

TEMPORARY SUSPENSION OF M&G PROPERTY PORTFOLIO REMAINS IN PLACE – UPDATE ON PROPERTY VALUATIONS

- *Next planned update on temporary suspension due 21 April – ACD and Depositary will review sooner if needed*

LONDON, 24 March, 2020: The Authorised Corporate Director of the M&G Property Portfolio (“the Fund”) has decided, with the agreement of the Fund’s Depositary, it can best protect the interests of all its investors by continuing the temporary suspension in dealing in its shares.

In addition, the Fund’s March month-end valuation, carried out by the Fund’s Standing Independent Valuer – Knight Frank – will include a [statement of material uncertainty](#). This move has been taken by Knight Frank due to the spread and impact of COVID-19 on the commercial property market. In the absence of enough transactions on which to base accurate valuations, a higher degree of caution should be attached to all UK property assets than usual.

Unsurprisingly, potential buyers, particularly in the Retail and Leisure sectors, are pausing to reflect on the impact of COVID-19, but the fund managers remain encouraged by the continued purchaser interest - despite delays to contractual agreements.

Since our last update on 25 February, a £4.9 million asset has been sold with a further £39.8 million exchanged, bringing the total of assets which have exchanged or are under offer to £296.8 million.

Cash levels as of the end of February 2020 were 4.65% and assuming all assets under offer and exchanged complete, this will increase to 17.8%*. Please note, however, that despite an increasing cash position, re-opening the fund for dealing will also be contingent on the valuer removing the material uncertainty clause.

Tony Brown, Global Head of M&G Real Estate, says: “As anyone who has bought or sold a property will know, a key aspect to an asset sale is an inspection. In the current climate, however, buyers are either curbing travel plans or are not granted access by tenants, so this part of the process is taking much longer than usual. Our immediate focus is to exchange and complete on all assets that are already well progressed.”

Looking ahead, as the fund managers rebuild liquidity they will target a higher cash level than the previous range. As part of this process, we want to ensure the cash position stabilises at this increased level, having met client redemptions once the fund reopens for dealing. We will share more information with you on this in due course.

The Fund continues to be actively managed during suspension, with income payments and fund reporting as normal. M&G also continues to waive 30% of the Fund's annual charge in recognition of the inconvenience caused to our clients and customers.

Fund activity update

- Exchanged since the last update: £39.8 million
- Cumulative total of completions since suspension: £74.8 million
- Exchanged/under offer: £296.8 million

We thank you for your continued patience and hope everyone is staying as healthy and safe as is possible at this difficult time.

ENDS

*As at the end of February 2020, the cash held by the Fund was 4.65%. £296.8 million of assets are now in solicitors hands, or under offer, which will take the total cash holding to 17.8%, assuming all deals complete. There is no guarantee all deals will complete.

About M&G

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 £252 billion of assets under management (as at 31 December 2019). M&G Plc has over 5 million customers in the UK, Europe 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.

Its £33.5 billion property arm (as at 31 December 2019 including cash), M&G Real Estate, is a leading 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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