

**HD** **Australians face dream home eviction; Chinese bank holds titles for properties**

**BY** By Lindsay Murdoch in Phuket

**WC** 894 words

**PD** 27 November 2014

**SN** Canberra Times

**SC** CANBTZ

**PG** A010

**LA** English

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Australians face dream home eviction

NIGHTMARE: Melbourne retiree Daryl Davies outside the Chom Tawan residential development on Phuket's west coast. He and other buyers face eviction because of the developer's financial woes.

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**Chinese** bank holds titles for properties

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Daryl Davies knew when he saw the luxurious homes set amid eight tropical acres with stunning sea views that this is where he wanted to spend his retirement years. "They are absolutely delightful," says 70-year-old Mr Davies from Melbourne, referring to a \$30 million development on the pristine 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 dream three-bedroom home in Chom Tawan, one of the most prestigious residential 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 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.

"The company kept telling us everything is going nicely. "It's happening, don't worry. "But it went on and on," Mr Davies said. 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 or remortgaging arrangement. Andrew Street, the British developer behind Napawan Asia, admits the company was "over-extended commercially at the commencement of the global financial crisis", which he says had a significant impact on Phuket. 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. "All parties are involved in

producing an agreement to achieve the buyers' requirements relating to ownership ... we are at the final negotiations of all matters with the bank, buyers and suppliers to conclude this matter." 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 their original **purchase** price in exchange for the bank releasing the mortgage. The development builder is also

owed several million dollars, complicating any settlement. Mr Davies described the proposal 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. "We fear that one day soon we will all get knocked on our doors and be told to leave our homes." Mr Street, who bought a \$1 million house in the English Midlands in August 2013 after leaving Phuket, said "certain people" have tried to personalise the issue and derail any settlement amid a myriad of legal claims and counter-claims.

"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," he said. As the auction deadline nears, buyers desperate to keep their houses have asked Thailand's military rulers to intervene in the case and have taken urgent legal action to try to head off the **sale** of their houses. Mr Davies said the buyers he is speaking for have not given up hope of keeping their homes "but our position looks dire". He said the buyers decided to speak publicly about their plight to warn others who may be considering investing in Thai real **estate**.

**RF** 62529602

**RE** thail : Thailand | austr : Australia | china : China | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | bric : BRICS Countries | chinaz : Greater China | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | easiaz : Eastern Asia | seasiaz : Southeast Asia

**PUB** Federal Capital Press of Australia Pty Ltd

**AN** Document CANBTZ0020141126eabr0001b