

estate launches and money flowing in at a torrent for much of 2008, Lohmann was on cloud nine. The trade newspapers for UAE's construction industry announced that Korean company Shinsung had won two contracts worth a total of US\$408 million to build the Schumacher and Becker towers in Business Bay, while the Lauda project contract was valued at \$204 million. Lohmann announced that the Becker tower would be completed in the fourth quarter of 2009 and Schumacher's project in early 2010. Eight

have been opened by now, there is nothing more than pile heads to show on the sites. The nearby 'Boris Becker Tower' has also stalled, with the last construction update, posted on 14th June 2009, showing a 'podium slab'. Again, there is no work taking place on the site today.

As for the 'Niki Lauda Twin Towers', which kicked off the whole concept, there is no sign of any construction at the site. Worryingly, it appears the project is yet to secure a construction permit. A statement on

which there were seven.

The model was simple: money from the funds would be used to purchase a plot to develop a project. ACI Real Estate LLC would 'flip' the building to several buyers for a profit. Investors would then be able to redeem their money, plus a profit, and the company would see a healthy return. German investors paid around €50 million (AED257 million) into these funds. There were seven separate funds launched since 2004, with the last two related to the Schu-

"Michael gets a lot of offers as you can imagine, and he is a very wealthy man. He is more concerned about protecting his image and his brand. I know he has turned down a lot of other projects, but he saw the value in this one and the deal was done very quickly."

more projects were announced by ACI, including tie ups with Ferretti and Pershing.

For a while, everything seemed fine. In late 2008, as the first signs of the global financial recession – and its depth – began to be felt in the region, so too appeared the first signs of trouble for ACI.

Before then, Lohmann had constantly been seen in public with his joint-managing director, Sanjay Chimani. Suddenly, in late 2008, Chimani fled Dubai. Chimani had been very close to Indian tycoon Kabir Mulchandani, who had been arrested in Dubai on fraud charges.

There were media reports that Chimani was being investigated for links to Mulchandani. The Chimani stories dented confidence in Lohmann, and, for the first time, people began to ask critical questions about the German's operation. The money inflow to ACI suddenly dried up. Overnight, justified or not, people smelled a rat.

Lohmann was quick to play down the departure of his joint managing director, explaining that "he was not an investor in ACI and not financially linked to the company."

Chimani has not been seen since. By early 2009, Dubai's property market began to go into free fall with prices crashing as much as 70 per cent in some areas. Suddenly, the buyers who owned the non-existent units in the once prestigious branded towers found they couldn't sell them on. But even if they could, more worryingly, very little appeared to have been done on the sites apart from concrete foundations replacing the sand.

The last construction update on 'Michael Schumacher Business Avenue', on the ACI website, is dated 9th June 2009 and shows an image of something called 'pile head cutting'. Despite the project due to

the ACI website, posted on 17th June this year, reads: "The project building permit and NOCs are being processed by the necessary authorities; works will commence after the main contractor obtains the same from the necessary authority and after obtaining the NOCs from the other authorities."

Bizarrely, there is no mention anywhere on the ACI website of Boris Becker's US\$817 million resort, where, again, there is no construction taking place.

So where has all the cash gone? The situation with the branded towers, Lohmann claimed last year, has been complicated by South Korean construction firm Shinsung, which was awarded two contracts worth US\$408 million in February 2008 to build the developments. The company, however, filed for protection from bankruptcy in December 2008. ACI duly terminated its contract with Shinsung on the Schumacher project. But Lohmann also claimed in his last media interview in July 2008 that the real problem was investor defaults, meaning he didn't have enough cash to complete (or start) the projects.

He said, blaming the buyers: "If everybody paid me on time, then I could progress on the site much faster. The 'Boris Becker Tower' will be ready in the second quarter of 2010 and Schumacher will take two years from now, but only if people pay. If people don't pay, we will have to slow down more. The branded towers are all under construction and will remain under construction. And because they are under construction, you [the investors] have no right to get your money back; your right is to pay me."

Much of the controversy also centres on ACI's funds, used to finance residential and commercial real estate projects in Dubai, of

macher and Becker projects. According to ACI, returns from those final two funds are not due until 2012. However, the omens are not good. German investors were expected to receive their profits from the first five funds in March 2009, and got nothing.

Lohmann explained last year: "The only way to get the money back is to complete the building from our side, and third party purchasers have to fulfil their payment obligations as well."

He added: "To liquidate anything in this kind of market scenario is very difficult. The market as well as the investors need to have some patience."

But Schumacher, Lauda and Becker have already lost patience and are now at pains to distance themselves from Lohmann and their Towers and Avenues.

Michael Schumacher was hounded by UAE reporters at last year's Abu Dhabi Grand Prix. He told them: "I have lost contact. My participation ended with the January 2008 visit and I haven't heard of him since." No mention of the special "board" that Schumacher had created.

Also at the Grand Prix was Becker, who, when asked about his involvement with Lohmann, said: "I'm not involved. I just came and appeared at some parties and that was it. They used my name, that's all." Lauda, also a guest at last year's Abu Dhabi race, simply said when quizzed: "I don't want to discuss this, it's not something I am involved with anymore."

Whether their answers will be good enough for the thousands of investors and property buyers who ploughed their cash into the projects following their endorsements, remains to be seen. As for Lohmann, he has not been seen for 12 months. He has disappeared. ●