

M&G Real Estate Asia makes JPY100 billion/US\$700 million commitment to Japanese office market

- *Continued investment into Japan's key gateway cities provides investors with geographical diversification and exposure to resilient office sector*
 - *Follows strategy to acquire and develop assets in innovation clusters*

TOKYO/SINGAPORE/LONDON, 4 October 2022 – M&G Real Estate (M&G) – part of M&G plc's £76.7 billion private assets and alternatives business – has acquired the Minato Mirai Center Building, a prime grade office building in Yokohama for more than JPY100 billion/ US\$700 million, on behalf of M&G Asia Property Fund (the Fund). The state-of-the-art building becomes the largest asset in the Fund and is the latest in a series of deals in Japan, reaffirming M&G's strong commitment to the region.

Located 27km south of Tokyo, the 95,220 sq m building has one of the highest occupancy rates in the Minato Mirai sub-market with notable international and domestic tenants due to its direct access to Minato Mirai Station. Its 21-stories also offer optimum weight capacity to provide maximum layout flexibility and efficiencies for occupiers.

Japan's office sector remains resilient as the country emerges from the pandemic with majority of the country's workforce opting to work from their offices, in contrast to its global peers. Located in Yokohama's most prominent central business district (CBD) of Minato Mirai – a sub-market which has applied to be the nation's first carbon free location by 2023 – rents are up to 45% lower than Tokyo's CBD. Minato Mirai is also rapidly emerging as a research and development (R&D) hub, where building specifications and government grants continue to incentivise businesses to relocate their headquarters and R&D facilities to this sub-market.

Boasting the highest occupancy rates in the city with notable international and domestic tenants, the Minato Mirai Center's award-winning structure is one of Japan's few buildings to hold a 5-star CASBEE (Comprehensive Assessment System for Built Environment Efficiency) rating – the highest recognition of ESG performance available. Its state-of-the-art design also provides solar light tracking, which orients panels towards the sun which will result in reduced heat and carbon emissions for its occupiers.

Jing Dong Lai, CEO and CIO, M&G Real Estate Asia, comments: "M&G Real Estate was one of the first movers amongst foreign firms in key gateway cities of Japan. Yokohama, home to the second largest working population in Japan, is attractive for many domestic enterprises, given its proximity to Tokyo and relatively lower rental costs. With limited future office supply in Minato Mirai and Yokohama set to benefit from above national average employment growth over the next few years, we are confident in Japan's commercial real estate sector in the long term."

Richard van den Berg, Fund Manager of M&G Asia Property Fund, adds: "This latest acquisition is a continuation of our strategy to invest in Japan's key gateway cities and our intention to develop assets in innovation clusters. With Tokyo-Yokohama now recognised as one of Japan's most innovative global precincts, the Fund will be positioned to benefit from the continued return of workers into offices, providing our investors with geographical diversification and exposure to this rapidly growing asset class."

-ENDS-



About M&G Investments and M&G Real Estate

M&G Investments is part of M&G plc, a savings and investment business which was formed in 2017 through the merger of Prudential plc's UK and Europe savings and insurance operation and M&G, its wholly owned international investment manager. M&G plc listed as an independent company on the London Stock Exchange in October 2019 and has £348.9 billion of assets under management (as at 30 June 2022). M&G plc has customers in the UK, Europe, the Americas and Asia, including individual savers and investors, life insurance policy holders and pension scheme members.

For nearly nine decades M&G Investments has been helping its customers to prosper by putting investments to work, which in turn creates jobs, homes and vital infrastructure in the real economy. Its investment solutions span equities, fixed income, multi asset, cash, private debt, infrastructure and real estate.

M&G recognises the importance of responsible investing and is a signatory to the United Nations Principles for Responsible Investment (UNPRI) and is a member of the Climate Bonds Initiative Partners Programme.

M&G plc has committed to achieve net zero carbon emissions on its total book of assets under management and administration by 2050 and committed to reduce operational carbon emissions as a corporate entity to net zero by 2030.

M&G's real estate business, with £33.5 billion under management (as at 30 June 2022), is a leading financial solutions provider for global real estate investors, has a sector leading approach to responsible property management and is committed to continuously improving the sustainability performance of its funds.

For more information, please visit: <https://global.mandg.com/>

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