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# EPF to sell London buildings

Pension fund eyes £100mil profit from disposal of two properties

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**PETALING JAYA:** The Employees Provident Fund (EPF) is looking to sell some of its buildings in Britain, which could fetch it a cool £100mil (RM550mil) in profit.

The fund has put two office buildings, namely, St James Square, West End, SW1 and Tower Bridge House, E1, formerly known as the K2 building at St Katharine Docks, on the market, sources said.

The two properties were put up for sale about two weeks ago, but indicative prices

differ among the sources.

According to one source, the EPF is releasing both properties for a combined value of £405mil, but another source has put it at about £380mil.

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## EPF bought St James Square in 2011 for £147.5mil

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The EPF had bought St James Square in August 2011 for £147.5mil (which had then carried a rental yield of 5.4%) and is looking to hive it off at a price of £205mil, according to one source.

A second source said the building is being put on the market for £180mil.

The second property, Tower Bridge House, was purchased at about the same time for £163mil, then representing a yield of about 5.6%.

It is seeking about £200mil for this property now, which works out to a net yield of 4.5%.

If the EPF succeeds in selling both properties at the higher range, it will make a gross profit of about £94mil after having kept both properties for between five and six years.

In April 2015, joint-owners Retirement Fund Inc (KWAP) and the EPF had sold the nine-storey 1 Sheldon Place for £210mil to British Land, a United Kingdom-listed real estate investment trust.

The Malaysian funds had paid £156mil for the office building back in 2010, fetching a good premium for one of their earlier investments in London's commercial property.

The 200,000-sq-ft building is fully let out to Visa Europe Services until December 2022

### Malaysian funds' London sales

Status	Owner	Property	Year bought/sold	Bought for £	Sold for £
On sale	EPF	11-12 St James Square	2011	147.5	
On sale	EPF	Tower Bridge House	2011	163	
Sold	EPF/KWAP	One Sheldon Place	2010/2015	156	210
Sold	KWAP	88 Wood Street	2013/2016	215	270
Sold	Tabung Haji	151 Buckingham Place	2013/2015	205	250

Source: Various

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with a rent review in December 2017.

The EPF has been actively looking to monetise its other UK assets as well. In 2015, it was also reported that the EPF had put up commercial building Whitefriars, 65, Fleet Street - the headquarters of law firm Freshfields Bruckhaus Deringer - for sale for £170mil.

The EPF had bought this property for £148mil. The lease for the 225,000-sq-ft office is until 2021 and offers a yield of 5.75%.

It had bought Whitefriars from German-based fund Union Investment in 2011.

Also in 2015, EPF chief executive officer Datuk Shahril Ridza Ridzuan told a press con-

ference that it was considering the sale of Reading International Business Park, in Reading, Britain. It had acquired that building from Arlington Business Parks Partnership Fund for £140mil in 2011.

In an email reply to *StarBiz*, Shahril said that this property was still in its UK portfolio.

In 2015, Malaysian funds were advised by the Government to repatriate their foreign investments to help boost the local economy.

The EPF entered into the London property market in 2010, setting aside £1bil for its UK property spending soon after the 2008 global financial crisis, which thrashed the pound

sterling to as low as less than RM5 to a pound sterling.

The attractive exchange rate between the ringgit and the pound, coupled with the fall in property values from residential housing to office blocks, prompted investments from both the private and public sectors and cash-rich Malaysians.

With a fund size of some RM700bil today, among the largest in the world, the EPF subsequently increased its £1bil investment threshold, as it moved into more purchases other than office space, a chain of hospitals and logistics assets in the UK and the European continent.

The EPF's foray into Britain also prompted other Malaysian funds to follow suit. Among them, Permodalan Nasional Bhd, KWAP and pilgrim fund Lembaga Tabung Haji (LTH).

Some of these local funds did cash out before Britain voted to leave the European Union.

KWAP sold 88 Wood Street in May 2016 just before the June 23 Brexit referendum for £270mil, giving it a premium of £55mil, having paid £215mil in 2013 for the 18-storey London office building.

In April 2015, LTH sold 151 Buckingham Place, an office block, for £250mil, 22% higher than the price it had bought it two years earlier.