBursa and witness their launch from the heart of DIFC. We look forward to continuing this journey with them as they shape the future of financial innovation.

Congratulations to Ismail Badereldine, Mohamed Idriss, and the entire FinBursa team — this is just the beginning!



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Rasma Legal is a multi-service law firm catering to the innovation economy. The firm is headquartered in the United Arab Emirates (UAE) and has branches in Saudi Arabia (KSA) and Lebanon. Led by the expertise and leadership of Mazen Rasamny, Rasma Legal stands as a beacon of legal excellence, equipped to guide clients through their diverse legal undertakings. Having an extensive legal background spanning over 23+ years, Mazen Rasamny brings a wealth of knowledge and experience to the table.

The firm is focused on innovation and growth and has been instrumental in providing comprehensive legal services to entrepreneurs and start-ups in areas such as M&A, Corporate and Commercial laws, Debt & Equity Capital Markets, Banking & Finance (including Project Finance), Corporate & Financial Restructuring, Energy, Infrastructure, and Project Development.

The firm has also been recognized by several leading legal publications such as Asian Legal Business, IFLR1000, The Legal 500, Legal Era, The Law and more.

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