

## **M&G SWEEPS SUPERMARKET OUT OF PORTFOLIO**

- ***Market leading long-lease fund to redeploy capital into further high quality UK real estate***

**London, 7 April 2014** – M&G Investments, a leading international investment manager, has sold the Sainsbury's supermarket store in Worcester to the BP Pension Scheme, for £27.25m, representing a net initial yield of 4.18%. The lease had 21.7 years remaining with annual RPI increases collared at 0-4%.

This is the first sale by the £1.9bn M&G Secured Property Income Fund, which invests in and develops a wide range of UK real estate, such as supermarkets, hotels, offices, student accommodation and residential. The portfolio has 100 properties that are leased to tenants over the long-term, with a weighted average maturity of over 29 years. The portfolio provides M&G's pension fund investors with much sought after returns linked to inflation.

This supermarket was first purchased in 2010 and was the 20<sup>th</sup> property acquired by the fund. The fund was an early investor in the sector and snapped up value in UK supermarkets quickly, building a well-diversified portfolio of assets.

**Ben Jones, manager of the M&G Secured Property Income Fund**, says: "The beauty of this fund is that it has the flexibility, scale and resources to consistently identify and exploit value across the entire long lease property market. We take a robust long term relative value approach to investment and if best value is achieved by selling a quality asset, we're happy to do so, even when we have existing capital to deploy. This deal enables us to realise strong total returns from a property that has delivered rising income for the past three years.

"Right now we are finding excellent value in larger opportunities and innovative transactions, particularly in operational assets and development finance, where we continue investing clients' capital for secure long-term income streams that are linked to inflation."

The M&G Secured Property Income Fund recently:

- Acquired 39 health club ground leases in a £92m ground lease back deal with The Bannatyne Group
- Acquired 50 per cent of an 18 car auction site portfolio on a freehold basis for £240m

- Provided £113m of development finance for Scottish Power's headquarters in Glasgow

M&G has invested over £4bn in long lease real estate and has further capital to deploy. The fund was advised by M&G Real Estate which was advised by JLL. CBRE advised the BP Pension Scheme.

**-ENDS-**

#### **The life of an M&G Secured Property Income Fund asset:**

- When the Sainsbury's supermarket was acquired in December 2010, the fund was £630m and held 19 properties.
- Since December 2010, the fund's pension fund clients have benefited from returns of 5.66% above inflation.
- As the fund approaches £2bn in size, it continues to combine fixed income/credit and property expertise in order to exploit value across a range of sectors by analysing tenant quality and the underlying value of the real estate.

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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 2013 the firm manages over £244 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.

M&G is the investment arm of Prudential Plc in the UK and Europe.

##### **About M&G Real Estate**

M&G Real Estate 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 £17.6 billion\* invested in a broad spread of properties across Europe, North America and the Asia Pacific region (as of 31 December 2013). For more information please visit [www.mandg.com/realestate](http://www.mandg.com/realestate)

\*Total assets under management plus cash

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