Eco World likely to land Pudu Jail project

Controversy mounts as Bumi firms believe the RM7b redevelopment job should be exclusive to them

by CHRIS PRASAD

THE 19.4-acre site along Kuala Lumpur’s Jalan Pudu which once played host to the infamous Pudu Jail is no stranger to media attention, having housed the country’s most notorious individuals for more than 100 years.

These days, however, the vacant site is receiving attention for very different reasons. Strategically located within the capital’s Golden Triangle district, many developers have been licking their lips over the prime site and the RM7 billion-worth of redevelopment plans it has been earmarked for.

The land is currently owned by government-linked developer UDA Holdings Bhd (UDA), which has the development rights but does not have adequate funds to undertake the large project. Despite being named an Economic Transformation Programme (ETP) project under the Federal Budget, the site has been abandoned for the past few years.

Sources within the industry now reveal that UDA is close to inking a joint venture deal with Eco World Development Group Bhd, which will see the latter take on the lion share of the development work as well as the profits on a 70:30 basis.

Eco World has been on a landbank drive over the past year, scooping up some of the choicest properties nationwide and raising the total value of its order book to RM30 billion.

However, many Bumiputera firms which tendered for the contract have expressed their discontent about Eco World landing the deal, saying that the right to develop the land should have been reserved for them.

The prime reason for this is because UDA, whose only shareholder is the Ministry of Finance (MoF), was originally set up as an entity to redevelop urban areas and increase Bumiputera participation in the development industry.

Hardliners at Umno, Perkasa and Utusan Malaysia have criticised the decision, accusing UDA of abandoning the Bumiputera agenda by not appointing Bumiputera joint-venture turnkey investors for the project.

Another point of contention is that the results of the tender, which UDA called for in September last year, have not been revealed and that the selection of Eco World seems to have resulted from a directly negotiated contract.

It is also understood that the decision was made by MoF and not by the UDA board.

Back in 2011, China-based developer Everbright International Construction Ltd was tipped to get the project with an injected investment of RM2 billion. However, many quarters protested, prompting MoF to order a new plan.

This time the situation could be very different. UDA’s assets were estimated to be worth RM2 billion two years ago, but now it is more than RM900 million in debt.

The joint-venture with Eco World is expected to trim this debt considerably and potentially raise money for affirmative action projects in the future.
After the demolition of the prison complex in 2010, the site has remained idle for the past four years.