



14th September, 2009

Mr. Mohammed Al-Falasi,
Managing Director,
Emaar Giga Karachi Limited
2nd & 3rd Floor, Fortune Plaza,
72-east, Blue Area, Islamabad,
Fax 051 2803133

Emaar Giga Karachi Limited
Karachi Crescent Bay Sales Centre,
2 KM off village Restaurant,
Main Sea View Road,
DHA, Phase-VIII,
Karachi

Sub: Sale terms of Apartments in Karachi Crescent Bay are against the Laws of Pakistan

Dear Sirs,

Transparency International Pakistan (TIP), is a civil society organization, aims at building a coherent National Integrity System, to institutionalize efforts to curb corruption in public and private sector, and make Pakistan Zero Tolerance against Corruption and make efforts that the Rule of Law is supreme in Pakistan.

A number of allottees in the Karachi Crescent Bay, being built on DHA Karachi land in Phase VIII have sent their complaints to TIP that they are facing problems from non compliance of laws of Pakistan by you in course of building the project. They have alleged that the selling terms of the units are violating the Laws of Pakistan.

M/s Emaar Giga Karachi Limited was granted the Project, leased on 3 October 2007, in consideration of DHA entitlement of 10% of the profit after tax, and payment US \$ 12.99 million in 4 years installments. DHA Karachi is therefore involved in the project officially.

The allegations levied by the complainants are that you are not complying with the requirements of the Cantonment Act 2004, Building Bye-Laws which have been issued by Cantonment Board Clifton CBC on 3rd February 2007, and all builders of public sale projects have to comply to them. Few important requirements which every builder has to fulfill are;

Obtain No Objection Certificate for Sale from CBC, deposit 1% cost of Project as performance guarantee with CBC, shall pay to the CBC a fee for the "NOC" to publish a notice on the salient features name of project, address, builder, office address, architect or engineers, number of floors, number and sizes of shops, flats, offices, price, compulsory open spaces, date of completion, and draft agreement, sign an agreement with the buyer within 15 days of booking, complete the project within the time given in NOC, shall fulfill the obligation of the timely completion of the project by arranging the deficit



finances from his own resources, in case of a delay in construction shall pay buyer liquidated damages at the current bank interest rate for the duration of delay, no escalation in the cost shall be allowed except where inflation (as defined by the Ministry of Finance) is above double digit for particular year in such case excess over the double digits shall be the percentage of price increase, extension in date of completion will be allowed to a builder only if he produces documentary proof that more than fifty percent of his clients have defaulted in payments of two or more installments for over six months period, the builder shall also submit consent of at least fifty percent of the allottees while applying for the extension in time. No escalation shall be granted to the builder who has failed to complete the project in time, 40 months for this project, and the most important rule is that in case of default of installment or buyers own choice if the booking of the unit is cancelled and agreement terminated, the builder shall refund the total payment made so far within 30 days, after deducting only 4% of the installments paid by buyer.

It is reported that you have not obtained the NOC for CBC, and violated most of the mandatory terms as quoted above.

The most serious allegation on your company by the complainants is that you are charging 30% cost of the apartment as compensation if the allottee cancels the booking, whereas as under the Law you can only deduct 4% on the amount of installment paid by the allottee, and refund the balance amount within 30 days. In case the buyer has paid less installments than the 30% cost of the apartment, EMMAR has the right to go to court against recovery of the balance penalty.

TI Pakistan wants it be very clear to all foreign and local builders that public can not be charged than more than what is provided under the Law, and that the Rule of law in Pakistan is supreme.

A clarification on the above complaint may be given to Transparency International Pakistan within 7 days, whether you are abiding the CBC Bye laws, and not charging 30% cost of apartment as compensation if the allottee cancels the booking and making refunds within 30 days.

Yours Sincerely,



Syed Adil Gilani
Chairman

Copy forwarded to;

Chairman Public Accounts Committee, Islamabad,
Chairman NAB, Islamabad,
Chief of Army Staff, Rawalpindi,
Administrator DHA, Karachi,
Executive Officer, Clifton Cantonment Board, Karachi