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## Dubai property scandal claim emerges amid media blackout

By Heerkani Chohan

*Fake picture allegations and a member of the ruling family linked to a £428 million Dubai property row that has touched nerves across the city*

"Fake" pictures are at the heart of a property scandal that could harm the reputation of the once-booming real estate market in Dubai.

A major property development firm with links to the ruling family of the UAE city-state, and the firm's marketing agency, are accused by investors, many of whom are UK citizens, of obtaining millions of pounds through the use of false construction photographs.

On Thursday, after local and regional media had been alerted to the situation by angry investors, news agencies across the city said they were silenced by senior representatives of the Government of Dubai, as orders were issued for reports of the storm to be pulled.

Around 500 property buyers of varying nationalities collectively purchased three planned tower blocks named Ebony 1, Ivory 1 and Ivory 2 in the Jumeirah Lakes Towers area of the Gulf city last year from property development firm Al Fajer Properties, at a total cost of £428 million.

The firm is part of the Al Fajer Group, ran by company president Sheikh Maktoum bin Hasher Al Maktoum, brother-in-law to the supreme ruler of Dubai, Sheikh Mohammed bin Rashid Al Maktoum.

But at the weekend it was claimed that Al Fajer Properties and its marketing agent Dynasty Zarooni misled their customers into parting with millions of pounds by presenting photographs showing construction of three buildings, purported to be Ebony 1, Ivory 1 and Ivory 2, up to the sixth storey.

In fact the photographs were of buildings on neighbouring plots. Today, the plots on which Ebony 1, Ivory 1 and Ivory 2 are to be built, are empty holes in the ground, as our photographs show.

"I only handed over my money because I was shown property under construction," said UK-based Ebony and Ivory Investor's group spokesperson Moses Oye. "That's my simple gripe. It's a black and white issue."

Mr Oye, who has parted with a little over £1 million - 20% of his total purchase price - had made the seven-hour flight from London to Dubai specifically to chair a press conference to raise awareness of the mess, after official government channels failed to take action.

"We have not sought legal representation as yet," My Oye said, "because we have tried to square this correctly. The next step will be to go legal."

However, the press conference was cancelled at the last minute by the hotel where it was to be held, citing "health and safety reasons." The hotel, Dubai's Mina A'Salam, is owned by Dubai Holdings, a Dubai government-controlled

holding company.

"I asked for the reason to be put in writing, but the hotel refused," Mr Oye said. "So I asked for a suite. But they said they did not have anything. I personally believe that the powers that be cancelled the meeting." When contacted, Mina A'Salam management did not respond.

The conference was called to highlight a petition signed by the 500-strong investor's group urging the Dubai Real Estate Regulatory Agency (Rera), the government body which oversees the Dubai property market, to force Al Fajer Properties to refund the £86 million that has to date been collected by the firm from investors in the three towers.

After the meeting was axed, news agencies were called to a neighbouring hotel to be told of the escalating situation. But when reports began to surface on news websites, news agencies received phonecalls from senior Dubai government figures ordering them to be pulled.

"I had written half of the article when I was told by my editor to stop," said a Dubai-based national newspaper reporter who attempted to cover the story. "The investor's group have records of payment, and it's obvious that they have been shafted, but we can't write about it."

The lack of progress on the three towers is a source of deep concern for the investors. Many real estate projects across Dubai were put on hold or cancelled as the torrent of easy credit that fuelled rampant development in the city ran dry with the onset of the global financial crisis.

"Whether Al Fajer are still going to construct or not is neither here nor there," Mr Oye said. "They would not have got my money if they had not shown me fraudulent pictures." Al Fajer Properties also declined to comment.

Fellow investor's group spokesperson Atul Patel, who has parted with £600,000 added: "A lot of people would not have bought had they not thought the project was in an advanced stage of construction."

The pictures also appeared in an advertising campaign in a Dubai-based national newspaper last July, with the caption, "Shot at location on 10th June 2008. Ebony & Ivory - Jumeirah Lakes Towers." The two page spread included the seals of Dynasty Zaronni and Al Fajer Properties. Dynasty Zaronni also neglected to comment.

The news will further dampen the spirits of the once-booming Dubai real estate market - a vital facet of the city's economy. Last year a number of senior executives from major property developers across the city were arrested in a high-profile fraud clampdown as the government sought to clean up the property sector.

With it, the global recession has brought a host of new problems. Many construction firms operating in the city, some of which are UK-based, are owed millions of pounds by Dubai property developers struggling with a lack of liquidity.

Among them is UK engineering giant WSP. The firm's finance director Peter Gill revealed that the firm is owed £28 million by Dubai-based developers, some controlled by the city's government.

Dubai's property market has been likened by some to a giant ponzi scheme, where bigger and more grandiose projects were announced in a bid to keep investment rolling in until the financial crisis tamed the city's galloping development.

At Cityscape Dubai, a major property exhibition held last October, government-controlled developer Nakheel, responsible for the giant palm tree shaped islands off the coast of Dubai, announced it was to build the world's first 1km high tower. The Nakheel Tower - if ever built - will eclipse the current world's tallest building, Dubai's own Burj Dubai.

Meanwhile, state-owned developer Meraas unveiled a mammoth £16.3 billion development called Jumeirah Gardens, to be built in place of an existing residential area in the city.

Today, the plot where the world's new tallest tower should be under construction is little more than a sun-baked stretch of desert. Work on the Nakheel Tower was halted in January, and work on vast swathes of Jumeirah Gardens has also run aground.

The national media blackout over the Al Fajer case is unusual even in a country gripped by a harsh media law, and a pending new law, that has already drawn criticism for its prohibition of free speech.

A report by the US-based Human Rights Watch group into the UAE's pending media law, Just the Good News, Please, was published last month. "(The pending law) includes troubling content-based restrictions on speech, draconian fines, and harsh registration requirements," the report said.

It highlighted a number of the new law's provisions, branding them: "Not only unlawful intrusions by the government into the right of journalists in the UAE to freely express their thoughts and opinions on any subject of their choosing, but also an unjustified attempt to control the independence of the media."

Words that will do little to inspire confidence in Mr Oye. "This is going to define my faith in the country," he said. "If I'm dealt with correctly, great. But at the moment, it's not going that way. We're in the witching hour now."

*Heerkani Chohan is the pseudonym of a journalist living and working in Dubai.*

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