

Bina Puri building 'white knight' status

It's better known as resuscitation specialist of failed or failing projects

HAVING successfully resuscitated a long abandoned project in USJ 21, UEP Subang Jaya, Selangor and moving on to its next property development revival project in Brickfields, Kuala Lumpur, Bina Puri Holdings Bhd is aiming to build its reputation as a resuscitation specialist of abandoned projects.

The Bursa Malaysia-listed corporation, which is also involved in the joint-venture klia2 project with UEM Construction Sdn Bhd, and the LRT extension project, is now actively on the lookout for more abandoned or failing projects to rescue.

"We hope with our enhanced reputation, more people will come to us to resuscitate failed or failing projects. At the end of the day, it's all a numbers game, whether a decent profit can be made," says Bina Puri Properties Sdn Bhd executive director Ng Keong Wee.

The company's first rehabilitated property was Main Place Residence in USJ 21 that was first abandoned in 2001 by its original developer after it was 63% completed. The development consists of a 34-storey building and four blocks of 25-storey service condominium, five-storey car park, two-storey basement car park and a three-storey retail podium.

The property now has a gross development value (GDV) of RM291 mil, says Ng.

The 13-year-old development was abandoned three times, first by developer Sanjung Utama Sdn Bhd, which also abandoned the Rhythm Avenue serviced apartment project in USJ 19.

According to reports, the abandon-



by Joseph Wong

ment was attributed to the economic downturn and "a mismatch in cash flow".

Two other "white knights" later attempted to revive construction only to back out from the task years later.

The first white knight, Pinggiran Setia Sdn Bhd, bailed out in 2006. The mixed development's second white knight, Sumbangan Legenda Sdn Bhd, was appointed to revive the project in 2009.

However, Bina Puri entered the picture when it was appointed a contractor for the project and eventually acquired a 55% stake in Sumbangan Legenda to become the third rescuer.

Its entry into this project also marked Bina Puri's first foray into retail management through the three-storey mall that is part of the integrated development.

This project was not as vibrant as Taipan in USJ 10 because of the stigma attached to it being an abandoned project. There were also worries that the original structure was weakened after being abandoned for over a decade.

Property search website Propwalk, in its analysis of the Main Place Residence, reports that buyers need not worry about that as the developer had rebuilt the structure.

"The prospects for the area have improved because of the LRT extension project and the LRT station is within walking distance from Main Place Residence," says a property agent.

Bina Puri's Ng is excited over the second resuscitation project, Rivo City at Brickfields, Kuala Lumpur, which has a higher GDV of RM1.29 bil. But



Ng says Bina Puri aims to build white knight reputation



Main Place Residence is Bina Puri's first resuscitation project

there is also a significant difference between the second rescue project and the first.

The Rivo City project is a public-private partnership with Syarikat Prasarana Negara Sdn Bhd and Bina Puri Construction Sdn Bhd, says Ng. "It's different from Main Place Residence where there are existing purchasers," he says.

"The abandoned project was called Monorail City and it was planned as a mixed commercial development encompassing retail and office space, a cultural village and landscaped areas with an amphitheatre," he says.

The development, like most abandoned projects, was partially completed and was later absorbed by Prasarana, Ng says.

Bina Puri's role in this resuscitation project is to develop, market and sell the development. Revived as Rivo City, the 1.87ha property is located near the Tun Sambanthan monorail station.

The mixed development project

SHARIL AMIN ABDUL RAMANI/Focus



Prospects for USJ 21 have improved as the LRT extension project includes a proposed station within walking distance from Main Place Residence

will house four high-rise towers, comprising 1,660 units of small-office, versatile-offices (Sovo) on three towers, a 22-storey serviced suite and a three-storey commercial podium with a sky bridge to the new monorail station. The expected date of completion is December 2017.

"So far, Bina Puri has been approached for these two abandoned projects but we are looking for others," he says.

He adds that Rivo City is a less complicated case than Main Place Residence as the latter involved over 1,000 buyers with the majority opting to keep their purchases.

According to reports, nearly 50% of the buyers met Bina Puri and decided to accept paying an additional 25% of the selling price 10 years ago to account for inflation and higher construction costs.

The buyers are aware that the prices had risen and saw value in keeping their existing purchases, says Ng.

Although the existing purchasers topped up 25% from the original purchase price, it was a small price for a property that had escalated by nearly 200%, he says.

That Bina Puri had successfully completed Main Place Residence has fuelled the company's desire to pursue its reputation as a white knight.

However, Ng says the company will not undertake every project that is offered as the company still has to consider the bottom line.

"For instance, when Plaza Rakyat was brought to us years ago, we turned it down after we looked at the complexities in legal terms and the financial muscle needed to take over the project," he says.

Plaza Rakyat was originally planned to comprise a 79-storey office tower, a 46-storey condominium, a 24-storey hotel and a seven-storey shopping centre but the project stalled in 1997.

Whichever company takes over the task of reviving the long-abandoned Plaza Rakyat project may have to cough up over RM2 bil to finally bring to fruition what should have been completed over a dozen years ago.

Other prominent white knights

Bina Puri Holdings Bhd is not the only white knight eyeing abandoned projects with the potential to be revived.

Several corporations are also known to have resuscitated "dead" projects that had been abandoned as a result of various economic downturns and financial crisis.

According to the Real Estate and Housing Developers' Association (Rehda), a total of 51 out of 155 abandoned projects have been revived to-date. Another 57 projects are in the process of being revived.

Among the more prominent white knights are big names like Quill Group and UDA Holdings Bhd.

Quill Group is reviving the abandoned phase two of Vision City, located at Jalan Ismail, Kuala Lumpur. This project is to comprise a seven-level lifestyle "green" mall, a 35-storey office tower and a 45-storey serviced apartment.

Vision City was originally developed by RHB Daewoo, a former subsidiary of Rashid Hussain Bhd, but only phase one of the project was completed, comprising three high-rise office blocks.

The partially completed and abandoned components of Vision City include a retail mall, another office block and an apartment block. These uncompleted components were taken over by Quill Retail Malls in 2007.

UDA Holdings Bhd, through its subsidiary UDA Land (North) Sdn Bhd, completed the Taman Orkid Indah project in Seberang Perai Utara, Penang, which had been abandoned since 2005.

Revival projects are not just carried out by listed corporations. SM-Mahasalam Land Sdn Bhd, for example, was elected turnkey contractor for the revived Rhythm Avenue in USJ 19, UEP Subang Jaya, Selangor.

However, some projects may have to remain abandoned until they are viable to be resuscitated.

Such stalled projects include the infamous Plaza Rakyat at Jalan Pudu, which has yet to complete its arbitration process despite renewed promises from the Kuala Lumpur City Hall to revive the project since last year.

The Duta Grand Hyatt, a 52-storey building located at the intersection of Jalan Sultan Ismail and Jalan Ampang, Kuala Lumpur which was to include both residential and commercial components, also remains shelved indefinitely.

Like Plaza Rakyat, the project, a venture between Kuala Lumpur Landmark Sdn Bhd and Mycom Bhd, was supposed to recommence in 2003 but failed to do so.

The project reached the 29th level before it was stopped. Until today, it remains partly completed and an eyesore rather than the gem that it was meant to be.