

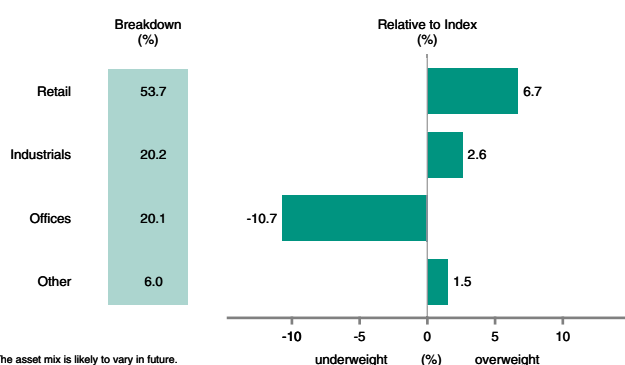
Prudential Property fund (Series 1)



Fund description

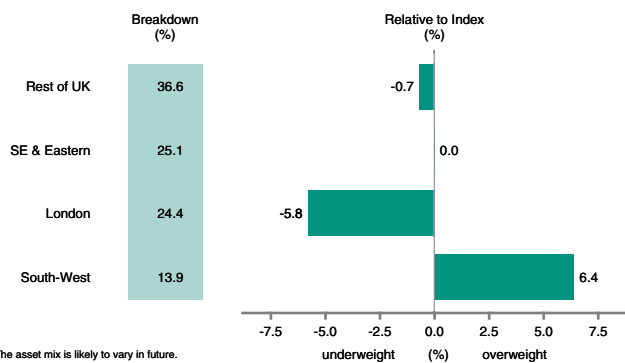
The investment strategy of the fund is to purchase units in the M&G PP Property Fund. This fund invests directly in commercial property in the UK, including retail, office and industrial properties and provides returns through a combination of rental income and capital growth. At times the fund may have significant levels of cash (short term deposits) in advance of purchasing or following the sale of property. This may lead to lower than expected returns. The fund is actively managed against its benchmark, the IPD UK Pooled Property Fund All Balanced Index.

Fund distribution and relative positions by sector



The asset mix is likely to vary in future.
The asset mix is likely to vary in the future.

Fund distributions and relative positions by area



The asset mix is likely to vary in future.
The asset mix is likely to vary in the future.

Source: M&G
All figures are as at 30 September 2011, unless otherwise stated.

Key facts

Underlying fund size	£583m
Number of holdings	73
Underlying fund launch date	17/03/1971
Portfolio Manager	Dermot Kiernan
Benchmark	IPD UK Pooled Property Fund All Balanced Index
Investment Style	Active
Sedol code	702340
Performance Objective	To outperform the benchmark by 0.5% per year (net of charges) over rolling 3-year periods.

Commentary

Industrials and 'other commercial', namely the fund's strategic land holdings, performed particularly well this quarter, while the retail portfolio performed inline with the market. The main detractor over the period was offices, with the underweight position to central London offices the main cause of this.

In the on going 'two-tier' market, yields remain stable for the quality end of the property market, 'prime' and 'good secondary', whereas weaker properties continue to be vulnerable to further capital erosion.

Though rents are starting to pick up in the best quality 'prime' locations, overall rental growth is likely to remain muted in the current economy. As such, the fund manager continues to focus on individual asset strategies to maximise the income, and enhance the value, of the current portfolio.

For example, there were two asset management initiatives concluded at the retail park in Romford. The lease to health club Esporta was transferred to Virgin Active and extended to 25 years. The £500,000 annual rent has fixed rental uplifts of 3% per annum applied every five years. Also, the 2012 break option in the lease for TK Maxx was removed, and the lease extended to 2021.

In terms of changes to the portfolio, one of the assets within the fund's strategic land holdings was sold to a developer, after the fund management team secured planning permission in Cheltenham for residential housing.

