

M&G Investments and Priory Group complete £223 million hospital sale and lease back deal

London, 17 October 2014 – Leading investment manager M&G Investments (“M&G”) and Priory Group (“The Priory”), the UK’s leading independent provider of specialist care, have agreed a sale and leaseback deal on six sites, to the value of £223 million.

M&G has acquired the freehold of the properties which have been leased back to The Priory for 30 years on a full repairing and insuring basis with annual reviews linked to inflation.

The capital is provided by M&G’s pension fund investors seeking long-term, bond-like returns that are linked to inflation. M&G was advised by M&G Real Estate who in turn was advised by CBRE.

Ben Jones, Director of Real Estate Income, M&G Investments, says: “This transaction offers a secure, growing income for institutional investors and attractive long-term financing for a leading provider of private healthcare.

“Our many pension fund clients continue to seek very long term, secure and index-linked cash flows. M&G has been a longstanding provider of finance and we expect to complete more long term refinancing deals of this kind with companies that have significant operational real estate assets. Increasingly we’re working with businesses that are seeking to broaden their sources of finance.”

The six sites are in Altrincham, Bristol, Chelmsford, North London, Roehampton and Woking. Service users and commissioning arrangements at the hospitals will be unaffected by this deal.

-ENDS-

The capital is provided by the £2.3bn **M&G Secured Property Income Fund**, which invests in and develops a wide range of real estate, such as supermarkets, hotels, offices, student accommodation and residential. These properties are leased to tenants over the long-term to provide M&G’s pension fund investors with returns linked to inflation.

- M&G combines fixed income/credit and property expertise to analyse tenant quality (income component of the fund) and underlying value of the real estate (capital).
- Portfolio comprises 105 properties with a total value of £2.3 billion (as at end of September 2014)
- The Fund invests in high quality UK real estate with long term leases (weighted average maturity of 28 years) with 80% of the income linked to inflation and the remainder having fixed uplifts

If you require any further information, please contact:

Irene Chambers

Corporate Communications

M&G Press Office

Tel: 020 7004 4132

irene.chambers@mandg.co.uk

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 30 June 2014 the firm manages over £253 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 Priory

The Priory Group of Companies is dedicated to helping people to improve their health and well-being. We understand that in order for people to achieve high quality clinical and educational outcomes they need individually tailored programmes, suiting their specific needs.

Priory Group of Companies has established an unrivalled reputation for providing quality, inspiring innovation and delivering value for its service users. The Group currently treats more than 70 different conditions through a nationwide network of more than 280 facilities that support service users' health, care, education and specialised needs.

As a significant proportion of our services are publicly funded and delivered in partnership with commissioners, our teams work with commissioning bodies across the country to provide transparent pricing models and evidence-based care programmes.

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 £19.3 billion invested in a broad spread of properties across Europe, North America and the Asia Pacific region (as of 30 June 2014). For more information please visit www.mandg.com/realestate

This press release reflects M&G's present opinions reflecting current market conditions. They are subject to change without notice and involve a number of assumptions, which may not prove valid. The distribution of this document does not constitute an offer or solicitation. It has been written for informational and educational purposes only and should not be considered as investment advice or as a recommendation of any particular security, strategy or investment product. Information given in this document has been obtained from, or based upon, sources believed by us to be reliable and accurate although M&G does not accept liability for the accuracy of the contents.

The services and products provided by M&G Investment Management Limited are available only to investors who come within the category of the Professional Client as defined in the Financial Conduct Authority's Handbook. They are not available to individual investors, who should not rely on this communication. M&G Real Estate is a business name of M&G Investment Management Limited and is used by other companies within the Prudential Group. M&G Investment Management Limited is registered in England and Wales under numbers 936683 with its registered office at Laurence Pountney Hill, London EC4R 0HH. M&G Investment Management Limited is authorised and regulated by the Financial Conduct Authority. M&G Real Estate Limited is registered in England and Wales under number 3852763 with its registered office at Laurence Pountney Hill, London EC4R 0HH.