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HD Industry disquiet as ICWA sells in a weak market

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LP The Insurance Commission of WA is poised to disclose the outcome of its \$800 million property sell-off, testing the decision to bypass property agents in favour of PwC.

Two buyers, one Chinese and one local, are said to have been short-listed last Tuesday for the final stage of bidding.

TD But the rumour mill also suggests there is a real chance that ICWA hasn't got the price it wanted for its Perth commercial properties and may opt to retain them.

The State Government insurer put the four St Georges Terrace office towers and two suburban shopping centres on the market in April via a three-stage bidding process, with the aim of completing the divestment by the end of the year.

The choice of PwC's fledgling real estate advisory arm to handle the potentially record sale was a contentious one in property circles. It could prove embarrassing if ICWA doesn't get the sale away.

Yes, the agents were miffed at missing out on what could have been a good commission but they also complained they weren't even given a crack at the mandate.

Some pointed out yesterday that weakness in Perth's commercial property market should have made it even more important the ICWA sale was handled within the industry, by agents able to call on long-standing relationships with buyers and boasting leasing and research expertise.

Given the depressed market, it may not matter who has handled the sale, the outcome would still be the same. However, that won't stop criticism from agents who will claim a failed sale as proof they would have done better.

By all accounts, there's been good interest in ICWA's two retail assets, The Shops at Ellenbrook and Livingston Marketplace in Canning Vale.

But industry insiders have questioned the sale format and whether it has generated the competitive tension needed to maximise the price for the commercial assets, 219 and 221 St Georges Terrace, Westralia Square at 141 St Georges Terrace and Westralia Plaza at 167 St Georges Terrace.

"They've got a chance of doing a deal, it's going to be a matter of whether they do or not," one said yesterday.

ICWA chief executive Rod Whithear concedes some buyers had "grizzled" about aspects of the sale process but says there has been no need to revisit the choice of PwC.

"We think we have run a pretty solid sales process where everybody knew the rules at the start," he says.

Without being specific, he says the group is now evaluating a number of bids, citing "healthy demand".

"Hopefully we are not far off saying something".

ICWA's property assets form a cornerstone of a \$4.4 billion investment portfolio held to offset insurance liabilities.

The real estate is on the books at \$800 million but the commission was hopeful of a sale price closer to \$1 billion, citing a shortage of A-class properties in Perth.

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