Performance

Past performance of the fund over each of the last 5 years to the end of September

	30/09/06 - 30/09/07	30/09/07 - 30/09/08	30/09/08 - 30/09/09	30/09/09 - 30/09/10	30/09/10 - 30/09/11
Property fund	3.7	-18.1	-16.9	14.1	0.6
Benchmark	7.3	-19.4	-21.2	18.8	7.5

Past performance of the fund to 30 September 2011

	Quarter	1 Year*	3 Years*	5 Years*
Property fund	1.7	0.6	-1.6	-4.1
Benchmark	1.7	7.5	0.2	-2.7

Source: Prudential. * annualised

Based on percentage change in unit price. It is important to remember that past performance is not a reliable indicator of future performance. The value of your investment may go down as well as up and the fund value at retirement may be less than the payments you have made.

Prudential Property fund (Series 1)

Prudential risk rating

Medium

What type of funds are in this risk category?

These funds are predominantly multi-asset funds with a higher weighting in equities.

What is the risk rating?

- › These risk ratings have been developed by Prudential to help provide an indication of a fund's potential level of risk and reward based on the type of assets which may be held by the fund. Other companies may use different descriptions and as such these risk ratings should not be considered as generic across the fund management industry.
- › We regularly review our fund risk ratings, so they may change in the future. If, in our view, there is a material change in the fund's level of risk, for example due to a significant change to the assets held by the fund or in the way the fund is managed, we will provide information on the new risk rating. We recommend that you make sure you understand the risk rating of any fund before you invest. You will find this information at www.pru.co.uk/factsheets
- › You should also consider discussing your decision and the appropriateness of a fund's risk rating with an adviser.

Important information

Who is this factsheet for and what does it do?

This factsheet is intended for the trustees, sponsors, advisers and members of occupational pension schemes using Prudential group pension contracts and Prudential grouped personal pensions contracts. Its purpose is to provide an insight into how investment markets and funds have performed over the period and is provided for information only. If you are not familiar with any of the investment terminology included on this factsheet, then please contact an adviser.

Can I get advice?

This factsheet should not be considered as financial advice and any changes to investment arrangements should be discussed with an adviser. It is not our intention to give an indication of how any particular funds will perform in the future. The commentary in this factsheet reflects the general views of the individual fund manager and should not be taken as a recommendation or advice as to how a specific market or fund is likely to perform.

Who manages the funds?

This fund is managed by M&G Investments.

How are the performance figures calculated?

The performance shown overleaf is measured on the fluctuation of the daily published price. This published price is adjusted to accommodate the fund's dealing cycle where appropriate.

To obtain current unit price and performance information for all funds in the Prudential Fund range, simply log on to www.pru.co.uk/funds and choose 'Prudential Corporate Pension Fund Prices' then filter on (Series 1).

How are the fund prices calculated?

This fund has both an offer and a bid price, based on the valuation of the underlying assets of the fund and which typically differs by 5%. Your contributions are used to buy units at the offer price. Your benefits are realised by selling units at the bid price.

What is the dealing cycle?

This fund is historic priced which means that the unit price is set before money is invested.

This fund has a dealing cycle of T-1. This means that the money received on day T buys units at the valuation date price applicable 1 day earlier.

Other important information

Please note the performance figures shown take into account the effect of the Annual Management Charge (AMC).

Asset allocations are regularly reviewed and may vary from time to time, but will always be consistent with the fund objective.

This fund invests in property and land. This can be difficult to sell - so you may not be able to sell/cash in this investment when you want to. We may have to delay acting on your instructions to sell your investment.

You should look upon your investment in property as being long-term. There are large costs when we buy and sell property. The allowance for these costs amongst other factors can lead to short-term falls in the price of units in the Property fund.

The value of property is generally a matter of a Valuer's opinion rather than fact. Under certain circumstances, in the interest of other investors, we reserve the right to defer any early encashment or switch between funds. This may be for a period of up to 6 months in the case of units held in the fund. At other times the fund may have significant levels of cash (short-term deposits) in advance of purchasing or following the sale of property and/or land.

