

M&G INVESTMENTS TO PROVIDE £113M OF DEVELOPMENT FINANCE FOR SCOTTISH POWER'S HEADQUARTERS IN GLASGOW

London, 18 October 2013 – M&G Investments, the leading investment manager, has struck a deal with Scottish Power to fund the construction of the firm's new headquarters in Glasgow, Scotland.

M&G has acquired the land on India Street and St Vincent Street on a feuhold (freehold) basis, and has worked with Scottish Power, and its development partner, Helical Bar, to provide funding for the scheme. Completion of the office is expected at the end of 2015 and will initiate a 25-year lease to Scottish Power, with annual rent reviews linked to inflation. The lease will see Scottish Power responsible for all outgoings, maintenance and repairs during the term.

The capital for the development is provided by the £1.53bn M&G Secured Property Income Fund*. This fund invests in and develops real estate, such as supermarkets, hotels, offices, residential and student accommodation, which is leased to tenants over the long-term, in order to provide M&G's pension fund investors with returns linked to inflation.

This deal brings the total development finance provided by the Fund to nearly £400m. Most recently, it agreed to provide the funding for the development of 233 residential rental units at Aberfeldy New Village, East London, and the student accommodation at Swansea University's new campus.

Ben Jones, manager of the M&G Secured Property Income Fund, says: "Funding projects such as this, at a time when traditional development finance is hard to come by, enables firms such as Scottish Power to continue to meet their evolving occupational and operational requirements. For this reason, we have invested and intend to continue investing, in similar infrastructure and other development finance opportunities across the UK which will provide our pension fund clients with high quality, long-term income streams linked to inflation."

"The fund has now completed over £500m 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."

The fund was advised by M&G Real Estate and CBRE advised Scottish Power. M&G Real Estate recently began construction work on a 143,000 sq ft office and retail development in central Glasgow, a joint project with Mountgrange.

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

- Portfolio comprises 36 assets, with a total value of £1.53 billion (as at 31 August 2013)
- The Fund invests in high quality UK commercial property with long term leases (weighted average maturity of 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

Photo available on request

About M&G

M&G is an international active asset manager, investing on behalf of individuals and institutions for over 80 years. At 30 June 2013 the firm manages over £234 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.

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