

M&G INVESTMENTS FINANCES PRIVATE AND SOCIAL RESIDENTIAL DEVELOPMENT

- ***Construction of 233 homes in East London completing in 2015***

London, 28 June 2013 – M&G Investments, the leading investment manager, has struck a deal with developer be:here, a subsidiary of Willmott Dixon, and housing association Poplar HARCA, to fund the development of 233 residential units at Aberfeldy New Village, East London. The development will provide a mixture of social, affordable and private rental units.

M&G has acquired a 250 year long leasehold interest in the land at East India Dock and is providing the development funding to be:here. Completion of the development will initiate a 30 year lease to Poplar HARCA, at an initial rent of £2,639,813, with annual rent reviews linked to inflation.

On expiry of the 30 year lease, the social and affordable units will revert to Poplar HARCA for £1 and M&G will retain ownership of the private rental units (with Poplar HARCA having the right to renew its lease over those units). The private rental units will be let under the be:here brand with Poplar HARCA responsible for the on-going management of the tenancies, including all outgoings, maintenance and repairs during the lease term.

The capital for the development is provided by the M&G Secured Property Income Fund*. This fund owns real estate on long leases, such as supermarkets, hotels, offices, residential and student accommodation, to provide its pension fund investors with returns linked to inflation.

This deal follows the first residential investment made by the Fund in January, when it acquired 401 market rented units at Stratford Halo in a sale and lease-back transaction with Genesis Housing Association. M&G funds have now invested nearly £300m in residential assets this year alone.

Ben Jones, manager of the M&G Secured Property Income Fund, says: “This landmark transaction provides much needed capital for the development of social, affordable and private rented housing in London. It’s a simple funding model that provides significant benefits to all parties. It provides the developer with an attractively priced total funding

solution, the housing association with long term ownership of the affordable and social rented units with no development exposure, and our pension fund clients with an income linked to inflation along with the long term capital upside potential of private rented London housing.”

“The fund has now completed on over £300m of acquisitions this year alone and has significant capital to invest into further high quality investment and development funding transactions with rental income linked to inflation. In the past 12 months the fund has grown in size by £400m and will soon reach £1.5bn, remaining the largest fund of its kind.”

The fund was advised by M&G Real Estate, formerly known as PRUPIM.

***About M&G Secured Property Income Fund**

- Portfolio comprises 34 properties, with total assets of £1.48 billion (as at 31 May 2013)
- The Fund invests in high quality UK commercial property with long term leases (weighted average maturity of over 27 years) with over 90% of the income linked to inflation and the remainder having fixed uplifts
- The Fund’s properties have high quality, predominantly investment grade tenants providing a broader exposure than most institutions can achieve by direct investment
- M&G combines fixed income/credit and property expertise to analyse tenant quality (income component of the fund) and underlying value of the real estate (capital).

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Notes to Editors

About M&G

M&G is an international active asset manager, investing on behalf of individuals and institutions for over 80 years. At 31 December 2012 the firm manages over £228 billion of assets through a wide range of investment strategies across equities, bonds, property and multi asset.

Headquartered in London, M&G employs over 1,500 people worldwide operating from offices across Europe and Asia.

M&G's history is a story of investment firsts, from the UK's first mutual fund in 1931 to the Inflation Linked Corporate Bond Fund in 2010.

About M&G Real Estate

M&G Real Estate (formerly known as PRUPIM), is the real estate fund management arm of M&G and is one of the top 25 real estate fund managers in the world by assets under management, with over £16 billion invested in a broad spread of properties across Europe, North America and the Asia Pacific region (as of 31 March 2013). M&G is the investment arm of Prudential Plc in the UK and Europe.

About Willmott Dixon

Willmott Dixon is one of the UK's largest privately-owned construction, development and support service companies. Its Regen division develops high quality residential units for sale often as part of mixed-use projects and, through be:here, is actively involved in developing and managing residential accommodation for the private rental sector.

About Poplar HARCA

Poplar HARCA (Housing and Regeneration Community Association) is a registered social landlord. It owns and manages over 9,000 homes in Poplar east London, transferred from the London Borough of Tower Hamlets.

Working with their wide range of diverse partners Poplar HARCA is making Poplar a better place to live.

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