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**Battersea
project keeps
Malaysia flag
flying >19**

Battersea – the pride of Britain and Malaysia

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THE last three years have been a roller coaster ride for all who have been involved in the rejuvenation of Battersea Power Station, one of London's much loved and most iconic landmarks.

The Malaysian consortium, comprising S P Setia Bhd, Sime Darby Bhd and the Employees Provident Fund, that is turning the 42-acre site into a huge complex of apartments, shops and offices in an £8bil project, has sold more than 1,300 homes so far in three rounds.

Work on the underground and leasing of retail space have also commenced. As remarkable as this turnaround may be, much is yet to be done on the site south of the Thames. So 2016 will have its own set of milestones.

Buyers of Phase 1 will be getting their keys next year. How this will be done even as construction progresses on the site will cement Malaysia's branding in the financial capital.

Says an architect who bought a

unit and who has made Malaysia his home the last 20 years: "I am British and I never thought I would one day buy a Malaysian project in London. That says something."

The Battersea site is hugely symbolic for both countries. For the British, the 1980 Grade II listed 1930s building is testimony of the nation's industrial past. It is also a symbol of decay and lost willpower with many attempts to revive the site for some 30 years after it was shut down in 1983. For

Malaysia, it is the most important real estate development abroad and exemplifies what we can achieve on the global stage if we work together.

How the consortium handles this first handover – from the standpoint of the customer, the local authorities and the community – will underscore the success of Battersea as an investment proposition and a development of choice. The decision to work, live and play rests on how well this process is managed.

The second major to-do item in 2016 is managing the construction of the Northern Line Extension (NLE) which has just begun. With one stroke, the NLE will put 200 acres of London's former industrial past within 15 minutes of the West End. The new line will serve as a new circuit board on which other modes of public transport will plug into.

Distinctively Malaysian

While Battersea is irrevocably British, Malaysia Square, located at the southern entrance of the power building – work is yet to begin – will be indisputably and distinctively Malaysian. And to have it named such is an international relations feat.

The multiple layer design using different materials – limestone, granite, marble, sandstone, gravel and dolomite striations – will be sourced from Malaysia. Geologically and geographically, Malaysia Square is inspired by the rock formations found in richly diverse Sarawak's Mulu Caves.

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But in any development, what is critical is the critical mass, the focal point and here is where the power station – the retail offering – presents itself.

Battersea Power Station Development Co Ltd head of leasing Jo Skilton says the current plan is to have two retail floors and a food street on the third level. It will be the gastronomic capital of London with delights from around the world. Europe's largest brick and art-deco building will be the centrepiece to knit the seven phases together.

It will “fly the flag,” so to speak. Because this will be where people will head towards, for the history and the culture of Britain's industrial past.

Skilton and her team are not planning for a “conventional mall”. Different concepts are being tweaked now. Some of the office space will have open floor areas closer to 80,000 sq ft. Leasing negotiations are ongoing.

BNP Paribas Real Estate UK executive director (UK Residential) Adrian Owen says “mixed use development on this scale is essential for the place making required to make a successful scheme.” There has to be different elements to create a sense of place.

“It will need a balance of commercial, retail and hotel elements that create a different dynamic to the residential. If it is all residen-

tial, then there will no sense of place, or culture, or vibrancy. King's Cross is a fantastic example of how the mix of uses are essential to a successful development,” says Owen.

Together with the 200-acre **Battersea Park** and its proximity to Chelsea, the real estate on that site will be able to hold its own.

Important though the project may be, there are nevertheless other notable developments in and around the city. The Qataris are re-developing Chelsea Barracks, a 20-minute walk across the Chelsea Bridge from the site. The barracks were in military use for more than 150 years. The area around the US embassy is also undergoing rejuvenation.

Global attention

As London goes through a seismic change in more ways than one, in the realm of real estate, the financial hub has attracted huge global attention since the 2008 global financial crisis. From Battersea Power Station in the south to King's Cross in the north, developers and buyers have descended on the financial capital.

But among these dozen-odd notable projects, there is only one that is 100% driven by Malaysians. Undoubtedly, Battersea Power Station is the pride of both countries and the turning point for

Malaysian co-operation. And yet, important though this project and 2016 may be, who is to replace Tan

Sri Liew Kee Sin, whose chairmanship in Battersea Project Holding Co Ltd ends on Sept 30, 2015, is still a mystery. That is just two months away.

Liew has time and again said he would like to focus on Eco World International Bhd. But because of his previous ties, having spear-headed numerous bids for it when it was under receivership while still heading S P Setia Bhd, those bonds are difficult to erase.

“I love Battersea. It is my life (but) I need to close that chapter,” he said in a previous interview.

Says Owen of BNP Paribas: “Clearly the role of chairman for such an iconic and large regeneration project is very important. It is, of course, prestigious but there are many significant large regeneration projects ongoing in London and, therefore, it is probably more important for the project itself and the confidence of the shareholders (and the people who bought into it) rather than in the wider London context.”

The cooperation among the three shareholders have helped to cement ties and it is hoped that this common goal will continue to drive the project. Because at the end of the day, the project is much bigger than personalities and personal differences.



Unique design: An artist's impression of Malaysia Square at the southern entrance of Battersea Power Station. The project is inspired by the rock formations found in richly diverse Sarawak's Mulu Caves.

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Battersea Power Station key milestones

June 7, 2012	SP Setia Berhad & Sime Darby Berhad selected as preferred bidders to acquire the site
July 4, 2012	S P Setia, Sime Darby and Kwasa Global (a 100% subsidiary of EPF) form consortium
Sept 4, 2012	Site formally acquired
Jan 1, 2013	Launch of 866 units, Phase 1 in London/Kuala Lumpur
July 4, 2013	Ground-breaking ceremony by Malaysia/UK Prime Ministers
Oct 2013	Raised £790mil of development financing for Phase 1 and re-financing of land loan
Nov 2013	Power Station building repair work begins
May 2014	London-only launch of Phase 2, 255 units in Power Station building
July 2014	Replacement of the first chimney (south-western) commences
Oct 2014	Raised £1.35bil to refinance the land loan & fund the development of Phase 2/3
Oct 31, 2014	Global launch of residential units in Phase 3a and commercial launch in 13 cities, 11 countries
Nov 2014	Approval of Northern Line Extension underground to proceed
Dec 2014	Unveiling of Malaysia Square in Putrajaya by Malaysian Prime Minister/London mayor in Putrajaya

NOTE: As at June 2015, Battersea Power Station has achieved sales of £1.8 bil, works on the NLE have commenced and leasing efforts are progressing well for the retail space.

Source: Battersea Dev Co Ltd

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Gross development value

Phase 1

Residential	£845m
Commercial	£51m
Total	£896m

Phase 2 (As per May 2015 board approved appraisal)

Total residential proceeds	£770.7m
Total retail & leisure net proceeds	£565.4m
Total hotel net proceeds	£26.0m
Total office net proceeds	£357.9m
Other commercial proceeds	£73.1m
Total GDV	£1,793.0m

Phase 3

Residential	£2,014m
Retail & F&B	£322m
Hotel	£57m
Other commercial	£63m
Total	£2,456m

Phase 3A only

Residential	£946.7m
Retail & F&B	£163m
Hotel	£57m
Other commercial	£36m
Total	£1,202m

NOTE: All as per June 2015 board approved appraisals

Source: Battersea Dev Co Ltd

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