



M&G REAL ESTATE JOINS FORCES WITH CREST NICHOLSON TO PROVIDE NEW PRIVATE RENTED SECTOR HOMES IN BATH

- *Investor-house builder agreement first of its kind that will create significant build-to-rent developments across the UK, speeding up delivery of housing stock to market*
- *Emphasis on quality and creation of mixed tenure sustainable communities*

LONDON, 1 May 2015 – M&G Real Estate and Crest Nicholson plc, a leading developer of sustainable communities, have signed a deal to purchase 97 new private rental homes in Bath Riverside. The transaction is intended to form part of a longer term relationship with Crest Nicholson.

Under the terms of the Bath deal, M&G Real Estate will provide £25.2m to fund the development of 97 apartments and supporting community space, which form part of the wider Bath Riverside regeneration scheme within Bath city centre. Crest Nicholson is both developer and contractor of the scheme, of which the private rented sector (PRS) element will provide a mix of one and two bedroom apartments. It is anticipated that the units will be ready for tenancy between February and October 2016. An all-encompassing management service will be administered onsite to ensure a consistent and high standard of service.

Alex Greaves, Head of Residential Investment at M&G Real Estate, comments: "We very much welcome this initial transaction with Crest Nicholson and look forward to working with them on other schemes. We believe this to be the first transaction of its kind between an institutional investor and a listed house builder, marking a major opportunity for institutional investors seeking access to the UK residential sector. Our residential strategy provides stable, income-driven returns for investors and, in time, thousands of much-needed, well-managed rental properties.

"As we build on this initial agreement to bring scale to our portfolio of rental properties, it's vital we continue to champion quality. It is our hope that the involvement of institutions like ours will lead to more homes coming on tap and higher standards, just as it has done with the student accommodation market. We want our residents to be proud renters because we and our partners have developed high-quality homes."



Chris Tinker, Executive Board member for Crest Nicholson, adds: "This is an exciting development in Crest Nicholson's drive to explore new models of housing delivery across the southern half of the UK. With housing at the forefront of the political agenda, an institutionally funded private rented model has the potential to underpin a meaningful increase in housing output at a time when the need to sustain growth and meet housing need is at an all-time high.

"This type of partnership agreement could mark a step change and acceleration in the PRS model which will ultimately help unlock land, create jobs and bring wider economic benefit as well as bringing forward the delivery of much needed new homes and mixed tenure communities."

-ENDS -

Notes to Editors:

About Bath Riverside:

Bath Riverside is a major new urban quarter in the heart of Bath City centre. This award winning residential brownfield scheme is bringing back into use 17 hectares of space which has been redundant for 20 years. Being delivered by Crest Nicholson in partnership with Bath and North East Somerset Council, it will accommodate 2,281 new homes, a mix of tenures, a new school, supporting community infrastructure and facilities including cafes and restaurants. The scheme will also create new river crossings, landing areas and areas of open public space including 9 acres of parkland, new squares, riverside landscaping and the opening up of 2km of riverside walkway.

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 £21.4 billion invested in a broad spread of properties across Europe, North America and the Asia Pacific region (as of 31 December 2014). M&G Real Estate has a sector-leading approach to responsible property investment, and is committed to assessing and improving the sustainability performance of funds under management.

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



About M&G Real Estate's UK Residential Property Strategy

- M&G Real Estate's UK Residential Property strategy is managed by Alex Greaves.
- The strategy targets a long term annual net return of 7% - 9% with an annual 3% - 4% distribution yield. Returns are driven by net income and rental growth.
- The approach is focused on investing in mid-market apartments and houses in areas with good transport links and proximity to centres of strong economic activity with good employment opportunities for our target demographic (25-35 years). The fund management team seeks to maximise total returns and achieve rental growth through strategic asset allocation, stock selection and efficient asset management. This is further complemented by their ability to influence and lead design initiatives to drive operational efficiency, enhance customer experience, occupancy levels and rental growth.
- Future acquisitions are expected to comprise a mixture of completed and let schemes and the forward funding of properties specifically designed for rental.

About M&G

M&G is an international active asset manager, investing on behalf of individuals and institutions for over 80 years. At 31 December 2014 the firm manages over £264 billion of assets through a wide range of investment strategies across equities, bonds, property and multi asset.

M&G as a group has made significant investments in the residential market since the beginning of 2013:

- *The sale and lease back of 401 market rented units at Stratford Halo, a 43-floor residential development at the main entrance to the Olympic Park in East London – **Jan 2013***
- *The funding of 233 social and private rental residential units at Aberfeldy New Village, East London – **June 2013***
- *The acquisition of the 534 unit Berkeley Group portfolio in London and the South East – **June 2013***
- *The forward funding of 152 new private rental homes in Victoria Square, North Acton - **July 2014***

About Crest Nicholson

Crest Nicholson is firmly established as a leading developer with a passion for not only building homes, but also for creating vibrant sustainable communities. With a southern-based bias, the FTSE250 Group has a track record spanning more than 50 years and a broad portfolio of developments which range in size and scale, from contemporary, large scale mixed-use developments to smaller, more traditional housing schemes. As a pioneer of its own Garden Village principles, the Company advocates a holistic approach to development embracing social, environmental and economic factors to create homes for all segments of the community. These developments are founded on design, high-quality green spaces, and the greater involvement of local people in both vision and long term management.

In line with its commitment to help meet housing demand, apprentices make up 10% of Crest Nicholson's entire workforce, and the Group supports the development of jobs and skills at every level.

The Group was named 'Homebuilder of the Year' at The Sunday Times British Home Awards; is listed in the FTSE4Good index and is a consistent top performer in the Next Generation industry benchmark.

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