

M&G SEES RECORD YEAR FOR REAL ESTATE FINANCE ACTIVITY IN 2015

- ***£2.2 billion deployed in real estate commercial mortgage loans***
- ***£750 million committed by institutional investors to senior commercial mortgage loans***
- ***Insurers and pension funds seek yield, security and diversification***

London, 22 January 2016 – M&G Investments, a leading international investment manager, has deployed £2.2 billion in European real estate commercial mortgage loans in 2015, bringing its total investments in real estate debt since 2010 to £5.5 billion.

The 2015 investments are across 24 separate loans, covering all sectors, including the first development loan undertaken by M&G's real estate finance team. In addition to deploying capital, an additional £750 million was raised from external institutional investors and pension funds during 2015 for investment in senior commercial mortgage loans.

John Barakat, head of real estate finance, M&G Investments, says: "This has been our most active year in the market post the global financial crisis as there continues to be increasing demand for alternative methods of funding real estate in the UK and continental Europe. Institutional investors' search for yield and security has ensured that real estate debt remains in the spotlight and these investments continue to offer among the most attractive relative value opportunities in fixed income."

"For borrowers, M&G's ability to provide whole loan financing solutions and our normal intention to hold the entire loan to maturity, are factors that differentiate us from many of our competitors. Given the current market dynamics and investor demand, we foresee further capital raising across junior and senior real estate debt strategies this year."

M&G both originates and participates in deals across nearly all sectors of commercial real estate. 2015 highlights include:

- **€35 million** senior loan secured against a portfolio of over 500 family homes in the Netherlands.
- **€128 million** junior loan for the acquisition of a portfolio of office and logistics assets in the UK, France, the Netherlands and Germany.

- **€75 million** junior loan secured against a portfolio of hotels in Germany, France, the Netherlands and Belgium.
- **£140 million** whole loan for the Liberty Shopping Centre in Romford, Essex, owned by Cosgrove Property Group.
- **£70 million** development loan to Westrock to fund the conversion of four office buildings into over 500 private residential sector units in Greater London.
- **£175 million** senior and junior loans secured against a portfolio of over 150 UK light industrial estates, predominately in London and the South East of England.
- **£70 million** senior loan to Big Yellow Group Plc, secured against a portfolio of 15 self-storage facilities in London and the South East of England.
- **£60 million** whole loan for the acquisition of a hotel in central London.
- **€60 million** senior loan as part of the acquisition financing for 10 hotels in Germany.

M&G began its initial real estate debt fund in 2009. In March 2014, M&G completed the fundraising for two new junior commercial mortgage funds, reaching £1.35 billion of capital commitments from over 40 institutional investors from Europe and the US. M&G's total commitments for senior commercial mortgages has now surpassed £4.5 billion with additional mandates expected to be agreed in the first quarter of 2016.

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Notes to Editors

The total figure refers to deals that have either exchanged or completed between 1st January 2015 and the 31st December 2015.

About M&G

M&G is an international active asset manager, investing on behalf of individuals and institutions for over 80 years. At 30 September 2015 the firm manages over £247.5 billion of assets through a wide range of investment strategies across equities, fixed income, real estate and multi asset.

Headquartered in London, M&G employs over 1,900 people worldwide operating from offices across Europe and Asia.

M&G is the investment arm of Prudential Plc in the UK and Europe.

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