



M&G REAL ESTATE DIVERSIFIES CORE ASIA PROPERTY PORTFOLIO WITH US\$200 MILLION OF ACQUISITIONS

LONDON/SINGAPORE, 9 June 2014 – M&G Real Estate has acquired two properties in Japan and one in Australia as it looks to build long term sustainable income and further diversify its core Asia real estate portfolio. The three properties have a combined market value of over US\$200 million.

M&G's core Asia real estate strategy is overseen by Fund Manager Erle Spratt. Investors include institutions from the Americas, Asia, the UK and other parts of Europe.

The strategy uses top-down market level signals to acquire investments selected according to asset-specific criteria. The three properties - F Parc Tenjin in Fukuoka, Sakurabashi IM Building in Osaka, and 628 Bourke Street in Melbourne - complement existing exposures in M&G's Asian real estate portfolio.

Fund Manager Erle Spratt says: "These acquisitions add distinct value to our Asia Pacific property portfolio as we continue to diversify risk and build upon the attractive investment performance this strategy has achieved on a one and three year basis. F Parc Tenjin is an extremely well located residential asset offering stable long-term income and Sakurabashi IM Building is a shorter-term growth investment that we expect to benefit from improving Osaka office market fundamentals."

"Whilst we usually hold assets based on the long term fundamentals, we have the flexibility to take a tactical view where we see an opportunity to take advantage of shorter term market trends. We are constructing a portfolio in Japan comprising two-thirds income-oriented assets and one-third growth investments to deliver attractive income and capital growth from our Japanese portfolio. We see a healthy pipeline of opportunities to invest in Japan that fit this strategy."

Commenting on the two Japanese acquisitions, Katsuhiko Ishikawa, Managing Director, M&G Real Estate Japan, says: "Both F Parc Tenjin and Sakurabashi IM Building are high quality properties with high occupancy rates and sound trading histories. But we're also exploiting a shift in the macroeconomic environment in Japan."

"Ahead of market expectations, Osaka has entered a recovery phase in terms of rental rates and transaction volumes. We've made a valuable early entry into the recovery of this economically important Japanese city with the acquisition of Sakurabashi IM Building. The asset will benefit from active asset management to optimise its income and its value."

"Fukuoka is one of the few cities in Japan that has experienced constant population growth and it has become the major beneficiary of the consolidation of business activities in the Kyushu region in Western Japan. Demand for housing in the city is anticipated to be on a sustainable growth path, which plays well to our long-term investment strategy."

Commenting on the acquisition in Melbourne, Erle Spratt adds: "We are pleased to have added another Australian office asset to our portfolio. 628 Bourke Street, located in Melbourne's central business district (CBD), is well-let to a range of tenants including multi-national ASX-listed companies and government-related entities. We acquired the property at a price which reflects a 100bps yield premium to prime office assets within the same precinct. With the strong credit quality backing the income stream we believe the asset represents very good value. The building's large floor plate is relatively hard to find at an affordable rent in the Melbourne CBD. We believe the asset offers competitive rental proposition, especially for large occupiers, which we expect will lead to high occupancy rates and attractive rental returns from this asset over time."

“We are actively pursuing further opportunities in Australia, Japan and South Korea,” Erle concludes.

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Notes to Editors

About F Parc Tenjin – Fukuoka, Japan

F Parc Tenjin is an 18-storey building in the centre of Fukuoka city, a strategic hub in western Japan. The well-designed property is only a three-minute walk from Tenjin, the commercial centre of Fukuoka.

About Sakurabashi IM Building – Osaka, Japan

Sakurabashi IM Building is a 16-storey office building in the centre of Osaka city, well situated directly above the Kitashinchi subway station. The property offers convenient access for office tenants and service retail businesses in the area.

628 Bourke Street – Melbourne, Australia

628 Bourke Street, also known as the QBE House, is an office building strategically located between Melbourne’s Central Business District and the Docklands, an area undergoing urban redevelopment, with direct access to the Southern Cross railway station, West Gate Freeway and City Link. The recently renovated property comprises a seven-storey podium and a nine-storey tower, and features a roof top recreational complex.

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 US\$30 billion* invested in a broad spread of properties across Europe, North America and Asia (as of 31 March 2014). M&G is the investment arm of Prudential Plc. For more information please visit www.mandg.com/realestate

About M&G Real Estate - Asia

M&G Real Estate has offices in Singapore, Seoul and Tokyo dedicated to real estate in the Asia Pacific region. M&G Real Estate in Singapore is a subsidiary of London-based M&G Real Estate. As at 31 March 2014, the Singapore office is responsible for US\$2 billion in assets.

*Assets under management plus cash

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