

PNB snaps up RM2.38b London properties in latest buying spree
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The inner yard of the European Bank for Reconstruction and Development in London.

KUALA LUMPUR, March 8 — Permodalan Nasional Berhad (PNB) completed a deal yesterday to buy major London landmark One Exchange Square in the city's financial district for £500 million (RM2.38 billion), bringing the state-owned asset manager's buying spree in the British capital this year to over RM4 billion.

The buildings are the European Bank for Reconstruction and Development's office building, One Exchange Square, near Liverpool Street in London's City financial district, and 90 High Holborn, which is leased to law firm Olswang Solicitors.

Earlier this year, PNB had also snapped up Milton and Shire House on Silk Street for £350 million.

PNB's latest acquisition is from German fund manager KanAm.

The Daily Telegraph newspaper quoted Andrew Sim, head of European investment at Knight Frank, which advised KanAm on the sale, as saying: "London remains the primary target for the majority of new sovereign wealth and state pension fund equity and in this regard PNB is certainly one of the most important new entrants."

In January, Reuters reported that KanAm was in talks with PNB and a Middle Eastern Investor for part or all of a £1 billion portfolio of four London properties, including Deutsche Bank's UK base and Thomson Reuters' office block in Canary Wharf. It is understood the two latter properties are no longer for sale.

PNB is also in the middle of a controversial takeover of local property giant S P Setia Bhd.

But the S P Setia deal hit a road bump yesterday when an independent advisor for the takeover recommended that shareholders reject the offer of RM3.95 a piece for the shares PNB does not already own in the company.

Besides PNB, the Employees Provident Fund (EPF) has also been snapping up London properties.

Last December the state pension fund closed a five-year £300 million loan, its first offshore loan, to fund the acquisition of three London-based properties.

EPF was also reported last August to be in talks to purchase British supermarket chain Sainsbury's distribution centre outside central London for RM400 million, and two more properties in London for a total of RM1.5 billion.

This is in addition to an office building the state pension fund acquired in London last November for RM780 million as part of plans to invest up to £1 billion in the British property market.

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