

M&G REAL ESTATE MAKES NEXT MOVE INTO UK BIG SIX OFFICES MARKET WITH £72.6M PURCHASE IN GLASGOW

- *Shortage of Grade A stock in the UK's Big Six drives rental growth, attracting institutional investors looking for long-term returns*

LONDON, 1 April 2015 – M&G Real Estate has acquired a prime office asset, Aurora, in Glasgow, for £72.6 million from CS EuroReal, reflecting a net initial yield of 6.18%. This off-market transaction was made on behalf of the M&G Property Portfolio, managed by Fiona Rowley and Justin Upton.

The acquisition demonstrates strengthened institutional investor appetite for Grade 'A' stock at the heart of the UK's dominant, regional cities. Aurora presents a rare opportunity to purchase a prime, pre-let asset in Glasgow's city core where, over the last 24 months, total office supply has halved – falling from 658,000 sq ft to 314,000 sq ft.

Built in 2006, the 176,500 sq ft office scheme is located on Bothwell Street and sits within Glasgow's International Financial Services District. Current tenants include Barclays Bank, Aecom, BNP Paribas, Burness, Mark & Clerk, Aggreko Plc and Knight Frank.

Justin Upton comments: "As office supply continues to fall in Glasgow and business confidence grows, the knock-on effect for rents is attracting institutional investors looking for long-term driven returns. The sector's previous peak of £29.50 per sq ft has already been reached and investors expect a new record of £30 per sq ft to be achieved in the next tranche of lettings."

The M&G Property Portfolio's acquisition of Aurora arrives in the same week as the fund's purchase of 20 Kingston Road in Staines-Upon-Thames for £20 million from Boulton (Rivergate) Ltd.

The prime South East town centre office scheme sits in another UK investment hotspot. The outer London area is experiencing higher demand due to improving transport infrastructure. Twenty Kingston Road was fully refurbished to a high specification in 2014 and offers 44,572 sq ft of large, uniformed floors and a double height reception area.

Fiona Rowley says: “Investor interest in the South East’s offices sector continues to rise as it continues to experience limited supply and the sector’s rental growth for the next 24 months is forecast to reach over 6.5 per cent. The best investment opportunities in the region continue to create a donut effect around central London where demand is better fulfilled by supply.”

JLL acted for M&G Real Estate on the Scottish deal. Knight Frank acted for Credit Suisse. Savills acted for M&G Real Estate on 20 Kingston Road – AURUM Real Estate Partners represented Boulton (Rivergate) Ltd.

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Notes to Editors:

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M&G is the investment arm of Prudential Plc in the UK, Europe and Asia. For more information please visit www.mandg.com/realestate

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