

New updates to the Abu Dhabi Investment Office’s musataha

The Abu Dhabi Investment Office (ADIO) was mandated by the Government of Abu Dhabi to prepare an “enhanced” form of musataha to be used in the Emirate of Abu Dhabi.

Below is a summary of key enhancements made to the template form of musataha:

1. Project milestones	The list of milestones that the investor has to achieve by certain dates has been reduced to four key milestones: <ul style="list-style-type: none"> – submission of concept plans and the development programme; – submission of detailed plans; – substantial commencement of works; and – substantial completion of works
2. Security deposits	Bank guarantees in relation to the construction and operational phases of the project replaced with security deposits
3. Project completion	Owners shall have less oversight over works and will not certify practical completion of the investor’s works
4. Operational guidelines	The operational guidelines for the investor’s use of the plot are to be agreed in advance and appended to the musataha contract
5. Alterations	An investor can make non-structural alterations but requires the owner’s consent for structural alterations
6. Termination rights	The owner’s termination rights have been split into two phases with rights being more extensive during the construction phase
7. Lender protection	Certain new lender protection provisions have been included making the document ‘bankable’ for limited recourse debt (at least for local banks)
8. Yield up	The investor shall yield up on an “as is where is” basis or it shall return a bare plot upon expiry – the position will need to be agreed up front
7. Lender protection	Certain new lender protection provisions have been included making the document ‘bankable’ for limited recourse debt (at least for local banks)
9. Gross floor area	There is flexibility to increase the GFA prior to substantial completion. Approval of same is at the owner’s absolute discretion
10. Musataha premium	An investor is expected to pay a premium or an ongoing fee, but not both

Key contacts



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