

AT A GLANCE



**AL FUTTAIM'S SINGAPORE BID GETS THROUGH AFTER RAISED OFFER**

**Al Futtaim**, a UAE group with interests from property development to retail, on April 3 raised its bid for Singapore's Robinson and said the \$5619 million (\$448 million) offer had been accepted by Indonesia's Lippo. Al Futtaim raised its offer to \$57.20 from \$57.00 a share and now controls 60.8 per cent of Robinson, it said in a statement. The Middle Eastern group extended the deadline for its offer to April 30 from April 3. Robinson runs Robinsons, John Little and Marks & Spencer stores in Singapore and Malaysia. Lippo Group is controlled by the Riady family, which is ranked by *Forbes* magazine as the 12th richest in Indonesia. Stephen Riady, executive director of Auric Pacific, a Lippo unit, said in a statement that the group will use the proceeds from the sale of Robinson to focus on its other retail and food and beverage businesses. Shares of Robinson fell 2 per cent to \$56.86 on April 3, underperforming the broader market.

**UNITED BANK GETS ESCROW ACCOUNT OPERATOR STATUS**

**United Bank** Ltd (UBL) has now joined the ranks of financial institutions approved by the Land Department to open and manage escrow accounts on behalf of developers. The bank is 51 per cent owned by a consortium comprising of Abu Dhabi-based group led by Shaikh Nahayan bin Mabarak Al Nahayan, Minister for Higher Education and Scientific Research as well as Chairman of the Bank, and Sir Mohammad Anwar Pervez (Vice-Chairman) of the UK's Bestway Group. "The trust accounts have substantially boosted the credibility of the Dubai real estate market internationally," says Jumaa Bin Humaidan, Assistant Director-General of the Land Department.

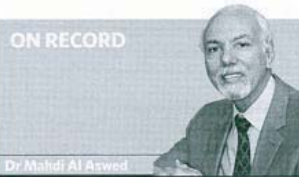
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# STRATA LAW BRINGS GREATER CONFIDENCE INTO THE MARKET

ON RECORD



Dr Mahdi Al Aswed

IF YOU live and work here in Dubai then it won't have escaped your notice that this once sleepy desert town is experiencing development on a scale never seen before. This environment, of course, presents a wealth of exciting opportunities but with it, comes many challenges, some seen some unforeseen, for the regulatory authorities.

The new 'Strata Law', or as I refer to it, the 'Community of Owners Law', has addressed the complexity of Dubai's projects. Its need to be sensitive to domestic, cultural, and economic interests while also being able to incorporate existing developments within a new legislative regime was the ultimate challenge. Does the new law fit the bill?

To answer this I would like to break it down into four sub-questions:

**Firstly, what effect will the Strata Law have on existing and future developments?**  
The law sees developers hand over control and ownership of the common areas

of the building rather than just individual units. In the past buyers only legally owned the actual unit they bought and had no claim on common areas such as pool and gym.

The new legislation will divide the common areas up by the number of units and gives each owner his proportional share. This means that ownership and therefore management and maintenance of the building will be in the hands of the homeowners who will be responsible for ensuring all common areas are carefully managed and maintained effectively.

Each building will elect a committee of members to oversee such matters. In addition, the law becomes a very good tool by which to organise and therefore legalise the relationships between all the mentioned parties, giving each role responsibility and rights.

It provides proper guidance to the property managers on what and what not they have to do, starting from the security at the doors to the yearly maintenance schedules of every building, as well as show the managers the ratio of each apartment portion of payment, which should be equal to its proportional ratio of the whole building.

For example, a building of 10 flats (five one-bedroom and five two-bedroom) will share the yearly cost of Dh100,000 per year as follows; each one-bedroom flat pays Dh10, 000 and each two-bedroom

unit pays Dh20,000. In fact, this law is essential in giving owners the authority to keep the building correctly maintained, cleaned and generally keep it well looked after. In this case the buildings should not deteriorate. Where the Law does not enforce common owners of the buildings to pay for maintenance, buildings often fall into disarray.

**How do I, as a developer feel about the Strata Law — is it a positive or a negative thing for my business?**

As a developer I expected that the Law should provide me with the flexibility required to structure and title my developments while at the same time ensuring the legal basis for management of the completed projects.

This means for a developer like myself the law is welcome for the following reasons:

1. It gives me the power to charge every owner a maintenance charge.
2. It is now illegal not to pay.
3. It means the building will be kept clean and maintained throughout its lifetime without it being my responsibility with the exception, of course, of the ordinary warranties of the main machineries.
4. The 'Community of Owners Laws' not only clarifies the relationships between all sides involved in the maintenance issue, but voting on every decision will be required with action taken



The Strata Law sees developers hand over control and ownership of the common areas of the building rather than just individual units

Photo: Richard Lumley

when the a majority view is accepted.

**Will the Law have an effect on the property market? If so how and why?**

Many people believe the new Law will have a negative impact on the market. I believe the exact opposite. I believe that this law will bring confidence and reliability to the market not yet seen. Every new co-owner in this market is now assured that his rights and his requirements will be meet by his Community of Owners regulations, including controls in hygiene, noise, music, hours of business if the building has retail units, etc.

**And finally what does it mean for the end-user?**

It is my view that previously most developers had not explained in the correct manner the arrangements for management and operation of their projects post completion. Now that the law is in place the end-user will be assured that whatever location he buys in and whichever building he lives in will be safe, clean and maintained, and running costs vetted and checked by his own community and his Community of Owner's auditors.

The writer is the Managing Director of Halcon Real Estate

