M&G REAL ESTATE: POSITIVE PROSPECTS FOR DUTCH MARKET POST-ELECTION

- ***Investor remains particularly positive about the Dutch market***
- ***Amsterdam continues to be one of the most liquid markets in Europe at present***
- ***Further opportunities expected in the country's logistics market***

LONDON, 16 March 2017– With the majority of votes counted in the Dutch election and reports that a coalition government is likely to be formed, M&G Real Estate, one of the world's largest property investors, predicts positive prospects for Dutch real estate.

The Dutch election marks the start of a busy and important year in European politics and follows the UK's EU Referendum, the Italian referendum and Donald Trump's victory in the US.

However, the economic outlook for the fifth-largest economy in Europe remains one of relative health. GDP is expected to reach 2% in 2017 (according to Consensus Forecasts), remaining well above the Eurozone average of 1.6%, while an unemployment rate of 5.3%, currently remains one of the lowest in Europe.

Dutch manufacturing output has also gathered pace in recent months, boosted by increasing export orders. Given that Dutch exports account for a third of its GDP, this news is particularly welcome. With 75% of these goods destined for EU markets, maintaining a strong trading relationship with Europe is equally paramount.

Positive prospects for Dutch real estate

M&G Real Estate believes that the country's strong economic prospects have added to its appeal, and real estate investors remain undeterred by any political headwinds.

It notes that investment volumes reached €13.5 billion in 2016 (according to CBRE), a record high and up 11% on 2007. The weight of capital flowing into the market helped to compress prime office yields in Amsterdam by 50bps over Q4 2016.

However, even with this latest shift, M&G Real Estate believes that the spreads above 10-year government bonds remain particularly attractive, with investors now offered a significant premium of up to 360bps for prime offices in Amsterdam.

M&G Real Estate forecasts that this should be sufficient to deal with any further outward shift in bond yields resulting from any political headwinds, whilst the extension of the

European Central Bank's quantitative easing programme to the end of 2017 should help to suppress bond yields in the short term.

It believes that significant repricing of Dutch core property yields is unlikely and that investors should not be dissuaded from allocating capital to real estate in the Netherlands.

Tony Brown, Chief Investment Officer at M&G Real Estate, said: "As long-term real estate investors, we remain particularly positive about the Dutch market and do not expect the election to alter this position.

"Amsterdam continues to be one of the most liquid markets in Europe, benefiting from a supply-constrained central business district and stable office employment growth.

"We equally expect to see further opportunities in the logistics market, which remains one of the most mature in Europe. The country's well-developed infrastructure and strategic geographical position make it well placed to service the core consumer markets in Europe."

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Notes to Editors:

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 £26 billion invested in a broad spread of properties across Europe, North America and the Asia Pacific region (as of 30 December 2016). M&G Real Estate has a sector leading approach to responsible property management, and is committed to assessing and improving the sustainability performance of funds under management.

M&G is the investment arm of Prudential Plc in the UK, Europe and Asia. For more information please visit www.mandg.com/realestate

About M&G

M&G is an international active asset manager, investing on behalf of individuals and institutions for over 80 years. As of 30 June 2016 the firm manages over £255 billion of assets through a wide range of investment strategies across equities, bonds, property and multi asset.