

M&G INVESTMENTS PROVIDES DEVELOPMENT FINANCE TO THE TUNE OF £36.9M FOR ROYAL COLLEGE OF MUSIC STUDENT ACCOMMODATION

- ***Deal enables construction of 417 bed student residence***
- ***M&G to receive 45-year inflation-linked income stream***

London, 16 July 2014 – M&G Investments (“M&G”), a leading international investment manager, is providing £36.9 million of finance for the redevelopment of College Hall, the main student residence for the Royal College of Music (“RCM”). The College is working in partnership with Campus Living Villages (“CLV”), who have invested the equity in the project and will manage the redevelopment on Goldhawk Road, London and will then operate the accommodation on completion.

M&G has acquired a 125-year long leasehold interest in the property. On completion of the development it will be leased to the RCM/CLV partnership for 45 years, with annual reviews linked to inflation. The majority of the rent is guaranteed by RCM and it has an option to acquire the residence on expiry of the 45-year lease.

The capital is provided by M&G’s pension fund clients seeking secure cash flows over the long-term linked to inflation. M&G Investments was advised by M&G Real Estate and Montagu Evans acted on their behalf.

Ben Jones, Director of Real Estate Income, M&G Investments, says: “This landmark transaction enables the development of state-of-the-art accommodation at a globally renowned music conservatoire. It demonstrates the willingness of institutional investors to invest in the growing student accommodation sector – this can be done using a wide range of structures. We are pleased to continue our relationship with CLV following on from our Bournemouth deal last year and look forward to working with them in the future. We certainly have significant capital to invest in comparable projects.”

Professor Colin Lawson, Director of the Royal College of Music, says: “We are dedicated to setting up our students for future success, and have produced some of the world’s most distinguished performers, composers and conductors. With 750 students coming from more than 60 countries, we place great importance not only on the environment in which they learn, but also on the environment in which they live. For our new student

accommodation, it was vital for us to find a partner with a reputation for excellence and consideration of all aspects on student life.”

Sean McKeown, Commercial Director at Campus Living Villages, adds: “We are delighted to have been awarded the contract with the Royal College of Music and thrilled that we have been chosen to support such talented musicians during their time at the College. We are pleased to work with M&G Investments again on another innovative project following the Bournemouth deal last year. As a global provider, we have a highly experienced team that understands how to deliver the best in student residences. We look forward to developing this new partnership with the RCM and adding to the experience of its students.”

About M&G’s Real Estate Income capabilities

- M&G’s Fixed Income and Real Estate businesses combine credit and property expertise to analyse tenant and cash flow quality (income component) and the underlying value of the real estate (capital)
- Invests in and develops a wide range of UK commercial real estate, such as supermarkets, hotels, offices, leisure and residential
- Manages the £2bn M&G Secured Property Income Fund
- M&G Real Estate has sourced and invested over £4.5 billion of long lease real estate since 2000.

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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 March 2014 the firm manages over £248 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 £18.4 billion invested in a broad spread of properties across Europe, North America and the Asia Pacific region (as of 31 March 2014). For more information please visit www.mandg.com/realestate

About Campus Living Villages

Campus Living Villages (CLV) is a global owner, developer and operator of student accommodation and currently manages 41,000 beds across Australia, New Zealand, United States and the United Kingdom. As a specialist in student accommodation, CLV has established itself as a leading provider of quality facilities and exciting student communities.

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