

No bidders again for Putra Place

By Vasantha Ganesan
bt@nstp.com.my
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Real estate experts reckoned that the commercial property, which is opposite the Putra World Trade Centre in Kuala Lumpur, did not draw interest at the public auction yesterday because of its value and size.

Its reserve price was set at RM634.5 million.

It was first put up for auction in April last year at a reserve price of RM705 million. As no bids were received, the price was reduced by 10 per cent to RM634.5 million.

Commerce International Merchant Bankers Bhd (CIMB) is selling Putra Place to recover loans given to property owner Metroplex Holdings Sdn Bhd.

"There was no bidder at the auction today (yesterday). We will wait for our client's instruction whether to proceed for another auction date. And if so, whether to ask for a reduction in the reserve price," CIMB's counsel, Alan Gomez, told Business Times.

This means that the price could go down by another 10 per cent to RM571.05 million.

Although an earlier auction date was set for January 20 this year, that auction did not take place as the judge felt that a wider net ought to be cast to attract more interest in a property of that size. A date was then set for April 16.

Gomez said that apart from the local dailies, advertisements were placed in the LA Times, The Wall Street Journal and the Jakarta Post.

Metroplex was instructed to place advertisements in Hong Kong (with circulation in China), Taiwan, Japan and Singapore.

Owing to a restraining order by Metroplex, the auction set for April did not take place. Four days ago, the company again tried to prevent a public auction of the property, but the court set it aside.

Real estate agent Previndran Singhe of Zerin Properties said it was rare for people to buy big-ticket items that go under the hammer.

"People prefer deals to be done via tender or private treaty," he said, adding that interest in a property on auction would not just depend on where one advertised but also how one advertised.

Previndran said the notices section in a publication tend to serve as information rather than a marketing effort.

Regroup Associates Sdn Bhd managing director Allan Soo agreed.

Soo said that when large amounts of money were involved, the buyer would normally opt to do due diligence.

An industry player who acquires assets on a regular basis said that for an acquisition of the size of Putra Place, one would need to be informed of the risks and that there should be full disclosure.

"This would include tenancies, tenures, provision for bad debts, running costs, and age and status of the mechanical and engineering and whether additional capital expenditure would be involved," he said.

The Mall comprises eight levels of podium retail/shopping units. The Putra Place office tower covers the tenth floor to the 33rd floor, while the 25-storey Legend Hotel includes serviced apartments and penthouses.

The freehold property with 193,621 sq ft space has 1,323 parking bays.

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