

M&G acquires €98 million residential development on Bilbao's Zorrotzaurre Island

Deal marks M&G's European Living Property Fund's third acquisition since its launch in January and its first in Southern Europe

London/Madrid - 9 August 2023 – M&G Real Estate has made a €98 million forward funding commitment to a 29,000 sq m (312,000 sq ft) residential development on Bilbao's sought-after Zorrotzaurre Island on behalf of its European Living Property Fund (the Fund). Launched in January this year with circa €600 million of investment, it aims to provide institutional investors with attractive risk adjusted returns through investment into Europe's residential sectors.

The development comprises 314 high-quality private rental apartments split across two buildings of 15 and 17 floors. The 1, 2 and 3-bed homes will be built to high sustainability standards, targeting an EPC 'A' rating and 'Very Good' BREEAM certification and will be ready for occupation at the end of 2026. Residents will be able to enjoy river views from their apartments, as well as shared facilities including communal gardens, a children's playground, a gym and private storage space alongside an on-site car, and bike parking. There will also be 360 sq m (3,875 sq ft) dedicated retail space.

The acquisition marks the Fund's first investment in Southern Europe as it looks to capitalise on a major urban regeneration project taking place in Bilbao. Formerly an industrial area, Zorrotzaurre Island is set to become one of the city's most desirable locations after its transformation into a well-connected district with an electric tram network, extensive office, leisure, cultural and academic facilities and an abundance of green spaces. Designed by award-winning architect Zaha Hadid, it will be a thriving residential community following the regeneration of the peninsula into a new flood-proof island. Provision has also been made for a significant quantity of affordable housing and development opportunities for non-polluting businesses.

Marcus Eilers, Head of European Residential at M&G Real Estate, says: "This is the Fund's third deal since launch and sees us diversify into Southern Europe following acquisitions earlier this year in Finland and Ireland. There is strong demand for high-quality living space across Europe and we are building on our commitment to provide homes which have a positive impact on their surrounding communities. We are actively looking at further opportunities across Europe where we can finance similar projects which will deliver best-in-class living space and help to provide resilient returns for our investors."

Federico Bros, Head of Investment and Asset Management for Iberia at M&G Real Estate, adds: "With strong supply and demand imbalances, low levels of vacancy and one of Europe's less indebted household markets, the Spanish residential sector offers strong fundamentals for institutional, long-term investors. Research estimates that around 2 million new homes are needed in Spain¹, of which around 140,000 are required in the Basque Country. Bilbao leads household growth in the region, with more than 23,000 new households expected to be created in the city in the next 15 years²."

M&G Real Estate is part of M&G plc's €89 billion* Private Markets business with European offices in Amsterdam, Frankfurt, Luxembourg, Madrid, Milan, Paris, and Stockholm.

-ENDS-

If you require any further information, please contact:

Rebecca Grundy

M&G plc Corporate Affairs
Tel: 07827 820428
Rebecca.grundy@mandg.com

Redwood Consulting – for M&G Real Estate

Paul Stelmaszczyk, Tom Belger or Matthew Taylor
Tel: +44 (0) 7828 5553
Email: mandg@redwoodconsulting.co.uk

Notes to Editors

*as of 31 December 2022

¹ Atlas Real Estate Analytics

² Spanish institute of Statistics (INE)

About M&G Investments

M&G Investments is part of M&G plc, a savings and investment business which was formed in 2017 through the merger of Prudential plc's UK and Europe savings and insurance operation and M&G, its wholly owned international investment manager. M&G plc listed as an independent company on the London Stock Exchange in October 2019 and has £344 billion of assets under management (as at 31 March 2023). M&G plc has over 5 million customers in the UK, Europe, the Americas and Asia, including individual savers and investors, life insurance policy holders and pension scheme members.

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.

For more information, please visit: <https://global.mandg.com/>

This press release reflects the authors' present opinions reflecting current market conditions; are subject to change without notice; and involve a number of assumptions which may not prove valid. It has been written for informational purposes only and should not be considered as investment advice or as a recommendation of any particular security, strategy or investment product. Past performance is not a guide to future performance.

The services and products herein are available only to investment professionals and are not available to individual investors, who should not rely on this communication. 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.

This financial promotion is issued by M&G Investment Management Limited (unless stated otherwise), registered in England and Wales under number 936683, registered office 10 Fenchurch Avenue, London EC3M 5AG. M&G Investment Management Limited is authorised and regulated by the Financial Conduct Authority. For the purposes of AIFMD, M&G Luxembourg S.A acts as Alternative Investment Fund Manager of any fund(s) cited in this document. The registered office of M&G Luxembourg S.A is 16, Boulevard Royal, L-2449, Luxembourg. M&G Real Estate Limited is registered in England and Wales under number 3852763 and is not authorised or regulated by the Financial Conduct Authority. M&G Real Estate Limited forms part of the M&G Group of companies.

