

JOINT STATEMENT BY EPF AND PNB

19 January 2018

We refer to media articles relating to the proposed reorganisation of ownership in the Battersea Power Station project, as announced separately by S P Setia and Sime Darby Property to Bursa Malaysia on 18 January 2018.

1. The Employees Provident Fund (EPF) and Permodalan Nasional Berhad (PNB) confirm that both have signed a Heads of Terms (HoT) with Battersea Phase 2 Holding Company Limited to initiate preliminary negotiations to purchase commercial assets in Phase 2 of the Battersea Power Station development for an estimated total consideration of £1.608 billion (equivalent to approximately RM8.76 billion). The HoT is a non-binding agreement and its terms will be subject to further due diligence and negotiations.
2. EPF is part of the consortium of developers, consisting of S P Setia and Sime Darby Property in the greater Battersea Power Station development which began in 2012, with the entire development spanning Phase 1 to Phase 7. The EPF directly owns 20% of the Battersea Power Station development and the reorganisation exercise will not affect EPF's shareholdings in the existing overall development.
3. PNB, on the other hand, holds majority stakes in S P Setia and Sime Darby Property which jointly own 80% equity in the Battersea Power Station development.
4. Phase 1 of the project, which comprises largely residential units, is already completed with 100% take-up rate and has been successfully handed over to the residential buyers in the last quarter of 2017, whilst the residential component of Phase 2 is almost 100% taken up. The initial capital invested into the project by the consortium of developers has also been reinvested into developing subsequent phases.

5. The EPF and PNB are now contemplating to acquire ownership in Phase 2 of the project – known as The Power Station building – which is the anchor project consisting mainly of retail and office spaces. The EPF and PNB view this as a strategic opportunity to secure ownership of a unique and iconic real estate asset in a global city, which will be able to deliver a sustainable income stream into the future to meet their respective income needs.
6. Phase 2 of the project is expected to be completed by late 2020 and has also been pre-let to anchor tenants such as Apple, one of the world's leading technology companies, for a 500,000 sq ft tenancy – in one of London's largest ever office pre-lets. This bodes well for potential investors, as it is seen as a precursor to an exciting future for the Battersea Power Station development.
7. The purchase price, which is still subject to further due diligence, has been structured based on a completed and tenanted basis, to provide attractive long term yield for the investors.
8. In line with its diversification programme of recent years, the EPF has been actively expanding its real estate and infrastructure assets both domestically and overseas to deliver long-term sustainable income for the benefit of its members. The proposed transaction is also in line with PNB's Strategic STRIVE-15 Plan which outlines a long term strategy of portfolio diversification and judicious expansion into global assets.
9. The EPF and PNB wish to reiterate that the decision to explore the potential reorganisation of ownership was purely an investment consideration initiated by the BPS Board and management team, together with the EPF and PNB, and was undertaken independently without any government intervention.
10. EPF and PNB are steadfast and committed to uphold the trust of the two institutions' members and unit holders respectively, as well as the Malaysian public, and any inferences that investment decisions are made for any other reason than for the benefit of the people are completely false and malicious.

Thank you.

Jointly issued by EPF and PNB

About the Employees Provident Fund (EPF)

The Employees Provident Fund (EPF) is Malaysia's premier retirement savings fund to help its members achieve adequate savings for a comfortable retirement. This is in line with EPF's vision to help members achieve a better future and the mission to safeguard members' savings and deliver excellent services. The EPF has evolved significantly from transaction-centric to a professional fund management organisation with a strong focus on retirement security. The EPF is guided by a robust and professional governance framework when making investment decisions. It continues to play a catalytic role in the nation's economic growth and seeks to cultivate a savings and investment culture among its members to improve the country's financial literacy level.

About Permodalan Nasional Berhad (PNB)

Permodalan Nasional Berhad (PNB) is Malaysia's leading fund management company with assets under management of over RM279 billion. PNB's portfolio covers strategic investments in leading Malaysian corporates, global equity, private investments and real estate. For more information, please visit www.pnb.com.my.