

M&G boosts allocation to Japanese multi-family housing with US\$424 million acquisition

- Continued investor demand for the sector's resilient rental performance and high occupancy rates, underpinned by ongoing migration into major Japanese cities
 - Increased residential exposure provides diversification benefits and portfolio resilience

SINGAPORE/HONG KONG, 18 March 2022: M&G Real Estate – part of M&G plc's £72 billion (US\$94.4 billion¹) private assets and alternatives division - has purchased a portfolio of 30 residential assets in Japan's gateway cities of Tokyo, Osaka and Nagoya for ¥49.2 billion (US\$424.3 million²). Made on behalf of the M&G Asia Property Fund the deal substantially increases the fund's exposure to one of Asia Pacific's key multifamily markets, taking assets under management in the sector to ¥109.3 billion (US\$942.6 million²).

The 1,575 apartments are all within walking distance to transport and more than 90% occupied, reflecting the growing demand for well-located apartments in key cities. Such accommodation is highly sought after by young adults who continue to migrate from smaller cities into major metropolitan areas for education, job opportunities, and the convenience of amenities and infrastructure. Whilst Japan's population is ageing, cities such as Tokyo and Nagoya in particular are still projected to see population growth.

M&G Real Estate was an early investor in Japan's residential market in 2014 and since then the multi-family sector has matured and is a strongly favoured investment sector for foreign institutions seeking to allocate capital into Asia Pacific. Underpinned by continued urbanisation, the defensive nature of the sector has remained resilient over time – not only since the outbreak of COVID-19, but through past economic downturns such as the Global Financial Crisis – demonstrating stable occupancy rates and income stability.

Explaining the benefits of the deal for investors, Richard van den Berg, manager of M&G Asia Property Fund, says: "This combined acquisition will bolster the Fund's resilience particularly from an income stability perspective. Our increased allocation to the residential sector also provides diversification benefits as residential assets are often regarded as counter-cyclical investments relative to the commercial office and retail sectors. Japanese multi-family residential has proven itself through various economic shocks, highlighting the ability of the asset class to enhance risk-adjusted returns for core investors."

¹ Exchange rate: £100 - US\$131.10245249 as at 10 March 2022)

² Exchange rate: ¥100 = US\$0.862370 as at 10 March 2022)

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For nearly nine decades M&G Investments has been helping its customers to prosper by putting investments to work, which in turn creates jobs, homes and vital infrastructure in the real economy. Its investment solutions span equities, fixed income, multi asset, cash, private debt, infrastructure and real estate.

M&G recognises the importance of responsible investing and is a signatory to the United Nations Principles for Responsible Investment (UNPRI) and is a member of the Climate Bonds Initiative Partners Programme.

M&G plc has committed to achieve net zero carbon emissions on its total book of assets under management and administration by 2050 and committed to reduce operational carbon emissions as a corporate entity to net zero by 2030.

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