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HD **Australians face dream home eviction**
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Property debacle - **Chinese** bank holds titles but developer says deal is near

Daryl Davies knew when he saw the luxurious homes set amid eight tropical acres with stunning sea views, that this was where he wanted to spend his retirement.

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"They are absolutely delightful," says 70-year-old Mr Davies from Melbourne, of a \$30 million development on the west coast of the Thai resort **island** of Phuket.

Mr Davies, a retired **commercial** pilot, paid the equivalent of about \$500,000 in Thai baht for his three-bedroom home in Chom Tawan, one of the most prestigious developments on Phuket.

But a Thai court has authorised an auction of the homes of Mr Davies and more than 40 other buyers to the highest bidder if millions of dollars owed to the Industrial and **Commercial** Bank of **China** (ICBC) by the project developer are not repaid by a December 17 deadline.

The plight of the buyers, many of whom have been living in the homes since they were completed seven years ago, illustrates the risks foreigners face buying real **estate** in Thailand, one of the most popular destinations for retiring Australians.

Mr Davies and other buyers, including five Australian families, believed they were covering all bases before paying for what were promised to be effectively 90-year leasehold titles for the homes, including hiring lawyers to do due diligence on the **property**.

"We never for one moment thought there would be a problem," says Mr Davies, who is married to a Thai.

Two years ago buyers awoke to find notices pinned to their doors declaring that a Thai manufacturer had not been paid for supplying appliances to the development.

"We were shocked. We started investigating what had happened but it only got worse, much worse," Mr Davies told Fairfax Media.

The developer, Napawan Asia Limited, had promised that buyers who paid upfront for their houses would receive titles reflecting their freehold/leasehold ownership once the development was registered with Phuket's land department.

Catherine Gathani, a buyer from **Hong Kong**, said she was aware when finalising the contract for her home there was a mortgage on the land but Napawan Asia told her "this would be paid down as the buyers' stage payments were made, so that by the time the project was complete the mortgage would be fully paid".

She said buyers only discovered several years later the **company** had not repaid the original mortgage and that it had given the titles of the buildings to the bank as part of a debt restructuring.

Andrew Street, the British developer behind Napawan Asia, admits the **company** was "over-extended commercially at the commencement of the global financial crisis".

Mr Street, who has returned to live in Britain, told Fairfax Media "I have remained and still intend to deliver all that the buyers require". "Within weeks of this date there will be **firm** plans to bring this debt restructuring to a conclusion," he said.

But Mr Davies said attempts over recent months for a settlement between ICBC, the buyers and Napawan Asia have collapsed in acrimony. Under one proposal discussed by ICBC in October, the buyers would be forced to pay almost \$200,000 more than the original price in exchange for the bank releasing the mortgage.

Mr Davies described that as a "bridge too far" for the buyers.

"Many of the investors are retirees who face losing most or all of their life's savings. It is an appalling situation to be in," he said.

Mr Street, who bought a \$1 million house in the English Midlands in August 2013 after leaving Phuket, said "it is not in the interest of all parties concerned for me to return to Thailand whilst in the final steps of the debt workout".

As the auction deadline nears, buyers desperate to keep their houses have asked Thailand's military rulers to intervene and have taken urgent legal action to try to head off the **sale** of their houses.

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