Discontent brewing over Pudu Jail

By Chris Prasad

KUALA LUMPUR— News emerged this week that development on the former site of the Pudu Jail in Kuala Lumpur may finally get the kick start it needs, after being left in an abandoned state for almost four years.

However, not all parties are happy to hear the news, especially since progress looks likely to come in the form of a tie-up between landowner UDA Holdings Bhd and Eco World Development Group Bhd — a company that has already garnered much attention for snapping up a number of prime parcels across the Klang Valley.

In particular, there is growing discontent among Bumiputera companies who feel that the development of the 19.4-acre site in the capital’s Golden Triangle business district should be exclusive to them.

At the heart of the matter is the fact that UDA, a government-linked company under the purview of the Ministry of Finance (MoF), was initially set up as a vehicle to redevelop urban areas and increase Bumiputera participation in the property arena.

Further compounding the matter, UDA conducted a tender exercise in September last year, but many of the companies that applied say that the results of the tender have not been revealed. They contend that UDA should have considered all bids before deciding on what looks to be a directly negotiated contract with Eco World.

Although there has been no official confirmation, sources close to the deal told several news agencies recently that Eco World looks certain to land the RM7 billion redevelopment project, dubbed the Bukit Bintang City Centre, and that an announcement will be made soon.

It is said that Eco World will take on the lion share of the development work on a 70:30 joint-venture basis.

The situation seems precarious as hardliners at Umno, Perkasa and Utusan Malaysia have already criticised UDA in the past, accusing it of abandoning the Bumiputera agenda by not appointing
Bumiputra joint-venture turnkey investors for the project.

However, market analysts say that such accusations would be harsh at this stage, given UDA’s current financial state. Its assets were estimated to be worth RM2 billion two years ago, but now it is more than RM900 million in debt.

Despite being made an Economic Transformation Programme (ETP) project under the Federal Budget, the Pudu Jail site has been left idle since the demolition of the prison complex in 2010, so there is now a real sense of urgency behind getting the developments plans on the prime site off the ground. UDA has the development rights but does not have adequate funds to undertake the large project.

By contrast, Eco World is a developer on the rise with over RM30 billion worth of projects currently under its belt. It can be argued that this was a deal that needed to be made as the joint-venture is expected to trim UDA’s debt considerably and potentially raise money for affirmative action projects in the future.

It is also understood that the decision to go ahead with the deal may have come from MoF and not the UDA board.

Interestingly, this is not the first situation of its kind involving the Pudu Jail site. Back in 2011, China-based developer Everbright International Construction Ltd was tipped to get the project with a RM2 billion investment into UDA.

However, heavy protest from several quarters prompted MoF to order a new plan.