

M&G REAL ESTATE'S ASIA PROPERTY STRATEGY CELEBRATES 10TH ANNIVERSARY WITH RECORD NUMBER OF TRANSACTIONS IN 2016

- *US\$558 million deployed across Australia, Japan and South Korea*
- *Active management opportunities and alternatives sectors such as hotels, shopping centres and logistics hubs offer the prospect of long-term return in the region*
- *Global geo-political risks and trade policies persist, but present real estate allocations and prospective higher returns in Asia Pacific driving investor demand*

HONG KONG/SINGAPORE, 17 January 2017 – M&G Real Estate, the real estate fund management arm of M&G Investments, invested more than US\$558 million in Asia Pacific real estate in 2016, marking its largest number of transactions by value since launch. Celebrating its 10th anniversary, M&G Real Estate's core Asia property strategy continues to reinforce its leadership position as one of the largest and most diversified Asia core property portfolios.

Chiang Ling Ng, Chief Executive Officer and Chief Investment Officer of M&G Real Estate Asia, says: "The Asia Pacific real estate market has grown into the largest in the world, offering increasingly high levels of maturity, transparency and liquidity. This has created a wide and attractive universe of core real estate opportunities in a region once dominated by opportunistic investors."

"In 2016 we strengthened portfolio performance and diversified risk by pursuing value opportunities in our target markets. Backed by a rapidly growing portfolio of assets, reflecting the diverse expertise of our team, we have built a market-leading reputation due to our focus on reliable and quality investment decisions."

Notable 2016 deals include the acquisitions of Casey Central in Australia, Upsquare in South Korea, a logistics development site and a portfolio of retail and residential assets in Japan. In addition, Compass One, a suburban shopping mall in Singapore, was reopened by Teo Ser Luck, Ministry of Manpower in Singapore, in September 2016 following a major 10- month refurbishment programme.

"Aligning ourselves for growth and further diversification, we have increased our exposure to the logistics sector and secured assets with durable and sustainable cash flow in Japan. The



portfolio continues to diversify by sector, asset type and tenant, whilst increasing current distribution yield and investor returns.”

Looking ahead, while Asia Pacific real estate pricing levels are currently elevated in comparison to historical standards, they remain healthy relative to bond yields. M&G Real Estate Asia’s strong asset management capabilities ensure it is well-placed to continue maximising value for investors.

Chiang Ling adds: “In 2017, we expect global political events and trade policies to perpetuate ongoing uncertainty. Nonetheless, rising real estate allocations is expected to continue to drive investor demand, particularly from global pension funds and insurance companies. Understanding individual market fundamentals and seeking assets with the best value within our geographical scope is key to generating returns.”

“Opportunities to acquire quality core real estate could arise out of counter-cyclical opportunities or development projects where a longer-term horizon and asset management expertise can generate returns. As such, our strategic focus on long-term income driven investment leaves us well placed for 2017.”

Key assets acquired by M&G Real Estate in 2016 in Asia Pacific:

- US\$164.7 million acquisition of Casey Central (retail) in Melbourne, Australia
- US\$113.2 million (JPY11.8 billion) acquisition of a logistics site in Kanagawa, Japan
- US\$141 million acquisition of Upsquare (retail) in Ulsan, South Korea
- US\$36 million (JPY4.2 billion) acquisition of a retail asset in Fukuoka, Japan
- US\$74 million (JPY8.725 billion) acquisition of a portfolio of residential assets across Chiba, Tokyo and Osaka, Japan
- US\$36 million (AU\$50 million) acquisition of Templar Road (logistics) in Sydney, Australia
- US\$106 million (AU\$146 million) acquisition of The Olsen hotel and The Cullen Hotel in Melbourne, Australia

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About M&G Real Estate's core Asia property strategy:

Launched in December 2006, it was the first open-ended real estate fund to invest in high quality real estate assets across the Asia Pacific region. It is now one of the market's leading core property portfolios holding 22 assets across Australia (34.2%), Japan (18.1%), Singapore (23%), South Korea (17.9%) and Hong Kong (5.5%). The strategy has a value driven long-term investment philosophy.

Notes to Editors:

For further information please contact:

Thompson Wong (Singapore)

FTI Consulting
Tel: +65 6831 7840
Email: Thompson.Wong@fticonsulting.com

Emily Siu (Hong Kong)

FTI Consulting
Tel: +852 3768 4541
Email: Emily.Siu@fticonsulting.com

About M&G Real Estate

M&G Real Estate is the real estate fund management arm of M&G Investments and is one of the top 25 real estate fund managers in the world by assets under management, with over £24 billion (US \$31 billion) invested in a broad spread of properties across Europe, North America and the Asia Pacific region (as of 30 September 2016). 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 - 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 30 September 2016, the Singapore office is responsible for US\$4 billion in assets.

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